LB 653

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
	FY 2025-26		FY 2026-27		
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE	
GENERAL FUNDS	SEE BELOW		SEE BELOW		
CASH FUNDS	SEE BELOW		SEE BELOW		
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS	SEE BELOW		SEE BELOW		

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

LB653 amends several sections to change the provisions relating to:

- applications, capacity, & reports
- provide for reimbursement for certain students under the enrollment option program
- change authorized uses of the Education Future Fund (EFF)
- change provisions relating to reimbursement for special education programs & support services

Regardless of capacity for special education services, the number of applications made by students with an individualized education program (IEP) under the federal Individuals with Disabilities Education Act, 20 U.S.C. 1400 et seq., which are denied by that school district cannot exceed sixteen percent of the total enrollment option applications denied by that school district during that school year.

For a school district that accepts enrollment option applications on a school building by school building basis that receives an application for a school building that is at capacity for purposes of their enrollment option program will notify the parent or guardian that submitted the application that there are other school buildings in that same district that are not at capacity & are available to the student for purposes of the enrollment option program.

Any option school district that is not a member of a learning community will automatically accept as an option student, the siblings of the option students that apply to that same school district. Any option school district that is in a learning community will give first priority for enrollment to, & automatically accept regardless of capacity, siblings of the option students enrolled in the option school district.

A district that receives an incomplete application will notify the applicant within ten business days after receipt of the incomplete application that the application is incomplete & will be automatically rejected if not corrected.

Beginning July 1, 2024, & on or before July 1 of each year thereafter, each district will provide to the Nebraska Department of Education (NDE) information prescribed by the Commissioner of Education relating to applications that are rejected by the option school district & all applications related to students with an IEP.

On or before October 15 of each school year, a district that accepts an application for an option student with an IEP under the federal Individuals with Disabilities Education Act, 20 U.S.C. 1400 et seq., with expected costs for education & support services of that student that are at least five times greater than the adjusted average per pupil cost of the preceding year, may apply to NDE for a payment from the Education Future Fund to cover those expenses. The application will include detailed expected costs for providing education & support services to that student.

For each district that received a payment pursuant to §79-246 in the school year for which the special education expenditures were reimbursed, an amount equal to the payment made will be subtracted from the reimbursement calculated & that amount will be transferred into the EFF.

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FISCAL IMPACT:

NDE estimates the need for \$25,000 to develop a system to collect data related to the additional payment if students with IEP's have costs in excess of five times the per pupil cost for that district.

Enrollment option is a factor in the calculation of the Tax Equity & Educational Opportunities Support Act (TEEOSA) & those changes cannot be determined at this time.

The fiscal impact to the state for the eighty percent of allowable SPED expenditures cannot be determined at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 653 AM:

REVIEWED BY: Kimberly Burns

AGENCY/POLT. SUB: Nebraska Department of Education DATE: 02/07/2025

PHONE: (402) 471-4171

COMMENTS: No basis to disagree with the Nebraska Department of Education's estimate of fiscal impact to the agency resulting from LB 653.

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 653					FISCAL NOTE
State Agency OR Political	Subdivision Name: ⁽²⁾	Nebraska Department of Education			
Prepared by: ⁽³⁾ Bryce	e Wilson	Date Prepared: ⁽⁴⁾	2/6/25	Phone: (5)	402-471-4320
	ESTIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL	SUBDIVIS	ION
				EV agae	05
	<u>F1S</u> EXPENDITURES	<u>2025-26</u> <u>REVENUE</u>	EXPENDITU	<u>FY 2026</u> <u>RES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$25.000				
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS	\$25.000				

Explanation of Estimate:

LB 653 changes the following requirements of the enrollment option program.

- Does not allow students with individual education programs (IEP's) to make up more than 16% of the total denied enrollment option applications.
- Requires parents to be notified if a school building requested is at capacity but another school building is not at capacity and open to enrollment option students.
- Requires siblings of current enrollment option students in the district to be automatically accepted by the enrollment option district.
- Requires a school district to notify applicants if application is incomplete within 10 days.

Additionally, this bill creates a funding option for school districts that have accepted enrollment option students with IEP's that are expected to cost the district five time the per pupil cost for the district. Funding can be applied for in these situations and paid out by November 15th of the year the enrollment option student applied. Funding received through this process will reduce the school districts special education reimbursement the following year. There may be a fiscal cost the first year which will be offset in the second year, but amount cannot be determined at this time. This increases the dollar amount necessary to comply with IDEA Maintenance of State Financial Support (MFS). 34 CFR 300.163(a) "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.

Last, this bill changes the NDE reporting requirement to Legislature to include the number of applications accepted for students with IEP's and excludes incomplete applications in the data submitted.

NDE would need to develop a system to collect data related to the additional payment if students with IEP's have costs in excess of five times the per pupil cost for the district which is estimated to be \$25,000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE					
Personal Services:					
	NUMBER OF POSITIONS		2025-26	2026-27	
POSITION TITLE	25-26	26-27	EXPENDITURES	EXPENDITURES	
Benefits					

Operating	\$25.000	
Travel		
Capital outlay		
Aid		
Capital improvements		
TOTAL	\$25.000	