

LB 865 FISCAL NOTE

Sandy L. Sostad

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Revised on 6/3/97 to reflect amendments adopted through 5/30/97.

	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 885 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 2 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) Section 7 requires NDE to adopt guidelines prior to August 1, 1998 to assist schools, ESU's and cooperatives with the assessment identification, and verification of the need for related services. It is assumed NDE can handle the development of guidelines with its existing financial resources. Any changes in verification criteria which are suggested in the guidelines 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.

3) Sections 5, 8, 9 and 10 establish a new category of services which is eligible for reimbursement as a special education allowable reimbursable cost beginning with services provided in 1997-98. The bill provides that support services as defined in the bill will be reimbursable. The total reimbursable cost for support services are not to exceed a percentage established by the State Board of Education of the school district's or cooperative's total allowable reimbursable cost for all special education programs and support services. These provisions allowing support services as an allowable reimbursable cost will have a fiscal impact for school districts. Since the overall appropriation for special education reimbursement will not increase due to the cap on special education funding, there is a definite incentive for schools to provide support services. The support services provided in 1997-98 will be reimbursed in 1998-99. School districts that offer support services will have an increased amount of reimbursement from the state for these services. The actual fiscal impact for a school will depend upon whether these services had been offered with other funds in prior years and if the offering of preventative services will keep students out of higher cost special education programs.

4) Section 14 extends 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 12 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 \$11,600 of general funds in 1997-98 and \$6,400 of general funds in 1998-99.

6) Section 13 requires NDE to establish a registry for assistive technology devices. NDE currently has a ton 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 not 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.