

A photograph of a robin perched on a branch with red berries in a snowy setting. The robin is in the lower right, looking left. The background is a soft-focus winter scene with snow and red berries.

# **BUDGET** AND **ECONOMIC FORECAST**



**FEBRUARY 2026**

Produced by Minnesota Management and Budget

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### **Statutory Provisions**

In accordance with Minnesota Statutes, section 16A.103, subdivision 1, the commissioner of Minnesota Management and Budget (MMB) must prepare a forecast of state revenue and expenditures in February and November of each year. This forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations.

Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature.

A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium as well as the next two bienniums.

### **Notes**

Numbers in the text and tables may not add to the totals due to rounding.

Unless otherwise noted, years used to describe the budget outlook are state fiscal years (FY), from July 1 to June 30, and years used to describe the economic outlook are calendar years (CY).

Wage and price inflation are included in revenue estimates.

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## EXECUTIVE SUMMARY

Minnesota's budget outlook has improved amid significant near-term economic and fiscal uncertainty. The FY 2026-27 projected balance is now \$3.7 billion, \$1.3 billion higher than November estimates. A slightly improved economic outlook drives a higher revenue forecast largely driven by more volatile sources of revenue. Spending growth outpaces revenue growth through projections for FY 2029. The projected general fund balance for the FY 2028-29 biennium is now \$377 million, however a significant structural imbalance remains. Shifting policies at the federal level and missing or incomplete data due to recent federal government shutdowns introduce significant uncertainty to the projections.

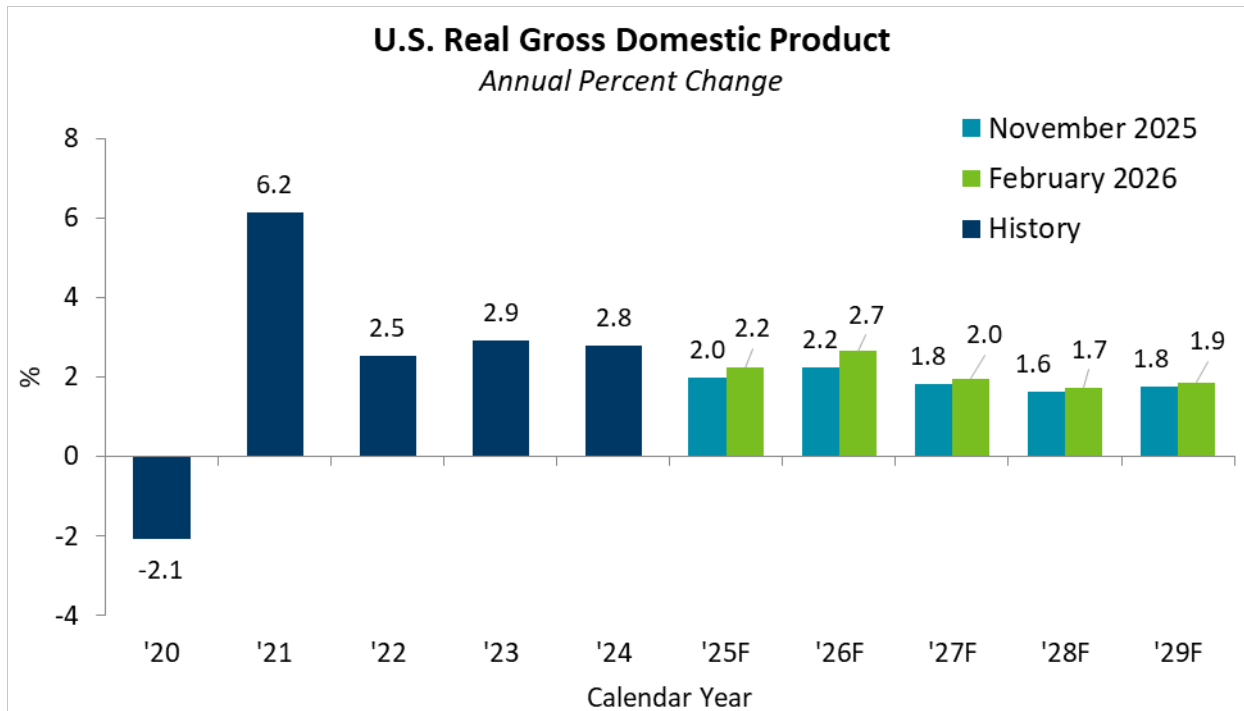
### U.S. Economic Outlook

The outlook for the U.S. economy is slightly improved in the February 2026 *Budget and Economic Forecast* compared to November 2025. Growth in gross domestic product (GDP) is forecast to be higher in 2026, inflation is forecast to be slightly lower in the near term, and business fixed investment (BFI)<sup>1</sup> is forecast to be higher through the forecast horizon. Many other key indicators, such as unemployment and interest rates, are only slightly changed.

The outlook for the U.S. economy for 2025-2026 has improved since Minnesota's *Budget and Economic Forecast* was prepared in November 2025. In its February 2026 forecast, Standard & Poor's Global Market Intelligence (SPGMI), Minnesota's macroeconomic consultant, revised the forecast for real GDP upward for 2025 through 2029. SPGMI is now forecasting real GDP growth of 2.2 percent in 2025, slightly higher than the 2.0 percent annual growth in November, followed by 2.7 percent in 2026 and 2.0 percent in 2027, both higher than the 2.2 percent and 1.8 percent forecast in November. However, SPGMI's forecast continues to project steady, but low, growth in 2027 and beyond.

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<sup>1</sup> "Business fixed investment," as used in this document, means "private, nonresidential, fixed investment" from the national income and product accounts (NIPA) published by the Bureau of Economic Analysis.



Source: U.S. Bureau of Economic Analysis (BEA), and SPGMI

**U.S. Real Gross Domestic Product graph:** *The outlook for the U.S. economy for 2025-2026 has improved since Minnesota’s Budget and Economic Forecast was prepared in November 2025. In its February 2026 forecast, Standard & Poor’s Global Market Intelligence (SPGMI), Minnesota’s macroeconomic consultant, revised the forecast for real GDP upward for 2025 through 2029.*

While this forecast anticipates steady but low growth in the U.S. economy, there are important downside risks. Higher than expected tariffs could reduce consumer spending and fixed investment more than expected, leading to slower economic growth. Elevated tariffs may also put upward pressure on inflation. With payroll employment growth at low levels, any increase in layoffs would likely result in job losses, further constraining consumer spending and overall economic activity. High rates of growth in equity markets over the past several quarters may be supporting higher consumption and investment. However, this may also increase the risk to continued growth should there be a market correction.

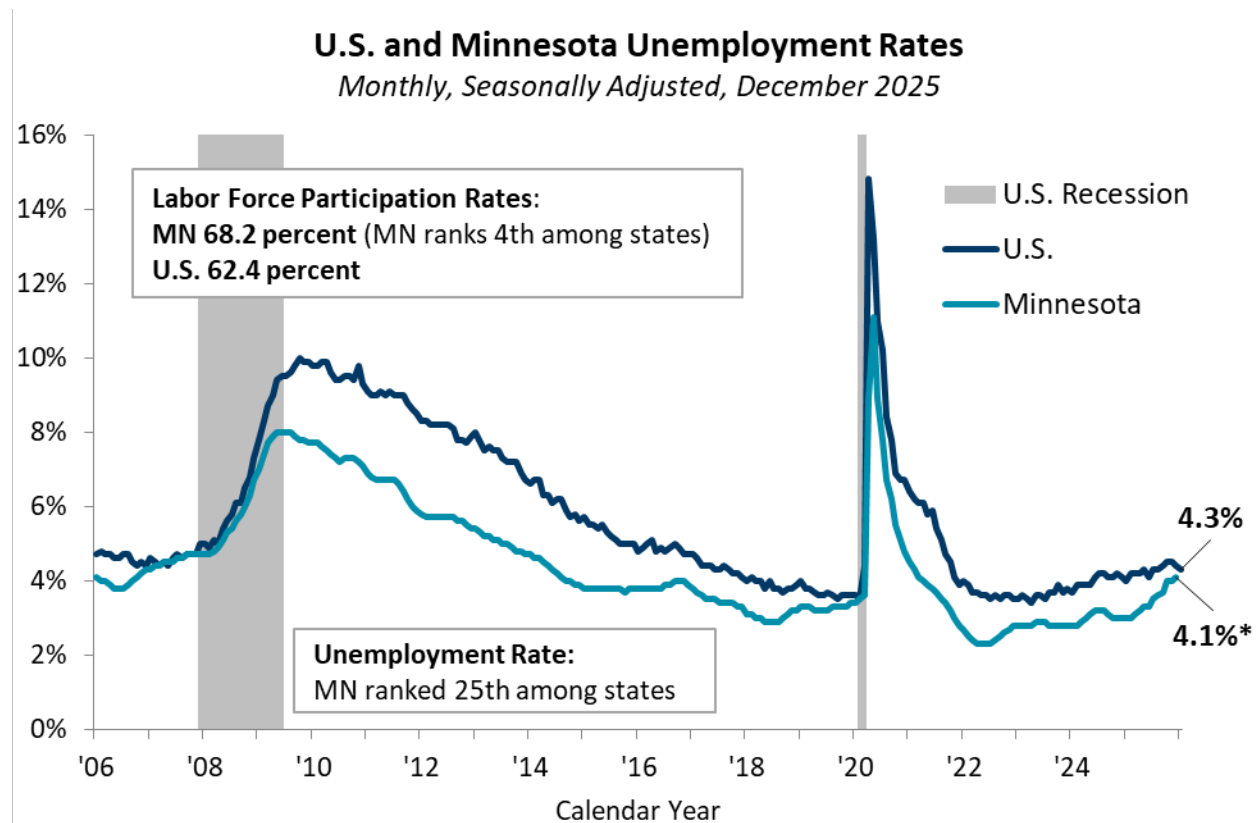
The revenue forecast and economic outlook rely on the February 2026 baseline forecast prepared by SPGMI, which was released on February 6, 2026.<sup>2</sup> This was prior to the Bureau of Labor Statistics’ release of the Employment Situation report for January 2026. As a result, SPGMI’s forecast does not incorporate several key data releases and events. It is important in interpreting the national and

<sup>2</sup> SPGMI is an independent unit of S & P Global and produces its own forecasts without consultation with the bond-rating group, S & P Global Ratings.

Minnesota economic outlooks to remember that this work was prepared with missing or incomplete data on some important variables due to the federal government shutdown in October and November 2025, as well as the partial shutdown in February.

### Minnesota Economic Outlook

The economic outlook for Minnesota has weakened slightly since MMB’s November 2025 *Budget and Economic Forecast*. We forecast limited growth in payroll employment as we did in the November forecast. While the state’s unemployment rate has risen steadily since March to 4.1 percent in December 2025, it remains below the national rate, and there continue to be more job openings than unemployed workers. As in our November 2025 forecast, wage and salary growth is expected to exceed inflation throughout the forecast horizon. The housing market continues to be adversely affected by high mortgage rates, increased materials costs due to tariffs, and low market supply of existing homes due to owners being “locked in” with low-rate mortgages.



\*Minnesota rates lag one month behind the U.S. rates.

Source: Minnesota Department of Employment and Economic Development (DEED), and Minnesota Management and Budget (MMB)

**Unemployment Rate graph:** In December, Minnesota’s unemployment rate rose to 4.1 percent, up 1.1 percentage points from one year ago. This increase in the unemployment rate is the third-highest increase among the 50 states and the District of Columbia.

Minnesota's economic outlook is informed by SPGMI's forecasts for both the nation and Minnesota, data from the Minnesota Department of Economic and Employment Development (DEED), Quarterly Census of Employment and Wages (QCEW), and Minnesota tax revenues. The February Budget and Economic Forecast has been prepared with substantial missing data due to the federal government shutdown in October and November, as well as the partial shutdown in February. Most notably, this forecast was prepared before the release of the annual benchmark revision to payroll employment, and without the 2025 Q4 GDP data. While the SPGMI forecast was not informed by the employment report, including the annual benchmark revisions and the January payrolls figures, the Minnesota forecast anticipates the benchmarks by incorporating data from the QCEW.

We estimate that, after all revisions and data become available, Minnesota's payroll employment will have increased by about 5,400 jobs (0.2 percent) in 2025, following an increase of 26,000 jobs (0.9 percent) in 2024. Employment is forecast to contract slightly in 2026, with payrolls declining by about 2,000 jobs (0.2 percent). From 2027 to 2029, employment is projected to increase by an average of approximately 9,000 jobs per year. This slower payroll growth reflects structural factors that limit long-term labor force expansion: an aging population, declining birth rates, and lower projected levels of international immigration.

Our forecast for wage and salary income growth is little changed from our November forecast. In this forecast, we estimate that total (aggregate) wage income, the sum of all wages and salaries disbursed, will increase 3.9 percent in 2025 and 3.9 percent in 2026. The annual growth rate of disbursements is projected to slow to an average of 3.8 percent per year for 2027 through 2029.

### **Budget Outlook: *Current Biennium***

The November 2025 *Budget and Economic Forecast* projected a balance of \$2.465 billion for the current biennium. With the February 2026 *Budget and Economic Forecast*, the FY 2026-27 biennium is now projected to end with a balance of \$3.734 billion, an improvement of \$1.269 billion. The overall forecast change is largely due to a higher revenue forecast, driven by increases to the state's most volatile revenue sources, including tax revenue from capital gains, interest income and corporate profits.

**Current Biennium: FY 2026-27 General Fund Budget**  
Forecast Comparison

(\$ in millions)	November 2025 Forecast	February 2026 Forecast	\$ Change	% Change
<b>Beginning Balance</b>	<b>\$10,273</b>	<b>\$10,273</b>	<b>\$</b>	<b>0.0%</b>
<b>Revenues</b>				
Taxes	63,191	64,302	1,111	1.8
Non-Tax Revenues	2,612	2,703	91	3.5
Transfers, Other Resources	459	459	-	0.0
<b>Total Revenues</b>	<b>\$66,262</b>	<b>\$67,464</b>	<b>\$1,201</b>	<b>1.8%</b>
<b>Expenditures</b>				
E-12 Education	25,869	25,980	111	0.4
Property Tax Aids	4,841	4,823	(18)	(0.4)
Health & Human Services	25,808	25,646	(162)	(0.6)
Debt Service	1,165	1,164	(1)	(0.1)
All Other	12,616	12,618	3	0.0
<b>Total Expenditures</b>	<b>\$70,299</b>	<b>\$70,231</b>	<b>\$(68)</b>	<b>(0.1)%</b>
Budget Reserve	3,422	3,422	-	
Cash Flow Account	350	350	-	
<b>Budgetary Balance</b>	<b>\$2,465</b>	<b>\$3,734</b>	<b>\$1,269</b>	

### Revenues: *Current Biennium*

Total general fund revenues for fiscal year (FY) 2026-27 are now forecast to be \$67.464 billion, \$1.201 billion (1.8 percent) more than in the prior (November 2025) forecast. Total tax revenues for the biennium are forecast to be \$64.302 billion, \$1.111 billion (1.8 percent) above the prior forecast. The forecasts for individual income tax, general sales tax, corporate franchise tax, and other tax revenues are all higher than in the November 2025 forecast. The statewide property tax forecast is now slightly lower than forecast previously.

Total general fund revenues, which includes non-tax revenues and other resources<sup>3</sup>, for FY 2026-27 are now expected to exceed their FY 2024-25 levels by \$4.422 billion (7.0 percent). Total tax revenues are projected to be \$5.375 billion (9.1 percent) more than in FY 2024-25. In the current biennium, individual income tax revenues are now forecast to be \$3.649 billion (11.6 percent) more than in the FY 2024-25 biennium. All major tax types are forecast to exceed their FY 2024-25 levels.

<sup>3</sup> Some principal non-tax revenues are investment income, lottery revenue, and health care surcharges. Other resources include dedicated revenue, transfers from other funds, and prior year adjustments.

**Current Biennium: FY 2026-27 General Fund Revenue Summary**

November 2025 vs. February 2026 Forecast Comparisons

(\$ in millions)	November	February	\$	%
	2025	2026		
	Forecast	Forecast	Change	Change
Individual Income Tax	\$34,513	\$35,177	\$665	1.9%
General Sales Tax	15,797	15,883	87	0.5
Corporate Franchise Tax	6,272	6,608	336	5.4
State General Property Tax	1,480	1,472	(8)	-0.5
Other Tax Revenue	5,131	5,161	31	0.6
<b>Total Tax Revenues</b>	<b>\$63,191</b>	<b>\$64,302</b>	<b>\$1,111</b>	<b>1.8%</b>
Non-Tax Revenues	2,612	2,703	91	3.5
Other Resources	459	459	0	0.0
<b>Total Revenues</b>	<b>\$66,262</b>	<b>\$67,464</b>	<b>\$1,201</b>	<b>1.8%</b>

Minnesota individual income tax receipts for FY2026-27 are now forecast to be \$35.177 billion, \$665 million (1.9 percent) more than in the November forecast. Through January 2026, FY 2026 net income tax receipts are \$488 million (4.8 percent) above forecast. A lower income tax liability estimate for TY 2024, the base year for the forecast, reduces the forecast, but this effect is more than offset by higher expected liability forecasts for TY 2025 through TY 2029.

Minnesota net general sales tax receipts are now forecast to be \$15.883 billion, \$87 million (0.5 percent) more than in the November 2025 forecast. Net receipts for FY 2026-27 are forecast to exceed FY 2024-25 levels by \$901 million (6.0 percent) and are forecast to grow at a compound annual growth rate (CAGR) of 2.9 percent from FY 2025 to FY 2029. The increased forecast is driven by a slightly higher forecast for taxable sales in Minnesota. So far in FY 2026, net sales tax receipts exceed the November forecast by \$0.7 million (0.01 percent).

Minnesota corporate franchise tax receipts are now forecast to be \$6.608 billion, \$336 million (5.4 percent) more than in the November forecast. Corporate franchise tax revenue is now projected to grow \$245 million (3.8 percent) in FY 2026-27 over FY 2024-25. An improved outlook for U.S. corporate profits, an important driving variable in our revenue forecast model, strengthens projected corporate tax revenues. While SPGMI forecasts corporate profits growth of 9.5 percent in FY 2026, the expectation is for little to no growth from FY 2026 to FY 2029.

## Expenditures: Current Biennium

Spending in the FY 2026-27 biennium is now estimated to be \$70.231 billion, \$68 million (0.1 percent) lower than prior estimates. E-12 education is forecast to be \$111 million (0.4 percent) higher, due largely to higher estimates for special education costs. More than offsetting the increase in E-12 education is a lower HHS forecast, projected to be \$162 million (0.6 percent) lower than November estimates. The February 2026 forecast is the first to include the impact of the new prepayment review process on billing and payments outcomes for fourteen high-risk Medicaid services. These changes reduce expenditures by \$133 million (0.7 percent) compared to the November 2025 estimate.

### Current Biennium: FY 2026-27 General Fund Expenditures

#### Forecast Comparison

(\$ in millions)	November 2025	February 2026	\$ Change	% Change
	Forecast	Forecast		
E-12 Education	\$25,869	\$25,980	\$111	0.4%
Property Tax Aids & Credits	4,841	4,823	(18)	(0.4)
Health & Human Services	25,808	25,646	(162)	(0.6)
Debt Service	1,165	1,164	(1)	(0.1)
All Other	12,616	12,618	2	(0.0)
<b>Total Expenditures</b>	<b>\$70,299</b>	<b>\$70,231</b>	<b>\$(68)</b>	<b>(0.1)%</b>

## Reserves

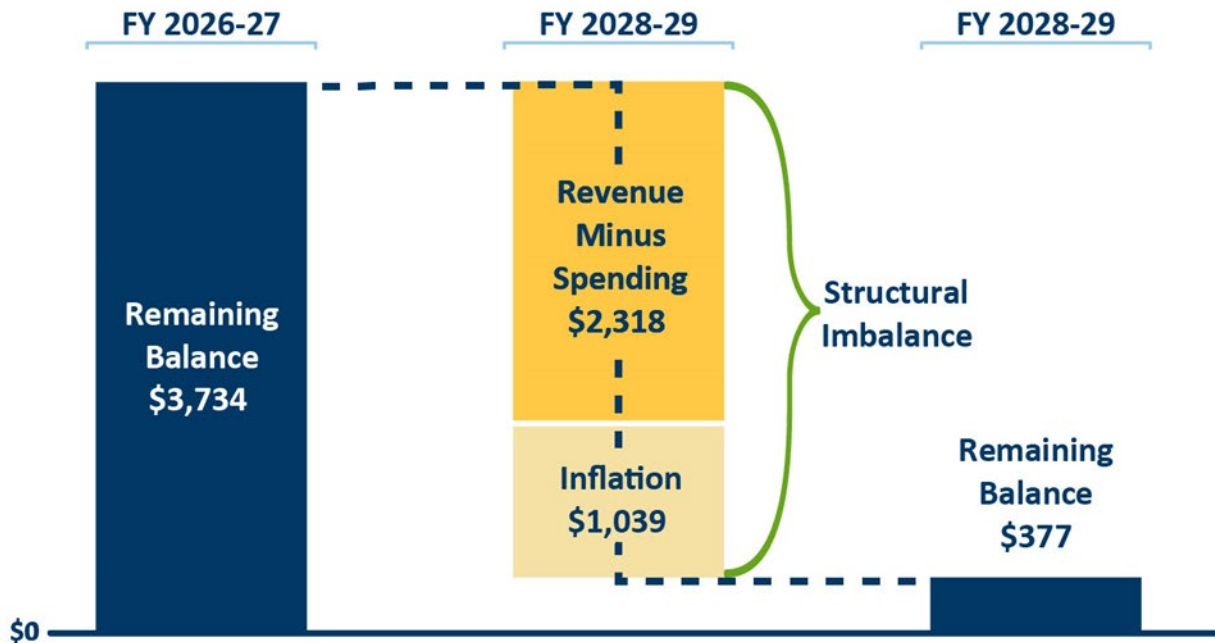
The budget reserve balance of \$3.422 billion, along with the \$350 million cash flow account balance, is unchanged from November.

## Structural Imbalance

State revenue is projected to grow \$2.543 billion (1.9 percent annually) in FY 2028-29 over the current biennium, while spending, including discretionary inflation, is expected to be \$3.133 billion (2.2 percent annually) higher in the next biennium.

The difference in revenue and spending growth rates for FY 2028-29 compounds the imbalance between revenue and spending in the current biennium, where spending exceeds revenue by \$2.767 billion. When including discretionary inflation on the spending base, spending the next biennium exceeds revenue by \$3.357 billion. This structural imbalance depletes the leftover FY 2026-27 balance and results in a remaining projected balance of \$377 million in the FY 2028-29 planning estimates.

(\$ millions)



**Biennial Structural Imbalance chart:** The FY 2026-27 budget is expected to end with a balance of \$3.734 billion. However, a growing structural balance, the difference between revenue and spending, is expected to result in the projected balance falling to \$377 million by the end of the FY 2028-29 planning estimates.

### Budget Outlook: Planning Estimates

This forecast contains planning estimates for the FY 2028-29 biennium. While these estimates inherently carry a higher degree of uncertainty than estimates for FY 2026-27, they present an outlook of longer-run spending and revenue growth that will assist in budget planning in the 2026 legislative session.

Revenue projections for FY 2026-29 are based on the *SPGMI* February baseline forecast for the planning years. Expenditure projections assume that current law funding levels and policies continue unchanged, adjusted for caseload and enrollment changes authorized in law, as well as formula-driven growth. Expenditure estimates also include the impact of expected inflationary cost pressure for FY 2028-29.

Projected inflationary growth based on the Consumer Price Index is now forecast to be 2.6 percent in FY 2028 and 2.4 percent in FY 2029.

**Planning Horizon: General Fund Budget**  
By Biennium, FY2026-29, February 2026 Forecast

(\$ in millions)	FY 2026-27	FY 2028-29	\$ Change	Annual % Change
<b>Forecast Revenues</b>	<b>\$67,464</b>	<b>\$70,007</b>	<b>\$2,543</b>	<b>1.9%</b>
<i>Baseline Spending</i>	<i>68,372</i>	<i>72,325</i>	<i>3,953</i>	<i>2.9</i>
<i>Discretionary inflation (FY 2028-29)</i>	<i>n/a</i>	<i>1,039</i>		
<i>Carryforward</i>	<i>1,859</i>	<i>n/a</i>		
<b>Total Projected Spending</b>	<b>\$70,231</b>	<b>\$73,364</b>	<b>\$3,133</b>	<b>2.2%</b>
<b>Structural Balance with Inflation</b>	<b>n/a</b>	<b>\$(3,357)</b>		
<i>Structural Balance excluding Inflation</i>	<i>\$(2,767)</i>	<i>\$(2,318)</i>		

Biennial spending growth is currently forecast to exceed biennial revenue growth throughout the FY 2026-29 budget planning horizon. Revenue growth is expected to average 1.9 percent annually, while spending growth is expected to average 2.2 percent annually. However, spending in the current biennium is inflated due to the effect of unspent balances in the prior biennium, reflected as fully expended in the current biennium. If the impact of that carry forward is removed along with the addition of inflation in the planning estimates, baseline spending growth is projected to be 2.9 percent annually through FY 2029.

Spending growth exceeding revenue growth results in the structural deficit growing from \$2.767 billion in FY 2026-27 to a projected \$3.357 billion in FY 2028-29.



## ECONOMIC OUTLOOK

### The U.S. Macroeconomic Outlook

The outlook for the U.S. economy is slightly improved in the February 2026 *Budget and Economic Forecast* compared to November 2025. Growth in gross domestic product (GDP) is forecast to be higher in 2026, inflation is forecast to be slightly lower in the near term, and business fixed investment (BFI)<sup>4</sup> is forecast to be higher through the forecast horizon. Many other key indicators, such as unemployment and interest rates, are only slightly changed.

The revenue forecast and economic outlook rely on the baseline forecast prepared by MMB's macroeconomic consultant, Standard & Poor's Global Market Intelligence (SPGMI), which was released on February 6, 2026.<sup>5</sup> This was prior to the Bureau of Labor Statistics' release of the Employment Situation report for January 2026. As a result, SPGMI's forecast does not incorporate several key data releases and events. It is important in interpreting the national and Minnesota economic outlooks to remember that this work was prepared with missing or incomplete data on some important variables due to the federal government shutdown in October and November 2025, as well as the partial shutdown in February.

The Bureau of Labor Statistics (BLS) and the Bureau of Economic Analysis (BEA) did not provide data on price indexes for October 2025. It is also possible that the price indices will be biased downward until adjustments are made later this year.

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<sup>4</sup> "Business fixed investment," as used in this document, means "private, nonresidential, fixed investment" from the national income and product accounts (NIPA) published by the Bureau of Economic Analysis.

<sup>5</sup> SPGMI is an independent unit of S & P Global and produces its own forecasts without consultation with the bond-rating group, S & P Global Ratings.

Due to the 2025 shutdown, BEA released fourth quarter (Q4) 2025 preliminary estimates of the national income and product accounts (NIPA: GDP and its components) on February 20, 2026, a month later than usual. Consequently, Q4 2025 BEA data on GDP, private investment, personal consumption, and other NIPA components were not used by SPGMI to prepare their baseline forecast. This may affect the accuracy of SPGMI's baseline forecast, as they had assumed stronger economic growth in Q4 than BEA reported and had assumed this higher growth would carry forward into 2026.

The delay of federal data directly affects the Minnesota revenue forecast both implicitly through the impact on the SPGMI baseline forecast, and explicitly in the calculation of our revenue forecasts.

Finally, the BLS released its January 2026 "Employment Situation" on February 11, 2026. The January release includes the annual benchmark revisions to national payroll employment and wages, and this year, the revisions substantially lowered payroll employment growth for May 2024 through September 2025. For our models and forecasts, we adjust Minnesota payroll employment and wage levels using data from the Quarterly Census of Employment and Wages (QCEW), the same data used by BLS to construct the benchmark revisions. The January 2026 benchmark adjustments to national payroll employment and wages should have minimal effect on our forecast.

On February 20, 2026, the U.S. Supreme Court struck down the administration's use of the International Emergency Economic Powers Act (IEEPA) to impose tariffs. In response, the administration announced a 10 percent tariff on all imports under Section 122 of the Trade Act of 1974, though § 122 limits the duration of these tariffs to 150 days.<sup>6</sup> While we expect a decrease in the effective tariff rate in 2026, there is substantial uncertainty regarding the effects on imports and exports, prices, and exchange rates. Also unsettled is the extent to which previous tariff receipts will be refunded to importers. On balance, we believe that the reduction in tariffs will have generally positive effects on the national and State economic outlooks, though the timing and magnitude of these effects are uncertain.

## Key Forecast Assumptions

The SPGMI baseline February forecast was released on February 6, 2026. The forecast depends on several important assumptions. If these assumptions prove inaccurate, economic outcomes will differ from SPGMI's baseline forecast.

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<sup>6</sup> The President announced the Sec. 122 tariffs would be 15 percent, but U.S. Customs and Border Protection announced on February 23, 2026, that the Sec. 122 tariffs would be 10 percent. U.S. Customs and Border Protection, "CSMS # 67844987 - Imposing Temporary Section 122 Duties," Feb. 23, 2026. <<https://content.govdelivery.com/accounts/USDHSCBP/bulletins/40b3b7b>> accessed February 25, 2026.

**Federal Fiscal Policy:** This forecast incorporates the direct effects of the partial government shutdown that ended on November 12, 2025. It assumes full implementation of all provisions of the reconciliation act (H.R. 1), including new expense provisions for business capital expenses, expanded corporate deductions, the permanent extension of cuts to marginal personal income tax rates from the 2017 Tax Cuts and Jobs Act (TCJA), and new deductions for tip income and overtime pay. In the act, most Inflation Reduction Act (IRA) energy tax credits are rescinded. The act also increases federal spending but reduces outlays for Medicaid, ACA premium tax credits, and SNAP benefits.

**Tariffs and Trade:** SPGMI's February 2026 baseline forecast assumes an average effective tariff rate of 14 percent. In addition to the Section 232 tariffs currently in place, this forecast assumes new 232 tariffs on critical minerals of 10 percent, effective in the first quarter of 2027. Additional section 232 tariffs on furniture, cabinetry, and semiconductors were pushed back by a year, and SPGMI now assumes they never take effect. SPGMI assumes the levels of the IEEPA tariffs tied to fentanyl flows and immigration on imports from China to be 10 percent, Canada 35 percent, and Mexico 25 percent; the latter two are assumed to step down to 15 percent by mid-2026. Reciprocal tariffs are assumed at rates announced on August 1 or later, which range from 10 to 40 percent.

**Monetary Policy:** The current baseline forecast depends on the Federal Reserve's ability to further curb inflation while maintaining favorable labor-market conditions. SPGMI assumes the Federal Reserve will pause further interest rate cuts until mid-2026. Thereafter, SPGMI anticipates the Federal Reserve will gradually reduce the federal funds rate targets to 3.0-3.25 percent by September 2026. SPGMI forecasts consumer price index (CPI) inflation of 2.5 percent in 2026, 2.8 percent in 2027, and an average of 2.4 percent in years 2028-2029.<sup>7</sup> If inflation persists above these levels, the Federal Reserve may not lower its interest rate target as much as assumed in the baseline forecast. Higher interest rates would tend to lower private investment and some forms of consumer spending relative to the baseline forecast, reducing GDP growth below that in the baseline forecast.

**Global Outlook:** Trade-weighted foreign GDP is estimated to grow 2.4 percent in 2025, slowing to 2.0 percent growth in 2026. The foreign annual inflation rate falls to 2.3 percent for 2025 and to 2.2 percent in 2026. Global energy prices, as measured by the Brent crude price, continue to fall, with crude oil falling from \$81 per barrel in 2024 to \$69 per barrel in 2025 and \$59 per barrel in 2026.

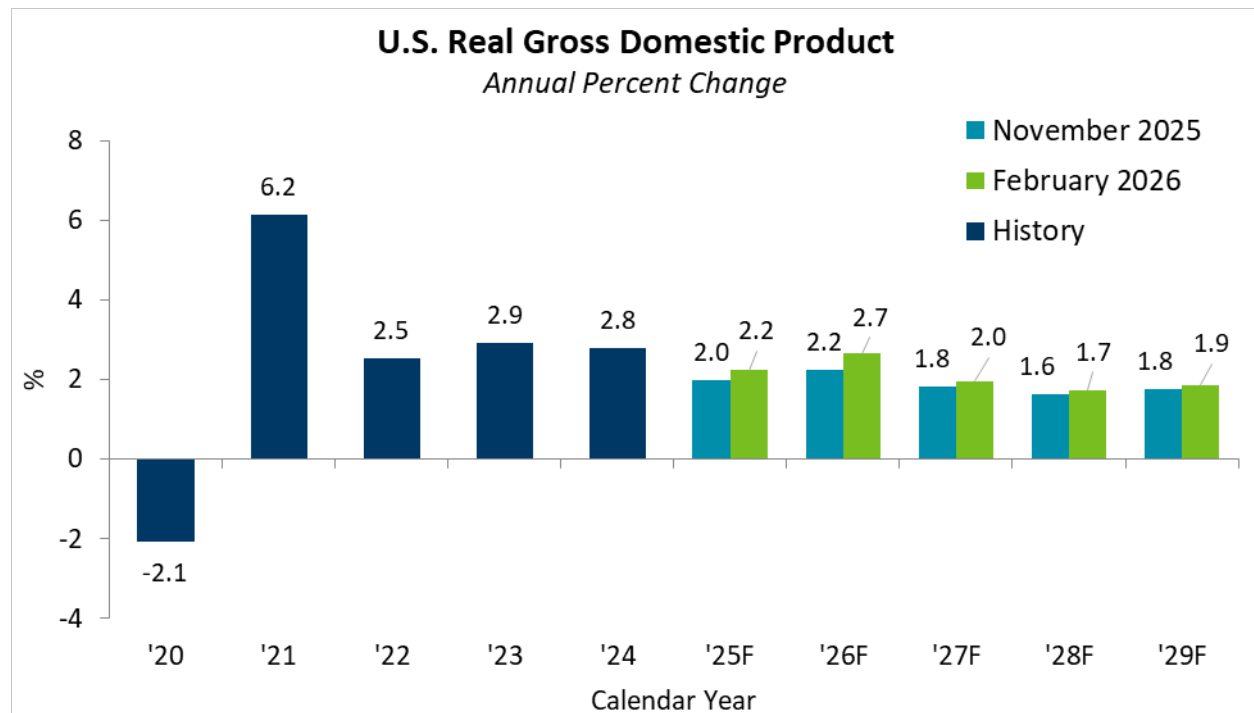
**Population:** SPGMI reduced their forecast for net international migration by 500,000 per year, relative to Census projections, for 2025 through 2028.

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<sup>7</sup> "CPI" in this document refers to the BLS's "Consumer Price Index for All Urban Consumers: All Items."

## Real Gross Domestic Product

The outlook for the U.S. economy for 2025-2026 has improved since Minnesota’s *Budget and Economic Forecast* was prepared in November 2025. In its February 2026 forecast, Standard & Poor’s Global Market Intelligence (SPGMI), Minnesota’s macroeconomic consultant, revised the forecast for real GDP upward for 2026 through 2029. SPGMI is now forecasting real GDP growth of 2.2 percent in 2025, slightly higher than the 2.0 percent annual growth in November, followed by 2.7 percent in 2026 and 2.0 percent in 2027, both higher than the 2.2 percent and 1.8 percent forecast in November. However, SPGMI’s forecast continues to project steady, but low, growth in 2027 and beyond.



Source: U.S. Bureau of Economic Analysis (BEA), and SPGMI

**U.S. Real Gross Domestic Product graph:** *The outlook for the U.S. economy for 2025-2026 has improved since Minnesota’s Budget and Economic Forecast was prepared in November 2025. In its February 2026 forecast, Standard & Poor’s Global Market Intelligence (SPGMI), Minnesota’s macroeconomic consultant, revised the forecast for real GDP upward for 2026 through 2029.*

These upward revisions are due to both upward revisions in the historical data, as well as a stronger third quarter 2025 GDP growth than previously forecast. The Bureau of Economic Analysis (BEA) reported third-quarter growth of 4.4 percent at an annual rate, much stronger than their expectation of 3.2 percent in the November forecast. In addition, monthly data on consumer spending (personal consumption expenditure) through November implies stronger consumer spending in the fourth quarter than forecast in November, causing SPGMI to raise their estimate of 2025 annual consumer spending growth to 2.7 percent, up from 2.5 percent in the November forecast, and 2.8 percent in 2026, up from 2.1 percent in November.

Additionally, this forecast assumes a lower average effective tariff rate of 14 percent, roughly 4 percentage points below the assumption in November. This downward revision is due to two offsetting assumptions. First, SPGMI raised their estimate of the gap between statutory and effective tariff rates, which lowers the effective tariff rate. Additionally, they no longer assume that steel and aluminum tariffs will step down over the next couple of years, which raises the effective tariff rate. In the near term, the effective tariff rate is lower than previously forecast, which also lowers the forecast of inflation in 2026.

