



Overview of Minnesota State Budget

October 3, 2019

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Minnesota House of Representatives



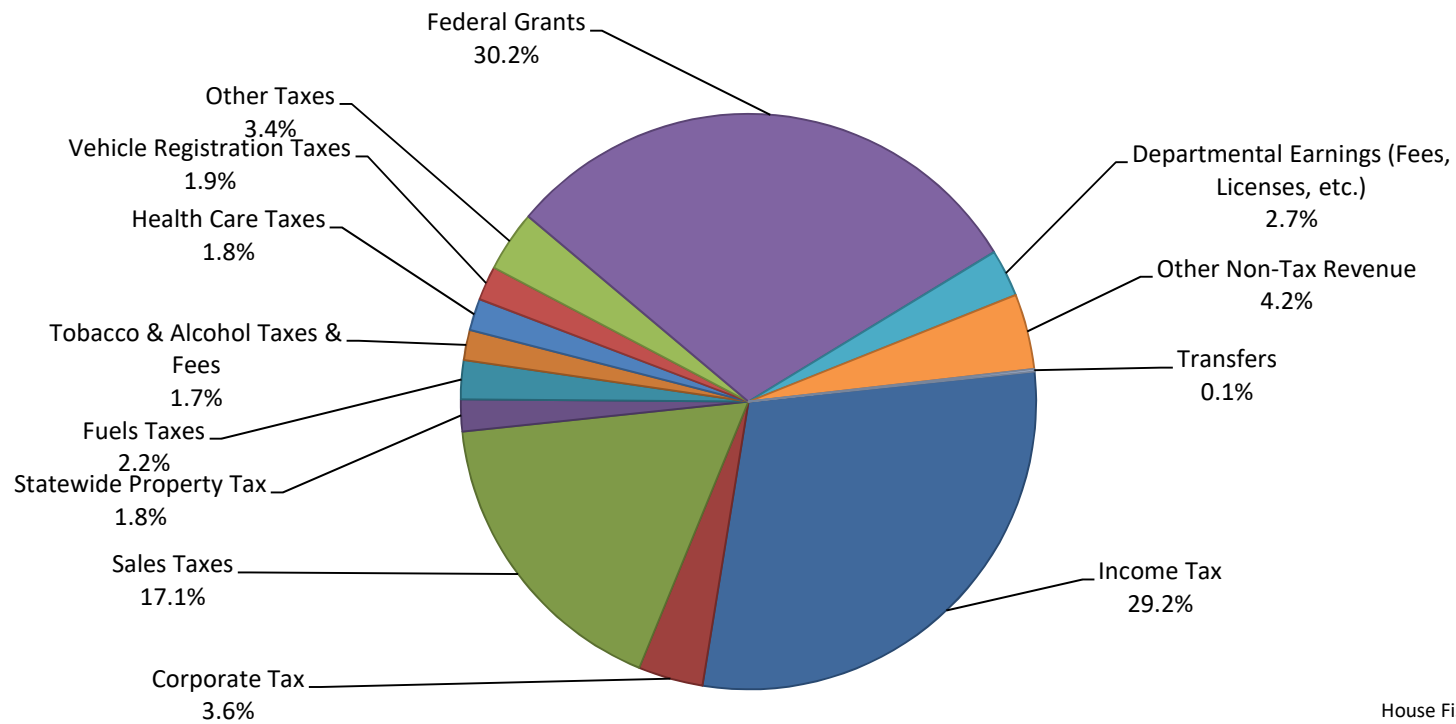
Budget Basics:

- The state fiscal year goes from July 1 to June 30. The fiscal year starting July 1, 2019 is fiscal 2020 (FY 2020).
- The state budgets on a biennial basis. A biennium is two fiscal years. FY's 2020 and 2021 make up the current biennium that started July 1, 2019 and ends June 30, 2021.
- The 2019 Legislature adopted a budget for the FY 2020-21 biennium (July 1, 2019 – June 30, 2021). The 2020 Legislature may make adjustments to that budget.

