

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$8,733,655	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$8,733,655	

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

LB324 amends §79-1142 & §79-1145 to change the provisions relating to Special Education reimbursements.

Total allowable excess costs for Special Education reimbursement rates for each public school district:

- FY2024-25 & FY2025-26: 60%
- FY2026-27 & FY2027-28: 70%
- FY2028-29 & beyond: 80%

EXPENDITURES:

The Nebraska Department of Education’s (NDE) estimated amounts of increase:

- FY2024-25: \$8,733,655
- FY2025-26: \$158,287,809
- FY2026-27: \$187,367,505
- FY2027-28: \$280,343,803
- FY2028-29: \$317,410,547
- FY2029-30: \$427,164,662

The increased Special Education reimbursement amount each school district receives is factored into that district’s TEEOSA calculation that is distributed out two fiscal years later, and has the effect of reducing the amount of equalization aid. As a result, the costs of the Special Education reimbursements will only end up costing the state approximately 26% of the costs listed above.

No reason to disagree with NDE’s estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	324	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Gary Bush	DATE:	1/25/23
		PHONE:	(402) 471-4161
COMMENTS: No basis to disagree with the estimate provided. The assumptions appear to be reasonable.			

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

2023

LB⁽¹⁾ 324

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/17/23 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$8,733,655	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	\$8,733,655	=====

Explanation of Estimate:

The bill adds language to 79-1142, subsection 3(b) that adds the ability for the department to begin in 2024-25 and 2025-26 to reimburse districts for special education and support services in the following fiscal year at least sixty percent of the total allowable excess costs for all special education. 3(c) adds the ability for the department in fiscal years 2026-27 and 2027-28 reimbursement would be at least seventy percent of the total allowable excess costs for all special education programs and support services. 3(d) adds the ability for the department in 2028-29 and each school fiscal year after to reimburse each school district in the following school year at least at eighty percent of the total allowable excess costs for all special education programs and support services.

The bill adds language to 79-1145, (2) For fiscal year 2026-27 and each fiscal year thereafter, the aggregate amount of General Funds appropriated for special education programs and support services pursuant to sections 79-1129, 79-1132, and 79-1144 shall equal the amount necessary to fund the reimbursements required pursuant to section 79-1142.

With these additions, Nebraska districts would see increased reimbursement on state funding to provide services to students with disabilities which will allow for different uses of local dollars that are currently be used to cover district sped costs.

Below are the estimated increases in SPED funding each year as the percentage of reimbursement increases. These estimates are comparing to the 2022-23 SPED appropriation. Since the bill applies the % rate to services provided beginning 2024-25 school year, SPED 2024-25 program costs are paid a year-in-arrears (25-26 appropriation), 2024-25 sped transportation costs are paid with the same year (24-25) appropriation.

LB 324 INCREASE

FISCAL NOTE 2024-25	\$8,733,655
FISCAL NOTE 2025-26	\$158,287,809
FISCAL NOTE 2026-27	\$187,367,505
FISCAL NOTE 2027-28	\$280,343,803
FISCAL NOTE 2028-29	\$317,410,547
FISCAL NOTE 2029-30	\$427,164,662

It is important to note that since SPED reimbursements are an accountable receipt in the TEEOSA formula that any investment in SPED reimbursement reduces the TEEOSA amount to be paid out two years later. The amount of TEEOSA calculated will be reduced by about 74% of the increase in SPED reimbursement. Despite the sizable investment up front to increase the SPED reimbursement ultimately it only costs the State about 26% of the costs noted above.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				\$8,733,655
Capital improvements.....				
TOTAL.....				\$8,733,655