

PREPARED BY: Clinton Verner
 DATE PREPARED: 2/11/2022
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LB 1238

Revision: 00

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				
CASH FUNDS				
FEDERAL FUNDS	\$50,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$50,000,000			

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

LB1238 appropriates \$50,000,000 of Federal Funds pursuant to the American Rescue Plan Act to the Nebraska Department of Economic Development. LB1238 creates the South Omaha Recovery Grant Program, defines use and eligible applicants.

No basis to disagree with the Department’s estimated expenditure schedule.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1238	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 fiscal impact from LB 1238.			

Estimate Provided by Agency or Political Subdivision

State Agency OR Political Subdivision Name: **Dept. of Economic Development**
 Approved by: **Dave Dearthmont** Date Prepared: **2/5/2022** Phone: **471-3777**

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds						
Cash Funds						
Federal Funds	\$39,690	\$50,000,000	\$3,710,310		\$7,500,000	
Other Funds						
Total Funds	\$39,690	\$50,000,000	\$3,710,310		\$7,500,000	

Explanation of Estimate:

LB1238 seeks to appropriate \$50 million from the federal ARPA for FY2022-23 to the Department of Economic Development to create the South Omaha Recovery Grant Program. DED would create a grant program to relieve the negative impact of the COVID-19 public health emergency within a qualified census tract located within the boundaries of a city of the metropolitan class.

The bill carries the emergency clause, and the funds are assumed to be appropriated to DED in FY2021-22. ARPA funds must be allocated to the beneficiaries by 12/31/24 and spent by 12/31/26. The department assumes that the funds would be distributed on a reimbursement basis, and that all funds would be awarded by the end of 2024, and grants distributed for qualified expenses by 12/31/2026. The South Omaha Recovery Grant Program must be coordinated and administered in compliance with the relevant federal statutes and regulations. There are multiple eligible uses for which grants could issue to both subrecipients and beneficiaries under the proposed legislation. Regardless of the eligible uses implemented, the provisions of the LB1238 would result in additional responsibilities for DED. DED would need to develop, implement, and provide the appropriate monitoring required to comply with federal statutes and regulations. This would require adequate staffing and infrastructure to support the program throughout the grant program’s lifecycle. Pursuant to the federal American Rescue Plan Act of 2021 and relevant federal regulations, the grant program developed under LB1238 would require appropriate staffing and infrastructure support through at least 12/31/27 and potentially record retention support through 12/31/31.

It is not clear at this time how many grants or at what size would be offered under this program, but based on another programs, and the dates for allocation and completion set in ARPA, the department believes that the grant payments would be distributed approximately 7.5%, 15%, 35%, 35% and 7.5% in fiscal years 2022-23 through 2026-27, respectively. Based on experience with other federal grant programs administered by DED, the department will require the services of an Economic Development Manager, three Economic Development Business Consultants, an Attorney II, an and an Internal Auditor, and half time services of a Federal Aid Administrator, and an IT Business Systems Analyst. DED assumes that some hiring will occur in FY2021-22.

Also included in operating costs are licensing fees for DED’s grant management software of \$56,830, and additional rent of \$18,600 annually, beginning in FY2022-23.

Major Objects of Expenditure

Class Code	Classification Title	21-22	22-23	23-24	21-22	22-23	23-24
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
G49550	Econ Dev Manager	0.10	1.00	1.00	\$6,460	\$66,210	\$67,860
A19613	Fed Aid Administrator III	0.00	0.00	0.50			32,680
A49012	Econ Dev Bus Consultant I	0.00	1.50	3.00		87,090	178,530
G31112	Attorney II	0.10	1.00	1.00	6,770	69,410	71,140
A07081	IT Business Systems Analyst	0.00	0.25	0.50		15,500	31,780
G21200	Internal Auditor	0.00	0.25	1.00		17,790	72,980
	Sub Total Position Title	0.20	4.00	7.00	\$13,230	\$256,000	\$454,970
Benefits.....					5,290	102,400	181,980
Operating Costs.....					2,650	126,980	167,030
Travel.....					1,320	25,600	45,500
Capital Outlay.....					17,200	25,800	25,800
Aid.....					0	3,173,530	6,624,720
Capital Improvements.....							
Total.....					\$39,690	\$3,710,310	\$7,500,000