

**Subject** Governor's K12 Finance Bill

**Authors**

**Analyst** Tim Strom  
Cristina Parra

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## Overview

The bill contains the Governor's K12 education finance recommendations.

## Article 1: General Education

This article requires Student Support, Intervention, and Resource Teams at each school site; eliminates funding for nonpublic schools if scholarship funds become available through scholarship granting organizations, as authorized under federal law; and makes other changes.

### Section Description - Article 1: General Education

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#### 1 Student Support Intervention and Resource Teams.

Requires each school district and charter school to establish a Student Support, Intervention, and Resource Team at each school site to provide mental health services through education, prevention, early identification, evidence-based intervention, referral processes, and guided support services. Requires each team to have membership with expertise in counseling, nursing, mental health activities, educational instruction, school administration, and law enforcement.

Requires the team to provide guidance on recognizing threatening or aberrant behavior, assess and document student risk levels, distinguish between credible and noncredible threats, develop a central reporting mechanism, and outline the relationship between school personnel and law enforcement. For each student engaging in concerning behavior, the team must create a written plan identifying measures to support the student and address school safety concerns. For students with a disability, the plan must comply with the state and federal special education laws and state special education rules.

Requires the team to immediately report to the school superintendent any threats of violence or physical harm, who must immediately attempt to notify the student's parent or guardian. Requires a licensed mental health professional to complete a risk assessment of the student and determine next steps for the school's response.

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Requires that all school staff, licensed and nonlicensed, receive annual training to recognize signs of mental health crises, identify students who may exhibit threatening or aberrant behavior, refer students to the team, and respond in strategic ways in a culturally responsive, trauma-informed, and developmentally appropriate manner.

Encourages nonpublic schools to provide similar training to their staff.

Requires the Department of Education (MDE) to develop and make trainings available to schools.

Makes this section effective for the 2026-2027 school year and later.

**2 Notice to districts; proration. [Nonpublic aid]**

Requires that if K12 scholarship granting organizations are authorized in Minnesota, nonpublic pupil aid is reallocated to the voluntary prekindergarten program.

**3 Nonpublic school students.**

Requires that if K12 scholarship granting organizations are authorized in Minnesota, Minnesota's public school districts are no longer required to transport nonpublic pupils to their schools.

**4 Nonpublic pupil transportation aid.**

Requires that if K12 scholarship granting organizations are authorized in Minnesota, nonpublic pupil transportation aid is reallocated to the voluntary prekindergarten program.

**5 Use of revenue. [Compensatory revenue]**

Separates basic skills revenue into its two separate components: compensatory revenue and English learning revenue, and applies the uses of basic skills revenue to compensatory revenue only.

Makes this section effective the day following final enactment.

**6 Federal voucher program; nonpublic aids.**

Defines the tax credit for donations to scholarship granting organizations under Public Law 119-21, section 70411, as the "federal educational voucher program."

Repeals Minnesota's nonpublic aid and nonpublic pupil transportation aid programs if Minnesota elects to participate in the federal section 70411 program.

Makes this section effective the day following final enactment.

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- 7 **Participation limits. [Voluntary Prekindergarten Program].**  
Increases voluntary prekindergarten program participation by up to 6,765 additional seats if a federally compliant scholarship granting organization program is instituted in Minnesota by transferring the nonpublic pupil aids to the voluntary prekindergarten program.
- 8 **Attendance pilot program. [Appropriation]**  
Extends the appropriation for the attendance pilot program by one year from June 30, 2026, to June 30, 2027.
- 9 **Appropriation.**  
Appropriates \$186,000 in fiscal year 2027 from the general fund to the Department of Education for state administrative costs for the Student Support, Intervention, and Resources team. Adds the appropriation to the budget base for future years.

## **Article 2: Education Excellence**

This article modifies full-service community schools requirements, the literacy aid formula, and eligibility for the graduation incentives program, and makes other changes.

