In the final days of the legislative session, Governor Walz and legislative leaders announced a bipartisan end-of-session budget agreement setting the terms for closing out the session.

The agreement totaled $660 million in one-time spending with funding for one-time reductions in vehicle tab fees and a property tax credit, funding for Hennepin County Medical Center, funding for a rural and critical access hospital relief fund, and anti-fraud provisions. Legislative leaders and the Governor also reached an agreement on a $1.2 billion bonding bill.

Key Education Funding and Policy Provisions
For K12 education, the final budget agreement totaled $31.7 million in one-time funding, spread across several budget areas and bills. The legislature also passed a small omnibus education policy bill.

Key funding and policy provisions
Compensatory revenue: $10 million in FY27 only for compensatory revenue. Information from nonpartisan staff indicates that Osseo Area Schools will receive approximately $235,000.

Anonymous threat reporting systems: $4 million in FY27, for anonymous threat reporting system grants. The agreement also requires school districts to implement either a local or statewide anonymous threat reporting system by July 1, 2028.

Mental health funding: $12.25 million in FY27 only for school-linked behavioral health grants and $3.8 million for children’s mental health crisis services grants.

Operating capital revenue: Authorizes a school district to use operating capital revenue to pay utility service costs.

School district health insurance data survey: Requires the Legislative Budget Office to survey school districts and charter schools each year on information about the school’s group health insurance plans and submit the report to the legislature.

Read Act changes: Key provisions include extending for one more school year, the option for a school district to reduce hours of instruction by 5.5 hours for teachers to receive Read Act training, and exempting teachers who began a Minnesota-approved teacher preparation program from the additional training once employed in a school district.

Constitutional Amendment on Permanent School Fund Distribution
The legislature also passed a proposed constitutional amendment changing the way funding from the Permanent School Fund is distributed to school districts. Because amendments do not require the governor's signature, the question goes to voters on the November 2026 ballot.

Current constitutional language allows only interest and dividends to be paid out (about 2.5% of value), producing small and unpredictable payments. If approved by voters, the amendment would instead distribute 4.5% of the fund's three-year average value. If approved, it takes effect for FY28.

A Changing Legislature – Key Retirements for Osseo Area Legislators
A record number of legislators are leaving this year. A total of 43 members, or 20 percent of the legislature, have announced their retirement or plans to run for another office.

Two legislators representing the Osseo district are among those leaving. Sen. Warren Limmer (R, Maple Grove), the longest-serving Republican, announced he will retire after 38 years in office. Rep. Kristin Robbins is also departing.

Osseo Area Schools Legislative Priorities
Due to the nature of this legislative session and the state budget outlook, many of the priorities brought forward did not advance. However, the district's legislative priorities received attention, and several issues important to the district were introduced or discussed.

- School safety drew the most attention. The legislature heard bills to increase the safe schools formula but ultimately chose to fund school behavioral health grants instead.

- On the per-pupil formula, the legislature did not propose changes to the annual inflation index, a concern due to attempts to limit this adjustment last session. No such discussions advanced this session because legislators heard concerns from districts, including Osseo.

- Summer unemployment insurance funding did not advance, but we had many productive conversations with legislators about the need to address the issue before the current funds are depleted.

- Local optional revenue legislation was introduced but did not receive a hearing. Getting the bill introduced is a starting point and helps build support for future legislative sessions.

- Teacher licensure and mobility saw some movement. Legislation to remove barriers to teacher licensure advanced but did not pass in the end. The bills would have entered Minnesota into a Teacher Mobility Compact and allowed teachers working with a Tier 2 license additional flexibility to meet Tier 2 license requirements.

- Finally, an issue arose that was not on Osseo's platform but received some attention during this session. After the University of Minnesota decided to cancel the space districts had relied on for graduation ceremonies, legislation was introduced to allow districts to use the lease levy authority to cover graduation facility costs.

Taken together, the session did not deliver the outcomes Osseo was working toward, but it kept the district's priorities visible. These issues are on legislators' minds, laying the groundwork for future sessions.

Looking Ahead to the 2027 Session

While the session just adjourned, attention now turns to the 2027 legislative session. 2026 is an election year, with the entire Minnesota House and Senate, along with all congressional and statewide offices, up for election. With many retirements and a new Governor and administration on the way, control of the legislature could shift.

We are watching two work groups that are tackling significant funding issues for the legislature to address next session. The Blue Ribbon Commission on Special Education must identify $250 million in savings, with a final report due October 1, 2026. If the legislature does not act on the proposed savings, the special education cross-subsidy will be reduced effective July 1, 2027. The Compensatory Revenue Task Force will deliver a final report on proposed changes by October 15, 2026. The legislature will also need to act on these recommendations.

Other issues ahead include unemployment insurance funding, legislation proposing a statewide mandatory health insurance pool and minimum compensation for teachers and non-licensed staff, legislation proposing a screen time prohibition in preschool and kindergarten, a cell phone prohibition, and possible changes to the literacy aid formula.