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State of Minnesota
HOUSE OF REPRESENTATIVES

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HOUSE FILE No. **549**

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The bill was read for the first time and referred to the Committee on E-12 Education

A bill for an act

relating to education finance; providing state funding for all charter school qualifying special education costs; appropriating money; amending Minnesota Statutes 2006, sections 124D.11, subdivision 5; 125A.11, subdivision 1; 127A.47, subdivisions 7, 8.

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

Section 1. Minnesota Statutes 2006, section 124D.11, subdivision 5, is amended to read:

Subd. 5. Special education aid. (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) For fiscal year 2006, the charter school may charge tuition to the district of residence as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 127A.47, subdivision 7, paragraph (d).

(c) For fiscal year 2007 ~~and later~~, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

2.1 (2) if the charter school receives general education revenue on behalf of the student
 2.2 according to subdivision 1, the aid shall be adjusted as provided in section 127A.47,
 2.3 subdivision 7, paragraph (d).

2.4 (d) For fiscal year 2008 and later, a charter school may request reimbursement for
 2.5 qualifying unreimbursed special education costs under sections 125A.11, subdivision 1,
 2.6 paragraph (c), and 127A.47, subdivision 8.

2.7 **EFFECTIVE DATE.** This section is effective for fiscal year 2008.

2.8 Sec. 2. Minnesota Statutes 2006, section 125A.11, subdivision 1, is amended to read:

2.9 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,
 2.10 when a school district provides instruction and services outside the district of residence,
 2.11 board and lodging, and any tuition to be paid, shall be paid by the district of residence. The
 2.12 tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition
 2.13 is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum
 2.14 of (1) the actual cost of providing special instruction and services to the child including
 2.15 a proportionate amount for special transportation and unreimbursed building lease and
 2.16 debt service costs for facilities used primarily for special education, plus (2) the amount
 2.17 of general education revenue and referendum aid attributable to the pupil, minus (3) the
 2.18 amount of special education aid for children with a disability received on behalf of that
 2.19 child, minus (4) if the pupil receives special instruction and services outside the regular
 2.20 classroom for more than 60 percent of the school day, the amount of general education
 2.21 revenue and referendum aid, excluding portions attributable to district and school
 2.22 administration, district support services, operations and maintenance, capital expenditures,
 2.23 and pupil transportation, attributable to that pupil for the portion of time the pupil receives
 2.24 special instruction and services outside of the regular classroom. If the boards involved
 2.25 do not agree upon the tuition rate, either board may apply to the commissioner to fix the
 2.26 rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or
 2.27 request a written statement from each board, giving each board at least ten days' notice,
 2.28 and after the hearing or review of the written statements the commissioner must make an
 2.29 order fixing the tuition rate, which is binding on both school districts. General education
 2.30 revenue and referendum aid attributable to a pupil must be calculated using the resident
 2.31 district's average general education and referendum revenue per adjusted pupil unit.

2.32 (b) For fiscal year 2007 and later, when a school district, other than a charter school,
 2.33 provides special instruction and services for a pupil with a disability as defined in section
 2.34 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to
 2.35 special education aid is calculated according to section 127A.47, subdivision 7, paragraph

3.1 (e), special education aid paid to the resident district must be reduced by an amount
 3.2 equal to (1) the actual cost of providing special instruction and services to the pupil,
 3.3 including a proportionate amount for special transportation and unreimbursed building
 3.4 lease and debt service costs for facilities used primarily for special education, plus (2)
 3.5 the amount of general education revenue and referendum aid attributable to that pupil,
 3.6 minus (3) the amount of special education aid for children with a disability received
 3.7 on behalf of that child, minus (4) if the pupil receives special instruction and services
 3.8 outside the regular classroom for more than 60 percent of the school day, the amount of
 3.9 general education revenue and referendum aid, excluding portions attributable to district
 3.10 and school administration, district support services, operations and maintenance, capital
 3.11 expenditures, and pupil transportation, attributable to that pupil for the portion of time the
 3.12 pupil receives special instruction and services outside of the regular classroom. General
 3.13 education revenue and referendum aid attributable to a pupil must be calculated using the
 3.14 resident district's average general education revenue and referendum aid per adjusted pupil
 3.15 unit. Special education aid paid to the district or cooperative providing special instruction
 3.16 and services for the pupil must be increased by the amount of the reduction in the aid paid
 3.17 to the resident district. Amounts paid to cooperatives under this subdivision and section
 3.18 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on
 3.19 the resident school district's books of account under sections 123B.75 and 123B.76. If
 3.20 the resident district's special education aid is insufficient to make the full adjustment, the
 3.21 remaining adjustment shall be made to other state aid due to the district.

3.22 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,
 3.23 paragraphs (d) and (e), a charter school ~~where more than 30 percent of enrolled students~~
 3.24 ~~receive special education and related services, an intermediate district, a special education~~
 3.25 ~~cooperative, or a school district that served as the applicant agency for a group of~~
 3.26 ~~school districts for federal special education aids for fiscal year 2006~~ may apply to the
 3.27 commissioner ~~for authority to charge the resident district an additional amount~~ to recover
 3.28 any remaining qualifying unreimbursed costs of serving pupils with a disability. The
 3.29 application must include a description of the costs and the calculations used to determine
 3.30 the unreimbursed portion to be charged to the ~~resident district~~ state. Amounts approved
 3.31 by the commissioner under this paragraph must be included in the ~~tuition billings or aid~~
 3.32 ~~adjustments under paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph~~
 3.33 ~~(d) or (e), as applicable.~~

3.34 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs
 3.35 (d) and (e), "general education revenue and referendum aid" means the sum of the general
 3.36 education revenue according to section 126C.10, subdivision 1, excluding alternative

4.1 teacher compensation revenue, plus the referendum aid according to section 126C.17,
4.2 subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a)
4.3 to (c).