Revenue - All Funds - FY 2020-21

Total Revenues - \$87.4 Billion

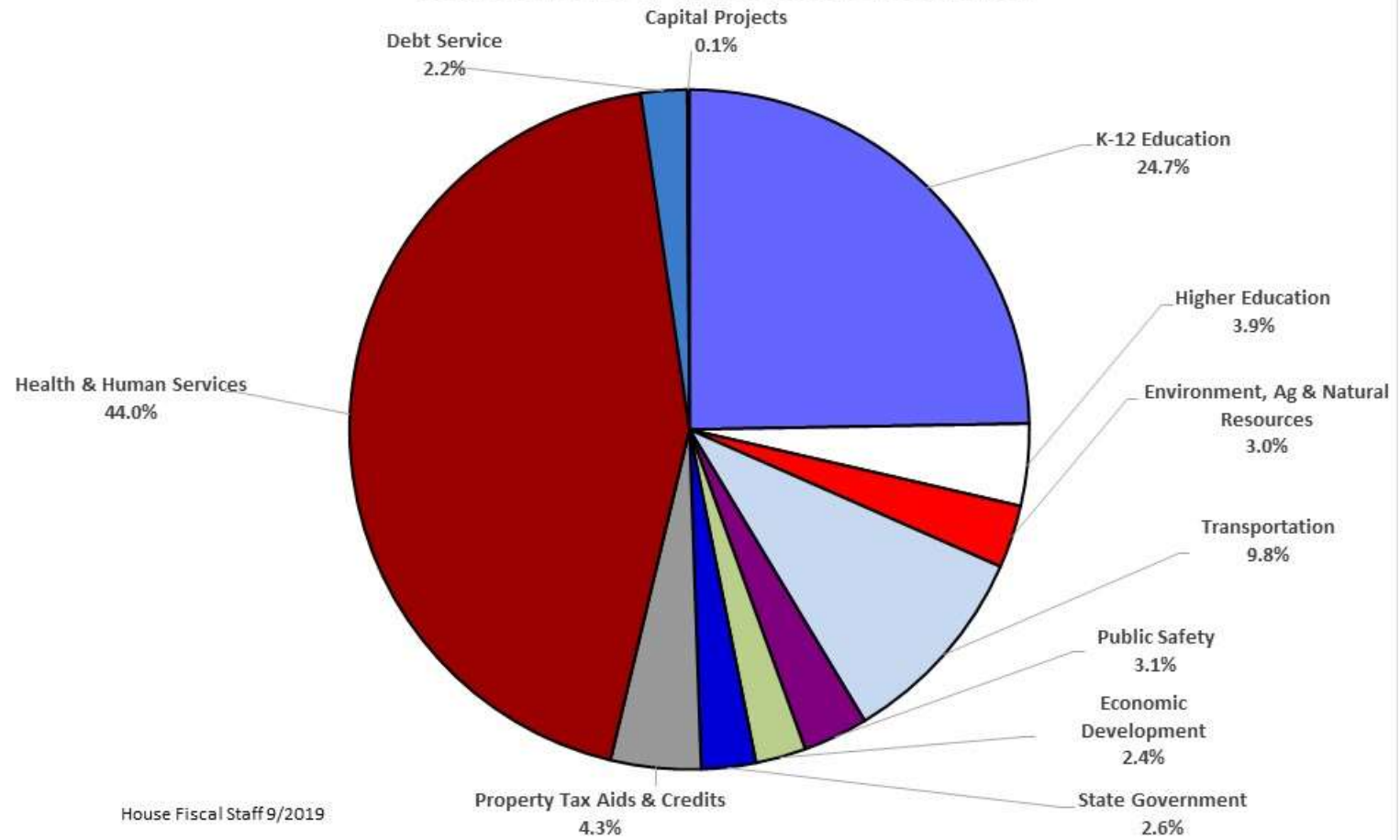
End of 2019 Session Data



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Minnesota State Budget - Revenues - All Operating Funds - FY 2020-21						
Data from Consolidated Fund Statement - Data from End of 2019 Session						
			<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020-21</u>	<u>Percentage</u>
Income Tax			12,351,890	13,194,615	25,546,505	29.2%
Corporate Tax			1,649,609	1,540,874	3,190,483	3.6%
Sales Taxes			7,347,035	7,645,193	14,992,228	17.1%
Statewide Property Tax			793,343	767,214	1,560,557	1.8%
Fuels Taxes			953,026	957,454	1,910,480	2.2%
Tobacco & Alcohol Taxes & Fees			744,937	743,017	1,487,954	1.7%
Health Care Taxes			783,943	772,982	1,556,925	1.8%
