



**April 10, 2023**

## **OVERVIEW OF THE 2023 REGULAR LEGISLATIVE SESSION**

The 2023 Legislative Session convened on January 3, 2023, with a change in the political make-up of the Minnesota Legislature. Governor Tim Walz was re-elected by a comfortable margin and the Democratic-Farmer-Labor Party maintained control of the Minnesota House of Representatives by a 70-64 margin. The Minnesota Senate flipped one seat to the DFL Party, giving them control of the chamber by a one-vote margin, 34-33.

Odd-numbered sessions are generally reserved for adopting a two-year biennial budget, although policy issues and the capital budget may be considered during the session. Minnesota Management and Budget (MMB) released its annual state budget forecast in December 2022 and announced the state was projecting a record \$18 billion surplus, with approximately \$6.6 billion of this amount available for permanent spending and tax relief.

Governor Walz released his budget recommendations to the Minnesota Legislature in late January, as well as his capital budget plan. In 2022, the Minnesota Legislature failed to reach an agreement on a bonding bill, thus pushing the capital budget into 2023. In early March, the Minnesota House successfully passed a bipartisan \$1.9 billion capital investment package that included bonding and cash investments.

The Minnesota Senate did not secure enough votes from Republicans to pass the legislation (bonding bills require a supermajority vote) and the bill is currently tabled in the Senate. The Senate Republicans have been demanding state social security tax relief in exchange for passage of the bonding. The bonding bill is on the Senate Floor and may be reconsidered at a later date.

Over the past three weeks, the Minnesota Legislature has worked through committee deadlines to move policy bills and assemble omnibus finance bills. The finance committees in the House of Representatives and the Senate have passed omnibus finance bills out of their respective committees to meet the legislature's third committee deadline on April 4.

The legislature will be recessed on Easter/Passover break from April 5-10, returning on Tuesday, April 11, 2023. The Minnesota House of Representatives and the Senate will pass omnibus finance bills after the Easter/Passover break. The differences between the bills must be reconciled prior to the mandatory adjournment on Monday, May 22, 2023. These differences will likely be worked out in conference committees.

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## TIMELINES

- The Minnesota Legislature will be on Easter/Passover break from April 5-10, returning on Tuesday, April 11.
- The House and Senate Finance bills will be passed off the floors during the weeks of April 11 and April 17.
- Conference Committees will be named and convene after the finance bills have passed both House and Senate floors.
- The Minnesota Legislature must adjourn the 2023 Legislative Session by midnight on Monday, May 22 to avoid a Special Session.

## MINNDEPENDENT LEGISLATIVE OVERVIEW

- Support expansion of school counseling to grades K-6 under the current Nonpublic Pupil Aid Program.
- Support legislation providing for alternative transportation arrangements for nonpublic schools.
- Support policies providing funding to ensure nonpublic schools are safe and secure.
- Oppose new education mandates on nonpublic schools.
- Monitor legislation and funding impacting nonpublic schools, including Nonpublic Aid and Transportation Programs.
- Monitor legislation imposing mandates on employers in Minnesota.

## MINNDEPENDENT LEGISLATIVE AGENDA:

**EXPANSION OF SCHOOL COUNSELING:** [HF1102/SF1428](#) was introduced in the House and Senate by Rep. Mary Frances Clardy (DFL-Inver Grove Heights) and Sen. Bonnie Westlin (DFL-Plymouth). The legislation extends school counseling services to grades K-6 for nonpublic students. HF1102 was heard in the House Education Finance Committee and was laid over for possible inclusion in the House Education Finance bill. The Senate Education Finance Committee did not schedule SF1428 for a hearing. The legislation was not included in the House Education Finance Bill.

**ALTERNATIVE TRANSPORTATION ARRANGEMENTS:** [HF923/SF1012](#) was introduced in the House and Senate by Rep. Peggy Bennett (R-Albert Lea) and Sen. Zach Duckworth (R-Lakeville). The legislation allows for school districts and nonpublic schools to enter alternative transportation arrangements when mutually agreed to. The bills were included in the House and Senate Education Policy Omnibus Bills rolled into the Education Finance bills.

**SAFE SCHOOLS AND FUNDING:** The Minnesota Legislature is considering funding in the Education and Public Safety Committees focused on directing funds to schools related to safety and cybersecurity. The Governor recommended \$50 million in his budget for safety and cybersecurity grant funding for school districts, charters, and “other educational entities” while the House Education Finance bill includes \$35 million for school districts, charters and cooperatives. There’s no similar provision in the Senate Education Finance bill.

## EDUCATION MANDATES ON NONPUBLIC SCHOOLS:

The Minnesota Department of Education (MDE) proposed two new mandates for nonpublic schools in the policy bill introduced in the House and Senate.

