

MINNESOTA'S



COVID-19 RECOVERY BUDGET



2022-2023 BUDGET RECOMMENDATIONS

Budget Priorities



Supporting small businesses and driving economic recovery



Ensuring students catch up on learning



Supporting working families

FY 2022-23 Governor's Budget

| (\$ in millions) | Nov FY 2022-23 | Gov FY 2022-23 | \$ Change |
|--|-------------------------|-------------------|----------------|
| Beginning Balance | \$3,202 | \$3,025 | \$(176) |
| Revenues | 49,494 | 51,156 | \$1,663 |
| Spending | 51,113 | 52,416 | \$1,303 |
| Budget Reserve | 1,886 | 847 | (1,038) |
| Cash Flow Account | 350 | 350 | - |
| Stadium Reserve | 230 | 100 | (130) |
| Budgetary Balance | \$(883) | \$470 | |
| <i>Balance (Excluding FY 2020-21)</i> | <i>\$(1,277)</i> | | |

Ensure Students Catch up on Learning

- Expand Summer 2021 Programming - **\$57.5 million** in federal funding
- Summer 2021 Preschool for 4 and 5 year olds - **\$20 million**
- Increase Basic Formula by 1%/2.5% - **\$301 million**
- Hold Special Education Cross subsidy steady - **\$73 million**
- Student Support Personnel – **\$47 million**
- Maintain 4,000 Prekindergarten Seats - **\$41 million**
- Simplify School Levies and Improve Equalization - **\$95 million**
- Expand Rigorous Course Work for BIPOC Students - **\$10 million**
- Workforce Stabilization Grants - **\$35 million**
- Funding for Higher Ed Institutions – U of M/MnState - **\$110 million**

Support Small Business and Drive Economic Recovery

- Emergency COVID Support Funding - **\$50 million**
- Small Business Assistance - **\$3 million**
- Broadband Development - **\$50 million**
- Launch Minnesota - **\$5 million**
- Angel Tax Credit - **\$7 million**

Support Working Families

- MFIP One Time Payment of up to \$750 - **\$24 million in federal TANF funds**
- Paid Family and Medical Leave
- CCAP Rate Increase - **\$48 million in federal funds**
- Working Family Tax Credit - **\$101 million**
- Expansion of the 1st Tier - **\$95 million**

Spending By Bill Area – General Fund

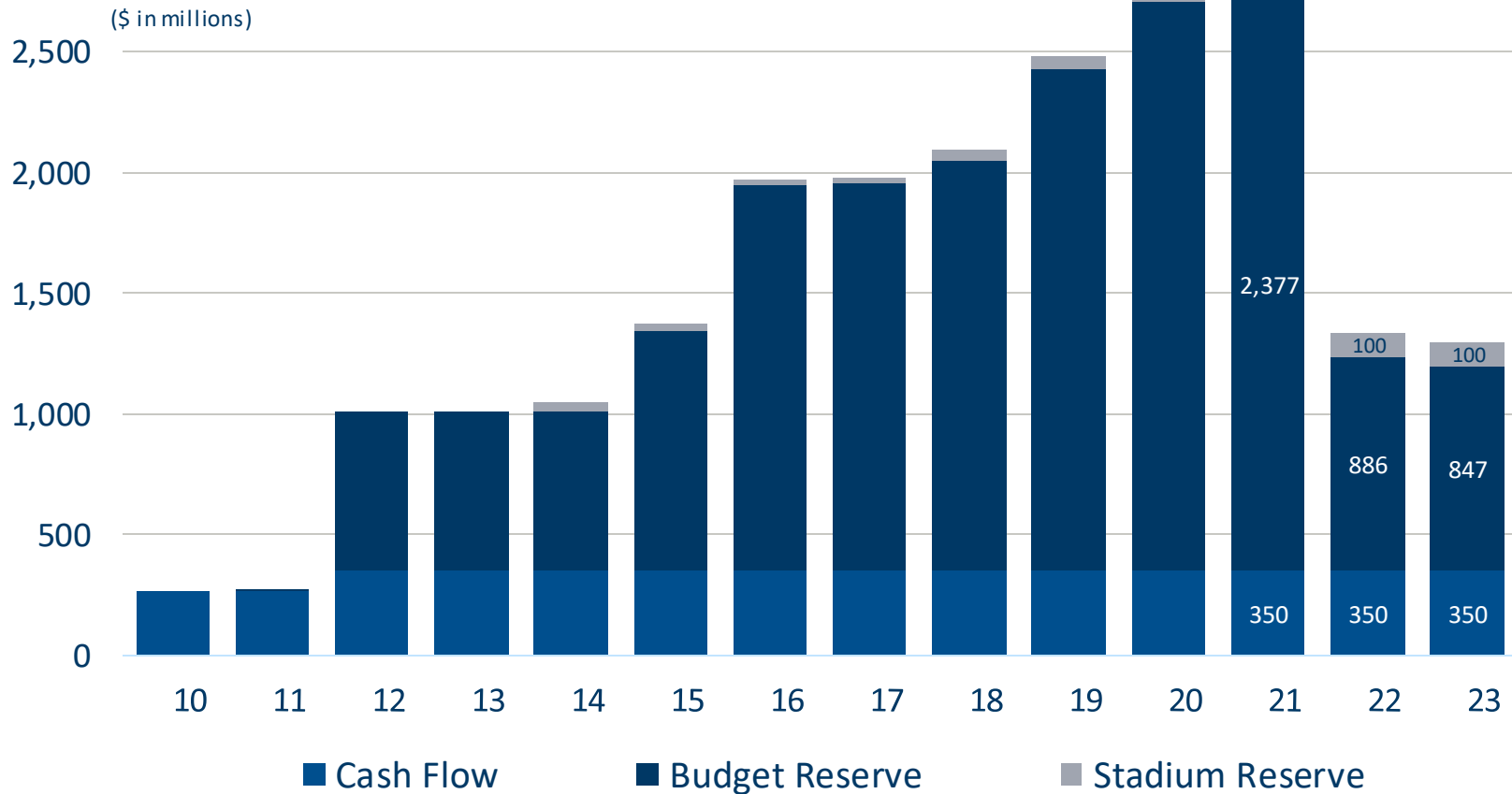
| (\$ in millions) | FY 2021 | FY 2022-23 | FY 2024-25 |
|---------------------------------------|--------------|----------------|----------------|
| E-12 Education | \$79 | \$664 | \$1072 |
| Higher Education | -4 | 150 | 185 |
| Property Tax Aids & Credits | 0 | 0 | 1 |
| Health & Human Services | 5 | 167 | 168 |
| Public Safety & Judiciary | 50 | 117 | 91 |
| Transportation | 2 | 16 | 12 |
| Environment | 2 | 33 | 20 |
| Agriculture & Housing | -1 | 19 | 2 |
| Jobs, Economic Development & Commerce | 47 | 59 | 7 |
| State Government & Veterans | -5 | 58 | 61 |
| Debt Service | 0 | 0 | 0 |
| Capital Projects & Grants | 0 | 21 | 33 |
| Total | \$175 | \$1,303 | \$1,652 |

