

Governor's 2022 Capital Budget

Presentation to the House Capital Investment Committee

February 1, 2022 | Commissioner Jim Schowalter



mb MANAGEMENT
AND BUDGET

- 1. Overview of the Capital Budget Process**
- 2. Growing Needs for Minnesota's Infrastructure**
- 3. Overview of Governor's Local Jobs and Projects Plan**
- 4. Capital Budget Financing**



Capital Budget Process



2022 Capital Budget Process

- **March – May:** MMB authorizes Capital Budget System (CBS) users
- **Early May:** MMB publishes instructions and CBS opens for requests
- **June 18:** Deadline for state agency and local government requests
- **July 15:** Preliminary requests published and submitted to Legislature
- **October 15:** Deadline for state agency and local government edits
- **Fall/Winter:** Projects reviewed, including site visits, meetings, and public comments
- **January 18:** Final requests are published and submitted to Legislature with the Governor's Recommendations



Growing Needs for Minnesota's Infrastructure



Nearly \$5.5 Billion in Requests from State Agencies and Political Subdivisions

Over \$4 billion requested in state agency requests for state facilities and local grant programs

Nearly \$1.5 billion requested in direct requests from local governments



Over \$130M in Requests from Nonprofit Projects

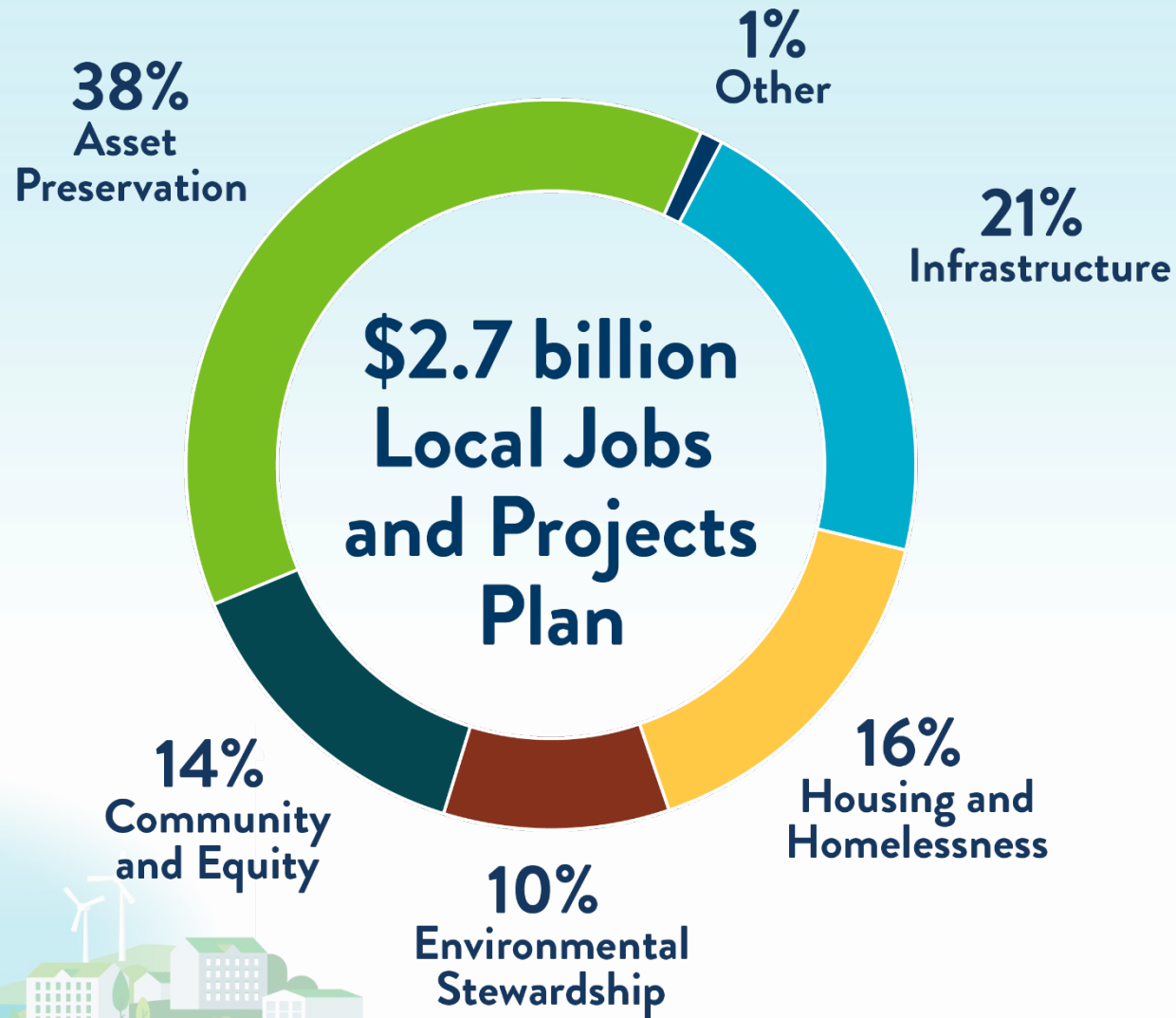
Over \$130 million requested
in community-based nonprofit requests
for general fund cash projects, as of
January 2022



