

**Subject** Special Education Funding Modifications

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## Overview

School districts, charter schools, and cooperative units receive state aid, and a relatively small amount of federal aid to provide special education service to their students. The state and federal aid do not cover the full costs of special education services. The difference between a school district's special education spending and its special education revenue is called its special education cross subsidy.

A school may also bill certain qualifying health-related services provided to some special education services to Medical Assistance.

Most unreimbursed special education costs incurred by charter schools and cooperative units are billed back to the student's resident school district.

H.F. 2357 increases special education aid, authorizes property tax levies for unfunded special education access fees and certain special education facilities costs billed back to their member districts by cooperative units, encourages more participation in third party billing by charter schools and cooperative units (which reduces the amounts charged back to resident school districts), and limits the hourly service rate for special education services that are billed back to the school district of residence.

## Summary

Section	Description
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1	<b>Special education aid [charter schools].</b>
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	Requires a charter school to file an annual plan with its authorizer describing the charter school's procedure for implementing third party billing (third party billing is where an allowable health-related service provided by the school to the student is billed to medical assistance).
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<b>Section</b>	<b>Description</b>
	Creates a tuition adjustment aid that softens the impact of the service cap rate proposed in section 7 for three years, beginning in fiscal year 2023. Sets the phase out amounts at 75 percent of the gap in FY 23, 50 percent of the gap in FY 24, and 25 percent of the gap in FY 25.
<b>2</b>	<b>Obligation to pay.</b> Clarifies that a third party has an obligation to pay for certain health related services whether the service was provided by a qualified school district, charter school, or cooperative unit.
<b>3</b>	<b>Third-party reimbursement.</b> Removes an obsolete date.
<b>4</b>	<b>Cross subsidy reduction aid.</b> Increases the cross subsidy reduction aid for school districts from its current level of 6.43 percent to 9.33 percent for FY 22, 12.11 percent for FY 23, and by three percentage points per year for each year thereafter, until the cross subsidy aid reaches 30 percent of each district's special education cross subsidy.
<b>5</b>	<b>Access fee levy.</b> Authorizes a school district, by board action, to levy for any access fees charged by the intermediate school or school cooperative unit to the school district.
<b>6</b>	<b>Lease and other facility levies for members of cooperative units.</b> Authorizes a cooperative unit providing special education services (an intermediate school district, special education cooperative, Service Cooperative, or education district) to levy for lease or bond repayment amounts for the special education facilities provided by the cooperative unit. Requires the cooperative unit to annually proportion its facility costs back to its member school districts.
<b>7</b>	<b>Alternative attendance programs.</b> Limits a charter school's tuition reimbursement amounts for charter schools that exceed the state average cost per service hour of service. Limits the reimbursement amounts to 200 percent of the statewide service rate for fiscal year 2023, 175 percent of the statewide service rate for fiscal year 2024, 150 percent of the statewide service rate for fiscal year 2025, and 125 percent of the statewide service rate for fiscal year 2026 and later.  Authorizes the Department of Education to disallow a tuition expense if the department determines that the charter school has failed to pursue third-party billing for qualifying health-related special education services.



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