

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1801-02  
Bill No.: Perfected SCS for SB 481  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
 Dept; Children and Minors; Disabilities  
Type: Original  
Date: April 19, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	\$12,000,000	\$18,000,000
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$12,000,000</b>	<b>\$18,000,000</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
General Revenue	\$0	\$12,000,000	\$12,000,000
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$12,000,000</b>	<b>\$12,000,000</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>(\$12,000,000)</b>	<b>(\$18,000,000)</b>

**FISCAL ANALYSIS**

ASSUMPTION

According to officials from the **Department of Elementary and Secondary Education (DESE)**, this proposal shifts responsibility away from the state and toward local school districts regarding payment of special education services. DESE estimates an annual savings to state funds totaling \$18 million and an offsetting annual cost to school districts totaling \$18 million. The impact will occur over a three year phase-in period with zero cost in FY 06, \$12 million in FY 07, and \$18 million in FY 08.

Officials from the **Special School District of Saint Louis County (SSD)** state that if the new high cost fund is funded through appropriations, this proposal should have a positive effect on SSD.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Dept of Elementary and Secondary Education - Redirection of Special Education Costs	\$0	\$12,000,000	\$18,000,000
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$12,000,000</u></b>	<b><u>\$18,000,000</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>SCHOOL DISTRICTS</b>			
Costs - Special Education Services	\$0	(\$12,000,000)	(\$18,000,000)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<b><u>\$0</u></b>	<b><u>(\$12,000,000)</u></b>	<b><u>(\$18,000,000)</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Currently, the definition of "severely handicapped children" includes handicapped children under the age of 21 who, because of the extent of the handicapping condition, are unable to benefit from or meaningfully participate in programs in the public schools for handicapped children. This proposed legislation alters the aforementioned definition by striking the current provisions and instead inserts language so the definition only includes those children who meet the eligibility criteria for severely handicapped children as identified in state regulations that implement the Individuals with Disabilities Education Act.

The proposal requires the Department of Elementary and Secondary Education to reimburse school districts for the educational costs of high-need children with an individualized education program exceeding three times the current expenditure per average daily attendance.

Further, the proposal deletes two sections of current law that require the State Board of

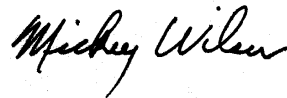
DESCRIPTION (continued)

Education to provide special education services for all severely handicapped children residing in school districts if such school districts are unable to provide appropriate programs of special instruction for severely handicapped children.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Special School District of Saint Louis County



Mickey Wilson, CPA  
Director  
April 19, 2005