CHAPTER 117--H.F.No. 2433

An act relating to education finance; modifying the calculation of compensatory aid for fiscal year 2027; modifying the allocation of compensatory aid for fiscal year 2028; requiring anonymous threat reporting systems; providing anonymous threat reporting system grants to schools; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 13.321, by adding a subdivision; 13.82, by adding a subdivision; Minnesota Statutes 2025 Supplement, sections 126C.10, subdivision 3; 126C.15, subdivision 2; Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 121A.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2024, section 13.321, is amended by adding a subdivision to read:

Subd. 13. **Local anonymous threat reporting system.** Section 121A.0361, subdivision 5, governs data collected, created, or maintained through a local anonymous threat reporting system.

Sec. 2. Minnesota Statutes 2024, section 13.82, is amended by adding a subdivision to read:

Subd. 33. **Statewide anonymous threat reporting system.** Section 121A.0361, subdivision 5, governs data collected, created, or maintained through the Department of Public Safety's statewide anonymous threat reporting system.

Sec. 3. **[121A.0361] ANONYMOUS THREAT REPORTING SYSTEM.**

Subdivision 1. **Anonymous threat reporting system.** By June 30, 2027, the board of a school district or charter school must adopt a policy at a school board meeting to implement the use of an anonymous threat reporting system, and inform the commissioner of education which option listed in subdivision 4 the board selected. The district or charter school must implement either the local or the statewide anonymous threat reporting system by July 1, 2028.

Subd. 2. **Local anonymous threat reporting system.** (a) A local anonymous threat reporting system must:

(1) support anonymous reporting 24 hours a day using a mobile application, website, and toll-free hotline;

(2) be used to receive anonymous tips regarding dangerous, violent, threatening, harmful, or potentially harmful activity that occurs, or is threatened on, school property or relates to an enrolled student or school personnel;

(3) immediately forward reported information to designated school staff, the Bureau of Criminal Apprehension, and local law enforcement as soon as practicable; and

(4) comply with subdivision 5, data practices under chapter 13, and the Family Educational Rights and Privacy Act of 1974, United States Code, title 20, section 1232g.

(b) A school district or charter school that implements its own system may enter into a contract to develop and implement an anonymous threat reporting system that meets the requirements of this subdivision.

(c) A school district or charter school that establishes a local anonymous threat reporting system must:

(1) designate school staff to receive and respond to a report submitted through the anonymous threat reporting system;

(2) require training for school staff designated to receive and respond to a report submitted through the anonymous threat reporting system, including training on coordinating a response to reports with the Bureau of Criminal Apprehension and local law enforcement;

(3) promote public awareness and education about the anonymous threat reporting system by providing, to students, families, employees, and the school community, information about the anonymous threat reporting system and how to use it, including by:

(i) posting on the district's or charter school's website information about the local anonymous threat reporting system;

(ii) including information in the student handbook about the local anonymous threat reporting system; and

(iii) notifying parents annually of the availability of the local anonymous threat reporting system; and

(4) report to the commissioner of education, in the form and manner determined by the commissioner, the type of system adopted.

(d) A school district or charter school that implemented a local anonymous threat reporting system before July 1, 2026, may continue to use the system even if the system does not meet the requirements of this section, as long as the system immediately forwards reported information to designated school staff, the Bureau of Criminal Apprehension, and local law enforcement.

(e) Information about a district or charter school's local anonymous threat reporting system is "security information" as defined in section 13.37, subdivision 1, including information reported to the Department of Education under this section.

Subd. 3. **Statewide anonymous threat reporting system.** (a) A school district or charter school that does not implement its own local anonymous threat reporting system in accordance with subdivision 2 must provide, to students, families, employees, and the school community, information about the Department of Public Safety's statewide anonymous threat reporting system and how to use the system. A district or charter school must, at a minimum:

(1) post on the district's or charter school's website information about the Department of Public Safety's statewide anonymous threat reporting system;

(2) include information in the student handbook about the Department of Public Safety's statewide anonymous threat reporting system; and

(3) notify parents annually of the availability of the Department of Public Safety's statewide anonymous threat reporting system.

