

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

S.F. No. 3225

(SENATE AUTHORS: DIBBLE)

DATE
04/04/2023

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Introduction and first reading
Referred to Education Finance

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to education finance; providing full funding for transportation of foster
1.3 students, highly mobile students, and homeless students; appropriating money;
1.4 amending Minnesota Statutes 2022, sections 123B.92, subdivision 1; 125A.76,
1.5 subdivision 2c, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2022, section 123B.92, subdivision 1, is amended to read:

1.8 Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the terms
1.9 defined in this subdivision have the meanings given to them.

1.10 (a) "Actual expenditure per pupil transported in the regular and excess transportation
1.11 categories" means the quotient obtained by dividing:

1.12 (1) the sum of:

1.13 (i) all expenditures for transportation in the regular category, as defined in paragraph

1.14 (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

1.15 (ii) an amount equal to one year's depreciation on the district's school bus fleet and

1.16 mobile units computed on a straight line basis at the rate of 15 percent per year for districts

1.17 operating a program under section 124D.128 for grades 1 to 12 for all students in the district

1.18 and 12-1/2 percent per year for other districts of the cost of the fleet, plus

1.19 (iii) an amount equal to one year's depreciation on the district's type III vehicles, as

1.20 defined in section 169.011, subdivision 71, which must be used a majority of the time for

1.21 pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per

1.22 year of the cost of the type three school buses by:

2.1 (2) the number of pupils eligible for transportation in the regular category, as defined
2.2 in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause
2.3 (2).

2.4 (b) "Transportation category" means a category of transportation service provided to
2.5 pupils as follows:

2.6 (1) Regular transportation is:

2.7 (i) transportation to and from school during the regular school year for resident elementary
2.8 pupils residing one mile or more from the public or nonpublic school they attend, and
2.9 resident secondary pupils residing two miles or more from the public or nonpublic school
2.10 they attend, excluding desegregation transportation and noon kindergarten transportation;
2.11 but with respect to transportation of pupils to and from nonpublic schools, only to the extent
2.12 permitted by sections 123B.84 to 123B.87;

2.13 (ii) transportation of resident pupils to and from language immersion programs;

2.14 (iii) transportation of a pupil who is a custodial parent and that pupil's child between the
2.15 pupil's home and the child care provider and between the provider and the school, if the
2.16 home and provider are within the attendance area of the school;

2.17 (iv) transportation to and from or board and lodging in another district, of resident pupils
2.18 of a district without a secondary school;

2.19 (v) transportation to and from school during the regular school year required under
2.20 subdivision 3 for nonresident elementary pupils when the distance from the attendance area
2.21 border to the public school is one mile or more, and for nonresident secondary pupils when
2.22 the distance from the attendance area border to the public school is two miles or more,
2.23 excluding desegregation transportation and noon kindergarten transportation; and

2.24 (vi) transportation of pregnant or parenting pupils to and from a program that was
2.25 established on or before January 1, 2018, or that is in operation on or after July 1, 2021,
2.26 that provides:

2.27 (A) academic instruction;

2.28 (B) at least four hours per week of parenting instruction; and

2.29 (C) high-quality child care on site during the education day with the capacity to serve
2.30 all children of enrolled pupils.

2.31 For the purposes of this paragraph, a district may designate a licensed day care facility,
2.32 school day care facility, respite care facility, the residence of a relative, or the residence of

3.1 a person or other location chosen by the pupil's parent or guardian, or an after-school program
3.2 for children operated by a political subdivision of the state, as the home of a pupil for part
3.3 or all of the day, if requested by the pupil's parent or guardian, and if that facility, residence,
3.4 or program is within the attendance area of the school the pupil attends.

3.5 (2) Excess transportation is:

3.6 (i) transportation to and from school during the regular school year for resident secondary
3.7 pupils residing at least one mile but less than two miles from the public or nonpublic school
3.8 they attend, and transportation to and from school for resident pupils residing less than one
3.9 mile from school who are transported because of full-service school zones, extraordinary
3.10 traffic, drug, or crime hazards; and

3.11 (ii) transportation to and from school during the regular school year required under
3.12 subdivision 3 for nonresident secondary pupils when the distance from the attendance area
3.13 border to the school is at least one mile but less than two miles from the public school they
3.14 attend, and for nonresident pupils when the distance from the attendance area border to the
3.15 school is less than one mile from the school and who are transported because of full-service
3.16 school zones, extraordinary traffic, drug, or crime hazards.

