



## Association of Metropolitan School Districts

# Key Issues In Governor's Budget Proposal

### Department of Education

- **Alternative Teacher Compensation Revenue (Q Comp).** The Governor recommends eliminating the Alternative Teacher Professional Pay program starting in FY27. This results in a reduction of \$78.705 million in FY26-27 and \$173.137 million in FY28-29. There would also be a \$39.5 million reduction in levy beginning in FY27. Due to the 90/10 metered payments, \$8.837 million will need to be appropriated in FY27 for reconciliation payments from FY26. This program will remain in place for FY26 and then be eliminated in FY27.
- **Reduction in Special Education Transportation Reimbursement.** The Governor proposes to change the percentage of transportation costs that are eligible for reimbursement under the initial aid calculation in the state special education funding formula. This results in a reduction of \$48,628,000 in FY26-27 and \$54,860,000 in FY28-29.
- **Fraud Detection and Prevention.** The Governor recommends \$550,000 annually to fund three full-time equivalent (FTE) staff and software to provide needed support for MDE infrastructure to prevent, identify, and take action against program participants who are found to have engaged in fraud, waste, and abuse.
- **Compensatory Revenue Modification.** The Governor is recommending \$39.7 million in FY26 and \$4.4 million in FY27 to extend a hold harmless provision for the compensatory revenue calculation into FY26. The Governor is also recommending \$94,000 in FY26 only to create a compensatory revenue working group.
- **Additional Unemployment Insurance Aid for Hourly Workers.** The Governor is recommending \$30 million for FY26 for onetime unemployment insurance aid — the estimated amount needed to add to the projected carryover from the end of FY25 to FY26 from a onetime appropriation in FY24 to cover total expected costs up to approximately \$70,000,000 of estimated FY26 total summer-term costs associated with providing hourly school workers unemployment benefits during the summer term.
- **Literacy Incentive Aid Formula Change.** The Governor proposes to change how Literacy Incentive Aid is allocated by eliminating the use of MCA data as a factor for

determining allocations to districts and instead use poverty data. This recommendation is budget neutral for the state but it will have distributional impacts on school districts with some districts realizing additional revenue and others seeing a reduction in Literacy Incentive Aid.

- **Student Support Personnel Aid Allowable Uses.** The Governor recommends expanding the authorized uses for the Student Support Personnel Aid (SSPA) and a revised distribution method to distribute student support personnel aid directly to eligible cooperatives. This is a cost-neutral proposal that only expands the current uses of student support personnel in statute. This proposal would allow LEAs, who have in good faith attempted to but are unable to hire a student support personnel or secure contracted services from licensed student support personnel, to use funding for:
  - Maintaining student support personnel positions if they will be lost due to enrollment declines.
  - Covering the costs of planning and implementing training and job embedded coaching: in social emotional learning, trauma informed/anti-bias practices, evidenced based/informed mental health interventions, and comprehensive school mental health.
  - Covering the material costs of evidence-based, culturally responsive curriculums and programs that proactively support students and school community wellbeing. This can include, but is not limited to, social emotional learning curriculum and supplemental materials, and tiered intervention programs for social, emotional, and/or behavioral needs. Certain restrictions will need to be in place to make sure these materials are evidence-based and refrain from covering the costs of items such as rewards for positive student behavior.
- **Modify Achievement and Integration Program Administration.** The Governor recommends implementing technical assistance modifications to statutes governing Achievement and Integration (A&I) to effectively manage the significant increase in districts qualifying for funding since the statute's modification in 2013. Additionally, the Governor recommends modifying the MDE administration set aside from .03% to 1.3%, which would result in a total set aside of \$1,168,636 in FY26 and \$1,156,495 in FY27 and later to allow MDE to provide school districts appropriate and timely technical assistance, coaching, and professional development.
- **Clarify Lease Levy Authority.** The Governor recommends added definitions to the statute related to education lease levies as well as to clarify when a capital or joint powers must submit a review and comment to MDE. With multiple options for entering into lease agreements, these changes will identify in more detail what types of leases are eligible for levy authority. This proposal does not change the statutory funding, currently \$212 per Adjusted Pupil Unit (APU) for districts, and \$65 per APU for district

contributions for cooperative leases. First, under this no cost proposal, the two following sections of the statute would be removed since they are not currently applicable to annual lease application approvals:

