

HOUSE RESEARCH

Bill Summary

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This bill authorizes any positive balance at the end of this fiscal year (2009) to carry forward to the next fiscal year (2010) notwithstanding a statutory requirement that would cause it to be deposited in the state's budget reserve.

Current law requires a positive general fund balance that is forecasted for the current biennium to be used to:

- (1) increase the state cash flow account to \$350 million;
- (2) increase the state budget reserve to \$653 million;
- (3) increase the education aid payment shift to 90 percent; and
- (4) eliminate the school district revenue recognition shift.

All except the budget reserve are at the level set in law. The state budget reserve is now \$0. The recently enacted federal stimulus bill changes federal Medicaid reimbursement for Minnesota in a way that could result in a positive general balance at the end of fiscal year 2009. The stimulus bill also prohibits the use of Medicaid reimbursement for a state budget reserve or rainy day fund. The

carry forward in this bill is consistent with requirements in the federal stimulus package.