Overview of Governor's Local Jobs and Projects Plan

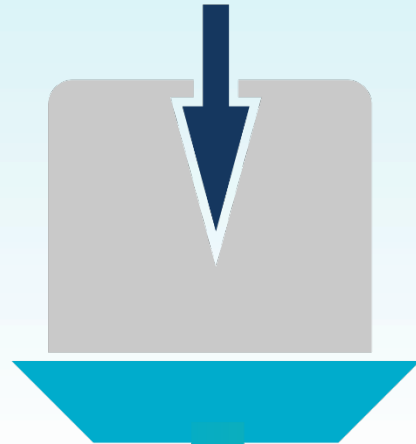


Governor's Local Jobs and Projects Plan

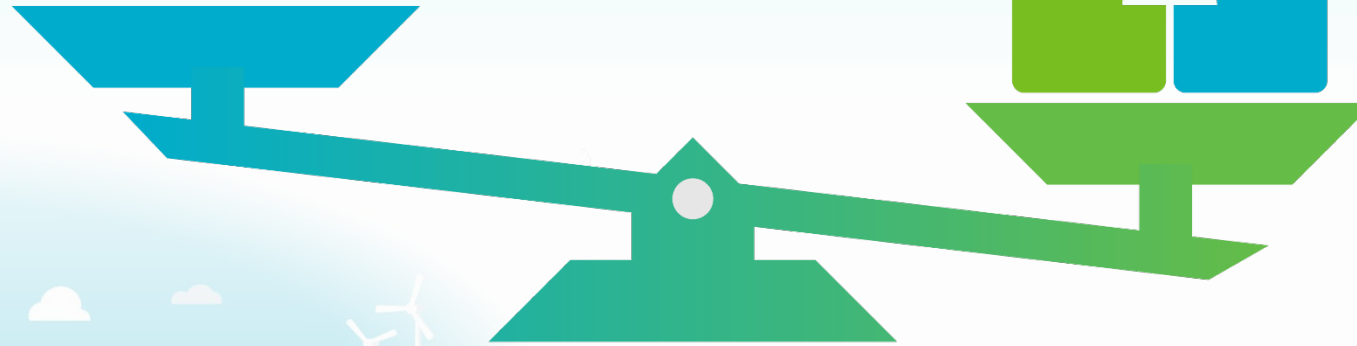


Governor's Local Jobs and Projects Plan

\$2.0 billion
in leveraged funds



\$2.7 billion
Governor's
Recommendations

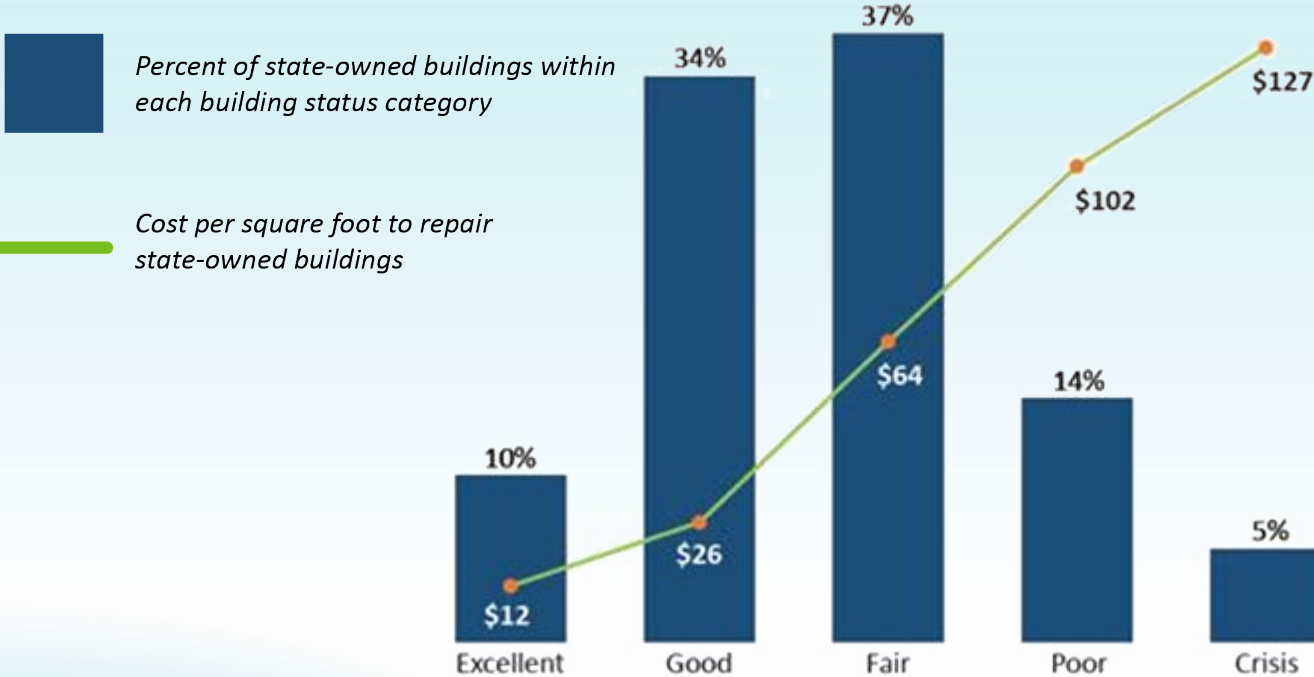




**Asset
Preservation:
Over \$1 billion**



Cheaper to Maintain than Fix



The cost to maintain a building is cheaper than the cost to repair it. The line on the graph above highlights the **cost** per square foot to repair our state-owned buildings depending on the building condition status. The graph also reflects the **percent** of state-owned buildings within each building status category.





**Community
and Equity:
\$394 million**





**Environmental
Stewardship:
\$262 million**





**Housing and
Homelessness:
\$452 million**





**Infrastructure:
\$565 million**





**Other:
\$16 million**



Capital Budget Financing



Capital Budget Funding Summary

General Obligation Bonds	\$2.003 billion
Other Financing	\$730 million
Appropriation Bonds	\$250 million
User-Financed Bonds	\$48 million
Trunk Highway Bonds	\$149 million
Trunk Highway Cash	\$7 million
Equity focused cash investments	\$101 million
Other cash investments	\$175 million
Total	\$2.734 billion

Totals above rounded to the nearest million.



