

Fiscal Analysis Department

Minnesota House of Representatives



ISSUE BRIEF

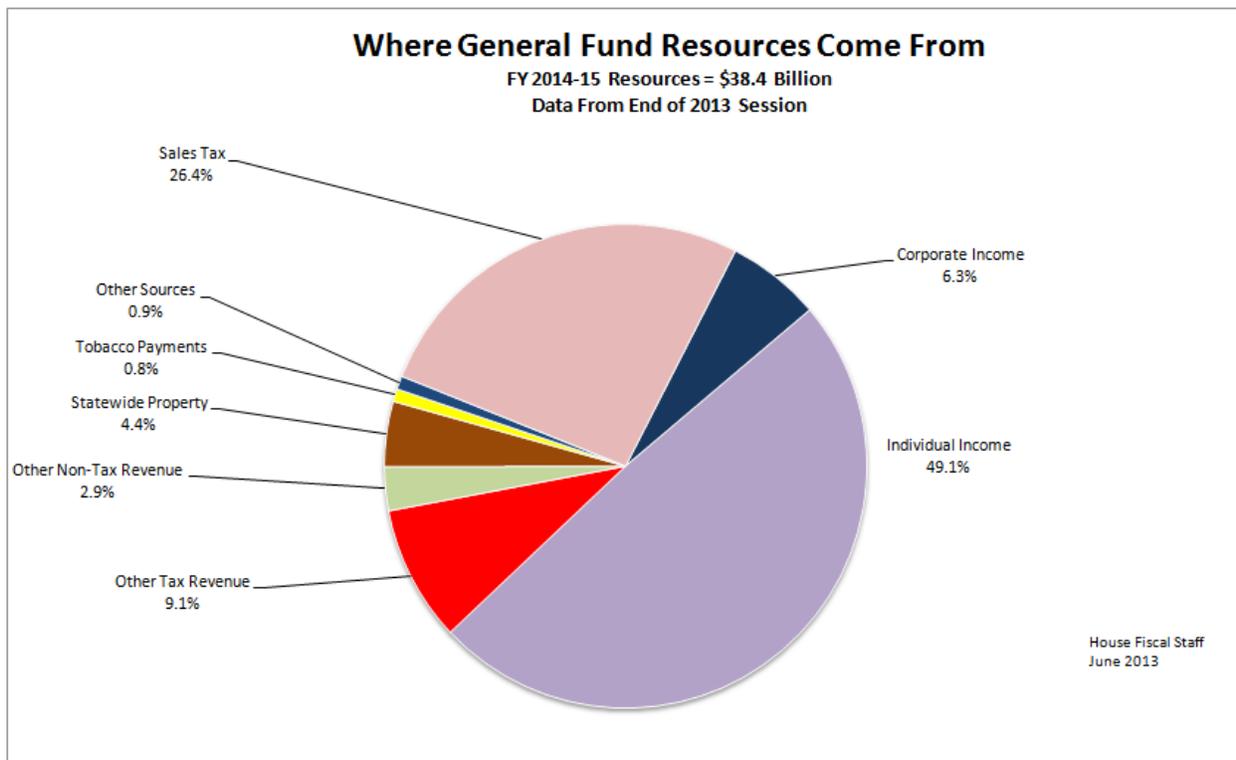
State General Fund Budget Situation August 2013

In May 2013, the Legislature adopted and the Governor signed legislation to enact a FY 2014-15 budget.

