

HOUSE RESEARCH

Bill Summary

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Overview

The Permanent School Fund (PSF) of Minnesota consists of the proceeds of the lands granted to the state by the federal government for the use of schools, proceeds from swamp lands granted to the state, and cash and investments credited to the fund. While much of the initial land granted to the state has been sold, the state Department of Natural Resources is responsible for managing about 2.5 million acres of school trust land. The net proceeds from the land management activities (timber sales, minerals activities, lease revenue, etc.) annually are added to the principal of the fund.

The state holds the land and accumulated revenues from the land in trust for the benefit of public schools in Minnesota. The State Board of Investment is responsible for investing the principal of the fund, subject to direction from the Constitution and the legislature. The interest and dividends arising from the fund are required by the Constitution to be distributed to the state's school districts according to the method described in statute.

Prior to the changes adopted by the 2008 Legislature, the earnings from the permanent school fund were simply offset against each district's general education aid. After the 2008 changes, which are first effective for fiscal year 2010, the general education aid offset is eliminated and instead, each school district is granted the corresponding amount of permanent school fund money on a per pupil basis as additional revenue to use for any school purpose. For fiscal year 2009, the Department of Finance is estimating the distribution from the PSF to school districts at about \$29 million.

This bill requires the PSF money to be reserved for school technology purposes.

Section

- 1 School endowment fund; use of revenue.** Requires school districts to reserve the revenue received from the permanent school fund earnings for technology purposes including computers, adaptive technology, library resources, and certain telecommunications costs.