

SPECIAL EDUCATION TUITION BILLING  
Key Issues

Issue	Current Law / MDE Interpretation	Governor's Recommendation
Should the serving district be able to bill for unfunded special transportation costs?	No	Yes
Should the serving district be able to bill for debt service costs?	Yes	No
Should the serving district be guaranteed full reimbursement for any unfunded actual costs of regular instruction, administration, operations & maintenance from the resident district, or should funding for these costs be based on the open enrollment model, with funding limited to the general education revenue and referendum aid that follows the student?	Serving district is guaranteed full reimbursement for any unfunded actual costs of regular instruction, administration, operations & maintenance from the resident district.	General education revenue and referendum aid follows the student to the serving district. No billing for any additional costs of regular instruction, administration and operations & maintenance.
Should general education aid for students served part-time in the regular classroom and part-time outside of the regular classroom remain in the regular classroom to cover regular education costs, or follow the student to cover a portion of the special education costs?	Serving district charges full mainstreaming costs for students served outside the regular classroom for less than 60% of the time (settings 1 and 2)	Current bill language allocates general education revenue based on the percent of time the student is in the regular classroom vs outside the regular classroom. Amendment being considered would keep full general education revenue in the regular classroom for students served outside the regular classroom for less than 60% of the time.
Should tuition bills/aid adjustments be calculated by the districts or the Department?	MDE provides uniform forms and software to the districts. Districts calculate the tuition bills. No cross-check with expenditure or student data submitted to MDE for funding purposes.	Beginning in FY 2007, MDE would do the calculations based on data submitted by districts for funding purposes, and would adjust state aids paid to the districts and provide detailed reports on the calculations.

**SPECIAL EDUCATION COSTS AND TUITION BILLING**  
Governor's Recommendation

Cost Components	Related Funding Streams	Tuition Payment / Aid Adjustment When Serving District Receives General Ed Aid	Tuition Payment / Aid Adjustment When Resident District Receives General Ed Aid
Special Education Instruction & Related Services, including Special Transportation	Special Education Aid + Portion of general ed revenue attributable to special education instruction and related services	100% of special education cost - special ed aid paid to serving district - portion of general ed revenue attributable to special education instruction and related services	100% of special education cost - special ed aid paid to serving district  (Resident district retains portion of general ed revenue attributable to special education instruction and related services and uses it to pay for special ed costs)
Regular Education Instruction & Instructional Support	Portion of general ed revenue attributable to regular instruction and instructional support	None – serving district receives the portion of general ed revenue attributable to regular instruction and instructional support and uses it to cover these costs	Portion of general ed revenue attributable to regular instruction and instructional support
Administration, Operations & Maintenance, Capital Outlay	Portion of general ed revenue attributable to noninstructional expenditures (e.g., admin, operations & maintenance)	None – serving district receives noninstructional portion of general ed aid and uses it to cover this cost	Noninstructional portion of general ed aid
Debt Service	Debt Service levy and aid	None – already covered with debt service levy and aid	None – already covered with debt service levy and aid

**General Education Revenue Allocations:**

- General education aid is divided into instructional and noninstructional portions based on analysis of UFARS data for the serving district. Amounts funded with categorical revenues are deducted from total general fund expenditures to estimate the portion of general ed revenue going for instructional and noninstructional purposes in each district.
- Two options for breaking down the instructional portion between regular ed and special ed:
  - Allocation is based on the percent of the student's time spent in each setting, or
  - For students served in federal settings 1 & 2 (60% or less of time outside regular classroom)- entire amount allocated to regular ed ; for students in higher settings, allocation is prorated based on percent of the student's time in each setting.

**Net Effect:**

Regardless of whether general ed aid is initially paid to resident district or serving district:

- Serving district receives funding to cover 100% of actual special education cost + the portion of general education revenue attributable to regular instruction + 100% of the noninstructional portion of the general education revenue
- Resident district is responsible for the serving district's unreimbursed special education cost
- General education for regular instruction and for noninstructional costs follow student to the serving district, and the serving district is responsible for these costs.