The Current Biennium – FY 2014-15

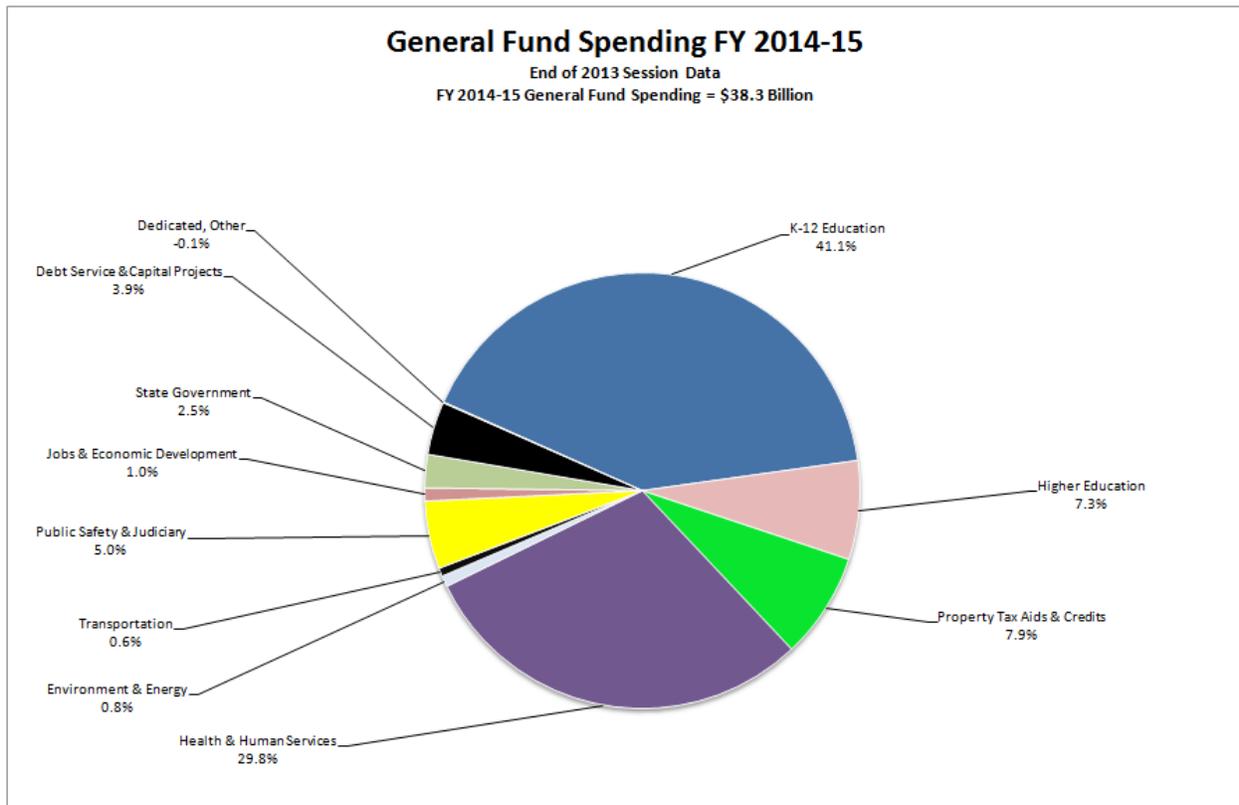
The general fund budget for FY 2014-15 (the two fiscal years (FY) that make up the biennium that began July 1, 2013 and ends June 30, 2015), anticipates \$38.4 billion in revenues and \$38.3 billion of spending.

Major general fund revenue sources are illustrated in the graph below:



The budget reserve is at \$656 million and the cash flow account is at \$350 million. A balance of \$46 million is projected for the current FY 2014-15 budget.

Major categories of general fund spending for the FY 2014-15biennium are illustrated below:



The FY 2014-15 Budget

The state budget forecast released at the end of February 2013 projected a \$627 million general fund budget deficit for the FY 2014-15biennium.

The 2103 Legislature increased general fund revenue for the FY 2014-15 biennium by \$2.306 billion. Of this revenue increase, \$1.119 billion is from a new higher income tax bracket and \$436 million is from cigarette and tobacco tax changes.

General fund spending for the FY 2014-15 was increased by \$1.606 billion. The largest spending increases were \$485 million in K-12 Education and \$453 million in Tax Aids and Credits. Aid to cities and counties is part of the later category.

The \$700 million difference between the revenue increase and the spending increase offset the projected deficit of \$627 million and left a budget balance for the biennium.

Budget balances projected at the time of a state budget forecast will be used to restore payments to school districts that were delayed during recent state budget problems. Approximately \$874 million in delayed school district payments remain to be repaid. At one point over \$2.4 billion in payments to school districts were delayed.

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