

Minnesota Budget Forecast

November 2011



Minnesota Management & Budget

December 1, 2011

\$876 Million Budget Balance Now Forecast for FY 2012-13

(\$ in millions)	<u>Nov Fcst</u>	<u>Change</u>
Beginning Balance	\$1,289	\$564
Revenues	33,700	(24)
Spending	33,991	(348)
Cash Flow Acct	95	0
Budget Reserve	27	27
Balance	\$ 876	\$ 861

Key Changes in FY 2012-13 Budget

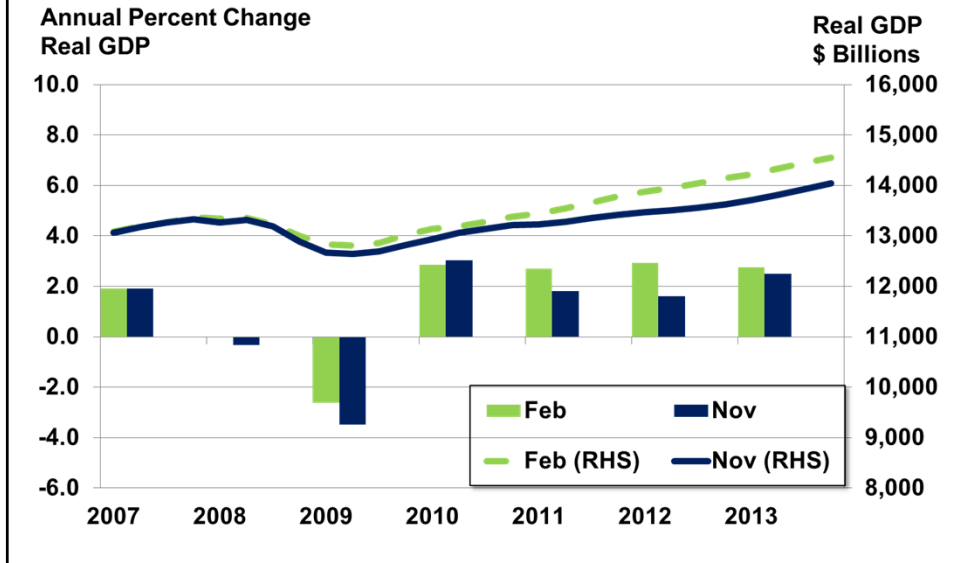
	(\$ in millions)
Balance at end of session	\$15
<hr/>	
FY 2011 actual revenues	358
FY 12-13 forecast revenues	(24)
FY 2011 actual spending	(205)
FY 12-13 forecast spending	(348)
FY 12 deposit to reserve	27
<hr/>	
<i>New Balance (allocated to reserves)</i>	\$ 876

*Does not add to total due to rounding.

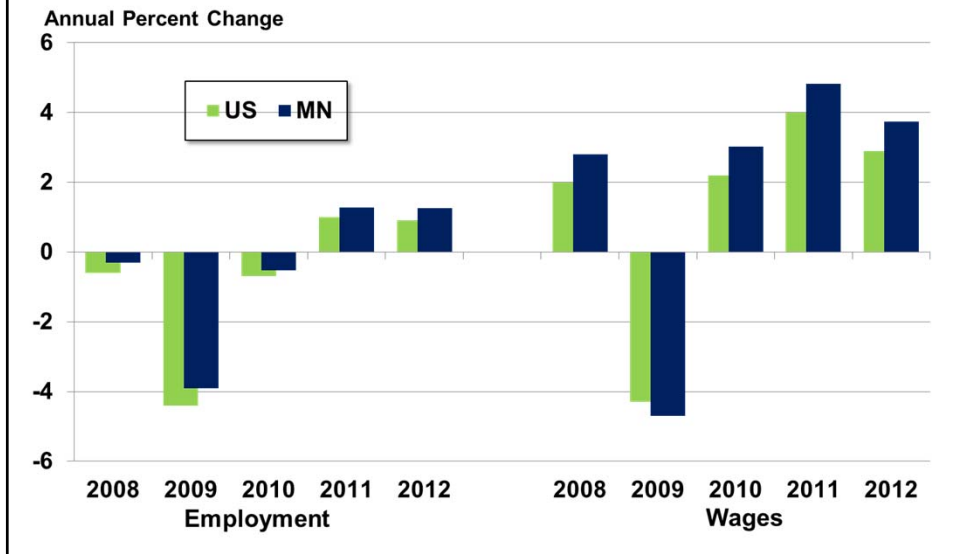
Current Law Allocates Entire Forecast Balance to Restoring Reserves

- (1) \$255 Million** – Fully restore cash flow account to \$350 million
- (2) \$621 Million** – Partially restores budget reserve to \$648 million, \$5 million short of cap
- (3) \$ 0** – No buy-back of school shifts

Forecast Economic Growth for 2011 and 2012 is Down from February



Minnesota's Economy Likely to be Better than U.S. in 2011 and 2012



**Revenues Up \$358 Million in FY 2011,
Down \$24 Million in FY 2012-13**

(\$ millions)	Change <u>FY 2011</u>	Change <u>FY 2012-13</u>
Individual Income	\$277	36
Sales Tax	(30)	(105)
Corp. Inc. Tax	11	150
All Other	<u>100</u>	<u>(105)</u>
Total Change	\$358	\$(24)

**Spending Down \$205 Million in FY 2011,
and Down \$348 in FY 2012-13**

(\$ millions)	Change <u>FY 2011</u>	Change <u>FY2012-13</u>
K-12 Education	\$(8)	\$15
Health & Human Svcs	(149)	(308)
Debt Service	0	(58)
All Other	<u>(48)</u>	<u>3</u>
Total Change	\$(205)	\$(348)

Human Services Forecast Reflects Recent Trends and Law Changes

- MA early expansion – experience with enrollment trends in new program
- Pharmacy rebates – new data to implement 2010 federal law change
- MA – recent experience slows overall enrollment and cost growth
- Uncertainty remains as state and federal law changes are implemented

Projected FY 2014-15 Gap Reduced from \$1.9 Billion to \$1.3 Billion

	End-of- Session <u>FY 14-15</u>	November Forecast <u>FY 14-15</u>	Change <u>FY 14-15</u>
Revenues	35,296	35,717	421
Spending*	<u>37,187</u>	<u>37,017</u>	<u>(170)</u>
<i>Difference</i>	<i>\$(1,891)</i>	<i>\$(1,300)</i>	<i>\$(591)</i>

*Spending not adjusted for general inflation -
Adjusting for inflation would increase spending by \$425 million in 2014, and \$882 million in 2015

