

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 187 prohibits certain agreements under the Interlocal Cooperation Act. The bill provides that a school district may not enter into an interlocal agreement with a public power district for the provision of utilities. School districts are also prohibited from using an interlocal agreement with an educational service unit to contract for the services of ESU employees.

School districts involved in these interlocal agreements will no longer be able to exclude the expenditures for the agreements from the budget lid. Information submitted to the State Auditor by school districts for 2006-07 budgets shows \$98.6 million of interlocal agreements. Information is not currently totaled to show the amount of interlocal agreements which school districts have with public power districts and ESU's. It appears the information is available on budget forms submitted by school districts but the form for each school district would have to be pulled to arrive at a total.

The Auditor's staff reviewed the budget forms of the three school districts with the largest interlocal agreements in 2006-07. The three districts account for 55%, or \$54.2 million of the \$98.6 million of agreements. It is estimated that up to \$35.6 million of the \$54.2 million of interlocal agreements for these three school districts are agreements with public power districts or ESU's.

The elimination of the budget exclusion for these expenditures will have a fiscal impact on school spending for the affected districts. Some school districts may have unused budget authority that can be accessed to allow a continuation level of spending if the agreements are included under the budget lid. Other school districts will have to adjust spending to stay within the budget lid. It is assumed the bill will decrease overall school spending beginning in school fiscal year 2007-08. A decrease in school spending in 2007-08 will reduce state aid provided to school districts beginning in 2009-10.