Vehicle Registration Taxes			833,233	843,253	1,676,486	1.9%
Other Taxes			1,475,041	1,517,532	2,992,573	3.4%
Federal Grants			13,280,045	13,098,012	26,378,057	30.2%
Departmental Earnings (Fees, Licenses, etc.)			1,156,521	1,166,560	2,323,081	2.7%
Other Non-Tax Revenue			1,856,630	1,840,180	3,696,810	4.2%
Transfers from Other Funds			64,383	64,649	129,032	0.1%
Total Current Year Resources			43,289,636	44,151,535	87,441,171	100.0%
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Expenditures in All Funds by Program
FY 2020-21
Total Expenditures = \$88.8 Billion
Data From End of 2019 Session Information



Total Expenditures - All Funds - FY 2020-21**Allocations by Program**

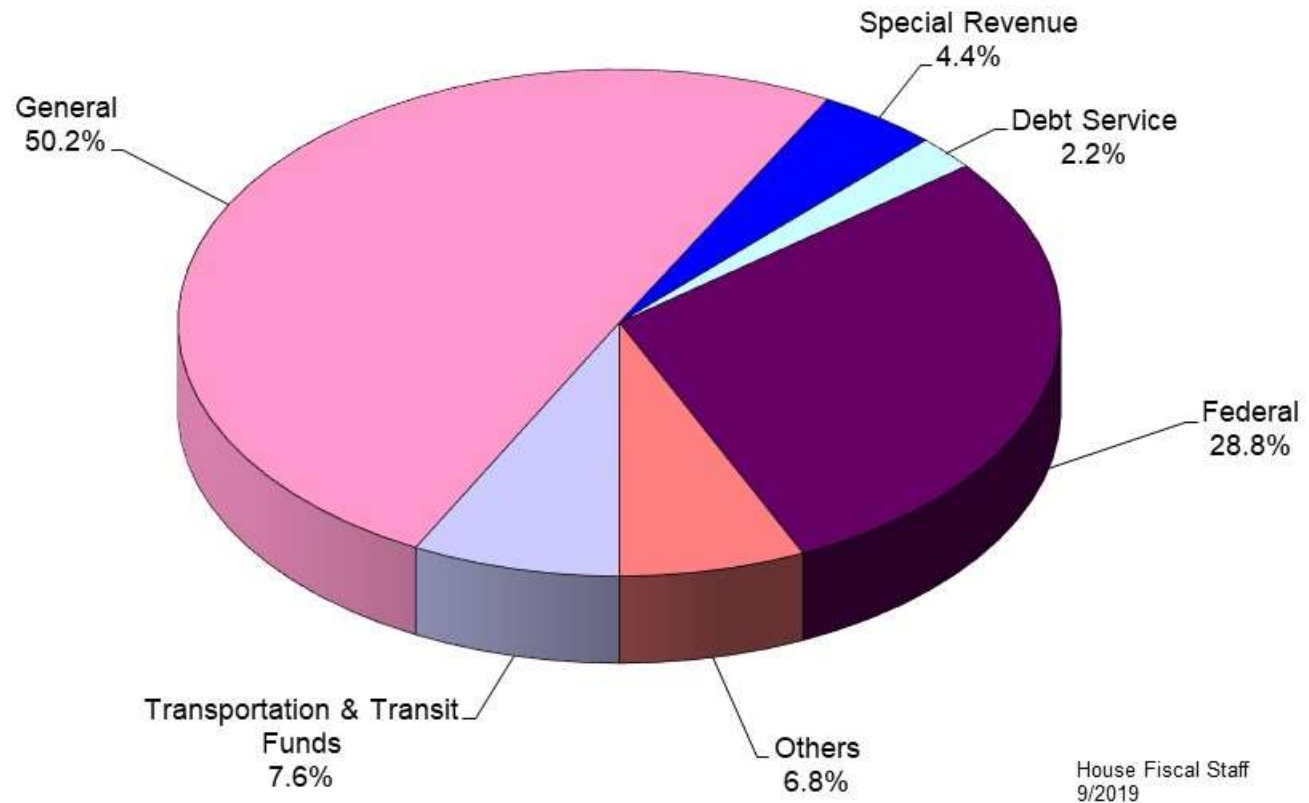
End of 2019 Session Fund Balance Data, Dollars in thousands

