

# HOUSE RESEARCH

## Bill Summary

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### Overview

Minnesota's school districts are required by state and federal law to provide special education services to all qualifying students. Minnesota's funding programs for special education include a regular funding formula that is initially based on 68 percent of a district's qualifying salary expenses, and then proportionally reduced to match the statewide cap on special education revenue. For FY 2008, a district's regular special education revenue is reduced by 24 percent of the initial amount.

The regular special education funding program is supplemented by the excess cost aid formula, which provides additional aid for a portion of each district's unreimbursed special education costs, once a certain minimum cost has been "covered" by a school district's other general fund money. This formula requires that a district must first spend 4.36 percent of its general fund revenue (\$287 per pupil unit on average) on special education services before qualifying for an aid amount that equals 75 percent of the district remaining costs, reduced by the statewide cap on excess cost expenditures. For FY 2008, districts' excess cost revenue is reduced by 56 percent of the initial excess cost amounts.

This bill removes the statewide cap on excess cost revenue and increases the reimbursement percentage from 75 percent to 90 percent of a district's unreimbursed costs. This bill is estimated to increase excess cost aid by roughly \$175 million in FY 2008.

**Section**

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- 1**      **Adjusted special education base revenue.** Adjusts a district's special education base revenue (which is based on two-year prior data) by the change in the number of students with an IEP as opposed to the change in the district's total enrollment between the base year and the current year.
- 2**      **Initial excess cost aid.** Increases the portion of unreimbursed special education costs that are covered by the excess cost formula from 75 percent to 90 percent of the costs in excess of 4.36 percent of each district's general education revenue.
- 3**      **District special education excess cost aid.** Removes the total state aid cap references from the special education excess cost formula.
- 4**      **Repealer.** Repeals the statewide cap on excess cost aid for fiscal years 2008 and later.