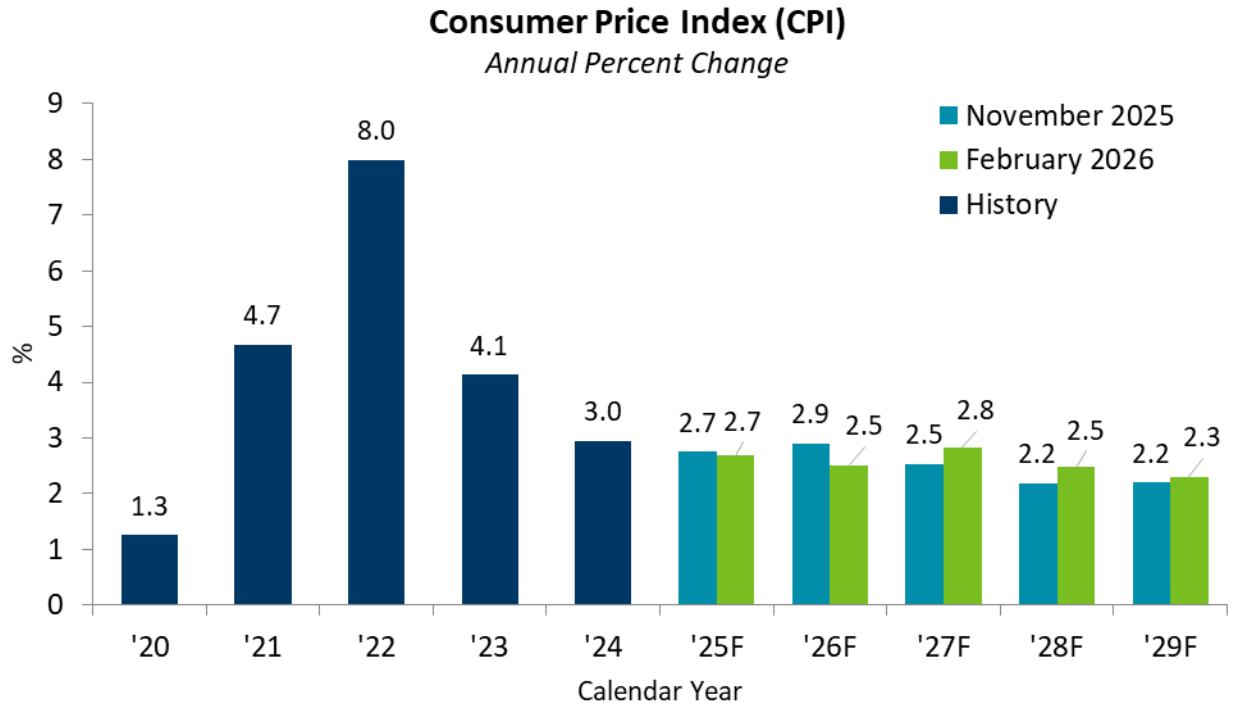
While this forecast anticipates steady but low growth in the U.S. economy, there are important downside risks. Higher than expected tariffs could reduce consumer spending and fixed investment more than expected, leading to slower economic growth. Elevated tariffs may also put upward pressure on inflation. With payroll employment growth at low levels, any increase in layoffs would likely result in job losses, further constraining consumer spending and overall economic activity. High rates of growth in equity markets over the past several quarters may be supporting higher consumption and investment. However, this may also increase the risk to continued growth should there be a market correction.

## Inflation

SPGMI now projects lower inflation in 2026 than in their November forecast, reflecting a lower average effective tariff rate and softer recent consumer price data. However, SPGMI projects inflation as measured by both the CPI and core personal consumption expenditure (PCE) indexes to remain elevated through 2027 before gradually easing in 2028.<sup>8</sup> CPI inflation is forecast to be 2.5 percent in 2026 and 2.8 percent in 2027, compared with 2.9 percent and 2.5 percent, respectively, in the November forecast. Core PCE inflation, the Federal Reserve's preferred measure, is projected to remain above 2.5 percent annually through 2027 before falling to 2.2 percent by 2028. Overall, the forecast shows inflation rates fluctuating between 2.5 to 3.0 percent, the range observed in recent years, before gradually falling towards the two-percent range.

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<sup>8</sup> "Core" CPI and PCE indices refer to the price index excluding food and energy prices. For the BLS's CPI index, this is the Consumer Price Index for All Urban Consumers: All Items Less Food and Energy in U.S. City Average. < <http://www.bls.gov/cpi/>> For the BEA's PCE index, it is the Personal Consumption Expenditures Excluding Food and Energy chain-type price index. < <https://www.bea.gov/data/personal-consumption-expenditures-price-index>>



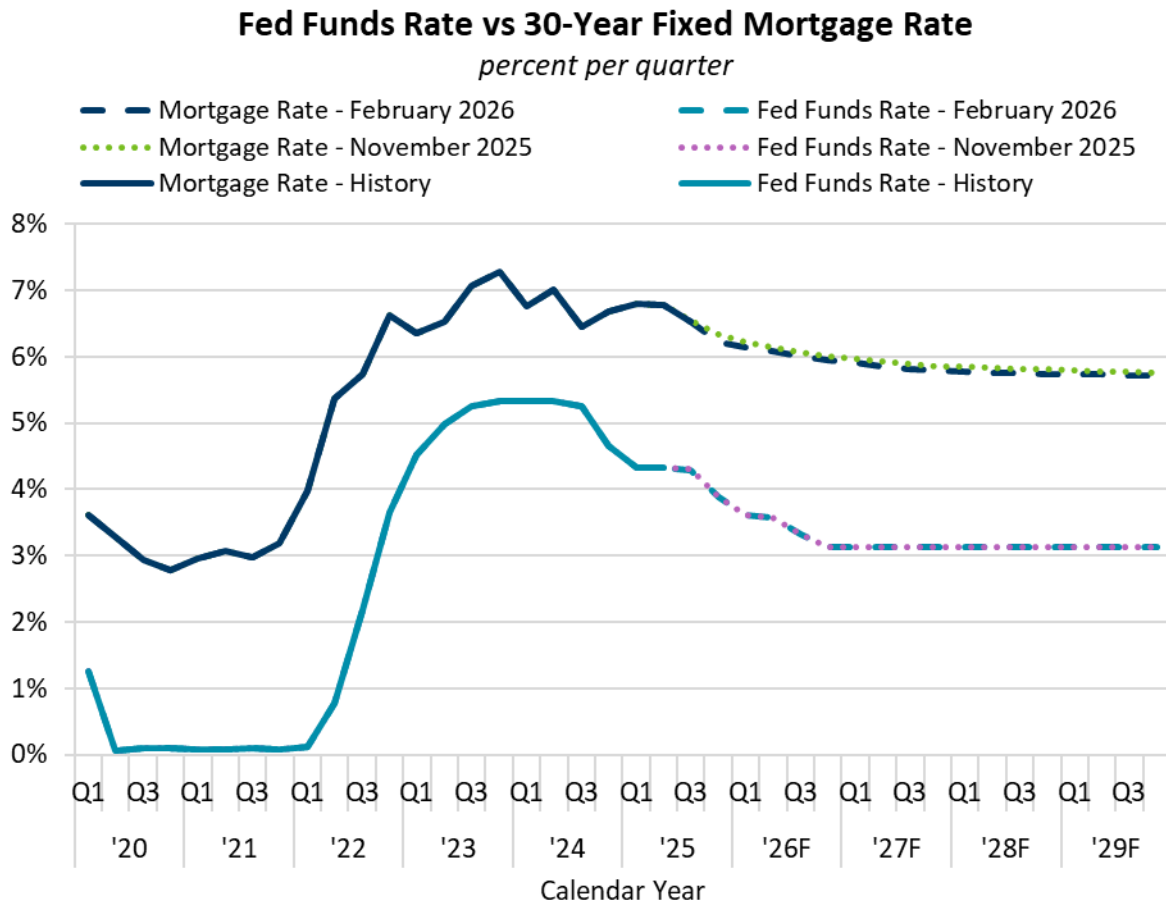
Source: Bureau of Labor Statistics (BLS), and SPGMI

**Consumer Price Index (CPI) graph:** SPGMI now projects lower inflation in 2026 than in their November forecast, reflecting a lower average effective tariff rate and softer recent consumer price data. However, SPGMI projects inflation as measured by both the CPI and core PCE indexes to remain elevated through 2027 before gradually easing in 2028.

## Monetary Policy and Interest Rates

The Federal Reserve has been lowering its target federal funds rate over the past two years as inflation has moderated. As in November, SPGMI now assumes further rate cuts will be paused until mid-2026 and expects the federal funds rate target range to reach 3.0 to 3.25 percent by September 2026.

The federal funds rate and other key interest rates, such as the 30-year fixed mortgage rate, are related but not directly linked. When the Federal Reserve raises the federal funds rate, it puts upward pressure on mortgage rates by increasing banks’ borrowing costs. SPGMI now forecasts the average 30-year conventional fixed mortgage rate to fall below 6.0 percent by late 2026, one quarter earlier than in their November forecast. Another key rate is the yield on 10-year U.S. Treasury securities. SPGMI forecasts the 10-year Treasury yield to stabilize at 3.9 percent through our forecast horizon.



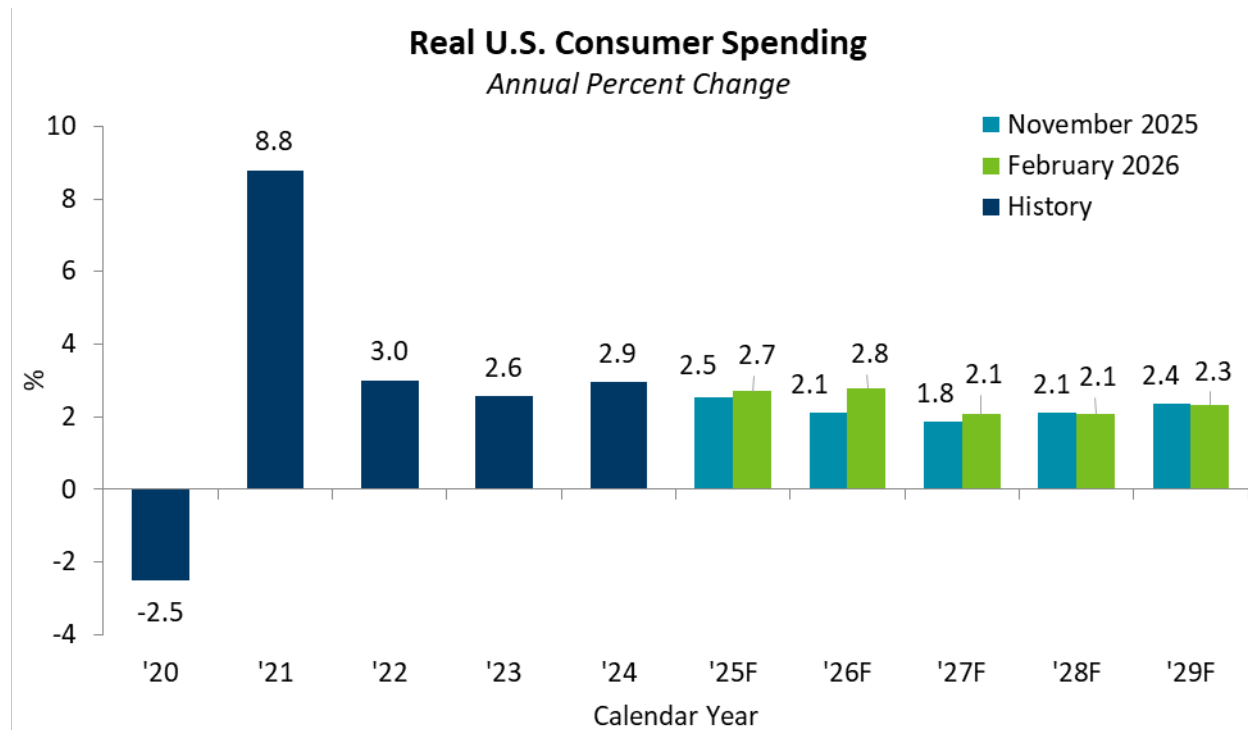
Source: Board of Governors of the Federal Reserve System, Freddie Mac, and SPGMI

**Fed Funds vs 30-Year Fixed Mortgage Rate graph:** *The Federal Reserve has been lowering its target federal funds rate over the past two years as inflation has moderated. As in November, SPGMI now assumes further rate cuts will be paused until mid-2026 and expects the federal funds rate target range to reach 3.0 to 3.25 percent by September 2026. SPGMI now forecasts the average 30-year conventional fixed-rate mortgage rate to fall below 6.0 percent by late 2026, one quarter earlier than in their November forecast.*

## Real Consumer Spending

Growth in real personal consumer expenditures, also referred to as real consumer spending, increased to 3.5 percent (annual rate) in the third quarter of 2025, and is expected to increase to 3.1 percent in the fourth quarter. This growth is much stronger than the 3.1 percent third quarter and 2.5 percent fourth quarter growth SPGMI expected in November. This stronger growth bolsters the forecast for real consumer spending in both 2025 and 2026; subsequently, consumer spending supports stronger real GDP growth.

SPGMI now forecasts that real consumer spending grew 2.7 percent in 2025 and will grow to 2.8 percent in 2026, increases of 0.2 percentage points and 0.6 percentage points, respectively, above their November projections. Beyond 2026, consumer spending is projected to increase 2.1 percent annually on average from 2027 through 2029, and real consumer spending is forecasted to remain the primary contributor to growth in the economy throughout the forecast horizon. Real consumer spending constitutes nearly 70 percent of annual real GDP.

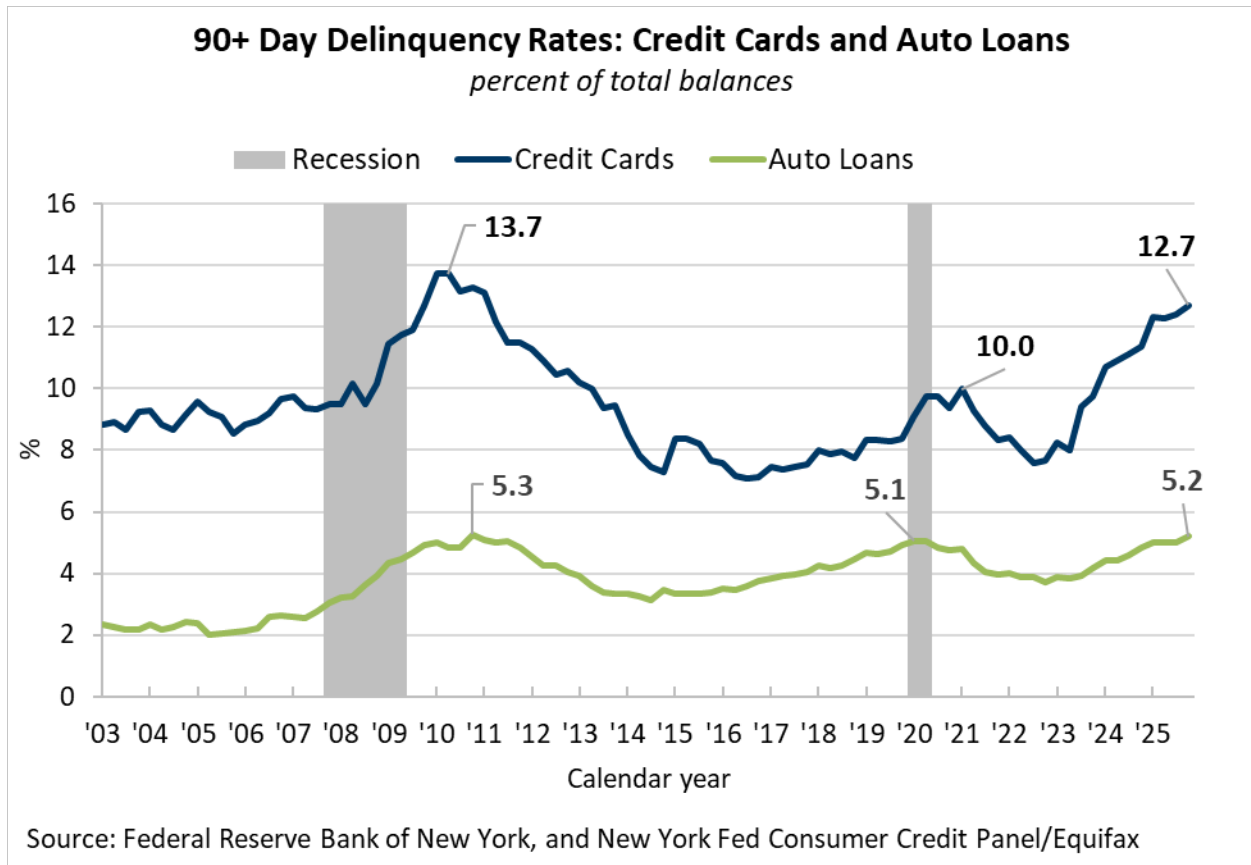


Source: U.S. Bureau of Economic Analysis (BEA), and SPGMI

**Real Consumer Spending graph:** SPGMI now forecasts that real consumer spending grew 2.7 percent in 2025 and will grow to 2.8 percent in 2026, increases of 0.2 percentage points and 0.6 percentage points, respectively, above their November projections. Beyond 2026, consumer spending is projected to increase 2.1 percent on average from 2027 through 2029. Real consumer spending is forecasted to remain the primary contributor to growth in the economy throughout the forecast horizon.

Despite rising incomes, consumers may be facing some credit stress. The Federal Reserve Bank of New York reports that 12.7 percent of U.S. credit card balances were seriously delinquent (defined as 90 or more days delinquent) in the fourth quarter of 2025, the highest percentage of seriously delinquent

credit card balances since early 2011.<sup>9</sup> The share of credit card balances that were seriously delinquent reached a record high of 13.7 percent in the second quarter of 2010 during the recovery from the Great Recession. The delinquency rate on automobile loans is now 5.2 percent, near its peak in 2010 of 5.3 percent and above the COVID pandemic high of 5.1 percent. Student loan delinquencies have been up sharply over the past 18 months as COVID-era payment pauses, loan forbearance, and targeted relief programs expired. In contrast, the rates of mortgage and home-equity loan delinquencies are both below one percent.



**90+ Day Delinquency Rates: Credit Cards and Auto Loans graph:** The Federal Reserve Bank of New York reports that 12.7 percent of U.S. credit card balances were seriously delinquent (defined as 90 or more days delinquent) in the fourth quarter of 2025, the highest percentage of seriously delinquent credit card balances since early 2011. The delinquency rate on automobile loans is now 5.2 percent, near its peak in 2010 of 5.3 percent and above the COVID pandemic high of 5.1 percent.

<sup>9</sup> Federal Reserve Bank of New York, “Household Debt and Credit Report (Q4 2025),” <[https://resources.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC\\_2025Q4](https://resources.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q4)> Accessed February 21, 2026.

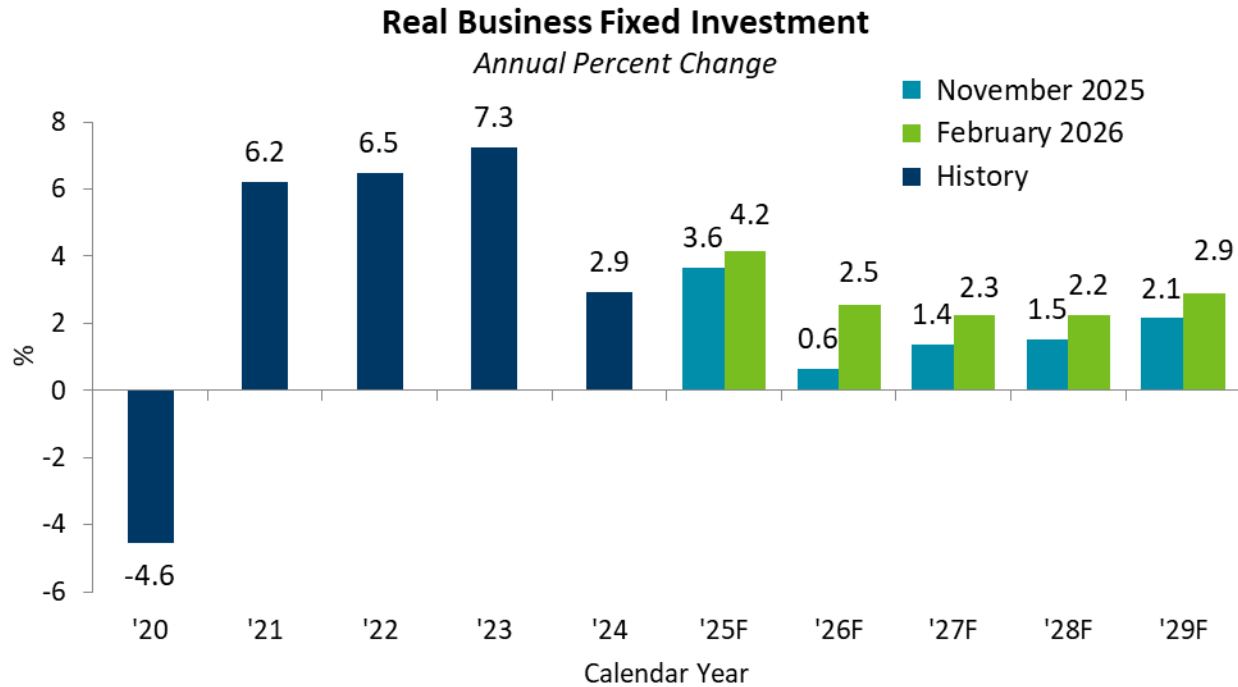
## Investment

Investment is the second-largest component of GDP, after personal consumption, constituting roughly 19 percent of annual real GDP. Real private nonresidential fixed investment, also referred to as real business fixed investment (BFI), makes up about 15 percent of real GDP. In their February outlook, SPGMI forecasts that the annual growth rate of real BFI increased to 4.2 percent in 2025, up from 2.9 percent in 2024. This is an upward revision of 0.6 percentage points from their November forecast. SPGMI now forecasts real BFI growth of 2.5 percent in 2026, an upward revision of 1.9 percentage points (from 0.6 percent growth) from the November forecast. Similarly, the outlook for 2027 through 2029 has improved in each year of the forecast. However, SPGMI expects that declining spending on manufacturing structures, in part due to rescission of Inflation Reduction Act tax credits, will constrain future growth of real BFI. SPGMI expects that real BFI growth will average 2.5 percent from 2026 to 2029.

Investment in computers<sup>10</sup> rose markedly in 2024 and 2025, reflecting a rapid build-out of data center capacity. After rising 19 percent over the four quarters of 2024, real BFI in computers increased nearly 70 percent at an annualized rate through the first three quarters of 2025. Much of this spending is concentrated on imported equipment, reinforcing the view that firms are scaling artificial intelligence (AI) infrastructure rather than merely pulling forward purchases from abroad ahead of tariffs, as previously assumed. SPGMI assumes that investment in computers will begin to moderate in 2026 but will remain well above its pre-surge trend.

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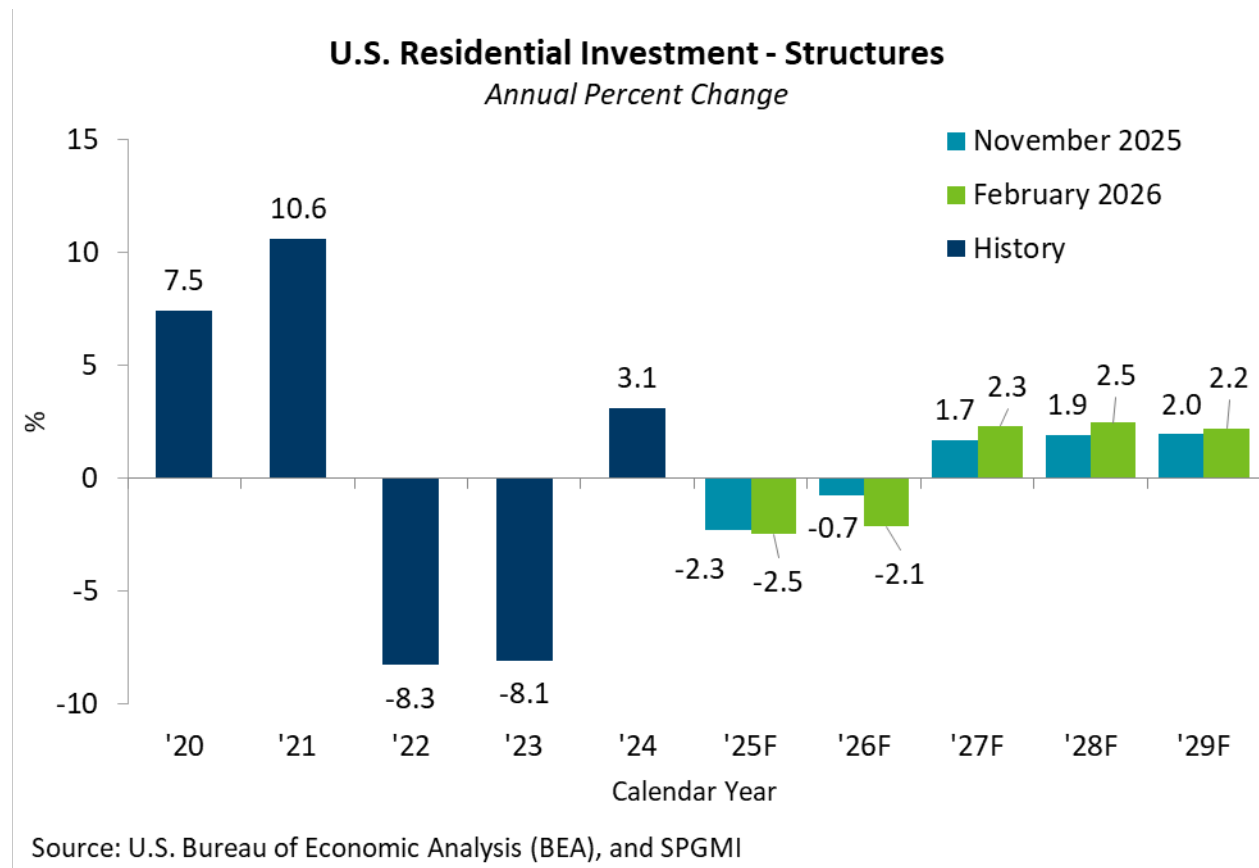
<sup>10</sup> In the NIPA tables, this is listed as “information processing equipment.”



Source: U.S. Bureau of Economic Analysis (BEA), and SPGMI

**Real Business Fixed Investment graph:** In their February outlook, SPGMI forecasts real business fixed investment (real private nonresidential fixed investment) growth of 2.5 percent in 2026 from 0.6 percent, an upward revision of 1.9 percentage points from the November forecast.

Residential investment makes up the remainder of the investment component of GDP, constituting approximately 4 percent of real GDP. Single-family housing permits totaled 909,600 in 2025, down from 981,900 (-7.4 percent) in 2024 and the lowest since 2019. Similarly, housing starts totaled 1,358,000 in 2025, down 0.6 percent from 2024, and the lowest since 2019. Current immigration policy is reducing the supply of construction workers and raising wages. Simultaneously, tariffs have increased the prices of building materials like lumber, steel and aluminum. SPGMI expects these factors to weigh negatively on residential investment. SPGMI forecasts contractions of 2.5 percent in 2025 in real residential investment and 2.1 percent in 2026, followed by low growth in 2027 through 2029. Housing starts are expected to slow from 1.35 million in 2025 to 1.31 million in 2026, followed by low growth through 2029.

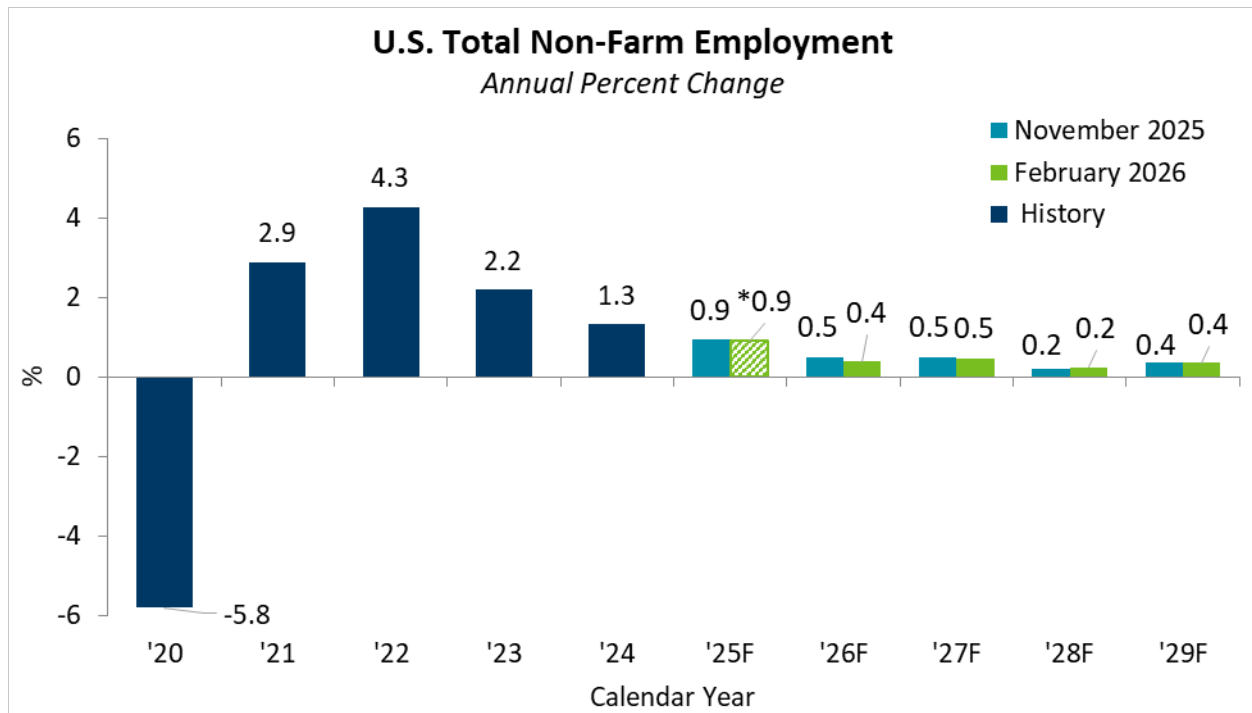


**U.S. Residential Investment-Structures Chart:** SPGMI forecasts contractions of 2.5 percent in 2025 in real residential investment and 2.1 percent in 2026, followed by low growth in 2027 through 2029.

### Labor Market

From 2010 through 2019, U.S. employers added an average of 2.0 million jobs per year, an average of 163,000 jobs per month. Payroll employment growth remained strong in 2024, increasing by an average of 173,000 jobs per month, or 2.1 million for the year. SPGMI had forecasted that employment growth would continue in 2025, with an average of 120,000 additional jobs per month. We now know that SPGMI’s forecast for 2025 was overstated, as the BLS now reports that the economy created only an average of 15,000 jobs per month in 2025.

In 2026 and beyond, SPGMI forecasts payroll employment growth of approximately 50,000 jobs per month, or about 600,000 new jobs per year. This represents a structural change in employment growth in the United States. The lower level of projected job growth in this forecast reflects the changing demographic composition of the U.S. labor force. Lower projected levels of immigration in this forecast further constrain the economy’s potential employment growth.



\*The SPGMI forecast was produced before the annual benchmark revisions to the Payroll Survey were released. We estimate this number will be revised down to 0.1 percent growth in the March forecast.

Source: U.S. Bureau of Labor Statistics (BLS), and SPGMI

**U.S. Total Non-Farm Employment graph:** SPGMI had forecasted that employment growth would continue in 2025, with an average of 120,000 additional jobs per month. We now know that the forecast for 2025 was overstated, as the BLS reports that the economy created only an average of 15,000 jobs per month in 2025. In 2026 and beyond, SPGMI forecasts payroll employment growth to be approximately 50,000 jobs per month, or about 600,000 new jobs per year.

The February forecast from SPGMI does not incorporate data from the most recent BLS *Employment Situation* released on February 11, 2026, after SPGMI’s forecast release, due to a delay caused by the recent partial federal government shutdown. The February employment release is particularly significant because it includes the annual benchmark revisions to the Current Employment Statistics (CES) survey. This revision aligns preliminary survey-based employment estimates with more complete administrative payroll data, improving the accuracy of the labor market picture.

Each year, the BLS benchmarks CES payroll employment estimates to the QCEW, which is based on comprehensive unemployment insurance (UI) tax records. Employers covered by UI laws are required to report employment and wage information to state UI agencies on a quarterly basis. These administrative records are compiled by state labor market information agencies and published through the BLS QCEW program.

While both the CES and QCEW data produce estimates of non-farm employment, hours, and earnings, they differ in methodology. The CES is a monthly survey from a sample of approximately 121,000 businesses and government agencies that provides timely estimates of labor market indicators. In contrast, the QCEW is a quarterly census that captures employment and wages reported by employers, covering more than 95 percent of U.S. jobs, and is considered the more comprehensive measure of payroll employment. The annual benchmark revision aligns the CES survey estimates with the more complete QCEW data.<sup>11</sup> Going forward, BLS is taking measures to improve the process and timeliness, and reduce the likelihood of large benchmark revisions.<sup>12</sup>

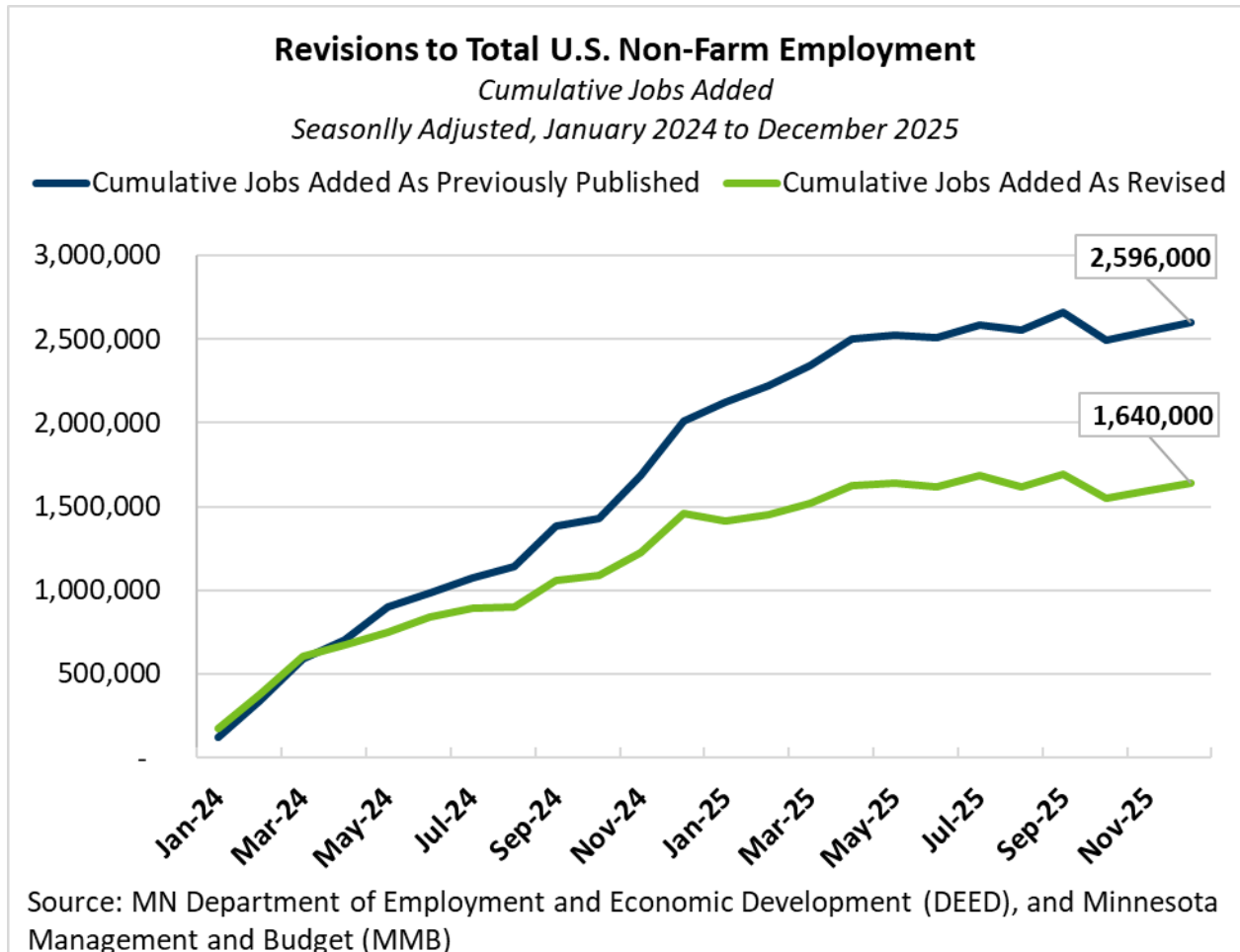
As a result of this year's benchmark revisions, total non-farm employment growth for 2024 was revised downward to a net gain of 1.5 million jobs from a net gain of 2 million jobs, and the increase in total non-farm employment for 2025 was revised downward to 181,000 from 584,000. The monthly average increase in payroll employment dropped to 15,000 jobs added per month from about 50,000 jobs per month. On a monthly basis, all the job gains in 2025 took place in the first four months of the year. From May through December 2025, the economy experienced a net loss of 1,000 jobs, according to revised data.<sup>13</sup>

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<sup>11</sup> Within MMB, we perform our own internal benchmarks to the QCEW data to inform our forecasts of MN payroll employment.