	EOS 19 <u>FY 2020</u>	EOS 19 <u>FY 2021</u>	EOS 19 <u>FY 2020-21</u>	% of <u>Total</u>
K-12 Education	10,856,831.0	11,189,828.0	22,046,659.0	24.8%
Higher Education	1,753,506.0	1,743,396.0	3,496,902.0	3.9%
Environment, Ag & Natural Resources	1,399,726.0	1,265,185.0	2,664,911.0	3.0%
Transportation	4,349,484.0	4,307,636.0	8,657,120.0	9.8%
Public Safety	1,385,089.0	1,408,546.0	2,793,635.0	3.1%
Economic Development	1,051,386.0	1,118,067.0	2,169,453.0	2.4%
State Government	1,171,482.0	1,135,828.0	2,307,310.0	2.6%
Property Tax Aids & Credits	1,818,576.0	1,978,195.0	3,796,771.0	4.3%
Health & Human Services	19,519,020.0	19,623,399.0	39,142,419.0	44.1%
Debt Service	964,527.0	973,659.0	1,938,186.0	2.2%
Capital Projects	32,883.0	40,099.0	72,982.0	0.1%
Transfers & Other	<u>-123,299.0</u>	<u>-178,355.0</u>	<u>-301,654.0</u>	-0.3%
Total	44,179,211.0	44,605,483.0	88,784,694.0	100.0%

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All State Spending By Fund FY 2020-21

