



# Overview of State Special Education Expenditure Trends

Senate Education Finance Committee     January 21, 2025

Cathy Erickson | Director of School Finance

# Ten Minnesota Commitments to Equity

1. Prioritize equity.
2. Start from within.
3. Measure what matters.
4. Go local.
5. Follow the money.
6. Start early.
7. Monitor implementation of standards.
8. Value people.
9. Improve conditions for learning.
10. Give students options.



# Overview of Presentation

- Purpose of state special education aid
- Elements to state special education aid
- How aid ties to expenditures
- Cross Subsidy history
- Pupil trends
- Expenditure trends

# State Special Education Aid Purpose

*The state funds special education because it recognizes that **special education services cost more than those provided to all children.***

*Appropriations are based on the perception of the “excess costs” of special education. The term “excess cost” stems from the legislative assumption that **general education revenue is used to cover basic costs for each child (including those with disabilities) and the legislative desire to share the burden of these extra costs with local educational agencies (LEAs).** It is important to note that primary responsibility for the education of each student rests with the student’s district of residence and that it is appropriate for local funds to be used to the extent necessary to meet this responsibility.*

*\*Excerpt from Special Education Funding and Data Reference Guide*

# State Special Education Aid Components

## **Components to the state special education aid formula are:**

- Initial (Regular) aid
- Excess cost aid
- Special transportation
- Charter Tuition Aid Adjustment
- Hold harmless (applies only to school districts)
- Cross-subsidy reduction aid (applies only to school districts)
- Homeless Transportation Aid (applies only to school districts)

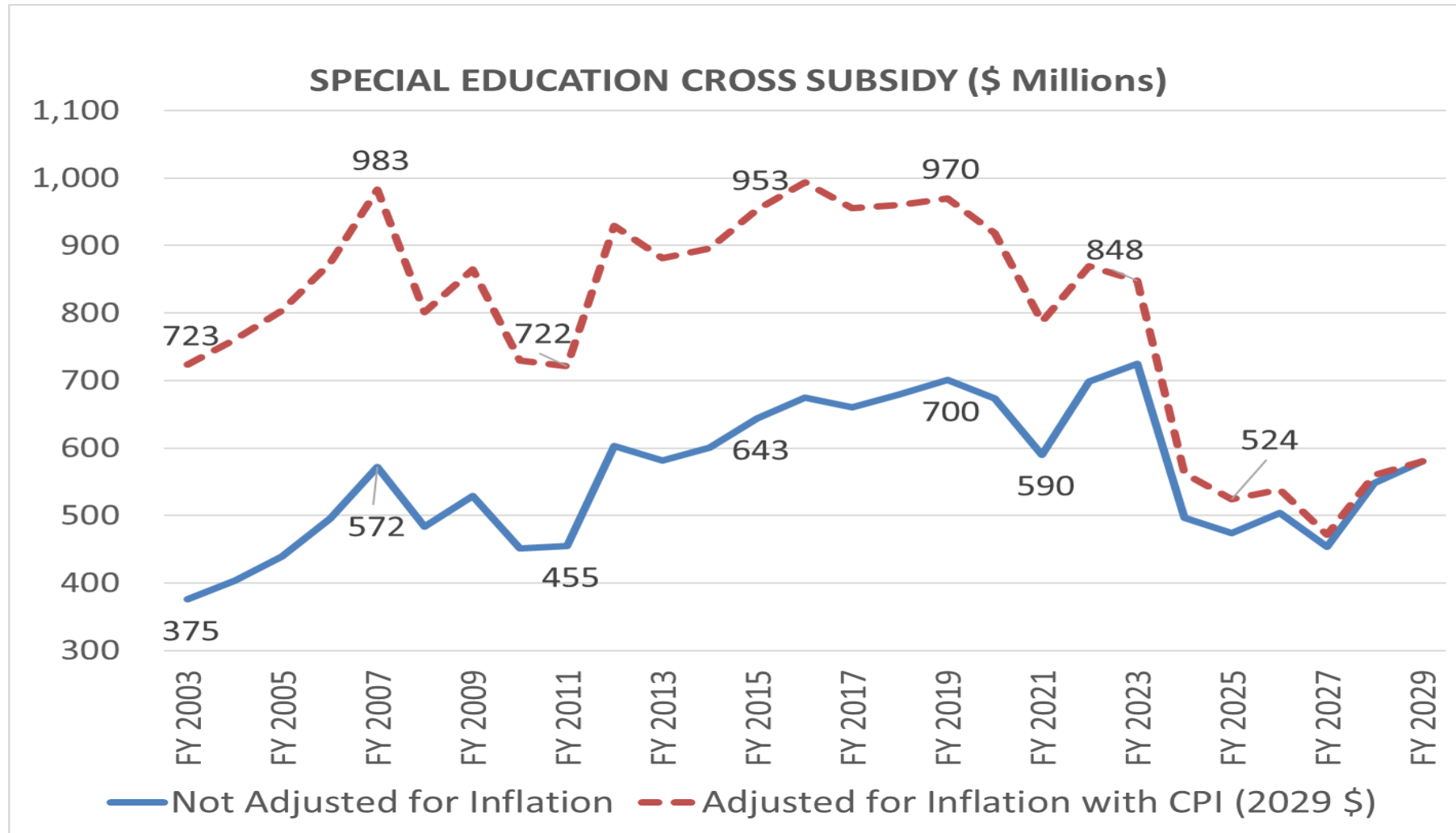
# State Special Education Aid Combines Components

