

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	214,617		286,155	
CASH FUNDS	35,815		47,756	
FEDERAL FUNDS	103,175		137,568	
OTHER FUNDS	146,886	82,474	133,876	70,869
<b>TOTAL FUNDS</b>	<b>500,493</b>	<b>82,474</b>	<b>605,352</b>	<b>70,869</b>

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 429 requires the Treasurer’s website that is described in section 84-602.02 (under the Taxpayer Transparency Act) to include a link to the DAS website by January 1, 2014. The DAS website shall have a copy of each contract or subcontract that is a basis for an expenditure of state funds. The DAS website shall include electronic copies of contracts for all state agencies, boards, commissions, and departments. The format for the contracts and subcontracts shall be searchable by vendor, agency, board, commission, or department, and by any dollar amount.

DAS estimates the need for 2.0 FTE Administrative Assistant positions to fulfill the bill’s provisions. This is based on an unknown number of service contracts and subcontracts.

One of these positions will be placed in DAS – Materiel Division and will work with Nebraska.gov to develop the website so it is compliant with the bill. The position will also work with agencies to ensure documents are provided in the correct format and post the contracts and subcontracts to the website. That Division is funded with Revolving Funds and accounts for the entire amount identified in the revenue columns above. The amounts identified in the revenue columns are also part of the expenditure columns.

The remaining expenditure amounts are \$64,412 in FY2013-14 and \$63,007 in FY2014-15. These costs are attributed to the State Building Division. That Division’s estimates the need for 1.0 FTE as well. There is added complexity for the State Building Division due to the subcontract portion of the bill. Subcontracts they typically deal with are between the primary contractor and a firm that contracts with that contractor to perform a portion of the work. Getting this information in the required format may be difficult.

The Department of Health and Human Services reports the need for \$353,607 in FY2013-14 and \$471,476 in FY2014-15. This would enable DHHS to hire 5.5 FTE in order to address the bill’s provisions. The fund breakdown is made in the table above.

There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 429	AM:	AGENCY/POLT. SUB: Dept. of Administrative Services	
REVIEWED BY: Gary Bush		DATE: February 1, 2013	PHONE: 471-4161
COMMENTS: Agree with agency’s estimate of impact to the state and to the agency.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 429	AM:	AGENCY/POLT. SUB: State Treasurer	
REVIEWED BY: Gary Bush		DATE: January 30, 2013	PHONE: 471-4161
COMMENTS: Concur.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 429	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Gary Bush		DATE: February 6, 2013	PHONE: 471-4161
COMMENTS: Concur.			

# 2013 Legislative Bill Proposal

## Fiscal Note

**Bill #: 429**

**State Agency:** AS / Materiel – State Purchasing Bureau, State Building Division, 309 Task Force for Building Renewal

**Prepared by:** Brenda Pape

**Date Prepared:** 1/24/2013

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Dennis Summers

402-471-8351

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402-471-3515

### Estimate of Fiscal Impact – State Agencies

	FY 2013-14		FY 2014-15	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds	146,886	82,474	133,876	70,869
Total Funds	146,886	82,474	133,876	70,869

**Explanation of Estimate:** This bill requires the disclosure of state contracts and subcontracts and these contracts to be posted to the Administrative Services website. All agencies, boards, commissions, and departments are required to provide this information in electronic form to Administrative Services. The Administrative Services website is to be searchable by vendor, by agency, board, commission, or department, and by dollar amount. The State Treasurer will post a link on its website to the Administrative Services website.

The State of Nebraska has 3,485 current service contracts in place. It is unknown how many subcontracts there may be between a contractor and subcontractor. This information will need to be gathered from the State's current contractors.

Due to the volume of service contracts and unknown subcontracts, AS/Materiel - State Purchasing Bureau will need a minimum of one (1) additional full time employee (FTE). Again, it is unknown how many subcontracts may be in place between the contractor and subcontractor. This position has been identified as an Administrative Assistant I. The Administrative Assistant will work with Nebraska.gov to develop the Administrative Services website to be in compliance with requirements of the bill, work with agencies to ensure documents are provided in a correct electronic format as required, post contracts and subcontracts to the website in a searchable format as required, and remove contracts and subcontracts upon expiration of these contracts. The Administrative Assistant will provide assistance in developing the requirements, outlined in the bill, in all bid documents to ensure contractors provide all required information.

The estimated costs for the additional one (1) FTE are \$64,412 in FY13-14 and \$63,007 in FY14-15. These costs include salary and benefits (health insurance is budgeted using the State's current share of the highest cost family plan); ongoing annual operating costs (communication/data processing, printing/publication, supplies and rent/depreciation surcharge). There would also be a one-time cost in FY13-14 for the purchase of new equipment and set up costs of \$2,500.

There would need to be the development of a system for the publishing and maintenance of the contracts. The exact cost would not be known, until there was further investigation of the requirements and a decision on the system to be used.

Potential costs could include:

- Development (assuming 120 hours @ \$85 per hour) = \$10,200;
- Annual account fees (assuming 15 people @ \$36 per month) = \$6,480 per year;
- Annual maintenance (assuming system modifications requiring 10 hours of effort each year @ \$85 per hour) = \$850 per year;
- Annual storage and backup fees (assuming 1,000,000 pages of content) = \$532 per year

Total estimated one-time costs could be \$10,200. Annual costs could be \$7,862 (\$6,480 + \$850 + \$532 = \$7,862).

These additional costs would result in the need for additional revolving appropriation and an increased Materiel-Purchasing Assessment to State Agencies.

The table below summarizes the impact by fund type of the increased statewide Materiel-Purchasing Assessment. The allocation by fund type is based on total FY11-12 operational expenditures.

