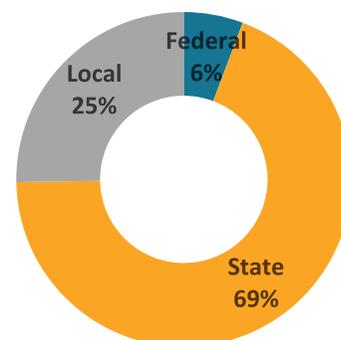


MINNESOTA

AUTHORIZER TYPE(S)	Local Education Agency Institute of Higher Education Non-profit Organization
LEGAL STATUS OF CHARTER SCHOOLS	Independent Local Education Agency
LINKAGE TO A TRADITIONAL DISTRICT	Partial Link (LEA Authorizer) No Link (IHE or Non-profit Auth)
STATE SPECIAL ED FUNDING FORMULA	Combination—Funding based on a combination of census and percentage reimb. formulas
% OF STUDENTS WITH DISABILITIES	14.05% (all public schools) 14.08% (charter schools)

MINNESOTA Revenue Sources, FY 2014



FY 2014	Spending Per Pupil
MINNESOTA	\$11,464
US	\$11,009

*Sources on last page; click [here](#) for definitions

Charter School Funding

In Minnesota, charter schools are independent LEAs and funding is calculated on a similar basis to district LEAs. All LEAs receive a base amount of funding for each enrolled student. Charter schools receive other aid, grants and revenue as though they were a traditional school district, unless a levy is required to obtain funds.

For the 2014-15 school year, the Minnesota school funding formula provides a base amount of \$5,831 per pupil. A weighting factor based on grade level is included in the allocation. In addition to a base amount, districts receive a funding allocation for certain student groups, including students with disabilities and English language learners.

While charter school funding is calculated on a similar basis to district schools, there is a difference in the timing of payments. Charter schools generally receive a series of equal payments or payments stacked early in the school year, whereas districts get a few large lump sums over the course of the year.

Unlike traditional district LEAs, charter LEAs do not have the ability to levy for lease and capital projects.

State Special Education Funding

State aid for special education is calculated for charter LEAs using both a census-driven model and a percentage reimbursement formula.

In 2013, the Minnesota Governor modified the funding calculation by adding a census-driven component. The revised process was phased in during FYs 2014 and 2015 and in full effect for FY 2016. The Minnesota Automated Reporting Student System (MARSS) reports a count of students in different disability categories and funding is assigned by category.

An initial aid calculation is made; schools receive the lesser of:

- 50% of the district's nonfederal special education expenditures for the previous year
- 62% of the district's special education revenue computed using the old formula, or
- 56% of the sum of:
 - * District Average Daily Membership (ADM) multiplied by
 - \$450
 - \$400 times the district number of FRL eligible students, and
 - .008 times the district ADM

(Cont. on following page)

State Special Education Funding (cont.)

- * \$10,400 times the count of students with autism spectrum disorder, developmental delay or severely multiply impaired
- * \$18,000 times the count of students who are deaf/hard of hearing or have an emotional behavioral disorder, and
- * \$27,000 times the count of students who are developmentally cognitive mild-moderate, developmentally cognitive sever-profound, physically impaired, visually impaired, or deafblind.

An Excess Cost calculation is then added (per 125A.79 Subd 5)

For fiscal year 2016 and later, a district's excess cost aid equals the greater of:

- (1) 56% of the difference between (i) the district's unreimbursed nonfederal special education expenditures and (ii) 7.0% of the product of the ratio of \$5,831 to the formula allowance for the prior year and the district's general revenue;
- (2) 62% of the difference between (i) the district's unreimbursed old formula special education expenditures and (ii) 2.5% of the product of the ratio of \$5,831 to the formula allowance for the prior year and the district's general revenue; or
- (3) zero.

Transportation costs paid for eligible students with disabilities are directly added to the excess cost aid amount and are therefore reimbursable at 100%.

Tuition Billing occurs whenever a student is served by an LEA that is not their resident district.