- **The components to the formula calculation yield 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 cross-subsidy reduction aid are found in Minnesota Statutes 2023, section 125A.76.
  - The bus and van depreciation component of special transportation is calculated according to Minnesota Statutes 2023, section 123B.92, subdivision 1, paragraph (a).
  - The excess cost aid formula and definitions are found in Minnesota Statutes 2023, section 125A.79. Tuition billing provisions are found in Minnesota Statutes 2023, sections 125A.11 and 127A.47

# How Aid Ties to State Special Education Expenditures

- Unlike many other education funding formulas that use a pupil count to drive revenue, state special education uses a reimbursement basis for calculating aids and rates.
- Of the aid categories, each will have distinct components to create the reimbursement formula.
- In certain cases, the reimbursement may only apply to a percentage of eligible expenditures.
- Each LEA will have individualized expenses based on their programs and needs so reimbursement will be unique based on what expenditures are approved and reported.

# Cross Subsidy History





# SPED Pupil Count Projections

These two tables show the estimated special education child counts from the February 2024 forecast to the November 2024 forecast published in December 2024. There continues to be growth in the number of students qualifying for special education services.

November 2024 Forecast										
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Cost Level 1	79,467	78,844	81,157	84,753	88,701	92,877	96,211	99,530	102,779	106,152
Cost Level 2	43,198	41,832	42,617	45,475	48,733	52,369	55,277	58,163	60,997	63,894
Cost Level 3	19,902	19,468	18,711	18,693	18,704	18,762	18,652	18,550	18,444	18,368
Cost Level 4	9,539	9,238	9,132	9,215	9,253	9,314	9,292	9,273	9,252	9,246
Total	152,106	149,382	151,617	158,136	165,391	173,322	179,432	185,516	191,472	197,659
February 2024 Forecast										
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027		
Cost Level 1	79,467	78,844	81,157	84,753	88,701	91,715	94,913	97,774		
Cost Level 2	43,198	41,832	42,617	45,475	48,733	51,482	54,330	56,978		
Cost Level 3	19,902	19,468	18,711	18,693	18,704	18,515	18,367	18,157		
Cost Level 4	9,539	9,238	9,132	9,215	9,253	9,192	9,151	9,080		
Total	152,106	149,382	151,617	158,136	165,391	170,904	176,761	181,989		

