

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			
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.

This bill would change provisions relating to direct purchases and use of recyclable material by correctional industries.

The Department of Administrative Services (DAS) – Materiel Division states that the fiscal impact is unknown for this bill.

The Department of Correctional Services (DCS) estimates no fiscal impact from this bill. See the agency response following for additional details.

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

2016

LB⁽¹⁾ 1080

FISCAL NOTE

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

Prepared by: ⁽³⁾ Ana Hyler Date Prepared: ⁽⁴⁾ 1/26/2016 Phone: ⁽⁵⁾ 402-471-2432

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	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Explanation of Estimate:

LB1080 provides for the Department of Correctional Services to be able to recycle material used in the production of goods or the provisions of services by the Department’s correctional industries program and credit any funds received from such recycled materials to the Correctional Industries Revolving Fund.

Per statute 81-1187, the Department of Administrative Services-Materiel Division currently contracts to sell state government recyclable material for the best terms available in the marketplace. LB0180, as written, will reduce funds deposited in the Resource Recovery Fund used for the administration and implementation of the State’s recycling program, as well as loss of the 7% fee for Materiel Surplus Property on recycling funds received.

The amount of recycling material that will be diverted is unknown as a result DAS cannot estimate the exact impact this reduction will have to DAS-Materiel, and thus the fiscal impact is unknown.

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⁾ 1080

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Correctional Services (DCS)

Prepared by: ⁽³⁾ Brendon Polt

Date Prepared: ⁽⁴⁾ 2/17/2016

Phone: ⁽⁵⁾ (402) 479-5702

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	_____	_____	_____	_____
REVOLVING FUND	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: **No fiscal impact.**

LB1080 would increase the dollar limit from \$25,000 to \$50,000 on direct purchases of raw materials, supplies, component parts, and equipment perishables by the Correctional Industries Program, also known as Cornhusker State Industries (CSI). DCS believes this will enable CSI to be more efficient, increasing the number of orders it can process, expanding its ability to provide jobs for inmates, and reducing costs by qualifying for discounts for larger volume buys. Savings from quantity discounts are anticipated to be offset by expanded expenditures on filling new or larger orders and paying inmate wages.

As an example of savings that could be realized from quantity discounts, on recycled planks used for making picnic tables, CSI could save about 5 percent for the next quantity discount level (832 boards) if purchasing authority was increased to \$50,000. The table below summarizes the discount levels.

<u>Quantity</u>	<u>Unit Cost</u>	<u>Total</u>
715	\$34.92	\$24,932.88 (max quantity that could be purchased under \$25,000)
832	\$33.18	\$27,605.76

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.....	_____	_____	_____	_____