4.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

4.5 Sec. 3. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

4.6 Subd. 7. **Alternative attendance programs.** The general education aid and special
4.7 education aid for districts must be adjusted for each pupil attending a nonresident district
4.8 under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The
4.9 adjustments must be made according to this subdivision.

4.10 (a) General education aid paid to a resident district must be reduced by an amount
4.11 equal to the referendum equalization aid attributable to the pupil in the resident district.

4.12 (b) General education aid paid to a district serving a pupil in programs listed in this
4.13 subdivision must be increased by an amount equal to the referendum equalization aid
4.14 attributable to the pupil in the nonresident district.

4.15 (c) If the amount of the reduction to be made from the general education aid of the
4.16 resident district is greater than the amount of general education aid otherwise due the
4.17 district, the excess reduction must be made from other state aids due the district.

4.18 (d) For fiscal year 2006, the district of residence must pay tuition to a district or an
4.19 area learning center, operated according to paragraph (f), providing special instruction and
4.20 services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in
4.21 section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must
4.22 be equal to (1) the actual cost of providing special instruction and services to the pupil,
4.23 including a proportionate amount for special transportation and unreimbursed building
4.24 lease and debt service costs for facilities used primarily for special education, minus (2)
4.25 if the pupil receives special instruction and services outside the regular classroom for
4.26 more than 60 percent of the school day, the amount of general education revenue and
4.27 referendum aid attributable to that pupil for the portion of time the pupil receives special
4.28 instruction and services outside of the regular classroom, excluding portions attributable to
4.29 district and school administration, district support services, operations and maintenance,
4.30 capital expenditures, and pupil transportation, minus (3) special education aid attributable
4.31 to that pupil, that is received by the district providing special instruction and services. For
4.32 purposes of this paragraph, general education revenue and referendum aid attributable to a
4.33 pupil must be calculated using the serving district's average general education revenue
4.34 and referendum aid per adjusted pupil unit.

5.1 (e) For fiscal year 2007 and later, special education aid paid to a resident district
5.2 must be reduced by an amount equal to (1) the actual cost of providing special instruction
5.3 and services, including special transportation and unreimbursed building lease and debt
5.4 service costs for facilities used primarily for special education, for a pupil with a disability,
5.5 as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled
5.6 in a program listed in this subdivision, minus (2) if the pupil receives special instruction
5.7 and services outside the regular classroom for more than 60 percent of the school day,
5.8 the amount of general education revenue and referendum aid attributable to that pupil
5.9 for the portion of time the pupil receives special instruction and services outside of the
5.10 regular classroom, excluding portions attributable to district and school administration,
5.11 district support services, operations and maintenance, capital expenditures, and pupil
5.12 transportation, minus (3) special education aid attributable to that pupil, that is received
5.13 by the district providing special instruction and services. For purposes of this paragraph,
5.14 general education revenue and referendum aid attributable to a pupil must be calculated
5.15 using the serving district's average general education revenue and referendum aid per
5.16 adjusted pupil unit. Special education aid paid to the district or cooperative providing
5.17 special instruction and services for the pupil, or to the fiscal agent district for a cooperative,
5.18 must be increased by the amount of the reduction in the aid paid to the resident district. If
5.19 the resident district's special education aid is insufficient to make the full adjustment, the
5.20 remaining adjustment shall be made to other state aids due to the district.

5.21 (f) An area learning center operated by a service cooperative, intermediate district,
5.22 education district, or a joint powers cooperative may elect through the action of the
5.23 constituent boards to charge the resident district tuition for pupils rather than to have the
5.24 general education revenue paid to a fiscal agent school district. Except as provided in
5.25 paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent
5.26 of the district average general education revenue per pupil unit minus an amount equal to
5.27 the product of the formula allowance according to section 126C.10, subdivision 2, times
5.28 .0485, calculated without basic skills revenue and transportation sparsity revenue, times
5.29 the number of pupil units for pupils attending the area learning center, plus the amount of
5.30 compensatory revenue generated by pupils attending the area learning center.

5.31 (g) Additional special education aid paid to a charter school must be provided
5.32 according to subdivision 8.

5.33 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

5.34 Sec. 4. Minnesota Statutes 2006, section 127A.47, subdivision 8, is amended to read:

6.1 Subd. 8. **Charter schools.** (a) The general education aid for districts must be
 6.2 adjusted for each pupil attending a charter school under section 124D.10. The adjustments
 6.3 must be made according to this subdivision.

6.4 (b) General education aid paid to a district in which a charter school not providing
 6.5 transportation according to section 124D.10, subdivision 16, is located must be increased
 6.6 by an amount equal to the sum of:

6.7 (1) the product of: (i) the sum of an amount equal to the product of the formula
 6.8 allowance according to section 126C.10, subdivision 2, times .0485, plus the transportation
 6.9 sparsity allowance for the district; times (ii) the adjusted marginal cost pupil units
 6.10 attributable to the pupil; plus

6.11 (2) the product of \$223 and the extended time marginal cost pupil units attributable
 6.12 to the pupil.

6.13 (c) The state must pay additional special education aid to each charter school equal
 6.14 to the charter school's qualifying unreimbursed special education costs for that year.

6.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

6.16 Sec. 5. **APPROPRIATION.**

6.17 Subdivision 1. **Department of Education.** The sums indicated in this section are
 6.18 appropriated from the general fund to the Department of Education for the fiscal years
 6.19 designated.

6.20 Subd. 2. **Special education aid.** For supplemental special education aid payments
 6.21 to charter schools under Minnesota Statutes, section 127A.47, subdivision 8:

6.22	\$	<u>2008</u>
6.23	\$	<u>2009</u>