

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$124,629,268		\$151,892,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$124,629,268		\$151,892,000	

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

LB 826 requires the State Department of Education (NDE) to reimburse school districts at least 80% of the total excess allowable costs for special education programs and support services provided in the prior year. If the appropriation is in excess of 80%, then the funds shall be prorated at the higher percentage. Current law which authorizes up to a 10% annual increase in aid for special education programs is repealed. The bill has an emergency clause, so it will be effective for FY 2016-17.

Special Education Reimbursement: In FY 2016-17, the state general fund appropriation to reimburse school districts for the allowable excess costs of special education programs and services is \$224,589,964 of general funds. The reimbursement in FY17 is for programs provided in FY2015-16. The actual cost of FY2015-16 programs will not be known until final budgets are submitted to NDE on October 31, 2016. If the final expenditures for FY2015-16 increase by 8% as projected by NDE, then the \$224.6 million general fund appropriation will cover about 53% of allowable excess costs of special education programs and services.

LB 826 requires the state to reimburse 80% of allowable excess costs. Assuming an 8% increase in expenditures for programs provided in FY2015-16, the estimated fiscal impact to reimburse 80% of the allowable excess costs of these programs in FY2016-17 is \$349,219,232. The net fiscal impact of the bill is an increase of \$124,629,268 of general funds. Using the same growth assumptions for FY18, the projected general fund fiscal impact of the bill is \$151,892,000.

TEEOSA General Fund Impact: State funds provided to school districts for special education services are considered to be an accountable receipt for purposes of state aid to schools per the Tax Equity and Educational Opportunities Support Act (TEEOSA). An increase in special education reimbursement increases accountable receipts for school districts which results in a decrease in state aid of a like amount for districts receiving equalization aid. The decrease in state aid occurs two years after the increase in receipts occurs, so TEEOSA aid will decrease by at least \$86.5 million in FY2018-19 (calculated using FY2016-17 certification data) and \$93.4 million in FY2019-20.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:826	AM:	AGENCY/POLT. Nebraska Dept. of Education	
REVIEWED BY: James Van Bruggen		DATE: 1/15/16	PHONE: 471-4179
COMMENTS: There is no basis to disagree with the Department of Education.			

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

2016

LB⁽¹⁾ 826

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Dept. of Education

Prepared by: ⁽³⁾ Greg Prochazka (Gary Sherman)

Date Prepared: ⁽⁴⁾ 1/14/2016

Phone: ⁽⁵⁾ 471-4314

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$124,629,268		\$151,892,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$124,629,268</u>		<u>\$151,892,000</u>	

Explanation of Estimate:

Estimate fiscal impact: projected costs in excess of 2015-16 Special Education appropriation. Projected School District reported special education excess allowable costs for all special education programs and support services based on 2014-15 school year reported costs and program growth. Significant increase to Special Education reimbursement and increases amount necessary for IDEA Maintenance of State Financial Support (State MOE).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			\$124,629,268	\$151,892,000
Capital improvements.....				
TOTAL.....			<u>\$124,629,268</u>	<u>\$151,892,000</u>

Basis of my estimate

LB 826 ESTIMATE

PAID FROM 2015-16 APPROPRIATION		FISCAL NOTE 2016-17 PAID FROM 2016-17 APPROPRIATION		FISCAL NOTE 2017-18 PAID FROM 2017-18 APPROPRIATION	
SA PROG 14-15 PD 15-16		Increase between last 2 reported school years			
\$	366,171,429.00	8.00%	\$	395,465,143.32	8.00%
TRANS 14-15 PD 14-15		TRANS 15-16 PD 15-16		Increase between last 2 reported school years	
\$	31,622,798.00	6.70%	\$	33,741,525.47	6.70%
BAF Flex 14-15 PD 14-15		(Est)		BAF Flex 14-15 PD 14-15	
\$	311,381.00	(Est)	\$	336,291.48	8.00%
Proposed reimbursement % @80%		\$		Proposed reimbursement % @80%	
		\$		\$	
Proposed reimbursement % @80%		\$		Proposed reimbursement % @80%	
		\$		\$	
Proposed reimbursement % @80%		\$		Proposed reimbursement % @80%	
		\$		\$	
Residential Services		\$		Residential Services	
		\$		\$	
SUPPORT		\$		SUPPORT	
		\$		\$	
SPED		\$		SPED	
		\$		\$	
ESTIMATED NEED		\$		ESTIMATED NEED	
		\$		\$	
Appropriation (2015-16)		\$		Appropriation	
		\$		\$	
LB 826 INCREASE		\$		LB 826 INCREASE	
		\$		\$	

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