



March 11, 2015

The Honorable Richard Cohen, Chair
Senate Finance Committee
121 Capitol Building

The Honorable Jim Knoblach, Chair
House Ways and Means Committee
479 State Office Building

The Honorable Michelle Fischbach
Ranking Minority Member
Senate Finance Committee
15 State Office Building

The Honorable Lyndon Carlson, Sr.
Ranking Minority Member
House Ways and Means Committee
348 State Office Building

Subject: February 2015 Forecast Adjustments

The purpose of this letter is to acknowledge a technical error in the February 2015 forecast. Total expenditures were understated by \$1.672 million in FY 2015, \$37 thousand in FY 16-17 and \$39 thousand in FY 2018-19 due to data entry errors.

In the State Government bill area, the Government and Citizen Services activity within the Department of Administration was understated by \$35 thousand in FY 2015, \$37 thousand in FY 2016-17 and \$39 thousand in FY 2018-19. Additionally, in the Veterans bill area, the GI Bill open appropriation within the Department of Veteran's Affairs was understated by \$1.637 million in FY 15.

Correcting these errors impacts the base budgets for these agencies, as well as the General Fund budgetary balance in FY 2014-15, FY 2016-17 and FY 2018-19:

- 1) The FY 2014-15 budgetary balance is \$1.672 million lower, and is now \$476 million;
- 2) The FY 2016-17 budgetary balance is \$1.709 million lower, and is now \$1.867 billion;
- 3) The FY 2018-19 budgetary balance is \$1.748 million lower, and is now \$5.059 billion;

The following tables highlight the adjustments in each biennium. We will take appropriate action to share this information with your staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Myron Frans".

Myron Frans
Commissioner

cc: Governor Mark Dayton
Eric Nauman, Senate Counsel, Research & Fiscal Analysis
Bill Marx, House Fiscal Analysis

Current Biennium Comparison: FY 2014-15 General Fund Budget
Original February Forecast vs Revised February Forecast
(\$ in thousands)

	ORIGINAL 2-15 Fcst FY 2014-15	REVISED 2-15 Fcst FY 2014-15	\$ Change
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	1,711,915	1,711,915	0
Current Resources:			
Tax Revenues	37,624,866	37,624,866	0
Non-Tax Revenues	1,458,525	1,458,525	0
Subtotal - Non-Dedicated Revenue	39,083,391	39,083,391	0
Dedicated Revenue	1,005	1,005	0
Transfers In	255,333	255,333	0
Prior Year Adjustments	98,702	98,702	0
Subtotal - Other Revenue	355,040	355,040	0
Subtotal-Current Resources	39,438,431	39,438,431	0
Total Resources Available	41,150,346	41,150,346	0
<u>Actual & Estimated Spending</u>			
K-12 Education	15,807,025	15,807,025	0
K-12 Ptx Rec Shift/Aid Payment Shift	812,574	812,574	0
K-12 Education	16,619,599	16,619,599	0
Higher Education	2,842,782	2,842,782	0
Property Tax Aids & Credits	2,955,869	2,955,869	0
Health & Human Services	11,179,990	11,179,990	0
Public Safety & Judiciary	1,980,534	1,980,534	0
Transportation	277,100	277,100	0
Environment & Agriculture	383,813	383,813	0
Jobs, Economic Development, Housing & Commerce	438,959	438,959	0
State Government & Veterans	971,284	972,956	1,672
Debt Service	1,242,995	1,242,995	0
Capital Projects & Grants	411,273	411,273	0
Estimated Cancellations	(15,000)	(15,000)	0
Total Expenditures & Transfers	39,298,478	39,300,150	1,672
Balance Before Reserves	1,851,868	1,850,196	(1,672)
Cash Flow Account	350,000	350,000	0
Budget Reserve	994,339	994,339	0
Stadium Reserve	29,977	29,977	0
Budgetary Balance	477,552	475,880	(1,672)