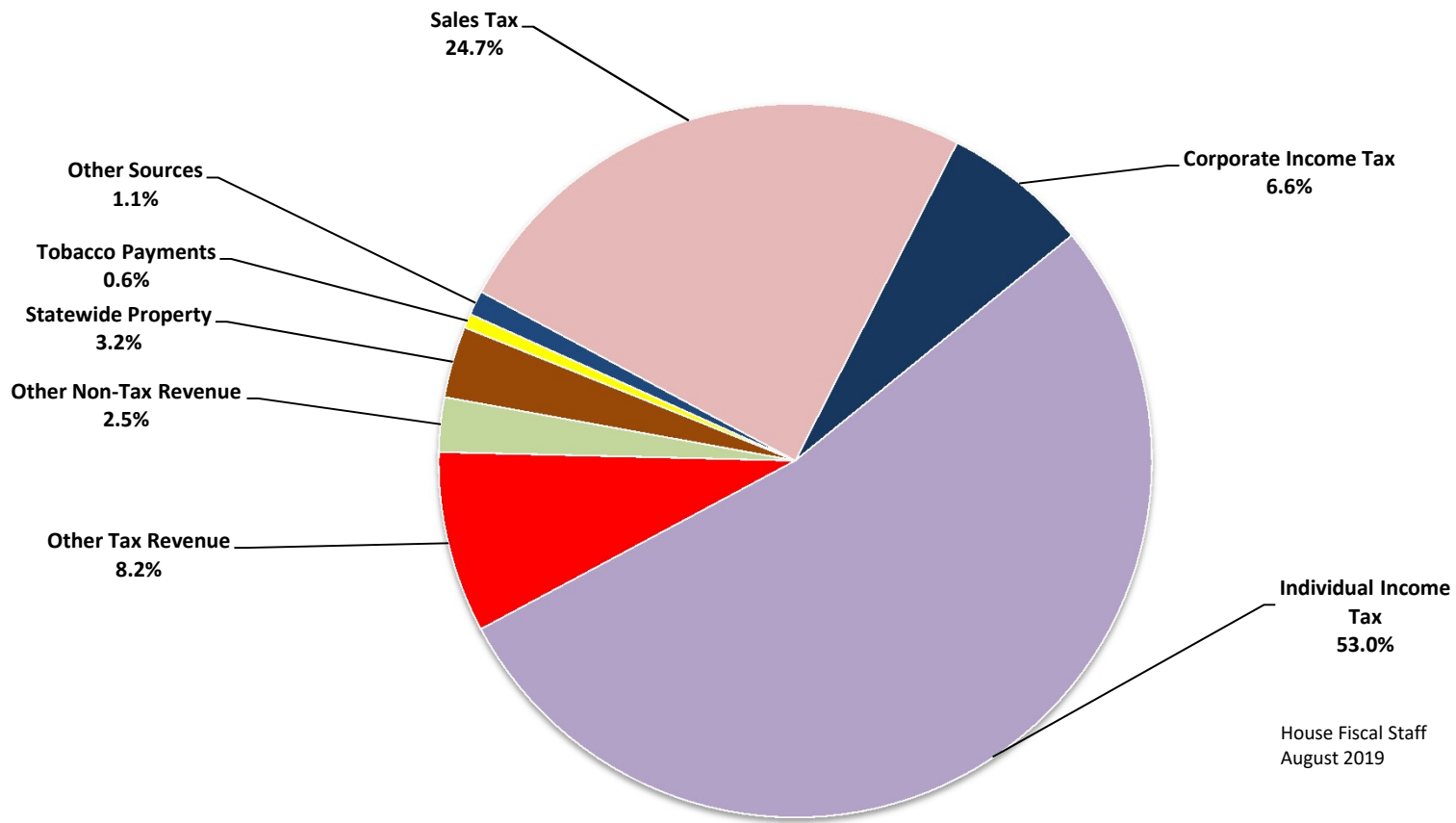
Total Expenditures = \$88.8 Billion
End of 2019 Session Information



Minnesota State Budget - All Operating Funds - Expenditures - Annual Comparison			
Dollars in thousands			
Data is from End of 2019 Session Information			
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020-21</u>
General Fund (adjusted for transfers)	22,003,570	22,562,683	44,566,253
Transit Assistance Fund	386,759	404,269	791,028
Medical Education Research Fund	78,991	78,991	157,982
State Government Special Revenue	63,956	66,873	130,829
Health Related Boards	30,383	29,779	60,162
Construction Codes	32,701	32,891	65,592
Oil Overcharge	0	0	0
911 Emergency	49,512	49,542	99,054
Special Revenue Fund	1,947,300	1,950,023	3,897,323
Opiate Epidemic Response Fund	0	36,441	36,441
Agricultural Fund	41,795	42,008	83,803
Mn Environment & Nat Res Trust Fund	61,536	0	61,536
Natural Resources Fund	121,818	118,674	240,492
Game & Fish Fund	121,687	123,512	245,199
Outdoor Heritage Fund	127,127	565	127,692
Arts & Cultural Heritage Fund	69,254	70,518	139,772
Clean Water Fund	134,518	126,743	261,261
Parks & Trails Fund	50,052	51,205	101,257
Renewable Development Fund	5,040	5,040	10,080
Health Care Access Fund	725,871	860,249	1,586,120
Iron Range Resources & Rehabilitation Fund	28,717	28,547	57,264
NE Minnesota Economic Protection Fund	2,622	2,620	5,242
Workforce Development Fund	60,105	61,164	121,269
Municipal-State Aid Highway	215,638	220,141	435,779
County-State Aid Highway	857,546	876,570	1,734,116
Trunk Highway Fund	1,865,611	1,868,944	3,734,555
Highway User Tax Distribution Fund	11,026	12,290	23,316
State Airports Fund	26,363	26,363	52,726
Environmental Fund	87,497	87,165	174,662
Remediation Fund	159,299	205,564	364,863
Workers Compensation Special Fund	90,656	79,091	169,747
Federal Funds	12,674,082	12,463,732	25,137,814
Federal TANF Reserve Fund	200,440	213,944	414,384
Debt Service Fund	934,371	943,502	1,877,873
Stadium Debt Service Fund	30,156	30,157	60,313
Permanent School Endowment Fund	36,277	36,575	72,852
Other Funds and Transfers Out	846,935	839,108	1,686,043
Total Expenditures and Transfers	44,179,211	44,605,483	88,784,694
Percent that is General Fund			50.2%
Annual Change	1,613,802	426,272	
Annual Percentage Change	3.8%	1.0%	
Note: General fund numbers may differ from other comparisons because general fund appropriations that are transfers to other funds are shown as expenditures from the other fund rather than in the general fund.			