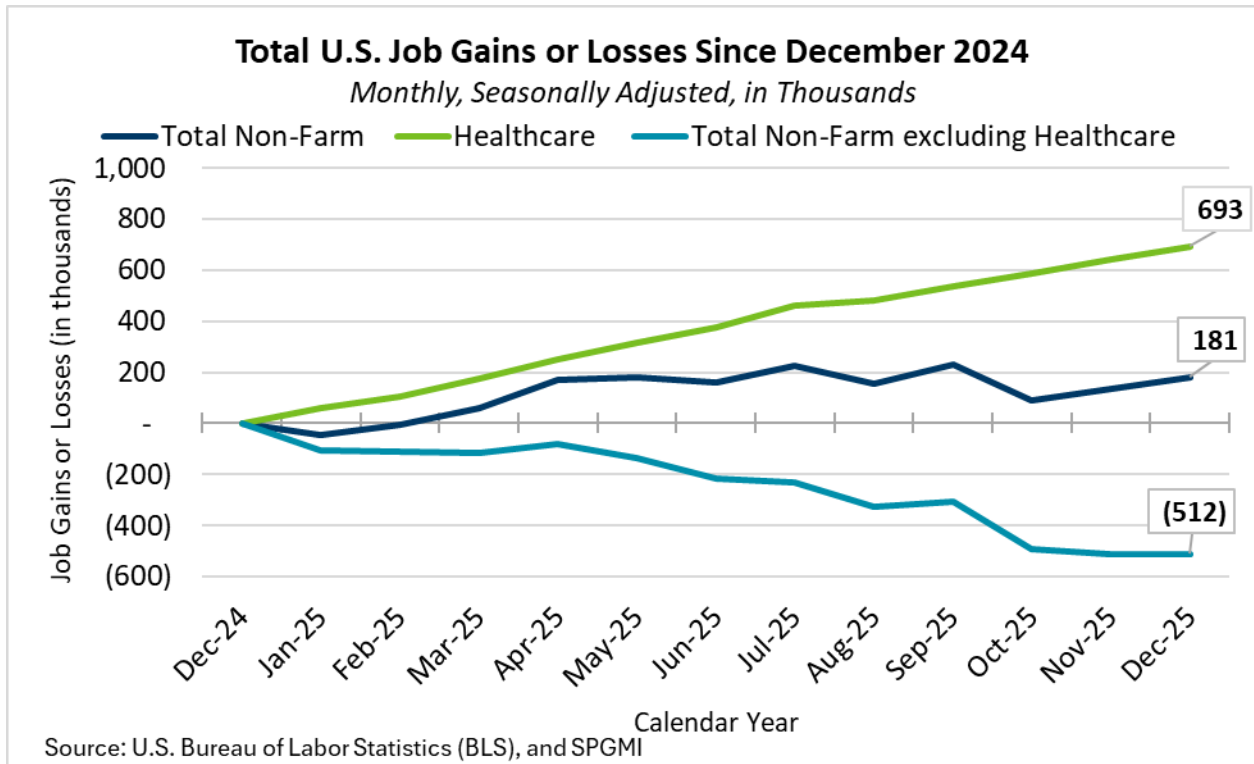
<sup>12</sup> "CES Birth-Death Model Frequently Asked Questions," U.S. Bureau of Labor Statistics, <<https://www.bls.gov/web/emp/sit/cesbdqa.htm#qa9>> Accessed February 16, 2026.

<sup>13</sup> "2025 Benchmark Revision to the CES Estimates," U.S. Bureau of Labor Statistics, <<https://www.bls.gov/ces/publications/benchmark/ces-benchmark-revision-2025.pdf>> Accessed February 16, 2025.



**Revisions to Total Non-farm Employment graph:** As a result of this year’s benchmark revisions, total non-farm employment growth for 2024 was revised downward to a net gain of 1.5 million jobs from a net gain of 2 million jobs, and the increase in total non-farm employment for 2025 was revised downward to 181,000 from 584,000.

U.S. payroll employment growth in 2025 was concentrated in the Healthcare and Social Assistance sector. While overall, total non-farm employment grew by 181,000 jobs (a growth of 0.1 percent), Healthcare and Social Assistance added 693,000 jobs (an increase of 3.0 percent), and the rest of the economy shed 512,000 jobs (a decline of 0.4 percent). Modest employment gains were also recorded in Other Services, and Leisure and Hospitality, suggesting continued strength in service-oriented sectors. In contrast, several goods-producing industries contracted. Manufacturing, trade and transportation, information, and mining all declined. The sharp drop in federal employment reflects efforts taken by the current administration to reduce the federal workforce. Taken together, the data suggest that job growth in healthcare is likely to serve as the primary engine of expansion.

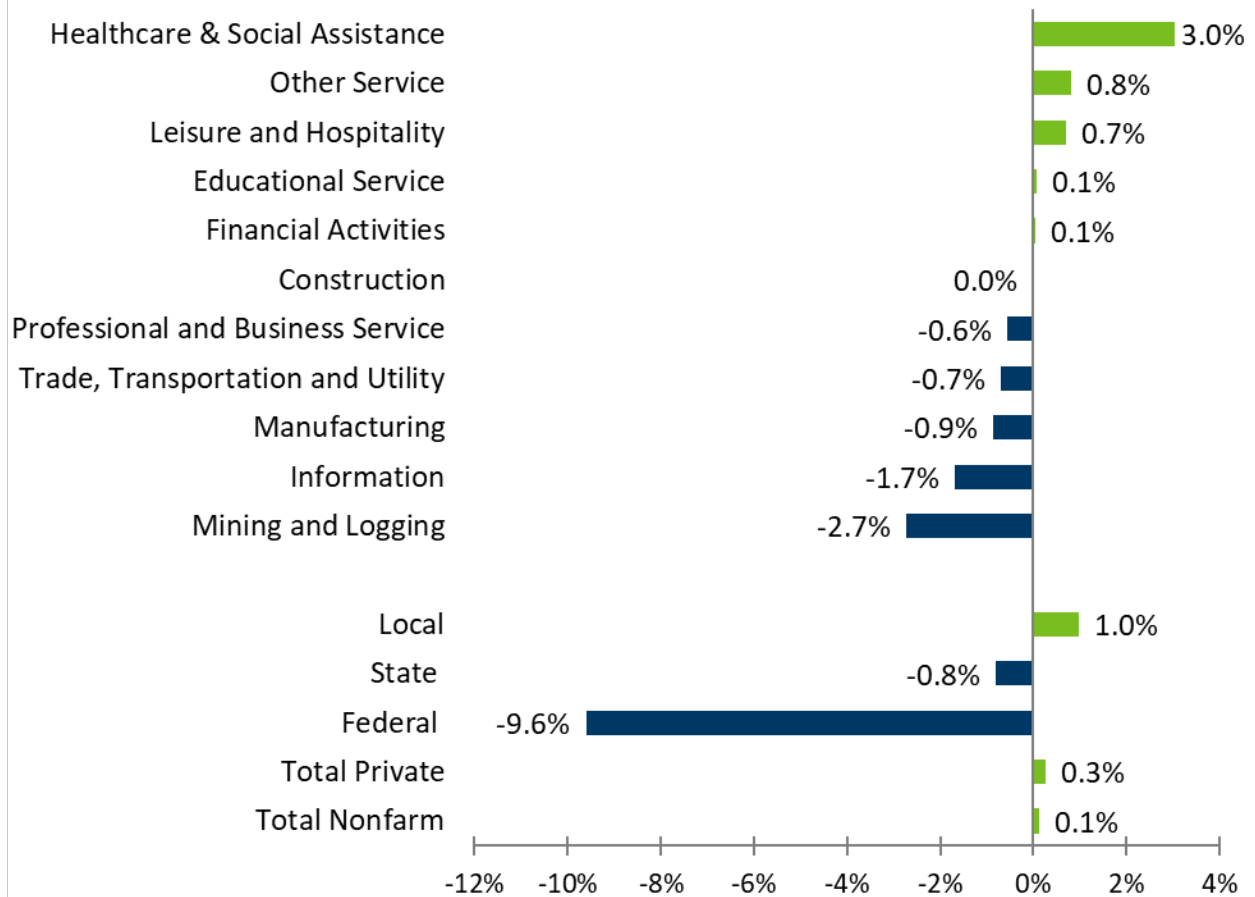


**Employment Growth Trends: Healthcare vs. Total Non-farm graph:** U.S. payroll employment growth in 2025 was concentrated in Private Education, Healthcare, and Social Assistance. U.S. payroll employment growth in 2025 was concentrated in Healthcare and Social Assistance. While overall, total non-farm employment grew by 181,000 jobs (a growth of 0.1 percent), Healthcare and Social Assistance added 693,000 jobs (an increase of 3.0 percent), and the rest of the economy shed 512,000 jobs (a decline of 0.4 percent).

The BLS reports that in January 2026, the seasonally adjusted U.S. unemployment rate fell slightly to 4.3 percent, down from 4.5 percent in November 2025 and 4.4 percent in December 2025, and payroll employment grew by 130,000, seasonally adjusted. Other labor force measures give mixed signals about labor market conditions. The number of long-term unemployed (those jobless for 27 weeks or more) was 1.8 million (seasonally adjusted) in January 2026, an increase of 386,000 compared to a year earlier. The U.S. labor force participation rate was 62.5 percent in January, little changed from a year earlier. The participation rate for persons aged 25 to 54 (prime work ages) was 84.1 percent in January, up from 83.5 percent one year ago and the highest rate since March 2001.

### December 2024 to December 2025 U.S. Employment Change by Sector

Year-over-Year Percent Change in Employment



Source: U.S. Bureau of Labor Statistics (BLS), and SPGMI

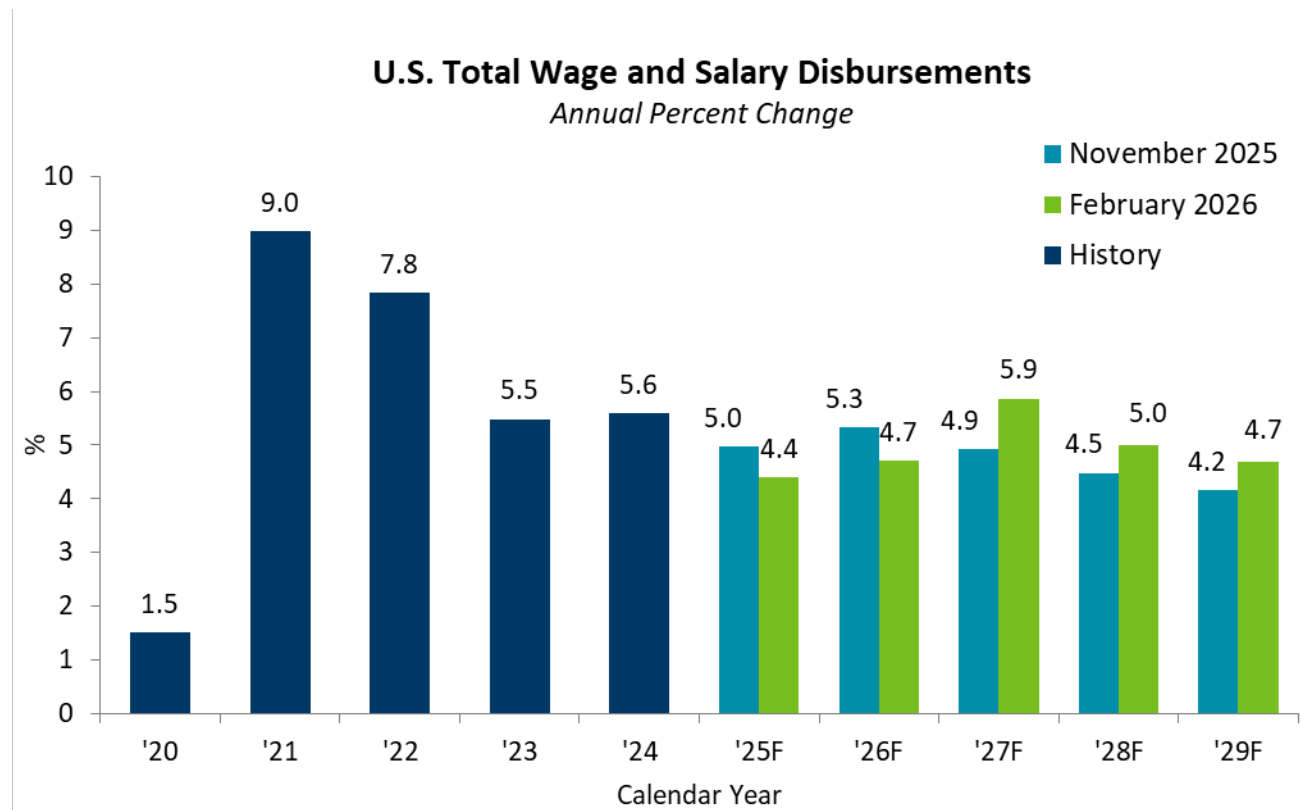
**Employment Growth Trends: Healthcare vs. Total Non-farm chart:** U.S. payroll employment growth in 2025 was concentrated in the Healthcare and Social Assistance sector. Modest employment gains were also recorded in Other Services, and Leisure and Hospitality, suggesting continued strength in service-oriented sectors. In contrast, several goods-producing industries contracted. Manufacturing, trade and transportation, information, and mining all declined. The sharp drop in federal employment reflects efforts taken by the current administration to reduce federal employment. Taken together, the data suggest that job growth in healthcare is likely to serve as the primary engine of expansion.

SPGMI does not forecast a return to robust job growth over the next several years. They forecast payroll employment will increase by an average of about 50,000 jobs per month through 2029. In addition, they forecast that the unemployment rate will continue to rise slowly, reaching 4.7 percent in mid-2026, 0.2 percentage points higher than they had forecast in November. They now forecast that the unemployment rate will remain above 4.5 percent through mid-2028.

The U.S. labor force participation rate, the proportion of potential workers who were employed or unemployed and actively seeking employment, has remained relatively stable over the past twelve months. The participation rate was 62.5 percent in January 2026 and remains below its pre-pandemic level of 63.3 percent in February 2020. An aging population is a major factor putting downward pressure on the labor force participation rate. Unless the economy experiences a large influx of younger potential workers, the participation rate is likely to continue to remain steady or fall throughout the forecast horizon.

## **Wage and Salary Income**

Steady growth in nominal wages and salaries continues to support consumer spending in this forecast. SPGMI forecasts wage and salary income – rather than non-wage income – as the primary driver of personal income growth during the forecast period. SPGMI forecasts wage growth of 4.4 percent in 2025, a downward revision of 0.6 percentage points from the November forecast. Similarly, the forecast for 2026 has been revised downward from 5.3 percent annual growth in the November forecast to 4.7 percent in the current baseline forecast. The forecast for the annual growth rate of wage and salary income has been revised upward for 2027 through 2029, in part because SPGMI assumes that higher inflation will lead to higher nominal wage growth as workers receive larger cost-of-living adjustments, other things equal. The annual growth rate of wage and salary income is forecasted to average 5.2 percent in the years 2027-2029, compared with an average of 4.5 percent per year in the November forecast.



Source: U.S. Bureau of Economic Analysis (BEA), and SPGMI

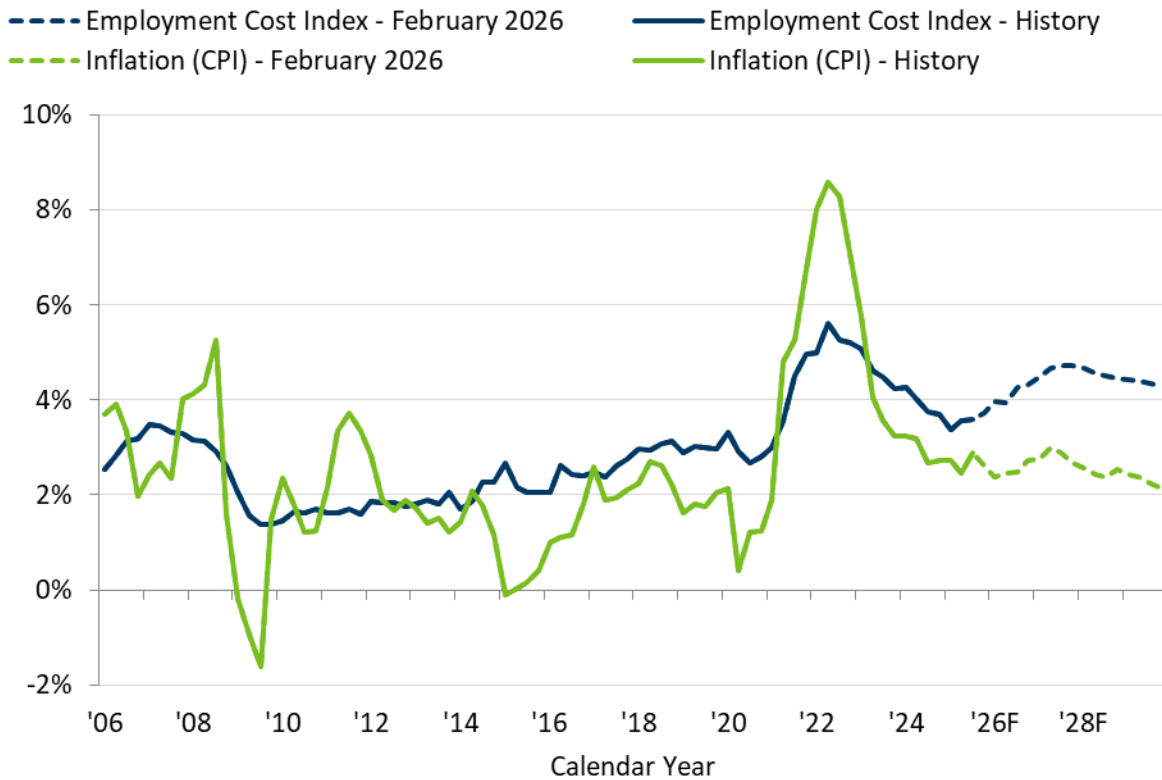
**U.S. Total Wage and Salary Disbursements graph:** SPGMI forecasts wage growth of 4.4 percent in 2025, a downward revision of 0.6 percentage points from the November forecast. Similarly, the forecast for 2026 has been revised downward from 5.3 percent annual growth in the November forecast to 4.7 percent in the current baseline forecast. The forecast for the annual growth rate of wage and salary income has been revised upward for 2027 through 2029, in part because SPGMI assumes that higher inflation will lead to higher nominal wage growth as workers receive larger cost-of-living adjustments, other things equal.

The graph below shows the BLS employment cost index (ECI) for wages and salaries (employee compensation excluding benefits), which measures the percentage change in the labor cost to employers over time.<sup>14</sup> From the second quarter of 2021 through the first quarter of 2023, inflation as measured by the CPI exceeded the growth in the ECI for wages and salaries. Since then, growth in the ECI for wages and salaries has exceeded inflation. SPGMI expects that ECI growth will continue to be higher than the rate of inflation throughout the forecast horizon. SPGMI forecasts the ECI for wages and

<sup>14</sup> See the “Employment Cost Index” at < <https://www.bls.gov/eci/>> for details.

salaries will increase 3.6 percent in 2025 and 4.7 percent in 2026, outpacing the forecasted CPI inflation rate of 2.7 percent and 2.9 percent for those years.

### U.S. Employment Cost Index for Wages and Salaries vs Inflation Year-Over-Year Percent Change



Source: U.S. Bureau of Labor Statistics (BLS), and SPGMI

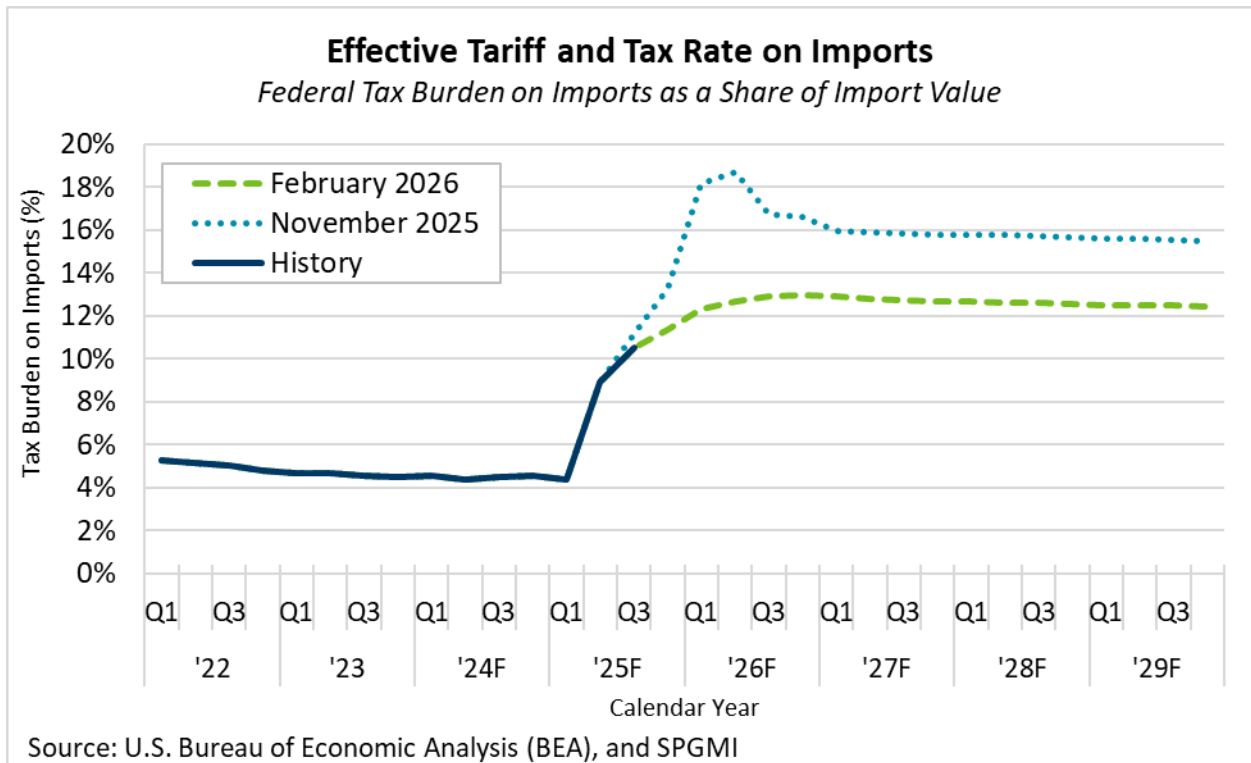
**U.S. Employment Cost Index for Wages and Salaries vs Inflation graph:** From the second quarter of 2021 through the first quarter of 2023, inflation as measured by the CPI exceeded the growth in the ECI for wages and salaries. Since then, growth in the ECI for wages and salaries has exceeded inflation. SPGMI expects that ECI growth will continue to be higher than the rate of inflation throughout the forecast horizon.

### Trade and Exchange Rates

SPGMI forecasts that exports will rise and imports will fall slightly in 2026. The rise in net exports, a measure of the trade balance, would be the eighth-largest change in net exports relative to GDP since 1960. Both exports and imports are forecast to rise steadily from 2027 through the forecast period, with exports rising at a rate of nearly six percent per year and imports rising at a rate of under five percent per year. The forecast for rising net exports may be partially a function of the forecast for exchange rates, where the Euro-U.S. Dollar rate rises steadily from \$1.17 to \$1.20 per Euro at the end of 2029, and

compared to the currencies of other major trading partners, the U.S. Dollar only appreciates against the Mexican peso.<sup>15</sup>

The February SPGMI forecast assumes a lower average effective tariff rate of 14 percent, roughly 4 percentage points below the assumption in November. This downward revision is due to two offsetting assumptions. First, SPGMI raised their estimate of the gap between statutory and effective tariff rates, which lowers the effective tariff rate. Additionally, they no longer assume that steel and aluminum tariffs will step down over the next couple of years, which raises the effective tariff rate. In the near term, the effective tariff rate is lower than previously forecast, which also lowers the forecast of inflation in 2026.



**Effective Tariff and Tax Rate on Imports graph:** The February SPGMI forecast assumes a lower average effective tariff rate of 14 percent, roughly 4 percentage points below the assumption in November.

<sup>15</sup> U.S. Dollar compared to the Euro, G.B. Pound Sterling, Mexican peso, Chinese yuan, and the Canadian Dollar.

## Artificial Intelligence (AI)

In this forecast, SPGMI assumes that the implementation of artificial intelligence (AI) in the workplace can replace labor, augment labor, or a combination of both. Regardless, they assume that AI will ultimately increase labor productivity. While labor replacement might raise unemployment and augmentation might boost output without affecting employment, insufficient demand for extra output could still lead to job losses. Faster AI adoption would accelerate productivity gains and potentially disrupt labor markets, but AI implementation is expected to be gradual, and disruptions are expected to be minimal over the forecast horizon.

SPGMI's forecast includes two explicit AI adjustments: an upward revision of total factor productivity growth by 0.1% annually, which is expected to add 0.1 percentage point to potential GDP growth, and increased projections for business investment in computers and intellectual property, which enhances productivity by increasing the labor-capital ratio and raising the amount of output per worker.<sup>16</sup> SPGMI expects that these changes will take place gradually and will add 0.1 to 0.2 percentage points to productivity growth over the next decade without materially increasing unemployment.

## Other forecasts and real GDP growth

SPGMI's baseline forecast for real GDP to grow 2.7 percent in 2026 and 2.0 percent in 2027 is generally consistent with those of other macroeconomic forecasters. Haver Analytics' February 2026 Blue Chip Consensus<sup>17</sup>, the mean of 50 business and academic forecasts, is for real GDP to grow 2.4 percent in 2026 and 2.1 percent in 2027. The Philadelphia Federal Reserve Bank's Survey of Professional Forecasters<sup>18</sup> mean forecast is for 1.8 percent real GDP growth in 2026 and 2.1 percent in 2027.

The Blue Chip Consensus (mean) for CPI inflation in 2026 and 2027 is 2.7 percent and 2.5 percent, respectively. Similarly, the Survey of Professional Forecasters reports mean CPI inflation forecasts of 2.8 percent in 2026 and 2.5 percent in 2027. SPGMI forecasts lower inflation in 2026 of 2.5 percent and higher inflation in 2027 of 2.5 percent. The Blue Chip Consensus (mean) unemployment rate is 4.5

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<sup>16</sup> Potential GDP is an estimate of what GDP would be if the economy were operating at "full employment," a state described by the Congressional Budget Office (CBO) as the economy's maximum sustainable output, when labor, capital, and technology are fully employed at normal levels. The most widely accepted estimates and forecasts of potential GDP are those prepared by the CBO.

<sup>17</sup> "Blue Chip Economic Indicators," Haver Analytics, CCH Incorporated, New York, New York. February 2026.

<sup>18</sup> "Fourth Quarter 2025 Survey of Professional Forecasters," Federal Reserve Bank of Philadelphia, Philadelphia, Pennsylvania. <[https://www.philadelphiafed.org/-/media/FRBP/Assets/Surveys-And\\_Data/survey-of-professional-forecasters/2025/spfQ425.pdf](https://www.philadelphiafed.org/-/media/FRBP/Assets/Surveys-And_Data/survey-of-professional-forecasters/2025/spfQ425.pdf)> Accessed February 13, 2026>

percent for 2026 and 4.3 percent for 2027, compared with SPGMI's forecasts of 4.6 percent for both years. The Survey's unemployment rate forecasts are 4.5 and 4.4 percent for those years.

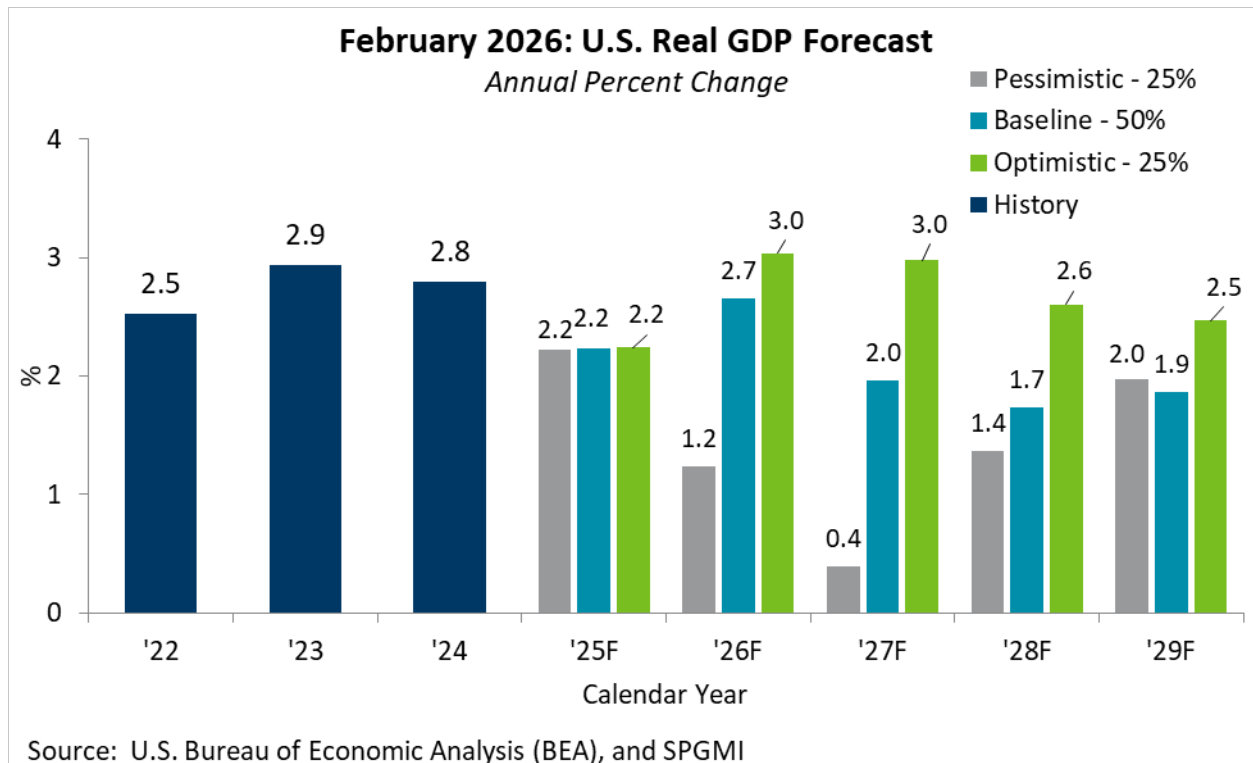
	Real GDP growth rate		CPI inflation rate		Unemployment rate	
	2026	2027	2026	2027	2026	2027
SPGMI	2.7	2.0	2.5	2.8	4.6	4.6
Blue Chip Consensus	2.4	2.1	2.7	2.5	4.5	4.3
Survey of Prof. Forecasters	1.8	2.1	2.8	2.5	4.5	4.4

## Alternative Scenarios

SPGMI develops alternative scenarios to the baseline, which they call the "optimistic" and "pessimistic" scenarios. SPGMI assigns a 25 percent probability to their optimistic scenario forecast and a 25 percent probability to their pessimistic scenario forecast.

The pessimistic scenario (25 percent probability) is characterized by higher across-the-board tariffs and more retaliatory actions by trading partners. It is assumed that higher tariffs cause higher near-term inflation. Tight financial conditions resulting from a partial deflation of the AI bubble create an additional source of weakness in the economy. The pessimistic scenario also assumes that deportations happen faster and on a larger scale relative to the baseline. This stricter immigration policy has an adverse effect on population growth, labor force growth, and by extension, on economic output. In this scenario, there is a two-quarter contraction in real GDP starting in mid-2026, which causes annual real GDP growth to average 1.0 percent from 2026 to 2028, compared to close-to-trend 2.1 percent annual growth in the baseline scenario. The recession leads to the unemployment rate rising to 6.7 percent by mid-2028.

The optimistic scenario (25 percent probability) is characterized by permanent productivity gains stemming from AI, which boosts business intellectual property investment and increases equity valuations. Business fixed investment averages 5.0 percent annual growth from 2026 to 2029, compared to 2.5 percent in the baseline scenario. As a result, annual real GDP growth averages 2.8 percent from 2026 through 2029 compared to 2.1 percent in the baseline scenario. Inflation is higher in the optimistic scenario, with annual CPI inflation averaging 2.6 percent from 2026 through 2029 compared to 2.5 percent in the baseline. The unemployment rate peaks at 4.6 percent in 2026 and remains an average of 0.2 percentage points below the baseline scenario throughout the forecast horizon.



**February 2026 U.S. Real GDP Forecast graph:** SPGMI assigns a 25 percent probability to their optimistic scenario forecast and a 25 percent probability to their pessimistic scenario forecast. The pessimistic scenario is characterized by higher across-the-board tariffs and more retaliatory actions by trading partners. The pessimistic scenario also assumes that deportations happen faster and on a larger scale relative to the baseline. The optimistic scenario is characterized by permanent productivity gains stemming from AI, which boosts business intellectual property investment and increases equity valuations.

## Forecast Risks

Chief among the risks to this forecast are the policy uncertainties at the federal level, especially regarding trade, tariffs, and immigration. Numerous trade deals have been announced, but few have been formally ratified by the partner nations. The recent Supreme Court decision invalidating tariffs under IEEPA, combined with the administration's announcement of 150-day tariffs under the Trade Act of 1974 Sec. 122, may invalidate or supersede negotiated agreements. This creates substantial uncertainty about the nature and scope of the agreements and their durability. Additional uncertainty is caused by frequent tariff rate changes and exceptions to tariffs. Prior to the Supreme Court's decision, the effective overall tariff rate was estimated to be nearly 16 percent, the highest rate since 1934. It was estimated that if the Supreme Court invalidated the IEEPA tariffs, the effective tariff rate would drop to approximately nine percent, absent any new tariffs. However, on February 20, the administration announced new 10 percent tariffs under Sec. 122 of the Trade Act of 1974. These new tariffs are effective for 150 days and are also likely to be challenged in court. Businesses with production or supply chains dependent on imports, and those considering domestic production of previously imported goods, are less likely to engage in substantial investment or expansion in such a volatile tariff environment.

The administration's immigration policies also produce forecast risk through the potential for adverse effects on labor markets both nationally and in Minnesota. Without international migration, both the nation and the state will likely face falling labor force levels in the coming years. Some industries – food service, hospitality, home care, etc. – are highly dependent on entry-level workers, and a suspension of immigration will likely lead to labor shortages for these employers, driving up costs. Other industries, particularly in the technology sector and higher education and research, rely heavily on foreign workers under the H-1B visa program. The administration's shifting policies on this critical program create additional forecast risks.

It is likely that Minnesota's economy has been affected by the recent immigration enforcement actions, Operation Metro Surge. Retail sales, employment, tourism, the residential real estate market, and other sectors of the state's economy may show effects. Data to evaluate any effects on the state's economy will not be available for several months.

Disruptions from federal agency closures and contract suspensions, and the effects of the recent federal shutdowns, create risks to this forecast. The administration has suspended or cancelled numerous federal programs and grants. Some of these cancellations are being challenged in court. Whether or not Congress or the courts will restore funding creates a forecast risk.

The recent federal shutdown disrupted the usual collection and dissemination of federal statistical data, particularly economic data published by the BLS and BEA. SPGMI prepared its forecast without access to substantial recent data on employment and labor market conditions and without Q4 NIPA estimates, and price indexes (both CPI and PCE) for October 2025. The Q4 NIPA estimates showed lower real GDP growth than SPGMI had assumed. Without these data, we have less confidence in the accuracy of SPGMI's and our forecasts.

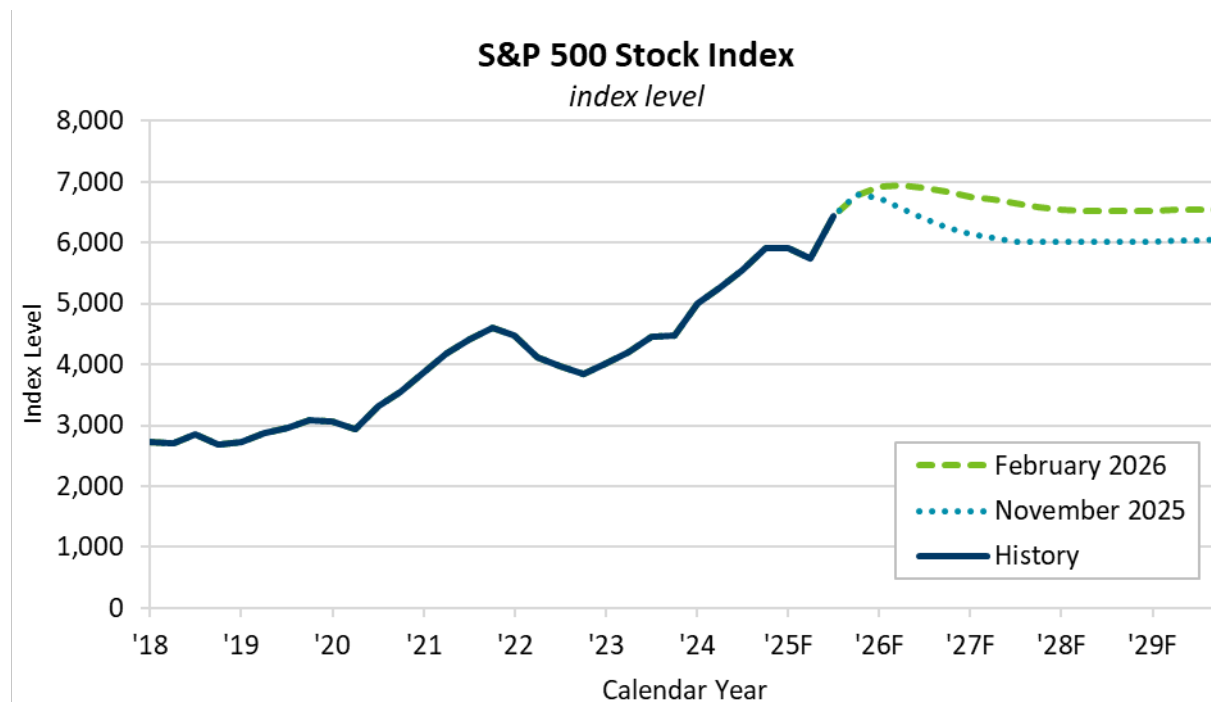
Tariff and trade policies create their own risks, but they also pose forecast risks by creating uncertainty for consumer prices and inflation. In the same way that businesses may be less likely to invest domestically without a clearer trade and tariff picture, consumers may be less likely to take on debt for big-ticket items without a clearer picture of future inflation. The recent Supreme Court decision on IEEPA tariffs and the administration's announcement of Sec. 122 tariffs contribute to policy uncertainty.

The future path of monetary policy depends on both inflation and labor markets because of the Federal Reserve's dual mandate for full employment and price stability. The current baseline forecast depends on the Federal Reserve's ability to further reduce annual PCE inflation towards its target of 2.0 percent without increasing unemployment substantially. SPGMI assumes the Federal Reserve will keep the federal funds rate until mid-2026. However, unanticipated changes in inflation or unemployment could alter the path of monetary policy, creating a forecast risk.