(b) A school district or charter school that uses and promotes the statewide system must report to the commissioner, in the form and manner determined by the commissioner, that it has complied with this subdivision.

Subd. 4. **Department of Education.** By January 15, 2028, and each year thereafter, the commissioner of education must submit a report to the legislative committees with jurisdiction over kindergarten through grade 12 education and public safety that lists the districts and charter schools that have:

(1) implemented a local anonymous threat reporting system;

(2) used and promoted the statewide system; and

(3) neither implemented a local anonymous threat reporting system nor used and promoted the statewide system.

Subd. 5. **Data practices.** (a) The definitions in section 13.02 apply to this subdivision. For purposes of this subdivision, the following additional terms have the meanings given:

(1) "anonymous threat reporting system data" means all data created, collected, received, or maintained by either a local anonymous threat reporting system or the Department of Public Safety's statewide anonymous threat reporting system. Anonymous threat reporting system data also includes data created by a school district or charter school, the Department of Education, a law enforcement agency, or noncriminal justice partners in response to a tip or report received by either a local anonymous threat reporting system or the Department of Public Safety's statewide anonymous threat reporting system;

(2) "law enforcement agency" has the meaning given in section 626.84, subdivision 1, paragraph (f); and

(3) "noncriminal justice partners" means the multidisciplinary team of professionals utilized by a law enforcement agency, that may include, but is not limited to, school administrators, behavioral health and social services providers, community partners, faith leaders, medical personnel, public safety professionals, or other partners.

(b) Anonymous threat reporting system data are classified as confidential data on individuals or protected nonpublic data while the anonymous threat report is active. Active anonymous threat reporting system data may be shared between or among a school district or charter school, the Department of Public Safety, the Department of Education, law enforcement agencies, and noncriminal justice partners. Inactive anonymous threat reporting system data from a local anonymous threat reporting system are governed by section 13.32. Inactive anonymous threat reporting system data from the Department of Public Safety's statewide anonymous threat reporting system are governed by section 13.82, subdivision 7.

(c) Anonymous threat reporting system data are active upon creation, collection, or receipt, but shall become inactive:

(1) when the school district or charter school, the Department of Education, or a law enforcement agency has determined that the data is no longer connected to a potential risk or threat; or

(2) two years following the last associated report of potential risk or threat made to either the local anonymous threat reporting system or the Department of Public Safety's statewide anonymous threat reporting system.

(d) Nothing in this subdivision restricts the application of section 13.37 or 13.82, subdivision 25, to inactive anonymous threat reporting system data.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 4. Minnesota Statutes 2025 Supplement, section 126C.10, subdivision 3, is amended to read:

Subd. 3. **Compensatory education revenue.** (a) A district's compensatory revenue equals the sum of its compensatory revenue for each building in the district and the amounts designated under Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 8, for fiscal year 2017. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) For fiscal years 2024, 2025, and 2026, the compensatory education revenue for each building in the district equals the formula allowance minus $839 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3.

(c) For fiscal year 2027 and later, the compensatory education revenue for each building in the district equals its compensatory pupils multiplied by the building compensatory allowance.

(d) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(e) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

(f) Notwithstanding paragraph ~~(c)~~ (b), for fiscal year 2026, if the sum of the amounts calculated under paragraph ~~(c)~~ (b) is less than $838,947,000, the commissioner must proportionately increase the revenue to each building until the total statewide revenue calculated for each building equals $838,947,000.

(g) Notwithstanding paragraph (c), for fiscal year 2027 and later, if the sum of the amounts calculated under paragraph (c) is less than $857,152,000, the commissioner must proportionately increase the revenue to each building until the total statewide revenue calculated for each building equals $857,152,000.

