A LEGACY FOR MINNESOTA'S PUBLIC SCHOOLS

Learn more about this fall's constitutional amendment modernizing how Minnesota's permanent school trust supports students, schools and communities.

MINNESOTA'SPERMANENT SCHOOL FUND

Students First. Improve the Trust.

These materials are for informational use only and have been created by the Minnesota School Boards Association in conjunction with the Association of Metropolitan School Boards, the Minnesota Association of School Administrators, and the Minnesota Rural Education Association.

mnPSFamendment.org

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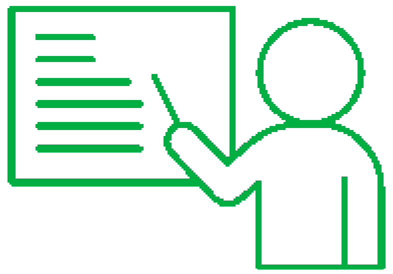
Sources: Association of Metropolitan School Districts (Permanent School Fund: A New Constitutional Amendment Would Increase Funding for Schools, May 2026); Minnesota Office of School Trust Lands; Minnesota Department of Natural Resources; Permanent School Fund: Distribution of Endowment Fund Earnings Task Force Report (January 2026).

Key Issue

This fall, Minnesota voters will be asked to update our state's constitution by voting on an amendment to modernize how **Minnesota's Permanent School Fund (PSF)** distributes revenue to public schools.

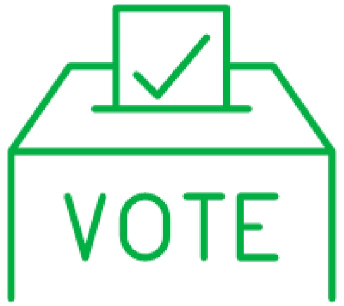
Because education leaders are among the most trusted sources of information in their communities, school board members, superintendents, administrators, and communications professionals will likely receive questions about the amendment and its potential impact on local schools.

EDUCATION LEADERS



EDUCATE COMMUNITIES

WIN VOTES



What is the Permanent School Fund?

Sustained by Minnesota's Natural Wealth

Minnesota's Permanent School Fund (PSF) is one of the oldest sources of funding for public education in our state.

Constitutionally established in 1858 when public lands were set aside specifically to support public education, Minnesota's Permanent School Fund (PSF) is built upon proceeds from public lands. Rather than a one-time spending account, it acts as a permanent endowment, continually generating revenue from Minnesota's natural resources.

1858

DATING BACK TO STATEHOOD

Constitutionally established trust fund created when public lands were set aside specifically to support public education.

WHO MANAGES THE LANDS AND FUND?

Several state agencies work together to manage the Permanent School Fund.

MN Department of Natural Resources
Manages school trust lands and generates revenue from those lands.

State Board of Investment
Invests the assets of the Permanent School Fund.

Permanent School Fund: lands and trust

MN Department of Education
Distributes annual payments to public school districts and charter schools.