Equity markets present both upside and downside risks. A downward correction in equity markets could reduce household wealth and potential capital gains, especially among higher-wealth, higher-income households. Households in the top quintile of the income distribution hold a high proportion of the equities held by all U.S. households, and they account for about one-third of personal consumption expenditure and well over half of retail sales. A downward correction in equity markets could cause

outsized changes in personal consumption and retail sales, which would affect overall economic activity as well as State revenues. Alternatively, continued growth in equity values could continue to support consumption and the retail sector, and so presents a possible upside risk.

In November, SPGMI’s forecast projected a roughly 12 percent downward correction in the S&P 500, with the market peaking in the fourth quarter of 2025 and declining through late 2028, when a gradual recovery was expected to begin. SPGMI’s February forecast assumes a much milder correction of 4 percent, with the peak occurring in the second quarter of 2026 and market indices declining through the third quarter of 2027, when a gradual recovery is expected to begin. The accompanying graph compares the current forecast for the S&P 500 to the November 2025 forecast. Many macroeconomic forecasters have been expecting a correction in equity markets for years, a correction that has yet to materialize. This forecast for equities affects the forecast for Minnesota capital gains income. Deviations from this projection will affect the accuracy of our forecast for capital gains income, and as such, income tax revenue.



Source: Standard and Poor's, and SPGMI

**S&P 500 Stock Index graph:** *SPGMI’s February forecast assumes a much milder correction of 4 percent, with the peak occurring in the second quarter of 2026 and market indices declining through the third quarter of 2027, when a gradual recovery is expected to begin.*

Finally, there are 17 months remaining until the end of the FY 2026-27 biennium. It is difficult to forecast macroeconomic conditions with great precision nearly two years ahead; thus, there are both upside and downside risks due to the long forecast horizon.

## Council of Economic Advisors' Statement

Minnesota's Council of Economic Advisors met on January 26 and on February 13, 2026, to review the Standard and Poor's Global Market Intelligence (SPGMI) January and February forecasts and outlooks for the U.S. economy. These forecasts and outlooks include the macroeconomic assumptions incorporated in Minnesota's February 2026 Budget and Economic Forecast. Council members agreed that there remains substantial uncertainty in the new administration's policy initiatives, especially regarding trade and immigration policies. Members noted some apparent contradictions in SPGMI's baseline forecast and generally believed that there are more downside risks than upside risks. Nonetheless, subject to considerable uncertainties about U.S. economic policy in this year and beyond, Council members agreed that the SPGMI baseline forecast forms a reasonable basis for the February 2026 Budget and Economic Forecast.

Council members noted mixed signals about the strength of the national labor market. They note inconsistencies between the revised labor data for 2025, showing low monthly growth in payrolls, and the January 2026 payroll growth estimate released by the BLS this month. Members noted that the private sector is providing all the payroll growth as public-sector employment continues to decline. The majority of payroll growth is in healthcare and social services, and while manufacturing payrolls had a small upward change in January, year-over-year, manufacturing employment is lower. Some members also noted that the administration's immigration policies likely affect hiring in several sectors (e.g., hospitality, food service, and construction) and that the forecast should better incorporate immigration uncertainty.

Some council members believe that the effects of AI adoption present uncertain upside risks for labor productivity but may present downside risks if AI replaces, rather than augments, labor. Overall, AI investment and adoption provide reasons for optimism in the long-term outlook.

Council members noted that inflation in the major indexes has fallen substantially in the past few years. They cautioned that there may be a downward bias in the current CPI data because of missed October 2025 data collection during the federal shutdown; this bias may persist until CPI data are revised later this year. It was also noted that goods inflation may be reemerging, possibly linked to tariffs.

SPGMI's forecasts for declines in the stock market (S&P 500 index) and corporate profits were seen as reasonable as general indicators of future conditions rather than as forecasts of a downturn at a particular point in time. Members agreed that the stock market may be "overvalued" by conventional measures and a correction in the near-term is plausible, but the timing and magnitude are uncertain. A downward correction in equities and corporate profits could affect the forecast for personal consumption by decreasing wealth and dividend income of higher-income households, who account for a disproportionate share of consumption expenditures.

Council members identified several challenges for the Minnesota economy and were generally more pessimistic about the State's economy than the national one. Agriculture was seen as a vulnerability due to lower forecasts of farm income and lower commodity prices, particularly in corn and soybeans. The recent increase in the State's unemployment rate to 4.1 percent in December 2025, up from 3.0 percent a year earlier, may signal weakness in hiring.

Tourism and retail in some regions of the state may be at risk because of fewer foreign visitors, particularly from Canada. Finally, the recent federal immigration actions ("Metro Surge") may have adversely affected both retail sales and employment in the Twin Cities metro area, though data to assess the extent of these effects will not be available for many months.

In its February forecast, SPGMI provided a baseline forecast with both optimistic and pessimistic scenarios. They assigned a 50 percent probability to the baseline scenario, and 25 percent each to the optimistic and pessimistic scenarios. Council members were surveyed anonymously about the probabilities they would assign to each of the three scenarios and their main upside and downside risks. The mean probability that members assigned to the baseline scenario was 53.3 percent. Their mean probabilities were 20.8 percent for the optimistic scenario and 25.8 percent for the pessimistic scenario. For upside risks, Council members saw AI boosts to productivity and investment, "reshoring" of manufacturing, lower effective tariffs, and a stronger global economy as likely upside risks. They identified trade policy uncertainty causing businesses to defer investment, immigration enforcement activities' effects on labor markets, a substantial downturn in equity prices, and the possibility of an "AI bubble" bursting as possible downside risks.

Council members can envision a variety of possible shocks that, separately or in combination, could throw the national and state economies off their forecasted paths. Council members also differentiated between short-run and long-run forecast risks and noted that the short-run risks may be more important over the budget planning horizon. Members also agreed that the baseline forecast, in general, implies more stability than the U.S. economy is likely to experience.

Council members believe that Minnesota's budget reserve target of \$3.347 billion – the level recommended by the state's budget reserve policy – affords policymakers crucial financial flexibility. The statutory policy assigns an adequate target reserve level based on MMB's annual evaluation of volatility in Minnesota's general fund tax system. The target is a percentage of forecast revenues, allowing reserves to adjust with revenue changes over time. In addition, the policy automatically transfers 33 percent of a positive forecast balance each November into the reserves until the target is reached. Based on MMB's most recent analysis, the target level is 5.2 percent of biennial (two-year) general fund revenues.

## Minnesota Economic Outlook

The economic outlook for Minnesota has weakened slightly since MMB's November 2025 *Budget and Economic Forecast*. We forecast limited growth in payroll employment as we did in the November forecast. While the state's unemployment rate has risen steadily since March to 4.1 percent in December 2025, it remains below the national rate, and there continue to be more job openings than unemployed workers. As in our November 2025 forecast, wage and salary growth is expected to exceed inflation throughout the forecast horizon. The housing market continues to be adversely affected by high mortgage rates, increased materials costs due to tariffs, and low market supply of existing homes due to owners being "locked in" with low-rate mortgages.

Minnesota's economic outlook is informed by SPGMI's forecasts for both the nation and Minnesota, data from the Minnesota Department of Economic and Employment Development (DEED), Quarterly Census of Employment and Wages (QCEW), and Minnesota tax revenues. The February Budget and Economic Forecast has been prepared with substantial missing data due to the federal government shutdown in October and November, as well as the partial shutdown in February. Most notably, this forecast was prepared before the release of the annual benchmark revision to payroll employment, and without the 2025 Q4 GDP data. While the SPGMI forecast was not informed by the employment report, including the annual benchmark revisions and the January payrolls figures, the Minnesota forecast anticipates the benchmarks by incorporating data from the QCEW.

We estimate that, after all revisions and data become available, Minnesota's payroll employment will have increased by about 5,400 jobs (0.2 percent) in 2025, following an increase of 26,000 jobs (0.9 percent) in 2024. Employment is forecast to contract slightly in 2026, with payrolls declining by about 2,000 jobs (0.2 percent). From 2027 to 2029, employment is projected to increase by an average of approximately 9,000 jobs per year. This slower payroll growth reflects structural factors that limit long-term labor force expansion: an aging population, declining birth rates, and lower projected levels of international immigration.

A lower forecast for international immigration, declining birth rates, and the continuing retirements of Baby Boomers will limit the state's labor force and further constrain employment growth in the coming years. Without sustained worker inflows either from international immigration or domestic migration, Minnesota employers may struggle to fill jobs, potentially slowing the growth of total wage and salary disbursements and constraining the expansion of overall economic activity.

SPGMI projects U.S. real GDP growth will average 2.1 percent per year from 2025 through 2029, reflecting very low payroll employment growth, low growth in consumption and business investment, and elevated inflation. Minnesota is closely tied to national economic trends, and our current state data aligns with that outlook.

## Demographics

Since the release of the November 2025 *Budget and Economic Forecast*, the U.S. Census Bureau published 2025 population estimates, which show that Minnesota's population increased by approximately 33,000, an increase of 0.6 percent, raising the state's population to 5.83 million.<sup>19</sup> For comparison, in 2024, Minnesota's population increased by approximately 44,000.

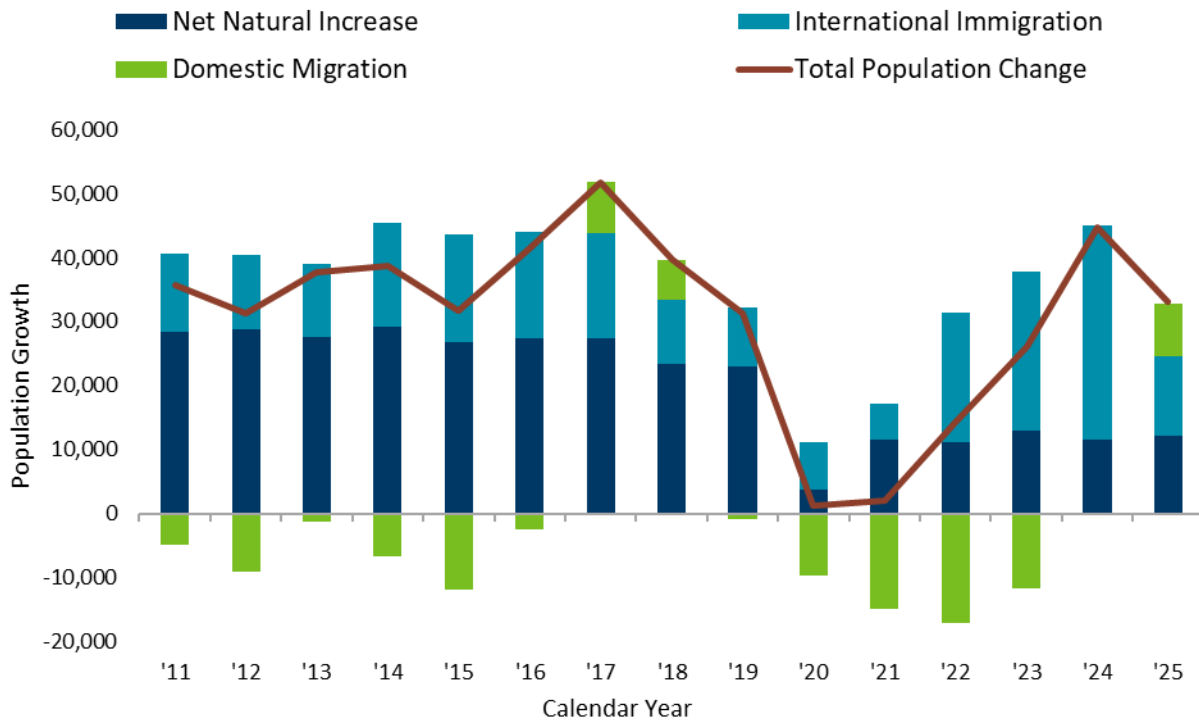
Population growth is comprised of three parts: natural population change (number of births minus deaths), net domestic migration, and net international immigration. Minnesota's net natural change was comparable to that in recent years, with births exceeding deaths by 12,000. For the first time since 2018, Minnesota gained residents from net domestic migration, with 8,300 more U.S. residents moving into the state than moving out. International net migration added approximately 12,500 new state residents.

Minnesota's 2025 population growth (0.6 percent) was slightly higher than the Midwest region's population growth of 0.4 percent and slightly higher than the national growth of 0.5 percent. Over the past two decades, the contribution of natural change to Minnesota's population growth has been declining as birth rates have fallen steadily. International net migration has added to the state's population for many years, though the 12,500 net immigrants in 2025 were fewer than half the average of 29,000 immigrants per year for 2023 and 2024.

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<sup>19</sup> The Census Bureau's estimates are for July 1 of the specified year. Thus, the population change for 2025, for example, is the difference between population the estimates for mid-2025 and mid-2024. These estimates are revised with the publication of the results of the decennial census.

### Components of Population Growth in Minnesota



Source: Minnesota Management & Budget (MMB)

**Component of Population Growth in Minnesota graph:** In 2025, population estimates show that Minnesota’s population increased by approximately 33,000, an increase of 0.6 percent, raising the state’s population to 5.83 million. In 2024, Minnesota added about 44,000 people. For the first time since 2018, Minnesota gained residents from net domestic migration, with 8,300 more U.S. residents moving into the state than moving out.

### Labor Market

Minnesota’s unemployment rate has continued to increase over the past year, both absolutely and relative to the national rate. In December, Minnesota’s unemployment rate was 4.1 percent, up 1.1 percentage points from a rate of 3.0 percent one year ago. This increase in the unemployment rate is the second-highest among U.S. states. The number of unemployed workers in the state has been increasing since July 2025 and is currently 40 percent above its level one year ago. A year-over-year increase in the number of unemployed workers of 30 percent or more has not occurred outside a recession since the BLS began reporting state data in 1976.

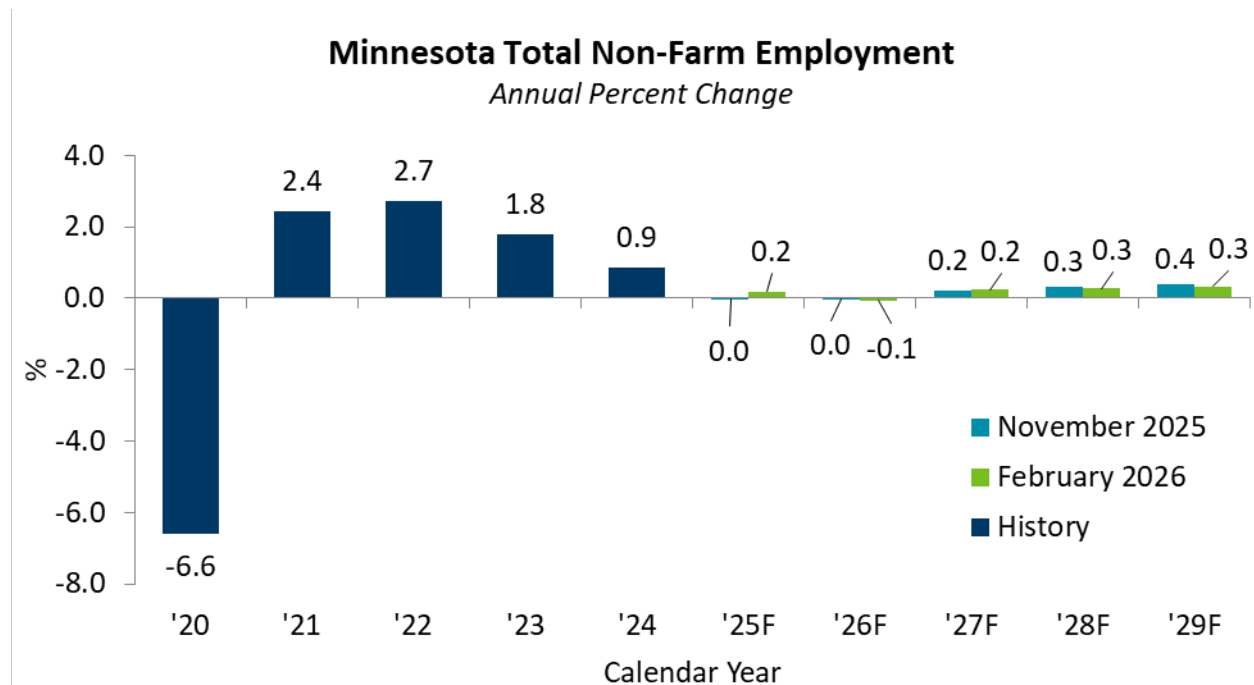
Although the unemployment rate has risen, Minnesota’s job market remains favorable to job seekers with more vacancies than unemployed workers. While this forecast does not include a recession, we are following labor market conditions closely as labor markets send early signals of economic contractions and expansions.

In preparing our forecast of Minnesota labor market conditions, we rely on two major data sources from the BLS: the Current Employment Statistics (CES) and the Quarterly Census of Employment and Wages (QCEW). Both provide estimates of non-farm payroll employment, hours worked, and earnings of workers on payrolls. The CES is a monthly survey of approximately 121,000 businesses and government agencies and provides timely estimates of labor market indicators. The QCEW is a census of employers covering over 95 percent of all U.S. jobs, whose primary data source is administrative data from state unemployment insurance programs. Because QCEW data are more comprehensive, each February, the BLS releases national CES data beginning with the previous September, which are revised (benchmarked) to align with the QCEW data from the previous March. Due to the February 2026 federal government shutdown, CES data for January, including the annual benchmarking revision to the QCEW, was delayed until after SPGMI's February forecast was released.

For both the November and February *Budget and Economic Forecasts*, MMB computes its own benchmark adjustments to Minnesota CES data using the available QCEW data. Typically, the difference between CES and QCEW data is small. This year, however, there was a greater-than-usual divergence. The QCEW shows substantially lower payroll growth than CES, suggesting that CES employment levels are currently overstated. Our revenue forecast uses our estimates of the adjusted payroll levels. The table below compares the Minnesota CES quarterly payroll growth to our estimated payroll growth benchmarked to the QCEW.

Percent Change from One Year Ago	2024 Q4	2025 Q1	2025 Q2	2025 Q3
CES payroll growth	1.2	1.4	1.3	1.4
MMB benchmarked payroll growth	0.9	0.3	0.3	0.3

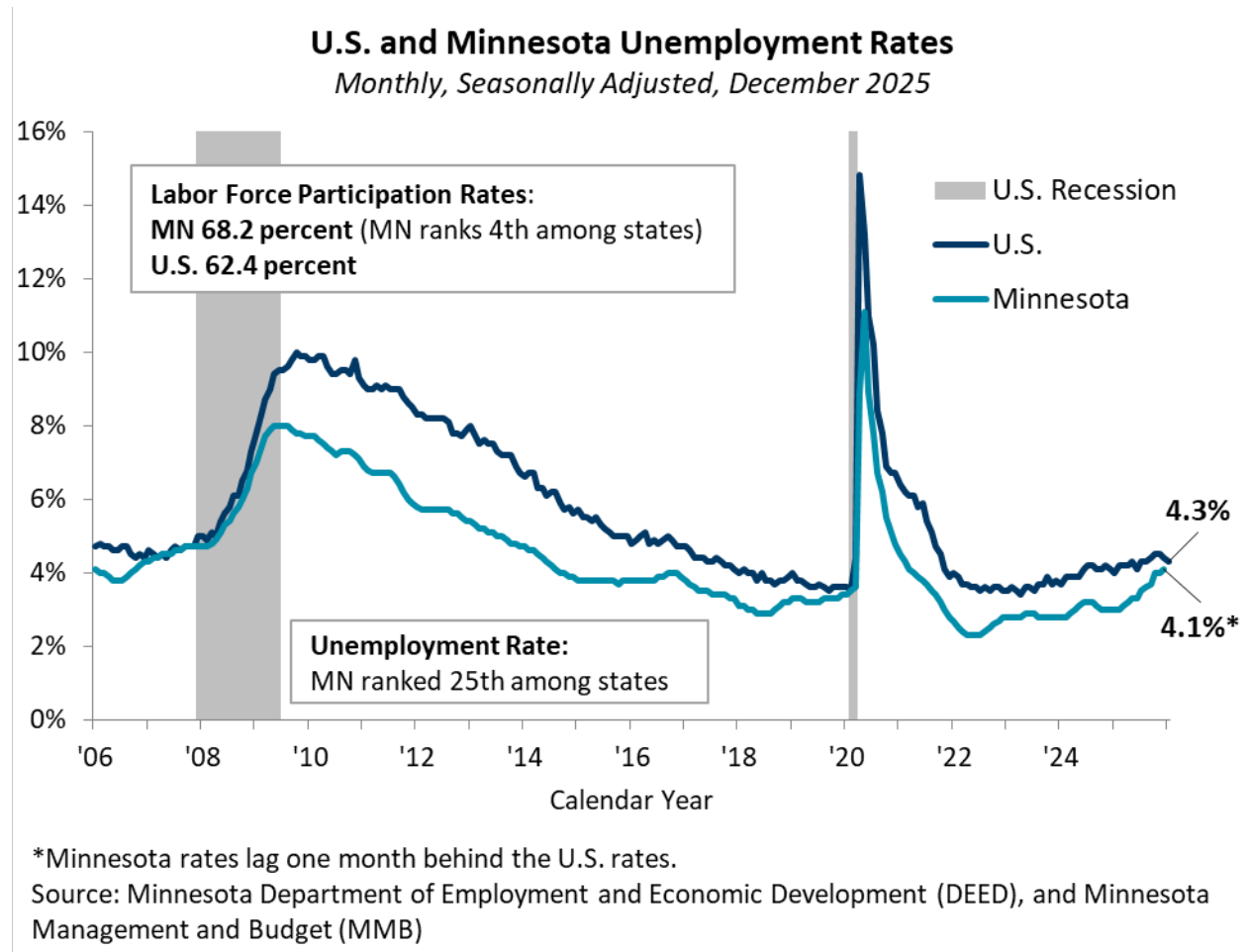
MMB estimates Minnesota payroll employment increased by 0.9 percent in 2024, following growth of 1.8 percent in 2023. Elevated immigration levels in 2023 and 2024 contributed to employment growth both nationally and in Minnesota. We estimate that, after all data and revisions become available, Minnesota's payroll employment will show an increase of approximately 26,000 jobs (0.9 percent) in 2024 and an increase of 5,000 jobs (0.2 percent) in 2025. We forecast that payroll employment will contract slightly in 2026, declining by about 2,000 jobs (0.1 percent). From 2027 to 2029, payroll employment is projected to increase by an average of approximately 9,000 jobs per year. This slower payroll growth reflects structural and demographic factors that limit long-term labor force expansion: an aging population, declining birth rates, and lower projected levels of international immigration.



Source: Minnesota Department of Employment and Economic Development (DEED), and Minnesota Management and Budget (MMB)

**Minnesota Total Non-Farm Employment graph:** We estimate that, after all data and revisions become available, Minnesota’s payroll employment will show an increase of approximately 26,000 jobs (0.9 percent) in 2024 and an increase of 5,000 jobs (0.2 percent) in 2025. We forecast that payroll employment will contract slightly in 2026, declining by about 2,000 jobs (0.1 percent). From 2027 to 2029, payroll employment is projected to increase by an average of approximately 9,000 jobs per year.

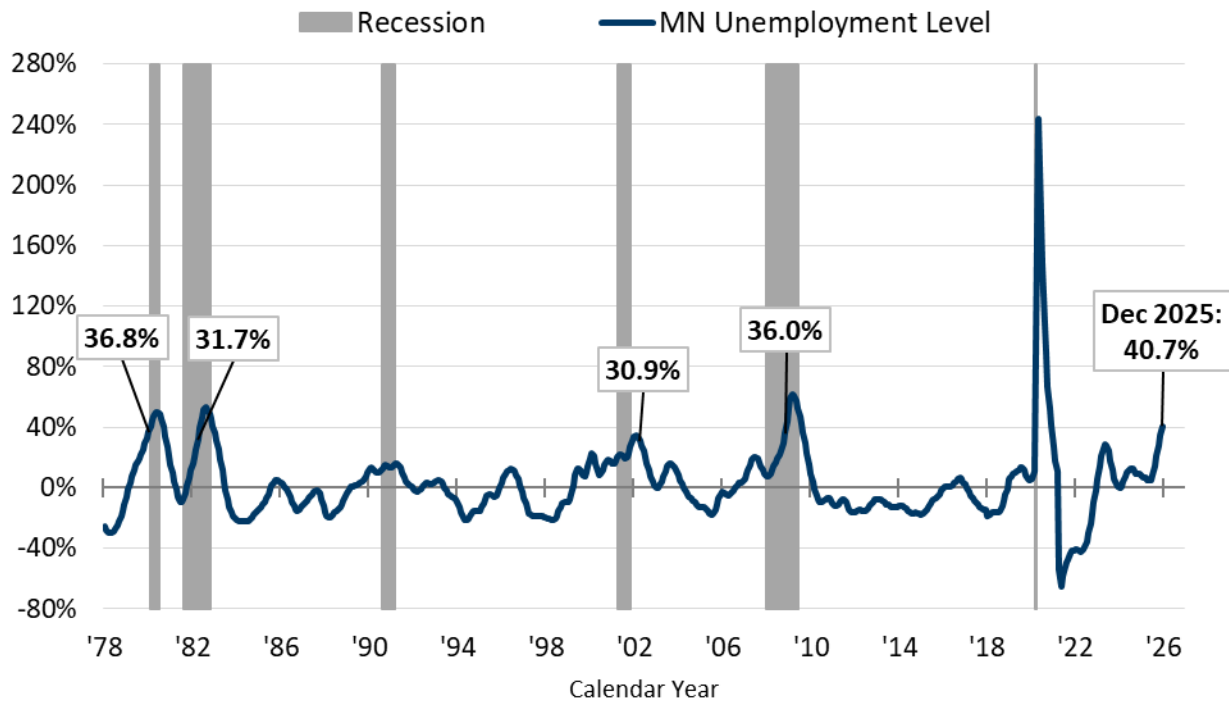
In December, Minnesota’s unemployment rate rose to 4.1 percent, up 1.1 percentage points from one year ago. This increase in the unemployment rate is the second-highest increase among U.S. states. In December 2024, Minnesota had the 8<sup>th</sup> lowest unemployment rate in the U.S., but as of December 2025, Minnesota has slipped to 25<sup>th</sup> place. The national unemployment rate was 4.3 in January 2026, up 0.3 percentage points from a year earlier. Due to the federal government shutdown in October and November 2025, national data collections to calculate alternative measures of unemployment were suspended. Reporting of the alternative unemployment measures will resume in November 2026.



**Unemployment Rate graph:** In December, Minnesota’s unemployment rate rose to 4.1 percent, up 1.1 percentage points from one year ago. This increase in the unemployment rate is the second-highest increase among U.S. states.

In December 2025, the number of unemployed workers was 40.7 percent higher than a year earlier. A year-over-year increase in the number of unemployed workers of 30 percent or more has not occurred outside a recession since the BLS began reporting state data in 1976.

### Minnesota Unemployment Level year-over-year percent change

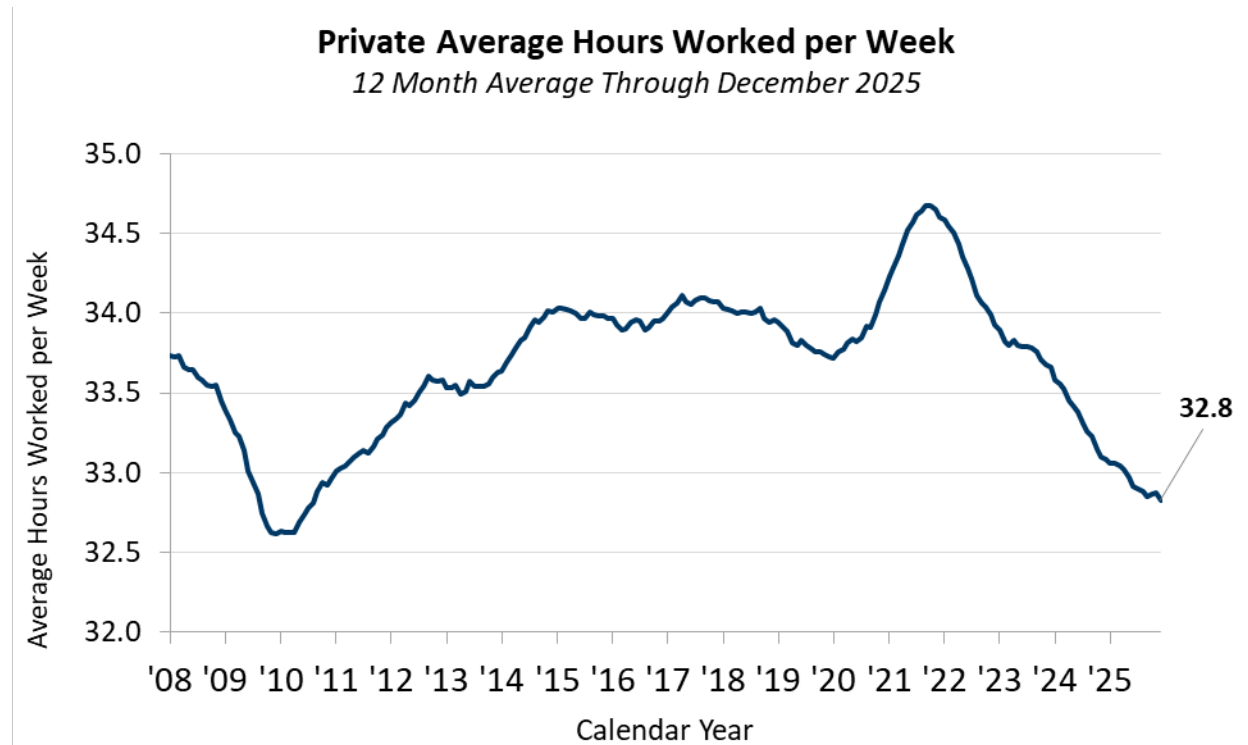


Note: The October 2025 value is estimated for chart clarity.

Source: The Minnesota Department of Employment and Economic Development (DEED), and Minnesota Management and Budget (MMB )

**Minnesota Number of Unemployed Workers graph:** In December 2025, the number of unemployed workers was 40.7 percent higher than a year earlier. A year-over-year increase in the number of unemployed workers of 30 percent or more has not occurred outside a recession since the BLS began reporting state data in 1976.

When reducing production or sales, firms will often reduce the average number of hours their employees work per week before resorting to layoffs. Reducing hours allows firms to cut labor costs while retaining workers, which avoids the expenses and disruptions of separations and rehiring. In recent months, the length of the private-sector workweek has fallen to the lowest level since the 2008-09 Great Recession.



Source: Minnesota Department of Employment and Economic Development (DEED), and Minnesota Management and Budget (MMB)

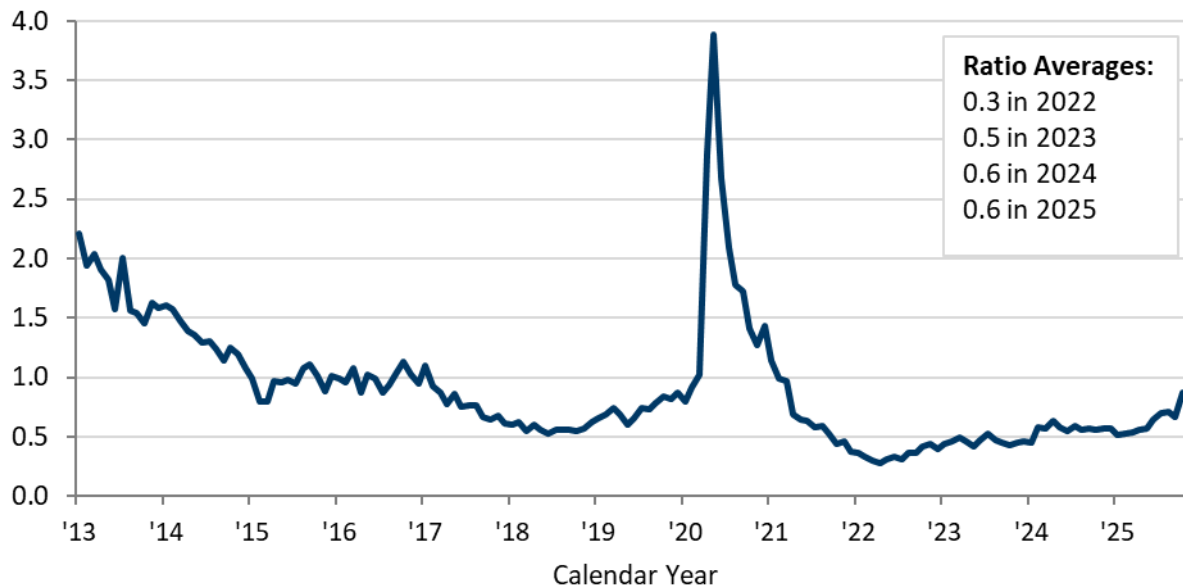
**Private Average Hours Worked per Week graph:** *In recent months, the length of the private-sector workweek has fallen to the lowest level since the 2008-09 Great Recession.*

There are signs of resilience in Minnesota's labor market. Minnesota’s labor force participation rate, the share of the over-16 population employed or seeking employment, was 68.2 percent in December, 5.8 percentage points higher than the December national rate of 62.4 percent, and the fourth highest among states.

Overall, Minnesota’s labor market remains favorable to job seekers. The BLS reports that there are currently eight unemployed workers for every ten job vacancies in Minnesota. However, this ratio has been rising over the past year from five unemployed workers for every ten job vacancies to the current ratio of eight unemployed workers for every ten job vacancies in January 2025.

## Minnesota Unemployed Persons per Job Opening Ratio

Seasonally Adjusted, Monthly: Through November 2025



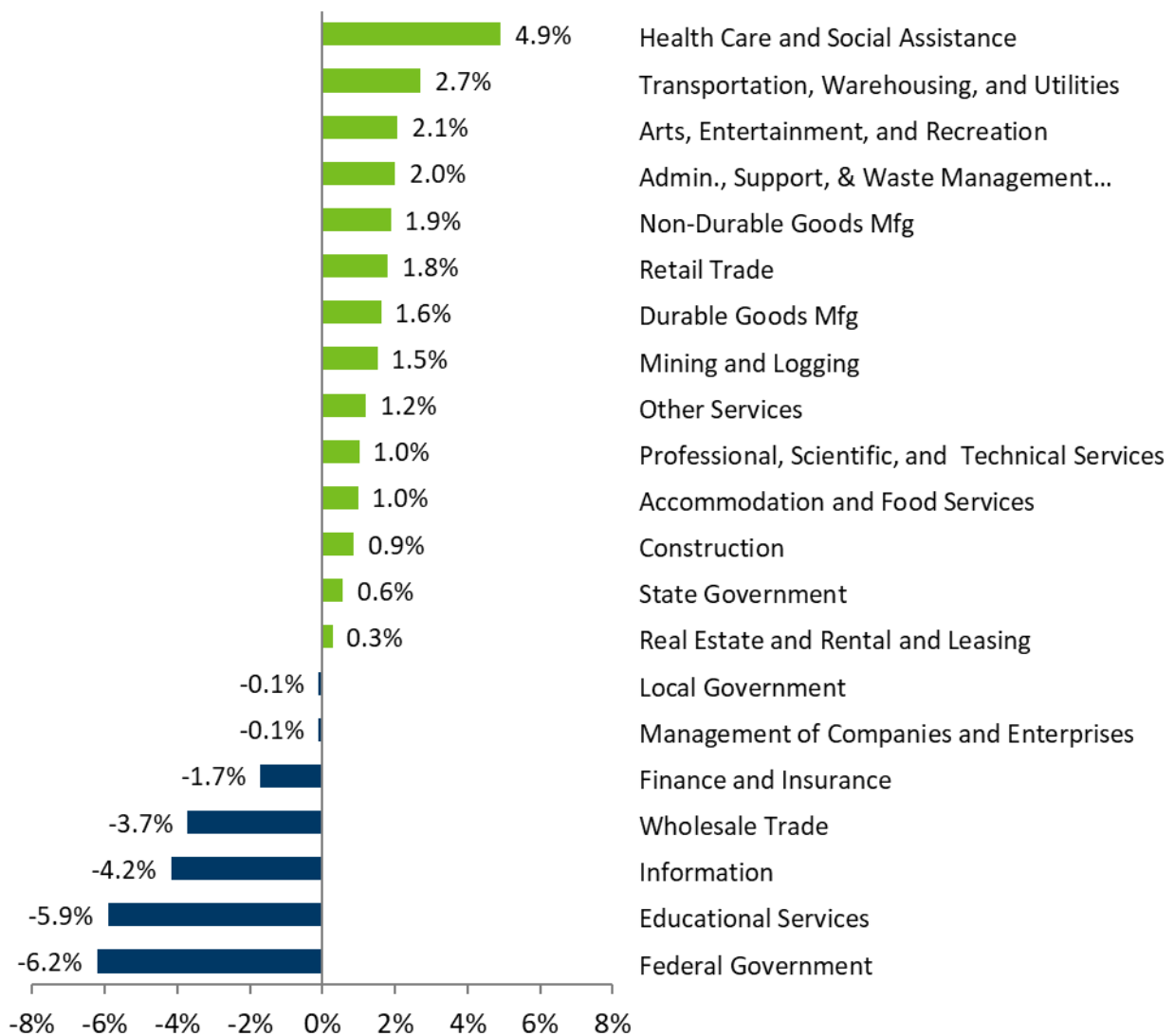
Source: U.S. Bureau of Labor Statistics (BLS), and Minnesota Management and Budget (MMB)

**Minnesota Job Openings per Unemployed Worker graph:** Overall, Minnesota's labor market remains favorable to job seekers. The BLS reports that there are currently eight unemployed workers for every ten job vacancies in Minnesota. However, this ratio has been rising over the past year from five unemployed workers for every ten job vacancies to the current ratio of eight unemployed workers for every ten job vacancies in January 2025.

