

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below	See below	See below	See below
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS	See below	See below	See below	See below
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

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

LB1073 creates the Department of Housing and Urban Development (HUD) and the Housing Advisory Commission (HAC).

HUD

HUD would be an executive department of the State government with an executive appointed by the Governor and confirmed by the Legislature. Salary is defined as fixed by the Governor, with equal rank of other state Departments. Agency director pay ranges from \$150,000 - \$170,000. HUD’s director would also take on duties as a board member of the Nebraska Investment Finance Authority. Duties of HUD are to develop and implement short-term and long-term strategies for the preservation, development, and redevelopment of housing and for the prevention of homelessness in the state. LB1073 directs that HUD will be a clearinghouse for data on housing and prevention of homelessness in the state. L1073 allows HUD to adopt and promulgate rules related to housing, with rules governing programs transferred to HUD from existing agencies to remain in force and effect until HUD adopts and promulgates their own rules.

LB1073 specifically transfers the following programs, Cash Funds, and related duties to HUD:

- The Affordable Housing Trust Fund from DED;
- Adopting and promulgation of rules related to NIFA from DED;
- The Homeless Shelter Assistance Trust Fund from the Department of Health and Human Services;
- Receipt of local housing agency annual reports;
- Rural Workforce Housing Investment Act from DED; and
- Annual reporting requirements on housing from DED.

LB1073 provides intent language that all other housing related programs be transferred to HUD by January 1, 2024. A list of funds and programs that would need to be transferred but are unlisted in LB1073 are as follows:

- Lead-Based Paint Hazard Control Fund and Program (DED);
- Middle Income Workforce Housing Fund and Program (DED);
- National Housing Trust Fund and Program (DED);
- Community Development Block Grants fund and Program (DED);
- HOME Projects Fund and Program (DED);
- Behavioral Health Housing Aid (DHHS);
- Housing Opportunities for Persons with HIV/AIDS (DHHS);
- Low Income Housing and Energy Assistance Program (NDEE); and
- Center on Children, Families, and the Law (University of Nebraska).

Program 601 contains all the housing programs for the Nebraska Department of Economic Development. The FY22-23 appropriation for Program 601 is as follows:

General fund: \$1,275,901; Cash fund: \$20,683,945; Federal Fund: \$50,168,777. This is a program total of \$72,128,623 with 25.75 FTEs and a PSL total of \$2,075,630.

NDEEs LIHEAP programs are contained within Program 106, subprograms 841 and 842. Current appropriation is \$100,000 General Funds \$2,803,221 Federal Funds with 7.75 FTE appropriated. Depending on how broadly one interprets housing related programs, these may be transferred.

DHHS has provided the following updated estimates not provided in the fiscal note response:

HOMELESS ASSISTANCE BUDGET BY EXPENDITURES TYPE				
Program	Aid	Salary	Operations	Total
347	\$6,299,000			\$6,299,000
266		\$136,035	\$133	\$136,168

Behavioral Health includes \$1,113,085 in General Funds, \$3,395,414 in Cash Funds. Public Health includes \$375,000 in Federal Funds, \$46,929 in General Funds, and \$15,000 in Federal Funds. Total FTEs are unclear, as such we will not include them in our fiscal note.

Concerning new positions, Directors of state agencies salaries are in the range of \$150,000 - \$200,000. LB1073 mandates a deputy director and other staff as the Director deems necessary. We assume a Deputy Director salary of \$100,000 - \$110,000 and two staff assistant II positions at \$37,500 each. As such, we assume an appropriation of \$350,000 in General Funds for the first year. Using the estimates provided by DAS, we assume a one-time appropriation of \$12,000 for offices, \$9,000 for cubicles, and \$17,600 for office space for a one-time cost of \$38,600.

HAC

LB1073 creates a nine-member commission comprised of the following Governor-appointed and Legislature-confirmed members:

- One member representing homeowners;
- One member representing renters;
- One member representing real estate developers;
- Two members representing homebuilders;
- Two members representing nonprofit entities; and
- Two members representing municipalities.

Members will serve four-year terms and will receive \$50 for each day spent in the performance of their duties and reimbursement. LB1073 stipulates the members must meet at least quarterly. As such, stipends will cost \$1,800 and we estimate expenses for a nine-member committee to be approximately \$5,000 - \$10,000 with much dependent upon the location of members.

The appropriation reductions and new appropriations needed are as follows:

	DED	NDEE	DHHS	HUD	HAC	DAS (one-time)
General	\$ (1,275,901.00)		\$ (7,459,014.00)	\$ 9,084,915.00	\$ 10,000.00	\$ 38,600.00
Cash	\$ (20,683,945.00)		\$ (33,954,104.00)	\$ 54,638,049.00		
Federal	\$ (50,168,777.00)	\$ (2,903,221.00)	\$ (1,006,505.00)	\$ 54,078,503.00		
FTE	\$ 25.75	\$ 7.75		\$ 4.00		

We anticipate one-time costs of \$38,600 and ongoing new costs of \$360,000. All other costs would be transfers.

