Association of Metropolitan School Districts

LEGISLATIVE SESSION REVIEW

2025

Education Finance and Policy Bill Approved in Special Session

On June 9, three weeks following the adjournment of the regular session, Gov. Walz called a special session paving the way for legislators to approve the budget bills that The House and Senate approved a total of 15 bills in the one-day special session including the Omnibus Education Finance and Policy Bill.

The final bill leaves total state education spending for the 26-27 biennium unchanged from the February forecast. The forecast included a 2.74 percent increase in the basic funding formula for FY26. The only additional funding for school districts in FY26 is compensatory hold-harmless aid which forestalls a major funding cliff for many districts. Reductions were made in several areas including special education transportation aid, student support personnel aid, and library aid, to cover the cost of the hold-harmless for compensatory revenue.

The bill includes $420 million in cuts in the 2028-29 biennium. The bulk of the cuts fall in special education, including a reduction in special education transportation reimbursement and an additional $250 million that will be identified by an 18-member Blue Ribbon Commission on Special Education. The commission is charged with developing an action plan for transforming special education services while maintaining a free appropriate public education for students with disabilities. The commission is tasked with identifying $250 million in cost savings for the 28-29 biennium. If the commission fails to identify sufficient savings, the commissioner of education is directed to reduce special education cross-subsidy aid by the amount necessary to meet a $250 million reduction.

In the wake of the special session, school districts are adopting their FY26 budget with most needing to make significant reductions to balance their budgets. An AMSD survey conducted in March showed member districts projecting a combined $280 million shortfall assuming the 2.74 percent formula increase and no other changes.

Key issues impacting education were also included in other bills. A summary of some of the most significant provisions follows.

ABOUT AMSD

The Association of Metropolitan School Districts represents 47 K-12 school districts and six intermediate / cooperative districts. AMSD member school districts enroll more than one-half of all public school students in Minnesota, with the mission to lead the transformation of public education.

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Education Funding

- The formula remains linked to inflation into the future and will increase by 2.74 percent for FY26.
- One-time compensatory hold-harmless funding for FY26. Each building in a district can use the greater of the building's compensation revenue pupil units in FY26, or the building's actual compensation revenue pupil units in FY24.
- All school districts will be eligible to include approved roof repair amounts in their long-term facilities maintenance revenue first effective for FY27.
- $100 million is appropriated to the school unemployment aid account to cover the cost of unemployment compensation for hourly school workers through FY27.
- $2 million per year in the FY26-27 biennium to the intermediate districts for the special education apprenticeship program.
- Renames "literacy incentive aid" as "literacy aid." No changes are made to the literacy aid formula. Beginning in FY26, requires that literacy aid be used to meet the requirements and goals adopted in the district's local literacy plan.
- Clarifies the administrative costs that may be charged to a school district's food service fund. Allows schools to expend food service funds on nutritional programs, lunchroom space, and kitchen space to the extent allowed by federal law.

Funding Reductions

- A Blue Ribbon Commission on Special Education is created and charged with identifying $250 million in cost savings in the 28-29 biennium.
- Lowers the initial reimbursement of special education pupil transportation aid expenditures from 100 percent of eligible costs to 95 percent of eligible costs for FY26 and 90 percent of the eligible costs for FY27 and later. Keeps the reimbursement cost for the transportation of homeless and highly mobile students at 100 percent of eligible costs.
- Reduces Student Support Personnel Aid by setting the per pupil allowance at $30.05 for FY26 and FY27 and $34.32 per pupil for each year thereafter (current law increased the per pupil allowance from $17.08 in FY25 to $48.73 for FY26 and later). Sets the cooperative student support allowance at $1.60 for FY26 and thereafter.
- School library aid is reduced by $19.627 million in the 26-27 biennium and $22.059 million in the 28-29 biennium.
- Teacher Pipeline programs — Black Men Teach, Grow Your Own, Come Teach in Minnesota — cut by almost $70 million in the 28-29 biennium.