- 1. Nonpublic Schools Required to Report Educational Data to Resident School Districts for Students Enrolled in Nonpublic Schools:** The Minnesota Department of Education's policy bill included a provision requiring unaccredited nonpublic schools to annually send all nonpublic student records and testing results to resident school districts. This mandate also included homeschool students. This legislation was originally proposed in 2021 but was removed from the bill during the committee process.

The MDE policy bill was heard by both Education Committees in the House and Senate and was removed from the bill in February 2023 after significant pushback from MINNDEPENDENT, the Minnesota Catholic Conference and hundreds of parents representing homeschool children. The legislation was removed from the policy bills in the House and Senate. MDE has verbally committed to hosting a working group during the legislative interim in 2023 and plans to bring back recommendations to the Minnesota Legislature for the 2024 Legislative Session.

- 2. Records for Students Expelled or Suspended and Transfers to a New School:** The Minnesota Department of Education's policy bill includes a provision requiring all schools – public, charter, nonpublic – to include more information when a student is expelled or suspended and then transfers to another school. There is a reporting requirement in current law when a student is suspended or expelled and enrolls in a new school, and this new provision requires the submission of additional information. The team at PSP requested additional information from MDE and will seek clarification as the language moves through the committee process.

## EDUCATION PROGRAMS:

**Universal School Lunch Program:** [HF5/SF123](#), authored by Rep. Sydney Jordan and Sen. Heather Gustafson, passed the Minnesota Legislature and was signed by Governor Tim Walz in March 2023. The program is effective for the 2023-24 school year. MDE will be releasing guidance on the changes to participating schools prior to the start of the school year. Total cost: \$387.208 million in FY24-25 and \$418.977 million in FY26-27.

**Nonpublic Pupil Aid and Transportation Programs:** The Governor continued current funding for the nonpublic pupil aid and transportation programs. The Governor also recommended that the General Education funding formula receive inflationary increases for future years (FY26-27 and beyond). Despite testimony and opposition from the Minnesota School Administrators Association (MASA), the House and Senate

Education Finance Bills continue to fund nonpublic pupil aid and transportation programs to the General Education Formula and require school districts to provide the services.

**Education Finance: Comparison between Governor, House and Senate**

<b>Budget Change Item</b>	<b>Governor</b>	<b>House</b>	<b>Senate</b>
General Education Formula	Proposes increasing the formula by 4% in FY24 and 2% in FY25 and indexing the formula to inflation in future years.	Proposes increasing the formula by 4% in FY24 and 2% in FY25 and indexing the formula to inflation in future years.	Proposes increasing the formula by 4% in FY24 and 5% in FY25 but does not index formula to inflation for future years.
Nonpublic pupil aid	Funding for nonpublic pupil aid programs linked to the General Education formula (4% and 2% increase in FY24-25, inflation increases in FY26-27).	Funding for nonpublic pupil aid programs linked to the General Education formula (4% and 2% increase in FY24-25, inflation increases in FY26-27).	Funding for nonpublic pupil aid programs linked to the General Education formula (4% and 5% increase in FY24-25).
Nonpublic pupil transportation	Funding for nonpublic transportation is linked to the General Education formula (4% and 2% increase in FY24-25, inflation increases in FY26-27).	Funding for nonpublic transportation is linked to the General Education formula (4% and 2% increase in FY24-25, inflation increases in FY26-27).	Funding for nonpublic transportation linked to the General Education formula (4% and 5% increase in FY24-25).
Special Education	Proposes to reduce the total state cross subsidy by \$729.863 million in FY24-25; \$843.726 million in FY26-27.	Proposes to reduce the total state cross subsidy by \$729.863 million in FY24-25; \$843.726 million in FY26-27.	Proposes to reduce the total state cross subsidy by \$653.621 million in FY24-25; \$1,077 billion in FY26-27.
Early Learning Scholarships	Proposes an additional \$90 million each year for the current scholarship program. Total cost: \$180 million in FY24-25 and \$180 million in FY26-27.	Proposes an additional \$135.468 million in FY24 and \$135.469 million in FY25 for the current scholarship program. Total cost: \$270.937 million in FY24-25 and \$86.309 million carries in the base for FY26-27.	Proposes an additional \$135.259 million in FY24 and \$135.260 million in FY25 for the current scholarship program. Total cost: \$270.519 million in FY24-25 and \$70.530 million carries forward in the base for FY26-27.

