

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2006-07		FY 2007-08	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$3,960,000 to \$4,950,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$3,960,000 to \$4,950,000	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 881 requires the state to reimburse 100% of the allowable excess costs of services and transportation for high-needs special education students. The initial appropriation for high-needs special education students will be made in 2007-08 based upon costs incurred in 2006-07. The bill defines high-needs special education students as those with allowable excess costs that are equal to \$30,000 for services and transportation in 2006-07. The qualifying level increases each year thereafter by the basic allowable growth rate. High-needs students can also be students who are not wards but who reside outside of the resident school district in a residential setting operated by a service provider certified by HHS or who are enrolled in Medicaid. The bill provides that the 2007-08 general fund appropriation for special education will be reduced by 80% of the appropriation for high-needs special education students.

The net fiscal impact of the bill is difficult to project because information showing the cost per special education student is not available from the State Department of Education (NDE). It is known that 480 children with disabilities were tested using alternative assessments in the last year. It is assumed these children are the more high-need students in the state. NDE compiles an annual child count by disability category. Using this information there were 383 students diagnosed with deaf-blindness, mentally handicapped-severe and profound, or traumatic brain injury. There may also be some children in other disability categories who would be classified as high-need special education students.

This fiscal note assumes 400-500 students per year will fall into the high-needs category. This is approximately .1% of the total special education students in the state. The net general fund fiscal impact to pay 100% of the allowable excess costs for these students is estimated to be \$3,960,000 to \$4,950,000 per year. The net cost is determined by multiplying the qualifying level of \$30,000 of allowable excess costs times 33% times the number of estimated students. This equates to the net amount the state will pay after the total special education appropriation is reduced. It is assumed the special education appropriation will be reduced by 67% rather than by 80% as stated in the bill because this is the current estimated percentage of allowable excess costs that are reimbursed (see technical note). It should be noted this cost estimate is low if the average cost of high need students is above \$30,000. It is also low if the percentage of state reimbursement is less than 67% in future years.

Any increase in aid for special education will be considered an accountable receipt for state aid purposes and will reduce the amount of state aid received two years later by a school district, if the district receives equalization aid.

Technical Note: It is assumed the reduction in the special education appropriation (80% in the bill) is intended to equal the percentage of allowable costs reimbursed each fiscal year. The estimated percentage of excess costs to be reimbursed in 2005-06 is 67%. If the percentage reduction identified in the bill remains at 80%, then the reimbursement of special education costs for children, other than the high need children identified in the bill, will be reduced.