

## Section 2: State Special Education Aid

Local educational agencies (LEAs) receive special education aid for the current fiscal year based on a portion of eligible special education expenditures from the previous fiscal year. State special education aid also includes the tuition billing adjustment and the hold harmless/growth limit, both are based on current fiscal year data.

Beginning in State Fiscal Year (SFY) 2016, the six components to the state special education aid formula are:

- Initial aid
- Excess cost aid
- Special transportation
- Tuition billing adjustment
- Hold harmless and growth limit/cap (applies only to school districts)
- Cross subsidy reduction aid (applies only to school districts – beginning in SFY 2020)

The six components to the formula calculation yields a single state special education aid amount that is loaded into the Integrated Department of Education Aids System (IDEAS) for payment to LEAs.

Definitions and the formula for initial aid, special transportation, hold harmless and growth limit/cap and cross subsidy reduction aid are found in Minnesota Statutes, section 125A.76. The bus and van depreciation component of special transportation is calculated according to Minnesota Statutes, section 123B.92, subdivision 1, paragraph (a).

The excess cost aid formula and definitions are found in Minnesota Statutes, section 125A.79. Tuition billing provisions are found in Minnesota Statutes, sections 125A.11 and 127A.47.

A detailed interactive worksheet, the “Interactive Projection Model,” commonly known as the “Special Ed WhatIF” is available on the Minnesota Department of Education (MDE) website. It compiles actual data for each of the aid components listed above from previous fiscal years (when applicable), and lets LEAs enter data from their own budgeting tools. This allows LEAs to estimate their special education aid for future fiscal years.

Access to the Special Ed WhatIF is on [MDE’s website](https://education.mn.gov) (https://education.mn.gov) > Data Center > Data Reports and Analytics > School Finance Spreadsheets. Select Special Education. Choose Category “Special Education” and Subcategory “Interactive Projection Models.”

## Initial Aid Calculation

Initial aid is based on prior fiscal year data using the least of the following three options:

### Option 1 – Old Formula Expenditures

Includes expenditures that were eligible for revenue under the old funding formula as defined in Minnesota Statutes, section 125A.76, subdivision 2, (repealed in 2013). These expenditures include salaries for essential personnel, equipment, supplies, contracts and student contract placements. Benefits and other related costs for special education were not included in the old formula expenditures.

These expenditures are multiplied by 62 percent to calculate the aid amount under option 1.

### Option 2 – Nonfederal Expenditures

“Nonfederal special education expenditure” means all direct expenditures that are necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability according to Minnesota Statutes, sections 124D.454, 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65, as submitted by the district and approved by the department under Minnesota Statutes, section 125A.75, subdivision 4, excluding expenditures:

- Reimbursed with federal funds.
- Reimbursed with other state aids under Minnesota Statutes, section 125A.
- For general education costs of serving students with a disability.
- For facilities.
- For pupil transportation.
- For postemployment benefits.

These expenditures are multiplied by 50 percent to calculate the aid amount under option 2.

### Option 3 – Census-based

Census-based funding equals 56 percent of the sum of the following:

- Census-based funding for higher incidence, lower cost primary disabilities:
  - Total Average Daily Membership (ADM) x (Base rate + Poverty adjustment + District size adjustment).
  - Total ADM x (\$460 + \$400 x Free/Reduce Lunch Concentration + 0.008 x Total ADM).
- Child count-based funding for lower incidence, higher cost primary disabilities:
  - \$10,400 (\$13,300 starting in SFY 2021) x child count for autism spectrum disorders, developmental delay and severely multiply impaired—Federal Instructional Setting 2 or greater.
  - \$18,000 (\$19,200 starting in SFY 2021) x child count for deaf and hard-of-hearing and emotional or behavioral disorders—Federal Instructional Setting 3 or greater.
  - \$27,000 (\$25,200 starting in SFY 2021) x child count for developmentally cognitive: mild-moderate, developmentally cognitive: severe-profound, physically impaired, visually impaired and deaf-blind—Federal Instructional Setting 4 or greater.

