



November Forecast E-12 Items

House Education Finance Committee

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November Forecast Significantly Improved; COVID-19 Impacts Remain

- Current year projected deficit eliminated; \$641 million surplus now projected.
- This forecast adds back about half of the current biennium revenue taken out in the May projection.
- Improved budget outlook continues into the next biennium, but a \$1.3 billion shortfall remains for FY 2022-23.
- Pandemic economic downturn has affected all Minnesotans, but unemployment has disproportionately impacted lower-wage workers.
- December special session increased general fund expenditures by \$242.3 million in FY20-21 and \$5.2 million in FY22-23

Current Biennium Significantly Improved

(\$ in millions)	FY 2020-21		Forecast Change
	End of October Special Session	FY 2020-21 Nov. Forecast	
Beginning Balance	\$3,971	\$3,971	\$ -
Revenues	45,189	47,100	1,912
Spending	48,680	47,623	(1,058)
Budget Reserve	2,377	2,377	-
Cash Flow Account	350	350	-
Stadium Reserve	66	81	15
Budgetary Balance	\$(2,314)	\$641	\$2,955

Upcoming Biennium and Long-Term Budget Outlook

(\$ in millions)	FY 2022-23	FY 2024-25	Biennial Growth	Annualized % Growth
Forecast Revenues	\$49,494	\$53,085	\$3,591	3.6%
Projected Spending	51,110	53,637	2,527	2.4%
Structural Balance	\$(1,616)	\$(552)		
<i>Estimated Inflation</i>	<i>\$1,303</i>	<i>\$2,915</i>		

General Fund Education Expenditures

(change from End of Session Estimates)

	FY 2020-21		FY 2022-23	
(\$ in millions)	\$	%	\$	%
General Education	\$(84)	(0.6)%	(\$83)	(0.2)%
Special Education	(11)	(0.3)	(47)	(1.2)
Nutrition Programs	(21)	(36.2)	(4)	(7.1)
Debt Service Equalization Aid	0	0.0	(5)	(10.9)
Inter-District Desegregation Transportation	0	0.0	(5)	(16.5)
All Other E-12 Education	(2)	(0.1)	(8)	(0.5)
Total E-12 General Fund Forecast Change	\$(118)	(0.6)%	\$(154)	(0.7)%

General Fund Education Biennial Growth Change

	FY 20-21 to FY 22-23		FY 22-23 to FY 24-25	
(\$ in millions)	\$	%	\$	%
General Education Growth	217	1.5	139	0.9
Special Education Aid	482	14.4	534	13.8
Charter School Lease Aid	23	13.2	23	11.8
All Other Categorical Growth	43	4.1	25	2.3
Total Categorical Growth	548	11.9	582	11.2
Total Forecast Growth	765	3.9	721	3.6
Total E-12 Growth	711	3.6	721	3.5

Changes in E-12 Education Spending driven by Updated Pupil Projections

