

PREPARED BY: Kathy Tenopir
 DATE PREPARED: February 14, 2008
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LB 1143

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$100,000			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$100,000			

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB1143 calls for a comprehensive review of the Nebraska Investment Council (Council) by a qualified independent organization. LB1143 requires a comprehensive review of (a) the current statutory, regulatory, and organizational situation of the Council, and (b) best practices of similar state investment offices. The independent organization is to make recommendations to the Council, the Governor and the Legislature regarding changes needed to ensure that the council has adequately authority to independently execute its fiduciary responsibilities.

The Council estimates the cost of the review to be \$100,000. There is no basis to disagree with the estimate.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE	1/30/08	PHONE	471-2526
COMMENTS					
<p>NEBRASKA INVESTMENT COUNCIL: In 2006, the Investment Council had their investment consultant, Ennis Knupp, perform a review of the agency's organizational design and internal staff functions in an effort to determine the best method to support the investment activities over the next three to five-year period. The Investment Council did not request additional appropriation to conduct this review.</p> <p>The agency did submit a deficit request for FY 2007-08 in the amount of \$50,000 for LR127, introduced in 2007 to study if funds are being invested in the manner that is prescribed in statute and to make recommendations. The request was not included in the Governor's recommendation and the interim study was deferred.</p> <p>There would be an indirect General Fund impact if the Investment council's appropriated budget was increased. The investment income is reduced by the amount of Investment Council's appropriated budget. In the Investment Council's 3rd Quarter (ending 9/30/07) Performance Report, it was shown that of all funds under investment of the Investment Council, the Operating Investment Pool is 18.0% of the total. As of December 2007, the General Funds was 18.9% of the Operating Investment Pool. This would mean a reduction in investment earnings for General Funds of approximately 3.4% or \$3,400 (\$100,000 * 3.4%).</p> <p>No basis to disagree with the agency's estimate of impact, however, part of what LB 1143 calls to be completed has already been done by the Investment Council.</p>					