



SF 2255
Governor's 2025 Education Budget Proposals

Senate Education Finance Committee
April 1, 2025

Ten Minnesota Commitments to Equity

1. Prioritize equity.
2. Start from within.
3. Measure what matters.
4. Go local.
5. Follow the money.
6. Start early.
7. Monitor implementation of standards.
8. Value people.
9. Improve conditions for learning.
10. Give students options.



Governor's 2025 Education Budget

(\$ thousands)	FY26	FY27	FY28	FY29
Increase	87,394	7,479	1,915	1,915
Decrease	(106,962)	(245,821)	(234,118)	(233,538)
Total Change	(19,568)	(238,342)	(232,203)	(231,623)

**Programs transferred from the Professional Licensing and Stands Board (PELSB) to MDE not included in increase above as proposals are budget neutral.*

2025 February forecast

- \$456M projected balance in 26/27 biennium \$160M lower than November Forecast
- \$5.9B projected shortfall in 28/29 biennium \$852M higher than the November Forecast

Article 1 – General Education

- **Eliminating the nonpublic pupil transportation aid:** Starting in Fiscal Year (FY) 2026 (Section 1-5,9,14)
 - School district obligations for this program would also be eliminated
 - **This results in a reduction of \$57.482 million in FY 2026 -2027 biennium and \$61.346 million in FY 2028 –2029 biennium**
 - The reduction includes the 10% reconciliation payment from FY2025
 - Additional reduction due to interaction with Transportation Sparsity of \$543 thousand in FY 2027 and \$1.324 million in FY 2028 –2029 biennium

Article 1 – General Education

- **Nonpublic Pupil Education Aid:** Eliminate the nonpublic pupil aid starting in Fiscal Year (FY) 2026 (Section 14)
 - School district obligations for this program would also be eliminated
 - There are three basic categories of nonpublic pupil aid supporting the following services:
 - Textbooks, individualized instructional materials, and standardized tests
 - Health services
 - Guidance and counseling services
 - **This results in a reduction of \$52.509 million general fund in FY 2026 -2027 biennium and \$57.665 million in FY 2028 –2029 biennium**
 - The reduction includes the 10% reconciliation payment from FY2025

Article 1 – General Education

- **Compensatory Revenue Modification** (Section 6-8, 10)
 - Extend stability for the compensatory revenue calculation into FY 2026
 - Uses greater of FY2024 or FY2026 compensatory pupils, including both paper forms and direct certification
 - Formula will have same components as the current FY2025 revenue calculation
 - **Investment: \$50.073 million (FY2026), \$5.564 million (FY2027)**
- **Compensatory Revenue Working Group:** Creation of a working group to study various compensatory revenue calculations (Section 11, 12 Subd.13)
 - **The working group is expected to cost \$94 thousand in FY 2026**
 - This funding is for one year only

Article 1 – General Education

- **Eliminate Compensatory Pilot Program:** Eliminating the Compensatory Revenue Pilot Program beginning in FY2027 (Section 7)
 - The pilot program started in 2005 with five school districts, seven districts now receive the additional compensatory revenue: Albert Lea, Anoka Hennepin, Brooklyn Center, Osseo, Robbinsdale, Rochester, and South Washington County
 - **This would result in a total reduction of \$6.593 million in FY 2026 -2027 biennium and \$14.650 million in FY 2028 –2029 biennium**

Article 1 – General Education

- **Unemployment Insurance Aid:** To pay summer-term unemployment (UI) as all aid through the end of FY2026, **\$30 million** would be added to the special revenue fund to ensure aid payments would not need to be prorated (Section 12 Subd. 12)
 - Initial aid for summer-term UI was \$135 million
 - Aid disbursements of \$102 million are estimated for FY2024 and FY2025, leaving \$33 million left in the fund going into FY2026
 - Current FY2026 estimated summer-term UI costs are \$63 million
 - Estimated savings in special education of approximately \$24.459 million due to prior estimates of some summer-term UI costs being moved to special education. This savings will show in special education aid
- **Revisor Instruction:** Revisor Instruction to amend statutory grant language to allow Tribal contract schools to be considered eligible applicants for all grants to which school districts and charter schools may apply (Section 13)

Article 2 – Education Excellence

- **Eliminate the Computer Science Education Advancement Program:** Reduce the Computer Science Education Grants program by \$500,000 annually (Section 1)
 - This would result in the elimination grants for computer science education advancement activities
 - Also eliminates the computer science supervisor position at MDE
 - **Total reduction is \$1 million in FY 2026 -2027 biennium and \$1 million in FY 2028 –2029 biennium**
- **Modify Achievement and Integration Program and Administration** (Section 2 – 4)
 - Revises the progress report due date to be submitted to the Commissioner by October 15th annually
 - Increases the A&I administration set aside from .03% to 1.3% of A&I for MDE to increase its capacity for effectively supporting LEAs in their A&I efforts
 - Amends the deadline by which the Commissioner must review district A&I results and clarifies MDE to direct districts to use 20% of their A&I funds to implement their improvement plans rather than MDE itself using the funds to implement the improvement plans

