

Updated 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 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
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.

LB 381 changes provisions related to reimbursement of expenses by striking language specifying that “actual and necessary expenses” are to be reimbursed and leaving the language to read “expenses” are to be reimbursed as provided for in sections 81-1174 to 81-1177.

Section 81-1174 is amended so that reimbursements shall not exceed one hundred percent nor be less than seventy-five percent of the federal per diem rate.

DAS – Accounting would need to review, re-write and re-publish the Accounting Manual and Policies related to employee expense reimbursement forms. The costs associated with this would be absorbed by State Accounting.

Any state agency, board or commission that needs to reimburse expenses may have a change in the amounts reimbursed under the modified language. That amount cannot be determined without a full survey of all state agencies. Even if such a survey were conducted, the amounts reported would be speculative, due to the amount of travel done from one year to another. It is not anticipated that any such changes will be significant. Agencies that do experience a significant change in reimbursement costs will be able to submit those changed through the normal budget process.

As amended, LB 381 requires that employees of the Legislature be compensated for actual expenses incurred while on the business of the Legislature. In addition, AM 2075 requires each request for any meal expense incurred during travel status shall be paid or reimbursed pursuant to a percentage of the per diem rates of the federal General Services Administration. Such percentage shall not exceed one hundred percent nor be less than sixty percent of the federal per diem rate. Any meal expense charged directly to and paid for by the state shall be identified on the request for reimbursement and deducted from the per diem based on the percentage established for the meal provided.

No fiscal impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 381	AM: 207	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY: Neil Sullivan		DATE: 1/22/2020	PHONE: (402) 471-4179
COMMENTS: The Department of Administrative Services estimate of minimal fiscal impact from LB 381 as amended by AM 207 appears reasonable.			

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

2020

LB⁽¹⁾ 381, AM2075, and AM207

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – State Accounting

Prepared by: ⁽³⁾ Ann Martinez / Philip Olsen Date Prepared: ⁽⁴⁾ 1/16/2020 Phone: ⁽⁵⁾ 402-471-4135

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

LB 381 proposes to change provisions relating to reimbursement for expenses. More specifically, to change reimbursement of meals or incidental expenses incurred during travel to be no more than 100% nor less than 75% (AM2075 changes the floor from 75% to 60%) of the federal General Services Administration (GSA) per diem rates as determined by and in accordance with policies established by the Director of the Department of Administrative Services (DAS). AM207 specifies the use of per diem rates of the federal General Services Administration for travel within the contiguous United States, the United States Department of Defense for travel within Alaska, Hawaii, or a United States territory or possession, and the United States Department of State for foreign travel. AM207 and AM2075 have no fiscal impact on State Accounting. This method would replace reimbursement of actual costs for meals or incidental expenses based on itemized receipts. Approved travel and lodging expenses would continue to be reimbursed based on actual expenditures. The proposed changes would be effective 180 days after signing into law.

AM2075 also excludes from per diems, the Legislative Council through reference and amendment to Neb. Rev. Stat. § 50-415. This amendment has no fiscal impact on State Accounting.

This legislation would require DAS – State Accounting in FY20-21 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 440 staff hours from the three-member Internal Control/Pre-Audit Team, Operations Manager, and State Accounting Administrator. Any revisions would also require administrative review and approval. The weighted average, fully-loaded cost (salary and benefits - using FY20-21 estimated salary and benefit increases) per hour for these five staff members is \$48.24 for a total of \$21,225 (\$48.24 per hour x 440 staff hours = \$21,225). State Accounting would absorb the costs of these requirements within normal operations during FY20-21. It is anticipated there would be minimal additional costs for FY21-22 and beyond in these areas.

This legislation would also require DAS – State Accounting to analyze and develop the percentage(s) to be used in calculating amounts for reimbursement. State Accounting would do so with an objective to develop a percentage(s) that would be cost neutral when compared to recent actual reimbursements. This additional work will require analyzing samples of historical reimbursements based on actual receipts in relation to GSA rates in effect at the time. This analysis is estimated to require 220 staff hours from the three-member Internal Control/Pre-Audit Team with review by the Operations Manager and State Accounting Administrator. Any revisions would require administrative review and approval. The weighted average fully loaded cost (salary and benefits – using FY20-21 estimated salary and benefit increases) per hour for these five staff members is \$47.19 for a total of \$10,382 (\$47.19 per hour x 220 staff hours = \$10,382).

It is anticipated that 40 hours of staff time would be required annually to analyze and review the percentage(s) on an on-going basis for a total of \$2,052 (\$51.29 estimated FY21-22 weighted average per hour x 40 staff hours = \$2,052), beginning in FY21-22. State Accounting could accomplish this work with existing resources.

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. Further, this bill would allow agencies to know and project the costs of employee travel prior to the actual travel. This may facilitate agencies in the budgeting and planning of employee travel.

Summary of fiscal impact:

Fiscal Year 20-21:	
Re-view, re-write, re-publish, training	21,225
Analysis and development of percentage(s)	<u>10,382</u>
Total:	\$ 31,607

Fiscal Year 21-22:	
Analysis and review of percentage(s)	<u>2,052</u>
Total:	\$2,052

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u> <u>EXPENDITURES</u>	<u>2020-21</u> <u>EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				