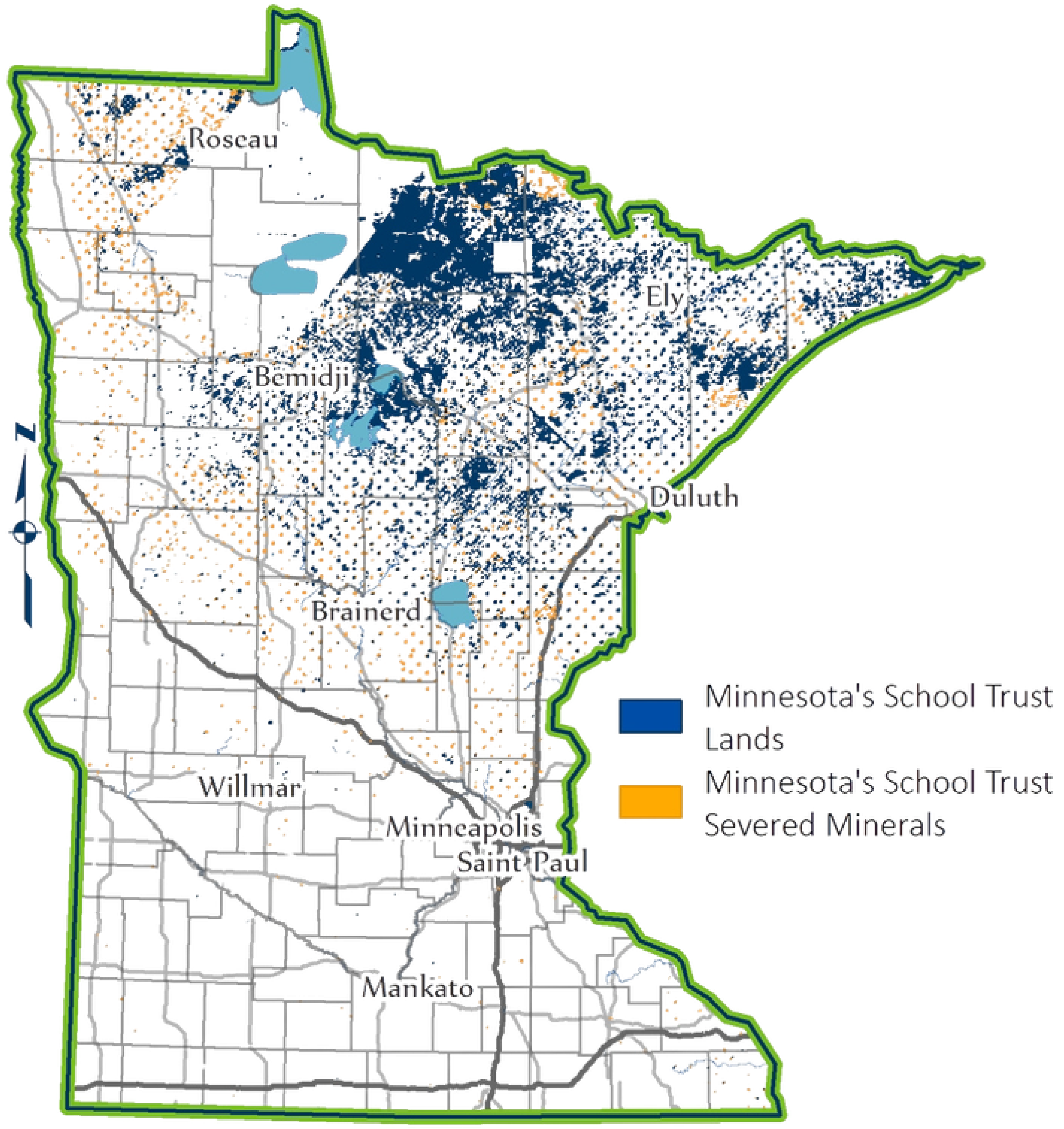
Together, these entities help ensure the trust remains productive while supporting Minnesota students.

$2.3 B

CURRENT FUND VALUE

A massive, growing financial asset managed by the Minnesota State Board of Investment.

Where are the school trust lands?



- 92% of trust lands are located in ten northern Minnesota counties due to state sale of most southern trust lands during the 1800's to promote agriculture.
- Lands include forests, grasslands, farmlands used for grazing and crop production, construction aggregate, and mineral production.
- A significant portion of of current trust lands are wetlands that are low-lying and inaccessible.

The Limits of the Current System

Despite the fund growing to over $2.3 billion, the way money is distributed to school districts is tightly restricted by historical rules inside the Minnesota Constitution. These rules have not evolved with modern accounting and trust distribution practices and are inhibiting disbursements to Minnesota's public schools.

1. **"INTEREST & DIVIDENDS" RESTRICTION**

   This land is managed by the DNR, while the accumulated funding capital is invested in diversified porfolios by the State Board of Investment (SBI).

2. **UNPREDICTABLE ANNUAL FUNDING**

   Interest and dividend income is highly volatile and fluctuates year-to-year based on market yields, leaving school districts unable to predict or rely on stable fund distributions for budget planning.

THE MODEST RESULT TODAY

Despite the multi-billion dollar size of the asset, current constitutional rules suppress distributions to Minnesota public schools:

TOTAL AVERAGE STATEWIDE PAYOUT 2025

$58M

AVERAGE ANNUAL PER PUPIL 2025

$68

IF PROPOSED AMENDMENT WERE IN PLACE IN 2025

TOTAL AVERAGE STATEWIDE PAYOUT IN 2025 COULD HAVE BEEN INCREASED TO:

$86M

AVERAGE ANNUAL PER PUPIL IN 2025 COULD HAVE BEEN INCREASED BY:

$33

The Proposed Amendment

Key 2026 Legislative Actions

The proposed changes are built on robust, bipartisan policy recommendations designed to better leverage public assets for Minnesota education.

A BIPARTISAN SOLUTION

Based directly on findings from a nonpartisan legislative task force convened in 2024. The task force concluded that the current constitutional formula severely limits the fund's overall impact and distribution potential.

