

Minnesota Workforce Council Association

Winter Meeting State/Federal Legislative Preview

Anne Olson

Director

December 16, 2010



Current Lineup vs. New Lineup

111th

- House:
 - Democrats: 255
 - Republicans: 178
 - (2 vacancies)
- Senate
 - Democrats: 59
 - Includes 2 Independents who caucus with the Democrats
 - Republicans: 41

112th

- House
 - Republicans: 239
 - Democrats: 186
 - 10 races still uncalled
- Senate
 - Democrats: 53
 - Republicans: 46
 - 1 race still uncalled



Leadership

Democrats

- House
 - Speaker Nancy Pelosi
 - Majority Leader Steny Hoyer
 - Majority Whip Jim Clyburn
- Senate
 - President Joe Biden
 - Majority Leader Harry Reid
 - Majority Whip Dick Durbin

Republicans

- House
 - Minority Leader John Boehner
 - Minority Whip Eric Cantor
- Senate
 - Minority Leader Mitch McConnell
 - Minority Whip John Kyl



Minnesota Delegation

Key Committee Assignments

- Representative John Kline (R)
Chair, House Labor, Education Committee
- Representative Betty McCollum (D) Member,
Budget Committee? Member, Appropriations
Committee?
- Senator Al Franken (D)
Member, Health, Education, Labor and Pensions

Rep. John Kline's Agenda

- Giving employers the certainty, flexibility, and freedom to create jobs;
- Conducting robust oversight of education and workforce programs across the federal government;
- *Modernizing and streamlining training programs to help job-seekers get back to work; and*
- Pursuing education reform that restores local control, empowers parents, lets teachers teach, and protects taxpayers.

WIA Reauthorization Bill Reintroduced?

The Workforce Investment Improvement Act
(111th Congress, H.R. 4271)

- **Eliminating duplication and waste.**
- **Streamlining state and local workforce investment boards.**
- **Ensuring the one-stop delivery system is demand-driven.**
- **Increasing opportunities for training.**
- **Removing barriers to job training.**
- **Allowing faith-based groups to help train and re-train workers.**
- **Creating Workforce Innovation in Regional Economic Development (WIRED) plans.**

Budget Forecast, FY 2010-13

(\$ in Millions)

	<u>FY 2010-11</u>	<u>FY 2012-13</u>
Beginning Balance	\$447	\$674
Revenues	30,493	32,004
Spending	30,266	38,591
Budget Reserve	9	9
Cash Flow Account	266	266
	\$399	(\$6,188)
Structural Gap (excluding FY 2010-11 Balance)	- - -	(\$6,587)





FY 2010-11 Forecast Changes

(\$ in millions)

	<u>End of Session</u>	<u>November Forecast</u>	<u>\$ Difference</u>
Revenues			
Income tax	14,080	13,766	(314)
Corporate	1,432	1,631	199
Sales Tax	8,654	8,709	55
Other Taxes	3,860	3,911	51
Non-Tax Revenues	1,597	1,570	(27)
Transfers & Other	<u>914</u>	<u>906</u>	<u>(8)</u>
Total Revenues	\$30,537	\$30,493	(\$44)
Spending			
K-12 Education	11,390	11,438	48
Health & Human Services	8,852	8,669	(183)
Debt Service	955	832	(123)
All Other	<u>9,324</u>	<u>9,327</u>	<u>3</u>
Total Spending	\$30,521	\$30,266	(\$255)



FY 2012-13 Budget Forecast

(\$ in millions)

