

# HOUSE RESEARCH

## Bill Summary

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### Overview

Minnesota's special education formula is a cost reimbursement formula partially based on a district's special education costs in the second prior year. The regular special education formula is initially based on 68 percent of a school district's expenditures for essential personnel (essential personnel are staff necessitated by the special education program). This initial aid amount is then subject to a statewide revenue cap, which has been relatively unchanged since fiscal year 2004 when the program growth factors were removed from the formula. This cap effectively reduces each district's regular special education revenue to 76 percent of the initial amount for FY 2008 and 72 percent of the initial aid amount for FY 2009.

The second part of the state's special education funding system is called excess cost aid. This formula initially provides 75 percent of a district's unreimbursed special education costs once the district has spent 4.36 percent of its general education revenue on unfunded special education costs. This formula is also subject to a statewide cap, which reduces the excess cost aid to 42 percent of the amount it would otherwise be in FY 2008 and to 37 percent of the amount it would otherwise be in FY 2009.

This bill restores the program growth factors at 4.6 percent per year for regular special education aid and 2 percent per year for excess cost aid. The bill increases the regular special education statewide aid cap to \$665.7 million for FY 2007 and

**Section**

has an appropriation cost of about \$122 million in FY 2007, \$165 million in FY 2008 and \$199 million for FY 2009.

- 1 Regular special aid; definitions.** Reestablishes the program growth factor for the regular special education aid program at 4.6 percent for FY 2008 and later.
- 2 State total special education aid.** Increases the state total special education aid amount by \$136 million to \$665.7 million for FY 2007.
- 3 Special education excess cost aid; definitions.** Reestablishes the program growth factor for the special education excess cost aid program at 2.0 percent for FY 2009 and later.
- 4 State total special education excess cost aid.** Removes the statewide aid cap from the special education excess cost aid formula for years after fiscal year 2007.
- 5 FY 2007 appropriation for regular special education aid.** Increases the fiscal year 2007 special education aid appropriation by \$124 million.