

Budget Forecast

based on the November 2016 Budget and Economic Forecast

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MMB's Budget Forecast

- Current law forecast of revenues and expenditures
- Adjust revenues for economic factors
- Adjust spending where statute sets formulas or eligibility based on population or other growth factors
- Twice yearly forecast—November and February
- 6 year time horizon with inherent risk

November Forecast Budget Outlook Stable: Continued Slower Growth

- Consumer spending growth is expected to remain modest and helps lower the economic growth forecasts for 2018 and 2019.
- Slower economic growth lowers next biennium revenue forecast.
- Slower growth in health care costs lowers spending forecast.
- FY 2018-19 budgetary balance now \$1.4 billion

Forecast Revenues for Current and Next Biennium

(\$ in millions)	FY 2016-17		FY 2018-19	
	Nov 2016 Forecast	Forecast Change	Nov 2016 Forecast	Forecast Change
Individual Income Tax	\$21,822	\$(16)	\$24,120	\$(36)
General Sales Tax	10,612	(107)	11,419	(428)
Corporate Franchise Tax	2,605	54	2,540	(4)
Statewide Property Tax	1,694	5	1,745	11
All Other Revenue	5,649	105	5,498	(10)
Total Revenues	\$42,382	\$41	\$45,321	\$(467)

Forecast Spending for Current and Next Biennium

(\$ in millions)	FY 2016-17		FY 2018-19	
	Nov 2016 Forecast	Forecast Change	Nov 2016 Forecast	Forecast Change
E-12 Education	\$17,403	\$3	\$18,177	\$3
Property Tax Aids & Credits	3,342	(9)	3,467	13
Health & Human Services	11,808	(206)	14,251	(173)
Debt Service	1,139	(35)	1,143	32
All Other	7,810	(3)	7,547	(28)
Total Spending	\$41,502	\$(245)	\$44,585	\$(152)

Long Term Budget Outlook Remains Stable

(\$ in millions)	FY 2018-19	FY 2020-21	Biennial Growth	Annualized % Growth
Forecast Revenues	\$45,321	\$48,539	\$3,218	3.5%
Projected Spending	\$44,585	\$47,059	\$2,475	2.7%
Structural Balance	\$736	\$1,480		
<i>Estimated Inflation (CPI from 2.4 to 2.6%)</i>	<i>\$1,327</i>	<i>\$3,167</i>		

Sound Fiscal Management Provides Stability

- Structurally balanced budget
- Reserves to help manage through an economic downturn
- Risk in this forecast
- 30 months remain until end of FY 2018-19
- Maintain a positive structural balance

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