The amount computed above is adjusted for inflation at 4.6 percent per year for SFY 2017 and each subsequent year.

## Excess Cost Aid

Excess cost aid is designed to target additional aid to districts, charter school and cooperatives with high levels of special education expenses not reimbursed with regular special education initial aid. Excess cost aid is based on the difference between special education costs not reimbursed with initial aid and the sum of a percentage of general education revenue that is specified in law, plus general education revenue attributed to students with Individualized Education Programs (IEPs) in a federal instructional setting greater than two. The formula uses prior year data.

Excess cost aid is determined based on the greater of the following two calculations:

- 62 percent of the difference between old formula unreimbursed costs after initial aid less 2.5 percent of the district's general education revenue, plus the general education revenue to defray the costs of special education for students with IEPs in Federal Instructional Setting 3 or greater.
- 56 percent of the difference between the nonfederal unreimbursed costs after initial aid less 7 percent of the district's general education revenue, plus the general education revenue to defray the costs of special education for students with IEPs in Federal Instructional Setting 3 or greater.

## Special Transportation

Special transportation aid includes costs associated with providing transportation for: students with IEPs; students placed in care and treatment programs; homeless students transported to their district of origin; and students on a 504 plan. Special transportation aid also includes a vehicle depreciation component.

Components of the transportation aid calculation include expenditures for:

- Uniform Financial Accounting and Reporting Standards (UFARS) Finance Code 723
- UFARS Finance Code 728
- Special Education Bus Depreciation
- Special Education Van Depreciation

## UFARS Finance Code 723

Included under this finance code are expenditures for providing transportation only when a student's transportation has been identified and approved as a related service in the student's IEP. Transportation as a related special education service must address a transportation need that is different from the general student population and is necessary for the student to make progress towards the IEP's stated goals.

## UFARS Finance Code 728

Included under this finance code are expenditures for the special transportation or special accommodations of students who do not have special education transportation identified in their IEP, or do not have an IEP, but require special transportation because they are homeless, attend care and treatment programs or have a 504 Accommodation Plan where special transportation is included as an accommodation.

Additional information on transportation responsibilities for students receiving special education services is in the document, “Reference Guide to Transporting Students with Disabilities and Special Transportation for Selected Students in Minnesota” on the [MDE Transportation Reporting webpage](https://education.mn.gov) (<https://education.mn.gov>) > Districts, Schools and Educators > Business and Finance > School Finance > Transportation > Reporting.

## Bus and Van Depreciation

Buses, also referred to as “Type I” vehicles, have several definitions based on their features and characteristics, but generally are designed to transport more than ten persons and have a gross vehicle weight rating of more than 10,000 pounds.

Buses are depreciated at 12.5 percent each year for eight years, beginning in the second full fiscal year after the vehicle was purchased. (For example, a bus purchased in 17-18 will show up on the LEA’s inventory in 18-19. The first year of the eight-year depreciation schedule would begin in 19-20.)

Vans, also referred to as “Type III” vehicles, are passenger cars, station wagons, vans and buses having a seating capacity of ten or fewer people (including the driver) and a gross vehicle weight rating of 10,000 pounds or less.

Vans are depreciated at 20 percent each year for five years, beginning in the second full fiscal year after the vehicle was purchased. (For example, a van purchased in 17-18 will show up on the LEA’s inventory in 18-19. The first year of the five-year depreciation schedule would begin in 19-20.)

Additional information on vehicle depreciation is located on the [MDE Transportation Reporting webpage](#) in the “Special Education Bus Depreciation” document.

## Tuition Billing Adjustment

Effective SFY 2007, MDE assumed the responsibility of calculating state special education aid adjustments for students with IEPs that are served in school districts other than their resident district. During the regular school year, if a student is reported in the Minnesota Automated Reporting Student System (MARSS) with a special education evaluation status (SEES) 4 or 6, which indicates the student is receiving special education services, and the student is a nonresident of the serving district, the MDE tuition billing system will invoice the resident district for the unreimbursed costs for providing special education services, special education transportation and the general education revenue. Students placed in private care and treatment programs (State Aid Category 28) are excluded from being invoiced through the tuition billing system.