Labor market trends vary across sectors. Employment growth remains robust in health care and social assistance, Minnesota's largest sector, which accounts for 18 percent of total state employment and grew at a rate of 4.9 percent (25,900 jobs) in December 2025, compared to one year ago. Over the same period, all other sectors combined added 8,200 jobs. The largest year-over-year decreases have occurred in the federal government, educational services, information, wholesale trade, and finance and insurance. Additionally, these employment numbers are subject to revision. A full benchmark revision will be available in April 2026, which will provide a more accurate picture of employment changes over the past year.<sup>20</sup>

<sup>20</sup> The BLS releases benchmarked employment and wage data for states one month after the national data release. Typically, this happens in March, but the data will likely be delayed until April this year due to the federal shutdown.

### December 2024 to December 2025 Employment Change by Sector Year-over-Year Percent Change



Source: U.S. Bureau of Labor Statistics (BLS), and SPGMI

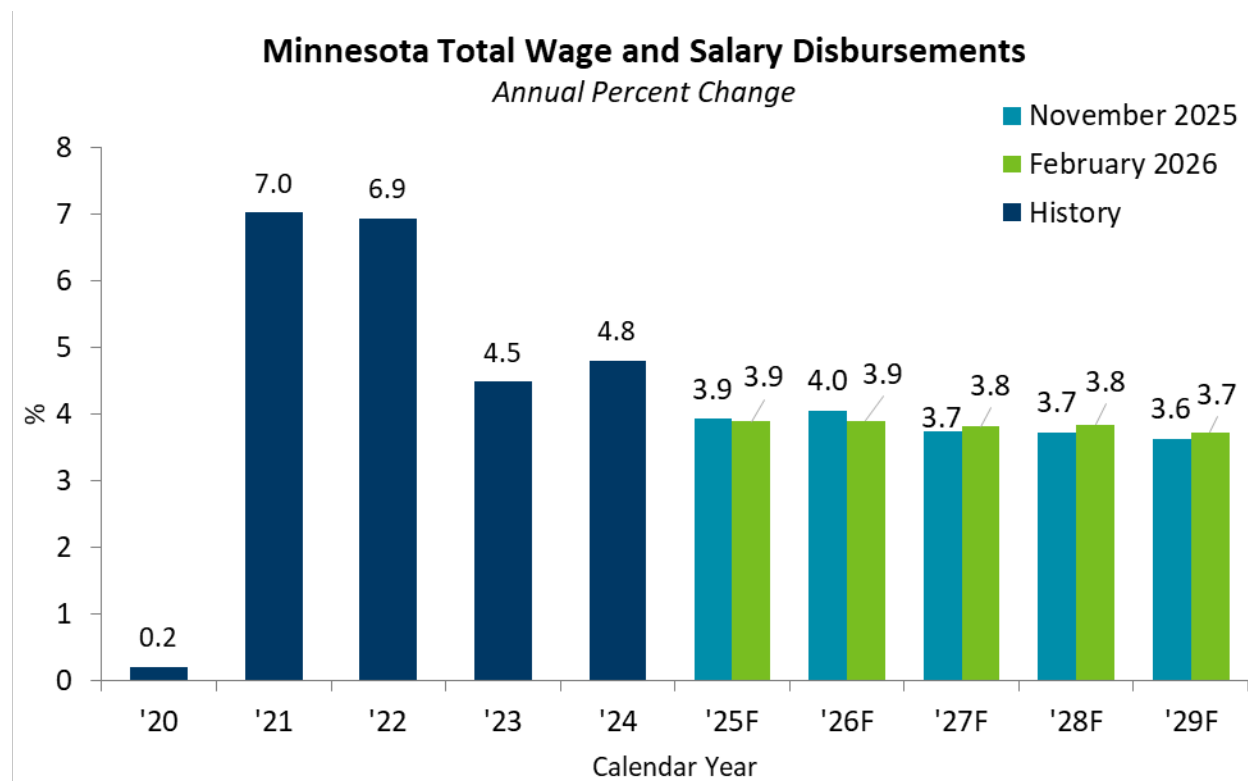
**December 2023 to December 2024 Employment Change by Sector chart:** Labor market trends vary across sectors. Employment growth remains robust in health care and social assistance, Minnesota’s largest sector, which accounts for 18 percent of total state employment and grew at a rate of 4.9 percent (25,900 jobs) in December 2025, compared to one year ago. Over the same period, all other sectors combined added 8,200 jobs.

## Wage and Salary Income

The main determinant of Minnesota’s individual income tax liability is total wage and salary income, estimated to account for 67 percent of federal adjusted gross income (FAGI) for Minnesota residents in tax year 2024. Generally, as employers compete to fill open positions in a labor market with relatively few available workers, and as businesses invest in technologies that increase worker productivity, wage and salary income per worker rise. Under these conditions, we would predict that higher FAGI will lead to higher individual income tax liability and higher state income tax revenues.

Our forecast for wage and salary income growth is little changed from our November forecast. In this forecast, we estimate that total (aggregate) wage income, the sum of all wages and salaries disbursed, will increase 3.9 percent in 2025 and 3.9 percent in 2026. The annual growth rate of disbursements is projected to slow to an average of 3.8 percent per year for 2027 through 2029.

Inflation often drives increases in nominal wages as employers adjust compensation to account for higher living costs. However, even with rising nominal wages, real wage growth can remain constrained by other labor market factors.

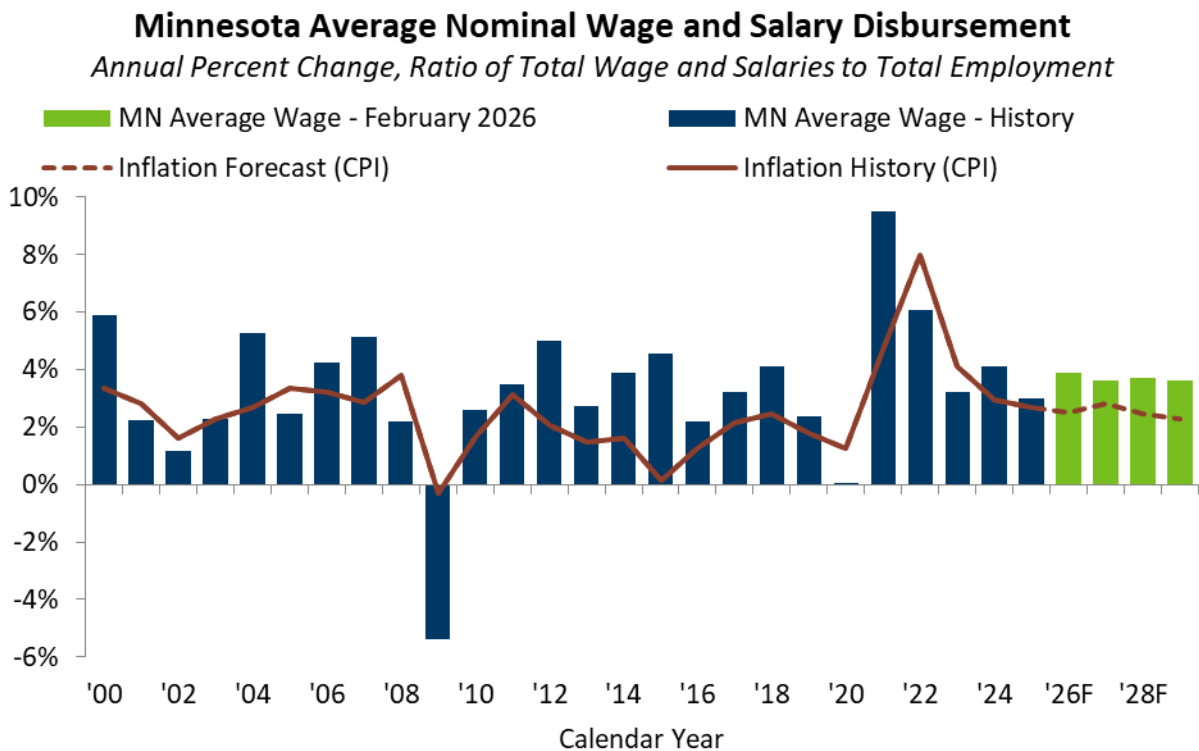


Source: U.S. Bureau of Economic Analysis (BEA), U.S. Bureau of Labor Statistics (BLS), SPGMI, and Minnesota Management and Budget (MMB)

**Minnesota Total Wage and Salary Disbursements graph:** In this forecast, we estimate that total (aggregate) wage income, the sum of all wages and salaries disbursed, will increase 3.9 percent in 2025 and 3.9 percent in 2026. The annual growth rate of disbursements is projected to slow to an average of 3.8 percent per year for 2027 through 2029.

With moderate growth in Minnesota total payroll employment in this forecast, the increase in wage and salary income per worker will be the primary driver of total nominal wage income growth through our forecast horizon. When nominal wage growth exceeds inflation, real wages rise, increasing workers' purchasing power.

From 2010-2019, average wage and salary income per worker grew at an annual average rate of 2.8 percent, exceeding the average annual inflation rate of 1.8 percent over the same period. From 2020-2024, average wage income per worker increased at an average annual rate of 4.5 percent, only slightly above the average annual inflation rate of 4.2 percent. We forecast that the growth rate in average wage and salary income per worker will average 3.6 percent per year in 2025-2029, and SPGMI forecasts that the annual inflation rate will average 2.5 percent over the period



Source: U.S. Bureau of Labor Statistics (BLS), U.S. Bureau of Economic Analysis (BEA), Minnesota Department of Employment and Economic Development (DEED), and Minnesota Management & Budget (MMB)

**Minnesota Average Wages and Salaries per Employed Worker graph:** From 2010-2019, average wage and salary income per worker grew at an annual average rate of 2.8 percent, exceeding the average annual inflation rate of 1.8 percent over the same period. From 2020-2024, average wage income per worker increased at an average annual rate of 4.5 percent, only slightly above the average annual inflation rate of 4.2 percent. We forecast that the growth rate in average wage and salary income per worker will average 3.6 percent per year in 2025-2029, and SPGMI forecasts that the annual inflation rate will average 2.5 percent over the period.

Wage and salary income has historically been the largest component of federal adjusted gross income (FAGI) reported on state tax returns. However, the share of wage and salary income in FAGI has declined over time, from an average of 73 percent from tax years 1994 to 2003 to 67 percent from tax years 2014 to 2023.<sup>21</sup> Non-wage income – which includes but is not limited to business income, capital gains, interest income, dividend income, and retirement income – comprises the remainder of income. The non-wage share of FAGI income reported on tax returns has generally increased over time, from an average of 27 percent from tax years 1994 to 2003 to 33 percent from tax years 2014 to 2023.<sup>22</sup> We expect this trend to continue.

The rising share of non-wage income has implications for forecasts of Minnesota individual income tax collections. Capital gains, interest income, and dividend income in particular, are more variable from year to year than wage and salary income. This has increased the volatility of individual income tax collections and, consequently, General Fund revenues overall.

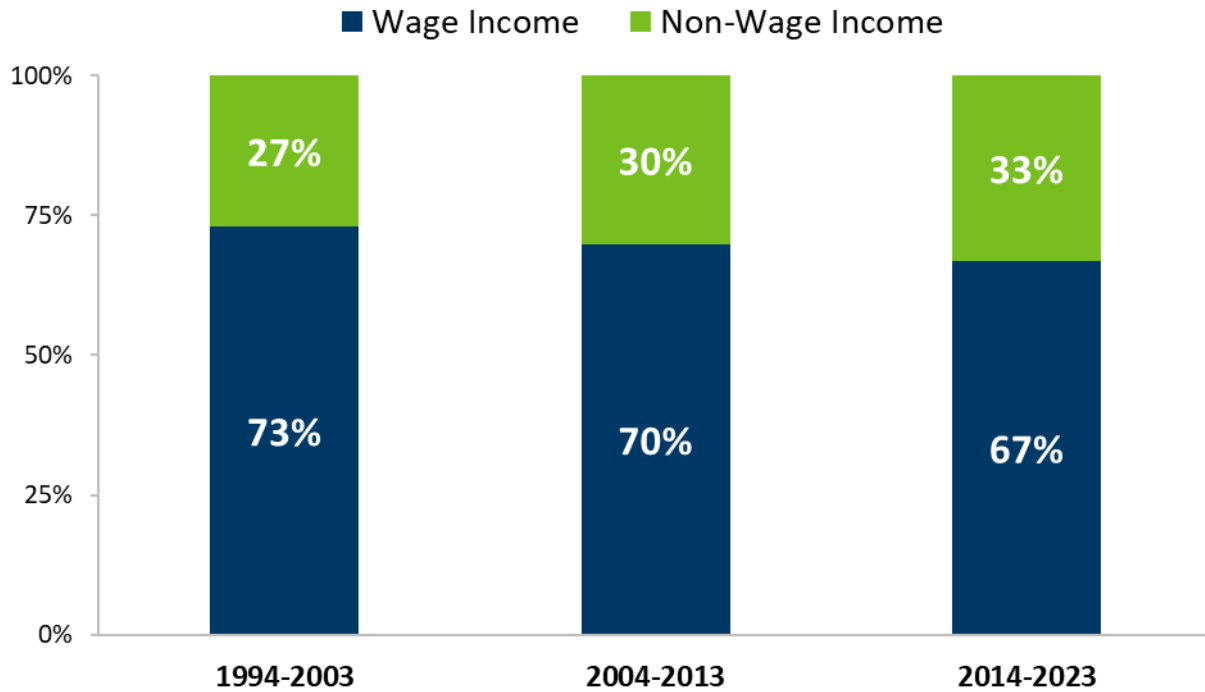
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<sup>21</sup> Internal Revenue Service. (2024). *SOI Tax Stats – Historic Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income, Tax Year 2022*. U.S. Department of the Treasury. <https://www.irs.gov/statistics/soi-tax-stats-historic-table-2>

<sup>22</sup> 2022 is the most recent year available. Data for 2023 are preliminary estimates.

### Share of Adjusted Gross Income: Wages vs. Non-Wage Income

Minnesota Ten-Year Average Ending with the Most Recent Available Tax Year (2022\*)



\*2022 is most recent data is available, 2023 numbers are preliminary estimates

Source: Internal Revenue Service, SOI Tax Stats - Table A. All Individual Income Tax Returns: Selected Income and Tax Items.

**Adjusted Gross Income: Wage vs. Non-wage Income chart:** In Minnesota, wage and salary income has been the largest component of FAGI reported on tax returns for decades, but the wage share of income has generally declined over time, from an average of 73 percent from 1994 to 2003 to 67 percent from tax years 2014 to 2023. The non-wage share of FAGI reported on tax returns has generally increased over time, from an average of 27 percent from tax years 1994 to 2003 to 33 percent from 2014 to 2023.

### Comparison of November 2025 and February 2026 Forecasts: Minnesota & U.S.

Forecasts for 2025 to 2029, Calendar Years

	2024	2025	2026	2027	2028	2029
<b>Total Non-Farm Payroll Employment (Thousands)</b>						
<b>Minnesota</b>						
February 2026	3,011	3,016	3,014	3,022	3,030	3,040
Pct. Change	0.9	0.2	-0.1	0.2	0.3	0.3
November 2025	3,010	3,009	3,009	3,015	3,025	3,036
Pct. Change	0.8	0.0	0.0	0.2	0.3	0.4
<b>U.S.</b>						
February 2026	157,960	159,401	160,031	160,774	161,163	161,733
Pct. Change	1.3	0.9	0.4	0.5	0.2	0.4
November 2025	157,960	159,437	160,225	161,018	161,348	161,923
Pct. Change	1.3	0.9	0.5	0.5	0.2	0.4
<b>Wage and Salary Disbursements (Billions of Current Dollars)</b>						
<b>Minnesota</b>						
February 2026	225.0	233.7	242.9	252.1	261.8	271.5
Pct. Change	4.8	3.9	3.9	3.8	3.8	3.7
November 2025	225.2	234.0	243.5	252.6	262.0	271.5
Pct. Change	4.9	3.9	4.0	3.7	3.7	3.6
<b>U.S.</b>						
February 2026	12,388	12,933	13,543	14,337	15,053	15,758
Pct. Change	5.6	4.4	4.7	5.9	5.0	4.7
November 2025	12,388	13,004	13,698	14,372	15,017	15,642
Pct. Change	5.6	5.0	5.3	4.9	4.5	4.2
<b>Non-Wage Personal Income (Billions of Current Dollars)</b>						
<b>Minnesota</b>						
February 2026	213.0	224.0	233.8	244.4	255.0	266.3
Pct. Change	4.7	5.2	4.4	4.5	4.3	4.5
November 2025	213.0	222.3	231.9	244.7	256.0	267.9
Pct. Change	4.7	4.4	4.3	5.5	4.6	4.7
<b>U.S.</b>						
February 2026	12,518	13,149	13,878	14,748	15,480	16,218
Pct. Change	5.6	5.0	5.5	6.3	5.0	4.8
November 2025	12,518	13,151	13,873	14,723	15,433	16,176
Pct. Change	5.6	5.1	5.5	6.1	4.8	4.8
<b>Total Personal Income (Billions of Current Dollars)</b>						
<b>Minnesota</b>						
February 2026	438.0	457.8	476.7	496.6	516.8	537.9
Pct. Change	4.8	4.5	4.1	4.2	4.1	4.1
November 2025	438.2	456.4	475.5	497.3	518.0	539.4
Pct. Change	4.8	4.2	4.2	4.6	4.2	4.1
<b>U.S.</b>						
February 2026	24,906	26,082	27,421	29,085	30,533	31,976
Pct. Change	5.6	4.7	5.1	6.1	5.0	4.7
November 2025	24,906	26,154	27,570	29,095	30,450	31,817
Pct. Change	5.6	5.0	5.4	5.5	4.7	4.5

Source: SPGMI, Minnesota Management & Budget (MMB) February 2026 Forecast

## Homebuilding Activity

Homebuilding activity in Minnesota is likely to remain suppressed because of high mortgage rates, high home prices, tariffs on Canadian building materials, and possibly labor shortages in construction trades. The average annual interest rate on a 30-year-fixed-rate mortgage (FRM) reached a low of 2.65 percent in January 2021 before rising steadily to a peak of 7.79 percent in October 2023. The average rate remained above 6.0 percent throughout 2024 and 2025 and is currently 6.01 percent, the lowest level since September 2022.<sup>23</sup> SPGMI forecasts that the average 30-year rate will fall below 6.0 percent in late 2026 and remain between 5.75 and 6.0 percent from 2027 through 2029.

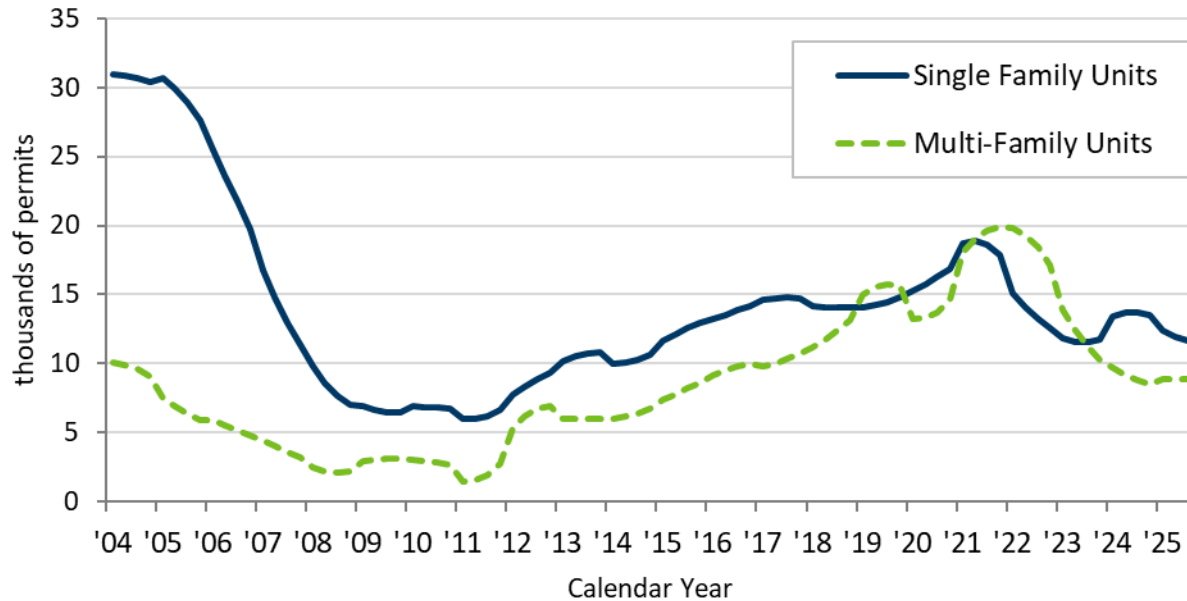
Higher mortgage rates suppress demand for new homes in two ways. First, high rates reduce affordability for buyers by raising the monthly mortgage payment, all else equal. Second, existing owners who bought or refinanced when rates were lower can feel “locked in” to their existing homes by the prospect of higher monthly payments should they purchase a new home.

Homebuilders are also experiencing higher costs from higher interest rates on construction loans, which are necessary to finance some development projects, and from tariffs on building materials, especially those from Canada. Coupled with lower demand due to high mortgage rates, fewer new units are being planned. The U.S. Census Bureau reports that 17,627 residential building permits (not seasonally adjusted) were authorized in Minnesota from January through October 2025, a 6.7 percent decline from the number of permits authorized during this period in 2024. Multi-family housing permits declined 13.0 percent, and single-family permits declined 2.8 percent. In this forecast, we expect total housing permits to average 21,700 per (full) year for 2025 through 2029, compared to the average of 29,200 permits observed from 2020 through 2024.

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<sup>23</sup> Freddie Mac, “Primary Mortgage Market Survey,” U.S. weekly mortgage rates as of February 19, 2026. <<https://www.freddiemac.com/pmms>> accessed February 21, 2026.

### Building Permits Issued in Minnesota in thousands of permits



Source: U.S. Census Bureau - Building Permits Survey (BPS)

**Building Permits Issued in Minnesota graph:** The U.S. Census Bureau reports that 17,627 residential building permits (not seasonally adjusted) were authorized in Minnesota from January through October 2025, a 6.7 percent decline from the number of permits authorized during this period in 2024. Multi-family housing permits declined 13.0 percent, and single-family permits declined 2.8 percent. In this forecast, we expect total housing permits to average 21,700 per (full) year for 2025 through 2029, compared to the average of 29,200 permits observed from 2020 through 2024.

### Housing Prices and Affordability

The past 12 months have seen modest changes in the housing market in Minnesota. The median sales price has risen slightly faster than the rate of inflation statewide, but has remained steady in the Twin Cities region, where most sales are. The state housing affordability index has risen, indicating more affordable housing due to falling interest rates and rising incomes.

Increases in home prices in Minnesota have moderated recently. For the 12 months ending January 2026, the average sales price statewide was \$353,717, which is 2.9 percent higher than the preceding 12 months. According to the Federal Housing Finance Agency (FHFA), Minnesota home prices were 3.2 percent higher in the third quarter of 2025 compared to the year prior.<sup>24</sup>

The housing affordability index, published by the Minnesota Association of Realtors, provides another measure of housing affordability for the state.<sup>25</sup> The index represents the income of the median household relative to the income necessary to purchase the median-priced home at prevailing interest rates.<sup>26</sup> For January 2026, the Minnesota housing affordability index was 102, up 6.3 percent from the previous year. The increase in affordability is due to falling interest rates and increases in median sales prices that are lower than the rate of increase in household income.

Overall, affordability may be improving because of housing supply conditions. The Minnesota Association of Realtors reports that in January 2026, the 12-month average for new listings in Minnesota was 3.5 percent higher than the previous 12 months, and available inventory remained at 2.2 months of supply.<sup>27</sup>

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<sup>24</sup> “FHFA Price Index Datasets – Quarterly Data.” U.S. Federal Housing Finance Agency, <<https://www.fhfa.gov/data/hpi/datasets?tab=quarterly-data>> Accessed February 15, 2026.

<sup>25</sup> “Local Market Update for December 2025.” *The Minnesota Association of Realtors*, January 8, 2026. <[https://higherlogicdownload.s3.amazonaws.com/MNREALTOR/488b06e6-56a7-4890-bb7a-ab79ba70337a/UploadedImages/Housing\\_Report/2026/01\\_January/MNR\\_January\\_Monthly\\_Report\\_2026\\_\\_1\\_.pdf](https://higherlogicdownload.s3.amazonaws.com/MNREALTOR/488b06e6-56a7-4890-bb7a-ab79ba70337a/UploadedImages/Housing_Report/2026/01_January/MNR_January_Monthly_Report_2026__1_.pdf)> Accessed February 20, 2026.

<sup>26</sup> For example, an index of 120 means the median household income is 120 percent of what is necessary to qualify for the median-priced home under prevailing interest rates and assuming a 20 percent down payment. A higher index indicates greater affordability.

<sup>27</sup> “Local Market Update for December 2025.” *The Minnesota Association of Realtors*, January 8, 2026. <[https://higherlogicdownload.s3.amazonaws.com/MNREALTOR/488b06e6-56a7-4890-bb7a-ab79ba70337a/UploadedImages/Housing\\_Report/2026/01\\_January/MNR\\_January\\_Monthly\\_Report\\_2026\\_\\_1\\_.pdf](https://higherlogicdownload.s3.amazonaws.com/MNREALTOR/488b06e6-56a7-4890-bb7a-ab79ba70337a/UploadedImages/Housing_Report/2026/01_January/MNR_January_Monthly_Report_2026__1_.pdf)> Accessed February 20, 2026.

**Minnesota Home Prices**  
*Purchase-Only Index*  
*Year-Over-Year % Change*



Source: U.S. Federal Housing Finance Agency (FHFA)

**Minnesota Home Prices graph:** According to the Federal Housing Finance Agency (FHFA), Minnesota home prices were 3.2 percent higher in the third quarter of 2025 compared to the year prior. On average, Minnesota sellers received 96.2 percent of the original list price at closing.

**Agriculture and Farm Income**

Agriculture in Minnesota supports the economy directly through farm production, and indirectly through spending by farms and farm families in their local communities. Farm income is an important component of individual income tax liability, and it is closely tied to the overall health of the state’s farm economy.

The U.S. Department of Agriculture's (USDA) farm income forecast expects that overall U.S. net farm income, a broad measure of profitability, will decline by \$1.2 billion (0.7 percent) in 2026 to \$153.4 billion in nominal dollars.<sup>28</sup> Total animal and animal product receipts are predicted to decrease by \$17.0 billion. Falling receipts for milk and chicken eggs are expected to drive much of the decline, while receipts for hogs and broilers are also forecast to fall relative to 2025. These declines are expected to be partially offset by higher receipts for cattle and calves.

Nationwide, crop cash receipts are forecasted to increase by 2.7 billion (1.2 percent) from 2025 levels. Corn receipts are expected to rise \$2.0 billion (3.3 percent) in 2026, primarily due to a larger quantity sold. Soybean receipts are projected to remain relatively flat in 2026. Direct government farm payments are forecast to be \$44.3 billion in 2026, a \$13.8 billion (45.2 percent) increase over 2025. Farm sector production expenses are expected to rise by only \$4.6 billion (1.0 percent) in 2026. After adjusting for inflation, production expenses are projected to decline by \$4.5 billion (0.9 percent) relative to 2025.

The health of Minnesota's farm economy, and consequently, farm income, depends on prices producers receive and input prices. Minnesota farms' major crops are corn, soybeans, hogs, cattle, and dairy.<sup>29</sup> Corn prices are expected to fall about five percent in the near term before recovering by 2028.<sup>30</sup> Soybean and soybean product prices are forecast to remain steady through the forecast horizon. Hog prices are forecast to rise as much as ten percent over the forecast horizon, while cattle prices are forecast to be between five and eight percent higher over the same period. The price received by dairy farmers is projected to decline by almost 10 percent in 2026 before prices begin to rise slowly through 2029.

Taken together, these indicators suggest that Minnesota's farm sector remains under financial pressure despite targeted policy support and modest improvements in select commodity prices. Profitability has weakened significantly since 2022, and median net farm income fell to \$21,964 in 2024, its lowest level

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<sup>28</sup> U.S. Department of Agriculture, Economic Research Service, "Farm sector income & finances: Farm sector income forecast" February 6, 2026. <<https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast> > Accessed February 12, 2026.

<sup>29</sup> Minnesota Department of Agriculture, "Minnesota Agricultural Profile," 2005. <<https://www.mda.state.mn.us/sites/default/files/docs/2026-01/MNagprofile2025.pdf>> accessed February 24, 2026.

<sup>30</sup> Commodity price forecasts are from the U.S. Department of Agriculture, Economic Research Service, "Baseline Projections" November 2025. <<https://www.usda.gov/about-usda/general-information/staff-offices/office-chief-economist/world-agricultural-outlook-board/baseline-projections>> accessed February 24, 2026.

this century.<sup>31</sup> Many farms have experienced declining working capital, limited net worth growth, and minimal profitability. While one-time relief payments and modest gains in net cash income are expected to provide temporary support in 2026, broader measures of net farm income remain subdued, and debt levels continue to rise faster than assets, increasing solvency risk.<sup>32</sup> As a result, farm income is expected to recover only gradually over the forecast horizon.

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<sup>31</sup> University of Minnesota Extension, “Minnesota Farm Incomes Decline Again in 2024” December 2025. <<https://extension.umn.edu/ag-business-management-news/minnesota-farm-incomes-decline-again-2024>> accessed February 25, 2026.

<sup>32</sup> U.S. Department of Agriculture Economic Research Service, “Assets, Debt, and Wealth,” updated February 2026. <<https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/assets-debt-and-wealth>> accessed February 25, 2026.



## BUDGET OUTLOOK

### Current Biennium

The November 2025 *Budget and Economic Forecast* projected a balance of \$2.465 billion for the current biennium. With the February 2026 *Budget and Economic Forecast*, the FY 2026-27 biennium is now projected to end with a balance of \$3.734 billion, an improvement of \$1.269 billion. The overall forecast change is largely due to a higher revenue forecast, driven by increases to the state's most volatile revenue sources, including tax revenue from capital gains, interest income and corporate profits.

#### Current Biennium: FY 2026-27 General Fund Budget Forecast Comparison

(\$ in millions)	November 2025 Forecast	February 2026 Forecast	\$ Change	% Change
<b>Beginning Balance</b>	<b>\$10,273</b>	<b>\$10,273</b>	<b>\$</b>	<b>0.0%</b>
<b>Revenues</b>				
Taxes	63,191	64,302	1,111	1.8
Non-Tax Revenues	2,612	2,703	91	3.5
Transfers, Other Resources	459	459	-	0.0
<b>Total Revenues</b>	<b>\$66,262</b>	<b>\$67,464</b>	<b>\$1,201</b>	<b>1.8%</b>
<b>Expenditures</b>				
E-12 Education	25,869	25,980	111	0.4
Property Tax Aids	4,841	4,823	(18)	(0.4)
Health & Human Services	25,808	25,646	(162)	(0.6)
Debt Service	1,165	1,164	(1)	(0.1)
All Other	12,616	12,618	3	0.0
<b>Total Expenditures</b>	<b>\$70,299</b>	<b>\$70,231</b>	<b>\$(68)</b>	<b>(0.1)%</b>
Budget Reserve	3,422	3,422	-	
Cash Flow Account	350	350	-	
<b>Budgetary Balance</b>	<b>\$2,465</b>	<b>\$3,734</b>	<b>\$1,269</b>	

## Revenues

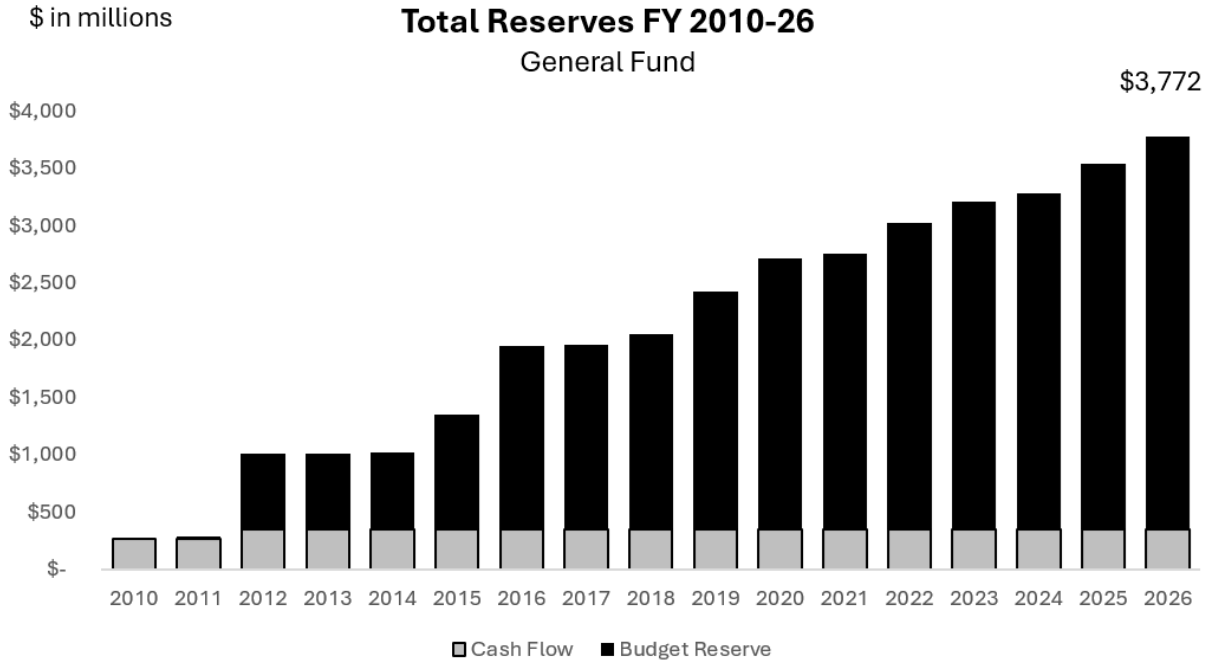
Revenue in the current biennium is now forecast to total \$67.464 billion, \$1.201 billion (1.8 percent) more than November estimates. Tax revenue is expected to be \$1.111 billion higher (1.8 percent), with the forecasts for the three largest tax types up compared to November. The forecast for individual income tax is \$665 million higher (1.9 percent), largely due to an increased capital gains and interest income forecast. A higher forecast for corporate profits results in a \$336 million (5.4 percent) increase to corporate tax revenue estimates for the biennium. The sales tax forecast is roughly on track with November, \$86 million (0.5 percent) higher than prior estimates. Non-tax revenue is up \$91 million (3.5 percent), driven by a higher forecast for investment income due to higher-than-projected actual year-to-date investment earnings and increased projected interest rates for the remainder of the biennium.

## Spending

Spending in the FY 2026-27 biennium is now estimated to be \$70.231 billion, \$68 million (0.1 percent) lower than prior estimates. E-12 education is forecast to be \$111 million (0.4 percent) higher, due largely to higher estimates for special education costs. More than offsetting the increase in E-12 education is a lower HHS forecast, projected to be \$162 million (0.6 percent) lower than November estimates. The February 2026 forecast is the first to include the impact of the new prepayment review process on billing and payments outcomes for fourteen high-risk Medicaid services. These changes reduce expenditures by \$133 million (0.7 percent) compared to the November 2025 estimate.

## Reserves

The budget reserve balance of \$3.422 billion, along with the \$350 million cash flow account balance, is unchanged from November.



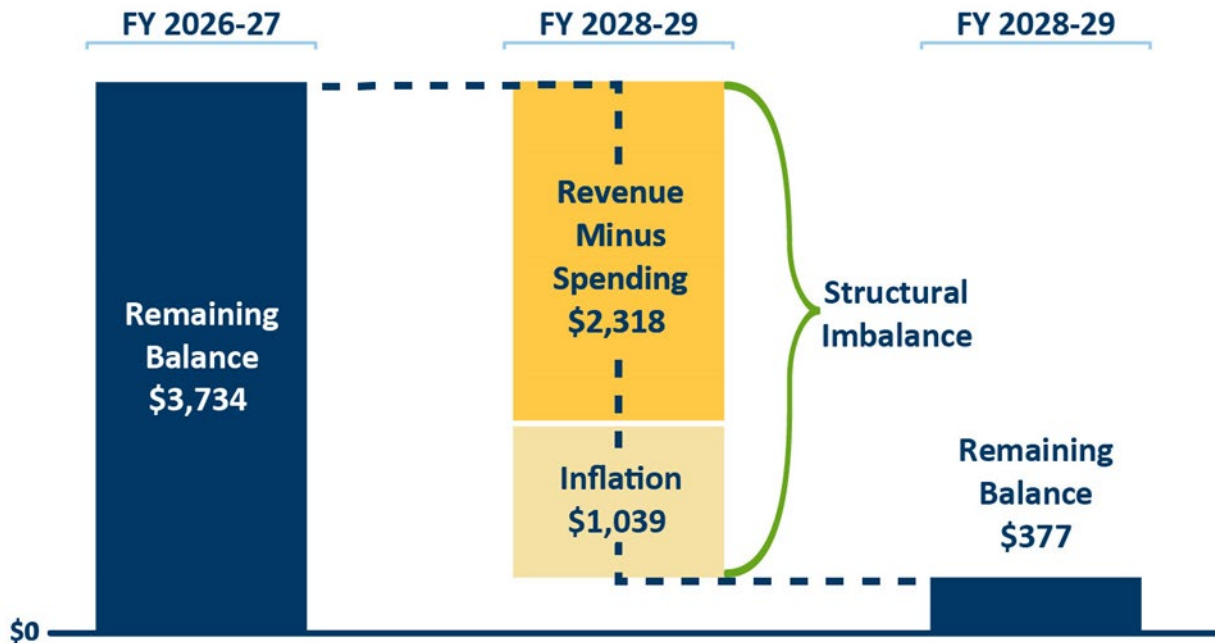
**Total Reserves FY 2020-26 graph:** In 2010, due to budgetary actions related to the fallout from the Great Recession, the budget reserve balance was \$0 and there was \$266 million in the cash flow account. Since that time, forecast improvement and statutory changes have resulted in consistent allocations to both the cash flow account and budget reserve. The current balance of the cash flow account is \$350 million, and the budget reserve is at its statutory target level of \$3.422 billion.

