

STATE OF MINNESOTA
COUNTY OF RAMSEY

FILED
Court Administrator

JUL 5 2011

By BH Deputy

DISTRICT COURT
SECOND JUDICIAL DISTRICT
CASE TYPE: CIVIL

In re Temporary Funding of Core
Functions of the Executive Branch
Of the State of Minnesota

Court File No: 62-CV-11-5203

**PETITION OF MINNESOTA SCHOOL
BOARDS ASSOCIATION FOR ORDER
CONTINUING FUNDING OF SPECIAL
EDUCATION AIDS TO SCHOOL DISTRICTS**

In the present proceeding, K-12 education in Minnesota was determined to be a “critical core function of government” based upon Art. XIII, Section 1 of the Minnesota Constitution.¹ The Minnesota Department of Education has taken the position that the Order does not allow the payment of state or federal special education aids to School Districts. Consequently, the Minnesota School Boards Association (“MSBA”) brings this petition on behalf of Minnesota school districts, intermediate districts, special education cooperatives and charter schools for an order to provide temporary funding of those aids. Importantly, special education aids were approved for temporary funding by the Court in 2005 without the need to petition the Special Master.² See Exhibit A. The Constitution has not been changed to affect this ruling since it was issued and the courts have not issued case law to the contrary.

¹ See *In Re Temporary Funding of Core Functions of the Executive Branch of the State of Minnesota*, Findings of Fact, Conclusions of Law, and Order Granting Motion for Temporary Funding, 62-CV-11-5203 (Ramsey Co. D. Ct., filed June 29, 2011) (“Order”) at p. 6, ¶ 21.

² The status of education funding in 2005 was very similar to the current matter because the K-12 Education bill had not been passed during the legislative session.

Under both State and federal law, school districts are required to provide a free appropriate public education (FAPE) for all eligible children and youth with disabilities. FAPE is defined as instruction and services that are:

- Based on categorical eligibility and need as identified in a multi-disciplinary assessment;
- Written into an Individualized Education Plan (IEP), Individualized Family Service Plan (IFSP), or Individualized Interagency Intervention Plan (IIP); and
- Provided in the least restrictive environment appropriate to the student's needs and at no cost to parents.

See Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400, et seq. ("IDEA") and Minnesota Statutes Chapter 125A. Those services must be provided any time that school is in session and in compliance with the child's IEP, which includes summer school if extended year services are a component of the IEP.

Minnesota school districts provide special education services to 124,560 students with disabilities. See Exhibit B.³ Special education programs fall on a continuum based on the student's level of need and may consist of: direct services, indirect services, team teaching, pull-out support, self-contained/high needs classroom and out-of-district services. All school districts are not able to provide the full continuum of services and students with higher needs may receive services through a cooperative, intermediate school district or charter school. In those cases, the cooperative, intermediate school district or charter school does not receive

³ Minnesota Department of Education, Budget Recommendations, 2012-13 Biennial Budget

funding from the State but will invoice the school district for the cost of services provided. The student's resident school district is responsible to pay for the services provided.

If the school district is open and providing education, it must provide the services provided in a child's IEP, whether or not there are funds appropriated to pay them. For this reason, the Legislature has adopted a specific level of funding for special education aid in order to support the provision of instruction and services to children with disabilities receiving these services and is comprised of the following aids:

- Special Education Revenue is a state aid program that provides specially designed instruction and related services for children and youth with disabilities ages birth-21. See Minn. Stat. §§ 125A.02, 125A.03, 125A.53, 125A.75, 125A.76, 125A.78, 125A.79. A percentage of expenditure formula is used to calculate special education aid for school districts based upon their actual allowable special education costs submitted to the Department of Education. See Minn. Stat. § 125A.76, subd. 4. However, the total amount of special education aid to all school districts provided by the state is also capped as the result of state statute. See Minn. Stat. § 125A.76, subd. 8. The 2012-13 Biennial Budget indicates that special education services, revenue and expenditures for fiscal year 2009 were the following:

- 124,560 students ages birth – 21 receiving services
- 27,703 full-time equivalent professional and paraprofessional staff employed
- \$760 million paid to school districts
- \$177 million federal funds allocated to school districts

School Districts also receive additional federal funds to be used in the delivery of special education services. The federal funding component is based upon the

Individuals with Disabilities Education Act (IDEA). Special Education Formula Aid (Part B, section 611); Special Education Pre-school Formula Aid (Part B, section 619) and Special Education Grants for Infants and Families with Disabilities (Part C) are based on an annual Child Count Report prepared by the MDE. Funding for the current year is based on the previous year's report. The federal law requires that state and local school districts maintain effort from one year to the next. For fiscal year 2010, the amount allocated through Part B, Section 611 was \$357,554,756 and the amount allocated through Part B, Section 619 was \$13,099,872.

- Special Education Excess Cost Aid is designed to provide additional special education funding for school districts that have extremely high levels of unreimbursed special education expenses. *See* Minn. Stat. § 125A.79, subd. 5. This aid promotes adequacy and equity in the general education program. *See* Exhibit B. Small school districts can be severely impacted by the unreimbursed costs of serving a few high-cost students. The same holds true for high concentrations of special education students in larger districts. This aid helps to mitigate the impact of unreimbursed special education costs on the school district general fund. In fiscal year 2009, \$110.9 million dollars were paid to 315 Minnesota districts. *See id.*
- Home Based Travel Aid is provided to reimburse 50% of the travel costs of personnel providing home-based or community-based services to children under age five with a disability and their families. *See* Minn. Stat. § 125A.75, subd. 1. This may consist of parent consultation and training, as well as direct services to the child. In fiscal year 2009, 12,866 early childhood special education (birth to age 4) children were served and \$260,363 was paid to school districts.

- Special Pupil Aid provides reimbursement to school districts for special education costs not covered by special education funding or the general education formula for students with a disability who reside in public or private residential facilities in the school district and for whom there is no school district of residence because parental rights have been terminated or the parents cannot be located. *See* Minn. Stat. § 125A.75, subd. 3. In fiscal year 2010, \$1.4 million was reimbursed to school districts for services to 90.90 average daily membership (“ADM”) with disabilities and 16.59 ADM without disabilities in school districts. *See* Exhibit B.
- Court Placed Revenue aid provides funding for school districts to pay the costs of providing special education programs to non-Minnesota students with disabilities when the providing school district is unable to collect tuition from the responsible state or agency. *See* Minn. Stat. § 125A.79, Subd. 4. Without this funding, school districts would be required to pay for these services from the general fund. In fiscal year 2009, eleven (11) non-Minnesota students placed by the courts in Minnesota and the resident school districts received \$88,114 in aid for those students. *See* Exhibit B.
- Out of State Tuition aid provides education funding for Minnesota resident students placed by court action in another state for care and treatment that does not have a reciprocity agreement. *See* Minn. Stat. 125A.79, Subd. 8. In fiscal year 2009, 188 students were placed out of state for care and treatment. *See* Exhibit B.
- Other Federal Special Education Programs such as Deaf-Blind Technical Assistance and Special Education State Improvement Grants under the IDEA provide flow through grants important to school districts.