Where General Fund Resources Come From

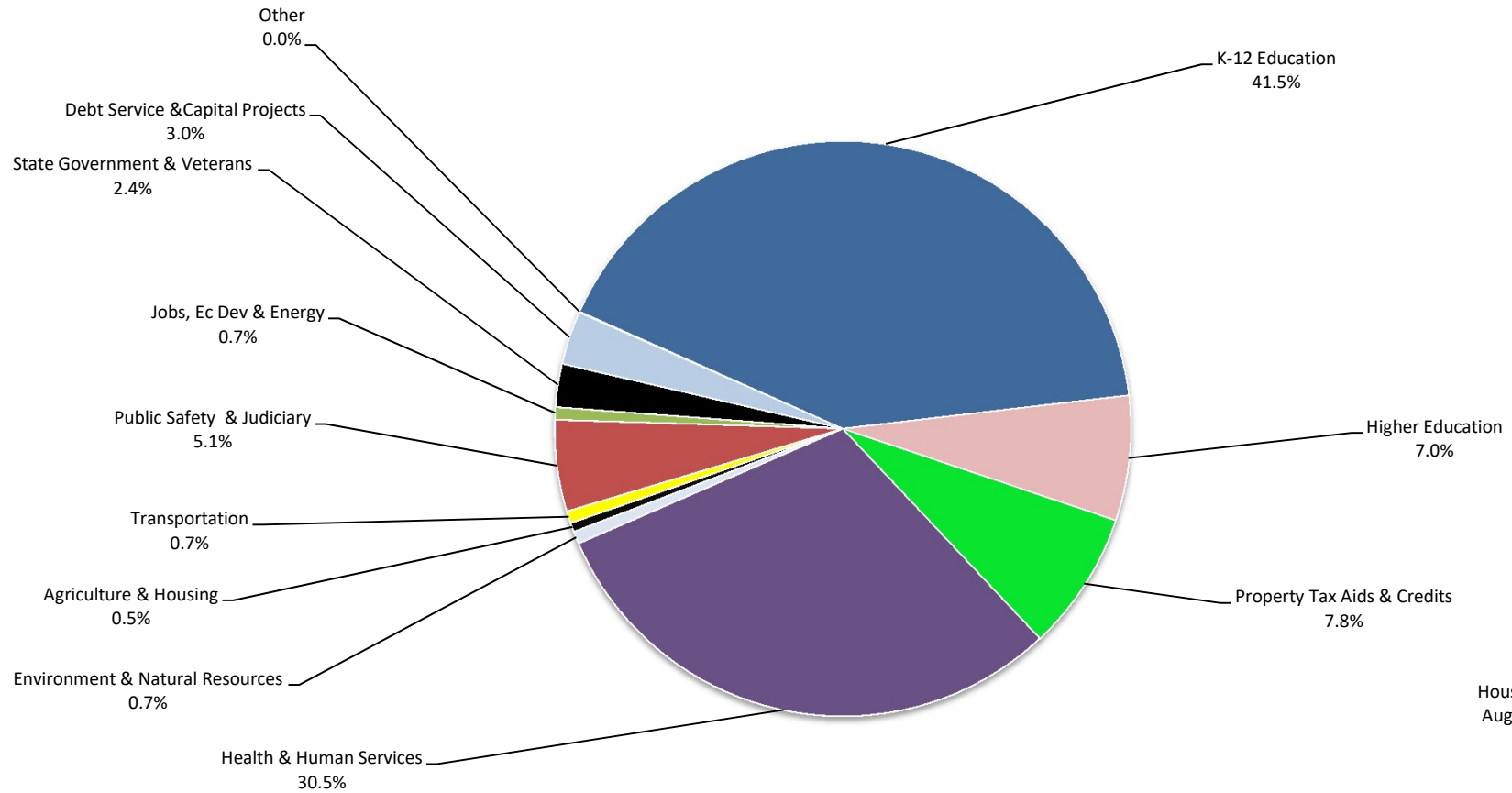
FY 2020-21 Resources = \$48.2 Billion
Data From February 2019 Forecast and 2019 Session