## Structural Imbalance

State revenue is projected to grow \$2.543 billion (1.9 percent annually) in FY 2028-29 over the current biennium, while spending, including discretionary inflation, is expected to be \$3.133 billion (2.2 percent annually) higher in the next biennium.

The difference in revenue and spending growth rates for FY 2028-29 compounds the imbalance between revenue and spending in the current biennium, where spending exceeds revenue by \$2.767 billion. When including discretionary inflation on the spending base, spending the next biennium exceeds revenue by \$3.357 billion. This structural imbalance depletes the leftover FY 2026-27 balance and results in a remaining projected balance of \$377 million in the FY 2028-29 planning estimates.

(\$ millions)



*Biennial Structural Imbalance chart: The FY 2026-27 budget is expected to end with a balance of \$3.734 billion. However, a growing structural balance, the difference between revenue and spending, is expected to result in the projected balance falling to \$377 million by the end of the FY 2028-29 planning estimates.*

## Planning Estimates

This forecast contains planning estimates for the FY 2028-29 biennium. While these estimates inherently carry a higher degree of uncertainty than estimates for FY 2026-27, they present an outlook of longer-run spending and revenue growth that will assist in budget planning in the 2026 legislative session.

Revenue projections for FY 2026-29 are based on the *SPGMI* February baseline forecast for the planning years. Expenditure projections assume that current law funding levels and policies continue unchanged, adjusted for caseload and enrollment changes authorized in law, as well as formula-driven growth. Expenditure estimates also include the impact of expected inflationary cost pressure for FY 2028-29.

Projected inflationary growth based on the Consumer Price Index is now forecast to be 2.6 percent in FY 2028 and 2.4 percent in FY 2029.

**Planning Horizon: General Fund Budget**  
By Biennium, FY2026-29, February 2026 Forecast

(\$ in millions)	FY 2026-27	FY 2028-29	Annual	
			\$ Change	% Change
<b>Forecast Revenues</b>	<b>\$67,464</b>	<b>\$70,007</b>	<b>\$2,543</b>	<b>1.9%</b>
<i>Baseline Spending</i>	68,372	72,325	3,953	2.9
<i>Discretionary inflation (FY 2028-29)</i>	n/a	1,039		
<i>Carryforward</i>	1,859	n/a		
<b>Total Projected Spending</b>	<b>\$70,231</b>	<b>\$73,364</b>	<b>\$3,133</b>	<b>2.2%</b>
<b>Structural Balance with Inflation</b>	<b>n/a</b>	<b>\$(3,357)</b>		
<i>Structural Balance excluding Inflation</i>	<i>\$(2,767)</i>	<i>\$(2,318)</i>		

Biennial spending growth is currently forecast to exceed biennial revenue growth throughout the FY 2026-29 budget planning horizon. Revenue growth is expected to average 1.9 percent annually, while spending growth is expected to average 2.2 percent annually. However, spending in the current biennium is inflated due to the effect of unspent balances in the prior biennium, reflected as fully expended in the current biennium. If the impact of that carry forward is removed along with the addition of inflation in the planning estimates, baseline spending growth is projected to be 2.9 percent annually through FY 2029.

Spending growth exceeding revenue growth results in the structural deficit growing from \$2.767 billion in FY 2026-27 to a projected \$3.357 billion in FY 2028-29.



## REVENUE OUTLOOK

### Current Biennium

Total general fund revenues for fiscal year (FY) 2026-27 are now forecast to be \$67.464 billion, \$1.201 billion (1.8 percent) more than in the prior (November 2025) forecast. Total tax revenues for the biennium are forecast to be \$64.302 billion, \$1.111 billion (1.8 percent) above the prior forecast. The forecasts for individual income tax, general sales tax, corporate franchise tax, and other tax revenues are all higher than in the November 2025 forecast. The statewide property tax forecast is now slightly lower than forecast previously.

**Current Biennium: FY 2026-27 General Fund Revenue Summary**  
November 2025 vs. February 2026 Forecast Comparisons

(\$ in millions)	November	February	\$	%
	2025	2026		
	Forecast	Forecast	Change	Change
Individual Income Tax	\$34,513	\$35,177	\$665	1.9%
General Sales Tax	15,797	15,883	87	0.5
Corporate Franchise Tax	6,272	6,608	336	5.4
State General Property Tax	1,480	1,472	(8)	-0.5
Other Tax Revenue	5,131	5,161	31	0.6
<b>Total Tax Revenues</b>	<b>\$63,191</b>	<b>\$64,302</b>	<b>\$1,111</b>	<b>1.8%</b>
Non-Tax Revenues	2,612	2,703	91	3.5
Other Resources	459	459	0	0.0
<b>Total Revenues</b>	<b>\$66,262</b>	<b>\$67,464</b>	<b>\$1,201</b>	<b>1.8%</b>

Total general fund revenues, which includes non-tax revenues and other resources<sup>33</sup>, for FY 2026-27 are now expected to exceed their FY 2024-25 levels by \$4.422 billion (7.0 percent). Total tax revenues are projected to be \$5.375 billion (9.1 percent) more than in FY 2024-25. In the current biennium, individual income tax revenues are now forecast to be \$3.649 billion (11.6 percent) more than in the FY 2024-25 biennium. All major tax types are forecast to exceed their FY 2024-25 levels.

<sup>33</sup> Some principal non-tax revenues are investment income, lottery revenue, and health care surcharges. Other resources include dedicated revenue, transfers from other funds, and prior year adjustments.

**Biennial Comparison: FY 2024-25 vs. FY 2026-27 General Fund Revenues**

February 2026 Forecast

(\$ in millions)	Actual	Forecast	\$	%
	FY 2024-25	FY 2026-27	Change	Change
Individual Income Tax	\$31,529	\$35,177	\$3,649	11.6%
General Sales Tax	14,983	15,883	901	6.0
Corporate Franchise Tax	6,363	6,608	245	3.8
State General Property Tax	1,463	1,472	8	0.6
Other Tax Revenue	4,589	5,161	573	12.5
<b>Total Tax Revenues</b>	<b>\$58,927</b>	<b>\$64,302</b>	<b>\$5,375</b>	<b>9.1%</b>
Non-Tax Revenues	3,362	2,703	(660)	-19.6
Other Resources	752	459	(293)	-38.9
<b>Total Revenues</b>	<b>\$63,042</b>	<b>\$67,464</b>	<b>\$4,422</b>	<b>7.0%</b>

This is the second forecast of revenues for the FY 2026-27 biennium since FY 2026 began on July 1, 2025. After seven months of observed collections (through January 2026), receipts for FY 2026-27 are \$19.441 billion, 28.8 percent of the total expected over the biennium. With 17 months of FY 2026-27 collections left to observe, 71.2 percent of forecast receipts are outstanding.

### Individual Income Tax

Minnesota individual income tax receipts for FY2026-27 are now forecast to be \$35.177 billion, \$665 million (1.9 percent) more than in the November forecast. Through January 2026, FY 2026 net income tax receipts are \$488 million (4.8 percent) above forecast. A lower income tax liability estimate for TY 2024, the base year for the forecast, reduces the forecast, but this effect is more than offset by higher expected liability forecasts for TY 2025 through TY 2029. The forecast for total wage and salary income in Minnesota is little changed since November and is not a main driver of the forecast change.

This forecast builds from estimated final TY 2024 M1 individual income tax liability net of the Pass-Through Entity (PTE) tax credit. Using processed M1 income tax returns, we estimate final TY 2024 income tax liability, net of the PTE credit, at \$12.673 billion, \$120 million less than in November. On its own, a lower estimate of base year tax liability reduces our forecasts of liability going forward.

To calibrate the model to the lower base year liability estimate, we assume that capital gains realizations increased 36 percent in TY 2024 compared to TY 2023, compared to an assumption of a 52 percent increase in the November forecast. This assumption is consistent with information from a preliminary sample of TY 2024 M1 tax returns.

Higher forecasts for non-wage income growth in TY 2025 through TY 2029 increase the income tax forecast. Capital gains realizations, interest income, and Individual Retirement Account (IRA) distributions are some examples of non-wage income sources that we forecast to be higher in TY 2025 through TY 2029 compared to the November forecast.

One driver of the expected increase in non-wage incomes relative to November is an upward change to SPGMI's forecast of the S&P 500 stock index. In November, SPGMI projected a 12 percent, multiyear, downward correction in the S&P 500 index, with the market peaking in late 2025 and declining through late 2028. The current forecast includes a milder 4 percent correction, with a peak in mid-2026 and recovery beginning in 2027. The improved outlook for equities is a driver of higher projected capital gains realizations and higher IRA income than we assumed in November.

Another driver of the upward revision to non-wage income growth is the recent observed growth in interest income. Using information from the preliminary sample of TY 2024 M1 tax returns, we now estimate that interest income grew 48 percent in TY 2024 compared to TY 2023, an increase from the 21 percent growth assumed in November. This higher interest income base largely carries forward in future tax years.

The estimate for TY 2025 liability is now higher in part due to higher assumed growth in capital gains realizations and interest income. (1) Capital gains realizations are assumed to grow 58.6 percent from TY 2023 to 2025, compared to the 44.6 percent growth assumed in the November forecast. This change increases TY 2025 liability by approximately \$276 million and largely carries forward into future TY's. (2) Interest income is now assumed to increase 43 percent from TY 2023 to TY2025, compared to the 5.0 percent increase assumed in November. This adds approximately \$141 million to TY 2025 liability and carries forward into future years. (3) The PTE Credit, Renter's Credit, and Child and Working Family Credit, all of which are refundable, are each expected to be lower in TY 2025 than we assumed in November. This increases TY 2025 liability by a total of \$48 million, on net. (4) Nonfarm business income is assumed to grow less from TY 2023 to TY 2025 than assumed in November, lowering TY 2025 liability by approximately \$24 million.

These factors and many others increase TY 2025 liability by \$266 million, on net, compared with the November forecast, with individual effects varying in magnitude. These changes more than offset the lower income tax liability estimate for TY 2024.

Estimated income tax payments, which are pre-payments for current tax year liability, support the higher TY 2025 liability forecast. Through January, individual estimated tax payments are \$165 million above our November forecast. This variance is consistent with higher growth in non-wage income in TY 2025 than assumed in November.

Technical adjustments and forecast changes to net partnership and S corporation collections further raise the FY 2026-27 income tax forecast.

One technical adjustment reflects the persistent gap between income tax withholding remitted by employers and withholding reported on filed M1 individual income tax returns. The gap is likely due to taxpayers whose employers remit withholding on their behalf but who file their tax returns late or not at all. Examples of such taxpayers include late filers (those filing more than 12.5 months after the end of the tax year), non-filers, deceased individuals, and those with withholding but minimal taxable income. Many of these taxpayers would likely be eligible for a refund. These amounts have been increasing significantly in recent years. Based on our estimate of withholding on processed returns, the gap for TY

2024 appears to be unusually high. As part of this forecast, we increase the forecast for this withholding by approximately \$221 million in TY 2024-25, which increases the FY 2026-27 income tax forecast by a similar amount.

The current forecast for net partnership and S corporation collections is higher than the November forecast. Through January 2026, net partnership collections are \$118 million higher than the November forecast and net S corporation collections are \$38 million higher. This positive \$156 million variance contributes to a higher forecast for net partnership and S corporation collections in both biennia. The current forecast raises net partnership and S Corporation collections by \$313 million in FY 2026-27 and \$319 million in FY 2028-29.

The \$313 million increase in the FY 2026-27 forecast for net partnership and S corporation collections, in addition to the \$331 million forecast increase in TY 2025-26 M1 income tax liability (which is largely associated with FY 2026-27 income tax revenues), comprises approximately \$644 million of the \$665 million forecast change in the current biennium.

## General Sales Tax

Minnesota net general sales tax receipts are now forecast to be \$15.883 billion, \$87 million (0.5 percent) more than in the November 2025 forecast. Net receipts for FY 2026-27 are forecast to exceed FY 2024-25 levels by \$901 million (6.0 percent) and are forecast to grow at a compound annual growth rate (CAGR) of 2.9 percent from FY 2025 to FY 2029. The increased forecast is driven by a slightly higher forecast for taxable sales in Minnesota. So far in FY 2026, net sales tax receipts exceed the November forecast by \$0.7 million (0.01 percent). Revenue estimates in this forecast are adjusted for recent sales tax law changes.

The increased forecast in the current biennium for gross sales tax receipts reflects a slightly higher forecast for the Minnesota synthetic sales tax base.<sup>34</sup> Using forecasts for spending on a wide range of taxable goods and services, we construct the Minnesota synthetic sales tax base, a proxy for the actual sales tax base. In this forecast, the synthetic base is forecast to grow 5.1 percent in FY 2026 and 3.0 percent in FY 2027, compared to 4.3 percent and 2.3 percent, respectively, in the November forecast.

The synthetic base is expected to grow at a CAGR of 3.0 percent from FY 2025 to FY 2029, 1.6 percentage points lower than the CAGR from FY 2015 to FY 2025 (4.6 percent). Multiple types of spending on taxable goods and services, a few of which are outlined in the Appendix (see *Factors Affecting Tax Revenue*), are forecast to grow more slowly in the forecast window than in the past. For example, Minnesota's proxy share of U.S. consumer durable spending (excluding autos) is now forecast to grow at a CAGR of 3.6 percent from FY 2025 to FY 2029, 2.3 percentage points lower than the CAGR

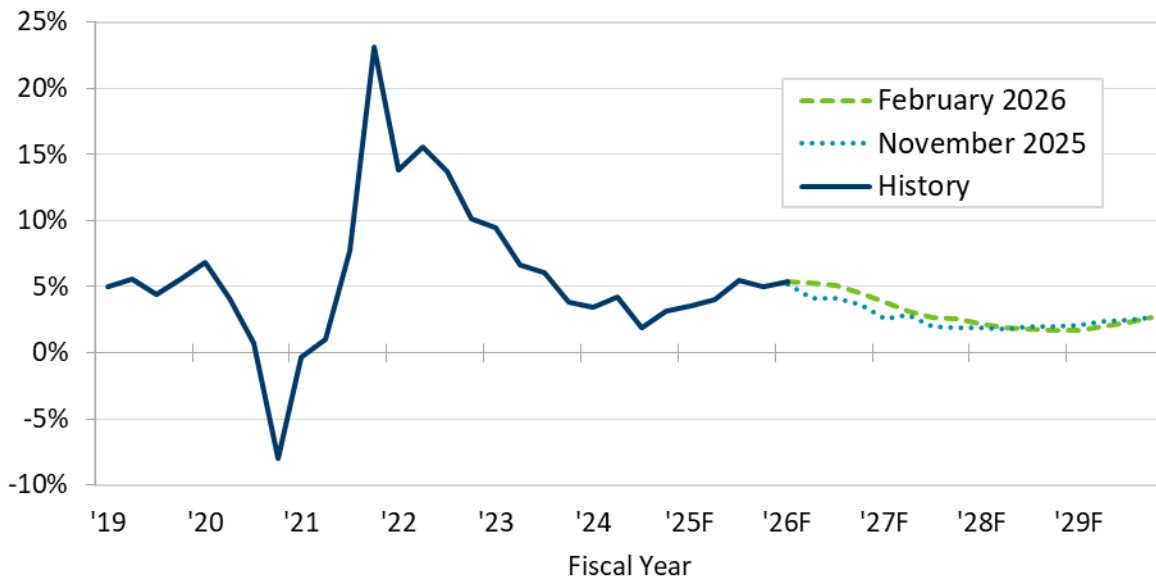
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<sup>34</sup> The synthetic sales tax base is a constructed proxy for Minnesota's sales tax base.

from FY 2015 to FY 2025 (5.9 percent). Similarly, Minnesota’s proxy share of U.S. construction spending is now forecast to grow at a CAGR of 2.5 percent from FY 2025 to FY 2029, 2.7 percentage points lower than the CAGR from FY 2015 to FY 2025 (5.2 percent).

As in the past, the forecast percentage changes in the synthetic base have been reduced by 5 percent to correct for a tendency for growth in the base to overstate observed revenue growth. For example, in our forecast, a one percent change in the synthetic tax base implies a 0.95 percent change in sales tax revenue.

**Minnesota Synthetic Sales Tax Base Forecast Comparison**  
Year-Over-Year Percent Change



Source: U.S. Bureau of Economic Analysis (BEA), Minnesota Management and Budget (MMB), and SPGMI

**Minnesota Synthetic Sales Tax Base Forecast Comparison graph:** The increased forecast in the current biennium for gross sales tax receipts reflects a slightly higher forecast for the Minnesota synthetic sales tax base. Using forecasts for spending on a wide range of taxable goods and services, we construct the Minnesota synthetic sales tax base, a proxy for the actual sales tax base. In this forecast, the synthetic base is forecast to grow 5.1 percent in FY 2026 and 3.0 percent in FY 2027, compared to 4.3 percent and 2.3 percent, respectively, in the November forecast.

### Corporate Franchise Tax

Minnesota corporate franchise tax receipts are now forecast to be \$6.608 billion, \$336 million (5.4 percent) more than in the November forecast. Corporate franchise tax revenue is now projected to grow \$245 million (3.8 percent) in FY 2026-27 over FY 2024-25. An improved outlook for U.S. corporate profits, an important driving variable in our revenue forecast model, strengthens projected corporate tax revenues. While SPGMI forecasts corporate profits growth of 9.5 percent in FY 2026, the expectation is for little to no growth from FY 2026 to FY 2029. In FY 2026 through January 2026, corporate franchise tax receipts are slightly below the November forecast by \$4.3 million (0.3 percent).

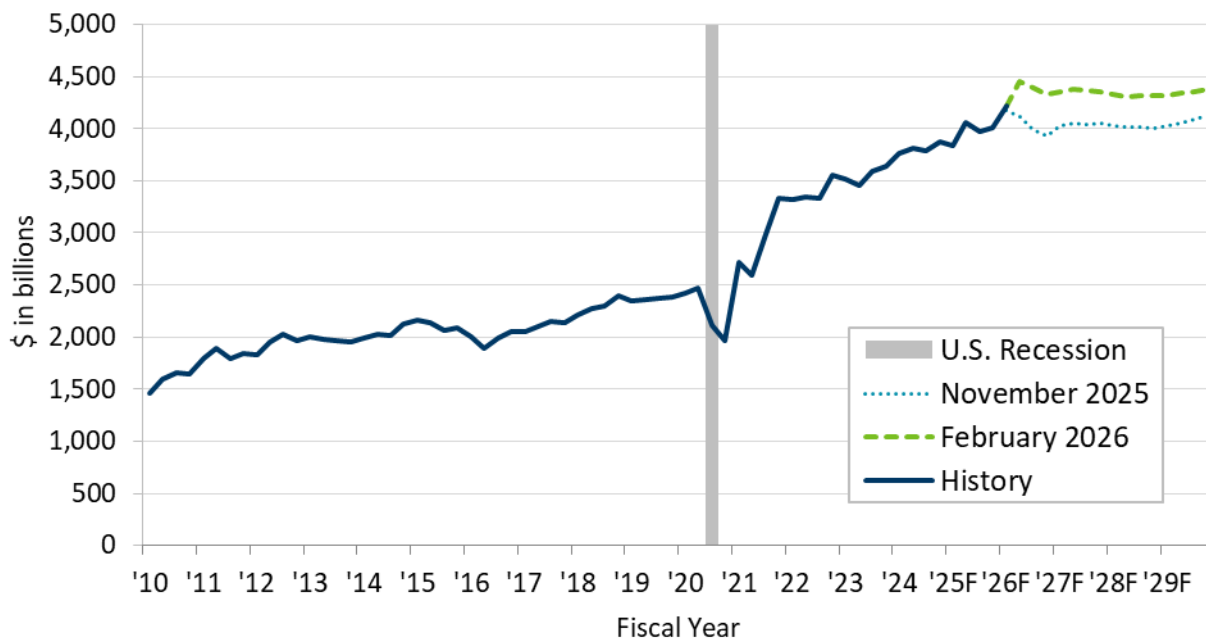
H.R. 1 restored or extended preferential provisions around research and development, expensing, and bonus depreciation, leading some corporations to anticipate lower federal tax liability in TY 2025 and reduce their federal estimated payments in response. Some corporations may have applied that change to their state estimated payments, even in states like Minnesota that do not automatically conform to the federal tax code. If this is correct, then some corporations will have underpaid their Minnesota estimated payments for TY 2025, and we can expect them to make higher final payments when they submit their Minnesota returns in 2026 Q2, the end of FY 2026. Subsequently, we have raised our forecast of FY 2026 final corporate payments and estimated payments in 2026 Q2 by \$360 million.

A higher forecast for corporate profits<sup>35</sup> raises the forecast for corporate franchise tax revenues in every year of the forecast horizon. The SPGMI estimate of before-tax U.S. corporate profits growth is 4.3 percent in FY 2025, and SPGMI projects profits will grow 9.5 percent in FY 2026, 7.4 percentage points higher than projected in the November forecast. In FY 2027, SPGMI now expects growth of 0.4 percent, 0.7 percentage points stronger than the 0.3 percent decline expected in the November forecast. Profits are now expected to decline 1.2 percent in FY 2028, 0.6 percentage points less than the 0.6 percent decline expected in the November forecast.

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<sup>35</sup> Corporate profits with inventory valuations and capital consumption adjustments.

### U.S. Corporate Profits Before Tax\* Billions of Dollars, Annual Rate



\*With Inventory Valuation and Capital Consumption Adjustments

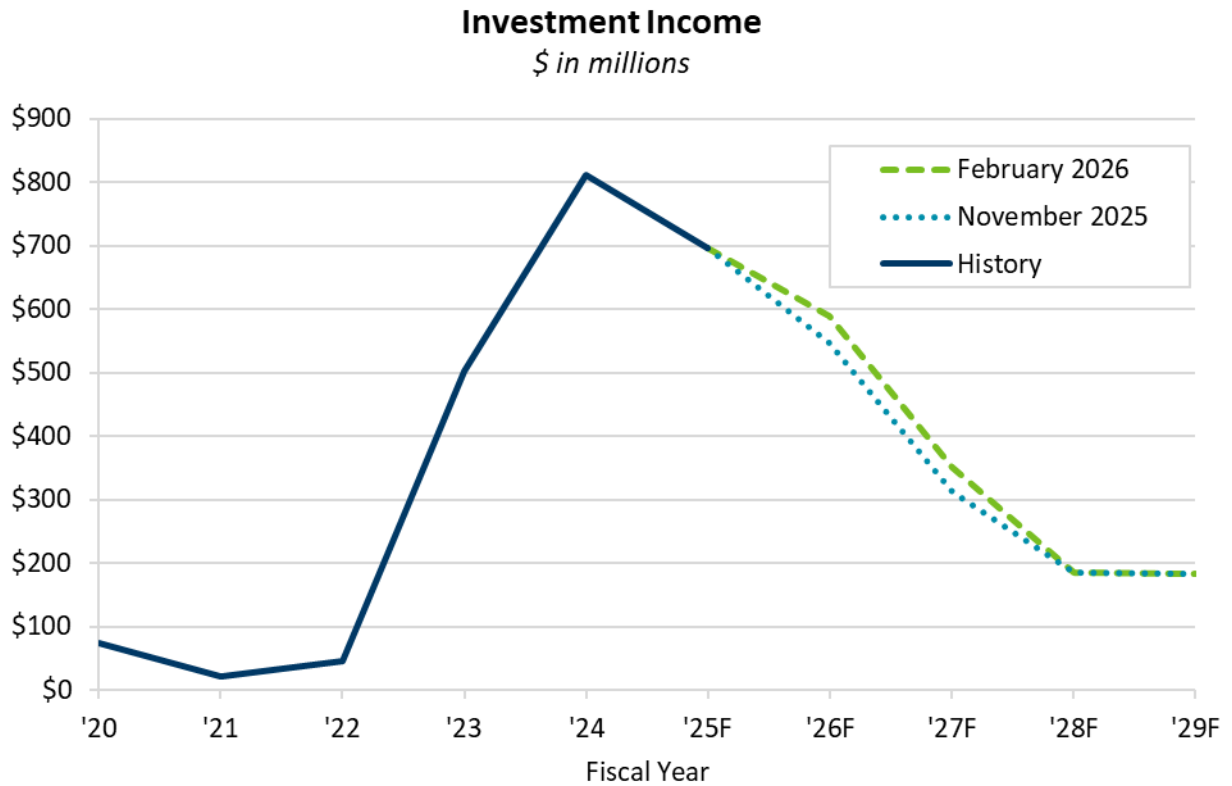
Source: U.S. Bureau of Economic Analysis (BEA), SPGMI, and Minnesota Management & Budget (MMB)

**U.S. Corporate Profits Before Tax graph:** A stronger forecast for corporate profits raises the forecast for corporate tax revenues in every year of the forecast horizon. The SPGMI estimate of before-tax U.S. corporate profits growth is 4.3 percent in FY 2025, and SPGMI projects profits will grow 9.5 percent in FY 2026, 7.4 percentage points higher than projected in the November forecast.

The corporate franchise tax is Minnesota’s most volatile source of tax revenue, making it generally difficult to forecast precisely.

### Other Tax Revenue, Non-Tax Revenue, Other Resources

Other tax revenue is now projected to increase \$573 million (12.5 percent) in FY 2026-27 over FY 2024-25. Regarding forecast change, other tax revenues are now forecast to be \$31 million (0.6 percent) higher than in the November forecast. Among other taxes, the net estate tax shows the largest dollar amount change, \$22.8 million (3.7 percent) higher than in the November forecast. Among non-tax revenues, the largest dollar amount change is in investment income, now projected to generate \$79.2 million (9.2 percent) more than in the November forecast.



Source: Minnesota Management and Budget (MMB)

**Investment Income graph:** Among non-tax revenues, the largest dollar amount change is in investment income, now projected to generate \$79.2 million (9.2 percent) more than in the November forecast.

## Planning Estimates

Total revenues for the biennium are now forecasted to be \$70.007 billion, an increase of \$2.543 billion (3.8 percent) over the current forecast for FY 2026-27 revenues. Total tax revenues for FY 2028-29 are forecasted to be \$67.731 billion, an increase of \$3.429 billion (5.3 percent) above FY 2026-27.

### Biennial Comparison: FY 2026-27 vs. FY 2028-29 General Fund Revenues

February 2026 Forecast

(\$ in millions)	Forecast	Forecast	\$	%
	FY 2026-27	FY 2028-29	Change	Change
Individual Income Tax	\$35,177	\$37,495	\$2,318	6.6%
General Sales Tax	15,883	16,570	687	4.3
Corporate Franchise Tax	6,608	6,610	2	0.0
State General Property Tax	1,472	1,483	11	0.8
Other Tax Revenue	5,161	5,573	412	8.0
<b>Total Tax Revenues</b>	<b>\$64,302</b>	<b>\$67,731</b>	<b>\$3,429</b>	<b>5.3%</b>
Non-Tax Revenues	2,703	2,147	(556)	-20.6
Other Resources	459	129	(330)	-71.9
<b>Total Revenues</b>	<b>\$67,464</b>	<b>\$70,007</b>	<b>\$2,543</b>	<b>3.8%</b>

Together, the individual income and general sales taxes account for about 87.6 percent of the projected biennial tax revenue growth. The individual income tax shows the largest increase, growing by \$2.318 billion (6.6 percent) and contributing 67.6 percent of the total tax revenue biennial change. The general sales tax is projected to exceed FY 2026-27 forecast levels by \$687 million (4.3 percent), accounting for 20.0 percent of the growth in tax revenues. The corporate franchise tax is projected to exceed FY 2026-27 forecast levels by \$2 million (0.0 percent), accounting for 0.1 percent of the growth in tax revenues. The other taxes account for the remaining \$412 million of biennial growth.

The revenue planning estimates are based on the SPGMI baseline forecast, which assumes U.S. real GDP will grow 2.0 percent in CY 2027, followed by 1.7 percent growth in CY 2028 and 1.9 percent growth in CY 2029.

The planning estimates for FY 2028-29 should be used with caution. First, the projections will be affected by any revenue changes in the supplemental budget for FY 2026-27 and the enacted budget for FY 2028-29. Second, in subsequent forecasts, changes to our forecasts of individual income tax liability for tax years 2025 through 2029, as well as changes to the base levels of other revenue types for FY 2026 through FY 2029, will change the FY 2028-29 planning estimates. Third, even small deviations from assumed growth rates for factors affecting revenues will compound and produce sizable changes in revenues. If overall economic growth diverges from the forecast, or if volatile income sources such as capital gains realizations, interest income, or corporate profits differ materially from baseline assumptions, revenues in FY 2028-29 will increase or decline accordingly. Minnesota's Council of Economic Advisers cautions that the inherent difficulty of forecasting long-range economic conditions warrants caution when using projections for FY 2028 and FY 2029. The SPGMI baseline forecast calls for modest real GDP growth of less than 2.0 percent from CY 2027-2029. This low growth leaves the

economy vulnerable to negative shocks, such as financial market volatility, geopolitical conflicts, or natural disasters, which could cause growth in the planning estimate years to underperform SPGMI's baseline projection.

Over time, the composition of Minnesota's general fund, which includes the impacts of legislative changes, has shifted. Sales tax, historically one of the more stable revenue sources, accounted for approximately 30 percent of general fund revenues in the FY 2010-11 biennium but 25 percent in FY 2024-25. Over the same period, corporate franchise tax revenues increased from approximately 6 percent to 11 percent of the general fund.

Wage and salary income has historically been the largest component of federal adjusted gross income (FAGI) reported on state tax returns. However, the share of wage and salary income in FAGI has declined over time, from an average of 73 percent from tax years 1994 to 2003 to 67 percent from tax years 2014 to 2023.<sup>36</sup> Non-wage income – which includes but is not limited to business income, capital gains, interest income, dividend income, and retirement income – comprises the remainder of income. The non-wage share of FAGI reported on tax returns has generally increased over time, from an average of 27 percent from tax years 1994 to 2003 to 33 percent from tax years 2014 to 2023.<sup>37</sup> We expect this trend to continue.

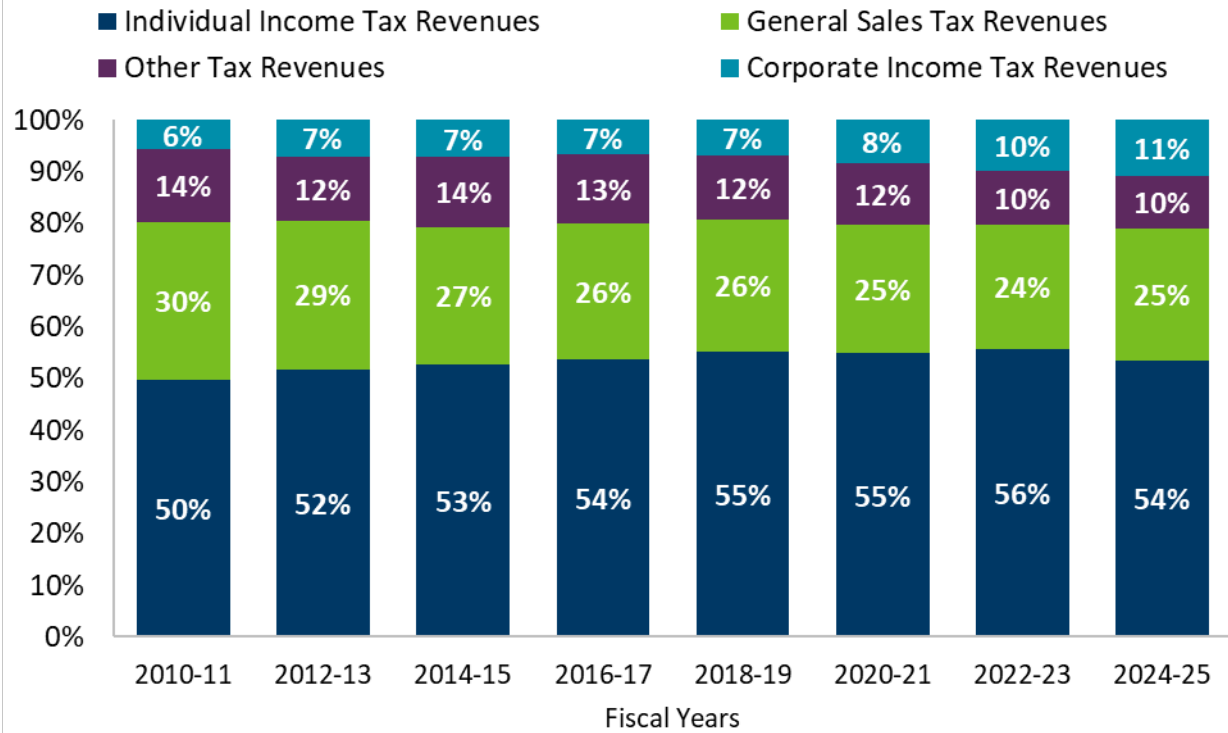
The rising share of non-wage income has implications for forecasts of Minnesota individual income tax collections. Capital gains, interest income, and dividend income, in particular, are more variable from year to year than wage and salary income. This has increased the volatility of individual income tax collections and, consequently, General Fund revenues overall.

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<sup>36</sup> Internal Revenue Service. (2024). *SOI Tax Stats – Historic Table 2: Individual Income and Tax Data, by State and Size of Adjusted Gross Income, Tax Year 2022*. U.S. Department of the Treasury. <<https://www.irs.gov/statistics/soi-tax-stats-historic-table-2>> accessed February 25, 2026.

<sup>37</sup> 2022 is the most recent available data, 2023 numbers are preliminary estimates.

### Minnesota Shares of General Fund Total Tax Revenue



Source: Minnesota Management and Budget (MMB)

**General Fund Composition Over Time Chart:** Over time, the composition of Minnesota’s general fund, which includes the impacts of legislative changes, has shifted. Sales tax, historically one of the more stable revenue sources, accounted for approximately 30 percent of general fund revenues in the FY 2010-11 biennium but 25 percent in FY 2024-25. Over the same period, corporate franchise tax revenues increased from approximately 6 percent to 11 percent of the general fund.



## EXPENDITURE OUTLOOK

### Current Biennium

Spending estimates for the FY 2026-27 biennium are down compared to the November 2025 forecast. Total state general fund expenditures are now projected to be \$70.231 billion, \$68 million (0.1 percent) lower than previously forecast. Higher spending in E-12 education is more than offset by lower spending for health and human services, property tax aids and credits, and debt service.

#### Current Biennium: FY 2026-27 General Fund Expenditures Forecast Comparison

(\$ in millions)	November 2025 Forecast	February 2026 Forecast	\$ Change	% Change
E-12 Education	\$25,869	\$25,980	\$111	0.4%
Property Tax Aids & Credits	4,841	4,823	(18)	(0.4)
Health & Human Services	25,808	25,646	(162)	(0.6)
Debt Service	1,165	1,164	(1)	(0.1)
All Other	12,616	12,618	2	(0.0)
<b>Total Expenditures</b>	<b>\$70,299</b>	<b>\$70,231</b>	<b>\$(68)</b>	<b>(0.1)%</b>

**E-12 Education.** Education finance is the largest category of state general fund spending and accounts for approximately 37 percent of total projected general fund expenditures in the FY 2026-27 biennium. E-12 consists of aid programs for general education, special education, early childhood and family education, charter schools, nonpublic pupil programs, and integration programs. E-12 aids can be divided into two major funding streams: 1) general education, the primary source of basic operating funds for schools, and 2) categorical aid, tied to specific activities or categories of funding.

E-12 expenditures are forecast to reach \$25.980 billion in FY 2026-27, \$111 million (0.4 percent) higher than the November 2025 forecast. This higher-than-expected spending is largely due to special education expenditures, which are estimated to be up \$112 million (1.9 percent) compared to the November 2025 forecast.

