AGENDA

Agenda Item: State of Minnesota Economic Update

Presenters: Vice President/CFO Richard Pfutzenreuter
Dr. Tom Stinson, State Economist

Purpose:

To discuss the most recent economic forecast as well as the nature of the state's economic forecast in general.

Outline of Key Points/Policy Issues:

The February 2009 forecast will be released on March 3, 2009, and will update all revenue and expenditure data for the current biennium (2008-2009) and develop planning estimates for the 2010-2011 biennium. In order to develop the forecast, national economic data is reviewed and then translated into a model for the Minnesota economy. This Minnesota economic model drives the revenue estimate for the state. Projected expenditures are also forecast, especially for formula expenditure programs in K-12 education, Human Services, and Local Aids and Credits.

There are four major points of discussion when reviewing the state economic forecast:

1. How is the forecast done?
2. What does the forecast mean?
3. Why is the forecast important?
4. What are the risks to the outlook the forecast provides?

Background Information:

Tom Stinson is the State Economist for the State of Minnesota. In addition, he is a faculty member in Applied Economics here at the University. Dr. Stinson oversees the economic forecast for the state, which is produced twice a year in November and February.

The February forecast sets the stage for final appropriation decisions by the Minnesota Legislature regarding biennial operating funds for the University of Minnesota and other recipients of state general fund support.