

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS	See below		See below	
FEDERAL FUNDS	See below		See below	
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

LB424 creates the Department of Housing and Urban Development (HUD), the Housing Advisory Committee (HAC), and establishes a Director of Housing and Urban Development.

HUD

HUD would be an executive department of the State government with an executive appointed by the Governor and confirmed by the Legislature. Salary is defined as fixed by the Governor, with equal rank of other state Departments. HUD’s director would take on duties as a board member of the Nebraska Investment Finance Authority. Duties of HUD are to develop and implement short-term and long-term strategies for the preservation, development, and redevelopment of housing and for the prevention of homelessness in the state. LB424 directs that HUD will be a clearinghouse for data on housing and prevention of homelessness in the state. LB424 allows HUD to adopt and promulgate rules related to housing, with rules governing programs transferred to HUD from existing agencies to remain in force and effect until HUD adopts and promulgates their own rules. The Director of HUD is directed to employ a deputy director and assistants, professional staff, and other employees as necessary.

HUD is a clearinghouse of all housing programs in the state, excepting federal CDBG programs, federal LIHEAP, or departments, centers, programs, or institutes on child and family policy services located at the University of Nebraska.

Our estimates for the required reduction and commensurate increase in appropriations are as follows, as well as our estimates for HUD:

	DED		DHHS		HUD	
	Operations	Aid	Operations	Aid	Operations	Aid
General	\$ -	\$ -	\$ (317,000)	\$ -	\$ 863,200	\$ -
Cash	\$ (1,894,984)	\$ (68,846,620)	\$ (289,944)	\$ (7,200,000)	\$ 2,184,928	\$ 76,046,620
Federal	\$ (42,037,300)	\$ (50,530,137)	\$ (462,793)	\$ (2,658,108)	\$42,500,093	\$ 53,188,245
PSL	\$ (1,673,625)	\$ -	\$ (75,467)	\$ -	\$ 1,944,092	\$ -

Overall, new fiscal impact is estimated to be \$546,200 of General Funds in FY2023-24 and \$495,376 of General Funds in FY24-25. It is reasonable to assume these costs may differ as the agency begins operations.

HAC

HAC is a nine-member commission that is to advise HUD on all matters within the department’s jurisdiction. Members include:

- A member representing homeowners;
- A member representing renters;
- A member representing real estate developers;
- Two members representing nonprofit entities with one whose focus is affordable housing construction and the other whose focus is addressing homelessness; and
- A member representing either a metropolitan/primary class city, and a member representing a city of the first class, second class, or village.

Members are to serve four-year terms. LB424 outlines per diem at \$50/day and travel and expense reimbursement for HAC. LB424 sets reporting requirements for HAC and HUD.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 424	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 3/6/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 424, this impact would be offset by increases in the new agency.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 424	AM:	AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY: Neil Sullivan	DATE: 3/6/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Administrative Services assessment of contingent fiscal impact from LB 424.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 424	AM:	AGENCY/POLT. SUB: Department of Health & Human Services
REVIEWED BY: Neil Sullivan	DATE: 3/6/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Health & Human Services assessment of fiscal impact from LB 424, this impact would be offset by increases in the new agency.		

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 3-2-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	-\$1,401,530	\$0	-\$1,453,162	\$0
CASH FUNDS	-\$6,500,000	\$0	-\$6,500,000	\$0
FEDERAL FUNDS	-\$1,744,552	\$0	-\$1,744,552	\$0
OTHER FUNDS	\$0	\$0	\$0	\$0
TOTAL FUNDS	-\$9,646,082	\$0	-\$9,697,714	\$0

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

Explanation of Estimate:

LB 424 creates the Department of Housing and Urban Development (HUD) and mandates that the administration of all federal funds and programs, that are related to housing and homelessness, be performed by this new Department.