3.17 (3) Desegregation transportation is transportation within and outside of the district during
3.18 the regular school year of pupils to and from schools located outside their normal attendance
3.19 areas under a plan for desegregation mandated by the commissioner or under court order.

3.20 (4) "Transportation services for pupils with disabilities" is:

3.21 (i) transportation of pupils with disabilities who cannot be transported on a regular school
3.22 bus between home or a respite care facility and school;

3.23 (ii) necessary transportation of pupils with disabilities from home or from school to
3.24 other buildings, including centers such as developmental achievement centers, hospitals,
3.25 and treatment centers where special instruction or services required by sections 125A.03 to
3.26 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district
3.27 where services are provided;

3.28 (iii) necessary transportation for resident pupils with disabilities required by sections
3.29 125A.12, and 125A.26 to 125A.48;

3.30 (iv) board and lodging for pupils with disabilities in a district maintaining special classes;

3.31 (v) transportation from one educational facility to another within the district for resident
3.32 pupils enrolled on a shared-time basis in educational programs, and necessary transportation
3.33 required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities

4.1 who are provided special instruction and services on a shared-time basis or if resident pupils
4.2 are not transported, the costs of necessary travel between public and private schools or
4.3 neutral instructional sites by essential personnel employed by the district's program for
4.4 children with a disability;

4.5 (vi) transportation for resident pupils with disabilities to and from board and lodging
4.6 facilities when the pupil is boarded and lodged for educational purposes;

4.7 (vii) transportation of pupils for a curricular field trip activity on a school bus equipped
4.8 with a power lift when the power lift is required by a student's disability or section 504 plan;
4.9 and

4.10 (viii) services described in clauses (i) to (vii), when provided for pupils with disabilities
4.11 in conjunction with a summer instructional program that relates to the pupil's individualized
4.12 education program or in conjunction with a learning year program established under section
4.13 124D.128.

4.14 For purposes of computing special education initial aid under section 125A.76, the cost
4.15 of providing transportation for children with disabilities includes (A) the additional cost of
4.16 transporting a student in a shelter care facility as defined in section 260C.007, subdivision
4.17 30, a student placed in a family foster home as defined in section 260C.007, subdivision
4.18 16b, a homeless student in another district to the school of origin, or a formerly homeless
4.19 student from a permanent home in another district to the school of origin but only through
4.20 the end of the academic year; and (B) depreciation on district-owned school buses purchased
4.21 after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated
4.22 according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled
4.23 transportation category must be excluded in calculating the actual expenditure per pupil
4.24 transported in the regular and excess transportation categories according to paragraph (a).
4.25 For purposes of subitem (A), a school district may transport a child who does not have a
4.26 school of origin to the same school attended by that child's sibling, if the siblings are homeless
4.27 or in a shelter care facility.

4.28 (5) "Nonpublic nonregular transportation" is:

4.29 (i) transportation from one educational facility to another within the district for resident
4.30 pupils enrolled on a shared-time basis in educational programs, excluding transportation
4.31 for nonpublic pupils with disabilities under clause (4);

4.32 (ii) transportation within district boundaries between a nonpublic school and a public
4.33 school or a neutral site for nonpublic school pupils who are provided pupil support services
4.34 pursuant to section 123B.44; and

5.1 (iii) late transportation home from school or between schools within a district for
5.2 nonpublic school pupils involved in after-school activities.

5.3 (c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational
5.4 programs and services, including diagnostic testing, guidance and counseling services, and
5.5 health services. A mobile unit located off nonpublic school premises is a neutral site as
5.6 defined in section 123B.41, subdivision 13.

5.7 Sec. 2. Minnesota Statutes 2022, section 125A.76, subdivision 2c, is amended to read:

5.8 Subd. 2c. **Special education aid.** (a) For fiscal year 2020 and later, a district's special
5.9 education aid equals the sum of the district's special education initial aid under subdivision
5.10 2a, the district's cross subsidy reduction aid under subdivision 2e, special education homeless
5.11 pupil aid under subdivision 2f, and the district's excess cost aid under section 125A.79,
5.12 subdivision 5.

5.13 (b) Notwithstanding paragraph (a), for fiscal year 2020, the special education aid for a
5.14 school district, excluding the cross subsidy reduction aid under subdivision 2e, and excluding
5.15 special education homeless pupil aid under subdivision 2f, must not exceed the greater of:

5.16 (i) the sum of 56 percent of the district's nonfederal special education expenditures plus
5.17 100 percent of the district's cost of providing transportation services for children with
5.18 disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4), plus the
5.19 adjustment under sections 125A.11 and 127A.47, subdivision 7; or

5.20 (ii) the sum of: (A) the product of the district's average daily membership served and
5.21 the special education aid increase limit and (B) the product of the sum of the special education
5.22 aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012,
5.23 sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections
5.24 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership
5.25 served for the current fiscal year to the district's average daily membership served for fiscal
5.26 year 2016, and the program growth factor.

