



February 2022 Forecast E-12 Items
House Education Finance Committee
Wednesday, March 2

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State Budget Outlook Remains Positive

- Forecast improvement adds \$1.5 billion to FY 2022-23, changes mostly one-time
- Projected general fund surplus now \$9.3 billion
- Higher income, consumer spending, and corporate profits lead to improved revenue forecast
- Inflation and geopolitical conflict pose risk to the forecast

FY 2022-23 Forecast Changes

(\$ in millions)	FY 2022-23 Nov. Forecast	FY 2022-23 Feb. Forecast	Forecast Change
Beginning Balance	\$7,026	\$7,026	\$ -
Revenues	56,037	57,289	1,252
Spending	51,999	51,729	(270)
Budget Reserve	2,656	2,656	-
Cash Flow Account	350	350	-
Stadium Reserve	312	327	15
Budgetary Balance	\$7,746	\$9,253	\$1,507

Spending Forecast Lower

(\$ in millions)

	FY 2022-23	
	Feb. 2022 Forecast	Forecast Change
E-12 Education	\$20,503	\$(158)
Health and Human Services	16,302	(108)
Property Tax Aids and Credits	4,154	(15)
Debt Service	1,197	(2)
All Other	9,574	12
Total Spending	\$51,729	\$(270)

Long Term Budget Outlook

(\$ in millions)	FY 2022-23	FY 2024-25	Biennial Growth	Annualized % Growth
Forecast Revenues	\$57,289	\$60,596	\$3,307	2.8%
Projected Spending	51,729	54,307	2,578	2.5%
Structural Balance	\$5,560	\$6,289		
<i>Estimated Inflation</i>		<i>\$1,090</i>		

General Fund Education Expenditures

(change from November 2021 Estimates)

(\$ in millions)

	FY 2022-23		FY 2024-25	
	\$ Change	% Change	\$ Change	% Change
Basic Formula	\$(21)	(0.2)%	\$(21)	(0.2)%
Compensatory	(22)	(2.3)	(9)	(0.8)
2020-21 School Year Final Payment	(35)	n/a	n/a	n/a
Other General Education	2	0.1	2	0.2
<i>General Education Subtotal</i>	<i>(76)</i>	<i>(0.5)</i>	<i>(28)</i>	<i>(0.2)</i>
Special Education	(69)	(1.9)	(27)	(0.7)
Other Categoricals	(12)	(0.9)	3	0.2
Total E-12 General Fund Forecast Change	\$(158)	(0.8)%	\$(52)	(0.2)%

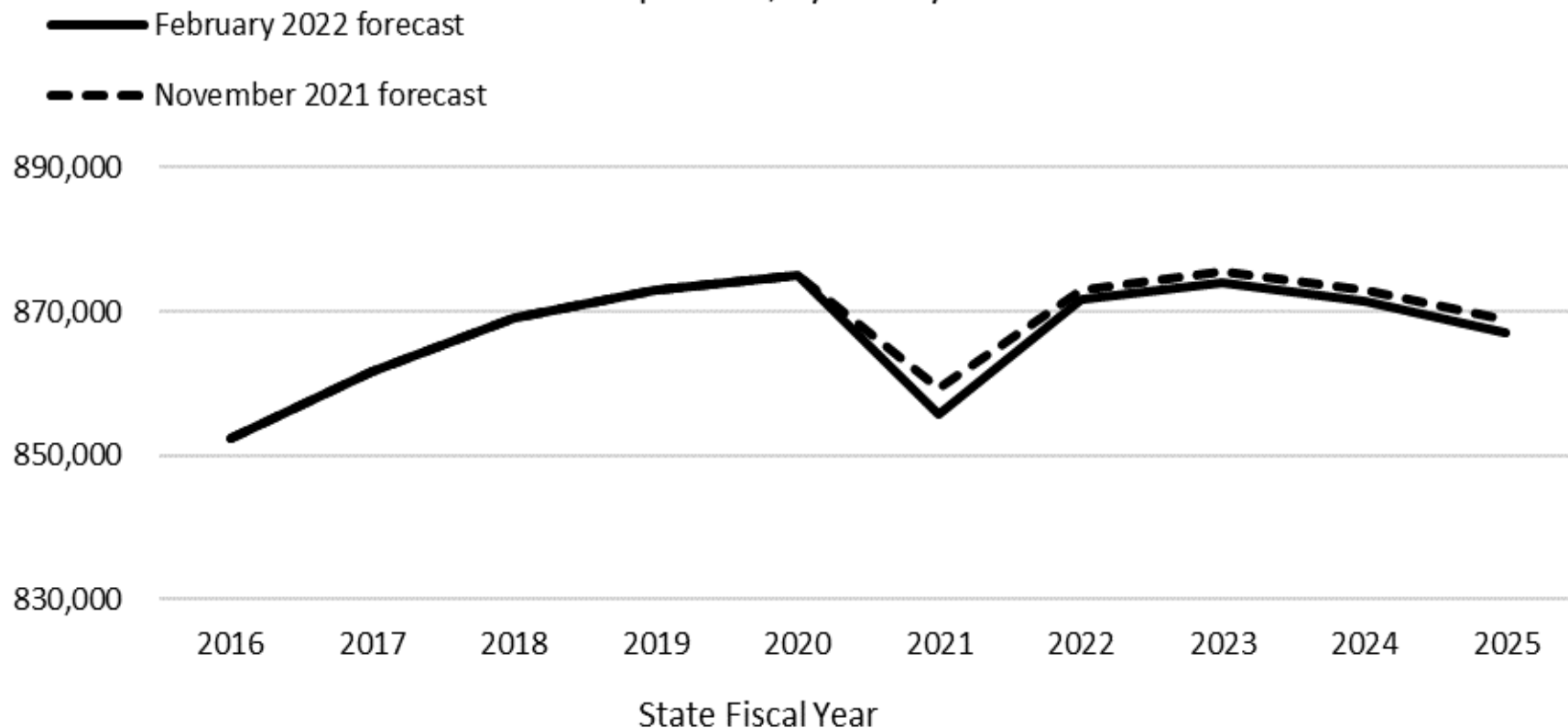
General Fund Education Biennial Growth Change

(\$ in millions)	FY20-21 to FY22-23		FY22-23 to FY24-25	
	\$	%	\$	%
General Education	412	2.8	254	1.7
Special Education	320	9.7	464	12.5
Charter School Lease Aid	18	10.8	24	12.9
Interdistrict Desegregation Transportation	(9)	(29.3)	5	17.6
Long Term Facilities Maintenance	8	3.6	3	1.6
Nutrition Programs	5	13.6	13	29.9
All Other	(6)	(0.8)	(23)	(1.7)
Total E-12 Growth	748	3.8	740	3.6

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

E-12 Education Pupils, Actual and Projected

Pupil units, by fiscal year





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



FEBRUARY 2022

Produced by Minnesota Management and Budget