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# Special Education Statewide Average Expenditure for Fiscal Year 2024

Report to the Legislature

As required by Minnesota Statutes 2024, section 125A.76, subdivision 2d

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As requested by Minnesota Statutes 2024, section 3.197: This report cost approximately \$3,825.08 to prepare, including staff time, printing and mailing expenses.

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## Legislative Charge

Minnesota Statutes 2024, section 125A.76, subdivision 2d, states:

*By January 15 of each year, the department must calculate the statewide average special education expenditure per December 1 child count for the prior fiscal year by primary disability area and provide that information to all districts. By January 15 of each odd-numbered year, the commissioner must identify options for aligning the assignment of disability areas to the categories and the rates for each category in subdivision 2a, clause (1), with the latest expenditure data and submit these options to the legislative committees with jurisdiction over education finance.*

This report is to provide information to all districts based on state fiscal year (SFY) 2024 reported data.

## Introduction

Expenditures for special education programs provided by local educational agencies (LEAs), including school districts, charter schools, intermediate school districts and special education cooperatives, are coded using the Uniform Financial Accounting and Reporting Standards (UFARS) and reported in the Special Education Data Reporting Application (SEDRA). UFARS and SEDRA use a program dimension designation for which financial activity is taking place. In Minnesota, the program dimension encompasses all aspects of school district operations, including instructional, administrative and various support activities.

For special education instruction, UFARS and SEDRA designates codes from 400 to 499. Expenditures under these activities provide learning experiences for pupils of any age who, because of certain atypical characteristics or conditions, have been identified as requiring, or who would benefit by, educational programs differentiated from those provided for pupils in regular or vocational instruction.

This report provides the current state special education funding formula rates used in the census-based calculation which were established during the 2013 legislative session. It goes on to calculate SFY 2024 average costs based on LEA reporting. Lastly, it provides options for realigning the formula for later years based on these average costs.

## Analysis

*Table 1* below references each of the primary disabilities used by Minnesota local educational agencies (LEAs). LEAs report costs in UFARS under the program code that is designated by the served student's primary disability. The column labeled SFY 16 funding assigns the value that is being used for calculating initial state aid under the funding formula for the 2015-16 school year. The actual statute is then stated below.

**Table 1**  
**Primary Disabilities**

<b>Disability</b>	<b>Program</b>	<b>SFY 16 Funding</b>
401	Speech/Language Impaired	\$8,031*
402	Developmental Cognitive Disabilities: Mild-Moderate	\$25,200
403	Developmental Cognitive Disabilities: Severe-Profound	\$25,200
404	Physically Impaired	\$25,200
405	Deaf/Hard-of-Hearing	\$19,200
406	Visually Impaired	\$25,200
407	Specific Learning Disability	\$8,031*
408	Emotional/Behavioral Disorder	\$19,200
409	Deaf-Blind	\$25,200
410	Other Health Disabilities	\$8,031*
411	Autistic Spectrum Disorders	\$13,300
412	Developmentally Delayed	\$13,300
414	Traumatic Brain Injury	\$8,031*
416	Severely Multiply Impaired	\$13,300
420	Special Education – Aggregate (three or more disabilities)	N/A

\*SFY 16 funding for students with these primary disabilities is based on district average daily membership (ADM), poverty concentration and district size rather than a rate per child. For SFY 16, the average amount generated by this formula per child with these primary disabilities (prior to application of the 56% reimbursement rate) was \$8,031.

