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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1585**

March 1, 2007

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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 finance; restoring funding for special education programs;
1.3 fully funding the state's special education revenue formulas; making the
1.4 appropriation for special education aid open and standing; amending Minnesota
1.5 Statutes 2006, sections 125A.76, subdivisions 1, 5; 125A.79, subdivisions 1, 5,
1.6 7; 126C.20; repealing Minnesota Statutes 2006, sections 125A.76, subdivision 4;
1.7 125A.79, subdivision 6.

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

1.9 Section 1. Minnesota Statutes 2006, section 125A.76, subdivision 1, is amended to
1.10 read:

1.11 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this
1.12 subdivision apply.

1.13 (a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal
1.14 year preceding the fiscal year for which aid will be paid.

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

1.18 (c) "Essential personnel" means teachers, cultural liaisons, related services, and
1.19 support services staff providing direct services to students. Essential personnel may also
1.20 include special education paraprofessionals or clericals providing support to teachers and
1.21 students by preparing paperwork and making arrangements related to special education
1.22 compliance requirements, including parent meetings and individual education plans.

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

1.24 (e) "Program growth factor" means 1.046 for fiscal year 2003, ~~and~~ 1.0 for fiscal year
1.25 years 2004 through 2007, and 1.046 for fiscal year 2008 and later.

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

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

2.3 Subd. 5. **School district special education aid.** (a) A school district's special
 2.4 education aid ~~for fiscal year 2000 and later~~ equals the ~~state total special education aid,~~
 2.5 ~~minus the amount determined under paragraphs (b) and (c), times the ratio of the district's~~
 2.6 ~~adjusted special education base revenue to the state total adjusted special education base~~
 2.7 ~~revenue.~~ If the commissioner of education modifies its rules for special education in a
 2.8 manner that increases a district's special education obligations or service requirements,
 2.9 the commissioner shall annually increase each district's special education aid by the
 2.10 amount necessary to compensate for the increased service requirements. The additional
 2.11 aid equals the cost in the current year attributable to rule changes not reflected in the
 2.12 computation of special education base revenue, multiplied by the appropriate percentages
 2.13 from subdivision 2.

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

2.17 (c) Notwithstanding paragraphs (a) and (b), if the special education base revenue for
 2.18 a district is greater than zero, and the base year amount for the district under subdivision
 2.19 2, paragraph (a), clause (7), equals zero, the special education aid equals the sum of the
 2.20 amount computed according to paragraph (a), plus the amount computed according to
 2.21 subdivision 2, paragraph (a), clause (7), using current year data.

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

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

2.26 Sec. 3. Minnesota Statutes 2006, section 125A.79, subdivision 1, is amended to read:

2.27 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this
 2.28 subdivision apply.

2.29 (a) "Unreimbursed special education cost" means the sum of the following:

2.30 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and
 2.31 transportation services eligible for revenue under section 125A.76; plus

2.32 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and
 2.33 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

3.1 (3) revenue for teachers' salaries, contracted services, supplies, and equipment under
3.2 section 125A.76; minus

3.3 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services
3.4 eligible for revenue under section 125A.76, subdivision 2.

3.5 (b) "General revenue" means the sum of the general education revenue according to
3.6 section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus
3.7 the total qualifying referendum revenue specified in paragraph (e) minus transportation
3.8 sparsity revenue minus total operating capital revenue.

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

3.10 (d) "Program growth factor" means 1.02 for fiscal year 2003, ~~and 1.0 for fiscal year~~
3.11 years 2004 through 2007, and 1.02 for fiscal year 2008 and later.

3.12 (e) "Total qualifying referendum revenue" means two-thirds of the district's total
3.13 referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs
3.14 (a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal
3.15 year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

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

3.17 Sec. 4. Minnesota Statutes 2006, section 125A.79, subdivision 5, is amended to read:

3.18 Subd. 5. **Initial excess cost aid.** ~~For fiscal years 2002 and later,~~ A district's initial
3.19 excess cost aid equals the greatest of:

3.20 (1) 75 percent of the difference between (i) the district's unreimbursed special
3.21 education cost and (ii) 4.36 percent of the district's general revenue;

3.22 (2) 70 percent of the difference between (i) the increase in the district's unreimbursed
3.23 special education cost between the base year as defined in section 125A.76, subdivision 1,
3.24 and the current year and (ii) 1.6 percent of the district's general revenue; or

3.25 (3) zero.

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

3.27 Sec. 5. Minnesota Statutes 2006, section 125A.79, subdivision 7, is amended to read:

3.28 Subd. 7. **District special education excess cost aid.** A district's special education
3.29 excess cost aid ~~for fiscal year 2002 and later equals the state total special education excess~~
3.30 ~~cost aid times the ratio of the district's initial excess cost aid to the state total initial excess~~
3.31 ~~cost aid.~~

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

4.1 Sec. 6. Minnesota Statutes 2006, section 126C.20, is amended to read:

4.2 **126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.**

4.3 There is annually appropriated from the general fund to the department the amount
4.4 necessary for general education aid and special education aid under sections 125A.76
4.5 and 125A.79. This amount must be reduced by the amount of any money specifically
4.6 appropriated for the same purpose in any year from any state fund.

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

4.8 Sec. 7. **REPEALER.**

4.9 Minnesota Statutes 2006, sections 125A.76, subdivision 4; and 125A.79, subdivision
4.10 6, are repealed effective for revenue for fiscal year 2008.