

Unpacking the 2025 Legislative Session

June 2025

Compiled by:



Pensions

Chapter 37 (SF2884)

- **TRA Contributions**
 - Increases employer contributions for FY26 and after

Effective Dates	Employer Contribution Rate	Employee Contribution Rate
7/1/2020 through 6/30/2021	8.13%	7.50%
7/1/2021 through 6/30/2022	8.34%	7.50%
7/1/2022 through 6/30/2023	8.55%	7.50%
7/1/2023 through 6/30/2025	8.75%	7.75%
7/1/2025 and after	9.81%	8.00%

- Increases **Pension Adjustment Revenue** (MS 126C.10, Subd. 37) to 2.31% for FY26 and later, covering costs over 7.5%.
- **Computation of formula program retirement annuity**
 - Early retirement provision now begins at age 60.
 - Reduction from 6% to 5%.

Special Education / Unemployment

Chapter 33 (HF1143)

- **Unemployment**
 - \$77M taken from Transportation (Northern Lights Express rail) to beef up the school UI fund to cover the next two summer's worth of UI costs, perhaps more; total in fund is approx. \$135M
- **Special Education Blue Ribbon Task Force**
 - Tasked with finding \$250M in special education savings in the next biennium. If none are found, then \$250M in cuts to special education will be made.
- **Special Education Transportation Funding Reduced**
 - Beginning next year, this category of funding will be reduced.

State and Local Government

Chapter 39 (SF3045)

- **Open Meeting Law**
 - Change in remote meeting notices
- **Campaign Finance**
 - Fought off economic interest initiative for school board members and school district staff
- **Elections**
 - Changes in election administrative processes
 - Combined polling places can be a non-municipal polling place

Public Safety and Data Practices

Chapter 35 (HF2432)

- **Active Shooter**
 - New reporting and training requirements regarding an active shooter.
- **Data Requests**
 - The responsible authority can notify the requesting person to inspect the data collected to date within five business days. The responsible authority can suspend efforts if the requestor fails to respond.
- **Directory Information**
 - Parental data is designated as private – look for model policy changes with details.

Pending Legislation

- **Paid leave –**
 - Lowered the maximum premium from 1.2% to 1.1% of wages
- **Literacy Incentive Aid formula modifications**
 - Changes in aid distribution
- **Discipline / Seclusion**
 - Possible changes in the processes for seclusion of younger students
- **Read Act**
 - Increased funding for school districts
 - Reduction in funding for CAREI
- **General Education Formula**
 - No changes to the inflationary component
- **Compensatory Aid**
 - One-time infusion of \$55M to address shortfalls; Governor's model
 - Task force to be formed to define the future of compensatory aid
- **LTFM/Roofs**
 - Expanded Authority for roof projects
 - Modest improvement in LTFM equalization aid
- **Mascot mandate**
 - No funding to assist school districts
 - Waiting to see if process changes are included
- **School meals**

- Expands the allowable expenditures for the food service fund if those expenditures conform to USDA regulations
- Modest reduction in state support for school lunches in tails budget
- **Short Call Subs**
 - Expansion of licensure qualifications (AA degree, or current para in district)
 - Elimination of state mandate for minimum daily compensation rate
- **Student Support Personnel Aid**
 - Growth in revenue is capped
 - Waiting to see if flexibility provisions are provided
- **School Library Aid**
 - The total aid is cut in half and limited to salaries and benefits of a school library media specialist; electronic and material resources; or furniture, equipment, supplies.
- **School Start Date**
 - Allows school districts to start school on or after September 1 for the 2026-27 and 2027-28 school years.