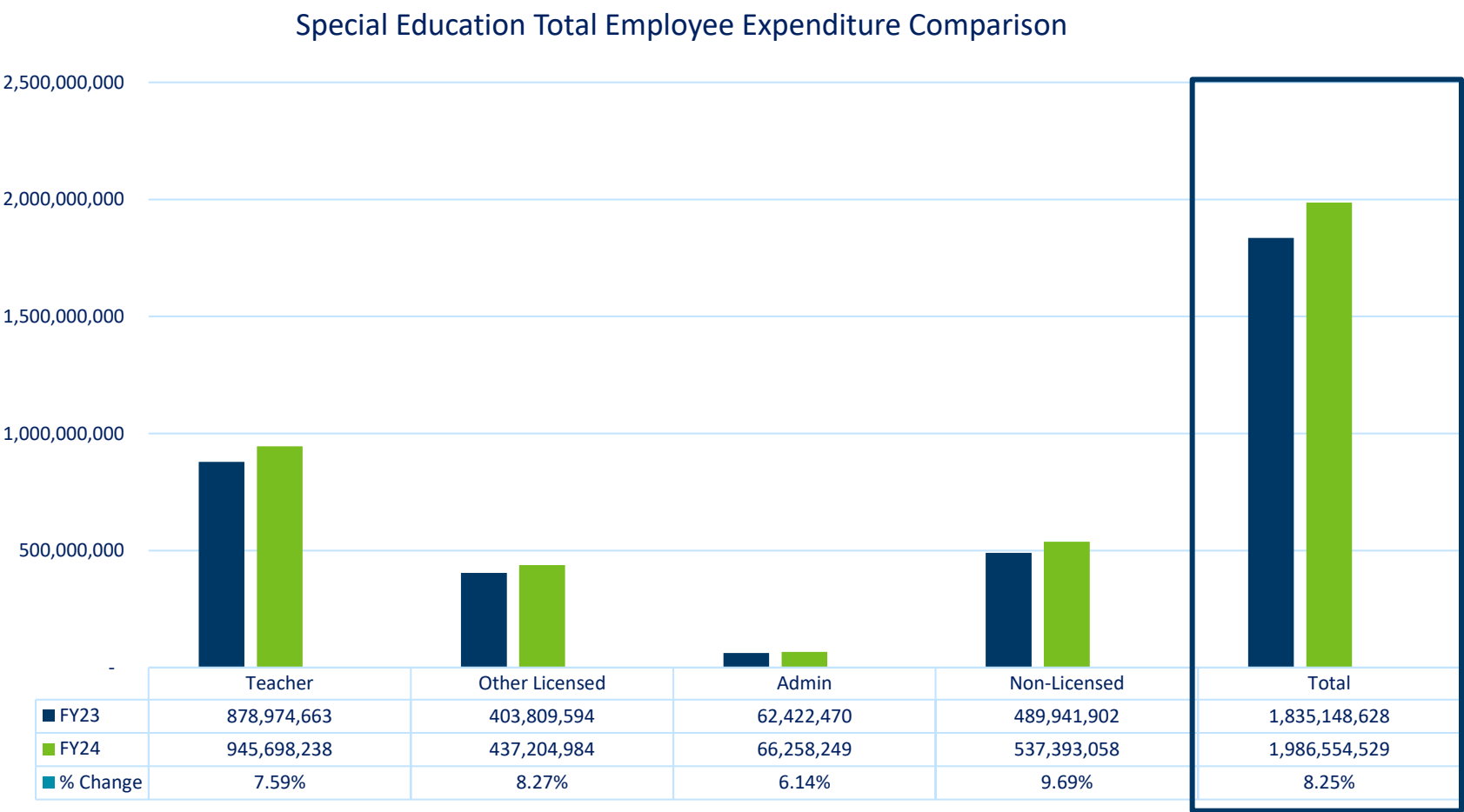
# ADSIS Participation Rates and Expenditures

The optional **Alternative Delivery of Specialized Instructional Services (ADSIS)** permits LEAs to extend special education services to pupils who could be expected to qualify for special education in the future if left without academic or behavioral intervention. This program requires a separate application procedure. Expenditures under this program are included in the special education funding formulas and are used to generate special education state aids.