BIPARTISAN HOUSE FILE 3900 / SF3593

Passed overwhelmingly in the 2026 Minnesota Legislative Session to put the question directly to state voters on the November ballot.

Shift to Modern Endowment Model

CURRENT METHOD	UPDATED METHOD
Yield Only	*4.5% POMV*
Distributes interest and dividends only (historically roughly 2.5% of average market value).	Distributes exactly 4.5% based on a rolling three-year average of the fund's total market value.

What Differs?

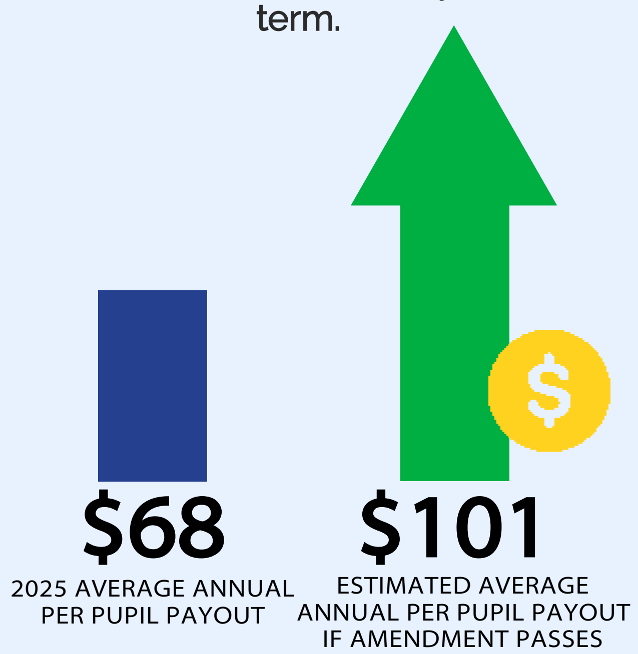
The purpose of the fund remains exactly the same: supporting Minnesota's public school students. The method of distribution changes.

WHAT DIFFERS

2-2.5% annual distribution	Estimated 4.5% annual distribution
Interests and dividends only	Includes full market value
$68 per pupil per school district in 2025	$101 potential annual per pupil payout per district

FUNDING INCREASE

By establishing a modern payout percentage, the annual school trust land revenue delivered directly to public schools **could nearly double in the near term.**



This recommendation preserves the fund balance for future generations of public school students and increases distributions for current students.

Why This Matters for Minnesota

NO NEW INDIVIDUAL OR PROPERTY TAXES

Unlike typical education funding increases that rely on local property tax referendums or income tax hikes, this constitutional amendment does not raise taxes.

It simply unlocks and better leverages a substantial, existing state asset that has been constitutionally dedicated to public schools since 1858.

RELIEF FOR STRAINED BUDGETS

School districts across Minnesota are under increasing financial strain, with many projecting budget shortfalls. Nearly doubling the annual fund payments provides a source of fiscal relief.

STABLE AND PREDICTABLE PLANNING

The rolling average formula smooths out market fluctuations. Schools can predict exact fund payouts years in advance, allowing for confident, long-term staffing and program investments.

ALIGNMENT WITH MODERN BEST PRACTCES

Overwhelmingly, large university endowments and foundations manage assets with the POMV method. It ensures the purchasing power of the trust is preserved over generations while maximizing current payouts.

The Proposed Ballot Question

OFFICAL BALLOT LANGUAGE

"Shall the Minnesota Constitution be amended to increase the funding going to all school districts from the permanent school fund, which is a fund that supports school districts without raising individual income or property taxes, effective July 1, 2027?"

CRITICAL VOTING RULE

LEAVING THE QUESTION BLANK IS A "NO" VOTE

in Minnesota, constitutional amendments require a **majority of all voters casting ballots in that election** to pass.

If a voter skips this question on their ballot but votes for other races, it is counted as a "No" vote. Active voter education on this rule is vital.

The Path to Execution and Impact

PHASE 1: COMPLETED

Legslative Approval

The 2026 Legislature approved putting the constitutional amendment directly on the statewide ballot (HF3900 / SF3593).

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PHASE 2: UPCOMING (EARLY VOTING STARTS SETP 18)

Voter Approval at General Election

Minnesota voters choose "Yes" or "No" at the ballot. Active voter turnout and understanding of the ballot rules are essential for passage.

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PHASE 3: IMPLEMENTATION

Constitutional Transition (July 1, 2027)

If approved by voters, the State transitions to the 4.5% POMV calculation, nearly doubling predictable revenue flow starting the following school fiscal year.