If the IEP team determines that the student should participate in an Extended School Year (ESY) program, and the student is a nonresident, then the tuition billing system will invoice the resident district for the unreimbursed costs of ESY services. The invoice to the resident district is made through a negative adjustment to the district’s state special education aid. The nonresident district in turn receives a positive adjustment to its aid.

For SFY 2019, the tuition billing adjustment for open enrolled students equals 90 percent of the unreimbursed costs; this percentage is reduced to 85 percent in SFY 2020; and 80 percent in SFY 2021 and later years. Charter schools will receive additional aid to fully offset the decrease in the unreimbursed costs covered by the tuition billing adjustment (five percent in SFY 2020 and ten percent in SFY 2021 and later).

Please note that the tuition billing adjustment component is an adjustment to state special education aid including, if applicable, general education revenue, lease and debt services costs. The cost or revenue to a district or charter school is considered an adjustment to state special education aid and should not be recorded as any other UFARS Source Code.

Find detailed information on the MDE website in the [“Tuition Billing Reference Guide”](#) (<https://education.mn.gov>) > Districts, Schools and Educators > Business and Finance > School Finance > Special Education > Tuition Billing.

## Hold Harmless

The hold harmless (or minimum) component applies only to school districts, and ensures that a district will not get less than they would have received under the old formula. The hold harmless is adjusted for changes in enrollment and includes an inflationary factor.

Beginning in SFY 2020, the hold harmless calculation is the lesser of the two calculations described below.

### Adjusted Hold Harmless Calculation

This calculation includes a program growth factor which was set at 1.046 for SFY 2017 and at the product of 1.046 and the prior year’s program growth factor for SFY 2018 and later (e.g., 1.094 for SFY 2018; 1.144 for SFY 2019). This program growth factor is multiplied by aid amount from SFY 2016—the “original hold harmless” amount.

Starting in SFY 2020, a minimum aid adjustment multiplier is used in the calculation, equaling 1.046. For SFY 2021 and later, the minimum aid adjustment multiplier equals the greater of 1.02 or the minimum aid adjustment multiplier for the previous year minus 0.002. The purpose of the minimum aid adjustment multiplier is to gradually reduce the inflation increases used to calculate the original hold harmless amount to no more than two percent each year.

This will reduce the hold harmless guarantee for districts where special education expenditures have fallen or grown very slowly since SFY 2016, so that the hold harmless does not result in the district receiving a very high percentage of its costs covered by the formula, before adjusting for inflation, compared with other districts.

**Table 1-1: Original Hold Harmless Calculation Inflation Factors**

<b>Year</b>	<b>Program Growth Factor</b>	<b>Minimum Aid Adjustment Factor</b>
2017	1.046	1.04600000
2018	1.046	1.09411600
2019	1.046	1.14444534
2020	1.046	1.19708982
2021	1.044	1.24976177
2022	1.042	1.30225177
2023	1.040	1.35434184
2024	1.038	1.40580683
2025	1.036	1.45641587
2026	1.034	1.50593401
2027	1.032	1.55412390
2028	1.030	1.60074762
2029	1.028	1.64556855
2030	1.026	1.68835334
2031	1.024	1.72887382
2032	1.022	1.76690904
2033	1.020	1.80224722

## Hold Harmless Cap Calculation

Starting in SFY 2020, an alternative hold harmless amount will be calculated. It uses 90 percent of the current year special education program costs, plus 100 percent of the current year special transportation costs plus the current year tuition billing adjustment. The percent is reduced to 85 percent in SFY 2021, 80 percent in SFY 2022 and 75 percent in SFY 2023 and later.

## Growth Limit/Cap

Between SFY 2016 and SFY 2019, the growth limit (or cap) component ensured that a district would not receive more than the aid they would have received under the previous formula calculation, plus the product of the

district's ADM served changes and the special education aid increase limit. This limit was \$100 in SFY 2017 and increased by \$40 each state fiscal year until it reaches \$220 in SFY 2020.

For SFY 2020, the cap is increased to the greater of the original cap (as calculated above), or the sum of 56 percent of current year special education costs, plus 100 percent of the current year special transportation cost, plus the tuition billing adjustment.

