UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents Work Session
Thursday, December 10, 2009
10:30 - 11:45 a.m.
600 McNamara Alumni Center, Boardroom

Board Members
Clyde Allen, Chair
Linda Cohen, Vice Chair
Anthony Baraga
Richard Beeson
Dallas Bohnsack
John Frobenius
Venora Hung
Steven Hunter
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AGENDA

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Agenda Item: State of Minnesota Economic Update

Presenters: President Robert H. Bruininks
Dr. Tom Stinson, State Economist
Dr. Tom Gillaspy, State Demographer

Purpose:

Tom Stinson is the State Economist for the State of Minnesota. In addition, he is a faculty member in Applied Economics at the University. Dr. Stinson oversees the economic forecast for the state, which is produced twice a year in November and February. He is before the Board this month to discuss the most recent economic forecast as well as the nature of the state's economic forecast in general. Tom Gillaspy is the State Demographer for the State of Minnesota.

Outline of Key Points/Policy Issues:

The November 2009 forecast will be released on December 2, 2009, and will update all revenue and expenditure data for the current biennium (2010-2011) and develop planning estimates for the 2012-2013 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:

• How is the forecast done?
• What does the forecast mean?
• Why is the forecast important?
• What are the risks to the outlook the forecast provides?

Tom Stinson and Tom Gillaspy will also provide forward looking information regarding the economic, demographic and financial outlook for the State of Minnesota. A central theme of the presentation will be that Minnesota is facing significant long-term budget problems.

Background Information:

Dr. Stinson has had similar discussions with the Board in previous years.