

**FISCAL NOTE**  
**HOUSE BILL NO. 1464**  
**LC# 23.0984.02000**  
**01/23/2023**

**1 - State Fiscal Effect**

*Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$13,600,000		\$10,880,000	
Appropriations						

**2 - County, City, School District, and Township Fiscal Effect**

*Identify the fiscal effect on the appropriate political subdivision.*

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

**3 - Bill and Fiscal Impact Summary**

*Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1464 removes the tuition in lieu of property tax deduction in the school district integrated formula and provides excess cost payments for high-cost students with significant medical conditions.

**4 - Fiscal Impact Sections Detail**

*Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 eliminates the deduction for tuition in the school district integrated formula payment. Tuition is currently calculated as an in lieu of property tax in the funding formula.  
 Section 3 shifts the burden of expenses of educating a student with a disability to the educating district rather than the district of residence.  
 Section 4 allows districts that educate students with significant medical conditions but not on an IEP to qualify for

excess cost reimbursement for expenses above four times the state average. The 2022-23 cost caps for students with special education needs at four times the state average is between \$55,184.04 and \$58,659.36 for the year or \$315.34 and \$335.20 per day.

In 2021-2022, there were 157 student contracts that exceeded 4 times the state average totaling a reimbursement of \$2.6 million. The average reimbursement was \$16,600. The highest reimbursement for 2022 was just over \$100,000 and the lowest reimbursement was \$50.

## **5 - Revenues Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

## **6 - Expenditures Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Section 1 would increase the state aid portion of the integrated formula payment to school districts by \$13.6 million in 2023-25 and \$10.88 million in 2025-27. The reason for the decrease in the 2025-27 biennium is that the Air Force Bases' tuition was already scheduled to be phased out.

The Department of Public Instruction does not currently collect data on students with significant medical conditions that are not on an IEP and cannot identify the number of students that may now qualify for excess cost reimbursement. With students on an IEP, the IEP can be used to review costs being calculated in the cost of a student. If the student does not have an IEP, the state would need to determine another method to review the student's needs and provide guidance on calculating the reimbursement rates.

## **7 - Appropriations Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

## **Contact Information**

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