

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|-------------------|---------|-------------------|---------|
| | FY 2015-16 | | FY 2016-17 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | See Below | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

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

This bill would provide for payment of probation office costs by the state and to declare an emergency. This act becomes operative on July 1, 2015.

The Supreme Court estimates the following costs:

| | FY2015-16 | FY2016-17 |
|---|--------------|-----------|
| | Expenditures | |
| Rent | 2,723,420 | 2,723,420 |
| IT Equipment, Administration and Support | 3,430,350 | 2,113,650 |
| Office Support (telephone service, printing, and office supplies) | 839,510 | 839,510 |
| All current equipment returned to county and Probation purchases new furniture and phones | 4,158,000 | 346,500 |
| Total | 11,151,280 | 6,023,080 |

Administrative Services State Building Division (SBD) states that the Supreme Court is not mandated to work with them regarding leases. If SBD is asked to manage these leases, they estimate the following Revolving Fund expenditure impact:

| | FY2015-16 | FY2016-17 |
|---|--------------|-----------|
| | Expenditures | |
| Administrative Assistant II (Overtime) | 1,397 | 1,428 |
| Benefits | 212 | 216 |
| Lease Payments | 1,312,500 | 1,312,500 |
| Temporary salaries for 2 Staff Assistants for 2 months | 7,108 | 0 |
| Email and other technology requirements for temporary staff | 115 | 0 |
| Total | 1,321,332 | 1,314,144 |

SBD also estimates a Revolving Fund revenue impact of \$1,338,750 per year. This comes from the Supreme Court paying SBD the lease payments plus a 2% administrative fee. See SBD's attached response for details.

It appears that the reason for the substantial difference between the Supreme Court's estimate for rent of \$2.7 million and SBD's estimate of \$1.3 million are their respective assumptions: **SUPREME COURT:** Operating Expenses/Rent: includes amount currently allocated by counties and/or \$13/sq. ft. where building is owned by county; and **SBD:** 150 square feet per employee.

The Nebraska Association of County Officials (NACO) estimates the cost of providing probation office space was about \$2.3 million dollars in FY14. This was in 79 of the 93 counties and does not include office space inside of existing courthouses.

Douglas County estimates a savings of \$198,000 per year from this bill, and Lancaster County shows a savings of \$667,830 per year.

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

2015

LB⁽¹⁾ 427

FISCAL
NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Administrative Services State Building Division (SBD)

Prepared by: ⁽³⁾ Jeff Jensen Date Prepared: ⁽⁴⁾ 01/23/15 Phone: ⁽⁵⁾ 402-471-0422

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2015-16</u> | | <u>FY 2016-17</u> | |
|---------------|---------------------|------------------|---------------------|------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | <u>1,321,332</u> | <u>1,338,750</u> | <u>1,314,144</u> | <u>1,358,750</u> |
| TOTAL FUNDS | <u>1,321,332</u> | <u>1,338,750</u> | <u>1,314,144</u> | <u>1,358,750</u> |

Explanation of Estimate:

LB427 would eliminate the county provision of no cost office and service space for probation offices. This bill would allow each county to charge the State for space used for the administration of the probation program effective July 1, 2015.

The Supreme Court is not mandated to utilize the State Building Division (SBD) to negotiate, sign and manage commercial leases, but has worked cooperatively on previous leases. Based on the number of leases and square footage that would be involved, it is assumed that SBD and the Supreme Court would work cooperatively to establish and then manage these commercial space leases. The fiscal impact of this bill, should SBD be asked to manage these leases, is based on a rough estimation of square footage based upon the number of probation office employees that will be impacted.

LB427 would impact approximately 700 probation office employees located in twelve districts across the state. A rough estimate of 150 square feet per employee would equate to approximately 105,000 square feet of space that would have to be negotiated by July 1, 2015 (700 x 150 sq. ft. = 105,000 sq. ft.). LB427 would require that a lease be negotiated for each site. Current SBD Property Management procedures provide that SBD would negotiate and sign a lease agreement with the landlord (county). SBD would then pay the counties (landlords) monthly lease payments. At the same time a second lease is generated between SBD and the tenant (Supreme Court). This lease provides that the tenant would be billed monthly the amount of each lease plus a 2% administrative fee that is assessed on all commercial leases.

Any utility or janitorial costs related to the lease are assumed to be the responsibility of the tenant (Supreme Court) and would be paid directly to the vendor or landlord.

Additional revolving expenditures for SBD would be incurred as a result of the new landlord payments that would be processed, calculated by using the current 105,000 sq. ft. of rental space paid at an estimated rate of \$12.50 for an increase of rent expense of \$1,312,500 (105,000 sq. ft. x \$12.50 = \$1,312,500).

Based on the space currently occupied by the Supreme Court for probation offices it is estimated that approximately 40 new leases would have to be negotiated and signed prior to July 1, 2015. This is equivalent to about 75% of the number of leases that the SBD Property Management staff currently negotiates and/or renews in a typical year.

