

**SENATE  
STATE OF MINNESOTA  
NINETY-FIRST SESSION**

**S.F. No. 1198**

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DATE  
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Introduction and first reading  
Referred to E-12 Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to education; modifying certain special education formulas; adjusting the  
1.3 fiscal year 2016 base for the Duluth School District; appropriating money;  
1.4 amending Minnesota Statutes 2018, sections 124E.21, subdivision 1; 127A.47,  
1.5 subdivision 7.

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

1.7 Section 1. Minnesota Statutes 2018, section 124E.21, subdivision 1, is amended to read:

1.8 Subdivision 1. **Special education aid.** (a) Except as provided in section 124E.23, special  
1.9 education aid must be paid to a charter school according to section 125A.76, as though it  
1.10 were a school district.

1.11 (b) ~~For fiscal year 2015 and later,~~ The special education aid paid to the charter school  
1.12 shall be adjusted as follows:

1.13 (1) if the charter school does not receive general education revenue on behalf of the  
1.14 student according to section 124E.20, the aid shall be adjusted as provided in section  
1.15 125A.11; or

1.16 (2) if the charter school receives general education revenue on behalf of the student  
1.17 according to section 124E.20, the aid shall be adjusted as provided in section 127A.47,  
1.18 subdivision 7, paragraphs (b) to ~~(e)~~ (j).

1.19 Sec. 2. Minnesota Statutes 2018, section 127A.47, subdivision 7, is amended to read:

1.20 Subd. 7. **Alternative attendance programs.** (a) The general education aid and special  
1.21 education aid for districts must be adjusted for each pupil attending a nonresident district

2.1 under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments  
2.2 must be made according to this subdivision.

2.3 (b) For purposes of this subdivision, the "unreimbursed cost of providing special  
2.4 education and services" means the difference between: (1) the actual cost of providing  
2.5 special instruction and services, including special transportation and unreimbursed building  
2.6 lease and debt service costs for facilities used primarily for special education, for a pupil  
2.7 with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51,  
2.8 who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special  
2.9 instruction and services outside the regular classroom for more than 60 percent of the school  
2.10 day, the amount of general education revenue, excluding local optional revenue, plus local  
2.11 optional aid and referendum equalization aid as defined in section 125A.11, subdivision 1,  
2.12 paragraph (d), attributable to that pupil for the portion of time the pupil receives special  
2.13 instruction and services outside of the regular classroom, excluding portions attributable to  
2.14 district and school administration, district support services, operations and maintenance,  
2.15 capital expenditures, and pupil transportation, minus (3) special education aid under section  
2.16 125A.76 attributable to that pupil, that is received by the district providing special instruction  
2.17 and services. For purposes of this paragraph, general education revenue and referendum  
2.18 equalization aid attributable to a pupil must be calculated using the serving district's average  
2.19 general education revenue and referendum equalization aid per adjusted pupil unit.

2.20 (c) ~~For fiscal year 2015 and later,~~ Special education aid paid to a resident district must  
2.21 be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special  
2.22 education and services, except as provided in paragraph (j).

2.23 (d) Notwithstanding paragraph (c), special education aid paid to a resident district must  
2.24 be reduced by an amount equal to 100 percent of the unreimbursed cost of special education  
2.25 and services provided to students at an intermediate district, cooperative, or charter school  
2.26 where the percent of students eligible for special education services is at least 70 percent  
2.27 of the charter school's total enrollment.

2.28 (e) Notwithstanding paragraph (c), special education aid paid to a resident district must  
2.29 be reduced under paragraph (d) for students at a charter school receiving special education  
2.30 aid under section 124E.21, subdivision 3, calculated as if the charter school received special  
2.31 education aid under section 124E.21, subdivision 1.

2.32 (f) Special education aid paid to the district or cooperative providing special instruction  
2.33 and services for the pupil, or to the fiscal agent district for a cooperative, must be increased  
2.34 by the amount of the reduction in the aid paid to the resident district under paragraphs (c)

3.1 ~~and~~, (d), (i), and (j). If the resident district's special education aid is insufficient to make the  
3.2 full adjustment under paragraphs (c), (d), ~~and~~ (e), (i), and (j), the remaining adjustment shall  
3.3 be made to other state aids due to the district.

