



January 26, 2022

Rep. Melissa Hortman, Speaker of the House
State Office Building
St. Paul, MN 55155

Sen. Jeremy Miller, Senate Majority Leader
Minnesota Senate Building
St. Paul, MN 55155

Rep. Kurt Daudt, House Minority Leader
State Office Building
St. Paul, MN 55155

Sen. Melisa López Franzen, Senate Minority Leader
Minnesota Senate Building
St. Paul, MN 55155

RE: Governor's FY 2022-23 Supplemental Budget

Dear Senators and Representatives:

The purpose of this letter is to officially transmit Governor Walz's proposed supplemental budget for FY 2022-23. The Governor's general fund recommendations are based upon the November 2021 forecast that projects \$7.746 billion available general fund balance for the current biennium. The Governor is proposing general fund budget changes, including the general fund impact of the 2022 Local Jobs and Projects Plan released earlier this month, that total \$7.583 billion. After recommended changes for the FY 2022-23 biennium, the remaining budgetary balance is \$163 million.

FY 2022-23 General Fund Recommendations
(\$ in millions)

Forecast Balance	\$7,746
Tax and Revenue Change	(210)
Capital Budget Debt Service and Cash Capital Costs	282
Supplemental Budget Recommendations	<u>7,091</u>
<i>Total – Recommended Changes</i>	\$7,583
Remaining Budgetary Balance	\$163

The Governor's recommendations impact the projected balance in the FY 2024-25 biennium. Expenditure increases for the next biennium total \$5.566 billion, including a \$153 million impact from the 2022 Local Jobs and Projects Plan, while revenues under the Governor's supplemental budget would be \$124 million lower. The Governor's budget is structurally balanced in the next biennium.

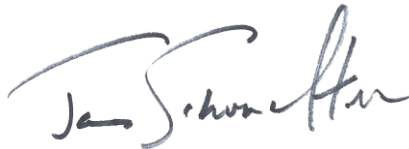
These changes combined with \$163 million remaining from the current biennium would leave a projected balance in the next biennium of \$188 million.

Supplemental Budget Materials

Supporting material detailing the Governor's supplemental budget recommendations are posted to the MMB website (mn.gov/mmb). Attached are fund balance comparisons showing recommended general fund revenues and expenditures compared to the November 2021 forecast for both the current biennium and the planning estimates. Also attached are detailed budget changes with descriptions of individual proposals provided for all changes by agency, item and fund.

I expect that supplemental budget bills and any pieces of legislation necessary to implement the Governor's plan will begin to be delivered shortly after this release. Individual agency commissioners and staff, as well as MMB executive budget officers, are prepared to answer any questions you may have on the recommendations.

Sincerely,

A handwritten signature in black ink that reads "Jim Schowalter". The signature is written in a cursive, flowing style.

Jim Schowalter
Commissioner

cc: Senator Julie Rosen, Senate Finance Chair
Representative Rena Moran, House Ways and Means Chair
Senator John Marty
Representative Pat Garofalo
Eric Nauman, Senate Chief Fiscal Analyst
Emily Adriaens, House Chief Fiscal Analyst