Article 2 – Education Excellence

- **Literacy Incentive Aid Formula Change:** Revise Literacy Incentive Aid (LIA) formula by eliminating MCA data (proficiency and growth) as a factor and replacing with poverty data (Sections 5-9, 13)
 - The recalculation of the aid will be revenue neutral
 - Replaces proficiency and growth portions of the aid calculation with a poverty-based calculation
 - The proposal does not modify the eligible uses of LIA
 - Repeals current Literacy Incentive aid subdivisions from statute
- **Full-Service Community Schools** (Section 10)
 - Recommendation that the 2023 appropriation for Minnesota Full-Service Community Schools grant program be certified, or extended, through June 30, 2027
- **Early Childhood Literacy Grants** (Section 12)
 - Adjust statute to ensure that the early childhood literacy grants, traditionally allocated to Reading Corps, continue to be administered by MDE rather than DCYF

Article 3 - Teachers

- **Alternative Teacher Compensation (QComp):** Proposed closure of the Alternative Teacher Compensation program in Fiscal Year 2027 (Section 1-4, 15, 17)
 - Estimated that 111 school districts, 71 charter schools, one intermediate district and one education district are implementing QComp
 - Districts will receive revenues associated with FY2026 with a clean up payment in FY2027
 - Payable 2026 (FY2027) levy associated with the program will be adjusted and closed out
 - Any remaining reserve funds must be used for teacher incentive pay until funds are exhausted
- **This results in a reduction of \$79.064 million in Fiscal Year 2027 and \$173.925 million in FY 2028 –2029 biennium.** There would also be a \$40 million reduction in levy beginning in Fiscal Year 2027

Article 3 - Teachers

- **Collaborative Urban and Greater Minnesota Educators of Color Grant** (Section 5)
 - This program focuses on increasing the number of teacher candidates of color or who are American Indian, meeting the requirements for a teaching license
 - No cost transfer from PELSB to MDE for the \$5,440,000 grant
- **Transfer Teacher Mentorship and Retention** (Section 6-11)
 - No cost transfer of the Teacher Mentorship and Retention grants from PELSB to MDE
 - Current funding amount of the grant is \$4,500,000 and is used to increase mentorship of new teachers across the state
 - Ongoing funds would be used for competitive grants to increase teachers of color and American Indian teachers across the state

Article 3 – Teachers

- **Student Support Personnel Aid uses modified** (Section 12-13)
 - Allows the aid to be directed directly to cooperative units rather than funds flowing through member districts
 - Allow LEAs, who are unable to hire a student support personnel to use funding for
 - Maintaining student support personnel position if they will be lost due to declining enrollment
 - Cover the costs of planning and implementing job embedded coaching
 - Covering the material costs of evidence-based, culturally responsive curriculums and programs
- **Rename student support personnel pipeline** (Section 14)
 - Change the name of the program to the "Student Support Personnel Pathway Grant"

Article 3 – Teachers

- **Reduce Grow Your Own Grants (GYO):** Reduction of the GYO grant program by \$8,000,000 annually beginning in FY 2026 (Section 15 Subd. 9)
 - Program demand has been steady and based on previous grant cycles, sufficient funds will exist to meet demand
 - The new base funding would be \$23.954 million annually
 - **\$16 Million reduction in FY 2026 -2027 biennium and \$16 Million reduction in FY 2028 –2029 biennium**

Article 4 – American Indian Education

- **Minnesota Indian Teacher Training Program (Section 1)**
 - Clarifies that the Minnesota Indian Teacher Training Program (MITTP) funds be specifically distributed for educators training to teach in E-12 settings
- **Nonpublic Education Aid (Section 2)**
 - Clarifying language by striking the Nonpublic education aids from this statute

Article 5 – Special Education

- **Eliminate Special Education Charter Tuition Adjustment:** Eliminate the unreimbursed tuition billing cost that is covered by the state beginning in FY 2026. (Section 1)
 - Districts and charters currently tuition bill 80% of their unreimbursed cost for open enrolled students.
 - Charters will continue to be reimbursed roughly 90 - 92% annually for their eligible special education program costs
 - **This results in a reduction of \$20.932 million in FY 2026 -2027 biennium and \$25.710 million in FY 2028 – 2029 biennium**
- **Reduce Special Education Transportation:** Special Education Transportation will be reimbursed at a percentage rate (Section 2)
 - For School Fiscal Year 2026 (SFY26), 95% percent of eligible expenses will be reimbursed
 - For SFY27 and beyond, the percentage reimbursement rate would be 90%
 - **This results in a reduction of \$53.880 million in FY 2026 -2027 biennium and \$60.169 million in FY 2028-2029 biennium**

