

**BILL #** HB 2251

**TITLE:** ~~child support committee; membership~~  
(NOW: school year; special education)

**SPONSOR:** Hershberger

**STATUS:** As Amended by Senate PSHS

**PREPARED BY:** Steve Schimpp

## FISCAL ANALYSIS

### Description

As amended, the bill would allow K-12 pupils with disabilities who turn 22 years old during a school year to remain in public schools fully funded through the end of the school year instead of being transferred to the Department of Developmental Disabilities (DDD) Day Treatment and Training (DTT) program in the Department of Economic Security, which is the typical current practice.

### Estimated Impact

Based on available information, the bill is estimated to be essentially cost neutral to the state General Fund. Local school districts would incur costs.

The Arizona Department of Education (ADE) does not have a cost estimate for this bill.

### Analysis

Data from ADE indicate that, on average, about 130 special education pupils turn 22 years old during the school year annually. Under current law, those students “age out” of public schools because statute requires school districts to provide special education only to pupils “who are at least 3 years of age but less than 22 years of age” (A.R.S. §15-764.A1). Under current law, students who “age out” are commonly transferred to the Department of Economic Security DDD/DTT program midway through the school year.

#### Related DDD/DTT Savings

Based on available information regarding DDD/DTT funding, it is currently estimated to cost about \$19,500 to fund a year of DDD/DTT services, on average, for each pupil who would be affected by the bill. This amount, however, does not represent the average per pupil state savings for DDD/DTT services that would occur under the bill because 1) pupils who “age out” of public schools do not receive a full year of DDD/DTT services that year; 2) not all 21-year old public school pupils qualify for DDD/DTT on their 22<sup>nd</sup> birthday; and 3) state funds typically cover 1/3 of the federally-matched cost of DDD/DTT services.

Detailed data on actual state costs of providing DDD/DTT services for pupils who “age out” of public schools are not currently available, so the average per pupil savings that would occur under the bill for this issue cannot be determined precisely. As a “best guess,” however, this analysis assumes that about 80% of “age out” pupils currently qualify for DDD/DTT services, that they typically “age out” halfway through the school year (so require ½ year of DDD/DTT services that year), and that the state pays 33% of that cost under the federal Medicaid program. Under these assumptions, the average state savings for this issue would be approximately \$2,600 per pupil ( $\$19,536 \times 80\% \times 50\% \times 33\% = \$2,600$ ).

#### Related Basic State Aid Costs

Data from the 2 largest school districts in the state suggest the pupils likely to be affected by the bill and who currently attend at least the first 100 days of a school year have an average Basic State Aid cost of about \$22,700 per year. (This amount is relatively high because of the impact of special education Group B weights for these pupils.) The additional state cost of allowing “age out” pupils to remain in public schools fully funded through the end of a school year, however, would be substantially less than \$22,700. This is because the Basic State Aid formula funds students based on “Average Daily

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Membership” counts through the first 100 days of the school year, so students who “age out” halfway through the 180-day school year, for example, are already generating 90% of full year Basic State Aid funding. (Half of the 180-day school year is 90 days; 90 days equals 90% of the first 100 days, which are the only days on which state funding is based.) If it is assumed that the average “age out” pupil reaches their 22<sup>nd</sup> birthday halfway through the school year (as is assumed in the “Related DDD/DTT Costs” section above), they typically would only require 10% more Basic State Aid funding, on average, under the bill, or about \$2,300 ( $\$22,700 \text{ full year cost} \times 10\% = \$2,270$ ).

#### Net Estimated Cost

Under the assumptions and analysis described above, the bill would be essentially cost neutral to the state because each affected pupil, on average, would increase Basic State Aid costs by \$2,300, but decrease DDD/DTT costs by \$(2,600).

#### **Local Government Impact**

Under the assumptions described above, the bill probably would not be “cost neutral” at the local level because public schools would receive 10% more Basic State Aid funding per affected pupil, on average, but would be required to serve them for an additional 90 days (double the current number). The bill, therefore, could increase school district costs statewide by an estimated \$1,475,500 ( $130 \text{ pupils} \times \$22,700 \text{ assumed cost per year} \times 50\% \text{ for an additional } \frac{1}{2} \text{ year of services} = \$1,475,500$ ), while increasing their Basic State Aid funding by approximately \$295,100 ( $130 \text{ pupils} \times \$22,700 \times 10\% \text{ increase in funded days} = \$295,100$ ).

4/19/07