

Revised to reflect all amendments adopted to date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	133,345		177,792	
CASH FUNDS	17,907		23,876	
FEDERAL FUNDS	64,905		86,144	
OTHER FUNDS	82,474	82,474	70,869	70,869
TOTAL FUNDS	298,631	82,474	358,681	70,869

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

LB 429 was amended on Select File with AM925. AM925 makes the bill less cumbersome for agencies by providing for several exemptions. The prior references to “redaction” of documents in Section 2 are amended to provide for withholding or redaction. By allowing for withholding, agencies are not required to edit certain information, rather they are able to simply withhold it.

Several specific exemptions are also provided. These include contracts entered into by DHHS that are letters of agreement, contracts entered into by the University of Nebraska or any of the Nebraska state colleges for the purpose of providing specific services or financial assistance to a specifically named individual or his or her family, contracts entered into by the Department of Veterans’ Affairs under section 80-401 or 80-403, contracts entered into by the State Energy Office for the purpose of providing financing from the Dollar and Energy Savings Loan Program, and contracts of employment for employees of any agency, board, commission, or department of the state.

LB 429, as amended by AM390, requires the Treasurer’s website described in section 84-602.02 (under the Taxpayer Transparency Act) to include a link to the DAS website by July 1, 2014. The DAS website shall have a copy of each active contract that is a basis for an expenditure of state funds. The database shall be accessible by the public and searchable by vendor, agency, board, commission, or department, and by any dollar amount. The database shall also include copies of all expired contracts which were previously included in the database. The database shall include contracts that are active on and after January 1, 2014.

The amended bill’s provisions strike prior references to including subcontracts in the database. In addition, the amended bill excludes letters of agreement utilized by the Department of Health and Human Services.

DAS estimates the need for 2.0 FTE Administrative Assistant positions to fulfill the bill’s provisions. This estimate is the same as the estimate for the bill prior to removal of the subcontracts provisions in AM390 and the exemptions in AM925. It appears unlikely that the bill will have the same costs when such a large number of database items are now removed from the provisions and the bill’s provisions are significantly less cumbersome than in the bill’s original form.

One of these positions 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 and expenditure columns for Revolving Funds above. The total costs for this position are estimated to be: \$82,474 and \$70,869. This higher first year costs are due to start-up costs.

The remaining estimated expenditure amount is \$64,412 in FY2013-14 and \$63,007 in FY2014-15. This is attributed to the State Building Division. That Division estimates the need for 1.0 FTE as well. In the initial fiscal note submission, the Department of Administrative Services noted that there is added complexity for the State Building Division due to the subcontract portion of the bill. This provision is removed in the amended bill. DAS notes correctly that amendments to contracts are now included. Based on that inclusion, they estimate the need for this position.

The work associated with subcontracts would have been much greater than that associated with amendments. Subcontracts would have required individual records for an undetermined number of subcontracts. Complicating that is the fact that DAS does not necessarily have such information available. With amendments, such information is easier because the information is currently available and simply needs to be reported and published on the website. This is the assertion that DAS made in its original fiscal note submission in regard to prime contracts. Furthermore, DAS states in this submission that there are 3,721 current service contracts in place. That is their total number, not including commodity contracts. Some (presumably smaller) portion of those contracts makes up the subset attributable to Building Division.

For the above stated reasons, the DAS estimate for an FTE for Building Division is being discounted in this note. It appears that the need for such a position will not be created by this bill's provisions.

The Department of Health and Human Services (DHHS) estimates the need for 3.5 FTE to address the amended bill's provisions. This is lower than the original bill's estimate of 5.5 FTE. The decreased staffing is tied to the removal of subcontracts. The 3.5 FTE would be 1.5 Staff Assistant II and 2.0 Paralegal II positions. These positions would address the review, redaction, and compilation of approximately 3,537 documents (contracts, sub grants, and associated documents). The 2.0 Paralegal positions would review the documents to locate and redact any confidential information. The 1.5 Staff Assistants would perform the compilation of documents. It should be noted that the prior DHHS fiscal note included the same number of contracts. It was assumed that the first submission included letters of agreement in that figure. In conversations with DHHS it was identified that the original number of 3,537 contracts did *not* include letters of agreement. For this reason, the number of contracts did not decline based on the provisions of AM925.

The first year estimated costs reflect less than full-year costs. DHHS anticipates that these positions will not be filled for the entire fiscal year 2013-2014. This estimate appears to be reasonable.

The University of Nebraska estimates the need for 4.3 FTE at a cost of \$210,000 in fiscal year 2013-14 and \$186,000 in fiscal year 2014-15. The fiscal note response they included did not specify why these positions are needed. That submission did note: "The University did not submit a fiscal note on the original bill and should have." That statement is in error. The University's original fiscal note submission is attached to this note, as well as the submission that reflects AM925. The original submission states: "There would be no cost to the University other than a reduction in productivity." Since that submission, there have been two amendments making the bill's provisions less cumbersome. In addition, specific exemptions are allowed for the University in AM925. It is counter-intuitive to think that a bill with provisions that are easier to administer should now cost nearly \$200,000 per year and take more than 4 FTE to address. For that reason, the University's estimate is being omitted from the table above.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 429	AM: 925	AGENCY/POLT. SUB: Dept. of Administrative Services
REVIEWED BY: Gary Bush	DATE: April 18, 2013	PHONE: 471-4161
COMMENTS: Agree with agency's estimate of impact to the state and to the agency.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 429	AM: 925	AGENCY/POLT. SUB: Dept. of Health and Human Services
REVIEWED BY: Gary Bush	DATE: April 19, 2013	PHONE: 471-4161
COMMENTS: The DHHS estimate of impact appears to be reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 429	AM: 925	AGENCY/POLT. SUB: State Treasurer
REVIEWED BY: Gary Bush	DATE: April 9, 2013	PHONE: 471-4161
COMMENTS: Agree with estimate of impact.		

