

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$252,736		\$252,560	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS	\$12,988		\$15,303	
<b>TOTAL FUNDS</b>	<b>\$265,724</b>		<b>\$267,863</b>	

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

LB 360 creates the Office of Inspector General of Nebraska Procurement Act. The act defines terms and creates the Office of Spector General of Nebraska procurement within the Office of Public Counsel within the Nebraska Legislative Council.

The purpose of the office is to conduct investigations, audits, inspections and other reviews of the Nebraska procurement system. The Inspector General is appointed for a five year term and must employ investigators and support staff as necessary to carry out the responsibilities under the act. The act sets out those responsibilities, complaint and investigative procedures, and powers of the office. The office is required to submit certain reports.

The Legislature estimates costs for two positions, the Inspector General and an Assistant Inspector General, and operating costs, which total \$252,736 in FY23-24 and \$252,560 in FY24-25.

The Department of Administrative Services estimates an increase in staff time to respond to investigatory requests, which can be absorbed within their current appropriation, and costs associated with office space and technology services for the additional employees within the Office of Public Counsel, which would require additional revolving fund appropriation. DAS would then bill the Office of Public Counsel for such expenses.

Costs to other agencies relative to the administrative expenses for responding to investigatory requests of the Inspector General are estimated to be able to absorbed within each agency's current appropriation.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
<b>LB: 360</b>	<b>AM:</b>	<b>AGENCY/POLT. SUB: Legislature</b>	
<b>REVIEWED BY:</b> Kimberly Burns	<b>DATE:</b> 01/26/2023	<b>PHONE:</b> (402) 471-4171	
<b>COMMENTS:</b> No basis to dispute the Legislature's assessment of fiscal impact resulting from two additional FTE for LB 360.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
<b>LB: 360</b>	<b>AM:</b>	<b>AGENCY/POLT. SUB: Dept. of Administrative Services – Materiel State Purchasing (DAS-SPB), Building Division (DAS-SBD); Office of Chief Information Officer (DAS-OCIO)</b>	
<b>REVIEWED BY:</b> Kimberly Burns	<b>DATE:</b> 01/26/2023	<b>PHONE:</b> (402) 471-4171	
<b>COMMENTS:</b> Concur with the Department of Administrative Services – DAS-SPB's explanation and anticipation that any potential fiscal impact could likely be absorbed. Additionally, the explanation and estimation of potential fiscal impact for DAS-SBD and DAS-OCIO based on office space requirements by appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: **360**                      AM:                      AGENCY/POLT. SUB: **Department of Health and Human Services**

REVIEWED BY: Kimberly Burns                      DATE: 02/07/2023                      PHONE: (402) 471-4171

COMMENTS: No basis to disagree with the Department of Health and Human Services' explanation of potential fiscal impact from LB 360.

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

**2023**

**LB<sup>(1)</sup> 360**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> 03 Legislature

Prepared by: <sup>(3)</sup> Shelley Reed Date Prepared: <sup>(4)</sup> 01/23/2023 Phone: <sup>(5)</sup> (402) 471-2226

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>252,736</u>	<u>                    </u>	<u>252,560</u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL FUNDS</b>	<u><u>252,736</u></u>	<u><u>                    </u></u>	<u><u>252,560</u></u>	<u><u>                    </u></u>

**Explanation of Estimate:**

LB360 would establish the Office of Inspector General of Nebraska Procurement Act. This would be a full time program of investigation & performance review to provide accountability & oversight of state government contracts. This would require two (2) positions, Inspector General and Assistant Inspector General, along with operation expenses.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Inspector General	<u>1</u>	<u>1</u>	<u>86,990</u>	<u>94,994</u>
Assistant Public Counsel	<u>1</u>	<u>1</u>	<u>66,369</u>	<u>72,475</u>
Benefits.....			<u>77,194</u>	<u>79,334</u>
Operating.....			<u>4,333</u>	<u>2,758</u>
Travel.....			<u>3,000</u>	<u>3,000</u>
Capital outlay.....			<u>14,850</u>	<u>0</u>
Aid.....			<u>                    </u>	<u>                    </u>
Capital improvements.....			<u>                    </u>	<u>                    </u>
<b>TOTAL.....</b>			<u><u>252,736</u></u>	<u><u>252,560</u></u>

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

2023

LB<sup>(1)</sup> 360

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Department of Administrative Services – Materiel Division,  
State Purchasing Bureau (DAS-SPB); Building Division (DAS-  
SBD); Office of the Chief Information Officer (DAS-OCIO)