3.4 (g) Notwithstanding paragraph (a), general education aid paid to the resident district of  
3.5 a nonspecial education student for whom an eligible special education charter school receives  
3.6 general education aid under section 124E.20, subdivision 1, paragraph (c), must be reduced  
3.7 by an amount equal to the difference between the general education aid attributable to the  
3.8 student under section 124E.20, subdivision 1, paragraph (c), and the general education aid  
3.9 that the student would have generated for the charter school under section 124E.20,  
3.10 subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student"  
3.11 means a student who does not meet the definition of pupil with a disability as defined in  
3.12 section 125A.02 or the definition of a pupil in section 125A.51.

3.13 (h) An area learning center operated by a service cooperative, intermediate district,  
3.14 education district, or a joint powers cooperative may elect through the action of the  
3.15 constituent boards to charge the resident district tuition for pupils rather than to have the  
3.16 general education revenue paid to a fiscal agent school district. Except as provided in  
3.17 paragraph (f), the district of residence must pay tuition equal to at least 90 and no more than  
3.18 100 percent of the district average general education revenue per pupil unit minus an amount  
3.19 equal to the product of the formula allowance according to section 126C.10, subdivision 2,  
3.20 times .0466, calculated without compensatory revenue, local optional revenue, and  
3.21 transportation sparsity revenue, times the number of pupil units for pupils attending the area  
3.22 learning center.

3.23 (i) Notwithstanding paragraphs (b) and (c), unreimbursed tuition reimbursement amounts  
3.24 for a charter school where, during the prior year, more than 80 percent of the charter school's  
3.25 adjusted pupil units are resident to the school district where the charter school is located  
3.26 must be computed according to this paragraph. For purposes of this paragraph:

3.27 (1) "eligible cost of providing special education and services" means the lesser of the  
3.28 actual cost of providing special education services for the charter school according to  
3.29 paragraph (b), or 125 percent of the actual cost of providing special education services for  
3.30 each pupil by disability category for the school district where the charter school is located;  
3.31 and

3.32 (2) "unreimbursed cost of providing special education and services" means the difference  
3.33 between: (i) the eligible cost of providing special instruction and services, including special  
3.34 transportation and unreimbursed building lease and debt service costs for facilities used

4.1 primarily for special education, for a pupil with a disability, as defined in section 125A.02,  
 4.2 or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this  
 4.3 subdivision, minus (ii) if the pupil receives special instruction and services outside the  
 4.4 regular classroom for more than 60 percent of the school day, the amount of general education  
 4.5 revenue, excluding local optional revenue, plus local optional aid and referendum equalization  
 4.6 aid as defined in section 125A.11, subdivision 1, paragraph (d), attributable to that pupil  
 4.7 for the portion of time the pupil receives special instruction and services outside of the  
 4.8 regular classroom, excluding portions attributable to district and school administration,  
 4.9 district support services, operations and maintenance, capital expenditures, and pupil  
 4.10 transportation, minus (iii) special education aid under section 125A.76 that is received by  
 4.11 the district providing special instruction and services attributable to that pupil. For purposes  
 4.12 of this paragraph, general education revenue and referendum equalization aid attributable  
 4.13 to a pupil must be calculated using the serving district's average general education revenue  
 4.14 and referendum equalization aid per adjusted pupil unit.

4.15 (j) The special education aid paid to a resident district must be reduced by an amount  
 4.16 equal to 80 percent of the unreimbursed cost of providing special education and services  
 4.17 under paragraph (i).

4.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

4.19 **Sec. 3. DULUTH SCHOOL DISTRICT; BASE ADJUSTMENT.**

4.20 Notwithstanding any law to the contrary, for fiscal year 2019 and later, for purposes of  
 4.21 computing special education aid under Minnesota Statutes, section 125A.75, the special  
 4.22 education aid base for fiscal year 2016 under Minnesota Statutes, section 125A.76,  
 4.23 subdivision 2c, for Independent School District No. 709, Duluth, must be increased by  
 4.24 \$1,075,000.

4.25 **Sec. 4. APPROPRIATION; SPECIAL EDUCATION AID.**

4.26 Subdivision 1. **Department of Education.** The sums indicated in this section are  
 4.27 appropriated from the general fund to the Department of Education in the fiscal year  
 4.28 designated.

4.29 Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes,  
 4.30 section 125A.75:

4.31	<u>\$</u>	<u>.....</u>	<u>.....</u>	<u>2020</u>
4.32	<u>\$</u>	<u>.....</u>	<u>.....</u>	<u>2021</u>

5.1            Subd. 3. **Special education adjustment; Duluth School District.** For special education  
 5.2 aid to Independent School District No. 709, Duluth, for past state aid lost due to the lower  
 5.3 fiscal year 2016 base:

5.4            \$        3,200,000    ..... 2020