The cap is removed starting in SFY 2021.

## Cross Subsidy Reduction Aid

This Cross Subsidy Reduction Aid component starts in SFY 2020, and was created to limit the difference between the amount districts spend on special education and the revenue provided to districts specifically for special education purposes. The amount of general education dollars used to cover this difference is referred to as the "cross subsidy."

The initial cross subsidy is the total special education expenditures (including transportation), minus the total special education aid (with the tuition billing adjustment), minus the general education revenue generated by students receiving special education services if receiving more than 60 percent of their special education services outside of a regular classroom (i.e., a federal instructional setting greater than two). The cross subsidy reduction aid is calculated by first determining a district's initial cross subsidy from the previous fiscal year; then applying 2.6 percent in SFY 2020, and 6.43 percent in SFY 2021 and later years.

## State Special Education Aid Calculation

The following tables list the components of the state special education aid calculations, as shown in the "Special Education Comprehensive Aid Report." You can view these reports on [MDE's website](https://education.mn.gov) (https://education.mn.gov) > Data Center > Data Reports and Analytics. Select School Finance Reports. Select Minnesota Funding Reports (MFR). Choose your LEA, Category "Special Education," and the particular "Year" (the tables below are specific to "19-20"). Select "List Report" and choose "Special Education Comprehensive Aid Report."

The tables show by line number, the calculations, the UFARS code, the Special Education Data Reporting Application (SEDRA) funding source code, and description of the expenditure/data item. With the exception of the hold harmless calculation and the tuition adjustment, all calculations are based on prior year data.

## Initial Aid

Tables 2-1 thru 2-3 show initial aid calculation; initial aid is based on the least of the following three options:

**Table 2-1: Option 1 – Old Formula Expenditures**

Line Number	Calculations	UFARS Finance	Funding Source	Description
1	n/a	740/317	A	Regular School Year
2	n/a	740/317	E	Extended School Year
3	n/a	740/317	C	Regular Year Alternative Delivery of Specialized Instructional Services (ADSIS)
4	n/a	740/317	N	Extended School ADSIS
5	n/a	372	“j”	Regular School Year IEP-Medical Assistance (MA)
6	n/a	372	“i”	Extended School Year IEP-MA
7	n/a	799	R	Local Collaborative Time Study (LCTS) Expenditures
8	n/a	835	TranD (TD)	Access to Career Technical Education for Students with a disability (ACTE-SPED)
9	Sum 1 thru 8	n/a	n/a	Total Eligible Expenditures
10	Line 9 * 0.62	n/a	n/a	Option #1 Special Education Aid

- Includes those expenditures that were eligible for revenue under the old funding formula as defined in Minnesota Statutes, section 125A.76, subdivision 2. These expenditures include salaries for essential personnel, equipment, supplies, contracts and student contract placements.
- Total eligible expenditures are multiplied by 62 percent.

**Table 2-2 Option 2 – Nonfederal Expenditures**

Line Number	Calculations	UFARS Finance	Funding Source	Description
11	n/a	740/317	“a”	Unreimbursable Nonfederal
12	n/a	740/317	“b”	ADSIS Unreimbursable Nonfederal
13	n/a	835	TD SEDRA “t”	ACTE-SPED Unreimbursable
14	n/a	372/799	“m”	IEP-MA Nonfederal Expenditures
15	Sum 11 thru 14	n/a	n/a	Total Unreimbursable Nonfederal
16	Line 9 + Line 15	n/a	n/a	Total Special Education Expenditures



Line Number	Calculations	UFARS Finance	Funding Source	Description
17	Line 16 * 0.50	n/a	n/a	Option #2 Special Education Aid

- Includes those expenditures that were not eligible under the old formula and not excluded as specified in Minnesota Statutes, section 125A.76, subdivision 1(f). (These expenditures are also referred to as unreimbursable.)
- These expenditures include: fringe benefits, travel, supplies and materials, communications, etc.
- Line 15 sums the unreimbursable expenditures.
- Line 16 sums the old formula expenditures and the unreimbursable expenditures. This is referred to as the total nonfederal expenditures.
- Line 17 calculates the total nonfederal expenditures times 50 percent.

