

Monticello Bill HF2877 / SF2522

House Education Finance Committee
Wednesday, March 14, 2018 1:00pm
State Office Building, Room 5
House Committee Chair – Representative Jennifer Loon

Senate Education Finance Committee
Wednesday, March 14, 2018 3:00pm (2nd bill on agenda)
MN Senate Building, Room 1100
Senate Committee Chair – Senator Carla Nelson

Jim Johnson, former Superintendent of Monticello
Tina Burkholder, Director of Business Services of Monticello

Why is Monticello unique to the change in the new Special Ed formula?

In the 1970's a Special Education Cooperative was formed at Monticello. The Cooperative was created with surrounding school districts to collaborate and share special education services. Monticello was the host of the Cooperative and the other school districts that were a part of the collaboration were Becker, Big Lake, Elk River, and St. Michael-Albertville. Later on as Elk River grew, they left the Cooperative.

In 2006, the Monticello School District was contacted by MDE to change the host configuration. The only way a cooperative could be officially recognized by the State was to form a Joint Powers. At the time, the Monticello School District made the case that it was more cost-effective to stay the way we were. If the Monticello School District was no longer the host and the Special Education Cooperative was a separate entity, more costs would occur (separate student system, separate finance system, separate insurance coverages, etc). This was around the time Tim Pawlenty was Governor and collaboration, shared services was encouraged, so MDE let things be.

In 2014, the State came back and notified the Monticello School District that we had to switch from a host configuration to a separate Joint Powers arrangement with the Special Education Cooperative OR we would lose federal funds. After doing an analysis, losing the federal funds out-weighed the extra costs of separating. The new Joint Powers arrangement had to start beginning with the 2015-16 school year, the same time a new State Special Education formula was being implemented.

What planning steps did Monticello take and how was the timing impacting other decisions? (SPED / COOP Transition time line handout)

After that meeting with MDE, a lot of planning happened between all the school districts from 2014 to 2016. Business Managers from the 4 school districts and the Special Education Director met at least quarterly to go over the details of the transition. One example is that we removed

a number of students from Monticello's student count, so the Cooperative could generate aid right away in July 2015 and have some cash flow to pay bills. Monticello's student count was reduced by the same amount, so the Monticello School District wouldn't get too much cash during the 2015-16 school year where we would have to pay it back later on. During the 2015-16 school year, special education entitlement reports were being generated by MDE to give school districts estimates on their aid for the 2015-16 school year. The 2015-2016 reports generated estimates that were similar to what the District received the 2 previous years.

Another factor that makes budgeting for Special Education difficult is that school districts have to estimate aid prior to July 1st when the School Board has to adopt a budget on a very complicated formula, and final estimates are not determined until almost 18 months after the fact. The School Board adopted 2 years of budgets before the 2015-16 special education aid was finalized. The Monticello School also made decisions in 2015 on a bond referendum and an operating referendum based on what was previously received and estimated by MDE. Had better estimates been known, different questions would have been asked to our community – a smaller bond referendum and a larger operating referendum question. The Monticello community is very conservative, and the Monticello School Board was extremely thoughtful on the 2 questions proposed to the community in 2015 to minimize the tax impact to Monticello residents and businesses.

The Monticello School District understands we need to follow the same formula calculations as the other school districts. However, the transition to a Joint Powers arrangement with our Special Education Cooperative made the impact of the new formula unclear to the Monticello School District where financial decisions were made based on what was known under the previous arrangement. The proposed language would help the Monticello School District transition to the new formula change, the Joint Powers change, and time to adapt to the new reality.