

LB 865 FISCAL NOTE

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	FY 1997-98		FY 1998-99	
	Expenditures	Revenue	Expenditures	Revenue
GENERAL	\$2,469,221	\$873,515	\$1,677,662	\$2,614,493
CASH				
FEDERAL				
OTHER				
TOTAL	\$2,469,221	\$873,515	\$1,677,662	\$2,614,493

LB 865 changes provisions related to special education and wards of the court. The provisions of the bill which have a fiscal impact for the state or school districts are as follows:

1) Sections 1 and 4 provide that innovative programs for students with disabilities who receive special education services or support services with an emphasis on prevention and collaborative planning and improved student outcomes are eligible for grants funds from the Excellence in Education Fund (lottery). Any receipts for these projects are excluded as a formula resource for state aid purposes. Any costs associated with revising a rule to establish the new grant category can be handled with existing resources of the State Department of Education (NDE).

2) Section 2 requires the state to pay the receiving district for the education and transportation cost of wards of the court or state who reside in a foster family home in a district outside of the district of residence when the person become a ward. The original district of residence for the ward is required to reimburse the state for 50% of the cost paid by the state, excluding special education costs. This is effective beginning in 1997-98. The district of original residence is allowed to count a .5 ward for purposes of state aid for each student for which payment is made.

These provisions will have a fiscal impact for the state to reimburse schools for the cost of education and transportation of wards. The Department of Health and Human Services estimates the net reimbursement for the agency (after 50% is paid back by the original district of residence) to be \$1,507,000 of general funds in 1997-98 and \$1,617,000 in 1998-99. (The amounts shown above in the expenditure and revenue boxes reflect the actual payment by the state for aid and the revenue received from local districts. This assumes the revenue from school districts is placed in the General Fund and DHHS is appropriated 100% of the cost to reimburse the receiving district. It also assumes the state is not reimbursed by the original school of residence for special education wards.) The department also projects a need for an additional 1.5 FTE to handle the reimbursement, recordkeeping and reporting requirements of the bill. The estimated general fund cost for these positions is \$66,529 in 1997-98 and \$48,673 in 1998-99. This fiscal note assumes one additional FTE at a cost of \$48,705 in 1997-98 and \$30,402 in 1998-99.

3) Section 8 requires NDE to adopt rules which define "educational benefit" to give schools direction in making the distinction between health or medical services and educational services which are not the responsibility of the school system. This section may have a fiscal impact for schools and the state depending upon the rules which are promulgated by NDE. If certain services currently considered to be special education costs for the schools are no longer defined as, such, then there could be reductions in the amount of aid provided for special education services. However, any changes in the definition of educational benefit could also result in a decrease in the amount claimed by school districts for the Medicaid in the public schools program, which may result in a need for state general funds to continue the early intervention service coordination program at its current level. The revision of a rule can be handled with the existing resources of NDE.

4) Sections 9,13,14 and 15 appear to eliminate the current statutes for reimbursement of special education school-age transportation costs and allow transportation to be considered a related service for purposes of reimbursement. This change should have little, if any, fiscal impact for the state and schools. It would only have a fiscal impact in terms of

reduced expenditures in instances where transportation is being automatically provided for children receiving a related service when their disability does not make it necessary for the child to receive transportation services.

5) Sections 10, 11 and 12 require NDE to adopt rules to be effective after August 1, 1998 which will minimize the burden created for school districts. The rules shall establish criteria consistent with federal law for the assessment, identification, and verification of the need for related services. It is assumed NDE can handle the rule change with its existing financial resources. Any changes in verification criteria which are adopted in the rule may result in a decrease expenditures for school districts and the state. Savings may occur because some students will not have to go through the costly verification process for special education services and may be able to be served by less expensive alternative services. Elimination of caseload requirements in state criteria may also result in some cost savings.

6) Sections 15 and 18 extend the 3% cap on special education funding and the current special education reimbursement programs for another year, 1998-99. Current statute eliminates the funding formulas for school-age and preschool programs and transportation beginning in 1998-99. The extension of the 3% cap in 1998-99 may have a fiscal impact the now funding mechanisms for special education would have increased annual spending by greater than 3%.

7) Section 16 establishes a Transition Commission consisting of nine members who will create a cooperative interagency service model to provide transitional and vocational services for persons with disabilities ages 14 through 21 and beyond. The plan is to be submitted on or before December 1, 1998. The estimated fiscal impact for meeting expenses of the group will be \$11,500 of general funds in 1997-98 and \$6,400 of general funds in 1998-99.

8) Section 17 requires NDE to establish a registry for assistive technology devices. NDE currently has a one year grant for assistive technology which is in its eighth year of funding. The grant has allowed for a used equipment referral service for these devices in the state, but this is not a full-blown registry for assistive devices. NDE estimates the need for a .5 FTE to formally establish the required registry and maintain it beginning in 1997-98. The estimated fiscal impact for the position and operating expenses is \$28,501 in 1997-98 and \$23,860 in 1998-99. It is assumed this will be a general fund expense, unless federal funds special education funds can be allocated for this purpose.

In summary, the net increase in expenditures pursuant to LB 865 is projected to total \$1,595,706 of general funds in 1997-98 and \$1,677,662 of general funds in 1998-99. The net impact of the aid provisions relating to reimbursement of expense for wards of the court are \$1,507,000 of the 1997-98 estimate and \$1,677,662 of the amount projected for 1998-99. There may also be cost savings pursuant to the bits as identified above, which cannot be estimated.

DEPARTMENT OF EDUCATION: The Department of Education's analysis appears reasonable.