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LB 765A

SENATOR KEYES: Well I hope that this half million dollars approximately does not go to the Department of Education and then it is not a part of their 7% budget and they are allowed to spend more money. I am going to see that every appropriation in this state is a part of the 7%. I don't want us to get by. I think maybe Senator Warner can probably answer better.

PRESIDENT: Senator Warner, will you respond to that?

SENATOR WARNER: Yes, Mr. President, members of the Legislature, I want to say a couple of words on this bill because what really is involved is a constant problem that we have with federal funds and it has nothing to do with the 7% or any other kind of lid. It is federal funds and several of us that have been involved with trying to maximize the use of federal funds for special education get frustrated by the one federal requirement that some of the new money that they have appropriated cannot be used to supplant, as they call it, existing state appropriations of general fund. We have to have a maintenance of effort kind of thing. Now what occurred over the years, we have maximized the use of federal funds for special education for LB 403 that was enacted some time ago. It was additional funds that came in this year, about \$6,000,000 worth and we were prohibited by the federal requirements to use those additional funds to reduce what effort we have made with state general fund or local government was also prohibited in a like manner. So what was done and it will be in the deficiency bill, an adjustment, that a portion of that money was used to totally fund the preschool special ed that was enacted a year ago which we had used some general fund for but the deficiency bill will show that as a federally funded program and that general fund money that was used for preschool will be used to help in special ed under LB 403 that we cannot use federal funds for for that growth but it does permit us to maximize the use of federal funds to keep down the impact on the state government or on local government. Now, the bill that Senator Lamb has deals with the preschool and having that 100% federally funded. There was about \$2,000,000 of that additional money that we couldn't use of federal funds for LB 403 but Senator Lamb's bill does. It permits us to use at least \$400,000 of that \$2,000,000 that the state is going to get in any event but would have to use it for new and expanded program. Preschool qualifies for a new program and so we can use that \$2,000,000 to totally replace the local cost plus the additional amount that can be used for some other existing requirements for LB 889 or the preschool special ed. The impact of the two measures, one of which is Senator Lamb's bill. The other will be done in the appropriation bill in other areas. The net effect will be a way of maximizing the