STATE OF MINNESOTA
Governor Tim Pawlenty
FY 2010-11 Supplemental Budget

All budget documents can be found at www.mmb.state.mn.us

Key Elements to Governor's Recommendations

- Reduce spending to match anticipated revenues
- Protect priority services including K-12 education, vets, state public safety
- New tax incentives for jobs creation
  - Angel Investment Credit
  - Corporate Franchise Tax Reduction

State Faces Continued Budget Challenges

- Budget Deficit of $1.2 Billion
  - November forecast finds lower than expected revenues
  - Gap is 6% of remaining budget
- Federal Requirements Limit Options
  - Health care eligibility
  - Maintain Higher Ed and K-12 Education at 2006 levels
- Already Used One-time Resources
  - K-12 education shifts
  - Budget reserve

Key Elements to Governor's Recommendations

- Most programs and operating budgets reduced 6%
  - Operating cuts and balances save more than $70 million
  - Includes reductions in non-general funds and small agencies
- All funds contribute to the solution
  - One-time reductions and balances from special revenue funds
  - Health Care Access fund savings eliminate need for FY 2011 general fund transfer
  - Douglas Johnson Economic Protection fund reduced $30 million

Key Elements to Governor's Recommendations

- Utilize additional federal funding
  - Net impact of $387 million for last two quarters of FY11
- Ratify unallotments as permanent reductions
  - Reduces 2012-13 gap by $2.2 billion
- No additional shifts
- Cut future budget challenge by more than half
  - Current $5.4 billion gap reduced to $2.4 billion

Proposed Budget Solution

Proposed Changes ($ millions):	Impact
Health Care & Human Services	$347
Aid to Local Governments	$250
Extended Federal Medicaid Match	$387
Higher Education Institutions	$47
State Agencies/Grants/Other	$181
Subtotal	$1,212