

Subject School District Special Education Funding; Cross Subsidy Aid

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Overview

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). The statutes and rules specify school district responsibilities for program decisions for children with disabilities and for the education of children who are placed outside the district where their parents reside.

A total of 142,270 students, or roughly 16.5 percent of Minnesota's school population, receive some special education services. School districts receive state aid and some federal aid to pay for special education services. If these funds are insufficient to pay for the costs of the programs, districts must use other general fund revenue. This difference between spending and revenue is called the special education cross subsidy.

H.F. 1162 proposes to fund an increasing percentage of the special education cross subsidy, starting with 3.3 percent in fiscal year 2020 and increasing to 13.2 percent in fiscal year 2023 and later at a cost of roughly \$30 million in FY 20 and \$60 million in FY 21.

Summary

Section	Description
1	Definitions; special education. Statutorily defines the special education initial cross subsidy as the difference between a school district's special education spending and its special education revenue.
2	Special education cross subsidy aid. Creates a new component of special education aid called cross subsidy aid. Sets the special education cross subsidy aid equal to: 3.3 percent for FY 20; 6.6 percent for FY 21; 9.9 percent for FY 22, and 13.2 percent for FY 23 and later.

Section	Description
3	Appropriations. Appropriates an unspecified amount of money for special education cross subsidy for fiscal years 2020 and 2021.



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