Note the trend increase in participation and costs of ADSIS.

DAT_YER	Exp	Participation	Cost per LEA
18-19	58,346,866.36	162	360,165.84
19-20	66,083,111.41	185	357,206.01
20-21	65,035,178.54	185	351,541.51
21-22	78,561,888.73	204	385,107.30
22-23	81,877,872.50	203	403,339.27
23-24	106,628,509.53	246	433,449.23

# State SPED Employee Wage Comparison



# State SPED Employee Wage Comparison Data

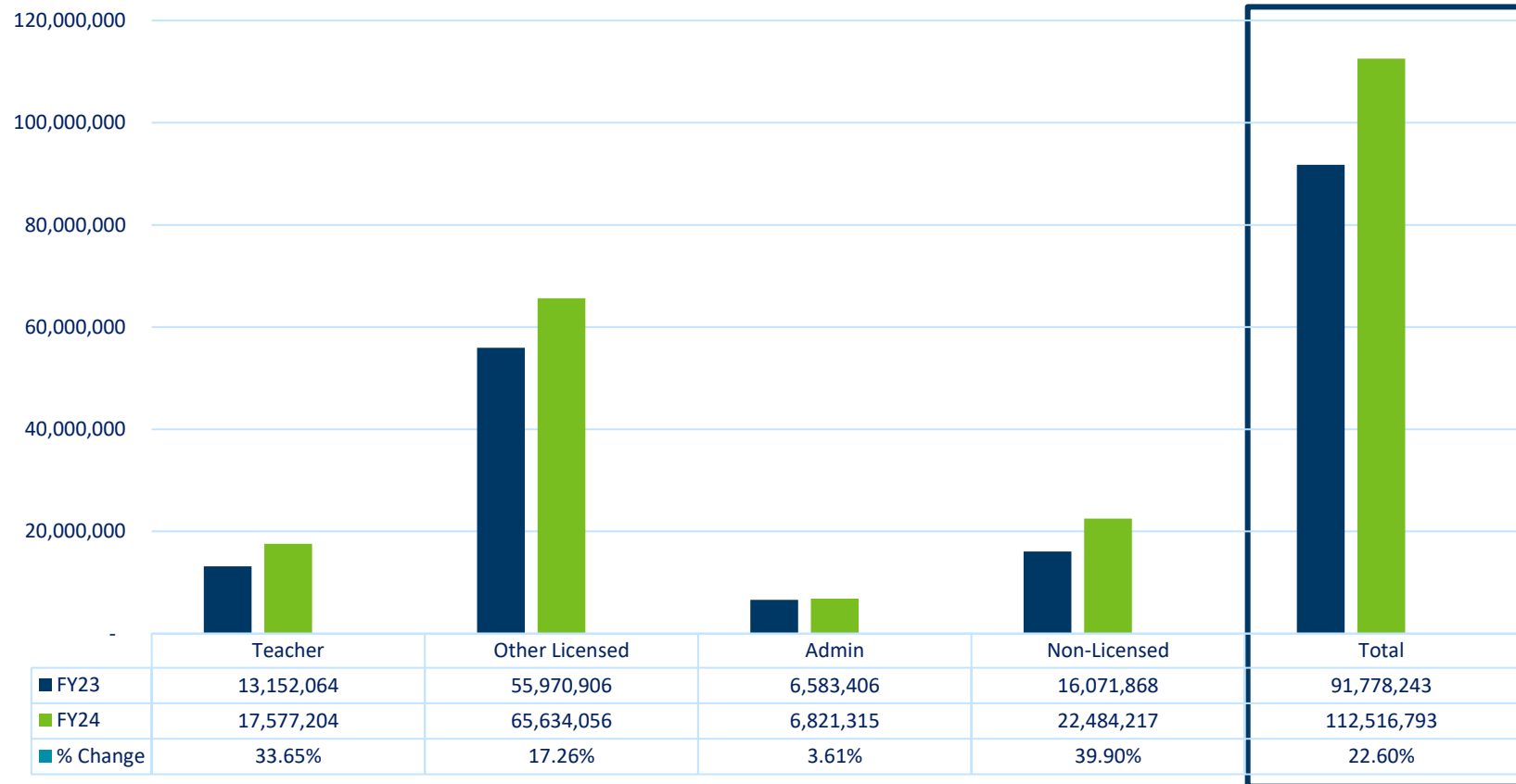
SFY23 Employee Salary Expenditures					
LEA Type	Teacher	Other Licensed	Admin	Non-Licensed	
District	754,730,330	356,385,500	39,702,779	388,018,980	
Charter	60,626,751	13,944,210	3,840,449	61,724,400	
Coop	63,617,582	33,479,883	18,879,242	40,198,521	
<b>Total All LEA Type:</b>	<b>878,974,663</b>	<b>403,809,594</b>	<b>62,422,470</b>	<b>489,941,902</b>	<b>1,835,148,628</b>

