

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 139 allows the State Department of Education (NDE) to establish a hardship fund to assist school districts in paying for the special education and related costs for a child, who is not a state ward, who resides in residential setting in the state. Qualified applicants for the fund must have been unable to anticipate being responsible for the cost of the child in the year in which reimbursement is requested and the cost must be high as defined in the bill. The proceeds of the hardship fund are to come from money appropriated for special education. The reimbursement is to be provided in the year in which the costs are incurred. Any costs reimbursed from the fund are not eligible for reimbursement in the following year. The fund may only be accessed by a district once per student.

The bill will not increase the total amount of funds expended by the state for special education since the money for the fund comes from the amount appropriated for special education. Current law provides a 5% cap on the amount of increased funding for special education each fiscal year.

The bill will have a fiscal impact for school districts receiving reimbursement for special education services, if there are qualified applicants. It is assumed there will be very few qualified applicants for the hardship fund each year. School districts eligible for hardship funds will receive reimbursement in the initial year in which the expense is incurred rather than in the ensuing fiscal year.

The bill provides for a pro rata amount of the cost of special education and related services to be distributed to each qualified school district from the fund, as determined by NDE. The bill does not specify whether allowable excess costs or total costs will be reimbursed. It is assumed allowable excess costs will be reimbursed. If allowable excess costs are reimbursed, then the fiscal impact of the bill will be a one-year shift in reimbursement of costs for these high need children to the year of occurrence rather than the following year. The overall amount reimbursed for the child will not change over a two year period, because the costs incurred in the initial year will not be reimbursable in the following year, as is the case under current law. The transfer of the reimbursement from the succeeding year to the current year may minimally impact the amount of reimbursement received by other school districts in any given year, since the total amount of special education aid is capped.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
DEPT. OF EDUCATION – Concur. No fiscal impact to state, but depending on implementation by the Department, it could shift some additional state Special Education aid toward school districts with unexpected, high-cost special education students.					