

Subject PSEO Payments to Colleges and School Districts

Authors Knudsen and Keeler

Analyst Tim Strom

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Overview

Minnesota's Postsecondary Enrollment Options (PSEO) program was enacted in 1985. Under the traditional PSEO program, an eligible student (11th and 12th grade students and certain 10th grade students) leaves the high school and takes a college course taught by a member of the college faculty on the campus of a qualifying postsecondary institution (PSI). The student receives both secondary credit and college credit for these courses. PSEO was broadened in 1997 to allow home school and nonpublic pupils to participate in the program as well.

Under the traditional PSEO program, for each student, for the portion of the day the student is enrolled in a college course, 88 percent of the basic general education revenue is paid by the Minnesota Department of Education (MDE) directly from the state to the PSI. The public school district in turn counts the student as 0.12 pupils in average daily membership across all school funding formulas. For nonpublic students, there is no residual payment to the school district of residence—the state simply pays 88 percent of the basic general education revenue amount directly to the PSI. The state basic formula payment to the PSI is converted from the general education basic formula allowance to a standard rate per credit hour. For fiscal year 2026, the credit hour rate equals \$248.37 for each semester hour ($[(88\% \times (\$7,481 - \$425) \times 1.2)]/30$). The state payment to the PSI is the lesser of the actual tuition at the college or the standard rate per credit hour.

H.F. 4270 proportions the state aid payments to the PSI in cases where a student withdraws from the college course between 11 and 30 business days after the course has started. Under current law, if the student withdraws after the 10th business day, the full state aid amount is still paid to the PSI.

Summary

Section	Description
1	<p>Financial arrangements.</p> <p>Proportions the state aid payments between the PSI and school district in cases where a student withdraws from the college course between 11 and 30 business days after the course has started depending on the time spent at the PSI. Under current law, if the student withdraws before the 10th business day, no aid is paid to the PSI, and if the student withdraws after the 10th business day, the full state aid amount is paid to the PSI.</p>



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