- The reference that the district's operating capital revenue is insufficient for covering the costs of lease levy.
- The reference to districts providing a financial justification for the lease levy. Instead, the district will need to confirm they meet all the guidance requirements. Second, the addition of a definition section will clarify terms used in the lease process. The addition of a required review and comment for capital or joint powers leases will provide an added level of accountability. This will provide more consistency and clarity to districts on which lease option is applicable. This proposal will allow MDE to provide better guidance on how leases are approved each year.
- **Eliminate Nonpublic Pupil Education Aid.** The Governor recommends the elimination of nonpublic pupil aid starting in FY26. In addition to the funding reduction, school district obligations for this program would also be eliminated. This results in a reduction of \$52.522 million general fund in FY26 and FY27 and \$56.414 million in FY28 and FY29. This is a 100 percent reduction to this program and elimination of school district requirements to provide these materials and services.
- **Eliminate Nonpublic Pupil Transportation Aid.** The Governor recommends the elimination of the non-public pupil transportation program starting in FY26. This results in a reduction of \$56,218,000 in FY26-27 and \$58,437,000 in FY28 -29. The proposal also includes the elimination of the requirement of school districts to provide transportation of non-public students to their non-public school buildings.

## Department of Labor and Industry

- **Statewide Teacher Registered Apprenticeship Grant.** The Governor recommends \$5 million in FY26 and \$2 million in FY27 from the workforce development fund to support establishment of a statewide registered teacher apprenticeship program. Funds will be used to support the development of a statewide registered teacher apprenticeship program and joint apprenticeship training committee (JATC). This JATC will provide critical statewide infrastructure for school districts across the state to connect to consistent, high-quality teacher apprenticeship programming and will scale registered teacher apprenticeship in a timely and cost-effective manner, creating additional career pathways into education for individuals from underrepresented populations and underserved communities.

## **Bills Related to AMSD Platform/Position Papers**

[SF197](#) (Maye Quade) Requiring two student school board members.

[SF334](#) (Maye Quade) Reduces the required hours of instruction for elementary and secondary schools by 5.5 hours for the 2025-26 school year for districts that enter into an agreement with the teacher bargaining unit to provide Read Act training.

[S.F. 0371](#) (Koran) Requires school employees who witness a fight between students to file a police report and report the incident to the administrator in charge of discipline.

[SF 474](#) (Kunesh) Allows school districts to use student support personnel aid to fund personnel who work to reduce chronic absenteeism.

[SF482](#) (Rassmusson) Extends the short-call substitute teacher pilot program until June 30, 2027 and lowers the required minimum daily rate from \$200 to \$175 for districts in the seven county metro and \$150 for all other districts.

[SF 507](#) (Mann) Requires districts to adopt policies and processes to assist parents who require language assistance.

[SF508](#) (Mann) Beginning in the 2026-2027 school year, a school district or charter school's school cell phone policy must prohibit cell phones and smart watches in school for students in grades kindergarten through 8 and prohibit cell phones and smart watches in classrooms for students in grades 9 through 12. The policy must provide exceptions for devices necessary for medical use, exceptions for devices included in an individualized education program for a student with a disability, or other exceptions at the discretion of the school principal.

[S.F. 0557](#) (Limmer) Requires parental notification of adverse incidents.

[SF 634 \(Bahr\)](#) Requiring city, town, and school district general elections to be conducted on the first Tuesday after the first Monday in November of an even-numbered year; permitting cities of the first class to choose to conduct a general election on the first Tuesday after the first Monday in November of either an odd-numbered or even-numbered year.

[SF 801](#) (Nelson) A candidate who successfully completed a teacher preparation program and passed licensure exams in another state is not required to pass additional similar examinations in Minnesota.

[SF 844](#) (Hauschild) a declining enrollment district may use student support personnel aid to maintain existing student support services personnel positions.

[SF 949](#) (Maye Quade) grants to intermediate school districts for registered special education apprenticeship programs.