

**SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION**

**S.F. No. 1863**

(SENATE AUTHORS: RARICK, Lucero, Farnsworth, Kreun and Coleman)  
DATE 02/20/2023 D-PG OFFICIAL STATUS  
Introduction and first reading  
Referred to Education Finance

1.1 A bill for an act  
1.2 relating to education finance; providing state funding to fully fund the state share  
1.3 of special education services; appropriating money; amending Minnesota Statutes  
1.4 2022, section 125A.76, subdivision 2e.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2022, section 125A.76, subdivision 2e, is amended to read:

1.7 Subd. 2e. **Cross subsidy reduction aid.** (a) A school district's annual cross subsidy  
1.8 reduction aid equals the school district's initial special education cross subsidy for the  
1.9 previous fiscal year times the cross subsidy aid factor for that fiscal year.

1.10 (b) The cross subsidy aid factor equals ~~2.6 percent for fiscal year 2020 and~~ 6.43 percent  
1.11 for fiscal year years 2021 to 2023 and for fiscal year 2024 and later, the percentage necessary  
1.12 to reach full funding of the state share of the special education cross subsidy.

1.13 (c) For purposes of this subdivision, the state share of the special education cross subsidy  
1.14 means the total cross subsidy for the previous school year less the amount of federal funds  
1.15 that would have been provided in the previous year if the federal government had provided  
1.16 its 40 percent share. The 40 percent share equals the national average per pupil expenditure,  
1.17 as calculated by the Department of Education, for the second previous year times 0.4.

1.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

1.19 Sec. 2. **APPROPRIATION; SPECIAL EDUCATION AID.**

1.20 Subdivision 1. Department of Education. The sums indicated in this section are  
1.21 appropriated from the general fund to the Department of Education in the fiscal years  
1.22 designated.

2.1 Subd. 2. **Special education aid.** For additional special education aid under section 1:

2.2 \$ ..... ..... 2024

2.3 \$ ..... ..... 2025