

**Subject** Special Education Cross Subsidy Eliminated

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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). For the 2020-2021 school year, roughly 149,000 students (17 percent of Minnesota's students) qualified for some special education services.

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 its special education cross subsidy and must come from a district's other general fund money. As defined in the annual special education cross subsidy report prepared by the Minnesota Department of Education, the term "gross cross subsidy" is the difference between state and federal special education revenue and special education spending. When certain general education aid is deducted from the gross cross subsidy, the remaining cross subsidy is called the adjusted net cross subsidy.

H.F. 2657 provides state funding for the full amount of school districts' adjusted net cross subsidy beginning in fiscal year 2023.

## Summary

| Section | Description |
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| 1 | <b>Cross subsidy reduction aid.</b><br>Increases the amount of each school district's special education cross subsidy that is paid by the state from 6.43 percent of the cross subsidy to 100 percent of the adjusted cross subsidy for fiscal year 2023 and later. |
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| Section | Description  |
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| 2       | <b>Appropriation; special education aid.</b><br>Increases the special education aid appropriation for fiscal year 2023 by an unspecified amount. |



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