

State of Minnesota

H. F. No. **2201**

1.1 A bill for an act

1.2 relating to education finance; increasing local optional aid for schools; limiting

1.3 state-paid free school lunches to families with incomes at or below 500 percent of

1.4 the federal poverty level; appropriating money; amending Minnesota Statutes

1.5 2024, sections 124D.111, subdivisions 1, 1a, 1c, 1d, 4, by adding a subdivision;

1.6 124E.20, subdivision 1; 126C.10, subdivision 2e.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2024, section 124D.111, subdivision 1, is amended to read:

1.9 Subdivision 1. **School meals policies; definitions.** (a) Each Minnesota participant in

1.10 the national school lunch program must adopt and post to its website, or the website of the

1.11 organization where the meal is served, a school meals policy.

1.12 (b) The policy must be in writing and clearly communicate student meal charges when

1.13 payment cannot be collected at the point of service. The policy must be reasonable and

1.14 well-defined and maintain the dignity of students by prohibiting lunch shaming or otherwise

1.15 ostracizing the student.

1.16 (c) The policy must address whether the participant uses a collections agency to collect

1.17 unpaid school meals debt.

1.18 (d) The policy must ensure that once a participant has placed a meal on a tray or otherwise

1.19 served the meal to a student, the meal may not be subsequently withdrawn from the student

1.20 by the cashier or other school official, whether or not the student has an outstanding meals

1.21 balance.

(e) The policy must ensure that a student who has been determined eligible for free and reduced-price meals must always be served a reimbursable meal even if the student has an outstanding debt.

(f) If a school contracts with a third party for its meal services, it must provide the vendor with its school meals policy. Any contract between the school and a third-party provider entered into or modified after July 1, 2021, must ensure that the third-party provider adheres to the participant's school meals policy.

(g) For purposes of this section the following terms have the meanings given:

(1) "full paid meal" means a meal served to a participating student whose family does not qualify for a free or reduced-price meal under the national school lunch program;

(2) "free meal" means a meal served to a participating student whose family qualifies for a free meal under the national school lunch program;

(3) "reduced-price meal" means a meal served to a participating student whose family qualifies for a reduced-price meal under the national school lunch program;

(4) "enhanced school meal" means a meal served to a participating student whose family income meets the enhanced meal eligibility standard;

(5) "federal poverty guidelines" means the poverty guidelines by family size published by the United States Department of Human Services for that school year;

(6) "enhanced meal eligibility standard" means a student whose family income is between 185 percent and 500 percent of the federal poverty guideline for that school year; and

(7) "application for educational benefits" means an online or paper application appropriate for determining a student's eligibility for school meals and other educational benefits. A student may qualify for a free, reduced-price, or enhanced school meal based on the application for educational benefits or through the direct certification process.

**EFFECTIVE DATE.** This section is effective for fiscal year 2026 and later.

Sec. 2. Minnesota Statutes 2024, section 124D.111, subdivision 1a, is amended to read:

Subd. 1a. **School lunch aid amounts.** (a) The school lunch state aid for a participant in the national school lunch program is the sum of the amount in paragraph (b) and the amount calculated under subdivision 1d.

(b) Each school year, the state must pay participants in the national school lunch program either:

(1) the amount of 12.5 cents for each full paid and free student lunch and 52.5 cents for each reduced-price lunch served to students; or

(2) if the school participates in the free school meals program under subdivision 1c, the sum of: (i) 12.5 cents for each full paid, reduced-price, and free student lunch; and (ii) the amount specified in subdivision 1d.

**EFFECTIVE DATE.** This section is effective for fiscal year 2026 and later.

Sec. 3. Minnesota Statutes 2024, section 124D.111, subdivision 1c, is amended to read:

Subd. 1c. **Free Enhanced school meals program.** (a) The ~~free~~ enhanced school meals program is created within the Department of Education.

(b) Each school that participates in the United States Department of Agriculture National School Lunch program and has an Identified Student Percentage below the federal percentage determined for all meals to be reimbursed at the free rate via the Community Eligibility Provision must participate in the ~~free~~ enhanced school meals program.

(c) Each school that participates in the United States Department of Agriculture National School Lunch program and has an Identified Student Percentage at or above the federal percentage determined for all meals to be reimbursed at the free rate must participate in the federal Community Eligibility Provision in order to participate in the ~~free~~ enhanced school meals program.

(d) Each school that participates in the ~~free~~ enhanced school meals program must:

(1) participate in the United States Department of Agriculture School Breakfast Program and the United States Department of Agriculture National School Lunch Program; and

(2) provide to all eligible students at no cost up to two federally reimbursable meals per school day, with a maximum of one free breakfast and one free lunch.

**EFFECTIVE DATE.** This section is effective for fiscal year 2026 and later.

Sec. 4. Minnesota Statutes 2024, section 124D.111, subdivision 1d, is amended to read:

Subd. 1d. **Free Enhanced school meals program aid amount.** The department must provide to every Minnesota school participating in the ~~free~~ enhanced school meals program state funding for each school lunch and breakfast served to a an eligible student, with a maximum of one breakfast and one lunch per eligible student per school day. The state aid equals the difference between the applicable federal reimbursement rate at that school site for a ~~free~~ an enhanced school meal, as determined annually by the United States Department

4.1 of Agriculture, and the actual federal reimbursement received by the participating school  
4.2 for the breakfast or lunch served to the student.