Prepared by: <sup>(3)</sup> Amara Block

Date Prepared: <sup>(4)</sup> 1/17/2023

Phone: <sup>(5)</sup> 402-432-0121

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

**DAS-SPB**

LB 360 creates the Office of Inspector General of Nebraska Procurement Act to establish a full-time program of investigation and performance review of state government contracts. Such office is created within the office of the Public Counsel. LB 360 appears to duplicate many of the powers the Public Counsel already has, including the power to inspect and obtain records and conduct investigations. Because the office of Public Counsel already has the power to investigate DAS for administrative acts, including DAS’ contracts and contracting procedures, DAS does not anticipate a fiscal impact that DAS is not able to absorb. However, if circumstances arise where there is a fiscal impact due to providing records or responding to inquiries and DAS is unable to absorb this impact, the following provides costs for personnel that could be asked to assist. Estimated costs per hour are based on current salary and health insurance costs, plus FICA, retirement, Employee Assistance Program and Workers’ Compensation. Time necessary to respond to, search for records, provide statements, and to manage the ongoing obligation of record provisions, would vary from investigation to investigation.

**Procurement Contracts Officer:** [salary and benefits] – cost per hour \$45.53

**Administrative Technician:** [salary and benefits] – cost per hour \$32.92

**Attorney III:** [salary and benefits] – cost per hour \$53.09

**Paralegal:** [salary and benefits] – cost per hour \$37.51

**State Procurement Manager:** [salary and benefits] – cost per hour \$ 52.83

**Materiel Administrator:** [salary and benefits] – cost per hour \$74.47

**DAS-SBD and DAS-OCIO**

If additional office space would be necessary to accommodate the Office of Inspector General of Nebraska Procurement and the investigators and support staff authorized by LB 360, the Department of Administrative Services – State Building Division (DAS-SBD) would have the responsibility of securing office space for the Inspector General and teammates as required. DAS-SBD currently estimates 200 square feet for each new staff member at an estimated rate of \$22 per square foot for \$4,400 per year (200 sq ft X \$22 per sq ft = \$4,400 per year).

DAS-SBD would request additional revolving fund spending authority to provide commercial space to the new office. The Office of the Public Counsel would be billed monthly by DAS-SBD for the amount of the commercial lease. Depending on space requirements there may be state-owned space available, but that is undeterminable at this time.

The new teammates would also require one-time and on-going services from the Office of the Chief Information Officer (OCIO). The commercial space may require one-time network setup costs estimated to be \$815 plus monthly services for a phone, computer lease and other technology services estimated at \$254 per month. The OCIO would request additional revolving fund spending authority to provide these one-time and on-going services. The Office of the Public Counsel would be billed for the one-time and for the monthly services.

DAS-SBD would additionally estimate costs of \$5,500 per cubicle added and \$7,000 per office added to such space. These costs could be paid directly by the office of the Public Counsel to the vendor or processed and billed back to the office by DAS-SBD.

Such fiscal impact would occur during the second quarter of FY2023-24 with the larger impact occurring in FY2024-25.

DAS SBD and OCIO are requesting an increase in revolving fund appropriation that is sufficient to cover the additional operational costs as a result of the creation of the new office. The table below provides an estimate of those costs and the estimated revolving fund appropriation.

<b>Revolving Fund Appropriation Estimate Per Employee over 12-month Period</b>		
	<b>Low Estimate</b>	<b>High Estimate</b>
Office Space (est. 200 sq ft @ \$22 per ft)	\$4,440	\$4,440
Technology Fees (est. \$254 over 12-months plus one-time costs)	\$3,048	\$3,863
Cubicle/Office Materials	\$5,500	\$7,000
<b>Total 12-Month Estimate</b>	<b>\$12,988</b>	<b>\$15,303</b>

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				

**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 2-6-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$0	\$0	\$0	\$0

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

**Explanation of Estimate:**

LB 360 creates an Inspector General (IG) of Procurement, a new position in the Legislature reporting to the Public Counsel. The act grants this position broad investigatory powers, including subpoena power, to investigate “possible fraud, waste, abuse, misconduct, misfeasance, malfeasance, or violations of statutes or of rules or regulations in procurement systems.” The IG of Procurement would also be able to investigate and request documents from contractors with state agencies.

There could be a significant impact on the Department of Health and Human Services (DHHS) in the form of additional requests for information, investigative meetings, and other correspondence to meet the requirements placed on state agencies under the bill. The degree of impact is difficult to estimate, as it would depend on the number of investigations conducted, which itself would be dependent on complaints provided to the office.

This bill would have a primary impact on the Office of Procurement and Grants (OPG) and DHHS Contracts Administration, but also on the programs and divisions of DHHS, as the investigatory powers would include documents and items that only DHHS programs would have.

Should the demand on DHHS staff time be minimal, current staff will absorb the additional requirements. If the demand is significant, DHHS may need an additional one (1) FTE in the supportive roll of managing all requests for information, tracking requests, monitoring outcomes, and implementing corrective actions.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	NUMBER OF POSITIONS		2023-2024	2024-2025
	POSITION TITLE	23-24	24-25	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
<b>TOTAL.....</b>			\$0	\$0

