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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3963

03/03/2022 Authored by Edelson
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 additional state aid for certain high-cost
1.3 special education activities; appropriating money; amending Minnesota Statutes
1.4 2020, section 125A.79, subdivision 1, by adding a subdivision; Laws 2021, First
1.5 Special Session chapter 13, article 5, section 3, subdivision 6.

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

1.7 Section 1. Minnesota Statutes 2020, section 125A.79, subdivision 1, is amended to read:

1.8 Subdivision 1. Definitions. For the purposes of this section, the definitions in this
1.9 subdivision apply.

1.10 (a) "Unreimbursed old formula special education expenditures" means:

1.11 (1) old formula special education expenditures for the prior fiscal year; minus

1.12 (2) for fiscal year 2016 and later, the special education initial aid under section 125A.76,
1.13 subdivision 2a; minus

1.14 (3) for fiscal year 2016 and later, the amount of general education revenue, excluding
1.15 local optional revenue, plus local optional aid and referendum equalization aid for the prior
1.16 fiscal year attributable to pupils receiving special instruction and services outside the regular
1.17 classroom for more than 60 percent of the school day for the portion of time the pupils
1.18 receive special instruction and services outside the regular classroom, excluding portions
1.19 attributable to district and school administration, district support services, operations and
1.20 maintenance, capital expenditures, and pupil transportation.

1.21 (b) "Unreimbursed nonfederal special education expenditures" means:

1.22 (1) nonfederal special education expenditures for the prior fiscal year; minus

2.1 (2) special education initial aid under section 125A.76, subdivision 2a; minus

2.2 (3) the amount of general education revenue, excluding local optional revenue, plus
 2.3 local optional aid, and referendum equalization aid for the prior fiscal year attributable to
 2.4 pupils receiving special instruction and services outside the regular classroom for more than
 2.5 60 percent of the school day for the portion of time the pupils receive special instruction
 2.6 and services outside of the regular classroom, excluding portions attributable to district and
 2.7 school administration, district support services, operations and maintenance, capital
 2.8 expenditures, and pupil transportation.

2.9 (c) "General revenue" for a school district means the sum of the general education
 2.10 revenue according to section 126C.10, subdivision 1, excluding transportation sparsity
 2.11 revenue, local optional revenue, and total operating capital revenue. "General revenue" for
 2.12 a charter school means the sum of the general education revenue according to section
 2.13 124E.20, subdivision 1, and transportation revenue according to section 124E.23, excluding
 2.14 referendum equalization aid, transportation sparsity revenue, and operating capital revenue.

2.15 (d) "High-cost services" means the nonfederal special education expenditures attributable
 2.16 to a special education student whose costs of services are more than three times the state
 2.17 average cost of services per pupil.

2.18 Sec. 2. Minnesota Statutes 2020, section 125A.79, is amended by adding a subdivision to
 2.19 read:

2.20 Subd. 9. **High-cost services reimbursement.** (a) A school district or cooperative unit
 2.21 serving special education students under section 123A.24, subdivision 2, must calculate for
 2.22 each high-cost services special education student being served in a federal setting 3 or
 2.23 federal setting 4 program the nonfederal special education expenditures.

2.24 (b) For the second prior year, for each student whose expenditures are high-cost services,
 2.25 the Department of Education shall calculate the difference between the total special education
 2.26 expenditures for that student and the total state and federal aid provided for that student.

2.27 (c) For each resident school district providing the special education services, the
 2.28 Department of Education must pay for each qualifying student 90 percent of the amount
 2.29 calculated in paragraph (b).

2.30 (d) For the aid amounts calculated under paragraph (b), for a nonresident student, the
 2.31 department must first deduct from the amount paid to the serving school district the amount
 2.32 that was included in the tuition billing aid adjustment and pay that amount directly to the

3.1 resident school district. The amount paid to the serving school district under this paragraph
 3.2 must not exceed the amount calculated in paragraph (c).

3.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2023 and later.

3.4 Sec. 3. Laws 2021, First Special Session chapter 13, article 5, section 3, subdivision 6, is
 3.5 amended to read:

3.6 Subd. 6. **Special education aid; out-of-state tuition and high-cost services.** For special
 3.7 education out-of-state tuition under Minnesota Statutes, section 125A.79, ~~subdivision~~
 3.8 subdivisions 8 and 9:

3.9 \$ 250,000 2022

3.10 ~~250,000~~

3.11 \$ 2023