**Table 2-3: Option 3 – Census-Based**

Line Number	Calculations	Description
18	n/a	Basic Allowance – Level 1
19	n/a	ADMs Served (Early Childhood (EC) – 12)
20	Line 19 * 0.008	Size Allowance
21	n/a	Free Lunch (EC – 12)
22	n/a	Reduced Lunch (EC – 12)
22a	Line 22 * 0.50	Reduced Lunch (EC – 12) * 50 percent
23	Line 21 + Line 22a	Total Free and ½ Reduced Lunch
24	n/a	Total Enrollment (EC – 12)
25	Line 23 / Line 24	Ratio of Free and Reduced/Enrolled
26	Line 25 * \$400	Poverty Allowance
27	Lines (18+20+26) * Line 19	Census-based Revenue
28	No. * \$10,400 to \$13,300	Level 2 Autism Spectrum Disorder (ASD)
29	No. * \$10,400 to \$13,300	Level 2 Developmental Delay
30	No. * \$10,400 to \$13,300	Level 2 Severely Multiply Impaired (SMI)
31	No. * \$18,000 to \$19,200	Level 3 Deaf, Hard of Hearing (HH)
32	No. * \$18,000 to \$19,200	Level 3 Emotional and Behavioral Disorders
33	No. * \$27,000 to \$25,200	Level 4 Developmental Cognitive Disabilities (DCD) - Mild
34	No. * \$27,000 to \$25,200	Level 4 Developmental Cognitive Disabilities (DCD) - Severe
35	No. * \$27,000 to \$25,200	Level 4 Physically Impaired
36	No. * \$27,000 to \$25,200	Level 4 Visually Impaired

Line Number	Calculations	Description
37	No. * \$27,000 to \$25,200	Level 4 Deaf Blind
38	Sum 28 thru 37	Initial Level 2 – 4 Initial Aid
39	Line 27 + Line 38	Initial Level 1 – 4 Initial Aid
40	Line 39 * 0.56	Option 3 Special Education Initial Aid
41	n/a	Growth Factor
42	Line 40 * Line 41	Option #3 Census-based Special Education Initial Aid

The census-based option is a combination of a census-based funding for higher incidence/lower cost programs and a weighted student formula for lower incidence/higher costs programs. Included in the census-based funding are students with disability types: speech/language; specific learning disability; other health impaired and traumatic brain injury. Students in ADSIS are also included in this funding component.

- Line 18 lists the basic allowance per ADM served, \$450 until SFY 2021, when it increases to \$460.
- Line 19 and 20 calculates an adjustment based on district size.
- Lines 21 thru 26 calculate an adjustment based on poverty.
- Line 27 calculates the total census-based revenue including cost level 1 students and students served by ADSIS.
- Lines 28 thru 37 determine the weighted funding for specific disabilities; the second dollar amount listed goes into effect starting in SFY 2021.
- Line 40 multiplies the total amount (census-based and weighted) times 56 percent.
- Line 41 states the program growth factor.
- Line 42 calculates the total census-based special education initial aid by multiplying option 3 initial aid times the program growth factor.

**Table 2-4 – State Special Education Initial Aid line 43**

Line Number	Calculations	Description
43	< Lines 10, 17 or 42	State Special Education Initial Aid

- Line 43 determines the special education initial aid (least amount of option 1, 2 or 3).

## Excess Cost Aid

Table 2-5 shows the two calculations of excess cost, with the excess cost aid being the greater of the two calculations.

