

schools under the Tax Education Opportunity Support Act but not funds provided to school districts in support of special education, are we changing anything in the 1059 formula for that in relationship to special education reimbursements being an accountable receipt? Currently they are considered an accountable receipt in the school finance formula and I just, I want to be clear on whether we're impacting that or not.

SENATOR WARNER: The 1059 lid is suspended during these two-year period...

SENATOR MCKENZIE: Okay.

SENATOR WARNER: ...because it is a tighter lid. It would be my belief that for purposes of distributing funds, that it remains a part of the accountable receipts...

SENATOR MCKENZIE: Okay.

SENATOR WARNER: ...as we were doing it the other day. But for purposes...that's for distributing the state aid.

SENATOR MCKENZIE: Right.

SENATOR WARNER: For purposes of calculating the limitation though, then those funds are not restricted from what the state spends nor are they restricted from the local revenue that is raised for their match. But I...this does not amend, at least it's not intended to and I don't believe it amends the distribution formula for 1059. But it will come into effect on what is counted to stay under 3 percent, and it's irrelevant for the lid program.

SENATOR MCKENZIE: Thank you. And that's, I guess, what my concern was. I...you know I want it outside of that spending lid and I'm having distributed some examples, I'll have those passed around to show you what kind of impact putting that underneath or within the entire budget might have on a sampling of school districts, so that you can see, in fact, it might have been a tremendous burden for districts to suddenly have special education underneath the lid since it has not been. But I also wanted to be clear that we were not impacting the distribution formula and using those reimbursements as a accountable receipt in the 1059 distribution system. Thank you. Senator Warner,