

Bill Summary, LB 742 (1995)

As originally introduced, LB 742 allowed special education funding to be capped. As enacted, the bill codifies the intent of the Legislature that, beginning in school year 1998-99, a new special education funding system will be implemented to replace the existing cost reimbursement funding provisions.

The new funding system must be identification and program neutral, assure that adequate resources are available to meet the needs of handicapped students and students needing support services, and provide for equity in special education programs and support services regardless of the district in which students reside. Another key design feature of the new funding system is that average annual special education costs will increase at a rate no greater than the average annual growth rate of general education.

The bill also allows the FY1995-96 appropriations for special education to increase by 2.5 percent over the FY1994-95 amount and the FY1996-97 appropriations to increase by 3 percent over the FY1995-96 amount. In FY1997-98 and thereafter, the growth in appropriations will be restricted to between 4 and 6.5 percent.

Recognizing that changing the entire funding system of special education is a difficult task, which raises several issues, the Legislature directs the Special Education Accountability Commission, in consultation with the School Finance Review Committee, the State Department of Education, and the Legislature's Education Committee, to examine those issues and seek public input. Issues include:

- How to establish the basis for distribution of state funding.
- How to provide for the financial support of students with extremely disabling conditions and extraordinary needs which result in high costs to school districts beyond the districts' ability to reasonably provide for special education programs and support services using block grant support and local resources.
- How to establish the state funding level.
- How to assure that funding for special education and support services is maintained at the same levels of growth or decline as funding levels of general education.
- How to establish educational practices for delivery of quality special education programs and support services.
- How the new funding system should be 'integrated with general state aid to be consistent with the principles of student and taxpayer equity underlying the state's equalization aid program.
- How to phase in the new funding system to minimize financial impacts on school districts.

- How accountability for appropriate educational needs shall be established for school districts, educational service units, or approved cooperatives to qualify for the new funding system.
- How the State Department of Education can integrate the administration of the new funding system to eliminate duplication in aid payments, accounting, and reporting of expenditures.

LB 742 also allows the State Board of Education, with the assistance of the department, to grant waivers of special education rules and regulations.

LB 742 passed with the emergency clause 45-3 and was approved by the Governor on June 13, 1995.