Policy Issues

- School districts can begin the school year on Sept. 1 or later for the 2026-27 and 2027-28 school years only. Retains the authority of school districts to use the construction waiver to start earlier in those years.
- Makes permanent a program that allows qualifying education support personnel or paraprofessionals to obtain a short-call substitute teacher license. Modifies the required compensation to the greater of the short-call substitute teacher rate of pay in the district or the employee's regular rate of pay.
- Beginning in the 2025-26 school year, paraprofessionals must meet qualifications outlined in federal regulations.
- School Districts and charter schools can allow a high school student to possess and administer an opiate antagonist to another high school student.

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Read Act

- Beginning July 1, 2027, educators new to Minnesota, or newly licensed and did not receive instruction in the teaching of foundational reading skills based on structured literacy, must complete one of the approved training programs. The required training must be offered through the regional literacy network and facilitated by a local certified trained facilitator.
- Clarifies that special education teachers who are responsible for literacy instruction must take the required Read Act training by July 1, 2026.
- Expands lists of persons and organizations that can provide required professional development to teachers.
- Requires districts to measure a student's reading proficiency in the dual language immersion program's partner language, if a screener is available.
- Requires the notification to parents of students enrolled in dual language immersion programs to follow the district's language access plan and to include information about students' reading proficiency, provide supports, and strategies to use at home.
- Extends the hours of instruction reduction for elementary students, and adds secondary students, to be reduced by 5½ hours for the 2025-26 school year.
- If an agreement on a MOU is not reached with the teacher bargaining unit by Aug. 1, districts must pay stipends directly to teachers.

Working Group / Commissions

- Creates a Compensatory Revenue Task Force consisting of 14 members and charges the task force with examining Minnesota's compensatory revenue program and reporting recommendations to the Legislature.
- Establishes a working group to evaluate the use of seclusion as an emergency procedure and not as discipline. The working group consists of four legislators and eight members appointed jointly by the senate majority leader, speaker of the house, and speaker emerita of the house to represent specified groups. Requires the working group to report on its findings and recommendations by Jan. 30, 2026.
- Blue Ribbon Commission on Special Education.
- Development Delay Age Limit Working Group.

LINKS

- 2025 District Runs
- K12 Education Budget Bill HRD Summary | June 9, 2025
- K12 Education Finance and Policy Budget Bill (25-05713) FINAL June 7, 2025
- K12 Finance Detailed Final Spreadsheet Agreement June 7, 2025
- K12 Finance Final Spreadsheet Agreement – Change Items | June 7, 2025
- Omnibus Judiciary Finance Bill
- Omnibus Pension Bill
- Omnibus Pension Bill Summary
- State and Local Government Bill
- Unemployment Insurance Aid

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EDUCATION-RELATED PROVISIONS IN OTHER BILLS

Enhanced Early Retirement

The Omnibus Pension Bill lowers the age for the enhanced early retirement reduction from 62 to 60 and lowers the reduction percentage from 6 percent to 5 percent. This change means that if a member has reached age 60 (instead of 62) with 30 years of service, the member's retirement benefit is reduced by approximately 2-2.5 percent (or as stated in the amendment, 5 percent less augmentation).

Earned Sick and Safe Time

The Omnibus Workforce and Labor Budget Bill includes changes to the Earned Sick and Safe Time Law, the Paid Leave Law, changes to required time for employee breaks and lunch, and funding for registered teacher apprenticeships.

- If the need for Sick and Safe Time is unforeseeable, an employer may require an employee to give notice of the need for earned sick and safe time as reasonably required by the employer. Current law was "as soon as practicable" rather than "reasonably required."
- Allows an employer to require reasonable documentation when an employee uses earned sick and safe time for more than two consecutive days. Current law is three consecutive days.
- Clarifies that the law does not prohibit an employee from voluntarily seeking or trading shifts with a replacement worker to cover the hours the employee uses as earned sick and safe time.
- An employer is permitted to advance earned sick and safe time to an employee based on the number of hours the employee is anticipated to work for the remaining portion of an accrual year. If the amount advanced is less than the amount the employee would have accrued based on the actual hours worked, the employer must provide additional earned sick and safe time to make up the difference.

