



## State Budget Forecast Projects a Deficit

The state's November Budget and Economic Forecast, released this morning, projects a \$188 million deficit for Fiscal Years 2018-19 and \$586 million deficit for Fiscal Years 2020-21. Information on the forecast was presented by State MN Management and Budget (MMB) Commissioner Myron Frans, State Economist Laura Kalambokidis and State Budget Director Margaret Kelly.

Commissioner Frans referenced the February 2017 forecast that projected a \$1.65 positive balance for FY 2018-19. Changes in economic projections as well as enacted 2017 budget and tax bills create a new starting point for the budget forecast. He noted that legislative changes resulted in the state's general fund being reduced by \$657 million. Mr. Frans noted that the forecast, which is based on current law, does not include the vetoed legislative appropriation that has been the subject of a lawsuit, and that if the appropriation were included, the deficit would total \$302 million. He indicated that the Legislature needs to pass the appropriation, and that the Governor has said he will sign it into law.

Ms. Kalambokidis discussed the economic outlook for Minnesota and nation, noting that the economic expansion is expected to persist but at a slower pace. The economic cycle is in its ninth year of expansion. State officials noted that the unemployment rate for Minnesota is at 3.3%, lower than the U.S. unemployment rate.

Officials noted that all tax receipts are lower than anticipated, with a \$461 million reduction in projected income tax collections, and that E-12 education spending is up by \$121 million in this forecast, largely due to increases in special education costs. Property tax aids and credits are increased by \$7 million, driven by slower than projected income growth, as well as growth in property taxes.

Commissioner Frans and legislators responding to the forecast noted strong fundamentals of the Minnesota economy and struck a note of caution about reading too much into this specific forecast. Policymakers stressed that the February 2018 forecast will be created based on additional economic data and that any fiscal changes should wait until the information from the next forecast is known. The next budget and economic forecast will be released in late February 2018.

The budget documents can be accessed [HERE](#).

## Metro Regional Meeting and Metro Cities Policy Adoption

Metro Cities and the League of MN Cities hosted the 2017 metro regional meeting last week at the Plymouth Crowne Plaza, and Metro Cities conducted its policy adoption meeting at that event. The meeting was attended by over 150 city officials. Attendees heard from new Metropolitan Council Chair Alene Tchurmunoff and Vikings Government Affairs Director Lester Bagley in addition to LMC staff.

Questions for Chair Tchurmunoff centered on transit and affordable housing, and criteria for Livable Communities grants. Mr. Bagley outlined planning for the Super Bowl, discussing opportunities as well as challenges for the region in hosting the Super Bowl. He noted that this will

be a 10-day event with many activities. He noted that the economic activity expected to be generated for Minnesota is estimated at more than \$400 million.

The 2018 legislative policies for Metro Cities are now adopted and online. Thank you to Mary Hamann Roland, Susan Arntz, Brad Martens and Jenni Faulkner for their work in chairing Metro Cities' policy committees this year. Thanks to the many city officials who attended the regional meeting and policy adoption meeting and made the event a successful one. Your participation is appreciated! The 2018 legislative policies are linked [HERE](#).

### **Metropolitan Council Considers Requirements for Local Fair Housing Policies**

The Metropolitan Council is looking at requirements for local government to advance fair housing in the metro region. The Council issued an RFP earlier this year for the preparation of a fair housing resource document for use by local governments. The new report, *Beyond a Fair Housing Policy: Best Practices to Help Government Further the Commitment to Equitable, Dignified Homes for All*, was recently completed and submitted to the Metropolitan Council by the Housing Justice Center.

Part One defines local legal fair housing obligations and describes potential liabilities under the Fair Housing Act, Civil Rights Act and the Americans with Disabilities Act (ADA). Part Two provides a list of recommendations and legal obligations as well as suggested items to include in a local fair housing policy. The report includes best practice suggestions as well as examples and case studies on how fair housing issues may arise, whether by residents or development that effects existing or future housing. Part Three is a draft fair housing policy cities may use as a model if they create a fair housing policy.

Housing Justice Center staff presented their plan for creating the report at a Metro Cities policy committee meeting this summer and the committee provided feedback. Cities also provided feedback while the report was being created.

The Metropolitan Council has [scheduled a webinar](#) on **Thursday, December 14** at noon on *Implementing A Local Fair Housing Policy*. The Council's Housing Policy Plan currently calls for local governments to adopt fair housing policies to be eligible to receive Livable Communities Act (LCA) grants to support housing development, and the Council requires development projects that include a housing component to have a Fair Housing Marketing Plan. The timeline of any new fair housing policy requirements have not been issued, but may be considered for 2018 LCA grant cycles.

Metro Cities will continue to monitor the Met Council's policy decisions regarding fair housing, including the Council's statutory authorities, and its requirements for Livable Communities participation. Please contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **Metropolitan Council Committee Approves Transit Funding Agreements**

The Metropolitan Council Transportation Committee approved Master Operations Funding and Capital agreements with Anoka, Hennepin, and Ramsey counties this week. Funds will be used for costs associated with transitway capital and operating, and replace previous operating grant agreements between the Metropolitan Council and former Counties Transit Improvement Board (CTIB). Pending Council approval, final agreements will be in effect from January 1<sup>st</sup>, 2018 to December 31<sup>st</sup>, 2022. To view business items related to these agreements, click [here](#) and [here](#).

If you have any questions please contact Steve Huser at 651-215-4003, or by email at [steven@metrocitiesmn.org](mailto:steven@metrocitiesmn.org).

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