As such, this bill would require moving the Housing Opportunities for Persons with HIV/Aids (HOPWA) program to HUD. The \$700,000 in aid for this program would no longer be available to the Department of Health and Human Services (DHHS) and DHHS would lose access to HOPWA Grant's Admin funding (\$22,615 in FY22) and HOPWA Housing Info Services Funding (\$21,937 in FY22). These funds would no longer be available after 07/01/2024.

The Division of Behavioral Health's (DBH) Housing Assistance Program consists of \$3.2 million in housing related assistance, \$1 million in development funds, and \$317,000 in general funds. These funds and programming would cease for DHHS under LB424.

LB 424 will also require the Nebraska Homeless Assistance Program (NHAP) to be administered by HUD instead of DHHS. The Program Coordinator and the Program Specialist for NHAP will no longer be positioned within DHHS. NHAP's \$3.3 million annual spending authority from the Homeless Shelter Assistance Trust Fund (HSATF) and the approximate \$1 million NHAP receives annually in federal Emergency Solutions Grant (ESG) would also become administered by HUD.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
		23-24	24-25	EXPENDITURES	EXPENDITURES
	DHHS Program Specialist	-0.75	-1.00	-\$36,370	-\$50,918
	DHHS Program Coordinator	-0.75	-1.00	-\$39,097	-\$54,735
	Benefits.....			-\$26,413	-\$36,978
	Operating.....			-\$27,202	-\$38,083
	Travel.....			\$0	\$0
	Capital Outlay.....			\$0	\$0
	Aid.....			-\$9,517,000	-\$9,517,000
	Capital Improvements.....			\$0	\$0
	TOTAL.....			-\$9,646,082	-\$9,697,714

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2023

LB⁽¹⁾ 424

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Economic Development

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 1/29/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2023-24		FY 2024-25	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB424 would create the Nebraska Department of Housing and Urban Development (NEHUD) as an executive department of the Nebraska state government. Beginning on July 1, 2024, NEHUD will administer any and all federal funds and programs related to housing and homelessness received by the State of Nebraska, except federal community development block grants, federal low-income home energy assistance programs, or departments, centers, programs, or institutes on child and family policy services located at the University of Nebraska. In addition, NEHUD will assume all duties formally held by DED under the Nebraska Affordable Housing Trust Act, the Rural Workforce Housing Investment Act the Middle-Income Workforce Housing Investment Act, and the Municipal Density and Missing Middle Housing Act. In addition, NEHUD will assume duties and functions from the Nebraska Department of Health and Human Services under the Homeless Shelter Assistance Trust Fund Act, and the federal Housing Opportunities for Persons with AIDS (HOPWA). And finally, LB424 would create the Housing Advisory Commission.

The bill would result in DED program 601 subprograms 29—Rural Workforce Housing, 32—Affordable Housing Trust Fund, 35—National Housing Trust Fund, 36—HOME, 40—HOME ARPA, 42—ARPA Community Development, 48—Middle Income Workforce Housing, 49—CDBG-COVID Relief, 57—CDBG—Disaster Recovery, and the Lead-Based Paint Hazard Control Cash Fund moving from DED to NEHUD. In addition, there are two \$20 million housing grant programs for land preparation created in LB1024 (2022) using ARPA funds that would be transferred to NEHUD.

Program 601 subprograms remaining at DED under the provisions of LB424 would include subprograms 30—Community Development, 38—CDBG, 51—DED Operations, and 58—Rural Projects Act. Although the traditional CDBG program would remain at DED, there would need to be coordination between DED and NEHUD for USHUD-required Consolidated Plans, Annual Action Plans, and the Consolidated Annual Performance and Evaluation Report (CAPER).

The table below presents a breakout of the FY2022-23 current appropriation for DED’s Program 601, with the subprograms that would be absorbed into NEHUD, and those that would remain in DED. This is broken down by Operations and Aid, by funding source, and PSL. Note that PSL is included in Operations, and is listed separately.