Technical Note: The transfer of authority language used in LB1073 would need to include each section of law that creates the program, cash funds, and fees collected within DED, DHHS, and NDEE. We assume this bill will be revised to include that language.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1073	AM:	AGENCY/POLT. SUB: Department of Health and Human Services
REVIEWED BY: Patrick Redmond	DATE: 2/11/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Health and Human Services assessment of fiscal impact from LB 1073.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1073	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Patrick Redmond	DATE: 2/11/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Economic Development assessment of no fiscal impact from LB 1073.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1073	AM:	AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY: Patrick Redmond	DATE: 1/25/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Administrative Services assessment that the agency's revolving fund assessments would be impacted as a result of LB 1073.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1073	AM:	AGENCY/POLT. SUB: University of Nebraska System
REVIEWED BY: Patrick Redmond	DATE: 1/27/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the University of Nebraska System assessment of no fiscal impact from LB 1073.		

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 2-10-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$ (1,006,505)		\$ (1,006,505)	
OTHER FUNDS				
TOTAL FUNDS	\$ (1,006,505)		\$ (1,006,505)	

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

Explanation of Estimate:

LB1073 creates the Department of Housing and Urban Development. The Department of Health and Human Services (DHHS) currently administers one program that would be moved to the new Department.

The Nebraska Homeless Assistance Program (NHAP) received \$1,006,505 in Emergency Solutions Grant (ESG) federal funding for fiscal year of July 1, 2021 – June 30, 2022 (FY21). This amount will be appropriated by the Department of Housing and Urban Development.

DHHS allocated this funding to administration of the program (1 Program Coordinator at \$69,378 per year) and the rest for contracts across various agencies across State.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2022-2023	2023-2024
	POSITION TITLE	22-23	23-24	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$ (1,006,505)	\$ (1,006,505)

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

2022

LB⁽¹⁾ 1073

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Economic Development

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/10/2022 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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:

LB1073 would create the Nebraska Department of Housing and Urban Development (NEHUD) as an executive department of state government to address issues related to housing in the state. LB1073 creates the Housing Advisory Commission to advise NEHUD on all matters within NEHUD's jurisdiction. LB1073 transfers all housing-related acts and programs administered by other state agencies, including the Department of Economic Development, to NEHUD's jurisdiction no later than 1/1/24.

Administration of state programs, including the Nebraska Affordable Housing Trust Fund, the Rural Workforce Housing Investment Act the Middle-Income Workforce Housing Investment Act would transfer from DED to NEHUD. In addition, the administration of federal programs, including the Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME), and the National Housing Trust Fund (HTF) would transfer to the new agency. Nebraska is required by US Department of Housing and Urban Development (USHUD) to complete a Consolidated Plan every five years to receive federal funds for the CDBG, HOME, HTF, Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Solutions Grant (ESG) programs. Before the proposed NEHUD program could receive federal funds, USHUD would have to approve a substantial amendment to the current plan.

Based on FY2021-22 budget information, this would move \$44,855,030 in Aid, \$1,640,925 in PSL and \$2,791,651 in operations from DED to NEHUD. LB1073 would result in 21 FTEs moving to the new agency, along with a number of finance, research, legal, and administrative staff that currently divide work between Program 601—Community and Rural Development—and the agency's other programs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u> <u>EXPENDITURES</u>	<u>2023-24</u> <u>EXPENDITURES</u>
	<u>22-23</u>	<u>23-24</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2022

LB⁽¹⁾ 1073 REVISED 01-25-2022

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – State Building Division (SBD), Transportation Services Bureau (TSB) and the Office of the Chief Information Officer (OCIO)

Prepared by: ⁽³⁾ Michelle Potts Date Prepared: ⁽⁴⁾ 1/25/2022 Phone: ⁽⁵⁾ 531-207-9029

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>

Explanation of Estimate:

LB 1073 would create a new state agency known as the Department of Housing and Urban Development and provides for the employment of a deputy director, assistants, professional staff and employees as the director deems necessary to carry out the act.

The Department of Administrative Services – State Building Division (DAS-SBD) would have the responsibility of providing office space for such staff and would estimate square foot requirements of 200 square feet for each new staff member at an estimated rate of \$22 per square foot. DAS-SBD would additionally estimate costs of \$4,500 per cubical added and \$6,000 per office added to such space.

DAS-SBD would request additional revolving fund spending authority to provide commercial space to the new Agency. Depending on staffing numbers there may be state-owned space available, but that is undeterminable at this time.

Other DAS divisions would also request additional revolving fund authority for other goods/services that the new agency may require, including the DAS Transportation Services Bureau (TSB) and the Office of the Chief Information Office (OCIO). Until more information is available regarding the size of the new agency, it is impossible to determine the impact.

DAS TSB would require additional revolving funds appropriation to purchase additional vehicles for the leasing program and operational costs for any additional vehicles. The new agency would also require new technology and communication equipment, plus ongoing costs that would require additional revolving fund appropriation for the related programs under the OCIO.

Such fiscal impact would occur during the last half of FY 2022-23 with the larger impact occurring in FY 2023-24.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2022-23	2023-24
	<u>22-23</u>	<u>23-24</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.

2022

LB ⁽¹⁾ **1073 Create the Department of Housing and Urban Development**

FISCAL NOTE

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

Prepared by:⁽³⁾ Chris Kabourek

Date Prepared:⁽⁴⁾ 01/26/2022

Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2022-23		FY 2023-24	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	0.00	0.00	0.00	0.00
CASH FUNDS	0.00	0.00	0.00	0.00
FEDERAL FUNDS	0.00	0.00	0.00	0.00
OTHER FUNDS	0.00	0.00	0.00	0.00
TOTAL FUNDS	0.00	0.00	0.00	0.00

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2022-23	2023-24
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	0	0		
	0	0		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				