	<u>FY 2010-11</u>	<u>FY 2012-13</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
Beginning Balance	\$447	\$674	\$227	
Revenues				
Taxes	28,017	29,993	1,976	7.1
Non-Tax Revenues	1,570	1,475	(95)	(6.1)
Transfers, Other Resources	<u>906</u>	<u>536</u>	<u>(370)</u>	<u>(40.8)</u>
Total Revenues	30,493	32,004	1,510	5.0%
Expenditures				
K-12 Education	13,327	14,346	1,019	7.6
Payment Shifts	(1,889)	1,302	3,191	nm
Higher Education	2,814	2,917	102	3.6
Local Aids & Credits	3,018	3,469	450	14.9
Health & Human Services	8,669	11,907	3,238	37.3
Debt Service	832	1,141	309	37.2
All Other	<u>3,495</u>	<u>3,509</u>	<u>14</u>	<u>0.4</u>
Total Spending	30,266	38,591	8,324	27.5%
Budget Reserve	9	9	--	--
Cash Flow Account	<u>266</u>	<u>266</u>	--	--
Budget Balance	\$399	(\$6,188)		



FY 2012-13 General Fund Revenue Forecast
Change from End of Session Revenue Planning Estimates
(\$ in millions)

	<u>November</u> <u>Forecast</u>	<u>Change</u> <u>(\$)</u>	<u>Change</u> <u>(%)</u>
Income Tax	15,676	(471)	(2.9)
Sales Tax	9,031	(119)	(1.3)
Corporate Tax	1,541	(185)	(10.7)
Statewide Levy	<u>1,560</u>	<u>(3)</u>	<u>(0.2)</u>
Subtotal	27,808	(778)	(2.7)
Other	<u>4,196</u>	<u>(126)</u>	<u>(2.9)</u>
Total Revenue	32,004	(904)	(2.8)

FY 2012-13 Expenditures - Forecast Changes

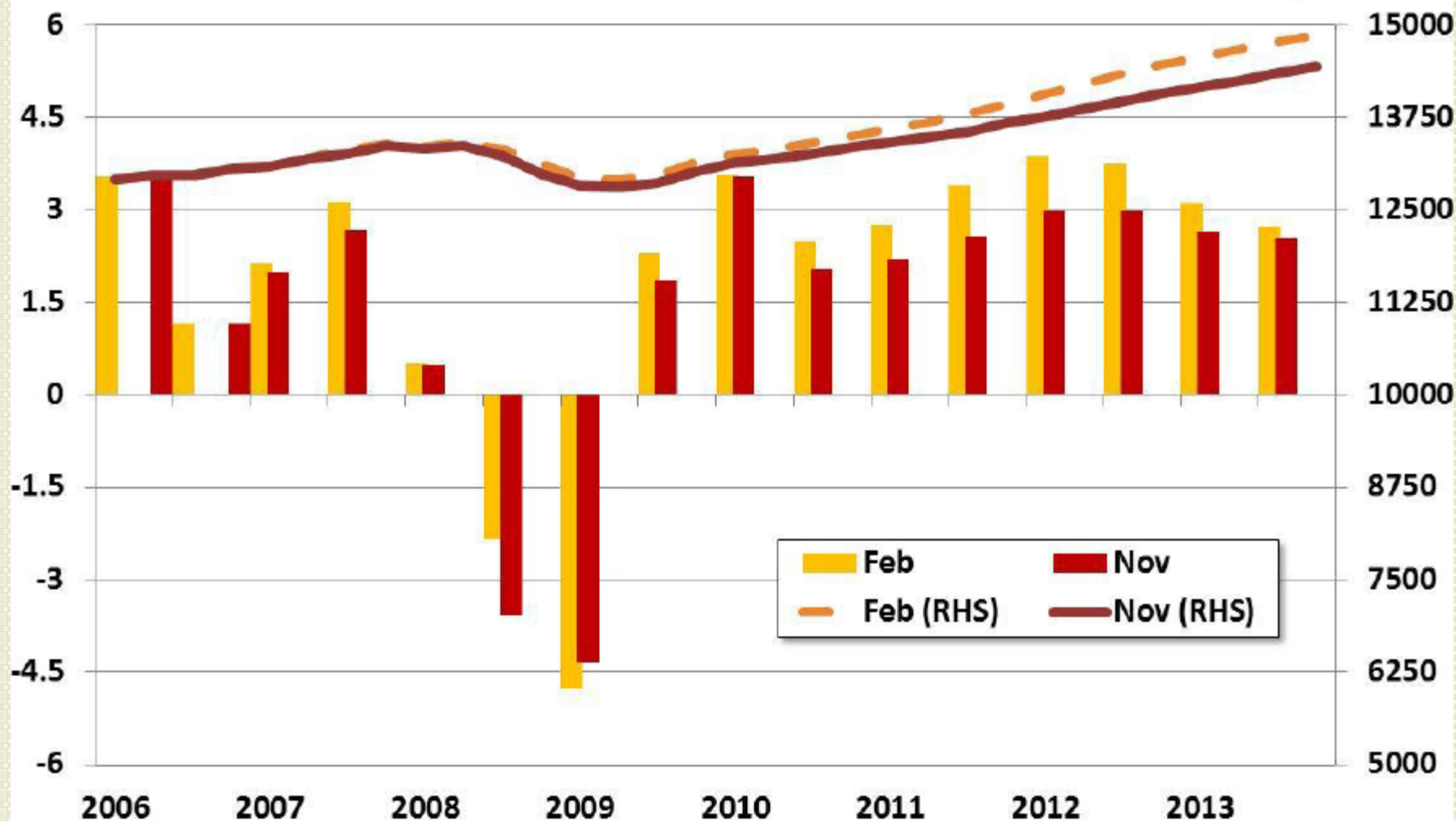
(\$ in millions)