To the extent that these state and federal aids are not paid to school districts, a cross subsidy from general education revenue is required. In such a case, programs for non-special education students must be reduced in order to fund the mandated special education services. Consequently, the failure to fund special education aids during a government shutdown will have a severe impact upon the ability of school districts to provide an educational program for all students.

In order for the State to carry out the critical core function of providing a general and uniform system of public schools, it must provide for an "adequate" level of education that is uniformly available to both regular and special education students. The services are provided to support and promote the health and safety of students with disabilities, some of whom are very vulnerable. The special education aids requested are based upon funding formulas contained in state and federal law.

The MSBA believes that under the June 29, 2011 Order, the determination that education is a core function of government supports the continuation of all education aids during a government shutdown. Even if that is not the recommendation, special education aids to school districts to provide special education services to vulnerable disabled students meet the requirements for Priority 1 or 2 critical services (activities having a severe and permanent negative financial impact to business or vulnerable populations or groups of individual within Minnesota).

Therefore, funding for these special education programs should be temporarily ordered at the level specified in the existing statutes so as to carry out this critical core function of school districts. In the event that the formulas are ultimately changed, the amount paid during this period could be adjusted when the final bill is agreed to. The MSBA

respectfully requests that the Special Magistrate find precedent in the 2005 order and recommend that special education payments be continued. The absence of these payments will have a long and severe impact on the school districts of the state and their ability to provide mandated services both during and after the State shutdown.

Respectfully submitted,

KNUTSON, FLYNN & DEANS, P.A.

Dated: July 1, 2011

By 

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2005 AGENCY SHUTDOWN DETERMINATIONS

AGENCY Department of Employees	CRITICAL AND/OR CORE OPERATIONS OR OPERATIONS IN DIRECT SUPPORT OF CRITICAL AND/OR CORE OPERATIONS That May Remain OPEN All Others Closed	# OF NON-CRITICAL AND/OR CORE EMPLOYEES
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<p>EDUCATION</p> <p>Total Employees: 431</p>	<p># of employees = 70 \$81,600 / week personnel costs</p> <p>The following portions of your critical operations plan have been approved:</p> <ul style="list-style-type: none"> • Maltreatment of Minors Program • Support operations to critical functions, including on-call payroll processing • Administrative Management and Communications • Protection of state buildings and other property owned by the government • Critical State Categorical and Formula Aids <ul style="list-style-type: none"> ✓ General Education aid, including all linkages to the formula (compensatory, limited English proficiency, extended sparsity, operating capital, training and experience, equity, transition and referendum aid) ✓ Special education-regular and excess ✓ Head Start funding consistent with CAP critical services programs at the Department of Human Services ✓ Cost aid transition for disabled students aid; aid for children with disabilities ✓ Tribal contract aid ✓ Migrant Head Start Program ✓ Alternative teacher compensation aid ✓ Charter school building lease aid ✓ School lunch aid; school breakfast aid ✓ Adults with disabilities aid • Critical Federal Formula Aids <ul style="list-style-type: none"> ✓ Special Education Formula Aid; Special Education Pre-school Formula Aid ✓ Special Education Grants for Infants and Families with Disability ✓ Title I Formula Aid ✓ Title I Program for Neglected and Delinquent ✓ Title II – Part A Improving Teacher Quality and Teacher Quality Enhancement ✓ Title II – Education Technology Grants Formula Grants ✓ Title V Formula Aid ✓ Federal Food Program Breakfast; Federal Food Program Lunch; Federal Food Program Special Milk ✓ CACFP Food Service; CACFP Commodities ✓ Summer Food Program for Children ✓ Migrant Educational Grants • No Child Left Behind (NCLB) • Teacher and Administrator Licensing <p>Only staff and operating expenses that are minimally necessary to continue, secure, or support this operation is authorized in the event of a government shut down.</p>	361
<p>EMERGENCY MEDICAL SERVICES BD</p> <p>Total Employees: 22</p>	<p># of employees = 7 \$8,120 / week personnel costs</p> <p>The following portions of your critical operations plan have been approved:</p> <ul style="list-style-type: none"> • Ensuring ambulance coverage in the area of disaster declared by Governor's emergency management response team (On-call only) • Toxicology line • Receive, investigate, and resolve complaints from public • Monitor health professionals in HPSP program • Renewal of licenses <p>Only staff and operating expenses that are minimally necessary to continue, secure, or support these operations are authorized in the event of a government shut down.</p>	15

July 8, 2005 – 8:00 a.m.
* = Recommendations of Special Master



190

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION - REGULAR

Narrative

Activity at a Glance

Special Education services, revenue, and expenditures for FY 2009:

- 124,560 students ages birth – 21 receiving services.
- 27,703 full-time equivalent professional and paraprofessional staff employed.
- \$760 million paid to districts.
- \$177 million federal funds allocated to school districts.

Activity Description

Citation: M.S. 125A.02; 125A.03; 125A.53; 125A.75; 125A.76; 125A.78; 125A.79

Federal Citation: P.L. 108-446 IDEA; P.L. 111-5 American Recovery and Reinvestment Act of 2009

Special Education - Regular is a state aid program that provides specially designed instruction and related services for children and youth with disabilities ages birth – 21. Districts also receive additional federal Individual Disability Education Act (IDEA) funds to be used in the delivery of special education services.

Population Served

As shown in the following table, in FY 2009, Minnesota provided special education services to 124,560 children and youth, ages birth through 21. The following table shows the number of special education students by age and disability, as of 12-01-08.