5.27 (c) Notwithstanding paragraph (a), for fiscal year ~~2020~~ 2024 and later the special
5.28 education aid, excluding the cross subsidy reduction aid under subdivision 2e, excluding
5.29 special education homeless pupil aid under subdivision 2f, for a school district, not including
5.30 a charter school or cooperative unit as defined in section 123A.24, must not be less than
5.31 the lesser of (1) the sum of 90 percent for fiscal year 2020, 85 percent for fiscal year 2021,
5.32 80 percent for fiscal year 2022, and 75 percent for fiscal year 2023 and later of the district's
5.33 nonfederal special education expenditures plus 100 percent of the district's cost of providing

6.1 transportation services for children with disabilities under section 123B.92, subdivision 1,
6.2 paragraph (b), clause (4), plus the adjustment under sections 125A.11 and 127A.47,
6.3 subdivision 7, for that fiscal year or (2) the product of the sum of the special education aid
6.4 the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections
6.5 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11
6.6 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the
6.7 current fiscal year to the district's average daily membership for fiscal year 2016, and the
6.8 minimum aid adjustment factor.

6.9 (d) Notwithstanding subdivision 2a and section 125A.79, a charter school in its first
6.10 year of operation shall generate special education aid based on current year data. A newly
6.11 formed cooperative unit as defined in section 123A.24 may apply to the commissioner for
6.12 approval to generate special education aid for its first year of operation based on current
6.13 year data, with an offsetting adjustment to the prior year data used to calculate aid for
6.14 programs at participating school districts or previous cooperatives that were replaced by
6.15 the new cooperative. The department shall establish procedures to adjust the prior year data
6.16 and fiscal year 2016 old formula aid used in calculating special education aid to exclude
6.17 costs that have been eliminated for districts where programs have closed or where a
6.18 substantial portion of the program has been transferred to a cooperative unit.

6.19 (e) The department shall establish procedures through the uniform financial accounting
6.20 and reporting system to identify and track all revenues generated from third-party billings
6.21 as special education revenue at the school district level; include revenue generated from
6.22 third-party billings as special education revenue in the annual cross-subsidy report; and
6.23 exclude third-party revenue from calculation of excess cost aid to the districts.

6.24 Sec. 3. Minnesota Statutes 2022, section 125A.76, is amended by adding a subdivision to
6.25 read:

6.26 Subd. 2f. **Special education homeless pupil aid.** (a) For fiscal year 2024 and later,
6.27 special education homeless pupil aid must be paid to a school district that is funded for that
6.28 year based on the district's fiscal year 2016 expenditures calculated under Minnesota Statutes
6.29 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012,
6.30 sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily
6.31 membership for the current fiscal year to the district's average daily membership for fiscal
6.32 year 2016, and the minimum aid adjustment factor.

6.33 (b) Special education homeless pupil aid equals the greater of zero, or a district's prior
6.34 year transportation costs under section 123B.92, subdivision 1, paragraph (b), clause (4),

7.1 items (ii) and (vii), and the additional cost of transporting a student in a shelter care facility
 7.2 as defined in section 260C.007, subdivision 30, a homeless student in another district to the
 7.3 school of origin, or a formerly homeless student from a permanent home in another district
 7.4 to the school of origin but only through the end of the academic year; minus the fiscal year
 7.5 2016 costs associated with transportation costs under section 123B.92, subdivision 1,
 7.6 paragraph (b), clause (4), items (ii) and (vii), and the additional cost of transporting a student
 7.7 in a shelter care facility as defined in section 260C.007, subdivision 30, a homeless student
 7.8 in another district to the school of origin, or a formerly homeless student from a permanent
 7.9 home in another district to the school of origin, but only through the end of the academic
 7.10 year; adjusted by the ratio of the district's adjusted daily membership for the current fiscal
 7.11 year to the district's average daily membership for fiscal year 2016, and the minimum aid
 7.12 adjustment factor.

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

7.14 Subdivision 1. **Department of Education.** The sums indicated in this section are
 7.15 appropriated from the general fund to the Department of Education in the fiscal years
 7.16 designated.

7.17 Subd. 2. **Special education aid.** For additional special education aid under sections 1
 7.18 and 2:

7.19	\$	<u>2024</u>
7.20	\$	<u>2025</u>