

Updated to reflect amendments adopted to date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS	See Below		See Below	
FEDERAL FUNDS	See Below		See Below	
OTHER FUNDS	See Below		See Below	
TOTAL FUNDS	See Below		See Below	

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

LB 935 provides for withholding of \$500 in state aid payments to political subdivisions for each thirty days of delinquency in certain reporting to the State Auditor. For each \$500 withholding, \$100 shall be credited to the Auditor of Public Accounts Cash Fund. The remainder shall be distributed in accordance with Article VII, section 5, of the Constitution of Nebraska.

The Auditor of Public Accounts anticipated no fiscal impact from the bill's provisions. It is possible that delinquencies occur and a revenue increase is realized. It is unlikely that any such amount will be sizeable.

As amended by AM2386, LB935 includes portions of LB1084 (regarding service contracts and their duration requirements) and LB1099 (regarding the use of General Service Administration – GSA) per diem rates to reimburse employees for meals, travel, lodging, and mileage). DAS – Accounting will realize greater workload associated with this shift in policy. Accounting will absorb those costs with currently budgeted resources.

Based on a sample of expense documents, DAS – Accounting determined the impact of shifting to GSA per diem rates will result in a statewide agency impact as follows:

Fund Source	Estimated Increase in Expense
General Funds	\$1,392,808
Cash Funds	\$984,698
Federal Funds	\$636,378
Revolving Funds	\$57,796
Total Funds	\$3,071,680

There is no basis to disagree with these estimates, but it must be made clear that the assumptions behind these projections include similar frequency, duration, and distance of travel going forward. In addition, this is a statewide view of increased costs. The amount realized by any given agency, board, or commission will fluctuate depending on such factors as previously mentioned.

It is unrealistic to attempt to provide accurate estimates for each potentially affected agency. Since this is the case, agencies will need to bring costs related to the provisions of LB935 through the budget process.

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

2016

LB⁽¹⁾ 935 AM2386

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Auditor of Public Accounts

Prepared by: ⁽³⁾ Mary Avery

Date Prepared: ⁽⁴⁾ 03/29/2016

Phone: ⁽⁵⁾ 402-471-3686

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</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:

LB 935, as amended by AM2386 and currently written, would allow for remedial fees for delinquent information and assessing interest on delinquent payments of fees. It would allow audit workpapers to be shared with specific entities, authorize designee on a board, and require timesheets. It would require expense reimbursements to follow the federal General Services Administration rates. Any work necessary will be absorbed using the existing appropriations of Agency 010, Auditor of Public Accounts. At this time, there would be no additional fiscal impact to Agency 010-Auditor of Public Accounts.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</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.

2016

LB⁽¹⁾ 935 AM2386 (revised)

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Administrative Services – (DAS) Materiel
and State Accounting

Prepared by: ⁽³⁾ Bo Botelho
Jerry Broz

Date Prepared: ⁽⁴⁾ 03-29-2016

Phone: ⁽⁵⁾ 402-471-0972
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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>STATE WIDE EXPENDITURES</u>	<u>REVENUE</u>	<u>STATE WIDE EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	1,392,808		1,392,808	
CASH FUNDS	984,698		984,698	
FEDERAL FUNDS	636,378		636,378	
REVOLVING FUNDS	57,796		57,796	
TOTAL FUNDS	3,071,680		3,071,680	

Explanation of Estimate:

LB935 AM2386 includes sections that were previously included in LB1084 and LB1099.

Previously in LB1084 and are now included in LB935 AM2386 include changes to Section 2. Section 73-506, (2) and (f) related to service contracts for state agencies, which changes the duration requirement on contracts when being amended. An extension of any such contract can only be a period of fifty percent (50%) or less of the initial contract term, and no further extensions shall be permitted.

There is no fiscal impact on Administrative Services – Materiel Division.

Previously LB1099 amended sections 81-1174 to provide for the use of General Administration (GSA) per diem rates to reimburse employees for meals, travel, lodging and mileage, in place of reimbursement of actual costs based on itemized receipts. These same changes have been included in LB935 AM2386.

It should be noted that GSA rates are currently being used for reimbursement of personal vehicle, motorcycle, and private aircraft mileage.

This legislation would require DAS – State Accounting to: review, re-write and re-publish the Accounting Manual and Policies and related employee expense reimbursement forms, as well as create and publish any necessary new forms; roll-out communication and re-training of enterprise-wide pre-auditors on new procedures upon implementation; and provide ongoing training to reinforce procedures. This additional work is estimated to require 364 staff hours from the three-member Internal Control/Pre-Audit Team and the State Accounting Administrator. Any revisions would require administrative review and approval. The fully loaded cost (salary and benefits per hour for these four staff members is \$39.47 for a total of \$14,366 (\$39.47 per hour x 364 staff hours = \$14,367). State Accounting would absorb the costs of these requirements in normal operations.

Benefits from reduced labor time for employees to prepare reimbursement forms and collect receipts, for accounting personnel review and approvals, and pre-auditor reviews of detailed expense reports and receipts are unclear, because personnel time would still be required to verify trip start/stop times and to determine applicable GSA rate(s) to be applied. Personnel time would still be required to review trip information of conferences/seminars for possible inclusion of lodging, meals, and entertainment events. GSA regulations do provide separate amounts for breakfast, lunch and dinner. These amounts would be used if the conference/seminar includes meals that are already paid for, i.e. through a registration for such conference/seminar.

State Accounting did test the impact of implementing GSA per diem rates for meal reimbursements and the lodging per diem amounts. Based on a sample using expense documents reviewed for pre-audit compliance, it was found that if the reduced (partial day) or full meal per diem amounts had been claimed, the trip cost for meals(in-state and out of state) would have been 128% greater than the amount paid supported by actual detailed receipts. During 2015, the State paid approximately \$1.931 million in expenses charged to Object Code 571600 – Meals While Not in Travel Status and 571900 – Meals - One Day Travel.

Using the results of the limited sample, the State would have incurred an additional \$2,471,680 in expenses in 2015 (\$1,931,000 expenses x 128% = \$2,471,680).

In 2015 the estimated in-state lodging expenses (assumes the majority of the costs were incurred in-state) charged to Object Code 571100 - Board and Lodging, was \$10 million. Using the State Accounting sample test referenced above it was found that if the GSA lodging rate had been the amount paid for in-state lodging the amount paid would have been 6% greater than the amount paid supported by actual detailed receipts (direct bill and/or Purchasing Card). Using the results of this limited sample, the State would have incurred an additional \$600,000 (\$10,000,000 x 6% = \$600,000).

Out of state lodging savings are possible if a lower GSA lodging rate is paid at an outstate conference/seminar. The savings would only be possible if the lower GSA rate could be secured at the venue and/or the difference was paid by the employee. It is understood this is not a scientifically supported test result, but represents the relationship between per diem vs. cost-based on actual detailed receipts. The true difference between the current and per diem system, would be in the level of accountability, how much control would the state wish to retain over which expenses are reimbursed and which are not.

Using a four year average of travel expenses by fund type, the statewide impact of the estimated \$3,071,680 increase in expenses (\$2,471,680 meal expenses + \$600,000 statewide lodging = \$3,071,680) is summarized in the table below:

	Estimated Increase in Expenses
General Funds	1,392,808
Cash Funds	984,698
Federal Funds	636,378
Revolving Funds	57,796
Total Funds	3,071,680

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</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.

2016

LB⁽¹⁾ 935, AM 2386

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska State Treasurer

Prepared by: ⁽³⁾ Jason Walters

Date Prepared: ⁽⁴⁾ March 29, 2016

Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</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:

No fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____