



April 26, 2021

Rep. Melissa Hortman, Speaker of the House
Rep. Kurt Daudt, House Minority Leader

Sen. Paul Gazelka, Senate Majority Leader
Sen. Susan Kent, Senate Minority Leader

RE: Revision to Governor's FY 2022-23 Biennial Budget

Dear Senators and Representatives:

The purpose of this memo is to officially transmit an update to the Governor's 2021 biennial budget recommendations, originally released on January 26, 2021 and revised on March 18 and 31, 2021.

With this transmittal, the Governor is recommending \$337,000 in FY 2022 and \$8.347 million in FY 2023 from the general fund for the Department of Veterans Affairs to begin operating three new veterans' homes in Bemidji, Montevideo and Preston.

The Governor's March 31 revised biennial budget recommendations included \$672 million in revenue increases, \$1.628 billion in increased spending, \$207 million in adjustments impacting FY 2021 and \$356 million in reserve changes. Today's changes increase the Governor's recommended spending by \$9 million FY 2022-23. After today's changes, a budgetary balance of \$144.806 million remains in FY 2022-23.

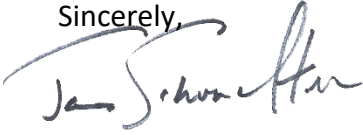
FY 2022-23 Governor's Revised General Fund Biennial Budget Recommendations
(\$ in millions)

	March 31 Budget	April 23 Budget	\$ Change
February Forecast Balance	\$1,672	\$1,672	\$-
Change in FY 2021 Balance	(207)	(207)	-
Tax and Revenue Change	672	672	-
Spending Change	1,628	1,637	9
Reserve Change	356	356	-
<i>Total – Recommended Changes</i>	<i>(1,519)</i>	<i>(1,528)</i>	<i>\$(9)</i>
Remaining Budgetary Balance	\$153	\$145	\$(9)

This change does not include changes to the Governor's budget recommendations in the FY 2024-25 planning estimates. Including this revision results in a projected balance of \$115 million at the end of FY 2025.

Attached to this transmittal letter are general fund financial summaries.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Schowalter". The signature is fluid and cursive, with a prominent flourish at the end.

Jim Schowalter, Commissioner

cc: Sen. Julie Rosen, Senate Finance Chair
Rep. Rena Moran, House Ways and Means Chair
Sen. John Marty
Rep. Pat Garofalo
Eric Nauman, Senate Lead Fiscal Analyst
Bill Marx, House Chief Fiscal Analyst



FY 2022-23 General Fund Budget

2021 Governor's Revised Recommendations vs February 2021 Forecast

(\$ in thousands)

	Feb FY 2022-23	Gov Rev FY 2022-23	\$ Change
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	3,829,503	3,623,126	-206,377
Current Resources:			
Tax Revenues	49,110,146	49,748,546	638,400
Non-Tax Revenues	1,453,371	1,471,149	17,778
Subtotal - Non-Dedicated Revenue	50,563,517	51,219,695	656,178
Dedicated Revenue	10	10	0
Transfers In	298,398	314,639	16,241
Prior Year Adjustments	74,812	74,812	0
Subtotal - Other Revenue	373,220	389,461	16,241
Budget Changes - Taxes	0	638,400	638,400
Budget Changes - Non-Taxes	0	27,047	27,047
Subtotal-Current Resources	50,936,737	51,609,156	672,419
Total Resources Available	54,766,240	55,232,282	466,042
<u>Actual & Estimated Spending</u>			
E-12 Education	20,429,204	21,174,100	744,896
Higher Education	3,406,128	3,576,436	170,308
Property Tax Aids & Credits	4,164,181	4,213,391	49,210
Health & Human Services	16,249,747	16,479,621	229,874
Public Safety & Judiciary	2,538,147	2,685,305	147,158
Transportation	249,552	274,150	24,598
Environment	331,988	373,075	41,087
Agriculture & Housing	242,842	267,046	24,204
Jobs, Economic Development & Commerce	315,336	394,951	79,615
State Government & Veterans	1,169,849	1,244,214	74,365
Debt Service	1,263,777	1,267,661	3,884
Capital Projects & Grants	316,473	364,641	48,168
Estimated Cancellations	-20,000	-20,000	0
Total Expenditures & Transfers	50,657,224	52,294,591	1,637,367
Balance Before Reserves	4,109,016	2,937,691	-1,171,325
Cash Flow Account	350,000	350,000	0
Budget Reserve	1,885,950	2,342,885	456,935
Stadium Reserve	200,700	100,000	-100,700
Budgetary Balance	1,672,366	144,806	-1,527,560



FY 2024-25 General Fund Budget

2021 Governor's Revised Recommendations vs February 2021 Forecast

(\$ in thousands)

	Feb FY 2024-25	Gov Rev FY 2024-25	\$ Change
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	4,109,016	2,937,691	-1,171,325
Current Resources:			
Tax Revenues	52,555,077	53,373,417	818,340
Non-Tax Revenues	1,442,658	1,463,932	21,274
Subtotal - Non-Dedicated Revenue	53,997,735	54,837,349	839,614
Dedicated Revenue	10	10	0
Transfers In	234,381	353,497	119,116
Prior Year Adjustments	74,812	74,812	0
Subtotal - Other Revenue	309,203	428,319	119,116
Budget Changes - Taxes	0	818,340	818,340
Budget Changes - Non-Taxes	0	133,418	133,418
Subtotal-Current Resources	54,306,938	55,265,668	958,730
Total Resources Available	58,415,954	58,203,359	-212,595
<u>Actual & Estimated Spending</u>			
E-12 Education	21,087,720	22,165,637	1,077,917
Higher Education	3,405,828	3,615,826	209,998
Property Tax Aids & Credits	4,306,710	4,386,150	79,440
Health & Human Services	18,169,236	18,363,514	194,278
Public Safety & Judiciary	2,525,864	2,657,872	132,008
Transportation	249,112	262,328	13,216
Environment	331,101	356,055	24,954
Agriculture & Housing	242,842	245,256	2,414
Jobs, Economic Development & Commerce	327,924	343,984	16,060
State Government & Veterans	1,180,920	1,246,066	65,146
Debt Service	1,295,645	1,300,577	4,932
Capital Projects & Grants	338,988	371,906	32,918
Estimated Cancellations	-20,000	-20,000	0
Total Expenditures & Transfers	53,441,890	55,295,171	1,853,281
Balance Before Reserves	4,974,064	2,908,188	-2,065,876
Cash Flow Account	350,000	350,000	0
Budget Reserve	1,885,950	2,342,885	456,935
Stadium Reserve	359,403	100,000	-259,403
Budgetary Balance	2,378,711	115,303	-2,263,408