FY 2009 Unduplicated Child Count by Disability and Age Group as of 12-01-08

Disability	Preschool	K-12	Ages	Total
	Ages B-4	Ages 5-18	19-21	
1. Autism Spectrum Disorders	938	11,349	420	12,707
2. Deaf-Blind	14	60	3	77
3. Developmentally Delayed	8,239	5,043	-0-	13,282
4. Mildly Moderate-DCD	25	6,034	686	6,745
5. Severe Profound-DCD	12	1,840	334	2,186
6. Deaf or Hard of Hearing	267	2,033	59	2,359
7. Emotional or Behavioral Disorders	71	16,077	363	16,511
8. Other Health Disabilities	49	14,762	279	15,090
9. Physically Impaired	94	1,543	71	1,708
10. Specific Learning Disability	6	30,032	498	30,536
11. Speech or Language Impairment	3,036	18,426	17	21,479
12. Severely Multiply Impaired	31	854	88	973
13. Traumatic Brain Injury	24	409	36	469
14. Visually Impaired	60	365	13	438
Total	12,866	108,827	2,867	124,560

Students become eligible for Part B services by meeting specific state eligibility requirements under one or more of 14 disability categories as defined in Minnesota Rules.

Students ages 3-21 must meet two general criteria to be eligible for special education services: 1) be found eligible through a multi-disciplinary assessment as having a disability; and 2) be in need of specifically designed instruction and related services. The eligibility criteria for each disability are defined in Minnesota Rules 3525.1325 through 3525.1352.

Birth-2 students are eligible for infant and toddler intervention services if:

1. They meet the criteria for any one of the 13 special education disability categories set forth in Minnesota Rules 3525.1325 to 3525.1348.
2. The child experiences a developmental delay that is demonstrated by a score of 1.5 standard deviations or more below the mean as measured by the appropriate diagnostic measures or procedures in one or more of the areas of development (cognitive, physical, communication, social/emotional or adaptive).
3. The child is diagnosed with a physical or mental condition that has a high probability of resulting in developmental delay, regardless of whether the child has demonstrated a need or delay.

The eligibility criteria for infant and toddler intervention services are defined in Minnesota Rules 3525.1350.



DEPT OF EDUCATION**Program: SPECIAL EDUCATION****Activity: SPECIAL EDUCATION - REGULAR**

Narrative

The following table shows the number of special education students by education setting as of 12-01-08:

Unduplicated Child Count by Setting as of December 1, 2008 (Birth -21)	
<u>Setting Ages 6-21</u>	<u>Total</u>
Outside of regular classroom less than 21% of school day	64,171
Resource room between 21% and 60% of school day	26,087
Separate classroom more than 60% of school day	10,870
Public separate day school facility greater than 50% of school day	3,894
Private separate day school facility greater than 50% of school day	98
Public residential facility greater than 50% of school day	161
Private residential facility greater than 50% of school day	65
Homebound/hospital placement	<u>274</u>
Subtotal Ages 6-21	105,620
 <u>Setting Ages 3-5</u>	
Regular EC program at least 80% of the time	7,312
Regular EC program 40-79% of the time	2,353
Regular EC program less than 40% of the time	995
Separate class	2,623
Separate school	145
Residential facility	3
Service provider location	393
Home	<u>337</u>
Subtotal Ages 3-5	14,361
 <u>Setting Ages Birth-2</u>	
Designed for children with development delays	186
Designed for typically developing children	152
Home	4,175
Hospital (inpatient)	3
Resident facility	1
Service provider location	51
Other Setting	<u>11</u>
Subtotal Ages Birth-2	4,579
TOTAL	124,560

Services Provided

Special education instruction and services are governed by state statutes (M.S. 125A.02; M.S. 125A.03; M.S. 125A.75); state education rules (chapter 3525); federal law [P.L. 108-446, Individuals with Disabilities Education Act (IDEA)]; and federal rules (34 CFR 300).

The combination of these laws and rules require the provision of a free appropriate public education (FAPE) for all eligible children and youth with disabilities. FAPE is defined as instruction and services that are:

- based on categorical eligibility and need as identified in a multi-disciplinary assessment;
- written into an Individualized Education Plan (IEP), Individualized Family Service Plan (IFSP), or Individualized Interagency Intervention Plan (IIP); and,
- provided in the least restrictive environment appropriate to the student's needs and at no cost to parents.

Special education is specially designed instruction that helps students with disabilities achieve results in the general curriculum and make progress toward graduation per individualized goals. The IEP team, including

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION - REGULAR

Narrative

parents, determines the most appropriate means of delivering the necessary instruction and services to the students.

- 268 smaller school districts have formed 35 special education cooperatives to deliver special education programs more cost effectively and efficiently.
- In addition, districts can purchase services from service cooperatives, intermediate school districts, and cooperate with formal collaborative organizations such as children's mental health collaboratives, family service collaboratives, interagency early intervention committees, and community interagency transition committees.

The Division of Special Education Policy and the Division of Compliance and Assistance work with school districts and cooperatives to implement self-assessment and improvement procedures related to program evaluation and to due process compliance. The self-assessment and improvement of both components are implemented through the Minnesota Continuous Improvement Process: Self Review (MNCIMP:SR). The MNCIMP:SR system initiative focuses on education for children with disabilities birth through age 21.

Key Activity Goals & Measures

The program addresses the Minnesota Department of Education (MDE) goal of improving student achievement and the Minnesota Milestones goal of preparing students to compete in global economy.

Goal: To increase the graduation rate of students with disabilities.

Measure: Graduation rate of students with disabilities.

	School Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
All Students	88.8%	90.5%	91.0%	91.2%	91.2%
Special Education	82.0%	82.4%	84.6%	84.9%	85.3%

Goal: To decrease the dropout rate of students with disabilities.

Measure: Dropout rate of students with disabilities.

	School Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
All Students	3.2%	3.1%	3.1%	4.5%	34.2%
Special Education	4.6%	4.9%	4.2%	4.5%	4.2%

Goal: To support the inclusion of students with disabilities in the statewide assessment system.

Measure: Participation and performance on statewide assessments (MCA and MTAS)

	School Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
Overall %	97.7%	97.5%	96.0%	98.0%	97.7%

Overall proficiency (MCA and MTAS) – reading and mathematics combined.

	School Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
Reading					
Grade 3	50.4%	69.4%	63.3%	65.0%	64.6%
Grade 10	40.2%	45.1%	43.0%	58.4%	63.0%
Math					
Grade 3	53.5%	81.3%	75.7%	79.5%	81.7%
Grade 11	31.5%	19.7%	17.6%	18.7%	25.1%

Activity Funding

Special education programs are funded with state special education aids and federal IDEA funds.