4.3 **EFFECTIVE DATE.** This section is effective for fiscal year 2026 and later.

4.4 Sec. 5. Minnesota Statutes 2024, section 124D.111, is amended by adding a subdivision  
4.5 to read:

4.6 Subd. 1e. **Transfers from other funds.** A participant in the national school lunch  
4.7 program may set a school meal eligibility standard higher than the enhanced meal eligibility  
4.8 standard and may transfer other school funds into its school nutrition account to pay for the  
4.9 costs of these meals.

4.10 **EFFECTIVE DATE.** This section is effective for fiscal year 2026 and later.

4.11 Sec. 6. Minnesota Statutes 2024, section 124D.111, subdivision 4, is amended to read:

4.12 Subd. 4. **No fees.** A participant that receives school lunch aid under this section must  
4.13 make lunch available without charge and must not deny a school lunch to all eligible  
4.14 participating students who qualify for free or meals, reduced-price meals, or enhanced school  
4.15 meals whether or not that student has an outstanding balance in the student's meals account.

4.16 **EFFECTIVE DATE.** This section is effective for fiscal year 2026 and later.

4.17 Sec. 7. Minnesota Statutes 2024, section 124E.20, subdivision 1, is amended to read:

4.18 Subdivision 1. **Revenue calculation.** (a) General education revenue must be paid to a  
4.19 charter school as though it were a district. The general education revenue for each adjusted  
4.20 pupil unit is the state average general education revenue per pupil unit, plus the referendum  
4.21 equalization aid allowance and the first and second tier local optional aid ~~allowance~~  
4.22 allowances in the pupil's district of residence, minus an amount equal to the product of the  
4.23 formula allowance according to section 126C.10, subdivision 2, times .0466, calculated  
4.24 without declining enrollment revenue, local optional revenue, basic skills revenue, extended  
4.25 time revenue, pension adjustment revenue, transition revenue, and transportation sparsity  
4.26 revenue, plus declining enrollment revenue, basic skills revenue, pension adjustment revenue,  
4.27 and transition revenue as though the school were a school district.

4.28 (b) For a charter school operating an extended day, extended week, or summer program,  
4.29 the general education revenue in paragraph (a) is increased by an amount equal to 25 percent  
4.30 of the statewide average extended time revenue per adjusted pupil unit.

(c) Notwithstanding paragraph (a), the general education revenue for an eligible special education charter school as defined in section 124E.21, subdivision 2, equals the sum of the amount determined under paragraph (a) and the school's unreimbursed cost as defined in section 124E.21, subdivision 2, for educating students not eligible for special education services.

**EFFECTIVE DATE.** This section is effective for fiscal year 2026 and later.

Sec. 8. Minnesota Statutes 2024, section 126C.10, subdivision 2e, is amended to read:

Subd. 2e. **Local optional revenue.** (a) For fiscal year 2026 and later, a district's first tier local optional allowance equals \$92.

(b) For fiscal year 2026 and later, a district's second tier local optional allowance equals \$300.

(c) For fiscal year 2026 and later, a district's third tier local optional allowance equals \$424.

(d) Local optional revenue for a school district equals the sum of the district's first tier local optional revenue and, second tier local optional revenue, and third tier local optional revenue. A district's first tier local optional revenue equals \$300 the first tier local optional allowance times the adjusted pupil units of the district for that school year. A district's second tier local optional revenue equals the second tier local optional allowance times the adjusted pupil units of the district for that school year. A district's second third tier local optional revenue equals \$424 the third tier local optional allowance times the adjusted pupil units of the district for that school year.

~~(b)~~ (e) A district's local optional levy equals the sum of the ~~first~~ second tier local optional levy and the ~~second~~ third tier local optional levy.

~~(e)~~ (f) A district's ~~first~~ second tier local optional levy equals the district's ~~first~~ second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$880,000.

~~(d) For fiscal year 2023, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$548,842. For fiscal year 2024, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$510,000.~~ (g) For fiscal year 2025, a district's ~~second~~ third tier local optional levy equals the district's ~~second~~ third tier local optional revenue times the lesser of one or the ratio of

the district's referendum market value per resident pupil unit to \$626,450. For fiscal year 2026, a district's ~~second~~ third tier local optional levy equals the district's ~~second~~ third tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$642,038. For fiscal year 2027 and later, a district's ~~second~~ third tier local optional levy equals the district's ~~second~~ third tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$671,345.

~~(e)~~ (h) The local optional levy must be spread on referendum market value. A district may levy less than the permitted amount.

~~(f)~~ (i) A district's local optional aid equals its local optional revenue minus its local optional levy. If a district's actual levy for ~~first or second~~ or third tier local optional revenue is less than its maximum levy limit for that tier, its aid must be proportionately reduced.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2026 and later.

## Sec. 9. **APPROPRIATIONS.**

**Subdivision 1. Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education in the fiscal years designated.

**Subd. 2. Local optional aid.** For additional general education aid under Minnesota Statutes, section 126C.19:

\$ ..... 2026

\$ ..... 2027

**Subd. 3. School lunch.** For school lunch aid under Minnesota Statutes, section 124D.111:

\$ ..... 2026

\$ ..... 2027