

Subject Special education aid increased for school districts

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Overview

Minnesota's school districts receive the bulk of their special education aid from state aid payments. Some funding for special education aid comes from the federal government, and the remaining portion of each school's special education costs are borne by the individual school district's general fund moneys. The special education costs not funded by state or federal aid are referred to as the special education cross subsidy.

In Minnesota, when a student open enrolls or attends a charter school, the resident school district is responsible for funding 90 percent of the serving school district or charter school's unreimbursed special education costs. For a few charter schools that serve primarily disabled students, 100 percent of the unreimbursed costs are charged back to the resident school district.

H.F. 194 simplifies the number of calculations for special education aid, increases special education funding by about \$360 million per year beginning in the 2020-21 school year, and reduces the amount of a serving school district or charter school's unreimbursed costs that can be billed back to the resident school district from 90 to 50 percent. H.F. 194 also increases general education aid for charter schools to offset a portion of the revenue that charter schools will no longer receive from billing school districts for 90 percent of their unreimbursed special education costs.

Summary

Section	Description
1	Revenue calculation; charter schools. Increases general education revenue for charter schools by including in the charter school's general education revenue local optional revenue and the per pupil referendum revenue amount based on the referendum in the district where the charter school is geographically located.
2	Special education aid for eligible special education charter schools. Increases the current year aid portion of special education aid for charter schools by increasing the aid percentage to 90 percent.

Section	Description
3	Definitions; special education aid. Removes the per pupil cap on special education aid (under current law, special education revenue can grow by no more than \$40 per pupil unit).
4	Special education initial aid. Increases initial special education aid by removing a maximum aid limitation and increasing the aid from 56 to 64 percent of the defined costs. Adjusts the census aid amounts to more closely reflect the statewide average amount of aid for each of these disability categories of special education aid.
5	Special education aid. Eliminates the special education aid caps and grandfathers.
6	Definitions; special education excess cost aid. Removes the definition of “old formula special education expenditures” as it is no longer necessary to calculate special education excess cost aid.
7	Excess cost aid. Eliminates the portion of excess cost aid calculated on the “old formula” level of expenditures. Increases the remaining excess cost aid in two ways: (1) the portion of general education aid offset from the excess cost aid is lowered from 7.0 percent to 2.5 percent of the district’s general education revenue; and (2) the portion of the difference between the district’s special education expenditures and the general education offset is increased from 56 to 62 percent of the difference.
8	Aid payment percentage. Increases the aid payment percentage for special education aid to 90 paid in the current year (instead of 97.4 percent of 90 percent). This increase affects cash flow for school districts (not revenue) and has a onetime cost to the state to undo the shift.
9	Alternative attendance programs. Reduces the portion of a serving school district’s unreimbursed special education costs that can be billed back to the resident school district from 90 percent to 50 percent of the unfunded costs.



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