



## ISSUE BRIEF

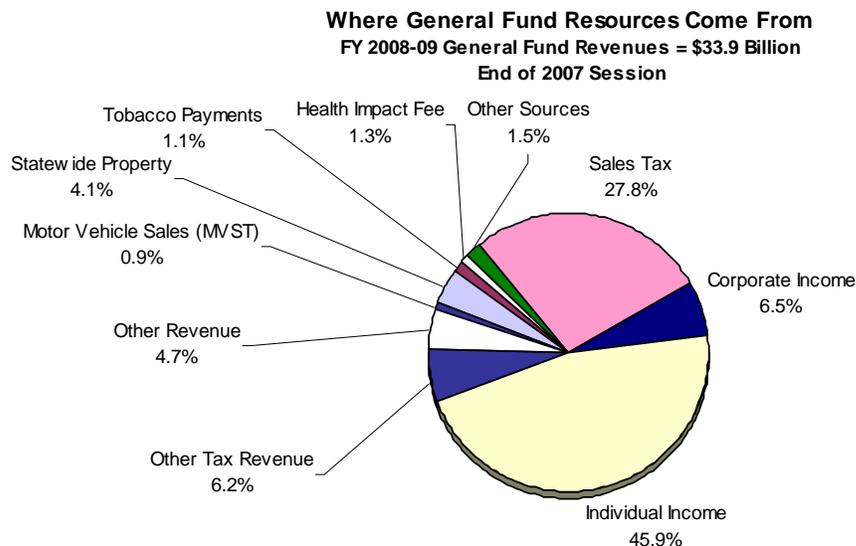
### State General Fund Budget Situation August 2007

When the Legislature adjourned in May 2007, the projected budget for the fiscal year (FY) 2008-09 biennium has a \$373 million balance. This Issue Brief discusses the current state general fund budget situation.

#### The Current Biennium – FY 2008-09

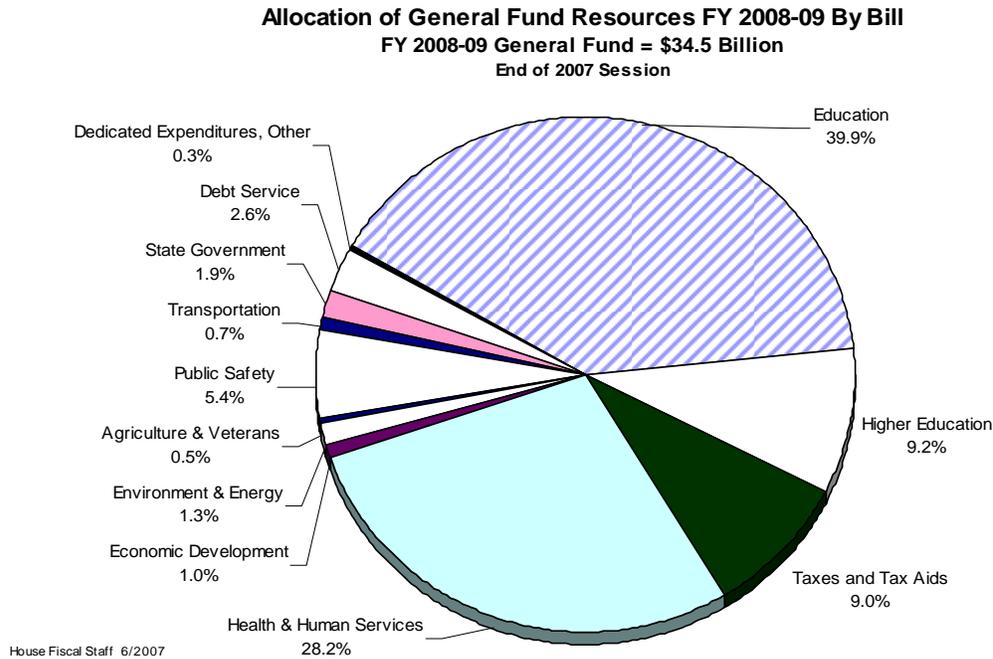
The enacted budget for FY 2008-09 (the biennium that began July 1, 2007 and ends June 30, 2009) anticipates \$33.9 billion in revenues and \$34.5 billion of spending.

Major general fund revenue sources are illustrated in the graph below:



The budget includes a budget reserve of \$653 million and the cash flow account of \$350 million. Spending in FY 2008-09 can be higher than revenue because the balance from FY 2006-07 carries forward into FY 2008-09. At the end of session that balance forward was projected to be \$993 million but preliminary end of FY 2007 information indicates it will be \$159 million higher. After including the \$993 million carry forward, the projected balance on June 30, 2009 is \$373 million.

Major categories of general fund spending are illustrated below.



### The Next Biennium – FY 2010-11

At the end of the 2007 legislative session, projected revenue for the FY 2010-11 biennium exceeds projected spending by \$1.146 billion. Expenditures for FY 2010 and 2011 are set at essentially the same level as in FY 2009 except that appropriations for those programs where a formula or entitlement is set in law are adjusted to reflect the amounts needed to fund that formula or entitlement. Appropriations in FY 2009 that were considered one time are not continued.

#### FY 2010-11 General Fund

Projected Revenue	\$36.844 billion
<u>Projected Spending</u>	<u>\$35.698 billion</u>
Balance	\$ 1.146 billion

Expenditures for FY 2010-11 shown above include no adjustment for inflation unless such an adjustment is specified in law. The February 2008 forecast rate of inflation was 2.0 percent for FY 2010 and 1.9 percent for FY 2011. A “current law” budget can be enacted without adding amounts for inflation, but inflationary pressures will still exist in various programs. If the inflation rates in the February forecast were applied to the projected FY 2010-11 expenditures, those expenditures would increase by about \$1.06 billion.

For more information, contact Bill Marx, Chief Fiscal Analyst, at 651-296-7176 or [bill.marx@mn.us](mailto:bill.marx@mn.us)