**Section Description - Article 2: Education Excellence**

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- 1 **MnMTSS and Collaborative Minnesota Partnerships to Advance Student Success.**  
Changes the acronym MTSS to MnMTSS. Adds artificial intelligence and educational technology to the COMPASS model.
- 2 **Coursework. [Tier 3 teaching license]**  
Delays by one year (from July 1, 2027, to July 1, 2028) the requirement for certain Tier 2 teachers seeking a Tier 3 license to complete evidence-based structural literacy training.
- 3 **Digital instruction.**  
Authorizes a cooperative unit to provide online instruction to students from their member school districts. Requires the cooperative program to notify the resident school district when a student intends to enroll in its online instruction program. Authorizes certain tuition agreements. Allows a cooperative unit to provide supplementary online instruction to students from nonmember districts.

**Section Description - Article 2: Education Excellence**

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- 4      **Full-service community schools.**  
Includes in the duties of the site coordinator, responsibility for integrating community assets in the program. Prohibits the members of the school site leadership team who are parents, guardians, family members, or students from being employees of the school. Modifies data analysis requirements and includes assets and needs assessments, and data that must be included in analysis.
- 5      **Purpose. [Graduation Incentives Program]**  
Changes the purpose of the graduation incentives program. Modifies the legislative findings.
- 6      **Eligible pupils. [Graduation Incentives Program]**  
Modifies eligibility for participation in the graduation incentives program. Allows districts to determine eligibility, and requires criteria to give priority to students in need of additional education, health, and social service supports.
- 7      **Pupil enrollment. [Graduation Incentives Program]**  
Eliminates the exception for eligible pupils participating in the graduation incentives program to enroll in adult basic education programs without the approval of the resident district.  
  
Makes this section effective the day following final enactment.
- 8      **Literacy aid.**  
Changes the calculation of literacy aid from growth and proficiency to measures based on the percentage of English learners and the percentage of low-income students at each school site.
- 9      **Definitions. [Literacy aid]**  
Defines “English learner concentration factor” as the ratio of the district’s English learner student to its total students and defines “poverty concentration factor” as the ratio of the sum of the district’s pupils eligible for free meals and one-half of the district’s pupils eligible for reduced-price meals to the district’s total students.
- 10     **Literacy aid uses.**  
Adds additional language to literacy aid uses to ensure the aid is supporting implementation of evidence-based reading instruction.
- 11     **Basic literacy aid.**  
Establishes basic literacy aid equal to \$100 times the district’s adjusted average daily membership in kindergarten through grade 4.

**Section Description - Article 2: Education Excellence**

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- 12      **English learner literacy aid.**  
Sets a district's English learner literacy aid equal to the product of \$193.25, the district's percent of English language learners, and the district's adjusted average daily membership in kindergarten through grade 4.
- 13      **Targeted literacy aid.**  
Establishes targeted literacy aid equal to the product of \$45, the district's poverty concentration factor, and the district's adjusted average daily membership in kindergarten through grade 4.
- 14      **Free and reduced-price meals. [Literacy aid]**  
Requires the commissioner to annually determine the number of pupils eligible for free or reduced-price meals for purposes of the targeted literacy aid formula. Includes in the free and reduced-price meal pupil counts those students qualifying through direct certification and those students qualifying through the application for educational benefits (paper forms).
- 15      **Appropriation adjustment. [Literacy aid]**  
Requires the commissioner to prorate literacy aid if the appropriation to fund the literacy aid formula is insufficient.
- 16      **Full-service community schools. [Appropriation]**  
Modifies the full-service community schools appropriation to allow up to five percent of the appropriation to be used by the agency for grant administration (the current set aside for grant administration is two percent of the appropriation).
- 17      **College entrance examination reimbursement.**  
Redirects up to \$800,000 of the \$1,011,000 annual appropriation for reimbursing school districts for ACT and SAT test expenses for low-income students to MDE for systems updates and maintenance. Extends the 2026/2027 biennial appropriation through July 1, 2028.
- 18      **COMPASS and MnMTSS education technology. [Appropriation]**  
Renames the MTSS framework the MnMTSS framework throughout the 2025 session law appropriation for the programs. Includes explicit authority for schools to partner with local education technology leaders. Expands support for schools to include AI, predictive analytics, and data-driven decision-making. Broadens reporting requirements to include documenting AI applications and integration.