	<u>End of Session</u>	<u>November Forecast</u>	<u>\$ Difference</u>
K-12 Education	\$15,622	\$15,648	\$26
Higher Education	2,917	2,917	0
Health & Human Services	12,018	11,907	(111)
Debt Service	1,153	1,141	(12)
All Other	<u>6,989</u>	<u>6,978</u>	<u>(11)</u>
Total Spending	\$38,699	\$38,591	(\$108)

Outlook for Real GDP Growth Modestly Weaker Through 2013

Half Year GDP Growth
Annual Rate

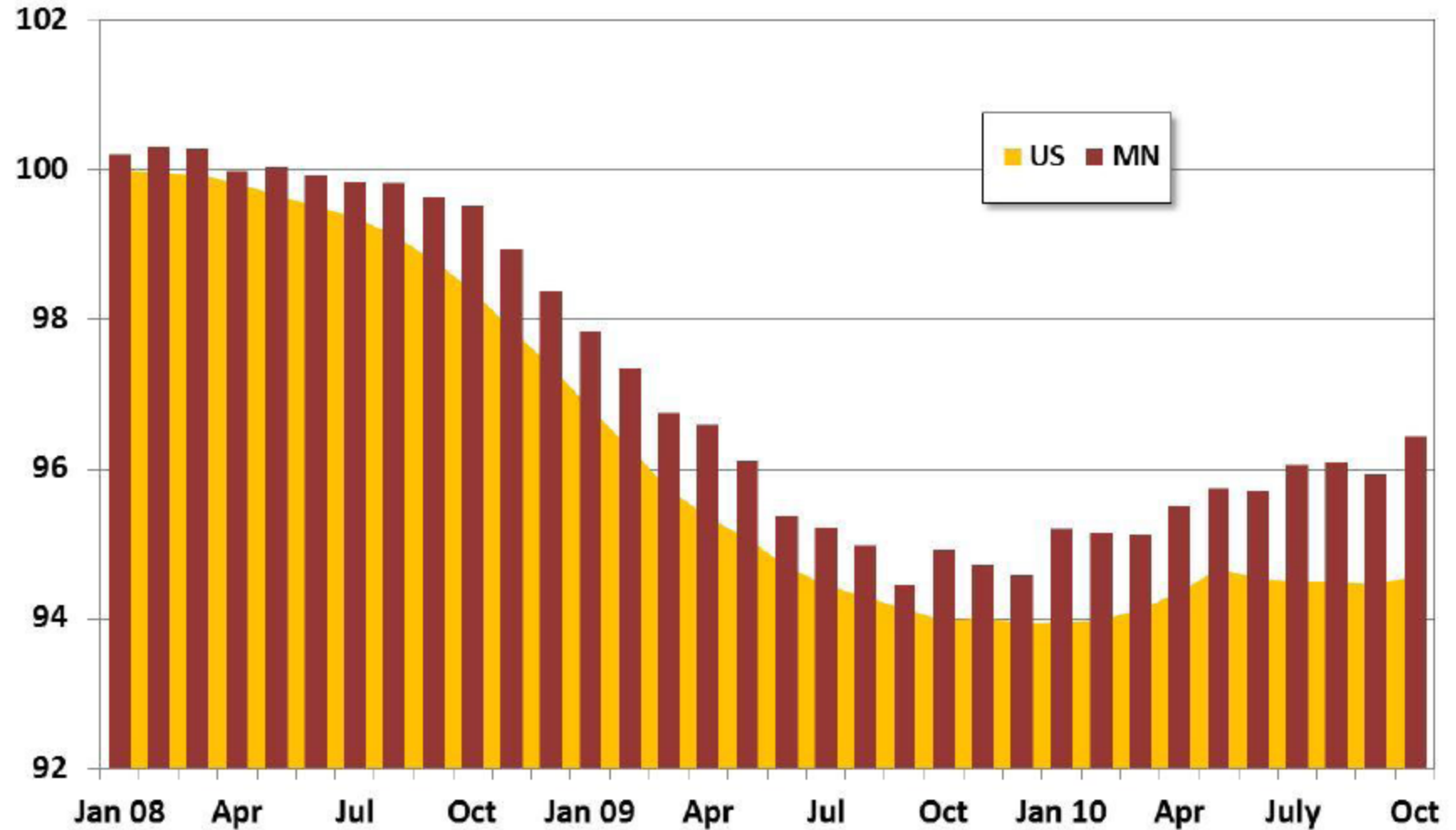
Real GDP
\$ Billions



Minnesota Employment Is Recovering Faster than the U.S.

