

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

May 5, 2005

LB 425

allocated excess cost for your special education programs, if the percentage is 75 percent, then you would be reimbursed by the state for \$750,000 and you, the local school district, would be responsible for covering the remaining \$250,000. And you would have the other resources available to you, your equalization aid, your property tax receipts, and so on. Over the past few years, what has happened, because of the increase in special ed education costs, is that that percentage has continually gone down. And this is on one of the handouts I think this is shown. The one with the graph shows that in 2000-2001 the percentage of reimbursement to the school districts was about 85 percent and it has slipped in the last three years to just over 70 percent, 74 percent. The reason for that is that the actual expenses schools incur have increased at a more rapid rate than the 5 percent cap that is allowed. The Appropriations Committee, in its work--and I would remind you, of course, that the Appropriations Committee did its work before the revenue forecasting board met for its second time this session--they have recommended moving the cap back to 3 percent for the upcoming biennium. I'm not being at all critical of the Appropriations Committee, because the Governor actually recommended a zero increase over that period. I'm going to argue, though, that there are a couple of important reasons that either a zero...particularly a 0 percent but even a 3 percent increase is not altogether appropriate. The first and main one is that these are not optional expenditures by school districts. They are responding to a federal mandate to offer these programs. There is no choice. Each student that's identified for special ed is...there's an IED, individual...or IEP, individual education plan, that's developed. And it is the responsibility of the school to support that program and provide whatever resources are necessary for that program to take place. So this is not something optional. This is something that is required of schools to perform. Even with a 5 percent cap, there is considerable incentive for school districts to do what they can to hold these costs down because they are not, even on the mandated things they must do, reimbursed dollar for dollar. The best, as I mention on this chart, was at one point they got 85 cents for every dollar they had to spend. Now it's down to 73 or 74 cents. Given the rate of cost increases and so on, that percentage in reimbursement, even with the 5 percent cap,