## State Special Education Funding formula

Minnesota Statutes 2024, section 125A.76, subdivision 2a, states:

*For fiscal year 2021 and later, a district's special education initial aid equals the sum of:*

- (1) the least of 62 percent of the district's old formula special education expenditures for the prior fiscal year, excluding pupil transportation expenditures, 50 percent of the district's nonfederal special education expenditures for the prior year, excluding pupil transportation expenditures, or 56 percent of the product of the sum of the following amounts, computed using prior fiscal year data, and the program growth factor:*
  - (i) the product of the district's average daily membership served and the sum of:*
    - (A) \$460; plus*
    - (B) \$405 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus*
    - (C) .008 times the district's average daily membership served; plus*
  - (ii) \$13,300 times the December 1 child count for the primary disability areas of autism spectrum disorders, developmental delay, and severely multiply impaired; plus*
  - (iii) \$19,200 times the December 1 child count for the primary disability areas of deaf and hard-of-hearing and emotional or behavioral disorders; plus*
  - (iv) \$25,200 times the December 1 child count for the primary disability areas of developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, and deafblind; plus*

The current statute provides an update to these rates using the "program growth factor." Minnesota Statutes 2024, section 125A.76, subdivision 1e, states: "Program growth factor" means 1.046 for fiscal year 2017, and the product of 1.046 and the program growth factor for the previous year for fiscal year 2018 and later.

[Appendix A](#) provides detailed UFARS definitions of the disabilities used in this report.

Table 2 shows the child count for SFY 24 by disability and includes the total reported expenditure for each disability. Program 420 is used to represent serving three or more disabilities rather than breaking the cost out amongst all served. For example, the special education director for a LEA is coded to Program 420 because they support the entire program, and it would not be beneficial to break their cost out amongst each disability. However, students must be reported in Minnesota Automated Reporting Student System (MARSS) according to their primary disability and therefore no students are reported with Program 420. The Minnesota Department of Education (MDE) took the total expenditure reported under Program 420 and allocated the amount to each of the primary disabilities based on the number of students under that disability. The total cost after allocation by disability is then divided by the Child Count to get the Average Cost by Disability with Allocation. The current funding amounts are then included for comparison.

Disabilities 401, 407, 410 and 414 (Funding Level 1) do not have a separate amount per child count and instead are included in the following calculation under Minnesota Statutes 2024, section 125A.76, subdivision 2a (1)(i):

“the product of the district’s average daily membership served and the sum of:

(A) \$460; plus

(B) \$405 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus

(C) .008 times the district's average daily membership served;”

Note that the calculations for funding level 1 are based on \$460 for every student in ADM and not just those with an individualized education program (IEP) and that additional amounts per ADM are provided based on concentration of poverty and district size. To analyze the average amount generated by the funding level 1 formula per funding level 1 child count, MDE has taken the total amount generated under this part of the calculation prior to application of the 56% reimbursement rate and divided it by the child count of students represented under Programs 401, 407, 410 and 414.

Lastly, data reported in UFARS, SEDRA and MARSS for SFY 22 will be used in calculating state special education aid for SFY 25. Therefore, the values provided per statute for fiscal year (FY) 2016 funding have been increased by the “Program Growth Factor” to align the SFY 16 cost data with the current law formula rates for the year that this data will drive funding.

**Table 2**  
Special Education Statewide Average Expenditure  
FY 2024 Final

<b>Disability</b>	<b>2024 Child Count</b>	<b>2024 Cost by Disability</b>	<b>Allocate 420 by Child Count</b>	<b>Average cost by Disability</b>	<b>Average cost by Disability with Allocation</b>	<b>2025 Funding Amount</b>	<b>2025 Funding Level</b>
403	1,638	\$92,125,327	\$5,049,133	\$56,243	\$59,325	\$37,773	4
406	465	\$14,694,385	\$1,433,362	\$31,601	\$34,683	\$37,773	4
404	124	\$4,226,880	\$382,230	\$34,088	\$37,170	\$37,773	4
402	1,584	\$44,078,824	\$4,882,678	\$27,828	\$30,910	\$37,773	4
409	5,438	\$144,782,575	\$16,762,628	\$26,624	\$29,707	\$37,773	4
408	16,168	\$375,979,603	\$49,837,839	\$23,255	\$26,337	\$28,780	3
416	1,628	\$32,560,697	\$5,018,308	\$20,000	\$23,083	\$19,936	2
405	2,523	\$49,380,654	\$7,777,144	\$19,572	\$22,655	\$28,780	3
411	26,630	\$400,530,269	\$82,086,940	\$15,041	\$18,123	\$19,936	2
412	20,458	\$261,900,698	\$63,061,758	\$12,802	\$15,884	\$19,936	2
407	40,070	\$362,316,654	\$123,515,723	\$9,042	\$12,125	\$12,038	1
414	382	\$3,219,208	\$1,177,515	\$8,427	\$11,510	\$12,038	1
410	20,019	\$131,585,221	\$61,708,542	\$6,573	\$9,656	\$12,038	1
401	28,158	\$148,584,540	\$86,796,998	\$5,277	\$8,359	\$12,038	1
420	-	\$509,490,798					



