

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	\$57,432		\$64,040	
CASH FUNDS	\$18,100	\$18,100	\$6,788	\$6,788
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$75,532	\$18,100	\$70,828	\$6,788

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

LB769 requires fingerprinting and background checks of any employee who directly accesses and uses state or federal tax data as part of the employee’s authorized duties. No fiscal impact is projected to most agencies, as many agencies are already using these services and could absorb any incremental costs that may occur as a result of LB769.

The State Patrol, however, estimates that additional FTEs would be needed to process approximately 400 additional applicants in the first year. And while the number of new applicants is expected to decline in subsequent years, the agency explains that it has reached the maximum economies of scale with existing staff, and that the additional FTEs would still be needed to continue to effectively manage the process in future years. The Fiscal Office has no basis to disagree with these estimates. The above amounts represent the estimated Revenues and Expenditures projected by the Nebraska State Patrol for the next two fiscal years.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 769	AM:	AGENCY/POLT. SUB: Department of Administrative Services (65)	
REVIEWED BY: Joe Wilcox	DATE: 01/13/2022	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Department of Administrative Services estimate of No Fiscal Impact to the Agency from LB 769.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 769	AM:	AGENCY/POLT. SUB: Department of Banking and Finance (19)	
REVIEWED BY: Joe Wilcox	DATE: 01/13/2022	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Department of Banking and Finance estimate minor fiscal impact to the agency from LB 769, which can be absorbed by the Agency within existing resources.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 769	AM:	AGENCY/POLT. SUB: Nebraska Department of Economic Development (72)	
REVIEWED BY: Joe Wilcox	DATE: 01/18/2022	PHONE: (402) 471-4178	
COMMENTS: No basis to disagree with the Nebraska Department of Economic Development (DED) estimate of potential Fiscal Impact to the Agency from LB 769, however, the Agency does identify it can absorb any such costs within existing resources.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 769	AM:	AGENCY/POLT. SUB: Department of Health and Human Services (25)
REVIEWED BY: Joe Wilcox	DATE: 01/18/2022	PHONE: (402) 471-4178
COMMENTS: Concur with the Department of Health and Human Services (DHHS) estimate of potential Fiscal Impact to the Agency from LB 769, which can be absorbed by the Agency within existing resources.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 769	AM:	AGENCY/POLT. SUB: Nebraska Department of Labor (23)
REVIEWED BY: Joe Wilcox	DATE: 01/18/2022	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Department of Labor estimate No Fiscal Impact to the Agency from LB 769.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 769	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue (16)
REVIEWED BY: Joe Wilcox	DATE: 01/18/2022	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Department of Revenue estimate of Potential Fiscal Impact to the Agency from LB 769, with the exception that the Agency can accommodate any such costs within existing resources.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 769	AM:	AGENCY/POLT. SUB: Nebraska State Patrol (64)
REVIEWED BY: Joe Wilcox	DATE: 01/14/2022	PHONE: (402) 471-4178
COMMENTS: Do not disagree with the Nebraska State Patrol estimates of potential cost to the Agency from LB 769.		

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

2022

LB⁽¹⁾ 769

FISCAL NOTE

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

Prepared by: ⁽³⁾ Philip Olsen Date Prepared: ⁽⁴⁾ January 9, 2022 Phone: ⁽⁵⁾ 402-471-0600

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>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

LB 769 would require fingerprinting for state and national criminal history record checks for teammates in certain state agencies who may directly access, and use protected federal or state tax information.

The Department of Administrative Services is not the recipient of protected State or Federal tax information. The Department of Administrative Services – Shared Services (HR) would be involved in obtaining the necessary fingerprinting forms required by agencies serviced by Shared Services, however any associated costs would be the responsibility of the employing agency.

There is no fiscal impact to the Department of Administrative Services with this bill.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23 EXPENDITURES</u>	<u>2023-24 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⁾ 769

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Banking and Finance

Prepared by: ⁽³⁾ Margo Sawyer Date Prepared: ⁽⁴⁾ 1/13/2022 Phone: ⁽⁵⁾ 402-471-4954

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:

The Department of Banking and Finance has 31 examiners, 3 investigators, and 6 attorneys who have assigned investigation duties which will on occasion require access to, and use of, protected federal or state tax information. As a result, 40 Department staff members would need to undergo the fingerprinting/background check process in the first year at a cost of \$1,810.00. Approximately 4 individuals would need to be fingerprinted in the second year and in each subsequent year as a result of turnover and changes in position at an estimated cost of \$181.00 per year. The costs of the State Patrol fingerprinting is \$45.25 per person. There is no federal cost-sharing to cover any of these costs. The costs to the department would be absorbed into the existing budget.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<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⁾ 769

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 1/13/2022 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	\$1,130		\$180	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,130		\$180	

Explanation of Estimate:

LB769 requires fingerprinting and background checks of any employee who directly accesses and uses state or federal tax data as part of the employee's authorized duties. The Department of Economic Development has approximately 25 employees affected by the provisions of LB769. In addition, the average turnover rate for the agency is approximately 15%, meaning that approximately 4 employees will need to be fingerprinted annually, beginning FY2023-24. The current cost is \$45.25 per employee.