District Special Education Expenditures

	FY 2005	State and Federal			FY 2009
		FY 2006	FY 2007	FY 2008	
Average Cost Per Student	\$10,204	\$10,629	\$10,962	\$11,256	\$11,713
Child Count Birth-21	118,530	119,720	121,511	123,241	124,560

DEPT OF EDUCATION**Program: SPECIAL EDUCATION****Activity: SPECIAL EDUCATION - REGULAR**

Narrative

Total Expenditures (Dollars in Thousands)

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Salaries	\$ 790,784	\$ 826,456	\$ 873,554	\$ 916,739	\$ 966,007
Fringe Benefits*	217,466	227,275	240,227	252,103	265,651
Contracted Services	33,294	35,444	38,062	37,551	36,503
Individualized Instructional Supplies and Equipment	6,875	8,042	8,649	10,056	9,978
Federal Funds Used for Instruction (Birth-21)	161,036	175,306	171,548	170,731	180,839
SUBTOTAL for Direct & Related Services	\$1,209,455	\$1,272,533	\$1,332,040	\$1,387,180	\$1,458,978
Transportation**	119,043	130,492	137,698	146,984	149,520
TOTAL Expenditures	\$1,328,498	\$1,403,025	\$1,469,738	\$1,534,164	\$1,608,498
Annual % Change	6.29%	5.61%	4.75%	4.38%	4.85%

*Estimated based on ratio of salaries for staff from UFARS.

**Includes transportation to and from school, between schools and board and lodging UFARS Finance code 723.

Includes special transportation of selected pupils UFARS code 728.

Includes birth through 21 (Part C birth through age 2). Additional information on Part C pupils is located in the Infants and Toddlers-Part C budget narrative. Fiscal information for this program is included on the fiscal page for Infants and Toddlers-Part C.

Federal Flow Through Awards to School Districts (Dollars in Thousands)

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010*</u>	<u>FY 2011</u>
Federal Flow Through Entitlement Section 611	\$150,292	156,235	155,880	\$158,637	\$160,486	\$357,555	\$167,744
Preschool Incentive Entitlement Section 619	5,696	5,643	5,576	5,576	5,460	13,100	5,393
Preschool Incentive CSPD Entitlement Section 619	194	192	402	210	214	215	221
Part C	5,719	5,407	5,472	5,462	5,585	12,589	5,500

* Includes regular and ARRA funds.

State Special Education Aid:

Special education aid through FY 2007 was based on expenditures in the second prior year (base year). State special education aid for FY 2007 was based on expenditures in FY 2005. Beginning in FY 2008, special education aid is based on expenditures in the current fiscal year.

Several additional changes to the special education formulas took place in FY 2008. Transition disabled aid, which equaled \$8.8 million in FY 2007 was rolled into special education aid in FY 2008. Transition programs for students with disabilities provides for transitional career and technical (vocational) experiences/programs that provide career exploration, healthy work attitudes, specific career and academic knowledge, and job skills for students with disabilities. Transition programs for students with disabilities serves students who meet state disability eligibility criteria according to M.S. 125A.02 and who have individual Education Plans (IEP) that include work-based learning and require extra interventions not provided in regular work-based learning programs.

Lastly, FY 2008 is the first year that districts received bus depreciation aid for buses that were both purchased after 07-01-05 and used primarily for providing special transportation services.

The special education initial aid equals the sum of the following amounts:

- *Salary* - 68% of the salary of each essential staff providing direct instructional and related services to students (both special education and transition disabled programs);
- *Contracted Services* - 52% of the amount of a contract for instruction and services that are supplemental to a district's education program for students with disabilities. 52% of the difference between the amount of the contract and the general education revenue of the district for that pupil for the fraction of the school day the student receives services that are provided in place of services of the district's program (both special

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION - REGULAR

Narrative

- education and transition disabled programs). For transition disabled programs only, 52% of the cost of vocational evaluation;
- *Supplies and Equipment: Special education programs* - 47% of the cost of supplies and equipment not to exceed an average of \$47 per student with a disability,
- *Supplies and Equipment: Transition disabled programs* - 47% of the cost of supplies not to exceed an average of \$47 per student with disability, 47% of the cost of equipment;
- *Travel* - for transition disabled programs only, 47% of the costs of necessary travel between instructional sites by transition program teachers.
- *Bus Depreciation* - 100% of the cost of regular buses over eight years and Type III buses over five years that are used the majority of time providing special transportation services; and,
- *Transportation* - 100% of the cost of special transportation services.

A school district's special education aid equals the state total special education aid times the ratio of the district's initial special education aid to the state total initial special education aid.

The district of residence is responsible for the cost of providing special instruction and services to its resident students. When special education services are provided by a cooperative, intermediate district, charter school, or another school district, the special education aid paid the serving district/cooperative/intermediate district/charter school is increased to cover the unreimbursed special education costs and the special education aid paid to the resident district is reduced by an offsetting amount. This adjustment to the state aid is called a "tuition adjustment." Prior to 2007, when MDE began calculating the adjustments, the adjustments occurred through the tuition bills calculated by each district, cooperative, and charter school.

The state total special education revenue for FY 2009 through FY 2011 is set in state law. For FY 2009, FY 2010, and FY 2011 the state total is \$719.5 million, \$735.7 million, and \$786.6 million, respectively. The state total special education aid for FY 2012 and later fiscal years equals the state total special education aid for the preceding fiscal year times the program growth factor times the greater of one, or the ratio of the state total average daily membership (ADM) for the current fiscal year to the state total ADM for the preceding fiscal year. The program growth factor is 1.046 for FY 2012 and later years.

Special education aid as a percent of adjusted base revenue declined from 91.9% in FY 2004 to 78.7% in FY 2007 due to continued increases in special education expenditures, without a corresponding increase in the state total special education aid. Due to a large increase in funds for FY 2008, aid as a percent of initial aid increased to 86.1% in FY 2008. However, aid as a percent of initial aid declined to 85.3% in FY 2009, and is projected to decline further to 84.3% by FY 2011.

Federal IDEA (Individuals with Disabilities Education Act) Funds:

IDEA Part B funds are allocated using a formula that includes a base amount, with the remainder of the funds distributed using poverty and enrollment figures of all students reported on MARSS (Minnesota Automated Reporting Student System).

The base amount is determined by the 12-01-1998 count of students with disabilities for Section 611 (ages 3 - 21) and the 12-01-1996 count of students with disabilities for Section 619 (ages 3 - 5). If a district has resident student/s attending a new or significantly expanded (by more than 10%) charter school, the base amount is redistributed among the school district and the affected charter school/s using December 1 child count of students with disabilities for the year when the charter school opens or significantly expands.