Table 3 shows the total cost including a column for allocating Program 420 and then creates an average cost by funding level. Lastly, there is a column showing the percentage of increase over the previous year. This was computed by taking the average cost by funding level for SFY 24 and dividing by the SFY 23 averages.

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**Table 3**  
Special Education Statewide Average Expenditure  
FY 2024 Final

December 2024

<b>Funding Level</b>	<b>2025 Funding Amount</b>	<b>SFY 24 Child Count</b>	<b>Total Cost by Funding Level</b>	<b>Allocate Program 420</b>	<b>Total Cost including Allocation</b>	<b>2024 Average Cost by Fund Level</b>	<b>Increase over Previous Year's Cost</b>
1	\$11,508	88,629	\$645,705,623	\$273,198,777	\$918,904,400	\$10,368	3.79%
2	\$19,058	48,716	\$694,991,664	\$150,167,007	\$845,158,671	\$17,349	4.46%
3	\$27,514	18,691	\$425,360,257	\$57,614,983	\$482,975,240	\$25,840	6.48%
4	\$36,113	9,249	\$299,907,991	\$28,510,030	\$328,418,021	\$35,508	7.05%

Table 4 shows that without any change to the formula, beginning in SFY 25 the rates currently in statute for each funding level would be misaligned with the LEAs' actual expenditures and student data. This is assuming that the average cost for each funding level increases at the same rate for SFY 25 as the increase for SFY 24. The last column labeled, "Statutory Rate needed to Fund Projected Average Cost" was calculated by:

- (1) Taking the actual average costs by funding level using SFY 24 expenditures and multiplying by the "Increase over Previous Year's Cost" percentage to estimate the "2025 Projected Average Cost."
- (2) Discounting the 2025 Projected Average Cost by the program growth factor for SFY 26 ( $1.046^{10}$ ) to set the statutory rates at the amounts necessary to generate funding for SFY 26 consistent with the 2025 Projected Average Cost.

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**Table 4**  
Special Education Statewide Average Expenditure  
FY 2024 Final

December 2024

Funding Level	2016 Funding Amount	Annual Program Growth Factor	2024 Average Cost by Fund Level	Increase over Previous Year's Cost	2025 Projected Average Cost	Statutory Rate needed to Fund Projected Average Cost
1	\$8,031	1.046	\$10,368	3.79%	\$10,761	\$6,900
2	\$13,300	1.046	\$17,349	4.46%	\$18,122	\$11,600
3	\$19,200	1.046	\$25,840	6.48%	\$27,515	\$17,500
4	\$25,200	1.046	\$35,508	7.05%	\$38,011	\$24,200

For example: The average cost to serve a student with a funding level 2 disability in SFY 22 was \$17,349. From SFY 23 to 24 the average cost increased 4.46%. Using that rate to project the cost to SFY 25; MDE calculates the average cost to serve a funding level 2 student to be \$18,122 ( $17,349 * 1.0446$ ). The statutory language is such that to use the program growth factor; all rates must be equivalent to SFY 16 which uses prior year data. Therefore, the projected cost of \$18,122 for SFY 25 needs to be discounted by the program growth factor. Again, since the statute is for SFY 16 but references using prior year data, MDE takes  $\$18,122 / (1.046^{10})$  to get \$11,600 (rounded to the nearest hundred dollars). The current funding level 2 value is \$13,300. By changing the value to \$11,600 for SFY 24 and later, the formula will use the annual growth factor of 1.046 to increase the value to \$18,187.58 ( $11,600 * 1.046^{10}$ ) which would be more closely aligned to actual expenditures.

