School Board Meeting:	**October 26, 2026**
Subject:	MN Permanent School Fund
Presenter:	**Scott Thielman, Superintendent**

SUGGESTED SCHOOL BOARD ACTION:

A report will be presented at Board meeting.

DESCRIPTION:

Permanent School Fund

The Minnesota Legislature approved bipartisan legislation in the 2026 legislative session placing a question on the ballot in November to amend the State Constitution. The proposed amendment would modernize the distribution formula from the Permanent School Fund increasing the funding schools receive.

What is the Permanent School Fund?

The Fund's history goes back to the earliest days of the United States, even before the U.S. Constitution was adopted and long before Minnesota became a state. In 1785, Congress created a system for organizing the westward expansion. The land was divided into townships, and each township was split into 36 sections. To help support public education, Congress set aside one section in every township, with the land or its proceeds dedicated to funding local public schools.

Established in Minnesota's Constitution in 1858, the fund supports public education across the state. It grows from revenue generated by state school trust lands, including timber sales, mining, and leases. The fund is invested, and a portion is distributed each year to school districts and charter schools.

Will my property taxes go up?

NO. Passage of this amendment will provide a funding increase without increasing taxes and without using revenue from the state general fund.

How are distributions calculated today?

Minnesota's Constitution currently limits distributions to the net interest and dividends earned on the Fund often resulting in small and unpredictable payments.

What would the amendment change?

If voters approve the Constitutional amendment this November, the distributions could include capital gains from asset appreciation and the state would adopt a 4.5 percent distribution rate, calculated using a three-year rolling average of the Fund's value. In recent years, distributions have averaged only 2.5% of the fund's value. If passed, the change would take effect July 1, 2027.

What will appear on the ballot?

The question will appear on the ballot with the following 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?"

For the amendment to be approved, the question must receive a majority of all votes cast in the election. If a voter does not vote on the question, it has the effect of being a "no" vote.

ATTACHMENT(S):

- Permanent School Fund Information Sheet
- This video provides a brief summary of the Permanent School Trust Fund and the proposed amendment.