**General Fund Education Expenditures**  
Change From November 2025 Estimates

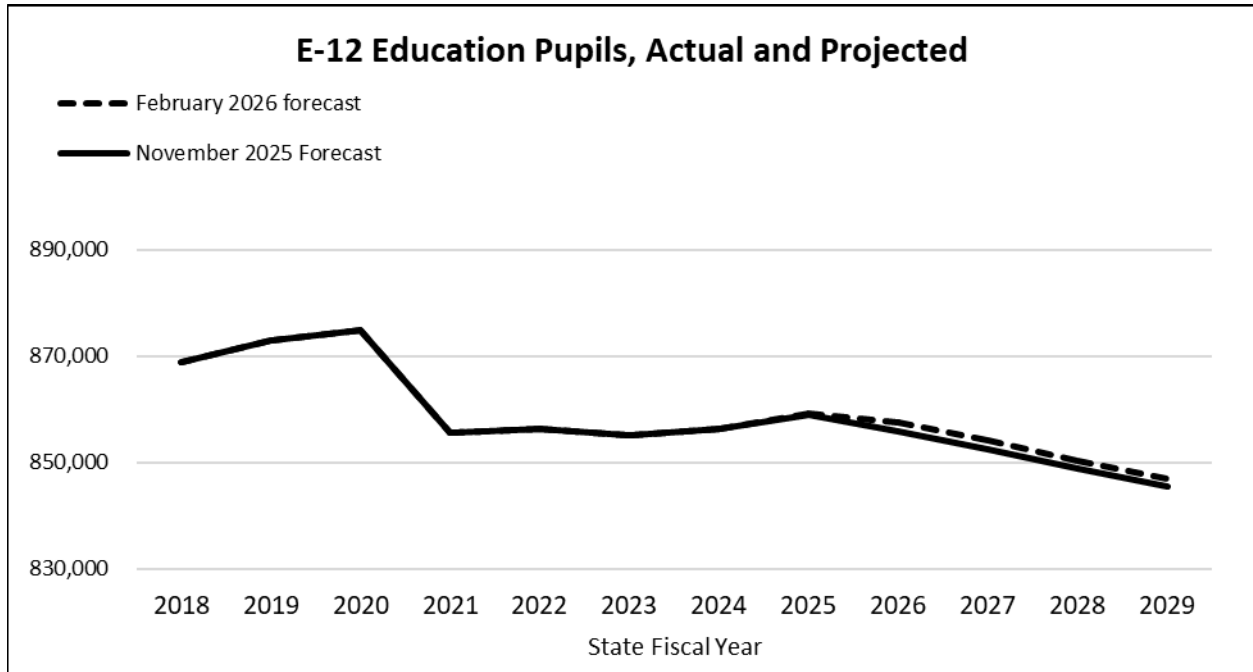
(\$ in millions)	FY 2026-27		FY 2028-29	
	\$ Change	% Change	\$ Change	% Change
Basic Formula	\$8	0.1%	\$(26)	(0.2)%
Compensatory	(3)	(0.2)	(60)	(3.3)
All Other General Education	(5)	(0.3)	(7)	(0.4)
<b>General Education Subtotal</b>	<b>(0.4)</b>	<b>(0.0)</b>	<b>(93)</b>	<b>(0.5)</b>
Special Education	112	1.9	350	5.1
Nutrition Programs	2	0.3	3	0.5
All Other E-12 Forecast Programs	(2)	(0.1)	(3.0)	(0.2)
<b>Total E-12 General Fund Forecast Change</b>	<b>\$111</b>	<b>0.4%</b>	<b>\$257</b>	<b>1.0%</b>

Special education is a reimbursement-based aid, with the state funding a portion of prior year costs. Higher FY 2025 actual special education expenditures increase both the base and projected growth rates across the forecast horizon. Higher expenditures are primarily attributable to faster growth in spending on salaries and benefits for special education staff at local education agencies, as well as an overall increase in staff providing special education services. Increases in transportation costs and participation in the Alternative Delivery of Specialized Instructional Services (ADSIS) program also contribute to expected growth in special education expenditures. School nutrition programs are also up \$2 million (0.3 percent) compared to the previous forecast due to updated actual participation data for FY 2025.

Although total general education expenditures are unchanged from previous estimates in the FY 2026-27 biennium, there are changes to individual funding streams. Within general education, an increase in forecast expenditures for the basic formula of \$8 million (0.1 percent) is driven primarily by greater-than-expected student enrollment, which also impacts other smaller aid streams. Student enrollment is measured by pupil counts, the primary factor determining E-12 education spending in Minnesota, which are projected by the Minnesota Department of Education (MDE) using near-term growth trends based on historic data and other factors. Projections are higher than November forecast estimates by 100 (0.01 percent) students in FY 2025, and pupil counts are 1,277 (0.15 percent) higher than previously forecast by FY 2029. While pupil projections are higher, student enrollment is still expected to decrease year-over-year after FY 2025. This change can be partially attributed to decreases in reported year-over-year private school enrollments between FY 2024 and FY 2025, as well as a continued increase in postsecondary enrollment options. Increased pupil projections are partially offset in all forecast years by lower Consumer Price Index (CPI) inflationary adjustments to the basic formula allowance and smaller aid streams.

Partially offsetting increases in basic formula spending within general education is lower-than-projected compensatory aid, which is \$3 million (0.2 percent) below November estimates. Compensatory revenue is calculated for each school site and is dependent on the number and percentage of students at a site that are eligible for free or reduced-price meals using federal definitions via direct certification. Compensatory spending is lower than previous estimates due to fewer projected students who qualify for free and reduced-price meals through direct certification compared to the number of enrolled

students. The reduction in expected compensatory revenue will require an adjustment to meet the statutory minimum in the forecast horizon.



**12 Education Pupils, Actual and Projected graph:** E-12 education pupil projections are lower than November 2025 estimates across the forecast horizon.

**Health and Human Services.** Health and Human Services (HHS) is approximately 37 percent of total projected state general fund spending in the FY 2026-27 biennium. Most of these expenditures (80.8 percent) are forecast programs, including Medical Assistance (MA), the Behavioral Health Fund (BHF), the Minnesota Family Investment Program (MFIP), MFIP Child Care, Alternative Care (AC), General Assistance, Housing Support, Minnesota Supplemental Aid, and Northstar Care for Children.

General fund forecast changes are generally driven by changes to the MA forecast, since it accounts for the largest portion of forecast program expenditures. MA is a state-federal, means-tested entitlement program for low-income individuals and families, persons with physical or developmental disabilities, and low-income older Minnesotans. MA costs are split between the state and federal government, though only the state share of expenditures is reflected as part of the general fund forecast.

In the FY 2026-27 biennium, anticipated HHS general fund spending is \$25.646 billion, a reduction of \$162 million (0.6 percent) from November 2025 estimates. This change is the result of decreases in MA spending, which is partially offset by higher spending in other forecast programs.

### General Fund Health and Human Services Expenditures

Change From November 2025 Estimates

(\$ in millions)	FY 2026-27		FY 2028-29	
	\$ Change	% Change	\$ Change	% Change
Prepayment Review	\$(133)	(0.7)%	\$(105)	0.5%
Basic Care Enrollment	(29)	(0.3)	(41)	(0.3)
Nursing Facility Surcharge Change	(13)	(1.0)	(34)	(2.4)
All Other MA	5	0.0	(17)	(0.1)
<b>Total MA General Fund Change</b>	<b>(170)</b>	<b>(0.9)</b>	<b>(197)</b>	<b>(0.9)</b>
Child Care Assistance Program	6	3.2	(12)	(3.8)
Minnesota Family Investment Program	(17)	(7.3)	(9)	(3.5)
All Other HHS Changes	19	0.1	19	0.1
<b>Total HHS General Fund Change</b>	<b>\$(162)</b>	<b>(0.6)%</b>	<b>\$(199)</b>	<b>(0.7)%</b>

#### Medical Assistance Program

MA accounts for \$170 million (0.9 percent) of lower expenditures from November 2025 estimates. The February 2026 forecast is the first to include the impact of the new prepayment review process on billing and payments outcomes for fourteen high-risk Medicaid services. These changes reduce expenditures by \$133 million (0.7 percent) compared to the November 2025 forecast and are explained in detail on a later page.

Lower than expected enrollment in MA basic care reduces state spending by \$29 million in the current biennium relative to the November 2025 forecast. Enrollment in adults without children and families with children was below prior estimates. These projections are based on updated enrollment information, which results in a slightly lower base.

#### Other Health and Human Services Expenditures

Forecast spending in the Child Care Assistance Program (CCAP) is \$6 million (3.2 percent) higher in the current biennium due to higher projected participation. Forecast expenditures in Minnesota Family Investment Program (MFIP) are \$17 million (7.3 percent) lower in FY 2026-27 than previously forecast. This decrease is primarily due to updated guidance from the federal government regarding the implementation of HR1 provisions affecting non-citizen eligibility for federal SNAP benefits. This forecast assumes that legal non-citizens would move to state-funded food for SNAP at the time their eligibility is recertified, rather than October 1, 2025, as assumed in previous forecasts, which reduces state spending in the near term.

#### Health and Human Services Forecast Risks

This forecast does not account for potential or threatened actions from the Centers for Medicare and Medicaid Services (CMS). This forecast does not include any impact from CMS's communicated intent to withhold \$515 million per quarter in federal matching funds in response to concerns over fraud. DHS has filed an appeal of CMS's action, and it is expected that funding will not be withheld until after the state's

appeal has occurred. There are also risks to federal funding if the state does not enact statutory changes to comply with federal requirements established in HR1, such as work requirements for some recipients required to begin January 1, 2027. Precise penalties for noncompliance are unknown; however, they could include loss of federal Medicaid funding for the populations impacted by these provisions.

In addition, this forecast also does not assume any impact related to the February 25, 2026 notice of deferral of \$259 million of MA federal match for the fourth quarter of calendar year 2025. This amount does not represent a permanent disallowance and is pending additional information submissions to the federal government.

### Impact of Medicaid Prepayment Review on Medical Assistance Forecast

In late October 2025, the Department of Human Services (DHS) announced a new process to suspend and review claims for fourteen high-risk Medicaid benefits and services before they are paid. This was intended to provide additional time to identify potentially suspicious patterns, claim anomalies, or outliers. DHS contracted with a third-party for this review and has established an ongoing prepayment review process for these services. This forecast assumes the prepayment review process is permanent.

#### Prepayment Review Impacts on Medical Assistance Forecast

Change From November 2025 Estimates

<b>\$ in millions</b>	<b>FY 2026-27</b>	<b>FY 2028-29</b>
Timing Delay	(53)	0
Cost Avoidance	(75)	(99)
Denied Claims	(5)	(6)
<b>Total</b>	<b>(133)</b>	<b>(105)</b>

The most immediate impact of the new review process is a delay in the payment of fee-for-service claims for the impacted services. The implementation of additional review results in a delay of one full two-week billing cycle, resulting in savings of \$53 million (0.3 percent) in the FY 2026-27 biennium. Because the last payment cycle of each fiscal year is carried into the next year, these savings are offset in future biennia and are only one-time.

The largest ongoing impacts of the prepayment review are changes in the billing of the fourteen high-risk services. The most significant of these impacts is providers billing less, sometimes referred to as “cost avoidance.” Through an analysis of claims data from before and during implementation of prepayment review, DHS estimates about 4 percent lower spending in the 14 services as a result of providers billing less. This cost avoidance is expected to decrease state spending by \$75 million in FY 2026-27 and \$99 million in FY 2028-29. This estimate is based on actual experience in the most recent quarter and is not an explicit measure of fraud.

The other change to billing is the denial of claims that would have otherwise been paid if not for the new prepayment review process. With this process, claims for impacted benefits are reviewed using targeted analytics. If a claim is identified for further review, DHS staff then reviews it and decides either to approve or deny the claim. Based on early data, DHS projects an increase in denials, which reduces state expenditures by \$5 million in FY 2026-27.

DHS has also observed a reduction in the total number of claims that DHS denies for each warrant. Denied claims are about one-half of the levels prior to prepayment review. This suggests providers are choosing not to submit claims that, before prepayment review, were being denied by DHS. This change does not impact the forecast.

**Property Tax Aids and Credits.** Property tax aids and credits are approximately 7 percent of total projected general fund spending in the FY 2026-27 biennium. They are paid to local governments, including cities, counties, towns, public schools, and special taxing districts. These aids and credits help offset the costs of service delivery and defray the costs of state mandates. They are designed to reduce the reliance on local property taxes by substituting state funds for revenues that would otherwise be raised locally. Direct payments to individuals, such as property tax refunds for homeowners, are also included in this category because they provide targeted property tax relief.

Spending for property tax aids and credits is forecast to be \$4.823 billion, \$18 million (0.4 percent) lower than November 2025 estimates. Property tax refunds account for nearly all of the forecast change. Homestead credit refunds are \$21 million (1.3 percent) lower, with lower actual refund counts driving the decrease.

**Debt Service and All Other.** Expenditures for debt service in the current biennium are forecast to be \$1.164 billion, a decrease of roughly \$1 million (0.1 percent) from previous estimates. The 2025 Legislature passed a law removing assumptions of future authorizations of state general obligation bonds from the State's expenditure estimates. Under current law, debt service expenditures reflected in the forecast only include the amounts owed for general obligation bonds that have been sold and that have been previously authorized by the legislature and will be sold over the coming years.

All other bill area spending is forecast to total \$12.618 billion, \$2 million (less than 0.1 percent) more than November 2025 estimates.

## Biennial Budgetary Growth

Biennial growth in state expenditures is primarily concentrated in E-12 education and health and human services programs. One-time money appropriated in the FY 2024-25 biennium contributes to a drop in all other state spending areas from FY 2024-25 to FY 2028-29.

Special education and general education contribute to year-over-year increases in education expenditures. Because special education aid is reimbursement based, districts' year-over-year increases to compensation and staff benefits drive growth in state spending. The basic formula pupil allowance increases between two and three percent annually, so even while pupils are expected to decline after FY 2025, inflationary increases in the basic allowance grow education spending.

**Budget Horizon: FY 2024-29 General Fund Spending**

Biennial Comparison; February 2026 Forecast

(\$ in millions)	FY 2024-25	FY 2026-27	FY 2028-29	Annual % Change
E-12 Education	24,565	25,980	27,425	3.1
Property Tax Aids	5,566	4,823	5,044	(2.0)
Health & Human Services	20,951	25,646	27,435	7.3
Debt Service	1,066	1,164	1,215	3.5
All Other	7,137	12,618	11,206	11.1
Estimated Inflation	-	-	1,039	n/a
<b>Total Expenditures</b>	<b>\$69,285</b>	<b>\$70,231</b>	<b>\$73,364</b>	<b>1.2%</b>

Growth in Medical Assistance (MA) is the most significant driver of biennial growth in health and human services expenditures due to the growing cost of health care services and higher enrollment in long-term care waivers.

## Planning Estimates

General fund spending in FY 2028-29 is expected to be \$73.364 billion, \$152 million (0.2 percent) higher than November 2025 estimates. This change is primarily the result of higher spending in E-12 education, due to an increase in cost estimates for special education programs. Decreased estimates for health and human services spending partially offset E-12 education spending.

**Planning Estimates: FY 2028-29 General Fund Expenditures**

Forecast Comparison

(\$ in millions)	November 2025 Forecast	February 2026 Forecast	\$ Change	% Change
E-12 Education	\$27,168	\$27,425	\$257	0.9%
Property Tax Aids & Credits	5,046	5,044	(3)	(0.1)
Health & Human Services	27,633	27,435	(199)	(0.7)
Debt Service	1,218	1,215	(3)	(0.3)
All Other	11,211	11,206	(5)	(0.0)
Inflation	935	1,039	104	11.1
<b>Total Expenditures</b>	<b>\$73,212</b>	<b>\$73,364</b>	<b>152</b>	<b>0.2%</b>

**E-12 Education.** E-12 education spending in FY 2028-29 is forecast to be \$27.425 billion, \$257 million (0.9 percent) higher than November estimates. This change is primarily caused by continued growth in special education spending, which is up \$350 million (5.1 percent) in FY 2028-29. Current biennium trends in special education expenditures, such as increased salary and transportation costs, continue in the next biennium.

Increases in special education are offset by lower general education spending, which is expected to be \$93 million (0.5 percent) lower than previous estimates in FY 2028-29. Compensatory spending, which is down \$60 million (3.3 percent) from November estimates, and lower basic aid formula estimates, drives the change in general education spending. Basic formula aid is down \$26 million (0.2 percent), primarily

due to lower formula allowance rates in all forecast years, driven by lower-than-expected growth in the consumer price index (CPI). For FY 2026 and later, the basic formula allowance is tied to an inflationary measure, with a minimum increase of 2.0 percent and a maximum of 3.0 percent. The table below illustrates the formula allowance forecast growth across fiscal years.

#### Formula Allowance (FA) Forecast Growth

CPI Calendar Year	Fiscal Year	CPI	Formula Allowance	FA Change from November	Change from Prior Year
2024	2026	2.74	7,481	-	-
2025	2027	2.69	7,683	(21)	202
2026	2028	2.72	7,892	(26)	209
2027	2029	2.59	8,097	(29)	205

**Health & Human Services.** In the FY 2028-29 biennium, anticipated health and human services spending is forecast to be \$27.435 billion, a decrease of \$199 million (0.7 percent) from the November 2025 forecast. Projected spending for Medical Assistance (MA), the largest portion of the HHS forecast, is expected to be \$197 million (0.9 percent) less than the previous forecast. This reduction is due to similar drivers of lower expected spending as the current biennium, including the continued impact of the new prepayment review process and lower than expected basic care enrollment.

Lower expected MA spending in the planning estimates is also driven by revised HR1 guidance from the Centers for Medicare and Medicaid Services (CMS). CMS clarified that the provider tax limits in HR1 extend to enacted nursing facility surcharge increases from the 2025 legislative session. This forecast now assumes the surcharge increase, and associated MA rate increase, are no longer effective in the planning estimates, resulting in a reduction of \$34 million (2.4 percent) in FY 2028-29 compared to previous forecast. This update also lowers revenues collected by this surcharge, which is accounted for elsewhere in this forecast.

Outside of MA, CCAP is estimated to cost \$12 million (3.8 percent) less than the November 2025 forecast due to continued lower projected participation. State expenditures for the MFIP are also expected to be \$9 million (3.5 percent) lower. This is driven by changes to inflation, and as a result, a decrease in expected average payments to families in the next biennium.

**Property Tax, Aids, and Credits.** Property tax aids and credits expenditures are projected to total \$5.044 billion in FY 2028-29, a decrease of \$3 million (0.1 percent) compared to November 2025 estimates. Homestead credit refunds are estimated to be \$7 million (0.4 percent) lower. This decrease is partially offset by a \$5 million (2.1 percent) increase in school building bond agricultural credits.

**Debt Service and All Other.** Debt service expenditures are forecast to be \$1.215 billion in the next biennium, which is \$3 million (0.3 percent) less than previous estimates. Bond interest rates are projected to be slightly lower than previous estimates, with higher bond premiums, and investment income is unchanged, resulting in slightly lower estimated debt service spending.

All other areas of the state budget are projected to total \$11.206 billion in the FY 2028-29 biennium, \$5 million (less than 0.1 percent) lower than the November 2025 forecast.



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## Minnesota Economic Forecast Summary

Forecast 2025 to 2029 - Calendar Years

	2025	2026	2027	2028	2029
<b>Current Dollar Income (Billions of Dollars)</b>					
Personal Income	457.758	476.700	496.565	516.765	537.885
% Chg.	4.5	4.1	4.2	4.1	4.1
Wage & Salary Disbursements	233.747	242.865	252.115	261.805	271.548
% Chg.	3.9	3.9	3.8	3.8	3.7
Non-Wage Personal Income	224.011	233.835	244.443	254.958	266.335
% Chg.	5.2	4.4	4.5	4.3	4.5
Supplements to Wages & Salaries	49.238	50.687	52.292	54.248	56.293
% Chg.	4.4	2.9	3.2	3.7	3.8
Dividends, Interest, & Rent Income	92.806	96.600	102.428	107.753	113.155
% Chg.	1.7	4.1	6.0	5.2	5.0
Farm Proprietors Income	3.478	4.184	4.688	4.958	5.168
% Chg.	96.3	20.3	12.0	5.7	4.3
Non-Farm Proprietors Income	33.366	34.331	35.362	36.363	37.653
% Chg.	2.5	2.9	3.0	2.8	3.5
Personal Current Transfer Receipts	84.430	88.047	90.600	93.870	97.737
% Chg.	8.4	4.3	2.9	3.6	4.1
Less: Contrib. for Gov. Social Ins.	37.552	38.260	39.169	40.474	41.911
% Chg.	4.2	1.9	2.4	3.3	3.5
<b>Real Income (Billions of 2012 Dollars)</b>					
Real Personal Income	360.752	366.030	372.003	378.825	386.310
% Chg.	1.9	1.5	1.6	1.8	2.0
Real Wage & Salary Disbursements	184.212	186.483	188.878	191.923	195.030
% Chg.	1.3	1.2	1.3	1.6	1.6
<b>Employment (Thousands)</b>					
Employment - Total Non-Farm Payrolls	3,016.3	3,014.3	3,021.7	3,029.9	3,039.9
% Chg.	0.2	-0.1	0.2	0.3	0.3
Construction	139.7	140.0	138.4	139.6	143.3
% Chg.	1.5	0.2	-1.1	0.9	2.6
Manufacturing	319.1	321.6	321.3	321.4	321.4
% Chg.	-0.7	0.8	-0.1	0.0	0.0
Private Service-Providing	2,115.3	2,112.3	2,120.0	2,125.2	2,130.1
% Chg.	0.0	-0.1	0.4	0.2	0.2
Government	435.8	433.9	435.5	437.1	438.7
% Chg.	1.2	-0.5	0.4	0.4	0.4
Minnesota Civilian Labor Force	3,157.1	3,157.6	3,163.5	3.2	3.2
Unemployment Rate (%)	3.6	3.8	3.6	0.0	0.0
<b>Demographic Indicators (Millions)</b>					
Total Population	5.825	5.843	5.859	5.875	5.892
% Chg.	0.5	0.3	0.3	0.3	0.3
Total Population Age 16 & Over	4.694	4.720	4.744	4.767	4.792
% Chg.	0.7	0.5	0.5	0.5	0.5
Total Population Age 65 & Over	1.091	1.117	1.140	1.161	1.179
% Chg.	2.8	2.4	2.1	1.8	1.5
Total Households	2.363	2.383	2.403	2.420	2.437
% Chg.	0.9	0.9	0.8	0.7	0.7
<b>Housing Indicators (Thousands)</b>					
Total Housing Permits (Authorized)	20.703	20.222	20.785	22.994	23.840
% Chg.	-8.5	-2.3	2.8	10.6	3.7
Single-Family	11.830	10.964	10.800	12.443	13.161
% Chg.	-13.0	-7.3	-1.5	15.2	5.8

Source: Minnesota Management & Budget (MMB) February 2026 Forecast

## U.S. Economic Forecast Summary

Forecast 2025 to 2029, Calendar Years

	2025	2026	2027	2028	2029
<b>Real National Income Accounts (Billions of 2012 Dollars)</b>					
Real Gross Domestic Product (GDP)	23,880.7	24,515.8	24,996.1	25,429.6	25,904.4
% Chg.	2.2	2.7	2.0	1.7	1.9
Real Consumption	16,522.3	16,982.0	17,333.6	17,694.9	18,105.4
% Chg.	2.7	2.8	2.1	2.1	2.3
Real Nonresidential Fixed Investment	3,665.2	3,758.2	3,843.1	3,929.2	4,042.7
% Chg.	4.2	2.5	2.3	2.2	2.9
Real Residential Investment	771.6	755.5	773.3	792.6	810.9
% Chg.	-2.4	-2.1	2.4	2.5	2.3
Real Personal Income	20,553.1	21,059.8	21,779.7	22,360.5	22,930.0
% Chg.	2.1	2.5	3.4	2.7	2.5
<b>Current Dollar National Income Accounts (Billions of Dollars)</b>					
Gross Domestic Product (GDP)	30,809.0	32,521.6	34,015.0	35,427.3	36,897.2
% Chg.	5.2	5.6	4.6	4.2	4.1
Personal Income	26,082.1	27,420.9	29,085.4	30,533.0	31,976.4
% Chg.	4.7	5.1	6.1	5.0	4.7
Wage & Salary Disbursements	12,933.1	13,542.8	14,337.2	15,053.4	15,758.3
% Chg.	4.4	4.7	5.9	5.0	4.7
Non-Wage Personal Income	13,149.0	13,878.1	14,748.2	15,479.6	16,218.1
% Chg.	5.0	5.5	6.3	5.0	4.8
<b>Price and Wage Indexes</b>					
U.S. GDP Deflator (2005=1.0)	129.017	132.649	136.077	139.311	142.431
% Chg.	2.9	2.8	2.6	2.4	2.2
U.S. Consumer Price Index (1982-84=1.0)	3.221	3.302	3.395	3.479	3.559
% Chg.	2.7	2.5	2.8	2.5	2.3
Employment Cost Index (Dec 2005=1.0)	1.716	1.787	1.870	1.955	2.040
% Chg.	3.6	4.1	4.7	4.6	4.4
<b>Employment (Thousands)</b>					
Employment - Total Non-Farm Payrolls	159.4	160.0	160.8	161.2	161.7
% Chg.	0.9	0.4	0.5	0.2	0.4
Construction	8.3	8.3	8.3	8.4	8.6
% Chg.	1.1	-0.2	0.5	1.4	1.7
Manufacturing	12.7	12.7	12.6	12.5	12.4
% Chg.	-0.7	-0.4	-0.8	-0.6	-0.7
Private Service-Providing	114.2	115.0	115.7	116.0	116.4
% Chg.	1.1	0.7	0.6	0.2	0.4
Government	23.5	23.5	23.6	23.6	23.7
% Chg.	0.7	-0.3	0.4	0.3	0.3
U.S. Civilian Labor Force	170.9	171.9	172.1	172.3	172.7
Employment - Household Survey	163.6	163.9	164.2	164.6	165.2
Unemployment Rate (%)	4.3	4.6	4.6	4.5	4.3
<b>Other Key Measures</b>					
Non-Farm Productivity (index, 2005=1.0)	1.231	1.262	1.285	1.308	1.332
% Chg.	1.7	2.5	1.8	1.8	1.8
Total Ind. Production (index, 2007=100)	101.402	101.815	101.450	101.934	102.950
% Chg.	1.3	0.4	-0.4	0.5	1.0
Billions of Hours	225.5	226.8	227.6	227.9	228.6
% Chg.	1.0	0.6	0.4	0.1	0.3
Average Weekly Hours	32.6	32.6	32.6	32.6	32.6
Manufacturing Workweek	41.0	41.1	41.0	41.0	41.0

*Source: SPGMI, Minnesota Management & Budget (MMB) February 2026 Forecast*

## Alternative Forecast Comparison

### Calendar Years

	24Q4	24Q1	24Q2	25Q3	25Q4	26Q1	2025	2026	2027	2028
<b>Real Gross Domestic Product (GDP), Percent Change, Seasonally Adjusted at Annual Rate</b>										
Blue Chip Consensus (02-26)	1.9	-0.6	3.8	4.4	**	2.0	**	2.4	2.1	**
S&P Global (02-26)	1.9	-0.6	3.8	4.4	2.5	2.2	2.2	2.7	2.0	1.7
Moody's Analytics (02-26)	1.9	-0.6	3.8	4.3	1.7	3.2	2.2	2.6	1.5	1.9
Wells Fargo (02-26)	1.8	-0.6	3.8	4.4	1.6	3.6	2.2	2.7	2.3	**
CBO Outlook (02-26)	1.9	-0.6	3.8	3.3	1.2	2.9	2.0	2.4	1.9	1.8
Philadelphia Fed (11-25)	1.9	-0.6	3.8	**	**	**	1.9	1.8	2.1	1.8
<b>Consumer Price Index (CPI), Percent Change, Seasonally Adjusted at Annual Rate (except where noted)</b>										
Blue Chip Consensus (02-26) *	3.0	3.8	1.6	3.1	**	3.0	**	2.7	2.5	**
S&P Global (02-26)	3.0	3.8	1.6	3.1	2.0	2.8	2.7	2.5	2.8	2.5
Moody's Analytics (02-26)	3.0	3.8	1.6	3.1	2.4	3.7	2.7	3.0	2.7	2.2
Wells Fargo (02-26) *	2.7	2.7	2.5	2.9	2.7	2.5	2.7	2.6	2.4	**
CBO Outlook (02-26)	3.0	3.8	1.6	3.1	3.3	2.5	2.8	2.9	2.5	2.4
Philadelphia Fed (11-25)	3.0	3.8	1.6	**	**	**	2.9	2.7	2.3	**

\* Year-over-Year Percent Change

\*\* Not Available

## SPGMI Economics Baseline Forecast Comparison

### Calendar Years

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Real Gross Domestic Product (GDP), Annual Percent Change</b>										
February 2022	-3.4	5.7	3.7	2.7	2.6	2.5				
November 2022	-2.8	5.9	1.8	-0.2	1.3	1.8	1.9	1.8		
February 2023	-2.8	5.9	2.1	0.7	1.6	2.0	1.8	1.6		
November 2023	-2.2	5.8	1.9	2.4	1.4	1.4	1.7	1.7		
February 2024	-2.2	5.8	1.9	2.5	2.4	1.6	1.7	1.8		
November 2024	-2.2	6.1	2.5	2.9	2.7	2.0	2.1	1.8		
February 2025	-2.2	6.1	2.5	2.9	2.8	2.3	2.0	1.6		
November 2025	-2.2	6.1	2.5	2.9	2.8	2.0	2.2	1.8	1.6	1.8
February 2026	-2.1	6.2	2.5	2.9	2.8	2.2	2.7	2.0	1.7	1.9
<b>Consumer Price Index (CPI), Annual Percent Change</b>										
February 2022	1.3	4.7	4.5	1.9	2.1	2.1				
November 2022	1.2	4.7	8.1	4.3	2.7	2.3	2.2	2.2		
February 2023	1.3	4.7	8.0	4.0	2.3	2.2	2.1	2.2		
November 2023	1.3	4.7	8.0	4.1	2.7	2.0	2.5	2.2		
February 2024	1.3	4.7	8.0	4.1	2.8	1.9	2.3	2.4		
November 2024	1.2	4.7	8.0	4.1	2.9	2.1	2.4	2.4		
February 2025	1.2	4.7	8.0	4.1	3.0	2.9	3.0	2.4		
November 2025	1.2	4.7	8.0	4.1	3.0	2.7	2.9	2.5	2.2	2.2
February 2026	1.2	4.7	8.0	4.1	3.0	2.7	2.5	2.8	2.5	2.3

Source: SPGMI, Minnesota Management & Budget (MMB) February 2026 Forecast

## Forecast Comparison: Minnesota & U.S.

Forecast 2025 to 2029, Calendar Years

	2025	2026	2027	2028	2029
<b>Personal Income (Billions of Current Dollars)</b>					
<b>Minnesota</b>					
February 2026	457.8	476.7	496.6	516.8	537.9
% Chg.	4.5	4.1	4.2	4.1	4.1
November 2025	456.4	475.5	497.3	518.0	539.4
% Chg.	4.2	4.2	4.6	4.2	4.1
<b>U.S.</b>					
February 2026	26,082	27,421	29,085	30,533	31,976
% Chg.	4.7	5.1	6.1	5.0	4.7
November 2025	26,154	27,570	29,095	30,450	31,817
% Chg.	5.0	5.4	5.5	4.7	4.5
<b>Wage and Salary Disbursements (Billions of Current Dollars)</b>					
<b>Minnesota</b>					
February 2026	233.7	242.9	252.1	261.8	271.5
% Chg.	3.9	3.9	3.8	3.8	3.7
November 2025	234.0	243.5	252.6	262.0	271.5
% Chg.	3.9	4.0	3.7	3.7	3.6
<b>U.S.</b>					
February 2026	12,933	13,543	14,337	15,053	15,758
% Chg.	4.4	4.7	5.9	5.0	4.7
November 2025	13,004	13,698	14,372	15,017	15,642
% Chg.	5.0	5.3	4.9	4.5	4.2
<b>Total Non-Farm Payroll Employment (Thousands)</b>					
<b>Minnesota</b>					
February 2026	3,016	3,014	3,022	3,030	3,040
% Chg.	0.2	-0.1	0.2	0.3	0.3
November 2025	3,009	3,009	3,015	3,025	3,036
% Chg.	0.0	0.0	0.2	0.3	0.4
<b>U.S.</b>					
February 2026	159,401	160,031	160,774	161,163	161,733
% Chg.	0.9	0.4	0.5	0.2	0.4
November 2025	159,437	160,225	161,018	161,348	161,923
% Chg.	0.9	0.5	0.5	0.2	0.4
<b>Average Annual Non-Farm Wage (Current Dollars)</b>					
<b>Minnesota</b>					
February 2026	77,495	80,572	83,435	86,406	89,327
% Chg.	3.7	4.0	3.6	3.6	3.4
November 2025	77,767	80,924	83,770	86,612	89,419
% Chg.	3.9	4.1	3.5	3.4	3.2
<b>U.S.</b>					
February 2026	81,135	84,626	89,176	93,405	97,434
% Chg.	3.5	4.3	5.4	4.7	4.3
November 2025	81,561	85,491	89,260	93,072	96,599
% Chg.	4.0	4.8	4.4	4.3	3.8

*Source: SPGMI, Minnesota Management & Budget (MMB) February 2026 Forecast*

## Factors Affecting Tax Revenue

Billions of Current Dollars

	2022	2023	2024	2025	2026	2027	2028	2029
<b>Individual Income Tax (Calendar Year)</b>								
<b>Minnesota Non-Farm Tax Base</b>								
February 2024	311.508	327.085	344.385	362.988	381.210	398.915		
% Chg.	7.5	5.0	5.3	5.4	5.0	4.6		
November 2024	312.177	331.771	346.145	360.125	376.865	394.643	412.583	430.360
% Chg.	6.6	6.3	4.3	4.0	4.6	4.7	4.5	4.3
February 2025	312.177	331.770	346.139	359.380	377.648	395.345	413.218	430.905
% Chg.	6.6	6.3	4.3	3.8	5.1	4.7	4.5	4.3
November 2025	311.199	333.145	349.049	360.423	375.758	393.240	409.458	426.070
% Chg.	5.8	7.1	4.8	3.3	4.3	4.7	4.1	4.1
February 2026	311.199	333.145	348.850	359.919	373.798	389.908	405.920	422.355
% Chg.	5.8	7.1	4.7	3.2	3.9	4.3	4.1	4.0
<b>Minnesota Wage and Salary Disbursements</b>								
February 2024	205.241	214.559	225.270	234.705	244.638	254.800		
% Chg.	6.8	4.5	5.0	4.2	4.2	4.2		
November 2024	205.614	214.828	224.445	233.980	243.205	252.235	262.063	272.225
% Chg.	7.0	4.5	4.5	4.2	3.9	3.7	3.9	3.9
February 2025	205.614	214.826	224.704	234.273	246.203	255.198	265.100	275.3175
% Chg.	7.0	4.5	4.6	4.3	5.1	3.7	3.9	3.9
November 2025	205.463	214.682	225.193	234.028	243.498	252.603	262.000	271.500
% Chg.	6.9	4.5	4.9	3.9	4.0	3.7	3.7	3.6
February 2026	205.463	214.682	224.994	233.747	242.865	252.115	261.805	271.548
% Chg.	6.9	4.5	4.8	3.9	3.9	3.8	3.8	3.7
<b>Minnesota Dividends, Interest, &amp; Rental Income</b>								
February 2024	78.843	83.572	88.498	95.810	102.603	108.898		
% Chg.	9.9	6.0	5.9	8.3	7.1	6.1		
November 2024	79.382	87.609	91.094	94.364	100.265	106.793	112.715	118.105
% Chg.	7.9	10.4	4.0	3.6	6.3	6.5	5.5	4.8
February 2025	79.382	87.610	91.246	94.753	100.323	107.403	114.200	120.3625
% Chg.	7.9	10.4	4.2	3.8	5.9	7.1	6.3	5.4
November 2025	78.625	88.074	91.299	93.008	98.009	104.513	110.365	116.178
% Chg.	5.2	12.0	3.7	1.9	5.4	6.6	5.6	5.3
February 2026	78.625	88.074	91.299	92.806	96.600	102.428	107.753	113.155
% Chg.	5.2	12.0	3.7	1.7	4.1	6.0	5.2	5.0
<b>Minnesota Non-Farm Proprietors' Income</b>								
February 2024	27.424	28.955	30.614	32.470	33.973	35.217		
% Chg.	6.2	5.6	5.7	6.1	4.6	3.7		
November 2024	27.181	29.334	30.609	31.779	33.395	35.614	37.808	40.031
% Chg.	0.3	7.9	4.3	3.8	5.1	6.6	6.2	5.9
February 2025	27.181	29.334	30.188	31.836	33.565	35.596	37.324	39.24125
% Chg.	0.3	7.9	2.9	5.5	5.4	6.1	4.9	5.1
November 2025	27.111	30.389	32.557	33.389	34.246	36.129	37.091	38.393
% Chg.	-0.2	12.1	7.1	2.6	2.6	5.5	2.7	3.5
February 2026	27.111	30.389	32.557	33.366	34.331	35.362	36.363	37.653
% Chg.	-0.2	12.1	7.1	2.5	2.9	3.0	2.8	3.5

*Source: SPGMI, Minnesota Management & Budget (MMB) February 2026 Forecast*

## Factors Affecting Tax Revenue (Continued)

Billions of Current Dollars

	2022	2023	2024	2025	2026	2027	2028	2029
<b>General Sales Tax (Fiscal Year)</b>								
<b>Minnesota Synthetic Sales Tax Base</b>								
February 2024	115.684	123.374	128.494	132.560	136.579	141.629		
% Chg.	13.3	6.6	4.2	3.2	3.0	3.7		
November 2024	115.932	123.748	127.293	131.324	135.229	139.685	144.742	149.776
% Chg.	13.3	6.7	2.9	3.2	3.0	3.3	3.6	3.5
February 2025	115.931	123.747	127.575	132.611	138.196	143.187	148.046	152.627
% Chg.	13.3	6.7	3.1	3.9	4.2	3.6	3.4	3.1
November 2025	115.924	123.353	127.217	132.930	138.596	141.820	144.567	148.049
% Chg.	13.2	6.4	3.1	4.5	4.3	2.3	1.9	2.4
February 2026	115.921	123.352	127.259	133.005	139.743	143.989	146.704	149.861
% Chg.	13.2	6.4	3.2	4.5	5.1	3.0	1.9	2.2
<i>* Historical data revised as a result of comprehensive GDP account revisions</i>								
<b>Minnesota's Proxy Share of U.S. Consumer Durable Spending (Excluding Autos)</b>								
February 2024	23.989	24.964	25.788	26.486	27.371	28.374		
% Chg.	10.1	4.1	3.3	2.7	3.3	3.7		
November 2024	23.538	24.184	24.804	25.435	26.346	27.530	28.811	30.205
% Chg.	8.9	2.7	2.6	2.5	3.6	4.5	4.7	4.8
February 2025	23.538	24.184	24.807	25.862	27.325	28.467	29.638	30.928
% Chg.	8.9	2.7	2.6	4.3	5.7	4.2	4.1	4.3
November 2025	23.586	24.039	24.708	25.660	26.835	27.640	28.389	29.362
% Chg.	9.1	1.9	2.8	3.9	4.6	3.0	2.7	3.4
February 2026	23.586	24.039	24.708	25.661	26.713	27.905	28.673	29.574
% Chg.	9.1	1.9	2.8	3.9	4.1	4.5	2.8	3.1
<b>Minnesota's Proxy Share of U.S. Capital Equipment Spending</b>								
February 2024	14.212	14.847	14.823	15.365	15.933	16.683		
% Chg.	8.8	4.5	-0.2	3.7	3.7	4.7		
November 2024	14.089	14.888	15.066	15.852	16.300	16.722	17.186	17.693
% Chg.	7.7	5.7	1.2	5.2	2.8	2.6	2.8	2.9
February 2025	14.089	14.888	15.070	15.861	17.245	17.988	18.432	18.802
% Chg.	7.7	5.7	1.2	5.2	8.7	4.3	2.5	2.0
November 2025	14.060	14.614	14.857	16.077	17.420	17.242	17.075	17.119
% Chg.	6.7	3.9	1.7	8.2	8.4	-1.0	-1.0	0.3
February 2026	14.060	14.614	14.857	16.075	18.452	18.566	18.180	17.918
% Chg.	6.7	3.9	1.7	8.2	14.8	0.6	-2.1	-1.4
<b>Minnesota's Proxy Share of U.S. Construction Spending</b>								
February 2024	11.267	11.344	12.384	12.663	13.159	13.664		
% Chg.	10.7	0.7	9.2	2.3	3.9	3.8		
November 2024	11.448	11.809	12.374	12.265	12.684	13.064	13.566	14.076
% Chg.	11.7	3.2	4.8	-0.9	3.4	3.0	3.8	3.8
February 2025	11.445	11.814	12.654	12.814	12.962	13.186	13.595	14.070
% Chg.	11.7	3.2	7.1	1.3	1.2	1.7	3.1	3.5
November 2025	11.439	11.934	12.832	12.859	12.718	13.094	13.598	14.181
% Chg.	11.7	4.3	7.5	0.2	-1.1	3.0	3.9	4.3
February 2026	11.433	11.931	12.832	12.870	12.882	13.135	13.536	14.185
% Chg.	11.6	4.4	7.6	0.3	0.1	2.0	3.0	4.8

