

Since its creation in 1963, the RCLLG's (Ramsey County League of Local Governments), primary purpose has been to increase the efficiency and economy of public services by increasing the cooperation among the local governments and constituents. The League seeks to encourage Ramsey County and all constituent communities to become more active in the legislative process.

What is Cross Subsidy?

Special Education Cross Subsidy can be confusing to anyone not familiar with school and special education funding. RCLLG seeks to benefit its members by providing information on Special Education Cross Subsidy (Cross Subsidy) to Ramsey County League members less familiar with the subject.

Special Education Cross Subsidy originated from school districts having to use general education funding to cover state and federally mandated services for special education students, originally fully funded by State and Federal dollars.

How did Cross Subsidy originate?

Under the Individuals with Disabilities Act (IDEA), passed in 1992, the Federal Government is mandated to provide 40% of the funds needed to serve students with disabilities. It actually only provides about 14.6% due to funding cuts since passage of the Act.

That leaves states to make up the difference from state budgeted education dollars. Schools do not have a choice; they must make up the difference. (For more information on state education funding, see <https://education.mn.gov> .

Since 1992, when IDEA legislation was passed, special education costs have increased substantially as the demand for special education services continues to grow. This growth in demand is

driven by both the number of students served as well as the required level of support. For example, the number of Minnesota students with autism has increased 555% between the years 2000 and 2011. (Source: Minnesota School Boards Association (MSBA)).

How is the gap in funding currently being addressed?

State funding has not kept up with demand and, with the reduction in federal funding, districts are forced to take monies from general education funds to meet the needs of Special Education students. This funding gap is called the “Special Education Cross Subsidy”.

Today, the gap between the amount needed to provide Special Education services and the funding provided by the state and Federal Government totals nearly \$700 million in Minnesota alone. (Source: Association of Metropolitan School Districts (AMSD)).

How has the 2019 MN Legislature addressed the Cross Subsidy funding gap?

The 2019 Legislature included a 2% funding increase to the “per pupil” formula each year for the next two years and added \$90.7 million toward cross subsidy funding. Once the small share of the \$90 million is given to districts it will mean that more of the 2% per pupil formula increase from the Legislature can remain in the General Fund where it belongs. For example, Mounds View Schools’ Cross Subsidy allocation is \$6.7 million and Roseville School’s is \$8.7 million.

For more information about Cross Subsidy funding, federal funding cuts and the challenges that other school districts are facing to fund special education services, look to the Association of Metropolitan School Districts’ website 2019 Legislative platform located at <https://www.amsd.org/>.