Article 6 – Facilities

- **Eliminate Long-Term Facilities Maintenance (LTFM) for Charter Schools:** The proposal would eliminate the LTFM aid for charter schools (Section 1-2, 6)
 - Under Minnesota Statutes, charter schools are not allowed to own buildings, instead they either lease buildings for their facilities needs or create an affiliated building company to own a building and lease the building from the subsidiary. Charter schools have been receiving \$132 per adjusted pupil unit since FY2016 -17. The revenue may be spent on any purpose related to the general operations of the school
 - **This results in a total reduction of revenues for charter schools by \$19.993 million in the FY 2026 - 2027 biennium and \$22.194 million in FY 2028 –2029 biennium**
- **Clarifying Lease Levy Authority** (Section 3-4)
 - Clarifying language for when a capital or joint powers must submit a review and comment to MDE
 - Newly added definitions for capital lease, criteria of approval, instructional purposes, joint lease, operating costs, operational lease, rent or lease, and review and comment

Article 6 – Facilities

- **Reduce Telecommunication Equity Aid:** The program provides telecommunication and internet access funding for public and nonpublic schools in Minnesota (Section 5 Subd. 3)
 - To qualify for the aid, school districts and charter schools must submit their actual telecommunications and Internet access costs to the Commissioner of Education and file applications for federal Internet funds (commonly referred to as e-rate funds) the primary reimbursement method for schools
- **This proposal would reduce the Telecommunication Equity Aid program by \$750 thousand in FY 2026 -2027 biennium and \$750 thousand in FY 2028 –2029 biennium**
 - This is an annual 10% reduction of aid

Article 7 – School Nutrition and Libraries

- **Fraud Detection and Prevention** (Section 1)
 - Amending the statutory application criteria for non-school sponsors in the Child and Adult Care Food Program (CACFP) and Summer Food Service Program (SFSP) to include staffing requirements and growth restrictions, as well as provide board of director guidance and information on appropriate salary ranges
- **School Food Service Fund** (Section 2)
 - Removes the ability for school administration to charge their time to the nonprofit food service account for supervision unless supervision is a primary job duty of the staff. Removes the responsibility of a deficit of the nonprofit food service account from the food service management company. And includes clarifying language if a surplus in the food service fund exists
- **Summer Electronic Benefit Transfer Program** (Section 3)
 - Repurposes the annual \$150,000 currently used to incentivize Summer Food Service Program (SFSP) sponsor participation to instead be distributed to schools for their work on uploading data for the Summer Electronic Benefit Transfer Program (S-EBT)

Article 7 – School Nutrition and Libraries

- **Reduce School Library Aid:** School library aid provides aid to school districts and charter schools to help pay for specific costs within a school library (Section 4, 8 subd. 9)
 - Schools must reserve and use school library aid to directly fund the following costs within a library:
 - Salaries and benefits of a school library media specialist;
 - Electronic, computer, and audiovisual equipment;
 - Information technology infrastructure and digital tools;
 - Electronic and material resources; or
 - Furniture, equipment, or supplies
 - **This proposal would reduce the School Library Aid to LEAs by \$7.500 million in FY 2027 and \$15.000 million in FY 2028 –2029 biennium**
 - This is roughly a 32% reduction in aid

Article 9 – Community Education and Lifelong Learning

- **Reduce Community Education Equalization Aid:** A reduction to the community education funding equalization aid formula (Section 1)
 - Resulting in an increase for that same amount in local school district levies
 - The proposal does not change the programmatic aspect of Community Education, just the underlying revenue calculation and funding source
- **Reduction of \$14.999 million in equalization aid for the FY 2026 - 2027 biennium and \$15 million in FY 2028 –2029 biennium**

Article 10 – State Agencies

- **Legal Services Costs:** (Section 5 Subd.2)
 - **One time \$6M to support legal costs**
 - Funds would cover staffing for MDE's Office of General Counsel, use of the Attorney General's Office, and litigation costs
- **Fraud Prevention and Program Integrity: \$550,000 annually** for three FTEs and software dedicated to fraud detection and prevention (Section 5 Subd.2)
 - **1 OIG investigator**
 - This position will increase the capacity of the OIG to investigate fraud, waste, and abuse and to address complaints faster
 - **1 legal counsel for Charters**
 - This position would provide needed legal advice and support to ensure the agency effectively exercises its required oversight of charter schools and address program integrity and related challenges
 - **1 legal counsel for Nutrition**
 - This position will provide needed legal advice and support to ensuring MDE is asserting regulatory authority over nutrition program participants
 - **Software**
 - The OIG conducts in-depth investigations and requires advancements in software to combat fraud, waste, and abuse and to further the capacity of the office to track cases and conduct financial analysis of programs

Thank You

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