

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated to include additional information.

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. See attached response that includes a survey.

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

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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><u>1,321,332</u></u>	<u><u>1,338,750</u></u>	<u><u>1,314,144</u></u>	<u><u>1,358,750</u></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

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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⁾ 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><u>11,151,280</u></u>	<u><u> </u></u>	<u><u>6,023,080</u></u>	<u><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.....	<u> </u>	<u> </u>	<u>11,151,280</u>	<u>6,023,080</u>

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.

County Name	Number of probation staff housed in county offices in your county for FY 2013/2014	Costs for providing probation office space for FY 2013/2014	Comments
Adams	20	\$100,000	we need help
Antelope	0	\$0	This is per the County Judges Office
Banner	0	\$0	We have an agreement with Scotts Bluff County so I have no idea what is our share.
Boone	0	\$2,888	Boone pays Probation Dist 5, a probation officer uses space in the courthouse usually one time a week. The 2014-2015 is 4,810.00.
Box Butte	5		Probation staff is currently using 4 office spaces, on 2 floors. The 3 offices on the main floor are large. The County installed the phone system they use, but the probation office pays their phone bill. The probation office does not pay a share of the utility bills.
Boyd	0	\$0	We share with Holt County
Brown	3	\$2,906	The estimate is based on actual costs for electricity, heat, water, sewer, rubbish removal, insurance, custodial expenses. I estimated the portion of the building that probation uses.
Buffalo	22	\$394,307	Breakdown on the cost is as follows: Aquisition/Remodel of buildings-\$316937.20, IT support-\$58426.13, Total Utilities-\$17093.98, Phone Service-\$7800.00
Burt	3	\$3,900	
Butler	9		9 individuals have access to the Probation office here in the Courthouse-I did not inclue a cost for the office space provided
Cass	7	\$36,000	as the size of probation increased, we had to move our election commissioner into a rented building and probation moved into a county building
Cedar	0	\$0	NA
Chase	0	\$0	served through Ogallala & McCook offices
Cherry			Cherry County provides a dedicated office for a probation officer. The office is generally used one day per week.
Clay	2	\$3,276	We have two officers that come here to meet with the "clients" but no permanenet probation staff that come here everyday. The amount we pay is our "share" of the multi county probation district #1
Colfax	9	\$6,026	
Cuming	0	\$10,566	services received from District 7 probation housed in Norfolk
Custer	3	\$18	2 FT, 2 PT - 1304 sq ft. office space, \$7,781 office supplies; \$13/sq foot est.
Dakota	18	\$50,514	24% cost share with 6 other counties
Dawes	1	\$5,986	Our costs keep going up. In 2014-2015 we will be paying 6386
Dawson	13	\$50,000	This is a low estimate of cost
Dixon		\$0	
Dodge	18	\$65,664	

County Name	Number of probation staff housed in county offices in your county for FY 2013/2014	Costs for providing probation office space for FY 2013/2014	Comments
Douglas	178	\$341,531	Adult and Juvenile Probation
Fillmore	6	\$12,000	this includes space, utilities, and insurance
Frontier	0	\$0	Probation officer is sometimes here on court days and uses a room in the clerk's office.
Gage	12	\$39,000	
Gosper	0	\$0	
Greeley	0	\$0	Probation services are provided by Holt County 13/14 \$1,607.78
Hall	28	\$38,218	We currently have 28 probation staff in Hall County with 3 vacancies. This includes Juvenile, Adult and Day reporting. Hall county paid \$38,218.07 for office expenses last year and have \$82,800 budgeted for the upcoming year. This doesn't include utilities, insurance, building expense, etc. Currently, the county is in the process of purchasing a property for just under one million dollars to move county offices to in order to make way for probation in another location.
Hamilton	8	\$12,000	12,000.00 is the approximate budgeted. There is also the expense for utilities
Hayes	0		
Hitchcock	0	\$0	
Holt	7	\$75,000	Holt County serves as a District office so some of the budget expense is reimbursed to Holt county from other counties
Hooker	0	\$0	
Howard	0	\$0	
Jefferson	1	\$3,780	
Johnson	1	\$2,572	this is based on Indirect cost
Kearney	4	\$126,773	We have a total of officers and staff that work part time in Minden, but all together they do not equal one full time person. In fact, the office is more often empty and closed than it is staffed. In late 2013 Kearney County was told that we would be required to house another probation officer, the new juvenile officer, full time in Kearney County. Because the County did not have the space for another office, \$105,000 was spent to purchase a building. Approximately \$17,000 was spent to remodel the building, with another large portion of that remodel being donated. The county now has ongoing expenses of close to \$1,000 a month.
Keith	4	\$8,429	Costs include annual assessment and monthly telephone. We have no way to break out separate utility costs. Additionally, in 2014-2015, Keith County will be paying costs for the move of the Probation Office to larger office space in the Courthouse. No exact amount yet known but should be around \$2,000 in IT costs.
Kimball	1	\$2,491	This is what Scotts Bluff County bills Kimball County
Lancaster	61	\$138,350	Staff went from 19 to 61. Rent for FY15 is projected at \$182,726.

