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### Overview

School districts are required by state and federal law to provide appropriate and necessary special education to children with disabilities. Special instruction and services for children with disabilities must be based on the child's assessment and individualized education program (IEP).

School districts receive state aid and some federal aid to pay for special education services. If these funds are insufficient to pay for the costs of the programs, districts must use their other general fund revenue to pay for these costs. Each year, MDE calculates the difference between special education expenditures and revenue available for special education services and this difference is often called the special education cross subsidy.

HF 4272 creates a new component of special education aid called special education equity aid. This proposed aid is directed to districts where the cross subsidy is greater than the regional average cross subsidy. The aid equals the lesser of \$120 per pupil or 30 percent of the difference between the district's per pupil cross subsidy and the regional average cross subsidy. The two special education equity regions are the rural region for school districts in Greater Minnesota with fewer than 7,500 pupils and a metropolitan region for the remaining school districts.

## Section

- 1**        **Definitions; special education aid.** Defines the initial special education cross subsidy as the difference between: the sum of the school district's nonfederal special education expenditures and its special pupil transportation expenses; and the sum of the district's state special education aid and a designated portion of its general education aid.

Classifies school districts into one of two regions— a rural region for school districts with fewer than 7,500 pupils and administrative offices located in a Greater Minnesota county, and a metropolitan region for the remaining school districts.
- 2**        **Special education equity aid.** Creates a new component of special education aid called special education equity aid. Sets the equity aid amount equal to the lesser of \$120 per pupil or 30 percent of the difference between the district's per pupil special education cross subsidy and the regional average cross subsidy.
- 3**        **Appropriations; special education.** Appropriates \$20 million in fiscal year 2019 from the general fund to the commissioner of education for special education equity aid payments.