Revenue

| (\$ in millions) | FY 2022-23 | FY 2024-25 |
|--|----------------|----------------|
| Increase Amount of Working Family Credit | -\$101 | -\$103 |
| Expansion of First Tier of Individual Income Tax | -95 | -95 |
| ITIN Usage for Working Family Credit | -23 | -23 |
| Angel Tax Credit | -7 | |
| 5th Tier Income Tax Rate | 403 | 364 |
| Capital Gains Tax | 486 | 443 |
| Corporate Franchise Tax Rate Increase | 424 | 407 |
| Previously Taxed Foreign Income | 336 | 94 |
| Cigarette Tax Increase and Vapor Tax | 150 | 155 |
| Limit Qualified Data Center Tax Exemption | 31 | 70 |
| Reinstate Estate Tax Exclusion | 28 | 36 |
| Other Tax Provisions | 5 | 5 |
| Total | \$1,636 | \$1,352 |

Reserve Changes and Use of Balances

Total Reserves – Gov Recommendation



Long Term Budget Outlook

| (\$ in millions) | FY 2022-23 | FY 2024-25 | Biennial Growth | Annualized % Growth |
|---|-------------------|-------------------|------------------------|----------------------------|
| Forecast Revenues | \$51,157 | \$54,576 | \$3,419 | 3.3% |
| Projected Spending | 52,416 | 55,289 | 2,873 | 2.7% |
| Structural Balance | \$(1,259) | \$(713) | | |
| <i>Balance w/carryforward and reserve use</i> | <i>\$470</i> | <i>\$(243)</i> | | |

State Government Spending Recommendations

| <i>\$ in 000s</i> | FY 2021 | FY 2022-23 | FY 2024-25 |
|----------------------------|----------------|---------------|---------------|
| Constitutional Officers | - | 14,438 | 12,546 |
| MNIT | (379) | 4,379 | 3,106 |
| Dept. of Administration | 4,700 | 2,144 | 2,370 |
| MMB | (1,367) | 4,105 | 4,526 |
| Revenue | (8,274) | 10,784 | 13,656 |
| Small Boards & Commissions | (86) | 1,616 | 2,046 |
| All Other | | (3,488) | (3,488) |
| Total | (5,406) | 33,978 | 34,762 |

State Government Recommendations

MNIT

- **Blue Ribbon Commission Recommendations: Transforming IT Project Delivery to Maximize Business Value** - \$4.15 million
- **Operating Adjustment** - \$229,000
- **“Odyssey Fund” Cancellation** – \$(179,000)
- **Cash Flow Assistance**

Dept. Administration

- **Enterprise Planning, Space Consolidation and Relocation** - \$5 million in FY21
- **In Lieu of Rent Increase** - \$1.248 million
- **Operating Adjustment** - \$896,000
- **Capitol Complex Parking Fund Shortfall** - \$993,000
- **Increase Grants Administration Oversight**

MMB

- **Payment Plus** - \$(1.007 million)
- **Transfer of Single Audit Responsibilities**
- **Operating Adjustment** - \$1.617 million
- **Public Defender Payment Distribution Change** - \$(1 million)

Revenue

- **Operating Adjustment** - \$10.784 million



Q & A