	FY2013-14	FY2014-15
	Expenditures	Expenditures
General Funds	26,627	22,880
Cash Funds	27,790	23,879
Federal Funds	13,279	11,410
Revolving Funds	14,779	12,699
Total Funds	82,474	70,869

The AS/State Building Division (AS/SBD) currently records key information from all contracts related to construction in the State Accounting System. Additionally, paper versions of each signed contracts are kept on file and can be scanned and published on a website.

The requirement that agencies also publish subcontracts on a website is much more burdensome. By definition, subcontracts for construction are agreements between the primary contractor and a firm that contracts with the contractor to perform a portion of the work included in the contract with the State. The State is not a party in subcontracts and typically does not see subcontracts. The form of these subcontracts is not prescribed by the State and some contractors or subcontractors may consider their form of a contract to be proprietary. Since the acquisition and publication of subcontracts will require changes to the State's contract form to require subcontractor information to be submitted to the State, AS/SBD will be required to expend a fairly substantial work effort to obtain the necessary information and arrange for the publication of a large variety of forms on the Administrative Services website. Additional duties will include:

- Revision of all State contract forms and conditions to proscribe the type of information to be provided relating to subcontracts and, possibly, the form of the subcontract.
- For each new contract, working with contractors to ensure that all subcontracts related to State work are properly completed and submitted.
- Obtaining required data from subcontracts and conforming the information for publication on the Administrative Services website.
- For prime contracts, similar information will be required, but the data acquisition will be easier because the information is currently available and simply needs to be reported and published on the website.

Implementation of the requirements will require an additional one (1) FTE – Administrative Assistant I. Longer term staffing requirements, after initial implementation, are more difficult to assess, but are estimated to continue to require one (1) FTE.

The estimated costs for the additional one (1) FTE are \$64,412 in FY13-14 and \$63,007 in FY14-15. These costs are the same as noted above for the additional Materiel FTE.

These additional costs would result in the need for additional revolving appropriation and an increased administrative cost that could result in a need to increase the rental rates at AS/SBD managed facilities.

The 309 Task Force for Building Renewal (Task Force) assumes that the additional staff listed above to manage the new documentation requirements for the Administrative Services website will be sufficient and thus, the Task Force does not anticipate the need to add staff if proposed LB 429 is passed into law.

The additional documentation requirements of contractors and subcontractors may result in higher bids and additional costs for projects funded by AS/SBD and the Task Force.

The amount of the fiscal impact on Task Force funded construction projects is nearly impossible to determine since the Task Force cannot speak for, or anticipate the business decisions, of contractors and subcontractors bidding future State projects. However, on a simple illustrated basis, if the bill would become law, and assuming contractors and subcontractors inflate their bids by only one-half of one percent (0.5%) to manage the new documentation requirements, the impact on Task Force funded projects would be \$106,370 for each year of the coming biennium. These amounts are based on requested appropriation of \$21,273,930 for the Task Force in each of the two years ( $\$21,273,930 \times 0.5\% = \$106,370$  per year).

**Major Objects of Expenditure**

**Personal Services:**

Position Title:	Number of Positions		FY 2013-14	FYY 2014-15
	13-14	14-15	Expenditures	Expenditures
Administrative Assistant I	2	2	62,970	64,228
Benefits			51,432	52,364
Operating			9,422	9,422
Operating - System			18,062	7,862
Capital Outlay			5,000	
<b>TOTAL</b>	<b>2</b>	<b>2</b>	<b>146,886</b>	<b>133,876</b>

Please complete ALL (5) blanks in the first three lines.

**2013**

**LB<sup>(1)</sup> 429 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Treasurer

Prepared by: <sup>(3)</sup> Jason Walters Date Prepared: <sup>(4)</sup> January 29, 2013 Phone: <sup>(5)</sup> 402-471-2793

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:  
No fiscal impact.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

**2013**

**LB<sup>(1)</sup> 429 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> University of Nebraska

Prepared by: <sup>(3)</sup> Michael Justus Date Prepared: <sup>(4)</sup> February 4, 2013 Phone: <sup>(5)</sup> 402-472-2191

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 429 would require all contracts to be submitted to DAS in electronic form. Each campus CFO would be responsible for the reporting requirements of their location. There would be no cost to the University other than a reduction in productivity.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 2-6-13

Phone: (5) 471-8072

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$214,617		\$286,155	
<b>CASH FUNDS</b>	\$35,815		\$47,753	
<b>FEDERAL FUNDS</b>	\$103,175		\$137,568	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	<u>\$353,607</u>		<u>\$471,476</u>	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

In order to fulfill the searchable tracking, redaction, and compilation of information for the 2,358 current DHHS contracts (service contracts 965, subgrants 763, commodities contracts 630), not including documents incorporated by reference, required in LB 429, 1.5 FTE Staff Assistant II and 4 paralegals would be required.

The 4 paralegal FTE would also be required to review the contract or subcontract that is a basis for an expenditure of state funds, including any documents incorporated by reference, to determine whether or not they contain confidential information, and then create a redacted version.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2013-2014	2014-2015
		13-14	14-15	EXPENDITURES	EXPENDITURES
	Staff Assistant II	1.50	1.50	\$37,698	\$50,263
	Paralegal II	4.00	4.00	\$132,962	\$177,283
Benefits.....					
				\$68,264	\$91,019
Operating.....					
				\$114,683	\$152,911
Travel.....					
Capital Outlay.....					
Aid.....					
Capital Improvements.....					
<b>TOTAL.....</b>				<b>\$353,607</b>	<b>\$471,476</b>