County Name	Number of probation staff housed in county offices in your county for FY 2013/2014	Costs for providing probation office space for FY 2013/2014	Comments
Lincoln	19		
Logan	0	\$0	
Madison	26	\$117,169	Office space costs include lease, utilities, garbage service, & janitorial services
McPherson	0	\$0	We contract with Lincoln County Probation
Merrick	7	\$11,055	They are not housed here they are in and out
Morrill	1	\$0	
Nance	1	\$2,622	This is the amount spent in the budget. It does not include heating/cooling, cleaning, electrical, etc.
Nemaha	2	\$3,600	We have 2 officers that are in the office 1 day a week and a drug testing tech in 2 hours a week....they have a designated office space in the courthouse
Nuckolls	0	\$0	We only temporarily have probation staff here, and the cost is minimal (electricity).
Otoe	6	\$22,949	I calculated the square footage space provided by \$14.00 per sq, which is the going rate in Nebraska City
Pawnee	0	\$0	
Perkins	0	\$0	
Phelps	4	\$13,287	About 3 years ago we had to remodel a new office for them so they would have more space because they had to add more staff
Pierce	0	\$0	They use our law library a couple times per month.
Platte	25	\$19,364	new building was purchased to house District 5 Probation staff for occupancy sometime in February or March 2015
Polk	0	\$0	We provide a space in the old probation office (from when we did have 2 resident probation staff members based in Polk County) on court days (2 or 3 partial days a month) for the probation staff to use.
Red Willow	7	\$8,346	The county pays in arrears, so the county's share above was was Probation's FY 2012/2013 actual expenses.
Richardson	2		
Rock	0	\$0	
Saline	6	\$7,800	The office space provided is not on county property, it is in a building in downtown Wilber. Saline Co. pays the rent, plus utilities and phone service for them.
Sarpy	57	\$262,790	
Saunders	7	\$3,711	This is the basic cost for 1725 square feet. This only includes costs for electricity, gas, water and sewer. The space allotted is 8.394% of the total square feet in the Courthouse and was applied to the cost of the herein listed items. It does not include maintenance of the structure or grounds.

County Name	Number of probation staff housed in county offices in your county for FY 2013/2014	Costs for providing probation office space for FY 2013/2014	Comments
Scotts Bluff	24	\$230,000	We had to buy a \$220,000 building to house them and allow for expected growth. They have added 6 people since.
Seward	4	\$22	There are 2 Full time and 2 part time. We also needed to move them into a larger office to accomodate them.
Sheridan	1		unknown we provide space only
Sherman	0	\$0	
Sioux	0	\$0	
Stanton	0	\$8,805	Stanton County share of expenses for last year.
Thayer	0	\$0	
Thomas	0	\$488	The probation office is located in North Platte (Lincoln County)
Thurston	0	\$0	She is here one day a week and uses the board room for the day
Valley	1	\$3,890	
Washington	5	\$33,800	In Probation Dist 6- 7 counties split costs
Wayne	0	\$0	The main office is in Norfolk. We have an officer at Wayne on a weekly basis, but not every day. When the officer is here he/she uses the conference room at the judicial building as an office. We reimburse Dist #2 Probation our share of costs for the year based on case load.
Webster	0	\$0	
Wheeler	0	\$0	
York	7	\$9,600	
Total	656	\$2,291,494	