85% of federal aid exceeding the base is allocated based on current year enrollment of all students (Sections 611 and 619); 15% is allocated based on current year free and reduced price lunch counts (Sections 611 and 619). For FY 2010 (including ARRA funds), the following amounts were allocated through each formula:

Part B --Section 611

	<u>Regular</u>	<u>ARRA</u>	<u>Total</u>
Base	\$ 55,057,097	\$ -0-	\$ 55,057,097
Poverty	16,927,241	28,447,408	45,374,649
Enrollment	95,921,030	161,201,981	257,123,010
TOTAL	\$167,905,368	\$189,649,389	\$357,554,756

DEPT OF EDUCATION**Program: SPECIAL EDUCATION****Activity: SPECIAL EDUCATION - REGULAR****Narrative**

Part B -- Section 619

	<u>Regular</u>	<u>ARRA</u>	<u>Total</u>
Base	\$ 5,299,759	\$ -0-	\$ 5,299,759
Poverty	13,920	1,156,097	1,170,017
Enrollment	78,882	6,551,214	6,630,096
TOTAL	\$ 5,392,561	\$ 7,707,311	\$13,099,872

The federal law requires that the state and local school districts maintain effort from one year to the next. Total state aid and individual district state-local expenditures may not be decreased from the current year to the subsequent year, except under specific circumstances. Districts cannot supplant state and local expenditures for special education with federal funds. Federal funds are intended to expand and improve education services to individuals with disabilities.

Because of the maintenance of effort requirements under IDEA, districts have generally paid for related services staff, supplies, equipment, and tuition agreements with federal funds. Federal funds can be used to pay for a wider range of eligible special education costs than state special education aids. The two aid packages are compatible and provide reimbursement to school districts for special education expenditures.

MDE typically flows 89% of the federal funds to local education agencies, retains 2% of the funds for administration costs, and retains approximately 9% for statewide set aside programs to implement Minnesota's State Improvement Plan, and to provide technical assistance, training, and monitoring.

Special education revenue, together with the general education revenue earned by students with disabilities for the time they are enrolled in special education programs, does not reimburse all of the expenses that districts incur for special education programs. Information on special education cross-subsidies is available at http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/Cross_Subsidy_Report/index.html.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Education, Special Education Policy, (651) 582-8397, http://education.state.mn.us/mde/Learning_Support/Special_Education/index.html.

DEPARTMENT OF EDUCATION

Program: Special Programs

Activity: Special Education

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
Direct Appropriations by Fund					
General Fund					
1 Total Current Appropriation	609,003	749,248	749,248	749,248	1,498,496
a. End of Session Estimate			231,642	119,990	351,632
b. November Forecast Adjustment			213	491	644
c. Transfer per M.S. 127A.41					
2 Forecast Base	609,003	749,248	981,103	869,669	1,850,772
3 Governor's Recommendation					
a. Aid Shift to 70%			(165,584)	(9,278)	(174,862)
4 Recommended	609,003	749,248	815,519	860,391	1,675,910

District Revenue Summary (Entitlement Basis)					
AID					
State Aid					
3 Statutory Formula Aid	735,693	786,586	827,920	874,307	1,702,227
4 Statutory Excess/(Shortfall)					0
5 Appropriated Entitlement	735,693	786,586	827,920	874,307	1,702,227
6 Adjustments					
a. Excess Funds Transferred In/(Out)					
b. Supplemental Appropriation					
7 State Aid Entitlement Current Law	735,693	786,586	827,920	874,307	1,702,227
8 Other Revenue					
a. Federal	142,286	172,881	188,112	202,236	390,348
a. Federal Stimulus	68,802	94,920	26,747		26,747
9 Total All Sources Current Law	946,781	1,054,387	1,042,779	1,076,543	2,119,322

Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	71,947	198,637	235,975	248,376	484,351
Current Year	537,056	550,611	579,544	612,015	1,191,559
Total State Aid - General Fund	609,003	749,248	815,519	860,391	1,675,910

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION - EXCESS COST

Narrative

Activity at a Glance

Excess cost aid provides a "safety net" for districts that experience high costs for special education services which are not reimbursed by regular special education aid.

- \$110.9 million in entitlements to Minnesota districts in FY 2009.
- 315 districts received excess cost aid in FY 2009.

Activity Description

Citation: M.S. 125A.79

This state aid program provides school districts with funding to cover a portion of unreimbursed costs of special education and related services.

Population Served

All public schools in Minnesota whose unreimbursed special education costs exceed the funding threshold as defined by the aid formula receive state aid.

Services Provided

Special education excess cost aid promotes adequacy and equity in the general education program. Specifically, this activity helps students with a disability access free and appropriate public education without requiring school districts to subsidize special education costs excessively from general operating funds.

In small school districts, the unreimbursed costs of serving a few high-cost students can have a severe impact on the district's general fund. High concentrations of special education students can create similar problems in larger school districts. The special education excess cost aid provides a safety net to mitigate the impact of unreimbursed special education costs on the school district general fund.

Historical Perspective

- Since FY 1996, the total state special education revenue has been set in law or has been the result of a formula. The growth in initial special education excess cost revenue since FY 1996 is largely attributable to faster growth in special education expenditures than in state total special education revenue during this period.
- Beginning in FY 1999, transportation funding for students with a disability was rolled into the special education formula and the excess cost of transporting these students was included in the excess cost formula.
- Beginning in FY 2000, the revenue was increased from 70% to 75% of excess costs and the threshold to qualify for revenue was reduced from 5.7% to 4.4% of general education revenue. The threshold was reduced to 4.36% beginning in FY 2001.
- Beginning in FY 2002, the state total excess cost aid has been set in law.
- Beginning in FY 2008, transition programs for students with disabilities was rolled into the special education formula and the excess cost of serving these students was included in the excess cost formula. Additionally, in FY 2008, bus depreciation, reimbursable tuition and transportation tuition revenues and expenditures were also included in both formulas.

Key Activity Goals & Measures

By providing additional funding toward unreimbursed costs of special education and related services, this program addresses the key department goals of improving student achievement and preparing students to compete in a global economy.

Goal: Improve student achievement.

Measure: An increased number of students with IEPs will complete the MCA and see academic improvement, as measured by the MCA.

Goal: Prepare all students to compete in a global economy.

Measure: The students will complete the transition goals established in the students' IEPs that will prepare those students for the world of work with appropriate life-skills.

Activity Funding

For FY 2002 through FY 2007, a district's special education excess cost aid equaled the greater of:

- 75% of the difference between the district's unreimbursed special education cost and 4.36% of the district's general revenue; or,
- 70% of the difference between the increase in the district's unreimbursed special education cost between the base and the current year and 1.6% of the district's general revenue.

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION - EXCESS COST

Narrative

For FY 2008 and later years, a district excess cost aid equals 75% of the difference between the district's unreimbursed special education cost and 4.36% of the district's general revenue.