SFY24 Employee Salary Expenditures					
LEA Type	Teacher	Other Licensed	Admin	Non-Licensed	
District	813,325,673	388,244,372	43,371,808	423,907,886	
Charter	65,480,344	14,732,767	4,292,146	69,785,603	
Coop	66,892,222	34,227,845	18,594,296	43,699,569	
<b>Total All LEA Type:</b>	<b>945,698,238</b>	<b>437,204,984</b>	<b>66,258,249</b>	<b>537,393,058</b>	<b>1,986,554,529</b>

% Change for Employee Salary Expenditures from FY23 to FY24					
LEA Type	Teacher	Other Licensed	Admin	Non-Licensed	
District	7.76%	8.94%	9.24%	9.25%	
Charter	8.01%	5.66%	11.76%	13.06%	
Coop	5.15%	2.23%	-1.51%	8.71%	<b>8.25%</b>

# State SPED Contracted Services Comparison

Special Education Total Contracted Services Expenditure Comparison



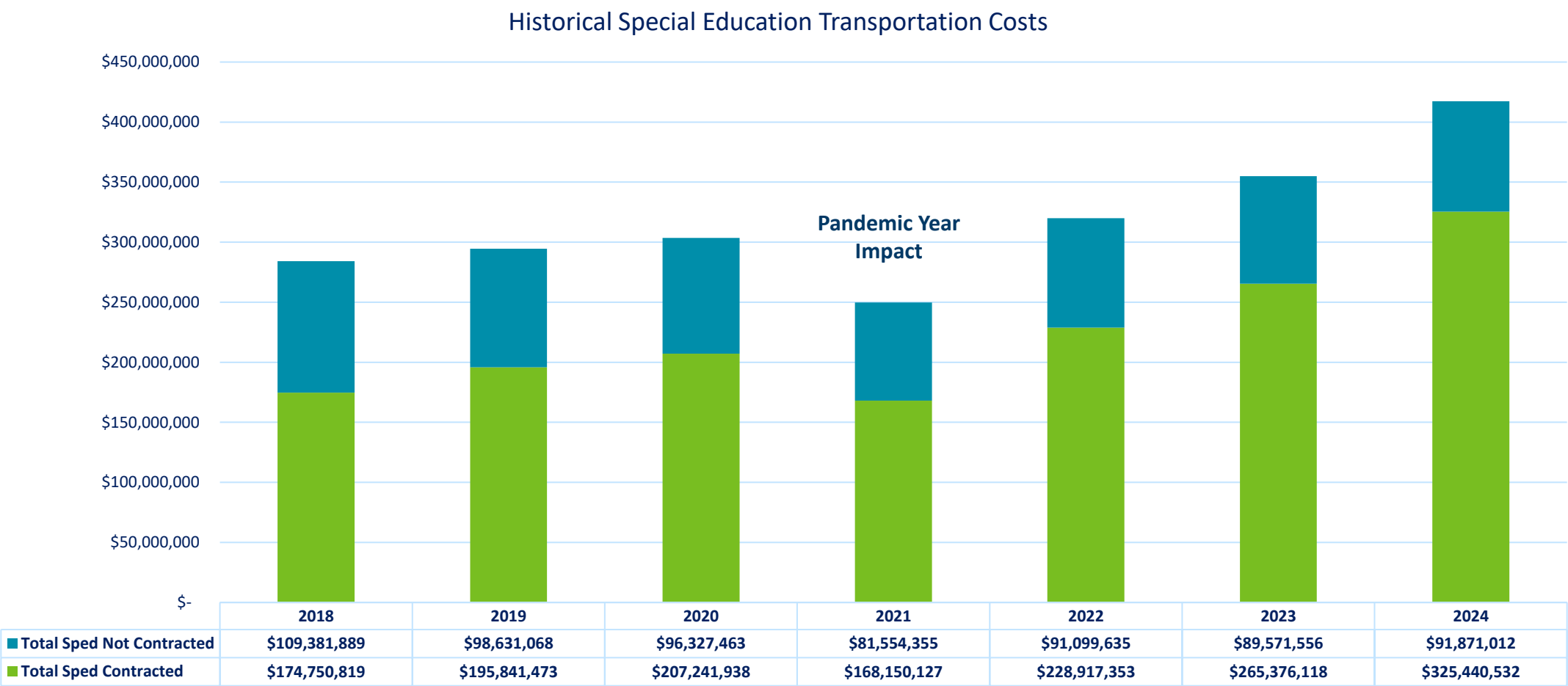
# State SPED Contracted Services Comparison Data

