

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 455 provides that school districts may exceed their allowable growth rate any year in which the increase in energy costs over the prior year is in excess of the percentage increase in the Consumer Price Index. Energy costs are defined in the bill. The same exclusion to the budget lid is provided for increases in health insurance costs in excess of the increase in the Consumer Price Index. The State Department of Education (NDE) is to document and compute the increases for districts.*

The Annual Finance Report for School Districts does not specifically breakdown expenditures for health insurance and energy costs. The expenditures for health insurance are lumped with other benefits and the expenditures for energy costs are reported with other expenses in line items under building operation and maintenance and transportation. NDE will have to gather such data from school districts. Since the data is not currently available, no fiscal impact can be estimated. It is likely the fiscal impact could be significant since increases in health insurance and energy costs have been higher than the growth rate of the CPI in recent years. The budget lid exclusions allow school districts to increase spending by the amount of the exclusions. Any increase in school spending increases "need" in the state aid formula which increases state aid, two years after the spending increase occurs.

The bill will increase the workload of NDE. It is assumed the department can handle the workload increase with existing resources.

Technical Note: It is not clear whether the increase in the allowable growth rate is the total amount of increase in energy and health insurance costs or the amount above the percentage growth in the CPI.