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

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 429	AM: 925	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Gary Bush	DATE: April 11, 2013	PHONE: 471-4161
COMMENTS: No basis to disagree with the estimate provided by the University of Nebraska.		

2013 Legislative Bill Proposal Amended Fiscal Note

Bill #: 429 AM925

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

Prepared by: Brenda Pape

Date Prepared: 04/11/2013

Phone: 402-471-0970

Dennis Summers

402-471-8351

Steve Hotovy

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	146,886	133,876	133,876
Total Funds	146,886	146,886	133,876	133,876

Explanation of Estimate: This bill as amended, requires the disclosure of state contracts, including any amendments to such contracts. These contracts and amendments are 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 current amendment allows for an exemption of certain contracts, generally those that are for the purpose of providing specific services and/or financial assistance to specifically named individuals and their families.

The State of Nebraska has 4,177 current contracts in place.

Due to the volume of contracts and the number of amendments to these contracts, AS/Materiel - State Purchasing Bureau will need a minimum of one (1) additional full time employee (FTE). 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 ensure compliance with requirements of the bill. This position will work with agencies to ensure documents are provided in the correct electronic format, post contracts and amendments to the website in a searchable format as required, and move contracts in the database upon expiration of these contracts on an ongoing basis.

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); and 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 and amendments. 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 contract and amendment are kept on file and may need to be redacted or information withheld (if necessary), scanned and published on a website.

The bill adds the requirement for AS/SBD to report on all amendments to contracts. For lease contracts, it is quite common for AS/SBD to make minor changes to existing contracts to meet changes in agency space needs. For construction contracts, it is very common to write a number of contract change orders to accommodate unforeseen circumstances, omissions and owner requested changes. For a major renovation of an existing building, it would not be uncommon to write 20 change orders during the life of the construction contract. Often, construction related change orders include plans and specifications that are part of the legal change to the contract. There is no standard format other than the change order document that acts as a cover to all the supporting documentation. Not only will AS/SBD have to track, scan and publish all these documents for AS/SBD projects, it will also need to assist other agencies that perform construction contract(s) and ensure those agencies provide AS/SBD with all proper information in a suitable format for publication. In addition AS/SBD processes a significant number of commodity contracts/purchase orders for both construction projects and the on-going maintenance of state buildings. These will also have to be scanned and published on the website, along with any applicable amendments.

Due to the volume of construction contracts produced and the significantly larger number of change orders, purchase orders and amendments for each of those contracts and the additional effort to capture and report on each contract change for AS/SBD contracts as well as other state agency contracts, one (1) additional FTE which has been determined to be an Administrative Assistant I will be required. 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 table below summarizes the impact by fund type of the possible increased rental rates. The allocation by fund type is based on total FY11-12 operational expenditures.

	FY2013-14	FY2014-15
	Expenditures	Expenditures
General Funds	20,796	20,342
Cash Funds	21,703	21,231
Federal Funds	10,371	10,144
Revolving Funds	11,542	11,290
Total Funds	64,412	63,007

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, as amended, is passed into law.

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	
TOTAL	2	2	146,886	133,876

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) 4-18-13

Phone: (5) 471-8072

	FY 2013-2014		FY 2014-2015	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$133,345		\$177,792	
CASH FUNDS	\$17,907		\$23,876	
FEDERAL FUNDS	\$64,905		\$86,144	
OTHER FUNDS				
TOTAL FUNDS	\$215,857		\$287,812	

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

Explanation of Estimate:

LB 429, as amended, would apply to current DHHS contracts, subgrants, and associated documents incorporated by reference but not subcontracts or second tier subgrants. DHHS estimates that this bill would require the review, redaction, and compilation of approximately 3537 documents. This includes associated documents that are incorporated by reference into a contract or subgrant. DHHS estimates that 1.5 Staff Assistant II positions and 2 Paralegal positions would be required to perform this work.

The 2 paralegal positions would be required to carefully review the documents to locate and redact any confidential information. The staff assistant would assist with the compilation of the documents.

It is anticipated that these positions will not be filled for all of 2013-2014. This is reflected in the reduced expenditure amount below.

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		2.0	2.0	\$66,481	\$88,641
Benefits.....				\$41,671	\$55,563
Operating.....				\$70,008	\$93,344
Travel.....					
Capital Outlay.....					
Aid.....					
Capital Improvements.....					
TOTAL.....				\$215,857	\$287,812

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2013

LB⁽¹⁾ 429
(revised) **FISCAL NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ April 8, 2013 Phone: ⁽⁵⁾ 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	<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:

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⁽¹⁾ AM 925 to LB 429 **FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) University of Nebraska

Prepared by: (3) Michael Justus Date Prepared: (4) April 11, 2013 Phone: (5) 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	105,000		94,000	
CASH FUNDS	55,000		47,000	
FEDERAL FUNDS	50,000		45,000	
OTHER FUNDS				
TOTAL FUNDS	210,000		186,000	

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

Explanation of Estimate:

The University did not submit a fiscal note on the original bill and should have. The amounts here are reflective of the impact to the University after AM 925.

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>
Buyer	1.0	1.0	60,000	60,000
Clerical Asst.	3.3	3.3	100,000	100,000
Benefits.....			26,000	26,000
Operating.....			24,000	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			210,000	186,000

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

2013

LB⁽¹⁾ 429 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ February 4, 2013 Phone: ⁽⁵⁾ 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	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____