Minnesota - General Fund Forecasted Revenues				
Fiscal Years 2020 & 2021				
(dollars in thousands)				
Information from February 2019 Forecast and 2019 Session Changes				
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020-21</u>	<u>Percentage</u>
Individual Income	\$12,351,890	\$13,194,615	\$25,546,505	53.0%
Sales Tax	\$5,824,445	\$6,048,880	\$11,873,325	24.7%
Corporate Income	\$1,649,609	\$1,540,874	\$3,190,483	6.6%
Statewide Property	\$793,343	\$767,214	\$1,560,557	3.2%
Other Tax Revenue	\$1,954,679	\$1,997,621	\$3,952,300	8.2%
Other Non-Tax Revenue	\$748,974	\$751,071	\$1,500,045	3.1%
Transfers From Other Funds	\$168,856	\$300,050	\$468,906	1.0%
Other Sources	\$26,497	\$36,985	\$63,482	0.1%
Total	\$23,518,293	\$24,637,310	\$48,155,603	100.0%
Detail - Other Tax Revenue				
Estate Tax	\$142,700	\$140,600	\$283,300	0.6%
Liquor, Wine & Beer Taxes	\$94,820	\$96,230	\$191,050	0.4%
Cigarette & Tobacco Products Tax	\$623,930	\$620,600	\$1,244,530	2.6%
Taconite Occupation Tax	\$20,100	\$20,100	\$40,200	0.1%
Mortgage Registry tax	\$120,414	\$124,672	\$245,086	0.5%
Deed Transfer Tax	\$149,983	\$161,505	\$311,488	0.6%
Insurance Gross Earnings & Fire Marshall Taxes	\$416,267	\$430,370	\$846,637	1.8%
Controlled Substance Tax	\$5	\$5	\$10	0.0%
Other Gross Earnings Tax	\$50	\$50	\$100	0.0%
Lawful Gambling Taxes	\$91,800	\$98,200	\$190,000	0.4%
Medical Assistance Surcharges	\$300,013	\$310,692	\$610,705	1.3%
Other Tax Refunds	-\$5,403	-\$5,403	-\$10,806	0.0%
Other Tax Revenue Subtotal	\$1,954,679	\$1,997,621	\$3,952,300	8.2%
Detail - Other Non-Tax Revenue				
Investment Income	\$75,000	\$75,000	\$150,000	0.3%
Lottery Revenue	\$59,899	\$60,555	\$120,454	0.3%
Tobacco Settlement Payments	\$157,111	\$154,004	\$311,115	0.6%
Department Earnings	\$203,043	\$208,256	\$411,299	0.9%
DHS MSOP Earnings	\$16,558	\$16,558	\$33,116	0.1%
DHS SOS Collections	\$77,227	\$77,527	\$154,754	0.3%
Fines & Surcharges	\$71,515	\$70,543	\$142,058	0.3%
Other Non-Dedicated Revenue	\$88,621	\$88,628	\$177,249	0.4%
Other Revenue Subtotal	\$748,974	\$751,071	\$1,500,045	3.1%
Dedicated Revenues	\$0	\$0	\$0	0.0%
Transfers In From Other Funds	\$168,856	\$300,050	\$468,906	1.0%
Prior Year Adjustments	\$26,497	\$36,985	\$63,482	0.1%
House Fiscal Staff August 2019				

