

# LEGISLATIVE PRIORITIES 2026



The Grand Rapids Area Schools Board of Education has identified the following legislative priorities for the upcoming session.

These issues directly affect students, taxpayers, and the long-term financial stability of our district. Our goal is to maintain strong academic programs while protecting local residents from unnecessary financial burden.

## 1. Maintain the Hold Harmless Provision for Compensatory Revenue

### Why this matters here:

Compensatory funding pays for teachers, student support staff, and targeted help for students who need extra academic support. Without the current temporary protection in law, Grand Rapids Area Schools would lose more than \$1.2 million in a single year, forcing reductions to student support services and staff.

### Background:

The state recently changed how it calculates compensatory revenue, shifting from using free and reduced forms that parents complete to an automatic eligibility system tied to participation in certain public assistance programs (called direct certification). While this change simplifies identification of students, it significantly reduces funding for some districts, including ours, meaning funding was reduced even though the number of students needing support didn't. The need didn't change, only the formula did. Recognizing this problem, the Legislature created a temporary 'hold harmless' provision while a task force develops a long-term solution.

### Legislative Request:

**Extend and fully fund the hold harmless provision through at least FY28, or until the Legislature adopts a new, permanent compensatory funding formula.**

### For more information:

- [Minnesota Rural Education Association information and maps](#)

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## 2. Pass the Seasonal Recreational Property Tax Base Replacement Aid Bill

### Why this matters here:

In districts like ours, many properties are seasonal cabins. Current law does not allow those properties to fully count when schools ask voters to approve operating funding. As a result, year-round residents carry a larger tax burden than they otherwise would, and school referendums are harder to pass.

### Background:

A 2003 tax code change excluded seasonal recreational property from the tax base used for school operating levies. This creates an inequity in districts with a high percentage of seasonal properties. The proposed state aid would replace a portion of the local property tax effort with state funding, reducing the tax impact on permanent residents.

### Legislative Request:

**Adopt the Seasonal Recreational Tax Base Replacement Aid program to reduce local property tax pressure and improve fairness for communities with a high concentration of seasonal properties.**

**For more information:**

- [Minnesota Rural Education Association information and maps](#)
- [News story](#)

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### **3. Maintain the Inflationary Increase to the Per-Pupil Funding Formula**

**Why this matters here:**

When school funding does not increase with inflation, schools can afford fewer teachers, supplies, and services each year even if the budget appears stable. Over time, this forces budget reductions or increased reliance on local property taxes

**Background:**

For more than two decades, the state's basic per-pupil funding formula did not consistently keep pace with inflation. As costs rose faster than state funding, the purchasing power of the formula steadily declined, contributing to program cuts and increasing dependence on local levies across Minnesota and right here in our school district. In our district, that has meant \$10 million in budget adjustments and over 80 jobs eliminated.

In 2023, the Legislature enacted an important structural reform by linking the General Education Basic Funding Formula to inflation. Beginning in Fiscal Year 2026, the formula is scheduled to automatically increase each year by the rate of inflation (between 2% and 3%). The intent of this change was to protect school funding from erosion over time and provide predictable, stable revenue for long-term planning.

Districts have been concerned that the inflationary adjustment might be treated as a replacement for regular formula increases rather than a protection against rising costs. During the most recent legislative session, the inflationary adjustment became the *only* increase in school funding, effectively turning a safeguard into a funding cap. Current budget projections indicate the same approach will most likely occur again in FY27.

Additionally, with the state facing budget pressures, districts are concerned the inflationary adjustment itself could be suspended or revoked. If that occurs, schools will receive no meaningful funding increase while costs continue to rise, requiring new reductions in staffing, programs, or services.

**Legislative Request:**

**Maintain and protect the inflationary adjustment to the general education formula as a permanent structural component of school funding.** The inflationary adjustment should not be used as a way to balance the state budget.

## 4. Oppose Reductions to Special Education Cross-Subsidy Aid

### Why this matters here:

Schools are legally required to provide special education services, but state and federal funding does not fully cover the cost. Districts must use general education dollars to make up the difference. Like many regional centers, our district serves a higher percentage of students with special needs than many districts, so reductions would have a disproportionate impact locally.

### Background:

In 2025, the State Legislature addressed a budget imbalance by creating a "Blue Ribbon Commission for Special Education" tasked with identifying \$250 million in special education savings. If those savings are not found, the remaining amount would automatically be cut from special education cross-subsidy reduction aid, funding districts receive to help offset the gap between the cost of mandated services and state/federal aid. The cut would undermine the progress made in the 2023 legislative session to increase the state's contribution to special education funding and would directly result in a significant financial burden on our district. Since the need and the expenses would not go away, only the funding supporting them, the district would be forced once again to divert general education funds to cover the shortfall.

### Legislative Request:

**Do not reduce special education cross-subsidy aid to backfill any shortfall not resolved by the Special Education Task Force.** Any plan to save money in special education should focus on reforming requirements or improving efficiency rather than reducing funding to school districts.

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## 5. Fully Fund or Revoke the Summer Unemployment Requirement

### Why this matters here:

Recent policy changes allowing summer unemployment benefits shift significant and unpredictable costs onto school districts. The unfunded cost to our district is estimated at \$350,000, which will mean additional budget pressure.

### Background:

Minnesota expanded eligibility for unemployment insurance benefits to certain school employees during the summer months when school is not in session. However, the benefit is financed through district unemployment accounts rather than a statewide funding source. As a result, districts are

responsible for covering costs that were created by a state policy decision. The expense varies year to year and is difficult to budget for, creating instability and increasing reliance on local taxpayers.

### Legislative Request:

**Fully fund the summer unemployment benefit at the state level, or revoke the requirement so districts are not financially responsible for a state-created benefit.**

## **6. Increase School Safety Funding**

### **Why this matters here:**

Schools need more tools and resources to improve school safety. Safe Schools revenue supports counselors, mental health staff, cameras, school liaison officers, and behavior intervention programs, all components of a comprehensive safety effort tailored to local needs.

### **Background:**

The Minnesota Legislature last increased Safe Schools revenue in 2013, raising it from \$30 to \$36 per pupil, and it has not been adjusted since. That same year, lawmakers broadened allowable uses beyond liaison officers to include facility security improvements, school climate efforts, and mental-health collaboration. In 2023 they expanded it again to cover cybersecurity, including software subscriptions, system upgrades, and cyber-insurance, reflecting the reality that digital threats are now a core safety concern for schools.

Today the same \$36 per student must cover three major areas: facilities and infrastructure, mental and chemical health supports, and cybersecurity. Districts now rely on this single revenue stream to fund prevention programs, security upgrades, counseling supports, monitoring services, and required cyber-insurance, a significant annual operating cost as cyber incidents have affected a large majority of K-12 districts in recent years. Meanwhile, roughly 36% cumulative inflation since 2015 has eroded purchasing power, meaning a funding level set more than a decade ago is expected to cover far more responsibilities at substantially higher cost.

### **Legislative Request:**

**Increase Safe Schools revenue to at least \$100 per pupil.**