

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$3,000,000		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$3,000,000		See Below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB473 creates the Extraordinary Increase in Special Education Cost Act.

On or after September 21 of each school fiscal year, a school district can apply to the Department of Education (NDE) for a payment from the Extraordinary Increase in Special Education Cost Fund to cover an extraordinary increase in special education costs. A school district will qualify for this payment if their special education budget of expenditures for the current school fiscal year exceeds their special education budget of expenditures for the immediately preceding school fiscal year by an amount equal to or greater than seven percent of the special education budget of expenditures for the immediately preceding school fiscal year.

Each qualifying applicant school district will receive a payment from the Extraordinary Increase in Special Education Cost Fund equal to the difference of the amount by which the special education budget of expenditures for the current school fiscal year exceeds the special education budget of expenditures for the immediately preceding school fiscal year minus two and one-half percent of the special education budget of expenditures for the immediately preceding school fiscal year.

If there is not sufficient unobligated funds available in the Extraordinary Increase in Special Education Cost Fund for one or more payments at the time such payments are calculated, payments will be proportionally reduced for each school district that, at the time such payments are calculated, has applied for a payment and has not yet received such payment.

EXPENDITURES:

For fiscal year 2021-22, three million dollars will be appropriated to the Extraordinary Increase in Special Education Cost Fund. After fiscal year 2021-22, the Legislature may appropriate additional money as needed. Section 2(3) of LB473 suggests continued use of the Extraordinary Increase in Special Education Cost Act beyond FY 2021-22 but according to Section 4(3), funds are only being appropriated for FY 2021-22.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	473	AM:	AGENCY/POLT. SUB: Nebraska Department of Education	
REVIEWED BY:	Gary Bush	DATE:	1/21/21	PHONE: (402) 471-4161
COMMENTS: Unable to provide comment on the impact to the agency, or the state, as the agency provided no information about how the estimate was calculated or to what the impact is related. It is assumed the amount estimated is related to the impact to the TEEOSA school aid formula.				

Please complete ALL (5) blanks in the first three lines.

2021

LB⁽¹⁾ 473

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NE Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/20/21 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$3,000,000		\$3,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$3,000,000</u>		<u>\$3,000,000</u>	

Explanation of Estimate:

The intent of the Legislature to appropriate three million dollar to the Extraordinary Increase in Special Education Cost Fund for fiscal year 2021-22 increases the dollar amount necessary to comply with IDEA Maintenance of State Financial Support (MFS). 34 CFR 300.163(a) "A State must not reduce the total amount of State financial support for special education and related services for children with disabilities, or otherwise made available because of the excess costs of educating those children, below the amount of that support for the preceding fiscal year." States that fail to maintain support will have their Federal IDEA Part B Section 611 grant reduced by the same amount by which the state failed to meet the requirement.

To qualify for the extraordinary special education funding a district's current school fiscal years special education budget of expenditures must exceed the special education budget of expenditures for the immediately preceding school fiscal year by seven percent. If a district qualifies, they can request reimbursement for the difference calculated above minus two and one half percent. The funding is available on a first come first serve basis.

Using the special education budgeted expenditure amounts for the 2018/19 and 2019/20 school fiscal years for an estimate, qualifying districts would have had over \$25 million of qualifying extraordinary special education expenditures.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				