This additional cost can be absorbed within the existing appropriation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$1,130	\$180
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$1,130	\$180

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 1-6-2022

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				
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$0	\$0

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

Explanation of Estimate:

LB769 would allow the Nebraska State Patrol to transmit fingerprint data for DHHS employees to the FBI. Federal regulations concerning taxpayer data require that state employees who work with federal taxpayer information have FBI background checks which include fingerprinting. Staff at DHHS that utilize this information include Child Support Enforcement (CSE) and select Economic Assistance (EA) staff.

The number of fingerprints and background checks required in SFY 2023 would be existing CSE (207) and EA (50) staff. This will be recurring for existing employees every 5 years. It is estimated that due to staff changes, 10 new employees for both units would need to have the background checks and fingerprints each year beginning in SFY 2024.

The costs are \$45.25 per background check and fingerprint to the Nebraska State Patrol. The total cost for SFY 2023 would be \$4,083 General Funds and \$7,546 Federal Funds (66.7% FF match rate for CSE and approximate 57.53% FF match for all EA staff).

The total ongoing cost for SFY 2024 is \$343 GF and \$562 FF using the same federal match rates noted above. New IRS publication 1075 released December 2021 have just indicated that staff would need to rechecked every 5 years. The large one time costs for the recertification of background check costs would be in SFY 2028. The costs will be absorbed within existing funds.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2022-2023 EXPENDITURES	2023-2024 EXPENDITURES
	22-23	23-24		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0

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

2022

LB⁽¹⁾ 769

FISCAL NOTE

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

Prepared by: ⁽³⁾ Rea Easton Date Prepared: ⁽⁴⁾ 01/18/2022 Phone: ⁽⁵⁾ 402-416-6809

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: There is no fiscal impact to the Nebraska Department of Labor for LB 769. The department currently pays for background checks and does not anticipate that this process will increase costs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

State Agency Estimate

State Agency Name: Department of Revenue Date Due LFO:
 Approved by: Tony Fulton Date Prepared: 1/18/2022 Phone: 471-5896

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$ 18,500		\$ 1,800		\$ 1,800	
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$ 18,500		\$ 1,800		\$ 1,800	

LB 769 requires employees of the Departments of Banking and Finance, Economic Development, Health and Human Services, Labor, and Revenue (DOR) that may directly access and use protected federal or state tax as part of the employee's authorized duties to be fingerprinted and undergo state and national criminal history record checks. The use of the information will only be used in determining the employee's suitability to perform their duties allow them access to the confidential information.

The state agency will pay the cost of fingerprinting, and the state and national criminal history record information check. Criminal history record information subject to federal confidentiality requirements may only be used for decisions on the appointment, hiring, or retention of employees or for complying with Internal Revenue Service requirements regarding federal tax information.

The estimated cost to DOR to implement this proposal would be \$18,500 in the first year and \$1,800 per year in subsequent years.

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	Benefits.....						
	Operating Costs.....				\$18,500	\$1,800	\$1,800
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....				\$18,500	\$1,800	\$1,800

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

2022

LB⁽¹⁾ 769

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State Patrol

Prepared by: ⁽³⁾ Carol Aversman Date Prepared: ⁽⁴⁾ 1/12/22 Phone: ⁽⁵⁾ 402-471-4545

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	\$57,432		\$64,040	
CASH FUNDS	\$18,100	\$18,100	\$6,788	\$6,788
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$75,532</u>	<u>\$18,100</u>	<u>\$70,828</u>	<u>\$6,788</u>

Explanation of Estimate:

LB 769 requires that any employee of a state agency whom the agency determines may directly access and use protected federal or state tax information as part of the employee's authorized duties shall be fingerprinted and undergo state and national criminal history record checks. The Nebraska State Patrol is required to submit the fingerprints to the FBI and issue a report to the employing state agency that includes the criminal history record information. The cost of fingerprinting and the state and national criminal history record information checks are required to be paid by the employing state agency. The fee charged per applicant is \$45.25, and is reflected in the revenue amounts provided above.

The Patrol estimates that LB 769 will result in 400 additional applicants in the first year. This amount is expected to decline in later years. For purposes of this fiscal note, 150 additional applicants are estimated in future years although this amount is unknown and could be more. Despite the fact that it is anticipated that the volume of applicants will decrease from this bill from year 1 to year 2, the State Patrol has been charged with a significant volume of background checks to the point that the maximum economies of scale have been reached with the current existing staff. Therefore, despite the potential decrease in volume in year 2, the State Patrol continues to estimate that it will still need the additional FTEs in future years to continue to efficiently and effectively manage the increase in volume and meet required statutory deadlines. Accordingly, the Patrol has estimated the need for two additional Office Technicians, as well as the equipment and supplies needed for those employees. Also included as an expense is the fee that is required to be paid to the FBI (\$13.25 per applicant).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Office Technician	2	2	\$49,920	\$50,918
Benefits.....			\$17,472	\$17,822

Operating.....	<u>\$5,500</u>	<u>\$2,088</u>
Travel.....		
Capital outlay.....	<u>\$2,640</u>	
Aid.....		
Capital improvements.....		
TOTAL	<u>\$75,532</u>	<u>\$70,828</u>