

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 977

**DATE:** March 7, 2007

**Version:** As Introduced

**Authors:** Davnie and others

**Subject:** Special Education Funding

**Analyst:** Tim Strom

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### 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 aid 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 factor for regular special education aid at 4.6 percent per year and creates a new aid formula that requires the state to pay a school district for the actual annual costs in excess of \$35,000 for any individual student whose special education expenditures exceed that amount.

**Section**

The bill has an appropriation cost of about \$84 million in FY 2008 and \$119 million for FY 2009.

- 1 State payment of excessive special education costs.** Creates a new state aid payment for high cost special education students. Requires the state to pay a school district for any annual special education aid costs in excess of \$35,000 for any student. Limits the total aid from all sources to not more than the total cost of providing instruction and service to the student.
- 2 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.