**Next Biennium Comparison: FY 2016-17 General Fund Budget
Original February Forecast vs Revised February Forecast**

(\$ in thousands)

	ORIGINAL 2-15 Fcst FY 2016-17	REVISED 2-15 Fcst FY 2016-17	\$ Change
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	1,851,868	1,850,196	(1,672)
Current Resources:			
Tax Revenues	40,772,333	40,772,333	0
Non-Tax Revenues	1,402,920	1,402,920	0
Subtotal - Non-Dedicated Revenue	42,175,253	42,175,253	0
Dedicated Revenue	1,000	1,000	0
Transfers In	250,544	250,544	0
Prior Year Adjustments	70,000	70,000	0
Subtotal - Other Revenue	321,544	321,544	0
Subtotal-Current Resources	42,496,797	42,496,797	0
Total Resources Available	44,348,665	44,346,993	(1,672)
<u>Actual & Estimated Spending</u>			
K-12 Education	16,709,783	16,709,783	0
K-12 Ptx Rec Shift/Aid Payment Shift	0	0	0
K-12 Education	16,709,783	16,709,783	0
Higher Education	2,892,530	2,892,530	0
Property Tax Aids & Credits	3,361,341	3,361,341	0
Health & Human Services	12,771,184	12,771,184	0
Public Safety & Judiciary	2,006,509	2,006,509	0
Transportation	213,072	213,072	0
Environment & Agriculture	335,032	335,032	0
Jobs, Economic Development, Housing & Commerce	357,603	357,603	0
State Government & Veterans	958,615	958,652	37
Debt Service	1,271,238	1,271,238	0
Capital Projects & Grants	271,481	271,481	0
Estimated Cancellations	(20,000)	(20,000)	0
Total Expenditures & Transfers	41,128,388	41,128,425	37
Balance Before Reserves	3,220,277	3,218,568	(1,709)
Cash Flow Account	350,000	350,000	0
Budget Reserve	994,339	994,339	0
Stadium Reserve	6,840	6,840	0
Budgetary Balance	1,869,098	1,867,389	(1,709)

**Planning Horizon Comparison: FY 2018-19 General Fund Budget
Original February Forecast vs Revised February Forecast**

(\$ in thousands)

	ORIGINAL 2-15 Plng Est FY 2018-19	REVISED 2-15 Plng Est FY 2018-19	\$ Change
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	3,220,277	3,218,568	(1,709)
Current Resources:			
Tax Revenues	44,684,878	44,684,878	0
Non-Tax Revenues	1,386,094	1,386,094	0
Subtotal - Non-Dedicated Revenue	46,070,972	46,070,972	0
Dedicated Revenue	1,000	1,000	0
Transfers In	123,622	123,622	0
Prior Year Adjustments	70,000	70,000	0
Subtotal - Other Revenue	194,622	194,622	0
Subtotal-Current Resources	46,265,594	46,265,594	0
Total Resources Available	49,485,871	49,484,162	(1,709)
<u>Actual & Estimated Spending</u>			
K-12 Education	17,122,167	17,122,167	0
Higher Education	2,892,530	2,892,530	0
Property Tax Aids & Credits	3,451,470	3,451,470	0
Health & Human Services	14,274,892	14,274,892	0
Public Safety & Judiciary	2,006,193	2,006,193	0
Transportation	213,072	213,072	0
Environment & Agriculture	319,398	319,398	0
Jobs, Economic Development, Housing & Commerce	376,958	376,958	0
State Government & Veterans	956,358	956,397	39
Debt Service	1,213,572	1,213,572	0
Capital Projects & Grants	274,585	274,585	0
Estimated Cancellations	(20,000)	(20,000)	0
Total Expenditures & Transfers	43,081,195	43,081,234	39
Balance Before Reserves	6,404,676	6,402,928	(1,748)
Cash Flow Account	350,000	350,000	0
Budget Reserve	994,339	994,339	0
Stadium Reserve	0	0	0
Budgetary Balance	5,060,337	5,058,589	(1,748)