The state total excess cost aid equals \$110.9 million in FY 2009, \$110.8 million in FY 2010, and \$110.9 million in FY 2011, \$113.8 million in FY 2012, and \$117.1 million in FY 2013. In later fiscal years, the state total excess cost aid equals:

- the state total special education excess cost aid for the preceding fiscal year; times,
- the program growth factor; times,
- the greater of one or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

The program growth factors established by the legislature equals 1.044 for FY 2002, 1.02 for FY 2003, and 1.00 for FY 2004 through FY 2011. However, the state total excess cost aid for FY 2004 through FY 2011 is set in state law. The program growth factor is 1.02 for FY 2012 and later years. A district's initial excess cost aid is computed using the current formula. A district's actual excess cost aid equals its initial entitlement times the ratio of the state target for excess cost aid to the state total initial excess cost aid. Actual excess cost aid as a percent of initial excess cost aid declined from 82.6% in FY 2004 to 47.5% in FY 2007 due to continual increases in special education expenditures without a corresponding increase in the state funded total regular special education aid or excess cost aid. A substantial portion of this reduction is attributable to a decline in the share of special education expenditures funded through the special education – regular program, which spill over into the excess cost formula.

Due to a large increase in special education funds for FY 2008, which includes the addition of resources attributable to transition programming and the change in the regular formula to current year funding, aid as a percent of initial aid is increased to 73.3% in FY 2008. After FY 2008, with expenditure growth once again exceeding revenue growth, aid as a percent of initial aid is projected to decrease annually to 52.2% in FY 2011, 49.0% in FY 2012 and 46.3% in FY 2013.

Excess cost aid targets a portion of special education funding increases to districts with the greatest excess cost as a percentage of total general revenue. By considering the overall impact of unreimbursed special education costs on a district's general fund budget, this program is more effective in addressing excess costs than narrower programs such as the court placement and tuition revenue programs.

The table below shows the state total amount of excess cost revenue for FY 2004 through FY 2009 and the numbers of districts participating in the program each year:

Special Education Excess Cost Revenue

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Total Revenue	\$92.1	\$91.8	\$103.6	\$104.70	\$110.64	\$110.9
Number of Districts	319	307	319	325	305	315

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8810, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/Excess_Cost_Projection_Models/Index.html.

DEPARTMENT OF EDUCATION

Program: Special Programs

Activity: Special Education-Excess Costs

Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13 FY 2012-13
General Fund					
1 Total Current Appropriation	96,926	108,410	108,410	108,410	216,820
a. End of Session Estimate			20,821	7,615	28,436
b. November Forecast Adjustment			21	51	72
2 Forecast Base	96,926	108,410	129,252	116,076	245,328
3 Governor's Recommendation					
a. Aid Shift to 70%			(16,845)	(502)	(17,347)
4 Recommended	96,926	108,410	112,407	115,574	227,981

<i>District Revenue Summary (Entitlement Basis)</i>					
AID	State Aid				
	3 Statutory Formula Aid	110,847	110,892	113,818	117,208
	4 Statutory Excess/(Shortfall)				0
	5 Appropriated Entitlement	110,847	110,892	113,818	117,208
	6 Adjustments				
	7 State Aid Entitlement Current Law	110,847	110,892	113,818	117,208
					231,026
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, 70% in FY 2011, and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
	Prior Year	37,046	50,967	53,449	54,860
	Current Year	59,880	57,443	58,958	60,714
	Total State Aid - General Fund	96,926	108,410	112,407	115,574
					227,981

DEPT OF EDUCATION

Program: **SPECIAL EDUCATION**

Activity: **SPECIAL EDUCATION - CHILDREN WITH DISABILITIES**

Narrative

Activity at a Glance

In FY 2009:

- Served 90.90 ADM with disabilities in school districts.
- Served 16.59 ADM without disabilities in school districts.
- \$1.4 million was reimbursed to school districts in FY 2010.

Activity Description

Citation: M.S. 125A.75, Subd. 3

This state aid program provides funding for individuals with and without disabilities who are placed under care in a state institution, a licensed residential facility, or foster facility for whom no district of residence can be determined.

Population Served

Districts that serve individuals described above receive full payment for net education costs for students with and without disabilities who are served.

Services Provided

This activity ensures that individuals who are placed in a residential facility and for whom no district of residence can be determined receive a free and appropriate education. Pupils are eligible if no district of residence can be determined because:

- parental rights have been terminated by court order;
- the parent or guardian is not living within the state;
- no other district of residence can be established; or,
- the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections.

Special education programs and services are specially designed to benefit individuals with disabilities whose educational needs range from academic or behavior support to self-care skills, independent living skills, or preparation of employment in the community. Students without disabilities are also eligible for this aid if they are eligible because parental rights have been terminated. This aid is for the costs of education and not for the costs associated with the care and treatment of the students.

Students eligible for this aid must be placed where the regular education program at the facility is approved according to section M.S. 125A.515.

Historical Perspective

This program began in the 1970s to include education costs for students with disabilities. The law was amended in 1999 to include all students, those with and without disabilities, as eligible for aid if they meet the criteria that the parental rights have been terminated.

Key Activity Goals & Measures

This program addresses the following Minnesota Milestones: 1) Minnesotans will excel in basic and challenging skills and knowledge; and 2) all people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy.

Activity Funding

The aid equals 100% of the net costs of educating these individuals, including transportation costs, a proportionate amount of capital expenditures, and debt service, minus the sum of basic general education revenue, special education aid, transportation aid, and any other aid earned on behalf of the child.

The aid is paid as a reimbursement in the year following the year the services are provided.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Special Education

Activity: Children with Disabilities

Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13
General Fund					
1 Current Appropriation	1,717	1,895	1,895	1,895	3,790
a. End of Session Estimate			(633)	(561)	(1,194)
b. Cancellation	(277)				
c. November Forecast Adjustment		(341)	386	411	797
2 Forecast Base	1,440	1,554	1,648	1,745	3,393

<i>District Revenue Summary (Entitlement Basis)</i>					
AID	State Aid				
3 Statutory Formula Aid	1,440	1,554	1,648	1,745	3,393
4 Statutory Excess/(Shortfall)	277	341			
5 Appropriated Entitlement	1,717	1,895	1,648	1,745	3,393
6 Adjustments					
b. Cancellation	(277)				
c. Appropriation Reduction		(341)			
7 State Aid Entitlement Current Law	1,440	1,554	1,648	1,745	3,393
<i>Appropriations Basis for State Aid</i>					
Cancellation	(277)				
Current Year	1,717	1,554	1,648	1,745	3,393
Total State Aid - General Fund	1,440	1,554	1,648	1,745	3,393

DEPT OF EDUCATION

Program: **SPECIAL EDUCATION**

Activity: **SPECIAL EDUCATION – HOME-BASED SERVICES**

Narrative

Activity at a Glance

Provides reimbursement to districts for the cost of travel so that early childhood special education staff can provide services in the home or community-based programs for children under five.