**Section Description - Article 2: Education Excellence**

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- 19     **Student organizations. [Appropriation]**  
Eliminates the words “elementary or secondary” from the types of eligible student organizations eligible for grants under this appropriation. Keeps the appropriations levels and recipients unchanged.
- 20     **Task force to examine Minnesota testing and assessments.**  
Establishes a task force to examine the state’s testing and assessment system. Specifies task force membership. Requires the task force to examine Minnesota’s testing and assessment system. Requires the Department of Education to support the task force and report its findings and recommendations to the legislature by February 1, 2028.
- 21     **Appropriations. [Testing and assessment task force]**  
Appropriates \$70,000 in fiscal year 2027 for the activities of the testing and assessment task force. Sets a budget base of \$75,000 per year for fiscal year 2028 and fiscal year 2029 only for the task force activities.
- 22     **Repealer.**  
Repeals the following:
- Laws 2017, First Special Session chapter 5, article 2, section 52 (Innovation Zones Research Pilot Program);
  - Section 120B.30, subdivision 15 (statewide assessment disruptions);
  - Section 124D.98, subdivisions 2, 3, and 4 (current law literacy aid proficiency and growth factor calculations); and
  - Section 124D.68, subdivisions 3, 4, and 10 (eligible programs, additional eligible programs, and severability—which allow certain eligible students to attend private contract alternative programs).

## **Article 3: Teachers**

This article modifies provisions for teachers and student support personnel.

**Section Description - Article 3: Teachers**

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- 1     **Student support personnel aid.**  
Modifies the calculation of student support personnel aid for cooperative units beginning in fiscal year 2027.

**Section Description - Article 3: Teachers**

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- 2 **Educator tuition assistance program. [Appropriation]**  
Extends awards for educator tuition assistance programs from the 2026/2027 biennium through June 30, 2031. Requires the grant award to be made by fiscal year 2027.
- 3 **Funding transfer from Grow Your Own to special education pathway grant.**  
Creates a onetime transfer of \$20,000,000 from the Grow Your Own new teacher program account in the special revenue fund to the special education teacher pathway program account.

## **Article 4: Read Act**

This article modifies the Read Act, including definitions, training requirements, and references to the science of reading, and makes other changes.

**Section Description - Article 4: Read Act**

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- 1 **Policy.**  
Substitutes “science-based reading research” for “the science of reading.”
- 2 **Certified trained facilitator. [Read Act definitions]**  
Strikes reference to CAREI from the definition of certified trained facilitator.
- 3 **Oral language. [Read Act definitions]**  
Changes “or” to “and” in list of terms synonymous with oral language.
- 4 **Structured literacy. [Read Act definitions]**  
Adds “research base” to the phrase “science of reading.”
- 5 **Identification; report. [Read Act goals and interventions]**  
Strikes requirement related to screening for student reading at grade level.
- 6 **Intervention. [Read Act goals and interventions]**  
Capitalizes the “n” in “Regional Literacy network.”
- 7 **Teacher licensure; renewal. [Read Act implementation]**  
Expands training requirement to include a Tier 1 or Tier 2 teacher responsible for selecting literacy curriculum materials for kindergarten through grade 5 (current law is for grades 6 through 12).