<b>Budget Change Item</b>	<b>Governor</b>	<b>House</b>	<b>Senate</b>
Safe Schools	Proposes \$50 million in FY24-25 for one-time for building and cybersecurity grant program to school districts, charter schools and “other educational entities” – the program is non-competitive and first-come, first-serve basis	Establishes a building and cybersecurity grant program for school districts, one-time funding of \$35 million in FY24-25. The House version is limited to school districts, charter schools, and cooperatives. The commissioner prescribes the form and manner for applying for funding.	No new funding

**Public Safety Finance Bill: Comparison between Governor, House and Senate**

<b>Budget Change Item</b>	<b>Governor</b>	<b>House</b>	<b>Senate</b>
Safe Schools Center	\$600,000 in FY24-25 to expand the Safe Schools Center at the Minnesota Department of Public Safety.	\$600,000 in FY24-25 to expand the Safe Schools Center at the Minnesota Department of Public Safety.	\$300,000 in FY24-25 to expand the Safe Schools Center at the Minnesota Department of Public Safety.
Supplemental Nonprofit Security Grants	No new funding	\$250,000 each year for state funding to supplemental federal Homeland Security program to provide grants to targeted nonprofit organizations.	\$225,000 each year for state funding to supplemental federal Homeland Security program to provide grants to targeted nonprofit organizations.



## EMPLOYER-BASED MANDATES:

**Sick and Safe Leave:** [HF19/SF34](#), authored by Rep. Liz Olson and Sen. Sandy Pappas, passed the Minnesota House 69-54 on February 16, 2023, and is moving through the committee process in the House and Senate.

The legislation is modeled after ordinances passed in the cities of Minneapolis and St. Paul. Employer-based organizations across all sectors have weighed in to oppose the bill. Currently, the bill passed to the Senate Floor from the Senate Finance Committee with bipartisan concerns about the bill.

**Paid Family Medical Leave:** [HF2/SF2](#), authored by Rep. Ruth Richardson and Sen. Alice Mann, is moving through the committee process in the House and Senate and there's differences between the two companion bills. Governor Walz has included Paid Family Medical Leave in his budget recommendations to the Minnesota Legislature.

Employer-based organizations across all sectors have weighed in to oppose the bill and request changes. The trade association representing non-profit organizations weighed in and supports the legislation. The bill is moving through the committee process as a stand-alone bill. The versions of the House and Senate are different and either the differences will need to be worked out in conference committee or the House will need to accede to the Senate version.

House Update: HF2 (Richardson) is currently in the House Commerce Finance and Policy Committee. HF2 has passed several committees in the House and here's the [current version of HF2](#). The House Commerce Committee is scheduled to hear the bill during the week of April 10 and the House is expected to pass the legislation before the end of the session.

Senate Update: SF2 (Mann) has passed several committees and was up for hearing last week in the Senate Jobs & Workforce Development Committee. An author's amendment was adopted that included adding language that makes it easier for employers to opt-out of the program, decreased the maximum amount of leave allowed and clarified an employee may use PTO, vacation time or disability insurance in lieu of Paid Family Medical Leave. Additional amendments were adopted including a business wage exclusion that reduces the premium and business assistance grants when more than 15% of employees are on leave in any single week.

Here's a recent [StarTribune article](#) outlining legislative discussions and business response regarding the Paid Family Medical Leave bill.

**Political and Religious Speech:** [HF2442/SF2476](#), authored by Rep. Kaela Berg and Sen. Zaynab Mohamed, prohibits employers from forcing employees to attend political or religious meetings or otherwise having to listen to speech about politics and religion, unless it is part of the job duties of the employee. Employees are allowed to opt-out of meetings. An employee may bring civil actions against the employer for violating the statute. The bill was passed out of the Labor Committees in the House and Senate and

the bill was passed out of the House and Senate Judiciary Committees last week. HF2442/SF2476 may be placed on the calendar for final passage before the legislative session concludes.

**UI Benefits:** [HF20/SF32](#), authored by Rep. Emma Greenman and Sen. Jen McEwen, allows school support employees the ability to access Unemployment Insurance (UI) benefits during the summer months. The Department of Employment and Economic Development (DEED) estimates the bill will cost the UI fund \$116 million per year.

The bill passed the Education Finance Committees in the House and Senate and was referred to the Higher Education Committees in the House and Senate. The bill was passed out of the Senate Higher Education Committee last week and was referred to the Senate Jobs Committee. In addition, Gov. Walz included \$135 million each year for HF20/SF32 in his revised budget recommendations released shortly after the February budget forecast.

While we are told by nonpartisan legislative staff that this bill doesn't directly impact nonpublic schools, it may have an impact on the ability to recruit school support staff. School districts have weighed in with significant concerns about the legislation.

## **PSP CONTACT INFORMATION**

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