

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			See below	(50,000,000)
CASH FUNDS			See below	50,000,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			See below	0

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

LB 1046 would establish the Water Sustainability Fund. The fund would be administered by the Natural Resources Commission and used for water sustainability projects. LB 1046 includes legislative intent that beginning October 2015, the fund would receive an annual \$50,000,000 General Fund transfer. An initial \$50,000,000 transfer is authorized in Section 3 of LB 1046.

The provisions of LB 1046 would reduce General Fund revenues by \$50,000,000 annually and increase cash fund revenue by a like amount. The expenditure rate of the Water Sustainability Fund would depend upon the type of projects funded and the cash flow required for those projects.

There would be administrative expenses incurred by the Department of Natural Resources to implement the grant program. Because administrative costs are not permitted under the language governing the Water Sustainability Fund, it is estimated that costs would come from the General Fund. Because water sustainability projects are often highly complex in nature, technical staff and administrative support would be required to process and review applications, provide funding recommendations and to monitor project implementation. It is also estimated that because \$50,000,000 would be deposited into the fund on an annual basis, additional grants and financial management staff may be required.

It is estimated that 5 to 7 FTE may be required to implement the initial \$50,000,000 General Fund transfer authorized in LB 1046 at a cost of \$400,000 to \$700,000 annually. This is based upon the assumption that \$10,000,000 in state aid payments would be allocated in the first year of the program, with administrative expenses totaling 4% to 7% of total state aid allocations. The ongoing transfer of \$50,000,000 into the fund would result in the need for additional staff due to a larger number of ongoing projects that would require technical monitoring. If 4% to 7% of the total annual transfer was allocated to administrative expenses, costs for staffing and related operating costs could total \$2,000,000 to \$3,500,000 annually.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 1046	AM:	AGENCY/POLT. SUB: Nebraska Department of Natural Resources	
REVIEWED BY: Cindy Miserez	DATE: 02/12/2014	PHONE: 402-471-4174	
COMMENTS: I concur with the Department of Natural Resources' statement of fiscal impact for LB1046.			

LB⁽¹⁾ 1046

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Natural Resources

Prepared by: ⁽³⁾ Ron Theis Date Prepared: ⁽⁴⁾ 1/30/2014 Phone: ⁽⁵⁾ 402 471 0577

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	0	0	389,000	-50,000,000
CASH FUNDS	0	0	50,000,000	50,000,000
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	0	0	50,389,000	0

Explanation of Estimate:

The bill creates the Water Sustainability Fund (Fund) and transfers \$50M to it from the General Fund by October 1, 2015, with the intent to transfer the same amount annually thereafter. The bill designates the Fund to be administered by the Natural Resources Commission (NRC) and therefore, pursuant to § 61-205, DNR requires commensurate spending authority in its budget to allow any disbursement from the Fund at the Commission’s discretion. The reader should note that the bill does not explicitly address use or non-use of the \$50M for administrative costs so the fiscal note is written for administrative costs to be budgeted in addition to the base \$50M.

Increased fiscal responsibility will require additional staff resources regardless of the disbursement administration model ultimately chosen by NRC after enactment of this bill. Actual impacts will be further determined by NRC procedures. DNR currently assigns one FTE administrative staff for administration of a similar NRC-administered fund with annual appropriations of approximately \$3M annually.

Resource estimates assume that project applications and expenditure reviews related to the Fund are less complex than current processes and staff responsibilities for another NRC fund, the Natural Resources Development Fund. Based on DNR’s experience in administering similar grant programs, administrative costs are estimated at \$389,000 for personnel (5 FTEs) and operations.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2014-15	2015-16
	14-15	15-16	EXPENDITURES	EXPENDITURES
See details below.	0	5	0	267,000
Benefits @.35%			0	94,000
Operating			0	18,500
Travel			0	9,500
Capital outlay			0	
Aid			0	50,000,000
Capital improvements			0	
TOTAL			0	50,389,000

PSL & Benefits

Class Code	Title	PSL	Min. Perm.	Annual	Benefits	Annual Benefits
			Hourly Rate		Rate	
A09122	Admin Assistant II	1	17.535	36,613	35%	12,815
V57173	NR Planner Supervisor	1	30.085	62,817	35%	21,986
V57172	NR Planner Coordinator	1	23.265	48,577	35%	17,002
E57171	NR Planner Technician	2	20.132	84,071	35%	29,425
				232,078		81,228
	Hiring Factor			15%		15%
	Totals			266,890		93,412
			SAY	267,000	SAY	94,000

Operating

Office Furniture	2,500	X 5	12,500
Computer Equipment	1,200	X 5	6,000
			<u>18,500</u>

Travel

Assume:40 planning/review meetings at sponsor site

Assume:	300 mile round trips	116		
	1 hotel night per trip	83		
	Meals	35		
		234	X 40	9,360
				SAY 9,500

TOTALS

	FY14-15	
PSL	267,000	
Benefits	94,000	
Operations	18,500	(One-time)
Travel	9,500	
	<u>389,000</u>	
Aid	50,000,000	