	Subprograms moving to NEHUD	Subprograms remaining in DED	Program 601 FY23 Current Appropriation
Operations	4,399,701	6,426,673	10,826,374
Aid	119,126,730	65,450,000	184,576,730
Subtotal	123,526,431	71,876,673	195,403,104
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GENERAL FUND	-	6,286,437	6,286,437
CASH FUNDS	70,491,604	50,450,000	120,941,604
FEDERAL FUNDS	53,034,827	15,140,236	68,175,063
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PSL	\$1,673,625	\$713,424	\$2,387,049

Note that DED is the lead agency for USHUD programs, and as such, has filed a five-year Consolidated Plan which runs until June 30, 2025. Moving HUD-funded programs would require a substantial amendment to the consolidated plan, which would have to be approved by USHUD after a public comment period.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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2023

LB⁽¹⁾ 424

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of administrative Services (DAS) – State Building Division (SBD), Office of the Chief Information Officer (OCIO)

Prepared by: ⁽³⁾ Ann Martinez Date Prepared: ⁽⁴⁾ 03-01-2023 Phone: ⁽⁵⁾ 402-471-4135

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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	See Below	See Below
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 424 would create the Department of Housing and Urban Development as an executive department of state government effective July 1, 2024.

All duties and functions of the Housing Division of the Department of Economic Development under the Middle-Income Workforce Housing Investment Act, the Municipal Density and Missing Middle Housing Act, the Affordable Housing Act and the Rural Workforce Housing Investment Act would be transferred to the Department of Housing and Urban Development.

Also, all duties and functions of the Department of Health & Human Services under the Homeless Shelter Assistance Trust Fund Act, federal behavioral health housing assistance programs, and the federal Housing Opportunities for Persons with AIDS program would be transferred to the Department of Housing and Urban Development.

On July 1, 2024, all employees related to the activities above shall be employees of the new department and all items of property including the office furniture, etc., shall become the property of the new department.

As the duties of the new department currently exist in the Department of Economic Development and the Department of Health & Human Services it is more difficult to determine what the impact will be for the Department of Administrative Services (DAS) State Building Division (SBD) and the DAS Office of the Chief Information Officer (OCIO).

DAS-SBD would have the responsibility of securing office space for the executive director and teammates of the new department as required, as well as working to make the necessary moves/changes in space within the existing departments. It is undeterminable at this time what the overall impact on the existing space at the two current departments would be.

It is estimated that the square foot requirements are 200 square feet for each teammate at an estimated commercial rental rate of \$22 per square foot.

DAS-SBD would request additional revolving fund spending authority to provide any additional commercial space for the new department. The new department would be billed monthly by DAS-SBD for the commercial lease. Depending on the staffing numbers there may be state-owned space available, but that is undeterminable at this time.

The new agency could also require one-time and additional on-going services from the DAS - Office of the Chief Information Officer (OCIO). New commercial space or other space may require one-time network setup costs estimated to be \$815 per installation plus different or additional 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 increased on-going services. The new department would be billed for the one-time and the monthly services. It is impossible at this time to determine the different or additional services that will be required beyond what is being provided to the current departments.

DAS-SBD would additionally estimate costs of \$5,500 per cubicle added and \$7,000 per office added to such space. It is indeterminable at this time to know what furniture, etc. that exists now and could be used in the future.

These costs could be paid directly by the commission to the vendor or processed and billed back to the commission by DAS-SBD.

Such fiscal impact would begin FY2024-25.

DAS SBD and OCIO are requesting an increase in revolving fund appropriations that is sufficient to cover the additional operational costs as a result of the creation of a new department. The table below provides an estimate of those costs and the estimated revolving fund appropriation that could be applied to each teammate transferred to the new department.

Revolving Fund Appropriation Estimate Per Teammate over 12-month Period		
	Low Estimate	High Estimate
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
Total 12-Month Estimate	\$12,988	\$15,303

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.....				
TOTAL.....				