



2025 LEGISLATIVE AGENDA

REVIEW OF 2023-24 SESSION AND FISCAL IMPACTS FOR FY26-27

- The 2023-24 Legislature enjoyed a \$17 billion (\$5.2 billion ongoing; \$12 billion, one-time) biennial surplus
- Democratic control of the House, Senate and Governor's Office
- Governor and Legislative leaders set JOINT BUDGET TARGETS for the K-12 conference committees that allocated 40% of the \$5.2 billion surplus to K-12 Education appropriations across 2 biennia (24-25/26-27)
- Significantly, at the insistence of the House Speaker, the K-12 target for the 2026-27 biennium was sufficient to accommodate enactment of the first ever, legislatively authorized General Education formula inflationary increase (between 2-3%) for the following 2026-27 biennium.
- The 2023 Omnibus K-12 Finance bill funded:
 - 4%/2% General Education revenue increases for FY24 and FY25, and
 - an annual inflationary increase for FY26-27 between 2-3%.
 - an inflationary general education increase, for FY2 26-27, of between 2% and 3% costs between \$450 million and \$673 million.
 - 2023 budget increases appropriations for Special Education cross-subsidy aid and English Learner cross-subsidy aid in the 2026-27 biennium at a cost of another \$500M for 26-27.
 - In short there are about \$1B of inflationary increases in the FY26-27 biennium enacted in 2023 that are "baked" into the "November Budget Forecast".
 - These significant inflationary spending commitments across general education revenue, special education revenue and EL revenue were significant "wins" in 2023 that will keep on "giving" in 2026-27.

Bottom line:

- The 2025 Legislature will need a November forecast projected surplus greater than \$1 billion to countenance any new state spending in any category.
- The November Forecast projected an FY26-27 surplus of \$611M and projected FY28-29 shortfall just over \$5B.

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A legislative agenda should be:

- educational,
- aspirational and
- obtainable.
- Policy recommendations should:
 - Educate our legislative delegation of our needs
 - Indicate that we aspire to a relationship where state mandates are funded appropriately;
 - Include proposals that are obtainable notwithstanding the fiscal and political uncertainties we face in the 2025 Legislative Session.

General Education Formula

- An additional 2 % increase in General Education Formula ((\$450-500M in FY26-27)
- Current law provides an FY26-27 increase between 2-3%.
- FY24-25 saw a 4% and 2% increase respectively

Special Education Formula

- Fully fund the Special Education cross-subsidy by 2027
 - Further limit tuition billbacks due open enrollment/charters and intermediate districts.

English Learner Formula

- Fully fund the EL cross-subsidy by 2027
 - Current law provides that the state fund 25% of the EL cross subsidy by 2027 (\$55M in FY27)
 - Amend the EL formula to include additional revenue for “SLIFE” (Student with Limited/Interrupted Formal Education) students

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Compensatory Revenue Formula

- Update the Compensatory Revenue formula to address the change in the collection of F/RL data in a post Universal Meals environment
- Consider formula enhancements such as:
 - Data sharing of Medicaid eligibility data
 - HHM data

Extended Time Revenue

- Increased the Extended Time allowance to better fund extended time learning opportunities

Fund State Mandates

- Fully fund the Unemployment Insurance benefit for non-licensed, contract personnel
 - Fully fund with a state appropriation or
 - Allow school districts to fund with an unemployment levy.
- Increase appropriations and extend timelines to accomplish the objectives of the READ Act

School District Levy Authority

- Increase the Local Option Revenue per pupil limits to \$957 to reflect the inflation since 2013
- Allow operating referendum renewal by BOE vote without restriction
- Increase the Safe Schools levy authority
- Increase the state equalization aid for school district levies including: operating; local option and debt service levies

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