

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	3,000,000		3,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	3,000,000		3,000,000	

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

LB1023 expresses the Legislature’s intent to appropriate \$3,000,000 to the Extraordinary Increase in Special Education Cost Fund in FY 2020-21. A school district is eligible for this funding if they exceed their Special Education budget for the preceding year by at least 7%. On or before September 21 of each school year, the district will need to apply for reimbursement for these funds.

CALCULATION:

Amount Applied For = Excess of Then Current Year Budgeted Expenditures – (Previous Year Budgeted Expenditures – 2.5%)

EXPENDITURES:

The \$3,000,000 of expenditures would go towards the district’s Special Education expenses for the districts that have applied for the above funding.

TECHNICAL NOTE:

The source of the \$3,000,000 in appropriated funds is not clear, so assumptions were made that the funds would be General Funds. The assumption is also made that this proposed appropriation will continue beyond FY2020-21 to comply with the Federal Maintenance of Effort requirements.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1023 (Revised)	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY:	Gary Bush	DATE:	02/10/20 PHONE: (402) 471-4161
<p>COMMENTS: Disagree with the agency’s estimate of impact. The provisions of LB1023 is silent on what the fund source is for the transfer to the fund created by the bill. Lacking clarity on the funding source, it is reasonable to assume the transfer of \$3,000,000 would come from the General Fund, decreasing General Fund revenue, and increasing cash fund revenue by \$3,000,000. The payments outlined in the bill comes from a cash fund, not from the General Fund, therefore the expense should be a cash fund expenditure.</p> <p>Special education expenditures that are not covered by Federal or State funding become an operating expense of the district and becomes part of the TEEOSA formula when calculating state aid. Therefore, an increase in funding for special education could result in savings in the TEEOSA formula.</p> <p>Agree with the agency that an increase in funding to special education would increase the federal Maintenance of Effort requirements.</p>			

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

2020

LB⁽¹⁾ 1023 REVISED

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Prochazka Date Prepared: ⁽⁴⁾ 1/22/20 Phone: ⁽⁵⁾ 471-4314

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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	\$3,000,000		\$3,000,000	

Explanation of Estimate:

The intent of the Legislature is to appropriate three million dollar to the Extraordinary Increase in Special Education Cost Fund for fiscal year 2020-21. 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, then the district can request reimbursement for the difference calculated above minus two and one half percent.

Using the special education budgeted expenditure amounts for the 2018/19 and 2019/20 school fiscal years for an estimate, if this fund had existed, districts would have had over \$25 million of qualifying extraordinary special education expenditures which means the \$3 million appropriation would not meet all who could qualify and districts would have been funded on a first come, first serve basis.

This new funding would increase the dollar amount necessary to comply with IDEA Maintenance of State Financial Support (MFS). 34 CFR 300.163(a) provide, "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.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			\$3,000,000	\$3,000,000
Capital improvements.....				
TOTAL.....			\$3,000,000	\$3,000,000