**Table 2-5 – Excess Cost Aid lines 44-48**

Line Number	Calculation	Data Used in Aid Calculation
44	n/a	Old Formula Reimbursable – Line 9 above
45	n/a	Nonfederal Expenditures – Line 16 above
46	n/a	Special Education Initial Aid – Line 43 above
47	n/a	District’s General Education Revenue
47a	n/a	General Education Allowance – Prior Fiscal Year
47b	n/a	General Education Allowance – SFY 2015
47c	47b / 47a	Ratio of General Education Allowance
47d	47 * 47c	Adjusted General Education Revenue for Excess Cost
48	n/a	General Education Revenue attributed to students in Federal Instructional Setting > 2

- Lines 44 thru 46 reflect data found in Table 2-1.
- Line 47 lists the total general education revenue for the district for the prior year.
- Line 47a lists the general education per pupil allowance for the prior year.
- Line 47b lists the general education per pupil allowance in SFY 2015.
- Line 47c lists the general education allowance ratio between the prior year and SFY 2015.
- Line 47d lists the general education revenue, adjusting for the general education allowance increases from SFY 2015 to the prior year.
- Line 48 lists the amount of general education revenue that is considered available by the district to cover special education costs. It is based on the time students with a Federal Instructional Setting greater than two spent outside of the regular education classroom.

**Table 2-6 Calculation A – Old Formula Expenditures**

Line Number	Calculation	Data Used in Aid Calculation
49	Line 44 – Line 46	Unreimbursed Old Formula Costs
50	Line 47d * 0.025	2.5 percent of General Education Revenue
51	Lines 49 – (48 + 50)	Net unreimbursed Old formula Costs, not < 0
52	Line 51 * 0.62	Excess Cost Aid (Calculation A)

- Line 49 determines the amount of old formula expenditures not covered by initial aid.
- Line 50 calculates the percent of general education revenue that is included along with the amount in line 48 to establish a threshold that a district must meet before generating excess cost aid.
- Line 51 determines the amount of unreimbursed costs.
- Line 52 multiplies the unreimbursed costs times 62 percent.

**Table 2-7 Calculation B – Nonfederal Expenditures**

Line Number	Calculation	Data Used in Aid Calculation
53	Line 45 – Line 46	Unreimbursed New Formula Costs (Nonfederal)
54	Line 47d * 0.07	7% of General Education Revenue
55	Line 53 - (48 + 54)	Net unreimbursed New Formula Costs (Nonfederal) not < 0
56	Line 55 * 0.56	Excess Cost Aid (Calculation B)

- Line 53 determines the amount of nonfederal expenditures not covered by initial aid.
- Line 54 calculates the percent of general education revenue that is included along with the amount in line 48 to establish a threshold that a district must meet before generating excess cost aid.
- Line 55 determines the amount of unreimbursed costs.
- Line 56 multiplies the unreimbursed costs times 56 percent.

**Table 2-8 Excess Cost Aid line 57**

Line Number	Calculation	Data Used in Aid Calculation
57	> of Line 52 or Line 56	State Excess Cost Aid is the greater of Calculation A or B

- Line 57 takes the greater number of calculation A or B.

## Transportation

**Table 2-9: Transportation**

Line Number	Calculations	UFARS Finance	Description
58	n/a	723	Special Education Transportation
58a	n/a	n/a	Bus Inventory Type 1
58b	Line 58a * 0.125	n/a	Bus Depreciation Type 1 (8 years – 12.5%) * Inventory
58c	n/a	n/a	Bus Inventory Type 3
58d	Line 58c * 0.20	n/a	Bus Depreciation Type 3 (5 years – 20%) * Inventory
59	n/a	728	Care and Treatment/504/Homeless Transportation
60	Sum 58 thru 59	n/a	Total Transportation Expenditures

As Table 2-9 shows, there are six components to the Transportation Aid formula.

- Lines 58 thru 58d pertain to costs associated with providing special transportation.
- Line 59 reflects the costs associated with transporting students to and from care and treatment programs, district of origin for homeless students or accommodations and adaptations to transport students on a 504 plan.
- Line 60 sums the total expenditures.

## State Special Education Aid

**Table 2-10: Special Education Aid**

Line Number	Calculation	Description
61	n/a	Special Education Initial Aid – Line 43
62	n/a	Excess Cost Aid – Line 57
63	n/a	Transportation Aid – Line 60
64	Lines 61 + 62 + 63	Special Education State Aid
65	n/a	Tuition Adjustment – Current Year
65a	n/a	Charter School Tuition Aid
66	Lines 64 + 65	Special Education State Aid prior to “Hold Harmless and Growth Limit/Cap” (see below)

As Table 2-10 shows, there are six components used to show special education state aid prior to establishing minimum (Hold Harmless) and maximum (Growth Limit/Cap) aid amounts districts can generate under the new formula.