SFY23 Contracted Services Expenditures					
LEA Type	Teacher	Other Licensed	Admin	Non-Licensed	
District	2,896,988	30,049,210	1,502,691	10,141,660	
Charter	8,570,062	21,568,551	3,801,506	4,175,870	
Coop	1,685,014	4,353,145	1,279,209	1,754,338	
<b>Total All LEA Type:</b>	<b>13,152,064</b>	<b>55,970,906</b>	<b>6,583,406</b>	<b>16,071,868</b>	<b>91,778,243</b>

SFY24 Contracted Services Expenditures					
LEA Type	Teacher	Other Licensed	Admin	Non-Licensed	
District	4,557,980	37,191,842	1,669,419	14,501,776	
Charter	11,345,378	23,646,669	3,773,148	5,180,661	
Coop	1,673,846	4,795,545	1,378,748	2,801,781	
<b>Total All LEA Type:</b>	<b>17,577,204</b>	<b>65,634,056</b>	<b>6,821,315</b>	<b>22,484,217</b>	<b>112,516,793</b>

% Change for Contracted Services Expenditures from FY23 to FY24					
LEA Type	Teacher	Other Licensed	Admin	Non-Licensed	
District	57.34%	23.77%	11.10%	42.99%	
Charter	32.38%	9.63%	-0.75%	24.06%	
Coop	-0.66%	10.16%	7.78%	59.71%	<b>22.60%</b>

