

Important Notice: This fiscal note is Classified as Nonpublic Data under Minn. Stat. 13.64 Subd. 3(b)

Important Notice: This fiscal note on unofficial draft legislation was requested by or on behalf of a member of the legislature who directed that it be classified under Minn. Stat. 13.64 Subd. 3 (b). Until the conditions outlined in this statute have been met, the existence and contents of this fiscal note remain classified as Nonpublic data.

Fiscal Note

2025-2026 Legislative Session

SF9020 - 0 - School District Basic Revenue Formula Modified

Chief Author: **Unknown Author**
 Committee: **Unknown Committee**
 Date Completed: **3/31/2025 9:06:06 PM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	(198,468)	(353,639)	
Total	-	-	-	(198,468)	(353,639)	
Biennial Total						(552,107)

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This is a classified unofficial fiscal note request. If identical language to that which the classified fiscal note was based upon is made available for consideration by the legislature, the fiscal note is considered public data. The LBO will process requests for copies of the classified fiscal note if the note is considered public data, and/or will process new requests for a regular fiscal note on the introduced language. If the language is offered for consideration by the legislature, it is recommended that a new request for a regular fiscal note be made so that the most updated and complete information on the fiscal effect can be made available.

LBO Signature: Alyssa Holterman Rosas **Date:** 3/31/2025 9:06:06 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	(198,468)	(353,639)
Total	-	-	-	(198,468)	(353,639)
Biennial Total			-		(552,107)
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	-	(198,468)	(353,639)
Total	-	-	-	(198,468)	(353,639)
Biennial Total			-		(552,107)
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill changes the general education basic revenue formula allowance for fiscal year (FY) 2026 and later. It removes the use of CPI to calculate the general education basic revenue formula allowance for FY 2026 and later. It sets the formula allowance for FY 2026 at \$7,481 and FY 2027 and later at \$7,705. Makes the section effective for revenue in FY 2026 and later.

Assumptions

This fiscal note uses February 2025 forecast data. It is assumed there is no change to compensatory revenue based on current law defining the compensatory revenue formula allowance and the total revenue hold harmless.

There is no change in the general education basic revenue formula allowance for FY 2026 and FY 2027 in comparison to the February 2025 forecast. The formula allowance for FY 2028 decreases from \$7,936 to \$7,705 and then in 2029 decreases from \$8,095 to \$7,705.

Expenditure and/or Revenue Formula

SF 9020-0	FY 2028	FY 2029
General Education Aid Entitlement	(215,462,481)	(360,245,064)
Linked Categoricals	(2,562,528)	(4,241,369)
General Education Non-Model	(2,327,802)	(3,852,863)
Change Subtotal	(220,352,811)	(368,339,296)
100% Current Entitlements	(1,503,561)	(2,488,619)
90/10 Entitlements	(218,849,250)	(365,850,677)
Appropriation Change	FY 2028	FY 2029

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100% Current entitlements	(1,503,561)	(2,488,619)
90% Current	(196,964,326)	(329,265,610)
10% Final	-	(21,884,926)
Total Appropriation	(198,467,887)	(353,639,155)

Long-Term Fiscal Considerations

The general education costs will be ongoing.

Local Fiscal Impact

LEAs will receive less money beginning in FY 2028 and later.

References/Sources

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