General Fund Spending FY 2020-21

February 2019 Forecast and 2019 Session Data
FY 2020-21 General Fund Spending = \$48.5 Billion



House Fiscal Staff
August 2019

State General Fund Expenditures for FY 2020-21

Estimates based on February 2019 Forecast and 2019 Session Information

(Dollars in thousands)

						Percent of
			<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020-21</u>	<u>Total</u>
K-12 Education			\$9,886,314	\$10,235,948	\$20,122,262	41.5%
Higher Education			\$1,698,829	\$1,707,299	\$3,406,128	7.0%
Property Tax Aids & Credits			\$1,821,723	\$1,981,890	\$3,803,613	7.8%
Health & Human Services			\$7,343,764	\$7,429,802	\$14,773,566	30.5%
Environment & Natural Resources			\$171,559	\$167,134	\$338,693	0.7%
Agriculture & Housing			\$127,546	\$120,127	\$247,673	0.5%
Transportation			\$206,035	\$125,190	\$331,225	0.7%
Public Safety & Judiciary			\$1,232,346	\$1,259,524	\$2,491,870	5.1%
Jobs, Ec Dev & Energy			\$166,687	\$174,276	\$340,963	0.7%
State Government & Veterans			\$589,677	\$589,004	\$1,178,681	2.4%
Debt Service			\$580,421	\$602,375	\$1,182,796	2.4%
Capital Projects			\$130,368	\$142,602	\$272,970	0.6%
Dedicated Spending			\$0	\$0	\$0	0.0%
Other			-\$5,000	-\$15,000	-\$20,000	0.0%
Total			\$23,950,269	\$24,520,171	\$48,470,440	100.0%



Current General Fund Budget Situation

- As of the end of the 2019 legislative session, the FY 2018-19 biennium was projected to end with a \$606 million general fund balance.
- FY 2019 revenue was \$636 million more than forecasted. Within that amount income taxes were up \$450 million. Spending will be less than forecasted increasing the FY 2019 ending balance. Final FY 2019 spending and revenue information will be released with the November forecast.
- In the first two months of FY 2020 revenue has been \$83 million more than forecasted.
- At the end of the 2019 session the FY 2020-21 biennium was projected to end with a balance of \$242 million. That includes the \$606 million carried forward from FY 2019.
- A large share of Minnesota revenue is dependent on economic changes (income tax, corporate income tax, sales tax).
- The state's budget reserve is now at \$2.075 billion. In addition, a cash flow account has \$350 million. A MMB report recommends a budget reserve at 5.0% of revenue or \$2.408 billion. At the time of the November forecast, 33 percent of any FY 2020-21 balance will be transferred to the budget reserve.



November 2019 State Budget Forecast

The next state budget forecast will be released by Minnesota Management and Budget (MMB) in late November or early December, 2019.

This forecast will provide final revenue and spending numbers for the biennium that ended June 30, 2019 (FY 2018-19) and update projected revenue and spending for the current biennium (FY 2021-21) and update the planning estimates for the next biennium (FY 2022-23).



Questions?

Minnesota House Fiscal Staff

www.house.leg.state.mn.us/fiscal/fahome.asp

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