- 12,866 ECSE (birth – 4) children served in FY 2009.
- \$260,363 paid to districts in FY 2009.

Activity Description

Citation: M.S. 125A.75, Subd. 1; P.L. 108-466, Part C

This state aid activity provides funding to assist school districts with travel costs for early childhood special education (ECSE) staff in delivering services to children and their families in home and community early childhood education program settings.

Population Served

Services are provided to children birth to five years with disabilities and their families who receive services in their homes or in community early childhood settings.

Services Provided

Travel for home-based services assures that all individuals from birth to five years of age with disabilities, and their families, have access to ECSE intervention services. For very young children, services may consist of parent consultation and training, as well as direct services to the child.

Federal funding under the Individuals with Disabilities Education Act (IDEA), (P.L. 108-466), the Preschool Incentive program (P.L. 108-466, Sec. 619), and the Infants and Toddlers program (P.L. 108-466, Part C) may also be used for this purpose.

Key Activity Goals & Measures

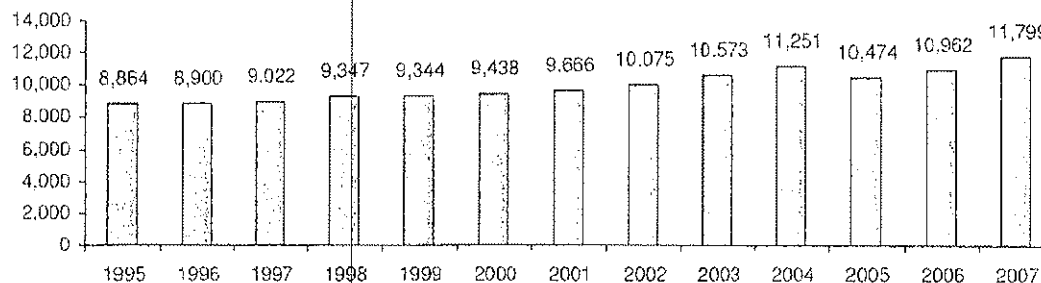
This program addresses the following Minnesota Milestones: 1) All children will be healthy and start school ready to learn, and 2) All people will be welcomed, respected and able to participate fully in Minnesota's communities and economy.

Goal: To provide for special education and related services by assisting the districts with the costs of providing those services in the student's home.

Measure: The number of children, from birth to five years of age, identified as having disabilities and receiving special education services increased from 9,438 in FY 2000 to 12,866 in FY 2009. The majority of these services are provided in the child's home or in a center-based site in the community.

(Key indicators and measures for special education programs are available in the Special Education - Regular budget narrative.)

Number of Preschool Children
(birth through age 4)
Receiving Special Education Services



Activity Funding

Under current law, the state must pay each district one-half of the sum actually expended by a district based on mileage for necessary travel of essential personnel providing home-based or community-based services to children with a disability under age five and their families.

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION – HOME-BASED SERVICES

Narrative

The 2006 legislature clarified that home-based travel aid is calculated based on mileage. Districts cannot claim reimbursement for vehicle purchases or leases under this program.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Special Programs

Activity: Home Based Travel

Budget Activity Summary

Dollars in Thousands

<i>Direct Appropriations by Fund</i>	Current		Governor's Rec		Biennium
	FY 2010	FY 2011	FY 2012	FY 2013	2012-13 FY 2012-13
General Fund					
1 Total Current Appropriation	224	282	282	282	564
a. End of Session Estimate			77	20	97
b. November Forecast Adjustment	5	6	5	4	9
2 Forecast Base	229	288	364	306	670
3 Governor's Initiatives					
a. Aid Shift to 70%			(61)	0	(61)
4 Recommended	229	288	303	306	609
District Revenue Summary (Entitlement Basis)					
AID					
State Aid					
3 Statutory Formula Aid	280	303	304	306	610
4 Statutory Excess/(Shortfall)	(7)	(5)			
5 Appropriated Entitlement	273	298	304	306	610
6 Adjustments					
a. Transfer per M.S. 123A.41	7				
b. Supplemental Appropriation		5			
7 State Aid Entitlement Current Law	280	303	304	306	610
Appropriations Basis for State Aid					
Appropriations below are based on current year state aid payment percentages of 90% in FY 2009, 73% in FY 2010, and 70% in FY 2011 and later. Final payments in the next fiscal year are appropriated to equal state aid entitlement less the current year appropriation.					
Prior Year	24	73	90	93	181
Transfer per M.S. 127A.41	5	2			
Current Year	200	213	213	215	428
Total State Aid - General Fund	229	288	303	306	609

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION – COURT-PLACED REVENUE

Narrative

Activity at a Glance

In FY 2009:

- Funded costs of 11 non-Minnesota students placed by the courts in Minnesota (3.85 ADM).
- \$88,114 was paid to districts in FY 2010.

Activity Description

Citation: M.S. 125A.79, Subd. 4

This state aid program provides funding for school districts to pay the costs of providing special education programs to non-Minnesota students with disabilities when the providing school district is unable to collect tuition from the responsible state or agency.

Population Served

Minnesota school districts receive aid that would otherwise be subsidized by the district general fund.

Services Provided

Minnesota school districts providing special education services to court placed nonresident students with disabilities are assured that they will receive revenue for services provided if out-of-state agencies fail to pay tuition bills. In addition to the tuition bills, the district submits to the agency the documentation of the efforts to collect the tuition from the student's resident district and state.

Key Activity Goals & Measures

Goal: To mitigate school district costs related to providing services to non-Minnesota students with disabilities.

Measure: In FY 2009, 11 nonresident students (3.85 average daily membership) were placed in Minnesota by the courts for services that were not paid by the resident non-Minnesota district or resident state. State aid of \$88,114 was paid in the following year, FY 2010, to reimburse districts for the cost of providing services to these nonresident students.

Activity Funding

To be eligible for this revenue, the serving districts must document that they have admittance procedures designed to identify the agency responsible for the education costs and must show a good faith effort to get commitment for payment of tuition from the agency prior to admitting the student into the program.

Beginning in FY 2002, this program was changed to reimburse school districts for prior year eligible costs.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/index.html.