Issues/Topics not Addressed by the Legislature

- **Labor Issues:**
 - ESST – proposed amendments include:
 - Reverse the 2024 inclusion of other paid leaves into the definition of ESST
 - Limitations on the annual usage of ESST
 - Paid Leave – proposed changes included
 - Delay for implementation for one year
 - Funding for school district costs
- **Cell phone requirements**
 - Fought off proposed statewide mandates defining the use of cell phones in school districts
- **Seasonal recreation property taxes**
 - The ask was for these taxes to be returned to the local school district
- **LOR becomes BSR**
 - Renamed Basic Supplemental Revenue
 - Expansion of state aid
- **Absenteeism**
 - Address student absenteeism
- **Funds transfer**
 - Allow temporary flexibility to transfer excess dollars from one fund to another
- **Hours of instruction**
 - Allow school districts to expand personalized and experiential learning
- **QComp repeal**
 - Governor’s proposed repeal of QComp funding was not considered

2025 Legislature, E-12 Education Finance

Net General Fund Changes, by Proposal, from February 2025 Forecast

2025 Working Group Agreement

Dollars in Thousands

General Fund	FY2026-27	FY2028-29
Target	0	(420,000)
Net Total	0	(420,000)
Under/(Over)	0	0

	Agreement FY2024-25	Agreement FY2026	Agreement FY2027	Agreement FY2026-27	Agreement FY2028	Agreement FY2029	Agreement FY2028-29
1 GENERAL FUND APPROPRIATIONS							
2 General Education							
3 Additional General Education Revenue for Charter Schools	0	9,347	10,647	19,994	10,944	11,250	22,194
4 Compensatory Revenue Modification	0	50,073	5,564	55,637	0	0	0
5 Compensatory Revenue Task Force	0	110	0	110	0	0	0
6 Consolidation Transition Aid	0	302	185	487	319	185	504
7 Education Excellence							
8 Achievement and Integration Administrative Allocation	0	[1,179]	[1,184]	[2,363]	[1,175]	[1,169]	[2,344]
9 Alternative Programs (MAAP STARS)	0	55	55	110	0	0	0
10 COMPASS & MTSS - CAREI Implementation Support & Evaluation	0	(500)	(500)	(1,000)	(500)	(500)	(1,000)
11 Full Service Community Schools (FY2024-25 Appropriation Extended)	0	0	0	0	(1,000)	(1,000)	(2,000)
12 Innovative Service Learning Grant (FY2024 Appropriation Extended)	0	0	0	0	0	0	0
13 Literacy Incentive Aid Formula Modification	0	0	0	0	0	0	0
14 Math Corps	0	1,000	0	1,000	0	0	0
15 MN Alliance with Youth - Youth Council	0	375	375	750	0	0	0
16 MN Center for the Book	0	0	0	0	(200)	(200)	(400)
17 MN Independence College & Community	0	0	0	0	(625)	(625)	(1,250)
18 MN Principals Academy	0	0	0	0	(200)	(200)	(400)
19 Museums and Education Centers (Reallocated Among Grantees)	0	0	0	0	0	0	0
20 Read Act CAREI	(1,618)	0	0	0	0	0	0
21 Read Act CAREI Paraprofessional & Volunteer Training	(375)	0	0	0	0	0	0
22 Read Act Dual Language Immersion Advisory Council	0	110	0	110	0	0	0
23 Read Act Implementation	0	700	175	875	175	175	350
24 Read Act Literacy Aid	(250)	0	0	0	0	0	0
25 Read Act Professional Development	0	250	0	250	0	0	0
26 Sanneh Foundation	0	0	(1,050)	(1,050)	(1,500)	(1,500)	(3,000)
27 Starbase MN	0	0	0	0	(500)	(500)	(1,000)
28 Student Organizations (K-12 Organizations Only)	0	0	0	0	0	0	0
29 Teachers							
30 Black Men Teach	0	0	0	0	(500)	(500)	(1,000)
31 Coalition to Increase TOCAIT	0	0	0	0	(100)	(100)	(200)
32 CUGMEC Grants (Moved to MDE & Renamed ETAP)	0	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
33 Come Teach in MN Hiring Bonuses	0	(400)	(400)	(800)	(400)	(400)	(800)
34 Grow Your Own	0	0	22,959	22,959	(20,467)	(20,467)	(40,934)
35 Mentoring and Retention Incentive Grants (Moved to MDE)	0	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
36 Licensure via Portfolio Online Platform	0	321	171	492	171	171	342
37 Special Education Apprenticeship Program	0	2,000	2,000	4,000	0	0	0
38 Student Support Personnel Aid	0	(13,646)	(15,080)	(28,726)	(12,050)	(11,661)	(23,711)
39 Student Support Personnel Workforce Pathway	0	0	0	0	(1,000)	(1,000)	(2,000)
40 Teacher Recruitment Marketing Campaign	0	0	0	0	(500)	(500)	(1,000)
41 Teacher Residency Program	0	0	0	0	(1,875)	(1,875)	(3,750)
42 American Indian Education							
43 Permanent School Fund Supplemental Aid	0	40	40	80	40	40	80
44 Special Education							
45 Special Education Charter School Tuition Adjustment Aid to 6%	0	0	0	0	(4,389)	(5,320)	(9,709)
46 Blue Ribbon Commission on Special Education	0	125	0	125	(125,000)	(125,000)	(250,000)
47 Developmental Delay Working Group	0	30	0	30	0	0	0
48 Special Education Transportation Reimbursement Reduced	0	(15,071)	(28,128)	(43,199)	(23,830)	(24,412)	(48,242)
49 Facilities							
50 Cardiac Emergency Response Plan Assistance	0	1,000	0	1,000	0	0	0
51 Equity in Telecommunications Access	0	0	0	0	(3,750)	(3,750)	(7,500)
52 Long-Term Facilities Maintenance; Charter School Aid	0	(9,347)	(10,647)	(19,994)	(10,944)	(11,250)	(22,194)
53 Long-Term Facilities Maintenance; Roof Repair & Replacement	0	0	2,970	2,970	4,920	5,010	9,930
54 Nutrition & Libraries							
55 Electronic Library for Minnesota	0	1,000	0	1,000	0	0	0
56 School Library Aid	0	(9,304)	(10,323)	(19,627)	(11,004)	(11,055)	(22,059)
57 School Library Aid - State School Librarian Allocation	0	[0]	[0]	[0]	[-130]	[-130]	[-260]