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- 8 **Department of Education. [Read Act implementation]**  
Strikes CAREI from provision requiring the department to identify training.
- 9 **Resources. [Read Act implementation partnership]**  
Modifies description of literacy curricula and supporting materials.
- 10 **Support. [Read Act implementation partnership]**  
Modifies description of curriculum.
- 11 **Volunteer and paraprofessional training. [Read Act implementation partnership]**  
Changes the word “networks” to “Network.”
- 12 **Term of license and renewal. [Tier 1 license]**  
Expands requirement to show progress toward meeting training requirement to include a Tier 1 teacher responsible for selecting literacy curriculum materials for kindergarten through grade 5 (current law is for grades 6 through 12).
- 13 **Term of license and renewal. [Tier 2 license]**  
Expands requirement to show progress toward meeting training requirement to include a Tier 2 teacher responsible for selecting literacy curriculum materials for kindergarten through grade 5 (current law is for grades 6 through 12).
- 14 **Coursework. [Tier 3 license]**  
Modifies requirements for a Tier 2 teacher seeking a Tier 3 license by expanding requirement to complete training to include a teacher responsible for selecting literacy curriculum materials for kindergarten through grade 5 (current law is for grades 6 through 12).
- 15 **Regional Literacy Network paraprofessional and volunteer training. [Appropriation]**  
Changes the word “networks” to “Network.”
- 16 **Read Act professional development. [Appropriation]**  
Changes the word “networks” to “Network.”

## **Article 5: School Facilities**

Modifies the grant cycle for grants to school districts for gender-neutral single-user restrooms.

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**Section Description - Article 5: School Facilities**

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- 1 Grants for gender-neutral single-user restrooms.**  
Changes the reporting cycle for school district grants for gender-neutral single-user restrooms from a yearly cycle to an every other year reporting cycle. Leaves the grant amounts and process unchanged. States that appropriations from the 2026/2027 biennium are available until June 30, 2031.

## **Article 6: Special Education**

This article requires the Blue Ribbon Commission to find an additional \$50 million of biennial cost savings in the special education budget or increase the offset to special education cross subsidy aid by an added \$50 million (raising the total from \$250 million to \$300 million per biennium). Modifies the timeframe of the Blue Ribbon Commission.

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**Section Description - Article 6: Special Education**

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- 1 Duties. [Blue Ribbon Commission]**  
Modifies the duties of the Blue Ribbon Commission to clarify that the Blue Ribbon Commission may not include recommendations that increase funding or appropriations to other state education programs.
- 2 Direction to commissioner of management and budget; contingent reduction in special education appropriations.**  
Increases the special education aid savings the Blue Ribbon Commission must identify from \$250 million to \$300 million for each biennium and correspondingly increases the automatic offset in special education cross subsidy aid by the same amount if other special education cost savings measures based on the work of the Blue Ribbon Commission are not enacted.

## **Article 7: State Agencies**

This article modifies provisions related to the Office of Inspector General (OIG), including data provisions, and sets aside a portion of the appropriation for paraprofessional training for use by the Department of Education.

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**Section Description - Article 7: State Agencies**

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- 1 Department of Education Office of the Inspector General; investigative data.**  
Requires data used in an investigation by the OIG to be maintained as confidential or protected nonpublic data, and not be disclosed except under specified