DEPARTMENT OF EDUCATION

Program: Special Education

Activity: Court Placed Special Education Revenue

Budget Activity Summary

		<i>Dollars in Thousands</i>				
		Current		Governor's Rec		Biennium 2012-13
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2012-13
<i>Direct Appropriations by Fund</i>						
<i>General Fund</i>						
1	Current Appropriation	76	78	78	78	156
	a. End of Session Estimate			2	4	6
2	Forecast Base	76	78	80	82	162
<i>District Revenue Summary (Entitlement Basis)</i>						
AID	State Aid					
3	Statutory Formula Aid	76	78	80	82	162
4	Statutory Excess/(Shortfall)					
5	Appropriated Entitlement	76	78	80	82	162
6	Adjustments					
	a. Transfer per M.S. 127A.41					
7	State Aid Entitlement Current Law	76	78	80	82	162
<i>Appropriations Basis for State Aid</i>						
	Current Year	76	78	80	82	162
	Total State Aid - General Fund	76	78	80	82	162

DEPT OF EDUCATION

Program: SPECIAL EDUCATION

Activity: SPECIAL EDUCATION - OUT OF STATE TUITION

Narrative

Activity at a Glance

- 188 students (61.3 average daily membership) were placed out of state for care and treatment in FY 2009.

Activity Description

Citation: M.S. 125A.79, Subd.8

This state aid program provides education funding for Minnesota resident students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

Population Served

Districts receive education funding for students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

Services Provided

Minnesota school districts are assured that costs of education will be reimbursed when students with disabilities are placed in care and treatment facilities in states without reciprocity.

Historical Perspective

This provision was enacted in 1999 to pay the costs of providing special education programs to Minnesota students with disabilities who are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement.

Key Activity Goals & Measures

Goal: This helps to ensure that students with disabilities receive the most appropriate education to enable them to succeed to their highest potential.

Measure: In FY 2009, 188 students were placed out-of-state for care and treatment.

Activity Funding

Out-of-state care and treatment facilities submit tuition bills to the resident district based on the costs of providing education. The resident district submits the tuition bills to MDE and the department calculates aid revenue. Aid revenue is calculated by subtracting out any aid that the resident district receives for the student. This includes general education revenue that is not basic skills revenue, alternative compensation revenue, and referendum equalization aid. Special education services revenue is also subtracted out from the bill. State aid is paid in the following year to reimburse school districts for eligible costs.

Because data is not readily available prior to the end of the school year, this program was changed to reimburse school districts for eligible prior year costs beginning in FY 2003. FY 2010 program costs are funded in FY 2011.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Education, Division of Program Finance, (651) 582-8840, http://education.state.mn.us/mde/Accountability_Programs/Program_Finance/Special_Education/index.html.

DEPT OF EDUCATION
 Program: SPECIAL EDUCATION
 Activity: SPECIAL ED OUT STATE TUITION

Budget Activity Summary

	<i>Dollars in Thousands</i>				
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	250	250	250	250	500
Subtotal - Forecast Base	250	250	250	250	500
Total	250	250	250	250	500
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	250	250	250	250	500
Total	250	250	250	250	500
<u>Expenditures by Category</u>					
Local Assistance	250	250	250	250	500
Total	250	250	250	250	500

DEPT OF EDUCATION

Program: **SPECIAL EDUCATION**

Activity: **OTHER FEDERAL SPECIAL EDUCATION PROGRAMS** Narrative

Activity at a Glance

The federal programs in the narrative are:

- Special Education – Deaf/Blind
- Special Education State Improvement

Activity Description

This budget activity summarizes federal programs for special populations that fund activities throughout Minnesota. These are competitive federal grants from OSEP.

Special Education – Deaf-Blind P.L. 108-446 IDEA.

The Deaf-Blind Technical Assistance grant provides support to initiate and improve statewide educational services for children who are deaf-blind from birth through age 21. The focus of the grant is to provide a range of technical assistance and support to Minnesota schools and families of children who are deaf-blind. Technical assistance and professional development activities are focused on building the capacity of teachers, service providers, and families to provide effective services and improve outcomes for students who are deaf-blind.

The Minnesota Deaf-Blind Technical Assistance grant has two goals.

1. Technical Assistance and Dissemination Activities
 - a. Objective 1: Provide technical assistance to school teams, including parents and administrators.
 - b. Objective 2: Support families by providing training and information that enhance the role of parents as informed partners and active participants in the education of their children.
2. State and Local Leadership and Coordination Activities
 - c. Objective 3: Enhance state and local capacity and facilitate the achievement of systemic change to improve services and results for children who are Deaf-Blind.

Special Education State Improvement Grant P.L. 108-446 IDEA.

In this grant category, MDE received funds from two programs:

1. Special Education State Personnel Development Grant P.L.

Minnesota received a five year State Personnel Development Grant (SPDG) from the federal Office of Special Education Programs (OSEP) for the years 2005-2010. The SPDG is now entering a one year no-cost extension to complete work on this grant which will end in August 2011.

The Minnesota SPDG has two goals.

 - a. Goal 1: Improve educational outcomes of children and youth with disabilities.
 - b. Goal 2: Ensure the availability of a qualified special education workforce across geographic regions of the state. To achieve these two goals, grant funds are used to improve systems of personnel development, technical assistance and/or dissemination of knowledge about research-based practices. All SPDG projects and corresponding activities are replicable and can be scaled up, are connected with the State Performance Plan and are carried out for the benefit of Minnesota students with disabilities and special and general education staff in school districts.
2. General Supervision Enhancement Grants P.L.

The General Supervision Enhancement Grants (GSEG) are intended to assist states in the development, revision and enhancement access to the statewide assessment system for students with disabilities, including the use of accommodations on the general assessment, an alternate assessment based on alternate achievement standards, and an alternate assessment based on modified achievement standards.

The GSEG grant has three goals.

 - a. Goal A: Support implementation of MTAS for students who use objects and graphically supported text passages in assessment.
 - b. Goal B: Improve implementation of the MTAS through pre- and post-testing guidance and training.
 - c. Goal C: Research student characteristics and effective strategies for the sub-population of students who exhibit a low level of response on the MTAS.

Contact

Additional information is available from the Minnesota Department of Education (651) 582-8590, http://education.state.mn.us/html/intro_support_special_ed.htm.

DEPT OF EDUCATION
 Program: SPECIAL EDUCATION
 Activity: OTHER FEDERAL SP ED PROGRAMS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal	612	1,409	950	1,055	2,005
Total	612	1,409	950	1,055	2,005
<u>Expenditures by Category</u>					
Other Operating Expenses	51	47	0	0	0
Local Assistance	561	1,362	950	1,055	2,005
Total	612	1,409	950	1,055	2,005