Governor's Capital Budget Debt Service and Cash

General Fund	FY 2023	FY 2024-25
General Obligation Bonds	\$17,431	\$140,441
Appropriation Bonds	-	\$10,000
General Fund Cash	\$264,505	\$2,170
Total General Fund Budgetary Cost	\$281,936	\$152,611

Trunk Highway Fund	FY 2023	FY 2024-25
Trunk Highway Bonds	\$1,511	\$17,812
Trunk Highway Cash	\$7,200	-
Total Trunk Highway Fund	\$8,711	\$17,812

Amounts in thousands



Debt Capacity Guidelines



Guideline #1: Total tax-supported principal outstanding as a percent of personal income

Threshold: < 3.25%
Nov. Forecast: 2.23%



Guideline #2: Total amount of tax-supported principal (both issued, and authorized but unissued) as a percent of state personal income

Threshold: < 6.00%
Nov. Forecast: 3.61%



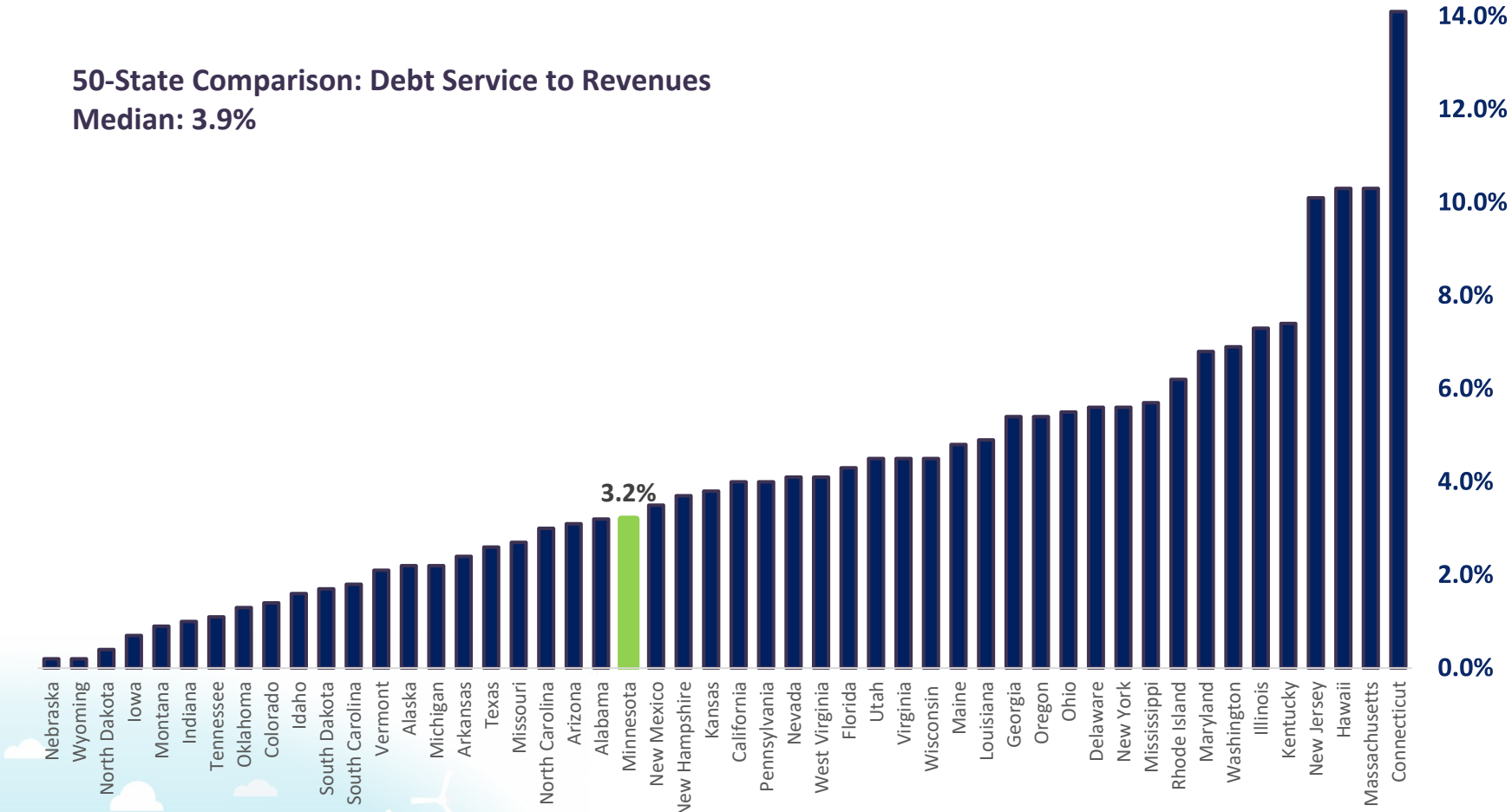
Guideline #3: No less than 40% of G.O. bonds scheduled to mature within five years and 70% of G.O. bonds scheduled to mature within 10 years