- Line 61 is the special education initial aid as calculated in Table 2-3.
- Line 62 is the excess cost aid as calculated in Table 2-5.
- Line 63 is the total transportation expenditures as calculated in Table 2-9.
- Line 64 sums the total special education state aid.
- Line 65 is the tuition adjustment from the current year.
- Line 65a is the charter school tuition aid for open enrollment, 5 percent of unreimbursed cost in SFY 2020, and 10 percent in SFY 2021 and later.
- Line 66 is the summary of adjusted special education state aid, plus the tuition adjustment from the current year.

## Hold Harmless and Growth Limit/Cap

**Table 2-11: Hold Harmless and Growth Limit**

Line Number	Calculation	Description
66a	n/a	Current Year Regular Special Education Expenditures
66b	n/a	Current Year Transportation Expenditures
66c	n/a	Current Year Nonfederal Expenditures
67	Lines 66a + 66b + 66c	Current Year Total Expenditures
67a	n/a	Regular Special Education Aid for SFY 2016
68	n/a	Excess Cost Special Education Aid for SFY 2016
69	n/a	Tuition Adjustment for SFY 2016
70	Lines 67a + 68 + 69	Total Old Law Special Education Aid for SFY 2016
70a	n/a	Current Year ADM Served
70b	n/a	SFY 2016 ADM Served
71	n/a	SFY 2016 Adjusted ADM
71a	n/a	Current Year Adjusted ADM
71b	Lines 71a / 71	Adjusted ADM Ratio
71b2	See Table 1-1	Minimum Aid Multiplier – as a percentage
71c	See Table 1-1	Growth Factor – as a percentage
71d	Lines (70 * 71b) + (70 * 71c)	Hold Harmless formula minimum
71d2	N/A	Hold Harmless Cap Program Percentage
71d3	N/A	Hold Harmless Cap Transportation Percentage
71d4	Lines (66a + 66c) * 71d2 + (66B * 71c) + 65	Hold Harmless Cap
71d5	Minimum of Lines 71d or 71d4	Adjusted Hold Harmless
71e	Lines 70a / 70b	ADM Served Ratio
72	n/a	Current Year Increase Limit
73	Lines 70a * 72	Maximum Increase over Old Law
74	Lines (70 * 71e) + (70 * 71c) + 73	Growth Limit Maximum Current Year Special Education Aid

Line Number	Calculation	Description
74a		Growth Limit Program Percentage
74b		Growth Limit Transportation Percentage
74c	Lines (66a + 66c) * 74a + (66b * 74b) +65	Growth Limit 2
74d	Maximum of Lines 74 or 74c	Adjusted Gross Limit
75	If Line 66 < 67, 67 If Line 66 < 71d5, 71d5 If 66 >74d, 74d Otherwise 66	Net Aid for District

Data and calculations used to establish the minimum and maximum aid amounts districts can generate under the new formula found in Table 2-11 The Hold Harmless applies only to districts. The minimum amount protects the districts from generating less revenue than they would have received under the 2012 Minnesota Statutes. The maximum amount serves as cost containment so districts do not receive any more than the cost of their program.

