



## Special education formula falls short of needs.

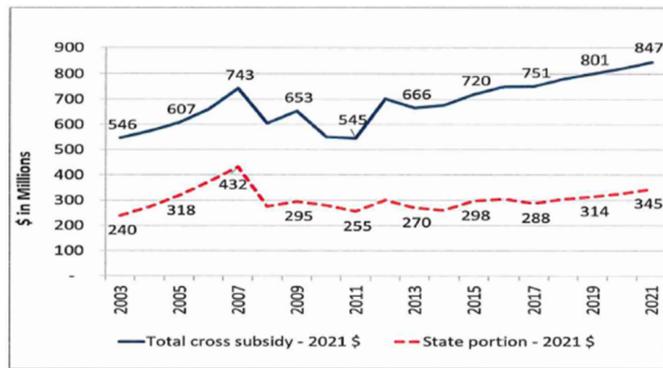
The growth in special education needs outpaces the funding provided through the new Minnesota Special Education (SPED) formula. This leads school districts to use general fund formula dollars to ensure education for all students and causes increases in what is known as the cross subsidy. HF4272/SF3861 offer a solution. [Learn more at MREAVOICE.org/SpecialEdEquity](http://MREAVOICE.org/SpecialEdEquity)

**Cross subsidies vary widely in Minnesota school districts** from \$172 to \$1,654. It represents 24% of the formula for FY 2017. This results in an inequity in the effective formula for students in similar size school districts.

EFFECTIVE FORMULA (Formula minus Cross Subsidy)		
	Metro Districts Plus Districts > 7,500 in Greater Minnesota	Rural Districts < 7,500 Students
Largest	\$5,529	\$5,895
Average	\$5,003	\$5,232
Smallest	\$4,413	\$4,451

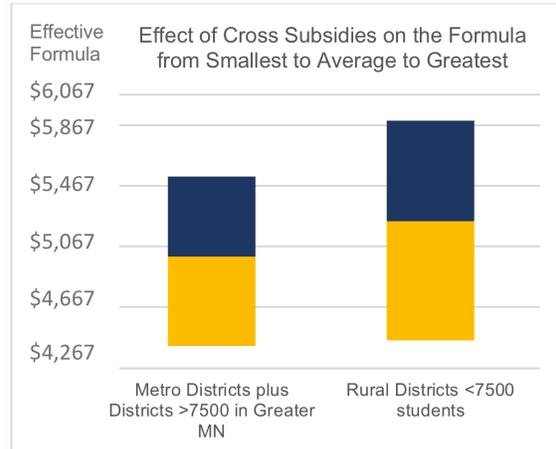
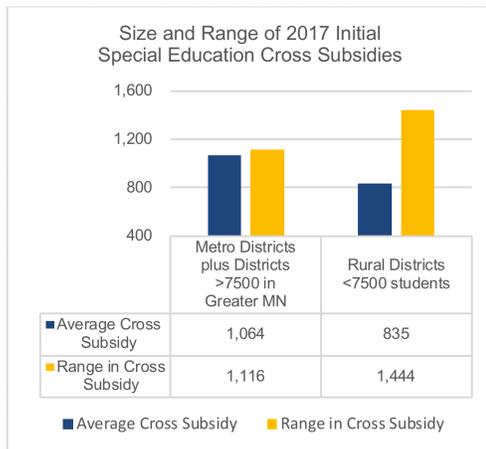
## CROSS SUBSIDY CHANGE IN MINNESOTA

Impact of increasing SPED costs and limitations in new formula  
Source: Minnesota Department of Education, January 2018



## SIZE IMPACTS SPED EQUITY

Greater Minnesota school districts with more than 7,500 ADM are similar to metro districts in medical and related services for high-need students. For SPED Equity Aid, the Duluth, Elk River, Mankato, Rochester and St. Cloud school districts are included in the modified metro region.

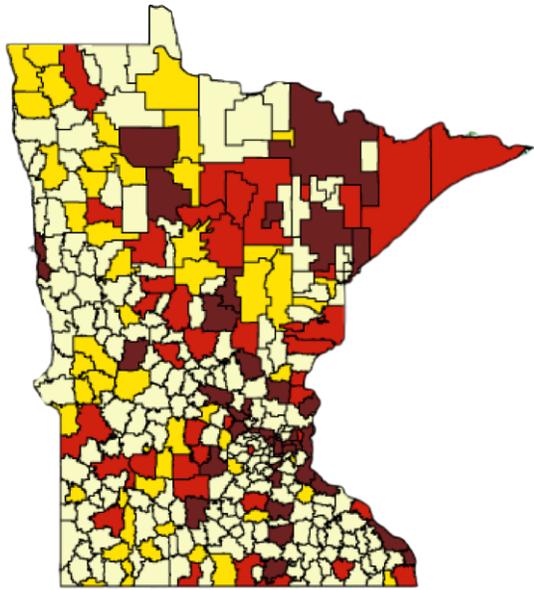


# Special Education Equity Aid



## HF4272/SF386 aims to limit inequity

in student funding through a re-insurance solution that maintains better equity in formula funding among similar type school districts across Minnesota. [Learn more and view interactive map at MREAVoice.org/SpecialEdEquity](https://MREAVoice.org/SpecialEdEquity)



FY '19 Proposed Special Education Equity Aid

- Districts below average Cross Subsidy for Region, ineligible for Equity Aid
- Districts above average Cross Subsidy, eligible for up to \$30,000 Equity Aid
- Districts above average Cross Subsidy, eligible for \$30,000 to \$120,000 in Equity Aid
- Districts above average Cross Subsidy, eligible for \$120,000 or more Equity Aid

### HOW IT WORKS

- Districts are eligible when their Initial Special Education Cross Subsidy exceeds their respective modified metro or rural average two years previous.
- Cross Subsidy Equity Aid equals the district's ADM and 30% of the difference between the eligible district's Initial Cross Subsidy minus the applicable modified metro or rural average.
- The maximum aid is the sum of the district's ADM and \$120 per ADM.

### WHAT'S THE IMPACT

The state would re-insure regular education for about 340,000 students in 128 school districts with an annual investment of \$20 million – an average of \$59 per pupil affected. Districts below the average have more effective formula dollars than districts receiving SPED Equity Aid.

Regions	Average Initial Cross Subsidy	Number of Districts Above Average	Number of Students Affected	Total Equity Aid	Equity Per Affected Student	Affected Districts' Average Adjusted Cross Subsidy After Equity Aid
MODIFIED METRO	\$1,064	20	198,936	\$11,542,092	\$58	\$1,237
RURAL	\$835	108	141,846	\$8,457,908	\$60	\$990