Threshold: ≥ 40%/70%
Nov. Forecast: 42.2%/74.3%

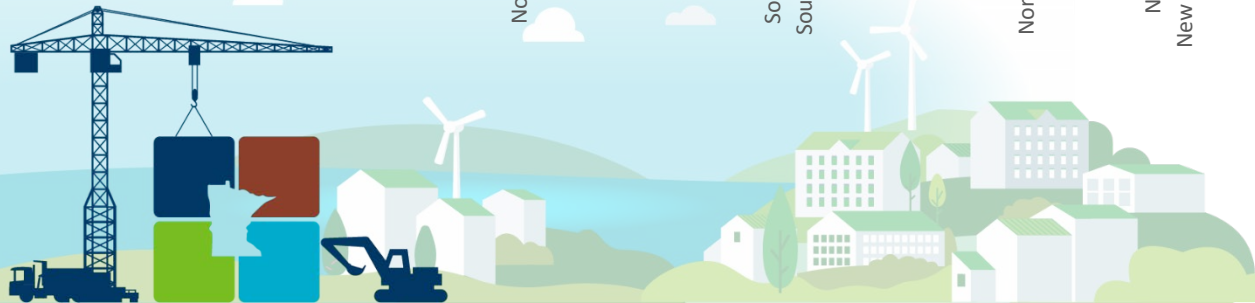


Debt Service to Revenues Comparison

50-State Comparison: Debt Service to Revenues
 Median: 3.9%

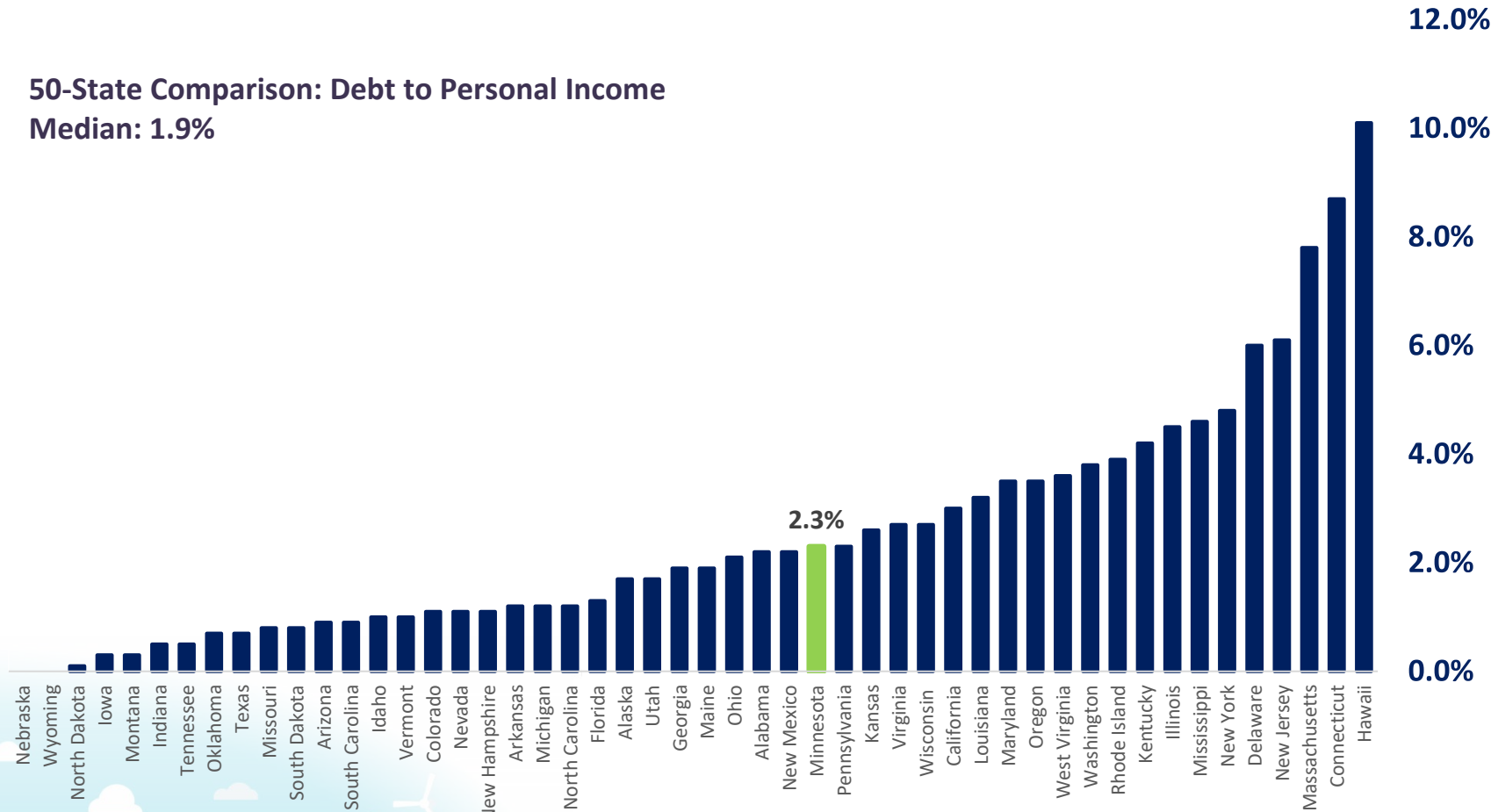


Source: Moody's State Debt Medians 2021, June 14, 2021

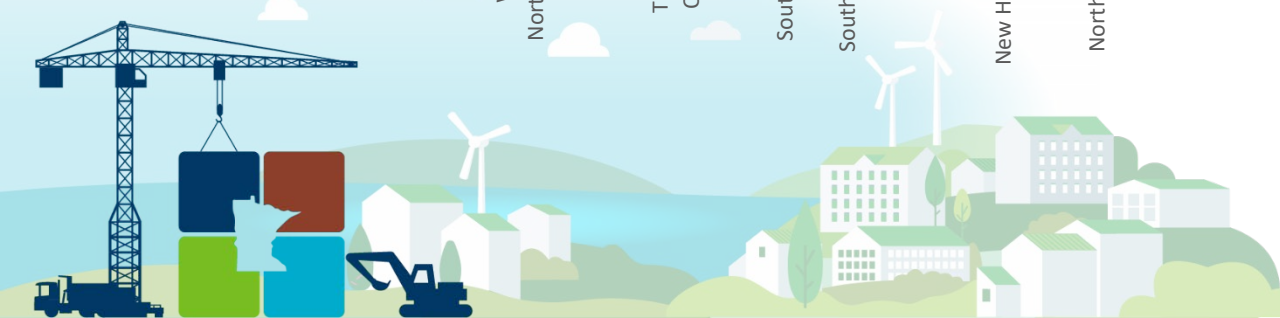


Debt to Personal Income Comparison

50-State Comparison: Debt to Personal Income
Median: 1.9%



Source: Moody's State Debt Medians 2021, June 14, 2021



Capital Budget Materials

Materials are available on MMB's Current Capital Budget website,
<https://mn.gov/mmb/budget/capital-budget/current/>



- Summary Listing of the Governor's Recommendations



- Agency Requests and Recommendations
- Local Government Requests and Recommendations



- Interactive Map





Questions?