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58 Supplemental School Lunch Aid Reduction	0	0	0	0	(6,743)	(6,712)	(13,455)
59 Summer Electronic Benefit Transfer Support	0	150	150	300	150	150	300
60 Summer School Food Service Replacement Aid	0	(150)	(150)	(300)	(150)	(150)	(300)
61 State Agencies							
62 MDE - Adult-Use Cannabis Education	0	(120)	(120)	(240)	(120)	(120)	(240)
63 MDE - Fraud Detection & Prevention	0	550	550	1,100	550	550	1,100
64 MDE - Legal Costs	0	6,000	0	6,000	0	0	0
65 MDE - Office of the Inspector General	(1,500)	0	0	0	0	0	0
66 MDE - Operating Adjustment	0	677	1,365	2,042	1,365	1,365	2,730
67 MDE - Specific Learning Disability Rulemaking & Engagement	(500)	0	0	0	0	0	0
68 MDE - State School Librarian	0	0	0	0	130	130	260
69 MN State Academies - Operating Adjustment	0	334	676	1,010	676	676	1,352
70 Perpich - Operating Adjustment	0	177	358	535	358	358	716
71 Perpich - FY2025 Furniture Appropriation Extended & Modified	0	0	0	0	0	0	0
72 PELSB - Operating Adjustment	0	70	143	213	143	143	286
73 Total General Fund Appropriation Adjustments	(4,243)	24,258	(20,015)	4,243	(209,406)	(210,594)	(420,000)
74 GENERAL FUND REVENUES							
75 FY2025 Balance Forward	0	4,243	0	4,243	0	0	0
76 Total General Fund Revenue Adjustments	0	4,243	0	4,243	0	0	0
77 Net Total General Fund Adjustments	(4,243)	20,015	(20,015)	0	(209,406)	(210,594)	(420,000)