HOUSE RESEARCH
Bill Summary

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Subject: Permanent School Fund Revenue; Increases Reserved for School Technology Purposes

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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 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, first effective for fiscal year 2010, the general education aid offset is eliminated and instead, each school 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 years 2010 and later, the annual distribution has been around $28 per pupil.

This bill requires any PSF money above the amount currently received by schools to be reserved for school technology purposes.

1 **School endowment fund; use of revenue.** Requires schools to reserve the revenue received from the permanent school fund earnings in excess of $28 per pupil for technology purposes including computers, adaptive technology, library resources, and certain telecommunications costs.