

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		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.

LB 945 would require the Nebraska Emergency Management Agency (NEMA) to acknowledge receipt of a political subdivision’s documentation requesting reimbursement under a previously approved aid application within 30 days and let the political subdivision know what further documentation, if any, is needed to process the reimbursement request. LB 945 also requires NEMA to pay both the state and federal aid to the political subdivision “not less than” 60 days after acknowledging receipt of all necessary documentation.

NEMA has indicated that they would need to hire two additional full-time positions to implement a process to receive, review, and audit the documentation provided by the political subdivision and let them know of any deficiencies within the 30 day time frame. They further indicate a need for one additional position to do on-site inspections to insure the work has been completed prior to issuing payment in compliance with the 60 day time frame. The cost for these three full-time positions plus operating and travel expenses are estimated by NEMA to total \$150,313 General Funds in FY14-15 and \$153,578 General Funds in FY15-16.

NEMA also estimates that General Fund aid expenditures could increase by \$1,000,000 per year due to the provision that the federal share of the aid must be paid whether or not the federal government has placed a temporary stop to aid payments. In this situation the state Governor’s Emergency Program would supplant the federal share of the aid payment. The agency notes that the Federal Emergency Management Agency (FEMA) has suspended payments twice in the last two years.

Summary: Between the additional staff needed to comply with the 30 and 60 day time limits, and the possibility that the Governor’s Emergency Program may need to supplant federal disaster payments, NEMA projects expenditures of \$1,150,313 in FY14-15 and \$1,153,578 in FY15-16.

Technical note: If the “not less than” language is taken literally it would mean that NEMA could not reimburse the political subdivisions any sooner than 60 days after acknowledging receipt of all necessary documentation. NEMA’s fiscal note assumes that the payment must be made “not more than” 60 days after acknowledging receipt of all necessary documentation even though this is not how the bill is drafted. If the “not less than” language is the intent of the bill then NEMA’s fiscal impact is greatly overstated and could be reduced by approximately \$1,050,000 down to \$100,000 per year.

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2014

LB⁽¹⁾ 945 (REVISED)

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Emergency Management Agency

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$1,150,313.00</u>	<u> </u>	<u>\$1,153,578.00</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>
TOTAL FUNDS	<u><u>\$1,150,313.00</u></u>	<u> </u>	<u><u>\$1,153,578.00</u></u>	<u> </u>

Explanation of Estimate:

2 staff positions would be needed on a full time basis to implement and formalize a records receiving, review, response and auditing function within the Response and Recovery Section to receive and reimburse disaster costs from the local level. Additionally, 1 staff person would be required to do site inspections and monitoring visits prior to payments being issued and the submittal of federally required documents.

Funds within the Governor's Emergency Program (GEP), Agency 31, program 192, represent only 12.5% of all funds obligated to the local level to reimburse disaster costs. The balance of the disaster costs are the 75% Federal cost share drawn at time of payment and then the 12.5% local match. When there are shortages or suspensions within the Federal disaster relief fund, this causes the suspension of Federal payments to local government.

Because the state currently only pays out of the GEP the State-share of the reimbursable costs to the locals, (12.5%), this bill has the potential to increase by up to 7 times the amount of funds at risk of being expended from the GEP. State funds from the GEP would have to supplant Federal disaster payments otherwise drawn and paid for by the Federal FEMA funds. The current amount obligated within the GEP is \$15.8 million. \$1,000,000 is a conservative estimate to cover this eventuality and still maintain a balance within the GEP for other state emergency response costs.

FEMA suspended payments from the disaster relief fund twice in the last 2 years. NEMA has suspended payments from the GEP for local cost share payments 4 times since 2007 in order to keep a \$1 M balance in the GEP to cover emergency response when between sessions of the Unicameral.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Administrative Asst. II	<u>2</u>	<u>2</u>	<u>\$69,472.00</u>	<u>\$71,208.00</u>
Staff Assistant II	<u>1</u>	<u>1</u>	<u>\$32,635.00</u>	<u>\$33,450.00</u>
Benefits.....			<u>\$35,738.00</u>	<u>\$36,452.00</u>
Operating.....			<u>\$9,372.00</u>	<u>\$9,372.00</u>
Travel.....			<u>\$3,096.00</u>	<u>\$3,096.00</u>
Capital outlay.....				
Aid.....			<u>\$1,000,000.00</u>	<u>\$1,000,000.00</u>
Capital improvements.....				
TOTAL.....			<u><u>\$1,151,313.00</u></u>	<u><u>\$1,153,578.00</u></u>