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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-EIGHTH SESSION

**H. F. No. 1574**

03/14/2013 Authored by Newton

The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act  
1.2 relating to education finance; creating a state general fund budget priority for  
1.3 funding unreimbursed special education costs; appropriating money; amending  
1.4 Minnesota Statutes 2012, sections 16A.152, subdivision 2; 127A.065.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2012, section 16A.152, subdivision 2, is amended to read:

1.7 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general  
1.8 fund revenues and expenditures, the commissioner of management and budget determines  
1.9 that there will be a positive unrestricted budgetary general fund balance at the close of  
1.10 the biennium, the commissioner of management and budget must allocate money to the  
1.11 following accounts and purposes in priority order:

1.12 (1) the cash flow account established in subdivision 1 until that account reaches  
1.13 \$350,000,000;

1.14 (2) the budget reserve account established in subdivision 1a until that account  
1.15 reaches \$653,000,000;

1.16 (3) the amount necessary to increase the aid payment schedule for school district  
1.17 aids and credits payments in section 127A.45 to not more than 90 percent rounded to the  
1.18 nearest tenth of a percent without exceeding the amount available and with any remaining  
1.19 funds deposited in the budget reserve;

1.20 (4) the amount necessary to restore all or a portion of the net aid reductions under  
1.21 section 127A.441 and to reduce the property tax revenue recognition shift under section  
1.22 123B.75, subdivision 5, by the same amount; ~~and~~

(5) to the state airports fund, the amount necessary to restore the amount transferred from the state airports fund under Laws 2008, chapter 363, article 11, section 3, subdivision 5; and

(6) to pay school districts for their unreimbursed special education costs under section 127A.065.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) ~~and~~ (4), and (6), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) ~~and~~ (4), and (6), to the commissioner of education. The commissioner of education shall increase the aid payment percentage ~~and~~, reduce the property tax shift percentage, and increase the special education funding to reduce the unreimbursed costs by these amounts and apply those reductions to the current fiscal year and thereafter.

**EFFECTIVE DATE.** This section is effective for state general fund forecasts occurring after July 1, 2013.

Sec. 2. Minnesota Statutes 2012, section 127A.065, is amended to read:

**127A.065 CROSS-SUBSIDY REPORT.**

(a) By January 10, the commissioner of education shall submit an annual report to the legislative committees having jurisdiction over kindergarten through grade 12 education on the amount each district is cross-subsidizing special education costs with general education revenue.

(b) Any payments allocated under section 16A.152, subdivision 2, paragraph (a), clause (6), are appropriated from the general fund to the commissioner of education for proportionate payment of unreimbursed special education costs incurred by school districts for the most recent year as measured by the report required in paragraph (a), for each district's adjusted net special education cross-subsidy.

**EFFECTIVE DATE.** This section is effective for fiscal year 2014 and later.