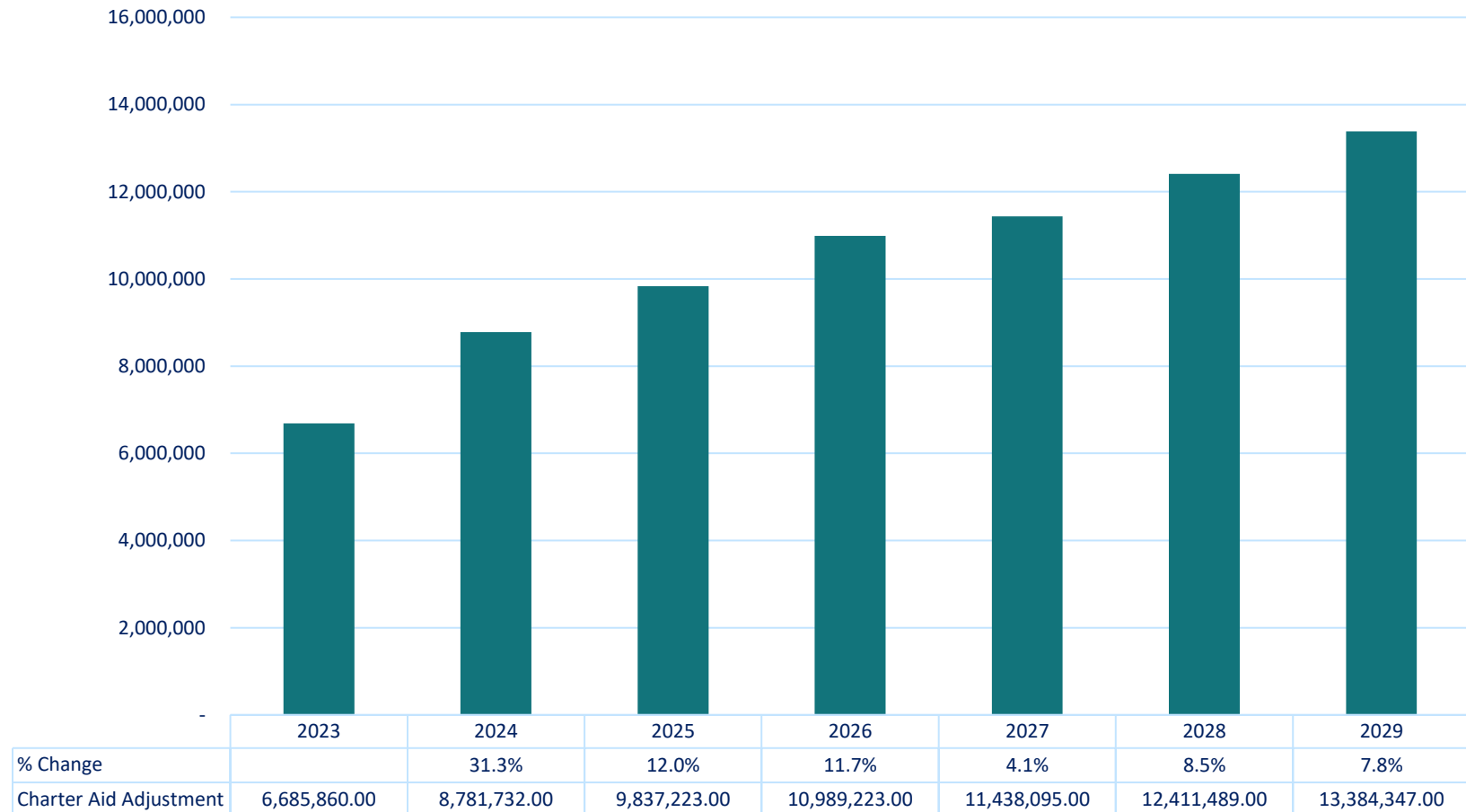
# Special Transportation Expenditure Comparison



# Charter School Tuition Aid Adjustment

This aid covers 10% of charter school's unreimbursed tuition costs. The aid was first implemented in SFY 20 when tuition billing for open enrollment decreased from 90/10 to 85/15 (SFY 21 is when it dropped to 80/20).

Charter Tuition Aid Adjustment  
based on November 2024 Forecast





- Expenditure increases in state special education include, but are not limited to:
  - Increases in salary & wages impacted by contracts and staff FTE increases
  - Increases in contracted services expenditures
  - Increases in charter tuition adjustments
  - Increases in students receiving services
    - More students on IEPs
    - More students participating in ADSIS
  - Increased costs of transportation, including increases in contracted SPED transportation

# Thank You!

Presented by:

Cathy Erickson | Director of School Finance

Supporting data:

Paul Ferrin | Supervisor of Special Education Funding

Additional Questions:

MDE Government Relations

[mde.govrelations@state.mn.us](mailto:mde.govrelations@state.mn.us)