

Local school districts are required by state law to provide appropriate and necessary special education to children with disabilities from birth to 21 years of age. Special instruction and services for children with disabilities must be based on the assessment and individualized education program (IEP).

Special Education Services

For the 2020-2021 school year, roughly 149,000 students (17 percent of Minnesota’s students) qualified for some special education services. In Minnesota, special education services are provided in one of 14 areas defined in state rule. Students in three categories, Specific Learning Disabilities, Speech Impaired, and Autism Spectrum, comprise more than half of all special education students. Service levels depend on each student’s IEP. Some students may receive only an hour of services a week while others may be in a program that provides special instruction for the full school day.

School District Special Education Expenditures and Revenue

School districts, charter schools, and cooperative units receive state aid and a relatively modest amount of federal aid to provide special education services 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 the special education cross subsidy and must be funded from a district’s other general fund money. The following table shows the estimated special education state aid, federal aid, and cross subsidy for the 2022-2023 school year.

**Estimated Special Education Spending, Revenue, and Cross Subsidy
2022-2023 School Year**

Category	Amount
Est. Special Education Spending	\$2,927,711,000
Est. Special Education Federal Funding	\$191,821,000
Est. 3 rd Party Billing	\$51,527,000
Est. Special Education State Funding	\$1,808,811,000
Adjusted Net Cross Subsidy (unfunded portion)	\$754,169,000

Special Education Funding Formula

Minnesota’s special education formula is a hybrid formula combining a cost-reimbursement formula with a modified “census style” of funding. The formulas also authorize the serving school district or charter schools to bill a portion of their unfunded special education costs attributable to a nonresident student back to the student’s resident school district.