As state and federal special education funds only cover around 60% of special education costs, schools are allowed to recover unreimbursed costs, by invoicing for special education services to the student's district of residence, via a process called the 'uniform tuition billing process'. Tuition billing includes the unreimbursed direct instruction costs along with those not eligible for aid, like benefits, travel, dissemination, the special education director and administration, communication and supplies and equipment for teachers. The unreimbursed special education cost is paid subject to a 10% district holdback. Charter schools with special education enrollment of more than 90% are eligible to receive accelerated state aid payments. In 2015-16, three charter schools in Minnesota were in this category.

In FY2016, Minnesota was projected to spend over \$1.18 billion of state funds on special education services.

Local Special Education Funding/Services

Charter schools negotiate individually with their resident district for services.

Transportation services that must be provided as a component of an IEP are the responsibility of the student's resident district.

Federal IDEA Part B Funding

Federal funding is based on enrollment numbers for students with disabilities and flows to schools from the Minnesota Department of Education. The funds are allocated based on child counts and poverty counts.

High-Cost Funds

Excess Cost Aid

Although charter schools are independent LEAs, they have partial links to the school district LEA only for funding high-cost, low-incidence students whose expenditures exceed allotted state and federal aid. Charter LEAs receive special education excess cost aid intended to cover high levels of unreimbursed special education expenses over and above that which is covered by regular special education aid. No minimum amount applies.

Charter schools then tuition bill the resident districts for the unreimbursed cost of providing special education, subject to a 10% holdback to help control costs.

Medicaid

Minnesota Health Care Programs

Federal and state laws require all Minnesota public schools to request payment for IEP health-related services from public and private health insurers. Minnesota Health Care Programs (MHCP) pays the federal share of covered health-related services described on a child's IEP or Individualized Family Service Plan (IFSP).

Schools are reimbursed when a child has as a disability and an IEP or IFSP, requires health-related services in order to benefit from special education, and is eligible for Minnesota Health Care Programs (MHCP) (which includes Medical Assistance (MA), Minnesota Care and other public, government health programs).

Minnesota state law requires all LEAs to be registered with DHS as a Minnesota Health Care Provider to be able to bill. Charter schools generated \$217,000 in FY2014 and \$267,000 in FY2015 in Medical Assistance (MA) revenue. The total generated by all LEAs was \$23.5 million in FY2014 and \$25.3 million in FY2015.

Federal funding is based on enrollment numbers for students with disabilities and flows to schools from the Minnesota Department of Education. The funds are allocated based on child counts and poverty counts.

References / Resources

Reference Links

Minnesota Department of Education, Special Education
<http://education.state.mn.us/MDE/SchSup/SpecEdComp/>

Funding links

Student Accounting: MARSS Reporting Instructions, Minnesota Department of Education
<http://education.state.mn.us/MDE/SchSup/SchFin/MARSSStuAcc/MARSSRepInst/>

Charter Schools FAQ, Innovative Special Education Services
<http://www.isesmn.org/faq-s/#funding>

Minnesota School Finance Guide, MN State Legislature
<http://www.house.leg.state.mn.us/hrd/pubs/mnschfin.pdf>

2015 Minnesota Statutes, Special Education Revenue, Office of the Revisor of Statutes
<https://www.revisor.mn.gov/statutes/?id=125A.76>

High-cost links

Charter Schools FAQ, Innovative Special Education Services, See (12)
<http://www.isesmn.org/faq-s/#funding>

Medicaid links

Third party billing, Minnesota Department of Education
<http://education.state.mn.us/MDE/SchSup/SpecEdComp/ThirdPartyBill/>

Departments/Organizations

Minnesota Department of Education, Division of School Finance

Sources for data on first page of report

Percentage of students with disabilities: U.S. Department of Education, Civil Rights Data Collection (CRDC) for the 2013-14 school year. Available at <https://www2.ed.gov/about/offices/list/ocr/docs/crdc-2013-14.html>

Federal, state, and local revenue sources & spending per pupil: United States Census Bureau, Annual Survey of School System Finances. Available at <https://www.census.gov/programs-surveys/school-finances.html>