

## Department of Planning and Budget

### 2017 Fiscal Impact Statement

**1. Bill Number:** SB1246

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Stuart

**3. Committee:** Education and Health

**4. Title:** Comprehensive Services for At-Risk Youth and Families; special education programs.

**5. Summary:** Grants, for a period of three years, eligibility for funding from the state pool of funds available through the Children's Services for At-Risk Youth and Families program to children and youth placed for purposes of special education in a public school special educational program established and funded jointly by a local governing body and school board pursuant to a Memorandum of Agreement for the purpose of providing special education, related services, or both within a public day program, when the public school special educational program is able to provide services comparable to those of an approved private school special educational program, and the student would require placement in an approved private school special educational program but for the availability of the public school special educational program.

**6. Budget Amendment Necessary:** See 8 below.

**7. Fiscal Impact Estimates:** Preliminary. See fiscal implications below.

**8. Fiscal Implications:** This bill temporarily expands the population eligible for funding under the Children's Services Act (CSA) to include students with disabilities currently served in public school settings when the public school program provides services comparable to a private school program and, without the public school program, the students would be placed in a private school program. The bill requires that in order to be eligible for CSA funding, the public school setting must be established and funded jointly by a local governing body and school board pursuant to a Memorandum of Agreement for the purpose of providing special education, related services, or both within a public day program. Current statute specifies that only students with disabilities who require placement in approved private school programs are included in the CSA population.

The language of the bill could be interpreted to mean that any student in need of special education services would be eligible for CSA pool funds if a school district creates a program that provides comparable services to a private day school. The December 2016 child count indicates that there are over 157,000 students identified in the public school system with

special education needs. Overall, the state contribution to the costs of special education services in public schools accounts for 20.7 percent of the total. The average state match through CSA for special education services is 62.6 percent. Thus, the state cost of providing services through CSA is considerably higher than through the Department of Education (DOE), and this bill could have a significant fiscal impact, depending on the number of districts that choose to offer these services.

The determination of comparable services and need for private placement absent the public school program may apply only to those students who receive services in the most restrictive program offered by each individual school division. One method of measuring the possible impact of the legislation is to look at the cost of services provided to 4,234 students (FY 2016 data) through DOE-funded regional tuition programs currently operated by 57 localities across the state.

The Department of Education reports an average per child cost for special education services provided through regional tuition programs of \$29,097 and an average state share of 59.8 percent, thus the state share of costs is \$17,392 for special education placements in regional programs. Regional tuition programs are reimbursed by the state at a higher rate than the average DOE statewide rate. If only the students currently served through the existing programs became eligible for CSA, because of the state match rate for services through CSA is higher than through the DOE program, the cost per student to the state would increase by \$823, with a total possible cost of \$3.5 million per year.

However, because the legislation does not limit CSA eligibility to students currently served in regional programs, it is likely that other school districts would create programs and increase the number of students eligible for CSA pool funds. If the figure is extrapolated to assume that the remaining 78 districts create similar programs, the general fund impact is increased to as much as \$8,242,929 per year. This impact assumes that general fund currently appropriated at DOE for these students moves to the CSA budget.

	DOE	CSA
Average Cost	\$29,097	\$29,097
Match Rate	59.8%	62.6%
State cost per child	\$17,392	\$18,214
Number of Children	4,234	4,234
Total Cost	\$73,637,728	\$77,118,076
<b>Increased Cost for Existing Programs</b>	<b>\$3,480,348</b>	
<b>Extrapolated Statewide</b>	<b>\$8,242,929</b>	

Although the proposed legislation does not limit CSA eligibility to those students currently in a private day setting, if the legal interpretation or resulting implementation of the language is that only those children moving from a private day placement into a public school program

will be eligible for CSA pool funds, there will be a savings to the state. The number of youth funded in private day schools statewide in FY 2016 totaled 3,585. The average cost of private day services through CSA is \$38,753 with an average state reimbursement rate of 62.6 percent, or a state cost of \$24,259. It is possible that some of these youth might be transitioned to less restrictive programs in public schools if additional funding is available to support the public programs. The lower cost of public school services vs. private day placements may result in reduced costs for some children. There is, however, no reliable way to estimate the number of children who may move into a public school setting. The estimated reduction in state cost for each child that is moved into a public setting is \$6,045 per year, assuming the costs of the new programs in the public school are similar to those of the regional tuition programs.

Because this bill only extends the eligibility for three years, it is unclear how the out-year costs will be impacted.

**9. Specific Agency or Political Subdivisions Affected:** Children's Services Act, Department of Education.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** These calculations recognize general fund currently expended by DOE. Enactment of this legislation would require transfer of funds from DOE to CSA.