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State of Minnesota  
HOUSE OF REPRESENTATIVES  
NINETIETH SESSION

H. F. No. 4272

03/28/2018 Authored by Knoblach, Theis, Zerwas and Murphy, M.,  
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; providing for special education equity aid;  
1.3 appropriating money; amending Minnesota Statutes 2016, section 125A.76,  
1.4 subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 125A.

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

1.6 Section 1. Minnesota Statutes 2016, section 125A.76, subdivision 1, is amended to read:

1.7 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 125A.79,  
1.8 the definitions in this subdivision apply.

1.9 (b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the  
1.10 purposes of computing basic revenue pursuant to this section, each child with a disability  
1.11 shall be counted as prescribed in section 126C.05, subdivision 1.

1.12 (c) "Essential personnel" means teachers, cultural liaisons, related services, and support  
1.13 services staff providing services to students. Essential personnel may also include special  
1.14 education paraprofessionals or clericals providing support to teachers and students by  
1.15 preparing paperwork and making arrangements related to special education compliance  
1.16 requirements, including parent meetings and individualized education programs. Essential  
1.17 personnel does not include administrators and supervisors.

1.18 (d) "Average daily membership" has the meaning given it in section 126C.05.

1.19 (e) "Program growth factor" means 1.046 for fiscal years 2012 through 2015, 1.0 for  
1.20 fiscal year 2016, 1.046 for fiscal year 2017, and the product of 1.046 and the program growth  
1.21 factor for the previous year for fiscal year 2018 and later.

2.1 (f) "Nonfederal special education expenditure" means all direct expenditures that are  
2.2 necessary and essential to meet the district's obligation to provide special instruction and  
2.3 services to children with a disability according to sections 124D.454, 125A.03 to 125A.24,  
2.4 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by the  
2.5 department under section 125A.75, subdivision 4, excluding expenditures:

2.6 (1) reimbursed with federal funds;

2.7 (2) reimbursed with other state aids under this chapter;

2.8 (3) for general education costs of serving students with a disability;

2.9 (4) for facilities;

2.10 (5) for pupil transportation; and

2.11 (6) for postemployment benefits.

2.12 (g) "Old formula special education expenditures" means expenditures eligible for revenue  
2.13 under Minnesota Statutes 2012, section 125A.76, subdivision 2.

2.14 (h) For the Minnesota State Academy for the Deaf and the Minnesota State Academy  
2.15 for the Blind, expenditures under paragraphs (f) and (g) are limited to the salary and fringe  
2.16 benefits of one-to-one instructional and behavior management aides and one-to-one licensed,  
2.17 certified professionals assigned to a child attending the academy, if the aides or professionals  
2.18 are required by the child's individualized education program.

2.19 (i) "Cross subsidy reduction aid percentage" means 1.0 percent for fiscal year 2014 and  
2.20 2.27 percent for fiscal year 2015.

2.21 (j) "Cross subsidy reduction aid limit" means \$20 for fiscal year 2014 and \$48 for fiscal  
2.22 year 2015.

2.23 (k) "Special education aid increase limit" means \$80 for fiscal year 2016, \$100 for fiscal  
2.24 year 2017, and, for fiscal year 2018 and later, the sum of the special education aid increase  
2.25 limit for the previous fiscal year and \$40.

2.26 (l) "District" means a school district, a charter school, or a cooperative unit as defined  
2.27 in section 123A.24, subdivision 2. Notwithstanding section 123A.26, cooperative units as  
2.28 defined in section 123A.24, subdivision 2, are eligible to receive special education aid under  
2.29 this section and section 125A.79.

2.30 (m) "Initial special education cross subsidy" means the greater of zero or:

2.31 (1) the nonfederal special education expenditure under paragraph (f); plus

3.1 (2) the cost of providing transportation services for pupils with disabilities under section  
 3.2 123B.92, subdivision 1, paragraph (b), clause (4); minus

3.3 (3) the special education aid under subdivision 2c and sections 125A.11, subdivision 1,  
 3.4 and 127A.47, subdivision 7; minus

3.5 (4) the amount of general education revenue, excluding local optional revenue, plus  
 3.6 local optional aid and referendum equalization aid attributable to pupils receiving special  
 3.7 instruction and services outside the regular classroom for more than 60 percent of the school  
 3.8 day for the portion of time the pupils receive special instruction and services outside the  
 3.9 regular classroom, excluding portions attributable to district and school administration,  
 3.10 district support services, operations and maintenance, capital expenditures, and pupil  
 3.11 transportation.

3.12 (n) "Special education equity metro region" means the districts with their administrative  
 3.13 offices located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County  
 3.14 on January 1, 2012, and districts in other counties with 7,500 or more pupils in adjusted  
 3.15 average daily membership.

3.16 (o) "Special education equity rural region" means the districts with their administrative  
 3.17 offices located outside Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington  
 3.18 County on January 1, 2012, and districts in other counties with less than 7,500 pupils in  
 3.19 adjusted average daily membership.

3.20 **Sec. 2. [125A.81] SPECIAL EDUCATION EQUITY AID.**

3.21 Subdivision 1. **Special education equity aid.** A school district's special education equity  
 3.22 aid equals the greater of zero or, for the second preceding year, the lesser of (1) 30 percent  
 3.23 of the difference between the school district's initial special education cross subsidy per  
 3.24 pupil in adjusted average daily membership and the regional average initial special education  
 3.25 cross subsidy per pupil in adjusted average daily membership, or (2) \$120 times the district's  
 3.26 adjusted average daily membership.

3.27 Subd. 2. **Special education equity region.** The department must assign school districts  
 3.28 to special education equity regions under section 125A.76, subdivision 1, paragraphs (n)  
 3.29 and (o).

3.30 Subd. 3. **Regional equity cross subsidy.** For each region established in subdivision 2,  
 3.31 the department must calculate the regional average initial special education cross subsidy  
 3.32 under section 125A.76, subdivision 1, paragraph (m), per pupil in adjusted average daily  
 3.33 membership for the second preceding year.

4.1 **EFFECTIVE DATE.** This section is effective July 1, 2018.

4.2 Sec. 3. **APPROPRIATION.**

4.3 Subdivision 1. **Department of Education.** The sum indicated in this section is  
4.4 appropriated from the general fund the Department of Education for the fiscal year  
4.5 designated.

4.6 Subd. 2. **Special education equity aid.** (a) For special education equity aid under  
4.7 Minnesota Statutes, section 125A.81:

4.8 §      20,000,000      ..... 2019

4.9 (b) If the appropriation amount is insufficient, the commissioner of education shall  
4.10 reduce the reimbursement rate in Minnesota Statutes, section 125A.81, subdivision 1, and  
4.11 the revenue for fiscal year 2019 shall be prorated.