## Options for Aligning Special Education Funding with SFY 24 Cost Data

The commissioner offers the following options for aligning the assignment of disability areas to funding categories and the rates for each category with the latest expenditure data:

- (1) No change is recommended in the assignment of disability areas to funding categories;
- (2) The rates for each funding category should be adjusted as outlined below to better align the pupil-driven portion of the special education funding formula with actual expenditures:

Minnesota Statutes 2024, section 125A.76, subdivision 2a, is amended to read:

For fiscal year ~~2020~~ 2026 and later, a district's special education initial aid equals the sum of:

- (1) the least of 62 percent of the district's old formula special education expenditures for the prior fiscal year, excluding pupil transportation expenditures, 50 percent of the district's nonfederal special education expenditures for the prior year, excluding pupil transportation expenditures, or 56 percent of the product of the sum of the following amounts, computed using prior fiscal year data, and the program growth factor:
  - (i) the product of the district's average daily membership served and the sum of:
    - (A) ~~\$460~~ \$500; plus
    - (B) ~~\$405~~ \$440 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus
    - (C) .008 times the district's average daily membership served; plus
  - (ii) ~~\$13,300~~ \$11,600 times the December 1 child count for the primary disability areas of autism spectrum disorders, developmental delay, and severely multiply impaired; plus
  - (iii) ~~\$19,200~~ \$17,500 times the December 1 child count for the primary disability areas of deaf and hard-of-hearing and emotional or behavioral disorders; plus
  - (iv) ~~\$25,200~~ \$24,200 times the December 1 child count for the primary disability areas of developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, and deafblind

## **Appendix A**

### **Special Education Statewide Average Expenditure SFY 2024**

The UFARS program dimensions are defined as follows:

#### **401 Speech/Language Impaired**

Specialized instruction and services for pupils with a communication disorder, such as stuttering, impaired articulation, language impairment, or voice impairment which adversely affects an individual's educational performance; includes speech-impaired, speech-disabled, and communicatively impaired (field usage). This program corresponds to the special education Disability Code 01 used in MARSS reporting.

#### **402 Developmental Cognitive Disabilities: Mild-Moderate**

Consists of special instruction and services for the mild to moderately disabled individual whose development rate is two-thirds to one-half of the average rate in the intellectual and adaptive behavior domains. Formerly known as educable mentally handicapped. Includes the terms educable mentally retarded, mentally handicapped, and mildly mentally handicapped. This program corresponds to the special education Disability Code 02 used in MARSS reporting.

#### **403 Developmental Cognitive Disabilities: Severe-Profound**

Special instruction and services for the individual whose development rate is one-half to one-third of the average rate in the intellectual and adaptive behavior domains. Formerly known as trainable mentally handicapped. Includes trainable mentally retarded, mentally retarded, mentally handicapped, moderately mentally handicapped and sometimes severely multiply impaired. This program corresponds to the special education Disability Code 03 used in MARSS reporting.

#### **404 Physically Impaired**

Specialized instruction and services for pupils with a severe physical impairment which adversely affects an individual's educational performance. The term includes impairments caused by congenital anomaly (e.g., clubfoot, absence of some member, etc.), and impairments caused by disease or injury (e.g., cerebral palsy, amputations, fractures or burns which cause contractures). Includes physically handicapped, orthopedically handicapped, and orthopedically impaired. This program corresponds to the special education Disability Code 04 used in MARSS reporting.

## **405 Deaf/Hard-of-Hearing**

Hearing loss ranging from so severe that the child is impaired in processing linguistic information through hearing, with or without amplification; to hearing impairment, whether permanent or fluctuating, that adversely affects a child's education performance but which is not included under the definition of deafness. This program corresponds to the special education Disability Code 05 used in MARSS reporting.