*Source: SPGMI, Minnesota Management & Budget (MMB) February 2026 Forecast*

## Factors Affecting Tax Revenue (Continued)

Billions of Current Dollars

	2022	2023	2024	2025	2026	2027	2028	2029
<b>Corporate Franchise Tax (Fiscal Year)</b>								
<b>U.S. Corporate Profits (w/ IVA and capital consumption adjustment)</b>								
February 2024	3,175.5	3,259.2	3,443.2	3,412.2	3,393.9	3,442.3		
% Chg.	12.6	2.6	5.6	-0.9	-0.5	1.4		
November 2024	3,336.9	3,463.3	3,804.3	3,842.2	3,738.8	3,786.3	3,826.8	3,928.3
% Chg.	14.8	3.8	9.8	1.0	-2.7	1.3	1.1	2.7
February 2025	3,336.9	3,463.3	3,804.3	3,899.4	3,749.5	3,780.2	3,823.0	3,922.7
% Chg.	14.8	3.8	9.8	2.5	-3.8	0.8	1.1	2.6
November 2025	3,362.6	3,617.3	3,801.8	4,011.8	4,032.6	4,071.7	4,073.3	4,174.0
% Chg.	8.5	7.6	5.1	5.5	0.5	1.0	0.0	2.5
February 2026	3,362.6	3,617.3	3,801.8	4,084.7	4,398.5	4,373.1	4,358.4	4,423.6
% Chg.	8.5	7.6	5.1	7.4	7.7	-0.6	-0.3	1.5
<b>Deed &amp; Mortgage Tax (Fiscal Year)</b>								
<b>U.S. New and Existing Home Sales (Current \$ Value)</b>								
February 2024	2,391.4	1,851.9	1,799.7	2,126.0	2,368.4	2,579.1		
% Chg.	3.6	-22.6	-2.8	18.1	11.4	8.9		
November 2024	2,387.5	1,842.0	1,800.3	1,865.8	2,189.4	2,488.4	2,674.8	2,857.9
% Chg.	3.7	-22.8	-2.3	3.6	17.3	13.7	7.5	6.8
February 2025	2,387.5	1,842.0	1,800.3	1,880.9	2,177.3	2,420.4	2,538.6	2,648.8
% Chg.	3.7	-22.8	-2.3	4.5	15.8	11.2	4.9	4.3
November 2025	2,381.9	1,840.7	1,798.8	1,864.6	1,962.2	2,185.5	2,333.9	2,478.2
% Chg.	3.5	-22.7	-2.3	3.7	5.2	11.4	6.8	6.2
February 2026	2,381.9	1,840.7	1,798.8	1,864.2	1,955.9	2,188.8	2,380.8	2,546.3
% Chg.	3.5	-22.7	-2.3	3.6	4.9	11.9	8.8	7.0

*Source: SPGMI, Minnesota Management & Budget (MMB) February 2026 Forecast*

## COMPARISON OF ACTUAL AND ESTIMATED NON-RESTRICTED REVENUES

January YTD, 2026: FY 2026

(\$ IN THOUSANDS)

	FORECAST REVENUES	ACTUAL REVENUES	VARIANCE ACT-FCST
<b>Individual Income Tax</b>			
Withholding	7,753,867	7,837,857	83,990
Declarations	973,660	1,138,247	164,587
Miscellaneous	419,199	486,909	67,710
Partnership & S Corporation Gross	1,576,631	1,710,597	133,967
Gross	10,723,357	11,173,611	450,254
Partnership & S Corporation Refunds	112,265	91,160	(21,105)
Individual, Fiduciary, & Withholding Refunds	504,870	488,037	(16,833)
Total Refunds	617,135	579,197	(37,938)
Net Income Tax	10,106,222	10,594,414	488,192
<b>Corporate Franchise Tax</b>			
Declarations	1,323,445	1,367,600	44,155
Miscellaneous	180,498	139,071	(41,427)
Gross	1,503,943	1,506,672	2,728
Refund	108,113	115,091	6,979
Net	1,395,831	1,391,580	(4,251)
<b>General Sales and Use Tax</b>			
Gross	4,955,456	4,976,427	20,972
Mpls. sales tax transferred to MSFA	-	-	-
MPLS Sales Tax w/Holding for NFL Stadium	11,098	11,098	-
Sales Tax Gross	4,966,554	4,987,525	20,972
Refunds (including Indian refunds)	94,649	114,943	20,294
Net	4,871,905	4,872,582	677
<b>Other Revenues:</b>			
Net Estate	194,325	229,949	35,624
Net Liquor/Wine/Beer	59,381	58,920	(461)
Net Cigarette/Tobacco	296,928	303,217	6,290
Deed and Mortgage	160,910	172,914	12,004
Net Insurance Premiums Taxes	269,293	276,588	7,295
Net Lawful Gambling	102,001	110,590	8,589
Health Care Surcharge	136,050	125,607	(10,443)
Other Taxes	16	100	84
Statewide Property Tax	341,723	338,214	(3,508)
DHS SOS Collections	70,938	71,016	78
Investment Income	323,437	340,205	16,768
Tobacco Settlement	125,248	122,611	(2,637)
Dept. Earnings & MSOP Recov.	146,440	150,014	3,574
Fines and Surcharges	20,808	34,161	13,353
Lottery Revenues	31,500	29,188	(2,312)
Revenues yet to be allocated	14,535	14,689	154
Residual Revenues	197,858	207,052	9,194
Other Subtotal	2,491,391	2,585,034	93,644
Other Refunds	2,086	2,387	301
Other Net	2,489,305	2,582,647	93,342
<b>Total Gross</b>	19,685,245	20,252,842	567,597
<b>Total Refunds</b>	821,982	811,619	(10,364)
<b>Total Net</b>	18,863,262	19,441,223	577,961

## Current Biennium: FY 2026-27

February 2026 Forecast  
(\$ in thousands)

	Feb FY 2026	Feb FY 2027	Biennial Total FY 2026-27
<b><u>Actual &amp; Estimated Resources</u></b>			
Balance Forward From Prior Year	10,272,943	8,323,326	10,272,943
Current Resources:			
Tax Revenues	31,716,726	32,584,952	64,301,678
Non-Tax Revenues	1,514,263	1,188,670	2,702,933
Subtotal - Non-Dedicated Revenue	33,230,989	33,773,622	67,004,611
Dedicated Revenue	1,614	1,599	3,213
Transfers In	358,471	30,135	388,606
Prior Year Adjustments	34,016	33,471	67,487
Subtotal - Other Revenue	394,101	65,205	459,306
Subtotal-Current Resources	33,625,090	33,838,827	67,463,917
<b>Total Resources Available</b>	<b>43,898,033</b>	<b>42,162,153</b>	<b>77,736,860</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	12,762,325	13,217,417	25,979,742
Higher Education	2,016,624	1,999,204	4,015,828
Property Tax Aids & Credits	2,352,851	2,470,204	4,823,055
Health & Human Services	12,831,353	12,814,945	25,646,298
Public Safety & Judiciary	1,891,448	1,749,532	3,640,980
Transportation	719,705	201,486	921,191
Environment & Energy	477,854	232,970	710,824
Jobs, Commerce, Ag and Housing	750,230	393,818	1,144,048
State Government & Veterans	1,100,437	892,434	1,992,871
Debt Service	550,289	613,234	1,163,523
Capital Projects & Grants	144,590	147,074	291,664
Estimated Cancellations	-23,000	-76,000	-99,000
<b>Total Expenditures &amp; Transfers</b>	<b>35,574,707</b>	<b>34,656,318</b>	<b>70,231,024</b>
<b>Balance Before Reserves</b>	<b>8,323,326</b>	<b>7,505,836</b>	<b>7,505,836</b>
Cash Flow Account	350,000	350,000	350,000
Budget Reserve	3,421,764	3,421,764	3,421,764
<b>Budgetary Balance</b>	<b>4,551,562</b>	<b>3,734,072</b>	<b>3,734,072</b>

**Current Biennium: FY 2026-27**

February 2026 Forecast vs November 2025 Forecast  
(\$ in thousands)

	Nov FY 2026-27	Feb FY 2026-27	\$ Change
<b><u>Actual &amp; Estimated Resources</u></b>			
Balance Forward From Prior Year	10,272,943	10,272,943	0
Current Resources:			
Tax Revenues	63,191,173	64,301,678	1,110,505
Non-Tax Revenues	2,611,973	2,702,933	90,960
Subtotal - Non-Dedicated Revenue	65,803,146	67,004,611	1,201,465
Dedicated Revenue	3,213	3,213	0
Transfers In	388,606	388,606	0
Prior Year Adjustments	67,487	67,487	0
Subtotal - Other Revenue	459,306	459,306	0
Subtotal-Current Resources	66,262,452	67,463,917	1,201,465
<b>Total Resources Available</b>	<b>76,535,395</b>	<b>77,736,860</b>	<b>1,201,465</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	25,869,108	25,979,742	110,634
Higher Education	4,015,828	4,015,828	0
Property Tax Aids & Credits	4,840,970	4,823,055	-17,915
Health & Human Services	25,808,265	25,646,298	-161,967
Public Safety & Judiciary	3,640,627	3,640,980	353
Transportation	917,728	921,191	3,463
Environment & Energy	711,149	710,824	-325
Jobs, Commerce, Ag and Housing	1,144,090	1,144,048	-42
State Government & Veterans	1,993,077	1,992,871	-206
Debt Service	1,164,691	1,163,523	-1,168
Capital Projects & Grants	292,024	291,664	-360
Estimated Cancellations	-99,000	-99,000	0
<b>Total Expenditures &amp; Transfers</b>	<b>70,298,557</b>	<b>70,231,024</b>	<b>-67,533</b>
<b>Balance Before Reserves</b>	<b>6,236,838</b>	<b>7,505,836</b>	<b>1,268,998</b>
Cash Flow Account	350,000	350,000	0
Budget Reserve	3,421,764	3,421,764	0
<b>Budgetary Balance</b>	<b>2,465,074</b>	<b>3,734,072</b>	<b>1,268,998</b>

## Biennial Comparison

February 2026 Forecast  
(\$ in thousands)

	Actual FY 2024-25	Nov FY 2026-27	\$ Change
<b><u>Actual &amp; Estimated Resources</u></b>			
Balance Forward From Prior Year	16,516,196	10,272,943	-6,243,253
Current Resources:			
Tax Revenues	58,926,794	64,301,678	5,374,884
Non-Tax Revenues	3,362,438	2,702,933	-659,505
Subtotal - Non-Dedicated Revenue	62,289,232	67,004,611	4,715,379
Dedicated Revenue	3,999	3,213	-786
Transfers In	167,920	388,606	220,686
Prior Year Adjustments	580,421	67,487	-512,934
Subtotal - Other Revenue	752,340	459,306	-293,034
Subtotal-Current Resources	63,041,572	67,463,917	4,422,345
<b>Total Resources Available</b>	<b>79,557,768</b>	<b>77,736,860</b>	<b>-1,820,908</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	24,564,965	25,979,742	1,414,777
Higher Education	4,190,475	4,015,828	-174,647
Property Tax Aids & Credits	5,565,813	4,823,055	-742,758
Health & Human Services	20,951,318	25,646,298	4,694,980
Public Safety & Judiciary	3,546,575	3,640,980	94,405
Transportation	786,304	921,191	134,887
Environment & Energy	844,393	710,824	-133,569
Jobs, Commerce, Ag and Housing	3,638,348	1,144,048	-2,494,300
State Government & Veterans	2,789,840	1,992,871	-796,969
Debt Service	1,066,183	1,163,523	97,340
Capital Projects & Grants	1,340,611	291,664	-1,048,947
Estimated Cancellations	0	-99,000	-99,000
<b>Total Expenditures &amp; Transfers</b>	<b>69,284,825</b>	<b>70,231,024</b>	<b>946,199</b>
<b>Balance Before Reserves</b>	<b>10,272,943</b>	<b>7,505,836</b>	<b>-2,767,107</b>
Cash Flow Account	350,000	350,000	0
Budget Reserve	3,185,932	3,421,764	235,832
<b>Budgetary Balance</b>	<b>4,878,100</b>	<b>3,734,072</b>	<b>-1,144,028</b>

## Next Biennium: FY 2028-29

February 2026 Forecast  
(\$ in thousands)

	Feb FY 2028	Feb FY 2029	Biennial Total FY 2028-29
<b>Actual &amp; Estimated Resources</b>			
Balance Forward From Prior Year	7,505,836	6,009,104	7,505,836
Current Resources:			
Tax Revenues	33,227,279	34,503,813	67,731,092
Non-Tax Revenues	1,103,909	1,042,896	2,146,805
Subtotal - Non-Dedicated Revenue	34,331,188	35,546,709	69,877,897
Dedicated Revenue	1,599	1,599	3,198
Transfers In	30,139	30,169	60,308
Prior Year Adjustments	33,081	32,690	65,771
Subtotal - Other Revenue	64,819	64,458	129,277
Subtotal-Current Resources	34,396,007	35,611,167	70,007,174
<b>Total Resources Available</b>	<b>41,901,843</b>	<b>41,620,271</b>	<b>77,513,010</b>
<b>Actual &amp; Estimated Spending</b>			
E-12 Education	13,492,018	13,932,845	27,424,863
Higher Education	1,988,371	1,988,371	3,976,742
Property Tax Aids & Credits	2,500,155	2,543,400	5,043,555
Health & Human Services	13,302,875	14,131,658	27,434,533
Public Safety & Judiciary	1,755,155	1,750,156	3,505,311
Transportation	239,432	248,000	487,432
Environment & Energy	234,259	235,631	469,890
Jobs, Commerce, Ag and Housing	387,412	388,032	775,444
State Government & Veterans	907,626	883,234	1,790,860
Debt Service	613,073	601,879	1,214,952
Capital Projects & Grants	148,876	151,494	300,370
Estimated Cancellations	-23,000	-76,000	-99,000
<b>Total Expenditures &amp; Transfers</b>	<b>35,546,252</b>	<b>36,778,700</b>	<b>72,324,952</b>
<b>Estimated Inflation</b>	<b>346,487</b>	<b>692,483</b>	<b>1,038,970</b>
<b>Balance Before Reserves</b>	<b>6,009,104</b>	<b>4,149,087</b>	<b>4,149,087</b>
Cash Flow Account	350,000	350,000	350,000
Budget Reserve	3,421,764	3,421,764	3,421,764
<b>Budgetary Balance</b>	<b>2,237,340</b>	<b>377,323</b>	<b>377,323</b>
<b>Budgetary Balance without Inflation</b>	<b>2,583,827</b>	<b>1,416,293</b>	<b>1,416,293</b>

### Next Biennium: FY 2028-29

February 2026 Forecast vs November 2025 Forecast

(\$ in thousands)

	Nov FY 2028-29	Feb FY 2028-29	\$ Change
<b><u>Actual &amp; Estimated Resources</u></b>			
Balance Forward From Prior Year	6,236,838	7,505,836	1,268,998
Current Resources:			
Tax Revenues	65,480,300	67,731,092	2,250,792
Non-Tax Revenues	2,176,940	2,146,805	-30,135
Subtotal - Non-Dedicated Revenue	67,657,240	69,877,897	2,220,657
Dedicated Revenue	3,198	3,198	0
Transfers In	60,308	60,308	0
Prior Year Adjustments	65,771	65,771	0
Subtotal - Other Revenue	129,277	129,277	0
Subtotal-Current Resources	67,786,517	70,007,174	2,220,657
<b>Total Resources Available</b>	<b>74,023,355</b>	<b>77,513,010</b>	<b>3,489,655</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	27,167,829	27,424,863	257,034
Higher Education	3,976,742	3,976,742	0
Property Tax Aids & Credits	5,046,409	5,043,555	-2,854
Health & Human Services	27,633,326	27,434,533	-198,793
Public Safety & Judiciary	3,505,311	3,505,311	0
Transportation	487,482	487,432	-50
Environment & Energy	469,865	469,890	25
Jobs, Commerce, Ag and Housing	775,513	775,444	-69
State Government & Veterans	1,794,310	1,790,860	-3,450
Debt Service	1,218,217	1,214,952	-3,265
Capital Projects & Grants	300,788	300,370	-418
Estimated Cancellations	-99,000	-99,000	0
<b>Total Expenditures &amp; Transfers</b>	<b>72,276,792</b>	<b>72,324,952</b>	<b>48,160</b>
<b>Estimated Inflation</b>	<b>935,265</b>	<b>1,038,970</b>	<b>103,705</b>
<b>Balance Before Reserves</b>	<b>811,298</b>	<b>4,149,087</b>	<b>3,337,789</b>
Cash Flow Account	350,000	350,000	0
Budget Reserve	3,421,764	3,421,764	0
<b>Budgetary Balance</b>	<b>-2,960,466</b>	<b>377,323</b>	<b>3,337,789</b>
<b>Budgetary Balance without Inflation</b>	<b>-2,025,201</b>	<b>1,416,293</b>	<b>3,441,494</b>

## Biennial Comparison

February 2026 Forecast

(\$ in thousands)

	Feb FY 2026-27	Feb FY 2028-29	\$ Change
<b><u>Actual &amp; Estimated Resources</u></b>			
Balance Forward From Prior Year	10,272,943	7,505,836	-2,767,107
Current Resources:			
Tax Revenues	64,301,678	67,731,092	3,429,414
Non-Tax Revenues	2,702,933	2,146,805	-556,128
Subtotal - Non-Dedicated Revenue	67,004,611	69,877,897	2,873,286
Dedicated Revenue	3,213	3,198	-15
Transfers In	388,606	60,308	-328,298
Prior Year Adjustments	67,487	65,771	-1,716
Subtotal - Other Revenue	459,306	129,277	-330,029
Subtotal-Current Resources	67,463,917	70,007,174	2,543,257
<b>Total Resources Available</b>	<b>77,736,860</b>	<b>77,513,010</b>	<b>-223,850</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	25,979,742	27,424,863	1,445,121
Higher Education	4,015,828	3,976,742	-39,086
Property Tax Aids & Credits	4,823,055	5,043,555	220,500
Health & Human Services	25,646,298	27,434,533	1,788,235
Public Safety & Judiciary	3,640,980	3,505,311	-135,669
Transportation	921,191	487,432	-433,759
Environment & Energy	710,824	469,890	-240,934
Jobs, Commerce, Ag and Housing	1,144,048	775,444	-368,604
State Government & Veterans	1,992,871	1,790,860	-202,011
Debt Service	1,163,523	1,214,952	51,429
Capital Projects & Grants	291,664	300,370	8,706
Estimated Cancellations	-99,000	-99,000	0
<b>Total Expenditures &amp; Transfers</b>	<b>70,231,024</b>	<b>72,324,952</b>	<b>2,093,928</b>
<b>Estimated Inflation</b>	<b>0</b>	<b>1,038,970</b>	<b>1,038,970</b>
<b>Balance Before Reserves</b>	<b>7,505,836</b>	<b>4,149,087</b>	<b>-2,317,778</b>
Cash Flow Account	350,000	350,000	0
Budget Reserve	3,421,764	3,421,764	0
<b>Budgetary Balance</b>	<b>3,734,072</b>	<b>377,323</b>	<b>-3,356,748</b>
<b>Budgetary Balance without Inflation</b>	<b>3,734,072</b>	<b>1,416,293</b>	<b>-2,317,778</b>

## Next Biennium: FY 2028-29

February 2026 Forecast  
(\$ in thousands)

	Feb FY 2028	Feb FY 2029	Biennial Total FY 2028-29
<b><u>Actual &amp; Estimated Resources</u></b>			
Balance Forward From Prior Year	3,983,147	1,016,027	3,983,147
Current Resources:			
Tax Revenues	32,451,374	33,492,564	65,943,938
Non-Tax Revenues	924,476	907,761	1,832,237
Subtotal - Non-Dedicated Revenue	33,375,850	34,400,325	67,776,175
Dedicated Revenue	1,599	1,599	3,198
Transfers In	17,349	17,379	34,728
Prior Year Adjustments	33,900	33,672	67,572
Subtotal - Other Revenue	52,848	52,650	105,498
Subtotal-Current Resources	33,428,698	34,452,975	67,881,673
<b>Total Resources Available</b>	<b>37,411,845</b>	<b>35,469,002</b>	<b>71,864,820</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	13,485,776	13,806,718	27,292,494
Higher Education	1,985,078	1,985,078	3,970,156
Property Tax Aids & Credits	2,459,963	2,497,397	4,957,360
Health & Human Services	13,195,233	14,024,616	27,219,849
Public Safety & Judiciary	1,692,241	1,692,241	3,384,482
Transportation	249,718	259,484	509,202
Environment & Energy	231,227	232,623	463,850
Jobs, Commerce, Ag and Housing	407,673	407,954	815,627
State Government & Veterans	827,360	812,244	1,639,604
Debt Service	677,839	720,405	1,398,244
Capital Projects & Grants	147,906	150,092	297,998
Estimated Cancellations	-23,000	-64,000	-87,000
<b>Total Expenditures &amp; Transfers</b>	<b>35,337,014</b>	<b>36,524,852</b>	<b>71,861,866</b>
<b>Estimated Inflation</b>	<b>1,058,804</b>	<b>1,411,757</b>	<b>2,470,561</b>
<b>Balance Before Reserves</b>	<b>1,016,027</b>	<b>-2,467,607</b>	<b>-2,467,607</b>
Cash Flow Account	350,000	350,000	350,000
Budget Reserve	3,177,370	3,177,370	3,177,370
<b>Budgetary Balance</b>	<b>-2,511,343</b>	<b>-5,994,977</b>	<b>-5,994,977</b>
<b>Budgetary Balance without Inflation</b>	<b>-307,234</b>	<b>-2,379,111</b>	<b>-2,379,111</b>

## Next Biennium: FY 2028-29

February 2026 Forecast vs November 2025 Forecast  
(\$ in thousands)

	Nov FY 2028-29	Feb FY 2028-29	\$ Change
<b><u>Actual &amp; Estimated Resources</u></b>			
Balance Forward From Prior Year	4,143,340	3,983,147	-160,193
Current Resources:			
Tax Revenues	65,746,731	65,943,938	197,207
Non-Tax Revenues	1,759,577	1,832,237	72,660
Subtotal - Non-Dedicated Revenue	67,506,308	67,776,175	269,867
Dedicated Revenue	3,188	3,198	10
Transfers In	34,726	34,728	2
Prior Year Adjustments	67,572	67,572	0
Subtotal - Other Revenue	105,486	105,498	12
Subtotal-Current Resources	67,611,794	67,881,673	269,879
<b>Total Resources Available</b>	<b>71,755,134</b>	<b>71,864,820</b>	<b>109,686</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	26,953,322	27,292,494	339,172
Higher Education	3,970,156	3,970,156	0
Property Tax Aids & Credits	4,946,173	4,957,360	11,187
Health & Human Services	26,860,665	27,219,849	359,184
Public Safety & Judiciary	3,384,482	3,384,482	0
Transportation	520,682	509,202	-11,480
Environment & Energy	445,418	463,850	18,432
Jobs, Commerce, Ag and Housing	808,534	815,627	7,093
State Government & Veterans	1,637,609	1,639,604	1,995
Debt Service	1,402,888	1,398,244	-4,644
Capital Projects & Grants	297,614	297,998	384
Estimated Cancellations	-87,000	-87,000	0
<b>Total Expenditures &amp; Transfers</b>	<b>71,140,543</b>	<b>71,861,866</b>	<b>721,323</b>
<b>Estimated Inflation</b>	<b>2,230,559</b>	<b>2,470,561</b>	<b>240,002</b>
<b>Balance Before Reserves</b>	<b>-1,615,968</b>	<b>-2,467,607</b>	<b>-851,639</b>
Cash Flow Account	350,000	350,000	0
Budget Reserve	3,177,370	3,177,370	0
<b>Budgetary Balance</b>	<b>-5,143,338</b>	<b>-5,994,977</b>	<b>-851,639</b>
<b>Budgetary Balance without Inflation</b>	<b>-1,986,382</b>	<b>-2,379,111</b>	<b>-392,729</b>

## Biennial Comparison

February 2026 Forecast  
(\$ in thousands)

	Feb FY 2026-27	Feb FY 2028-29	\$ Change
<b><u>Actual &amp; Estimated Resources</u></b>			
Balance Forward From Prior Year	10,272,943	7,505,836	-2,767,107
Current Resources:			
Tax Revenues	64,301,678	67,731,092	3,429,414
Non-Tax Revenues	2,702,933	2,146,805	-556,128
Subtotal - Non-Dedicated Revenue	67,004,611	69,877,897	2,873,286
Dedicated Revenue	3,213	3,198	-15
Transfers In	388,606	60,308	-328,298
Prior Year Adjustments	67,487	65,771	-1,716
Subtotal - Other Revenue	459,306	129,277	-330,029
Subtotal-Current Resources	67,463,917	70,007,174	2,543,257
<b>Total Resources Available</b>	<b>77,736,860</b>	<b>77,513,010</b>	<b>-223,850</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	25,979,742	27,424,863	1,445,121
Higher Education	4,015,828	3,976,742	-39,086
Property Tax Aids & Credits	4,823,055	5,043,555	220,500
Health & Human Services	25,646,298	27,434,533	1,788,235
Public Safety & Judiciary	3,640,980	3,505,311	-135,669
Transportation	921,191	487,432	-433,759
Environment & Energy	710,824	469,890	-240,934
Jobs, Commerce, Ag and Housing	1,144,048	775,444	-368,604
State Government & Veterans	1,992,871	1,790,860	-202,011
Debt Service	1,163,523	1,214,952	51,429
Capital Projects & Grants	291,664	300,370	8,706
Estimated Cancellations	-99,000	-99,000	0
<b>Total Expenditures &amp; Transfers</b>	<b>70,231,024</b>	<b>72,324,952</b>	<b>2,093,928</b>
<b>Estimated Inflation</b>	<b>0</b>	<b>1,038,970</b>	<b>1,038,970</b>
<b>Balance Before Reserves</b>	<b>7,505,836</b>	<b>4,149,087</b>	<b>-2,317,778</b>
Cash Flow Account	350,000	350,000	0
Budget Reserve	3,421,764	3,421,764	0
<b>Budgetary Balance</b>	<b>3,734,072</b>	<b>377,323</b>	<b>-3,356,748</b>
<b>Budgetary Balance without Inflation</b>	<b>3,734,072</b>	<b>1,416,293</b>	<b>-2,317,778</b>

## FY 2026-29 Planning Horizon

February 2026 Forecast

(\$ in thousands)

	Feb FY 2026-27	Feb FY 2028-29
<b><u>Actual &amp; Estimated Resources</u></b>		
Balance Forward From Prior Year	10,272,943	7,505,836
Current Resources:		
Tax Revenues	64,301,678	67,731,092
Non-Tax Revenues	2,702,933	2,146,805
Subtotal - Non-Dedicated Revenue	67,004,611	69,877,897
Dedicated Revenue	3,213	3,198
Transfers In	388,606	60,308
Prior Year Adjustments	67,487	65,771
Subtotal - Other Revenue	459,306	129,277
Subtotal-Current Resources	67,463,917	70,007,174
<b>Total Resources Available</b>	<b>77,736,860</b>	<b>77,513,010</b>
<b><u>Actual &amp; Estimated Spending</u></b>		
E-12 Education	25,979,742	27,424,863
Higher Education	4,015,828	3,976,742
Property Tax Aids & Credits	4,823,055	5,043,555
Health & Human Services	25,646,298	27,434,533
Public Safety & Judiciary	3,640,980	3,505,311
Transportation	921,191	487,432
Environment & Energy	710,824	469,890
Jobs, Commerce, Ag and Housing	1,144,048	775,444
State Government & Veterans	1,992,871	1,790,860
Debt Service	1,163,523	1,214,952
Capital Projects & Grants	291,664	300,370
Estimated Cancellations	-99,000	-99,000
<b>Total Expenditures &amp; Transfers</b>	<b>70,231,024</b>	<b>72,324,952</b>
<b>Estimated Inflation</b>	<b>0</b>	<b>1,038,970</b>
<b>Balance Before Reserves</b>	<b>7,505,836</b>	<b>4,149,087</b>
Cash Flow Account	350,000	350,000
Budget Reserve	3,421,764	3,421,764
Appropriations Carried Forward	0	0
<b>Budgetary Balance</b>	<b>3,734,072</b>	<b>377,323</b>
<b>Budgetary Balance without Inflation</b>	<b>3,734,072</b>	<b>1,416,293</b>

## Historical and Projected Revenue Growth

February 2026 Forecast - General Fund

(\$ in millions)

	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Feb FY 2026	Feb FY 2027	Feb FY 2028	Feb FY 2029
<b>Individual Income Tax</b>	\$16,873	\$15,778	\$14,873	\$16,656	\$17,351	\$17,827	\$18,259	\$19,237
\$ change	2,640	(1,095)	(905)	1,783	695	476	432	978
% change	<b>18.6%</b>	<b>-6.5%</b>	<b>-5.7%</b>	<b>12.0%</b>	<b>4.2%</b>	<b>2.7%</b>	<b>2.4%</b>	<b>5.4%</b>
<b>Sales Tax</b>	\$6,644	\$7,446	\$7,546	\$7,436	\$7,809	\$8,074	\$8,213	\$8,357
\$ change	474	802	100	(110)	373	266	139	144
% change	<b>7.7%</b>	<b>12.1%</b>	<b>1.3%</b>	<b>-1.5%</b>	<b>5.0%</b>	<b>3.4%</b>	<b>1.7%</b>	<b>1.7%</b>
<b>Corporate Tax</b>	\$2,823	\$2,929	\$3,171	\$3,192	\$3,302	\$3,306	\$3,283	\$3,326
\$ change	564	106	242	21	110	3	(22)	43
% change	<b>25.0%</b>	<b>3.8%</b>	<b>8.3%</b>	<b>0.7%</b>	<b>3.5%</b>	<b>0.1%</b>	<b>-0.7%</b>	<b>1.3%</b>
<b>Statewide Property Tax</b>	\$774	\$765	\$718	\$745	\$731	\$740	\$741	\$742
\$ change	(29)	(9)	(47)	27	(14)	9	1	1
% change	<b>-3.6%</b>	<b>-1.2%</b>	<b>-6.2%</b>	<b>3.8%</b>	<b>-1.9%</b>	<b>1.2%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>Other Tax Revenue</b>	\$2,277	\$2,221	\$2,253	\$2,336	\$2,524	\$2,638	\$2,731	\$2,842
\$ change	80	(56)	32	83	188	114	93	111
% change	<b>3.6%</b>	<b>-2.5%</b>	<b>1.4%</b>	<b>3.7%</b>	<b>8.0%</b>	<b>4.5%</b>	<b>3.5%</b>	<b>4.1%</b>
<b>Total Tax Revenue</b>	\$29,390	\$29,139	\$28,562	\$30,365	\$31,717	\$32,585	\$33,227	\$34,504
\$ change	3,730	(251)	(577)	1,803	1,352	868	642	1,277
% change	<b>14.5%</b>	<b>-0.9%</b>	<b>-2.0%</b>	<b>6.3%</b>	<b>4.5%</b>	<b>2.7%</b>	<b>2.0%</b>	<b>3.8%</b>
<b>Non-Tax Revenues</b>	\$927	\$1,346	\$1,747	\$1,616	\$1,514	\$1,189	\$1,104	\$1,043
\$ change	5	419	401	(131)	(102)	(326)	(85)	(61)
% change	<b>0.5%</b>	<b>45.3%</b>	<b>29.8%</b>	<b>-7.5%</b>	<b>-6.3%</b>	<b>-21.5%</b>	<b>-7.1%</b>	<b>-5.5%</b>
<b>Transfers, All Other</b>	\$313	\$162	\$264	\$489	\$394	\$65	\$65	64
\$ change	(434)	(151)	102	225	(95)	(329)	(0)	(0)
% change	<b>-58.1%</b>	<b>-48.2%</b>	<b>62.7%</b>	<b>85.4%</b>	<b>-19.4%</b>	<b>-83.5%</b>	<b>-0.6%</b>	<b>-0.6%</b>
<b>Total Revenue</b>	\$30,629	\$30,647	\$30,572	\$32,470	\$33,625	\$33,839	\$34,396	\$35,611
\$ change	3,301	18	(75)	1,898	1,155	214	557	1,215
% change	<b>12.1%</b>	<b>0.1%</b>	<b>-0.2%</b>	<b>6.2%</b>	<b>3.6%</b>	<b>0.6%</b>	<b>1.6%</b>	<b>3.5%</b>

## Historical and Projected Spending Growth

February 2026 Forecast - General Fund

(\$ in millions)

	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Feb FY 2026	Feb FY 2027	Feb FY 2028	Feb FY 2029
<b>E-12 Education</b>	\$9,779	\$10,204	\$11,969	\$12,596	\$12,762	\$13,217	\$13,492	\$13,933
\$ change	43	425	1,765	627	167	455	275	441
% change	<b>0.4%</b>	<b>4.3%</b>	<b>17.3%</b>	<b>5.2%</b>	<b>1.3%</b>	<b>3.6%</b>	<b>2.1%</b>	<b>3.3%</b>
<b>Higher Education</b>	\$1,750	\$1,768	\$2,062	\$2,128	\$2,017	\$1,999	\$1,988	\$1,988
\$ change	36	18	294	66	(112)	(17)	(11)	-
% change	<b>2.1%</b>	<b>1.0%</b>	<b>16.6%</b>	<b>3.2%</b>	<b>-5.2%</b>	<b>-0.9%</b>	<b>-0.5%</b>	<b>0.0%</b>
<b>Prop. Tax Aids &amp; Credits</b>	\$2,053	\$2,569	\$2,820	\$2,746	\$2,353	\$2,470	\$2,500	\$2,543
\$ change	27	516	251	(75)	(393)	117	30	43
% change	<b>1.3%</b>	<b>25.1%</b>	<b>9.8%</b>	<b>-2.6%</b>	<b>-14.3%</b>	<b>5.0%</b>	<b>1.2%</b>	<b>1.7%</b>
<b>Health &amp; Human Services</b>	\$6,923	\$8,215	\$9,934	\$11,017	\$12,831	\$12,815	\$13,303	\$14,132
\$ change	312	1,292	1,719	1,083	1,814	(16)	488	829
% change	<b>4.7%</b>	<b>18.7%</b>	<b>20.9%</b>	<b>10.9%</b>	<b>16.5%</b>	<b>-0.1%</b>	<b>3.8%</b>	<b>6.2%</b>
<b>Public Safety &amp; Judiciary</b>	\$1,292	\$1,430	\$1,681	\$1,866	\$1,891	\$1,750	\$1,755	\$1,750
\$ change	(21)	138	251	185	25	(142)	6	(5)
% change	<b>-1.6%</b>	<b>10.6%</b>	<b>17.5%</b>	<b>11.0%</b>	<b>1.4%</b>	<b>-7.5%</b>	<b>0.3%</b>	<b>-0.3%</b>
<b>Debt Service</b>	\$592	\$548	\$508	\$559	\$550	\$613	\$613	\$602
\$ change	77	(44)	(40)	51	(8)	63	(0)	(11)
% change	<b>14.9%</b>	<b>-7.5%</b>	<b>-7.4%</b>	<b>10.1%</b>	<b>-1.5%</b>	<b>11.4%</b>	<b>0.0%</b>	<b>-1.8%</b>
<b>All Other</b>	\$2,116	\$2,509	\$6,308	\$3,092	\$3,170	\$1,792	\$1,895	\$1,830
\$ change	569	393	3,799	(3,216)	79	(1,378)	103	(64)
% change	<b>36.8%</b>	<b>18.6%</b>	<b>151.4%</b>	<b>-51.0%</b>	<b>2.5%</b>	<b>-43.5%</b>	<b>5.7%</b>	<b>-3.4%</b>
<b>Total Spending</b>	\$24,505	\$27,243	\$35,282	\$34,002	\$35,575	\$34,656	\$35,54	\$36,779
\$ change	1,042	2,738	8,039	(1,280)	1,572	(918)	890	1,232
% change	<b>4.4%</b>	<b>11.2%</b>	<b>29.5%</b>	<b>-3.6%</b>	<b>4.6%</b>	<b>-2.6%</b>	<b>2.6%</b>	<b>3.5%</b>