Estimated overtime of 80 hours and related benefits over two months for a current hourly Administrative Assistant II plus two (2) temporary Staff Assistant II's working full time for two months will be required to complete the required leases by July 1, 2015. Additional support will be provided by salaried Property Management staff. Additional operating costs of approximately \$115 will be incurred for the temporary staff for email and other technology requirements.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2015-16</u> | <u>2016-17</u> |
|--|----------------------------|--------------|---------------------|---------------------|
| | <u>15-16</u> | <u>16-17</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Administrative Assistant II (overtime) | | | 1,397 | 1,428 |
| Benefits..... | | | 212 | 216 |
| Operating – Lease Payments..... | | | 1,312,500 | 1,312,500 |
| Operating - SOS – Temporary Salaries – 2 Staff Assistants II for two months..... | | | 7,108 | 0 |
| Operating Expenses – Temps..... | | | 115 | |
| Aid..... | | | | |
| Total..... | | | 1,321,332 | 1,314,144 |

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

2015

LB⁽¹⁾ 427

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Supreme Court

Prepared by: ⁽³⁾ Eric Asboe

Date Prepared: ⁽⁴⁾ 1/26/15

Phone: ⁽⁵⁾ 471-4138

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2015-16</u> | | <u>FY 2016-17</u> | |
|--------------------|-----------------------------|------------------------------------|-----------------------------|------------------------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>11,151,280</u> | <u> </u> | <u>6,023,080</u> | <u> </u> |
| CASH FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| FEDERAL FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| OTHER FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUNDS | <u>11,151,280</u> | <u> </u> | <u>6,023,080</u> | <u> </u> |

Explanation of Estimate:

LB 427 would increase General Fund expenditures, as estimated above, as a result of counties no longer being obligated to provide facilities and expenses for Probation offices.

Assumptions:

1. Operating Expenses/Rent: includes amount currently allocated by counties and/or \$13/sq. ft. where building is owned by county.
2. Operating Expenses/IT expenses: Probation would contract with counties, in many cases, for IT support. All IT equipment would be returned to the county and new equipment leased rather than purchased. Network services would need to be replaced in many offices. IT services would be standardized state-wide, which may include upgrades to service now being provided in some areas.
3. Operating Expenses: also includes basic office expenses such as telephone service, printing and office supplies.
4. Capital Outlay: based on LB 427, as introduced, all current equipment would be returned to the county and Probation would purchase new furniture and phones for all offices.
5. Current contracts with political subdivisions, through budget Programs 235 and 420, are not affected.
6. Probation-based problem-solving courts office space and expenses become State expenses.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2015-16</u> | <u>2016-17</u> |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>15-16</u> | <u>16-17</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| <u>Benefits.....</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>Operating.....</u> | <u> </u> | <u> </u> | <u>6,993,280</u> | <u>5,676,580</u> |
| <u>Travel.....</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>Capital outlay.....</u> | <u> </u> | <u> </u> | <u>4,158,000</u> | <u>346,500</u> |
| <u>Aid.....</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>Capital improvements.....</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL..... | | | 11,151,280 | 6,023,080 |

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

2015

LB427⁽¹⁾ Provide for payment of probation office costs by the state

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ MARCOS SAN MARTIN, DOUGLAS COUNTY ADMINISTRATION Date 1/25/15 Phone: ⁽⁵⁾ 402.444.5116
 Prepared: ⁽⁴⁾ _____

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2015-16</u> | | <u>FY 2016-17</u> | |
|---------------|---------------------|----------------|-----------------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>198,000</u> | _____ | <u>198,000</u> | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>\$198,000</u> | <u>N/A</u> | <u>\$198,000</u> | <u>N/A</u> |

Explanation of Estimate:

BILL WOULD POTENTIALLY RESULT IN A REDUCTION OF AN APPROXIMATELY \$198,000 ANNUAL EXPENDITURE BY DOUGLAS COUNTY IN LEASING/UTILIZING FOUR BUILDING SPACES/OFFICES CURRENTLY USED FOR THE ADMINISTRATION OF PROBATION. THIS ESTIMATE DOES NOT INCLUDE OTHER COSTS OF UTILITIES AND/OR ANNUAL MAINTENANCE.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

[APPROXIMATE ANNUALIZED RENT/COST PER SPACE (\$42,000, \$58,050, \$51,123, \$47,000)]

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2015-16 EXPENDITURES</u> | <u>2016-17 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|-----------------------------|-----------------------------|
| | <u>15-16</u> | <u>16-17</u> | | |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | <u>N/A</u> | <u>N/A</u> |

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

2015

LB⁽¹⁾ 427

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Lancaster County

Prepared by: ⁽³⁾ Dennis Meyer

Date Prepared: ⁽⁴⁾ 1-23-15

Phone: ⁽⁵⁾ 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2015-16</u> | | <u>FY 2016-17</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>(667,830)</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |
| CASH FUNDS | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |
| FEDERAL FUNDS | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |
| OTHER FUNDS | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |
| TOTAL FUNDS | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |

Explanation of Estimate:

This would eliminate the Juvenile Probation budget and the Adult Probation budget for Lancaster County. Juvenile Probation budget was \$291,865 in FY2014-15 and the Adult Probation budget was \$344,868. There was also a budget of \$31,097 to purchase computers for the Probation offices. Rent of office space is the largest type of expenditure for both offices.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2015-16</u> | <u>2016-17</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>15-16</u> | <u>16-17</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |
| <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |

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

2015

LB⁽¹⁾ 427

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/20/2015

Phone: ⁽⁵⁾ 402-434-5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2015-16</u> | | <u>FY 2016-17</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2015-16</u> | <u>2016-17</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>15-16</u> | <u>16-17</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

LB 427 would provide for the payment of probation office costs by the State. For FY 2013/2014, in 79 of the 93 counties, the cost of providing probation office space was approximately \$2.3 million. This does not include the office space that is provided probation staff inside of existing courthouses. The passage of LB 427 would result in an estimated savings to the counties of \$2.3 million.