## **406 Visually Impaired**

Specialized instruction and services for a partially sighted individual having a visual condition with a best correction in the better eye of 20/70 or less which adversely affects an individual's educational performance. Includes blind individuals and individuals who exhibit a limited visual field of 20 degrees or less. Includes the terms blind, visually impaired, visually disabled, and partially sighted. This program corresponds to the special education Disability Code 06 used in MARSS reporting.

## **407 Specific Learning Disability**

Special instruction and services to pupils with disorders in the basic psychological processes involved in understanding or using spoken or written language which may impair their ability to listen, think, speak, read, write, spell or to do mathematical calculations. Includes such conditions as perceptual disabilities, brain injury, minimal brain dysfunction, dyslexia, and development aphasia. Does not include individuals who have learning problems that are primarily the result of visual, hearing or motor disabilities, or due to environmental, cultural, or economic disadvantage. Includes the terms special learning disabilities, learning disabled, exceptional learning disabilities and specific learning disabilities. This program corresponds to the special education Disability Code 07 used in MARSS reporting.

## **408 Emotional/Behavioral Disorder**

Special instruction and services for a condition exhibiting the following characteristics over a period of time and to a marked degree that adversely affects educational performance: an inability to learn which cannot be explained by intellectual, sensory or health factors; an inability to build or maintain satisfactory interpersonal relationships with peers and teachers; a general pervasive mood of unhappiness or depression; or a tendency to develop physical symptoms or fears associated with personal or school problems. Does not include individuals who are socially maladjusted, unless it is determined that they are seriously emotionally disturbed. This program corresponds to the special education Disability Code 08 used in MARSS reporting.

## **409 Deaf-Blind**

Concomitant hearing and visual impairments, the combination of which causes such severe communication and other developmental and educational problems that they cannot be accommodated in special education programs solely for children with deafness or children with blindness. This program corresponds to the special education Disability Code 09 used in MARSS reporting.

## **410 Other Health Disabilities**

Special instruction and services which address limited strength, vitality, or alertness, due to chronic or acute health problems which adversely affects educational performance. Such conditions include: heart condition, tuberculosis, rheumatic fever, nephritis, asthma, sickle cell anemia, hemophilia, epilepsy, lead poisoning, leukemia, or diabetes. This program corresponds to the special education Disability Code 10 used in MARSS reporting.

## **411 Autistic Spectrum Disorders**

Special instruction and services to individuals diagnosed with the disorder of autism. This program corresponds to the special education Disability Code 11 used in MARSS reporting.

## **412 Developmentally Delayed**

Developmentally Delayed education includes activities for children from birth through age six. Includes special education instruction or services for individuals who are hearing impaired; physically, neurologically or other health impaired; seriously emotionally disturbed; have an identifiable syndrome known to hinder normal growth or development; have significant delay or impairment in cognitive speech or language development. This program corresponds to the special education Disability Code 12 used in MARSS reporting.

## **414 Traumatic Brain Injury**

Special learning experiences for children with brain injuries caused by external physical force, or by internal occurrence such as stroke or aneurysm, resulting in impairments that adversely affect educational performance. Does not include children with brain injuries that are congenital or degenerative or caused by birth trauma. This program corresponds to the special education Disability Code 14 used in MARSS reporting.

## **416 Severely Multiply Impaired**

Special instruction and services for a pupil who has severe learning and developmental problems resulting from two or more disability conditions determined by assessment. The assessment team shall determine that a pupil is eligible as being severely multiply impaired if the pupil meets the entrance criteria for two or more of the following disabilities: hearing impaired, physically impaired, moderate-severe mentally impaired, visually impaired, emotional or behavioral disorders or autism. This program corresponds to the special education Disability Code 16 used in MARSS reporting.

## **420 Special Education – Aggregate (three or more disabilities)**

Use this program for personnel or contracted services, excluding teachers, who provide or coordinate special education or related services when three or more disability categories are served and the disability categories cannot be disaggregated. Also use this program for materials that are purchased for specialized instruction or related services for three or more disability areas when the disability categories cannot be easily disaggregated. Excludes the educationally disadvantaged (Program Code 216) and gifted and talented (Program Code 218). Activities of directors and assistant directors, supervisors are coded to this program.