**Section Description - Article 7: State Agencies**

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- circumstances. Requires data referred to in this section to be classified as public data upon submission to a court in a civil or criminal proceeding or when the investigation is no longer active, except as required under other statutes. Allows the existence of an investigation by the OIG or withholding of payment by the commissioner to be disclosed if the commissioner, after consulting with the inspector general, determines it will not compromise the investigation.
- 2     **Application. [Comprehensive law enforcement data]**  
Adds the MDE OIG to the list of agencies that carry a law enforcement function.
- 3     **Establishment of Office of the Inspector General; powers, duties.**  
Adds “theft” to the office’s duties to detect and prevent “fraud, waste, and abuse.”
- 4     **Definitions. [Office of Inspector General]**  
Expands the definition of “abuse” to include behavior that is deficient or improper compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Defines “excluded” to mean removed by any means from a program administered by a Minnesota state agency or federal agency. Expands the definition of “fraud” to include hiding the misuse of funds, and states that fraud includes acts that constitute a crime against any program, or attempts or conspiracies to commit those crimes. Expands the definition of “program participant” to include associated entities, and states that associated entities or persons includes vendors or others that contract with recipients of program funds. Defines “theft.” States that “waste” includes an attempt or act using or expending resources carelessly, extravagantly, or to no purpose.
- 5     **Access to records. [OIG]**  
Requires program participants to give the OIG immediate access without prior notice to any locations of potential record storage and the records themselves, and to any records related to a department program. Provides that denying access to requested records is cause for immediate suspension of payment. Allows the OIG to copy any record related to a department program.
- 6     **Sanctions; appeal. [OIG]**  
Modifies grounds for sanctions. Allows, rather than requires, the commissioner to lift sanctions under certain circumstances.
- 7     **Data practices. [OIG]**  
Adds cross-references to data practices statutes, referencing new statute governing the OIG and investigative data (section 13.3211 (section 1 above)) and statute on

**Section Description - Article 7: State Agencies**

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- comprehensive law enforcement data (section 13.82). Strikes audit data from the list of types of data governed by these cross-referenced statutes.
- 8 **Immunity and confidentiality. [OIG]**  
Provides immunity from civil liability to a person making a good faith report or participating in an investigation. Requires the reporter's name and identifying information to be kept confidential after an investigation is complete.
- 9 **Limits on receiving public funds; prohibition. [OIG]**  
Provides that subdivision does not authorize reducing or pausing state or federal aid to a district, charter school, cooperative unit, library, library system, or library district. Establishes requirements for and consequences of excluding a participant from a department program.
- 10 **Notice. [OIG]**  
Requires the commissioner to provide a program participant notice when excluding a participant from a department program.
- 11 **Appeal. [OIG]**  
Allows a program participant excluded from a department program to request a contested case hearing.
- 12 **Withholding of payments. [OIG]**  
Provides that subdivision does not authorize withholding payments of state or federal aid to a school district, charter school, cooperative unit, library, library system, or library district. Requires the inspector general to recommend to the commissioner to withhold payments to a participant in any department program if there is a credible allegation of fraud or theft for which an investigation is pending. Requires the commissioner to notify the participant when withholding payments. Prohibits appeals of withholding of payments.
- 13 **Program participant records retention. [OIG]**  
Requires program participants to retain specified documents for at least six years from the date that program money was disbursed to the program participant, and to immediately make them accessible to the department, including the OIG. Requires a program participant that withdraws or is excluded from a department program to retain the records for at least six years and make them available to the department on demand.
- 14 **Reimbursement for paraprofessional training. [Appropriation]**  
Sets aside \$186,000 per year of the appropriation that reimburses school districts for paraprofessional training for use by the Department of Education to provide

**Section Description - Article 7: State Agencies**

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resources, technical assistance and training to paraprofessionals, school districts, and charter schools, and to monitor implementation of training requirements.

## **Article 8: Forecast Adjustments**

Makes adjustments to fiscal years 2026 and 2027 education appropriations enacted during the 2025 Legislative Session to match the February 2026 forecast data. The state aid amounts for 33 appropriations programs are adjusted in this article. The forecast aid levels are the best estimates of the state aid required to fully fund each K12 program and appropriation according to the underlying statutory formula.

The most likely causes of forecast adjustments are changes in:

- estimated pupil counts for that year (e.g. general education basic revenue);
- underlying cost factors (e.g. special education);
- program participation (e.g. school meals); and
- underlying inflation assumptions (e.g. general education basic revenue).

The changes in the appropriations (both up and down) are real and the changes must be enacted in law, but forecast adjustments have no fiscal impact when measured against the K12 budget because the changes are built into the forecast estimate of the budget base.



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