- Lines 66a through 66c shows current year expenditures, by type.
- Line 67 lists the total current year expenditures.
- Lines 67a thru 69 shows, by component, the aid the district would have received under the old formula.
- Line 70 shows the total aid the district would have received under the old formula.
- Lines 70a thru 71a shows the enrollments used in the enrollment change ratio used for the minimum and maximum amounts.
- Line 71b calculates the enrollment change ratio.
- Line 71b2 and 71c shows the inflation factors, as described in Table 1-1.
- Line 71d shows the original hold harmless calculation.
- Line 71d2 shows the hold harmless cap calculation Special Education (SPED) program percentage: 90 percent in SFY 2020, 85 percent in SFY 2021, 80 percent in SFY 2022, and 75 percent in SFY 2023 and later.
- Line 71d3 shows the hold harmless cap calculation transportation percentage of 100 percent.
- Line 71d4 shows the total hold harmless cap calculation.
- Line 71d5 shows the lesser of the original hold harmless calculation and the hold harmless cap calculation.
- Line 71e shows the ADM served ratio from SFY 2016 to current year.
- Line 72 reflects the aid increase limit as stated in Minnesota Statutes 125A.76, subdivision 1(f).
- Line 73 determines the additional increase in aid over old law.
- Line 74 establishes the maximum state special education aid.
- Line 74a shows the growth limit SPED program percentage of 56 percent.
- Line 74b shows the growth limit transportation percentage of 100 percent.
- Line 74c shows the second calculated growth limit.
- Line 74d shows the adjusted growth limit, the lesser of the maximum state special education aid and the second calculated growth limit.
- Line 75 shows the net aid for the LEA.

## Cross Subsidy

**Table 2-12: Cross Subsidy**

Line Number	Calculation	Description
75a	Lines 16 + 60	Prior Year Total Costs
75b	Line 75 (Prior Year)	Prior Year State Special Education Aid
75c	Line 48	General Education to Defray the Cost of Special Education
75d	Lines 75a - 75b - 75c	State Special Education Initial Cross Subsidy
75e	N/A	Cross Subsidy Aid Factor
75f	Lines 75d * 75e	Cross Subsidy Reduction Aid

- Line 75a shows the total prior year special education expenditures.
- Line 75b shows the prior year state special education aid.
- Line 75c shows the general education aid calculated to defray the cost of special education.
- Line 75d shows the cross subsidy amount.
- Line 75e shows the cross subsidy aid factor of 2.6 percent.
- Line 75f shows the cross subsidy reduction aid amount.

Line Number	Calculation	Description
76		Gross Special Education Aid
77		Proration Factor
78	Lines 76 * 77	Net State Special Education Aid

- Line 76 shows gross special education aid without the proration factor.
- Line 77 shows proration factor, if necessary (if the statewide aid amount is greater than the appropriated amount).
- Line 78 shows the net special education aid.



## Eligible State Special Education Aid Expenditures

Minnesota Rules 3525.1310, indicates that services that are eligible be included in the calculation of state special education aid.

Minnesota Rules 3525.1310, indicates that state aid for special education personnel, salaries for essential personnel who are teachers, and related services and support services staff members, are reimbursable for the following activities:

- Child find and pupil identification.
- Necessary short-term indirect or consultative services that are provided in conjunction with regular education pre-referral activities to an individual suspected of having a disabling condition, to determine whether referrals for evaluation shall be made.
- Evaluation, progress reporting, and IEP/Individualized Family Service Plan (IFSP) planning for individual pupils.
- Instruction or related and support services to pupils who have an IEP/IFSP.
- Parental involvement and due process.
- School psychological services and school social worker services provided for pupils identified as emotional or behavioral disordered according to Minnesota Rules, part 3525.1329, alone or in conjunction with the instructional program outlined in any pupil's IEP/IFSP.
- Other related services provided in conjunction with the instructional program as outlined in a pupil's IEP/IFSP.
- Paraprofessional services provided under the direction of a regular or special education teacher, or a related services provider that:
  - Enhance the instruction provided by the teacher or related services staff.
  - Supplement instructional activities or provide extended practice in instances in which the paraprofessional has had training and ongoing support from a special education teacher or related services staff.
- Program coordination.
- Due process facilitation, except for attorney costs for suit preparation.

Examples of expenditures of essential personnel that are **not** eligible for state special education aid:

- Regularly assigned general education duties including supervision of study halls and advisory periods, lunch, recess, and bus duties.
- Ongoing services for at-risk students, such as, truancy, suicide prevention, child abuse prevention, or child protection.
- General education professional development activities.
- Substitute teachers that are not appropriately licensed.
- Equipment for pupil transportation.
- Out-of-state conferences and conventions.
- General education professional dues or memberships.