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Dec 2007 = 100



FY 2014-15 Long Term Planning Estimates

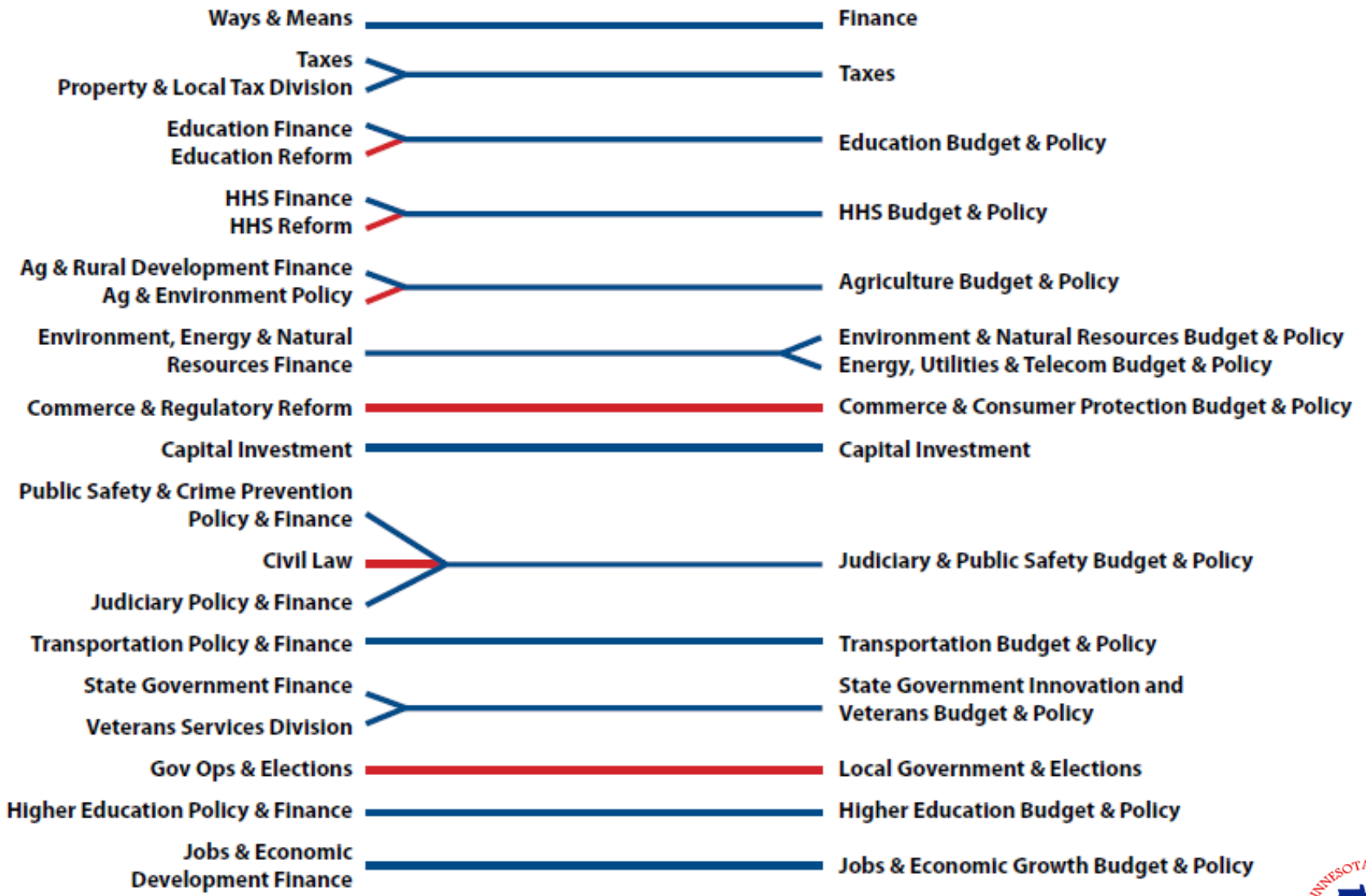
(\$ in millions)

	<u>FY 2010-11</u>	<u>FY 2012-13</u>	<u>FY 2014-15</u>
Revenues	\$30,493	\$32,004	\$34,595
Spending	<u>30,266</u>	<u>38,591</u>	<u>39,678</u>
Difference	\$227	(\$6,587)	(\$5,083)
<i>Inflation (CPI)</i>		<i>\$1,039</i>	<i>\$2,813</i>



GOP HOUSE

GOP SENATE



draft



Minnesota Senate Standing Committees and Chairs

Health and Human Services

Sen. David W. Hann (Eden Prairie)

Jobs and Economic Growth

Sen. Geoff Michel (Edina)

Education

Sen. Gen Olson (Minnetrista)

Higher Education

Sen. Michelle L. Fischbach (Paynesville)



Minnesota House Standing Committees and Chairs

Jobs and Economic Development Finance Committee:

Rep. Bob Gunther (Fairmont)

Health and Human Services Finance Committee:

Rep. Jim Abeler (Anoka)

Health and Human Services Reform Committee:

Rep. Steve Gottwalt (St. Cloud)

Higher Education Policy and Finance Committee:

Rep. Bud Nornes (Fergus Falls)

Education Reform Committee:

Rep. Sondra Erickson (Princeton)



Issues to Watch For:

- Use of Workforce Development Fund
- Minnesota Youth Program Funding
- Reorganization
- More stringent regulations on human services programs



Questions?

