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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 1085

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

1.1 A bill for an act
1.2 relating to education; increasing and restoring funding for special education
1.3 programs; amending Minnesota Statutes 2006, sections 125A.76, subdivisions 2,
1.4 5; 125A.79, subdivision 7; repealing Minnesota Statutes 2006, sections 125A.76,
1.5 subdivision 4; 125A.79, subdivision 6.

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

1.7 Section 1. Minnesota Statutes 2006, section 125A.76, subdivision 2, is amended to
1.8 read:

1.9 Subd. 2. **Special education base revenue.** (a) The special education base revenue
1.10 equals the sum of the following amounts computed using base year data:

1.11 (1) ~~68~~ 75 percent of the salary of each essential person employed in the district's
1.12 program for children with a disability during the fiscal year, whether the person is
1.13 employed by one or more districts or a Minnesota correctional facility operating on a
1.14 fee-for-service basis;

1.15 (2) for the Minnesota State Academy for the Deaf or the Minnesota State Academy
1.16 for the Blind, ~~68~~ 75 percent of the salary of each instructional aide assigned to a child
1.17 attending the academy, if that aide is required by the child's individual education plan;

1.18 (3) for special instruction and services provided to any pupil by contracting with
1.19 public, private, or voluntary agencies other than school districts, in place of special
1.20 instruction and services provided by the district, 52 percent of the difference between the
1.21 amount of the contract and the amount of the basic revenue, as defined in section 126C.10,
1.22 subdivision 2, special education aid, and any other aid earned on behalf of the child for the
1.23 fraction of the school day the pupil receives services under the contract;

1.24 (4) for special instruction and services provided to any pupil by contracting for
1.25 services with public, private, or voluntary agencies other than school districts, that are

2.1 supplementary to a full educational program provided by the school district, 52 percent of
 2.2 the amount of the contract for that pupil;

2.3 (5) for supplies and equipment purchased or rented for use in the instruction of
 2.4 children with a disability, an amount equal to 47 percent of the sum actually expended by
 2.5 the district, or a Minnesota correctional facility operating on a fee-for-service basis, but
 2.6 not to exceed an average of \$47 in any one school year for each child with a disability
 2.7 receiving instruction;

2.8 (6) for fiscal years 1997 and later, special education base revenue shall include
 2.9 amounts under clauses (1) to (5) for special education summer programs provided during
 2.10 the base year for that fiscal year; and

2.11 (7) for fiscal years 1999 and later, the cost of providing transportation services for
 2.12 children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

2.13 The department shall establish procedures through the uniform financial accounting
 2.14 and reporting system to identify and track all revenues generated from third-party billings
 2.15 as special education revenue at the school district level; include revenue generated from
 2.16 third-party billings as special education revenue in the annual cross-subsidy report; and
 2.17 exclude third-party revenue from calculation of excess cost aid to the districts.

2.18 (b) If requested by a school district operating a special education program during
 2.19 the base year for less than the full fiscal year, or a school district in which is located a
 2.20 Minnesota correctional facility operating on a fee-for-service basis for less than the full
 2.21 fiscal year, the commissioner may adjust the base revenue to reflect the expenditures
 2.22 that would have occurred during the base year had the program been operated for the
 2.23 full fiscal year.

2.24 (c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base
 2.25 revenue attributable to a Minnesota correctional facility operating on a fee-for-service
 2.26 basis during the facility's first year of operating on a fee-for-service basis shall be
 2.27 computed using current year data.

2.28 Sec. 2. Minnesota Statutes 2006, section 125A.76, subdivision 5, is amended to read:

2.29 Subd. 5. **School district special education aid.** (a) A school district's special
 2.30 education aid ~~for fiscal year 2000 and later equals the state total special education aid,~~
 2.31 ~~minus the amount determined under paragraphs (b) and (c), times the ratio of the district's~~
 2.32 ~~adjusted special education base revenue to the state total adjusted special education base~~
 2.33 ~~revenue.~~ If the commissioner of education modifies its rules for special education in a
 2.34 manner that increases a district's special education obligations or service requirements,
 2.35 the commissioner shall annually increase each district's special education aid by the

3.1 amount necessary to compensate for the increased service requirements. The additional
 3.2 aid equals the cost in the current year attributable to rule changes not reflected in the
 3.3 computation of special education base revenue, multiplied by the appropriate percentages
 3.4 from subdivision 2.

3.5 (b) Notwithstanding paragraph (a), if the special education base revenue for a
 3.6 district equals zero, the special education aid equals the amount computed according
 3.7 to subdivision 2 using current year data.

3.8 (c) Notwithstanding paragraphs (a) and (b), if the special education base revenue for
 3.9 a district is greater than zero, and the base year amount for the district under subdivision
 3.10 2, paragraph (a), clause (7), equals zero, the special education aid equals the sum of the
 3.11 amount computed according to paragraph (a), plus the amount computed according to
 3.12 subdivision 2, paragraph (a), clause (7), using current year data.

3.13 (d) A charter school under section 124D.10 shall generate state special education
 3.14 aid based on current year expenditures for its first four years of operation and only in its
 3.15 fifth and later years shall paragraphs (a), (b), and (c) apply.

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

3.17 Sec. 3. Minnesota Statutes 2006, section 125A.79, subdivision 7, is amended to read:

3.18 Subd. 7. **District special education excess cost aid.** A district's special education
 3.19 excess cost aid ~~for fiscal year 2002 and later equals the state total special education excess~~
 3.20 ~~cost aid times the ratio of the district's initial excess cost aid to the state total initial excess~~
 3.21 ~~cost aid.~~

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

3.23 Sec. 4. **REPEALER.**

3.24 Minnesota Statutes 2006, sections 125A.76, subdivision 4; and 125A.79, subdivision
 3.25 6, are repealed effective for revenue for fiscal year 2008.