Paid Leave Program

- Decreases the maximum annual premium rate that can be charged by the paid leave program from 1.2 percent of taxable wages to 1.1 percent of taxable wages.

Meal and Rest Breaks

- Effective Jan. 1, 2026, employers must provide employees with a rest break of at least 15 minutes, or enough time to use the nearest convenient restroom, whichever is longer, within every four consecutive hours of work. In addition, employers must allow employees working six or more consecutive hours (amended from eight) a meal break of at least 30 minutes. These provisions do not apply to administrative or professional employees and can be modified in a collective bargaining agreement.

Registered Teacher Apprenticeship

- $3.5 million per year in the 26-27 biennium is appropriated for a registered teacher apprenticeship competitive grant program.

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MEMBER DISTRICTS

Anoka Hennepin Schools • Bloomington Public Schools • Brooklyn Center Community Schools • BrightWorks • Buffalo-Hanover-Montrose Schools • Burnsville-Eagan-Savage School District • Centennial School District • Columbia Heights Public Schools • Duluth Public Schools • Eastern Carver County Schools • Eden Prairie Schools • Edina Public Schools • Elk River Area Schools • Farmington Area Public Schools • Fridley Public Schools • Hastings School District • Hopkins Public Schools • Intermediate School District 287 • Intermediate School District 917 • Inver Grove Heights Schools • Lakeville Area Public Schools • Mahtomedi Public Schools • Mankato Area Public Schools • Minneapolis Public Schools • Minnetonka Public Schools • Mounds View Public Schools • Northeast Metro Intermediate School District 916 • North St. Paul-Maplewood-Oakdale School District • Northwest Suburban Integration School District • Orono Schools • Osseo Area Schools • Prior Lake-Savage Area Schools • Richfield Public Schools • Robbinsdale Area Schools • Rochester Public Schools • Rockford Area Schools • Rosemount-Apple Valley-Eagan Public Schools • Roseville Area Schools • Shakopee Public Schools • South St. Paul Public Schools • South Washington County Schools • SouthWest Metro Intermediate District • Spring Lake Park Schools • St. Anthony-New Brighton School District • St. Cloud School District • St. Louis Park Public Schools • St. Michael-Albertville Schools • St. Paul Public Schools • Stillwater Area Public Schools • Wayzata Public Schools • West St. Paul-Mendota Heights-Eagan School District • Westonka Public Schools • White Bear Lake Schools

Board Members and Remote Meetings

- The State Government Finance bill includes greater flexibility with remote participation in public meetings. It removes the current requirement that a board member's remote location be posted three days in advance while maintaining protections for public access and transparency—roll-call votes, audiovisual participation, and an anchor location. It also clarifies public notice requirements, helping the public understand when and how remote participation occurs without compromising individual privacy.

Public Data Requests

The Omnibus Judiciary Finance Bill includes provisions related to public data requests and parental directory information:

- Allows a government entity to suspend its response to a public data request if, after five business days, the requester fails to inspect or retrieve data that has been prepared.
- Clarifies that data concerning parents is private data on individuals but may be treated as directory information if the same procedures that are used by a school district to designate student data as directory information under this subdivision are followed, except that a parent's home address, telephone number, email address, or other personal contact information may not be treated as directory information.
- Amends the required dangerous weapons report to include active shooter incidents and active shoot threats.

Entry Device Grants

The cash bonding bill includes $1 million for grants for entry devices.

- $1 million to the commissioner of education for law enforcement entry device grants at schools. The maximum grant amount per building is $1,000. Grantees must update their crisis management policies to reflect information about the law enforcement emergency entry devices. The appropriation is available until June 30, 2028.

STAY CONNECTED WITH AMSD

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