Fiscal Analysis Department
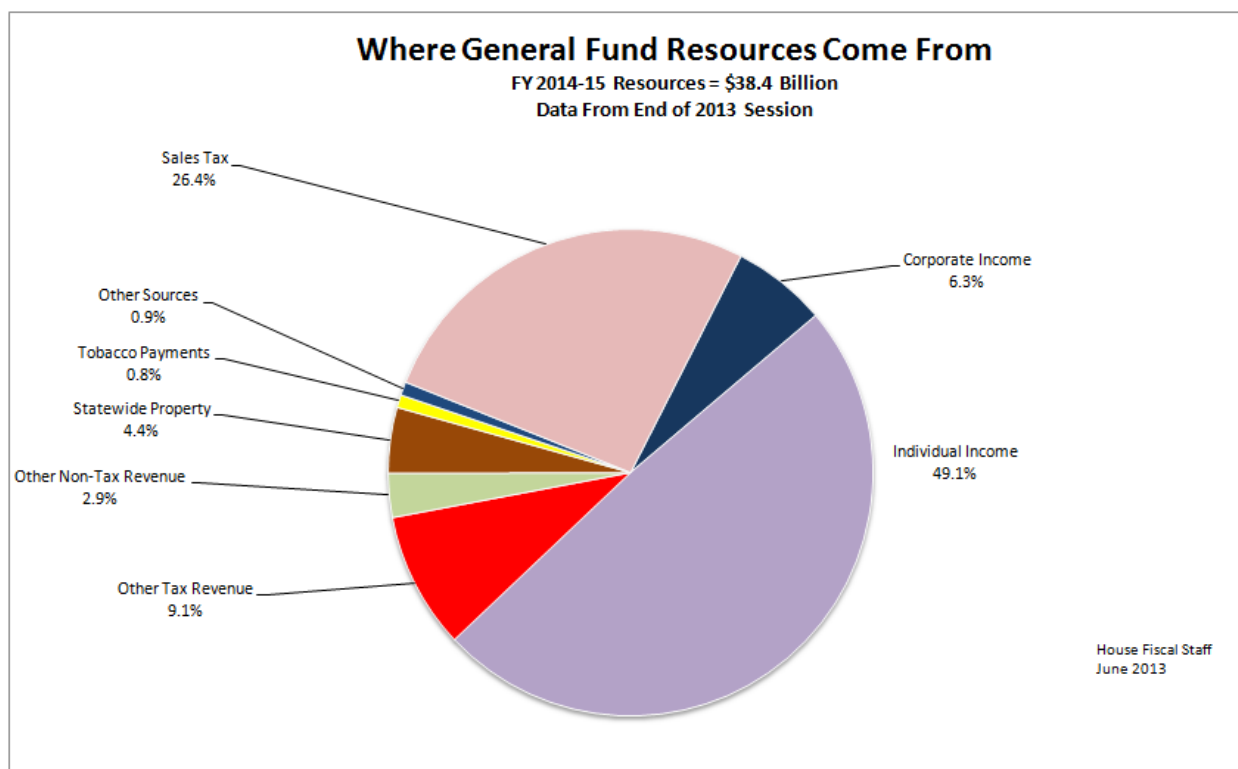## Minnesota House of Representatives

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.
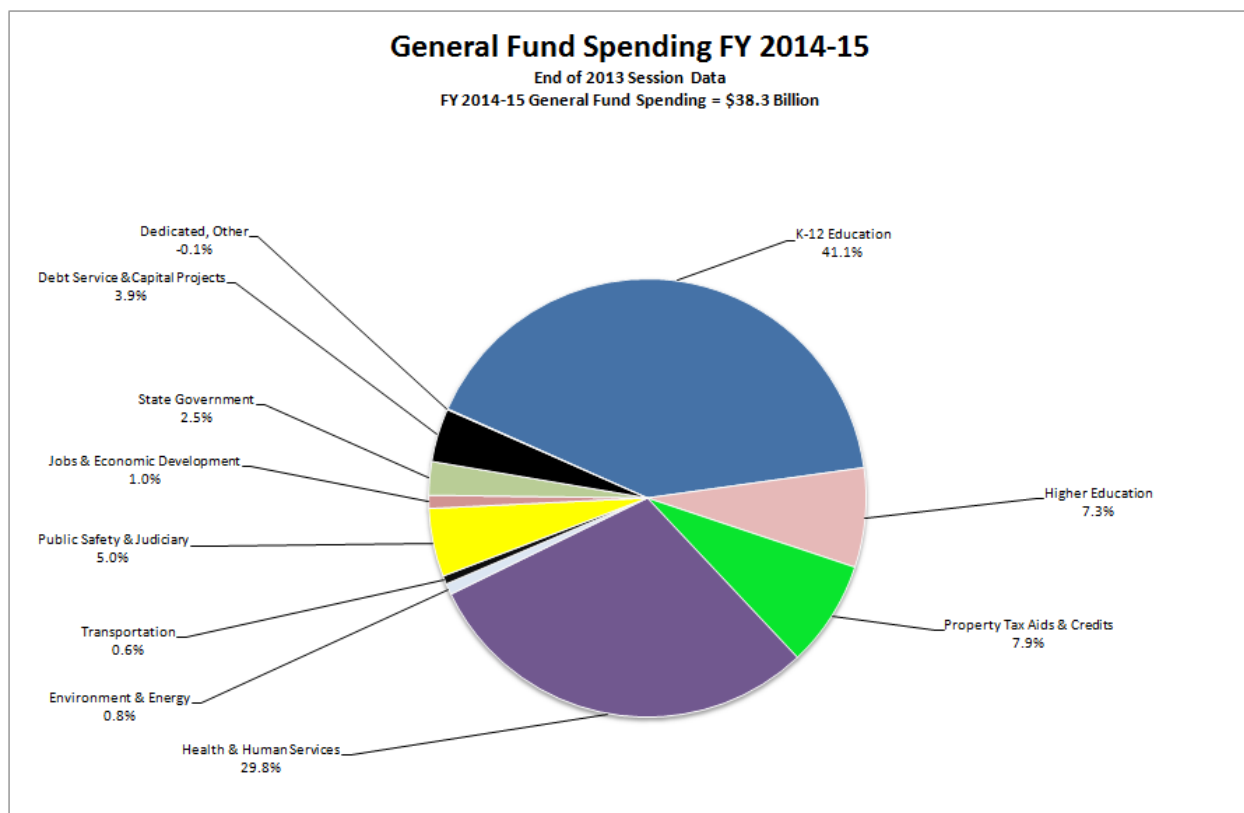
The Current Biennium – FY 2014-15

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:

Where General Fund Resources Come From
FY 2014-15 Resources = $38.4 Billion
Data From End of 2013 Session

- Sales Tax 26.4%
- Other Sources 0.9%
- Tobacco Payments 0.8%
- Statewide Property 4.4%
- Other Non-Tax Revenue 2.9%
- Other Tax Revenue 9.1%
- Corporate Income 6.3%
- Individual Income 49.1%

House Fiscal Staff
June 2013

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:

General Fund Spending FY 2014-15
End of 2013 Session Data
FY 2014-15 General Fund Spending = $38.3 Billion

- Dedicated, Other -0.1%
- Debt Service & Capital Projects 3.9%
- State Government 2.5%
- Jobs & Economic Development 1.0%
- Public Safety & Judiciary 5.0%
- Transportation 0.6%
- Environment & Energy 0.8%
- Health & Human Services 29.8%
- K-12 Education 41.1%
- Higher Education 7.3%
- Property Tax Aids & Credits 7.9%

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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