

## LB 865 FISCAL NOTE

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Revised on 4/18/97 to reflect amendments adopted through 4/14/97.

	FY 1997-98		FY 1998-99	
	Expenditures	Revenue	Expenditures	Revenue
GENERAL	\$40,001	\$0	\$30,260	\$0
CASH				
FEDERAL				
OTHER				
TOTAL	\$40,001	\$0	\$30,260	\$0

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

1) Sections 1 and 3 provide that 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) Sections 2, 7, 11, 12 and 13 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.

3) Sections 8, 9 and 10 require NDE to adopt rules to be effective after August 1, 1998 which will minimize the fiscal and administrative impacts 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 in 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.

4) Sections 13 and 16 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, if the now funding mechanisms for special education would have increased annual spending by greater than 3%. The 3% increase for 1998-99 is contained in the budget bill.

5) Section 14 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.

6) Section 15 requires NDE to establish a registry for assistive technology devices. NDE currently has a ten-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 general fund fiscal impact for this position and operating expenses is \$28,501 in 1997-98 and \$23,860 in 1998-99.

In summary, the net increase in expenditures pursuant to LB 865 is projected to total \$40,001 of general funds in 1997-98 and \$30,260 of general funds in 1998-99. There may also be cost savings pursuant to the bill as Identified above, which cannot be estimated.

DEPARTMENT OF EDUCATION: LB 742 (1995) did not terminate the statute section providing for 3% annual increases in General Fund appropriation for special education. Therefore, the inclusion in the Department of Education's estimate of \$3,841,663 for special education is unnecessary. Otherwise, the Department of Education's analysis appears reasonable.

DEPARTMENT OF HEALTH AND HUMAN SERVICES: Concur.