

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			\$1,828,454	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>			\$1,828,454	

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

LB135 would increase the percentage of state reimbursement and the level of IDEA Maintenance of State Financial Support required for school districts to continue to receiving IDEA Federal funding for their special education and support services.

§79-1142(3)(b) gives the Nebraska Department of Education (NDE) the ability, in fiscal years 2022-23 and 2023-24, to reimburse school districts for special education and support services in the following fiscal year of at least sixty percent of the total allowable excess costs for all special education. §79-1142(3)(c) gives NDE the ability, in fiscal years 2024-25 and 2025-26, to reimburse the school districts of at least seventy percent of the total allowable excess costs for all special education programs and support services. §79-1142(3)(d) gives NDE the ability, in fiscal year 2026-27 and each school fiscal year thereafter, to reimburse each school district in the following school year of at least at eighty percent of the total allowable excess costs for all special education programs and support services.

§79-1145(2) for fiscal year 2022-23 and each fiscal year thereafter, the aggregate amount of General Funds appropriated for special education programs and support services pursuant to §79-1129, §79-1132, and §79-1144 will equal the amount necessary to fund the reimbursements required pursuant to §79-1142.

Below are what NDE estimates the fiscal impact will be for FY24 through FY28:

- 2023-24 - \$114,957,503
- 2024-25 - \$132,774,551
- 2025-26 - \$214,600,132
- 2026-27 - \$237,670,809
- 2027-28 - \$331,800,462

These estimates are comparing to the 2020-21 SPED appropriation. Since the bill applies the % rate to services provided beginning with the 2022-23 school year, the program costs for SPED are paid a year-in-arrears: 2022-23 school year is used in the 23-24 appropriation, while the SPED transportation costs are paid within the same year: 2022-23 school year is used in the 2022-23 appropriation.

NDE notes that since SPED reimbursements are an accountable receipt in the TEEOSA formula that any investment in SPED reimbursements will reduce 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 will only costs the State about 26% of the costs noted above.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB:	135	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Gary Bush	DATE:	1/19/21 PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the estimate provided by the agency. The estimate appears to be reasonable given the assumptions used by the agency.			

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

2021

LB<sup>(1)</sup> 135

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> NE Dept of Education

Prepared by: <sup>(3)</sup> Bryce Wilson/Amy Rhone/Greg Prochazka Date Prepared: <sup>(4)</sup> 1/15/21 Phone: <sup>(5)</sup> 402-471-4320

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$1,828,454	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	\$1,828,454	=====

**Explanation of Estimate:**

This bill would increase the percentage of state reimbursement and the level of IDEA Maintenance of State Financial Support required to continue to receive IDEA Federal funding for School Districts for special education and support services.

The bill adds language to 79-1142, subsection 3(b) that adds the ability for the department to begin in 2022-23 and 2023-24 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 2024-25 and 2025-26, 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 2026-27 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 2022-23 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 2020-21 SPED appropriation. Since the bill applies the % rate to services provided beginning 2022-23 school year, SPED 2022-23 program costs are paid a year-in-arrears (23-24 appropriation), 2022-23 sped transportation costs are paid with the same year (22-23) appropriation.

**LB 135 INCREASE**

FISCAL NOTE 2022-23	\$1,828,454
FISCAL NOTE 2023-24	\$114,957,503
FISCAL NOTE 2024-25	\$132,774,551
FISCAL NOTE 2025-26	\$214,600,132

FISCAL NOTE 2026-27
FISCAL NOTE 2027-28

\$237,670,809  
 \$331,800,462

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>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				\$1,828,454
Capital improvements.....				
TOTAL.....				\$1,828,454