

HF4333 - 0 - Special Education Excess Cost Aid Increased

Chief Author: **Cheryl Youakim**
 Committee: **Education Finance**
 Date Completed: **3/7/2024 6:14:01 PM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	10,432	8,867	8,441	
Total	-	-	10,432	8,867	8,441	
Biennial Total			10,432		17,308	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman Rosas **Date:** 3/7/2024 6:14:01 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	10,432	8,867	8,441	
Total	-	-	10,432	8,867	8,441	
Biennial Total			10,432		17,308	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	10,432	8,867	8,441	
Total	-	-	10,432	8,867	8,441	
Biennial Total			10,432		17,308	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

This bill would eliminate the general education to defray cost from the excess cost calculation for cooperatives, intermediates, education districts and regional centers.

Assumptions

There would be MNIT costs to modify the excess cost formula program so as to not include Line 48/defray amount for all local educational agency (LEA) types 6 and greater than 7.

Doing so would directly increase the state special education aid to all joint power LEAs. This would in turn lower the tuition billing to resident districts each year and thus increase the aid of districts funded off the new formula. It would not provide funding for districts funded off the original hold-harmless (roughly 33% of districts). Districts benefiting from this change would see less cross-subsidy funding which would be considered a savings to the state (due to their lower tuition adjustment).

This bill would do nothing to provide additional funding to joint powers as it would only shift the percentage of state special education aid paid to them coming directly from the state, while lowering the amount they tuition billed to resident districts.

Expenditure and/or Revenue Formula

	<u>SFY 25</u>	<u>SFY 26</u>	<u>SFY 27</u>
Add Excess Aid	11,894,786	11,894,786	11,894,786
Cross Subsidy Savings	_____	3,454,246	3,454,246
Annual Cost	11,894,786	8,440,540	8,440,540
87.66% Current Year	10,426,969	7,398,977	7,398,977
12.34% Prior Year	_____	1,467,817	1,041,563

State Aid 10,426,969 8,866,794 8,440,540

MNIT Costs

	FY24	FY25	FY26	FY27
State Aid		10,426,969	8,866,794	8,440,540
MNIT		4,620		
Total Costs		10,431,589	8,866,794	8,440,540

Task Description	Development Effort (hours)		
MSFS programming required to change the formula so as to exclude specific LEA types from having their defray calculation included in the excess cost formula	40		
Database Administration: Deploy and execute scripts in multiple databases and environments	2		
TOTAL HOURS	42.00		
Resource Description	Work Estimate (weeks)	FTE	Work Estimate (hours)
MSFS Developer	1	1.00	40
Database Administrator	1	0.05	2
TOTAL	2	1.05	42
Blended rate	110.00		
Cost Estimate			
Year 1 Implementation	\$4,620.00		
TOTAL	\$4,620.00		

Long-Term Fiscal Considerations

The amounts above would likely increase each year. However, the forecast is not designed to adjust joint powers general education to defray costs since adjusted average daily membership is not calculated at their level.

Local Fiscal Impact

References/Sources

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