(h) Notwithstanding paragraph (c), for fiscal year 2027 only, the compensatory education revenue for each building equals the greater of:

(1) the amount calculated for the building under paragraphs (c) and (g); or

(2) the building minimum amount calculated under paragraph (i).

(i) For purposes of paragraph (h), the building minimum amount equals the product of:

(1) the compensatory education revenue for the building for fiscal year 2026;

(2) the lesser of one or the ratio of the number of pupils enrolled in the building on October 1, 2025, to the number of pupils enrolled in the building on October 1, 2024; and

(3) 0.659771.

Sec. 5. Minnesota Statutes 2025 Supplement, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district or cooperative must allocate at least 80 percent of its compensatory revenue to each school building in the district or cooperative where the children who have generated the revenue are served unless the school district or cooperative has received permission under

Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) A district or cooperative may allocate no more than 20 percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

(f) For fiscal years 2026 ~~and~~, 2027, and 2028 only, notwithstanding the percentages specified in paragraphs (a) and (b), a district may allocate up to 40 percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board, consistent with the purposes listed in subdivision 1.

Sec. 6. Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 2, is amended to read:

Subd. 2. **General education aid.** (a) For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

	~~8,509,608,000~~		
$	8,550,641,000	.....	2026
	~~8,765,730,000~~		
$	8,783,520,000	.....	2027

(b) The 2026 appropriation includes $783,251,000 for 2025 and ~~$7,726,357,000~~ $7,767,390,000 for 2026.

(c) The 2027 appropriation includes ~~$807,134,000~~ $802,177,000 for 2026 and ~~$7,958,596,000~~ $7,981,343,000 for 2027.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. **SUPERSEDING EFFECT.**

The amendments made to Laws 2025, First Special Session chapter 10, article 1, section 28, subdivision 2, in this act supersede and prevail over any other amendment made to Laws 2025, First Special Session

chapter 10, article 1, section 28, subdivision 2, during the 2026 Regular Session, regardless of order of enactment.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. **APPROPRIATIONS; ANONYMOUS THREAT REPORTING SYSTEMS.**

Subdivision 1. **Grants.** (a) $4,000,000 in fiscal year 2027 is appropriated from the general fund to the Department of Public Safety, Division of Homeland Security and Emergency Management, for grants to schools for the development, purchase, implementation, operation, and maintenance of anonymous threat reporting systems.

(b) A school district, charter school, cooperative unit under Minnesota Statutes, section 123A.24 that serves students, Tribal contract school, or nonpublic school may apply for a grant in the form and manner specified by the Division of Homeland Security and Emergency Management. A school district must submit a single application identifying all school sites for which it seeks funding. An applicant must apply for a grant in the form and manner specified by the Division of Homeland Security and Emergency Management. The Division of Homeland Security and Emergency Management may establish grant application timelines and may award grants in more than one round. Grants may be awarded in an amount not to exceed $10,000 per school district or cooperative unit, and $2,500 per charter school, Tribal contract school, or nonpublic school. Grants must be awarded to schools located in all geographic regions of the state.

(c) Grant funds may be used to fund expenses associated with the development, purchase, implementation, operation, and maintenance of an anonymous threat reporting system, including staff compensation. Grant funds may also be used to compensate staff who are responsible for responding to threats received through the system.

(d) By February 15 following each year a grant is awarded under this section, the Minnesota School Safety Center, Division of Homeland Security and Emergency Management, and Department of Public Safety must report to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education and public safety on how grant money was awarded and distributed. The report must identify the grant recipients and how the grant money was used by each recipient.

(e) This is a onetime appropriation. This appropriation is available until June 30, 2029.

Subd. 2. **Statewide threat assessment and investigations.** $1,000,000 in fiscal year 2027 is appropriated from the general fund to the Department of Public Safety, Bureau of Criminal Apprehension, for staffing and operating costs related to threat assessment and investigations. This is a onetime appropriation and is available until June 30, 2029.

Presented to the governor May 20, 2026