

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	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.

This bill would adopt the Uniform Wage Garnishment Act. This act becomes operative on January 1, 2018. The bill outright repeals section 25-1558: Wages; subject to garnishment; amount; exceptions.

State Accounting (DAS) estimates the following impact from this bill:

	FY2017-18	FY2018-19
Fund Source:	EXPENDITURES	EXPENDITURES
GENERAL FUNDS	14,298	290
CASH FUNDS	19,885	402
FEDERAL FUNDS	11,281	229
OTHER FUNDS	8,122	165
TOTAL FUNDS	53,586	1,086

DAS notes that they will need an increase in their Revolving Fund appropriation and an increase in the Accounting Assessment by \$53,586 in FY18 and \$1,086 in FY19. They further note that since the FY18 and FY19 Accounting Assessment has already been published, the increased assessment may require additional appropriations to state agencies. See the agency response attached for additional details not included in this fiscal note.

There are 78 agencies which include the Legislature, Supreme Court, University, and State and Community Colleges. The amounts listed in the above-table are not that large when considering this number of agencies, and also considering that not all agencies request funds for the Accounting Assessment or other DAS charges. In effect, they currently absorb such charges. Therefore, the costs estimated by DAS could be absorbed within the agency's budgets.

The Supreme Court states that this bill would require changes to JUSTICE, the Court's electronic case management system, as well as new forms, court procedures, and additional training for court staff and attorneys. The Supreme Court estimates that the JUSTICE changes alone will cost \$25,000 in Cash Funds. The Court is still reviewing the bill and may submit an amended fiscal note if additional costs are identified.

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

2017

LB⁽¹⁾ 37

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Dept. of Administrative Services – State Accounting

Prepared by: ⁽³⁾ Jerry Broz

Date Prepared: ⁽⁴⁾ 1/13/2017

Phone: ⁽⁵⁾ 402-471-0600

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	<u>53,586.00</u>	<u>53,586.00</u>	<u>1,086.00</u>	<u>1,086.00</u>
TOTAL FUNDS	<u>53,586.00</u>	<u>53,586.00</u>	<u>1,086.00</u>	<u>1,086.00</u>

Explanation of Estimate:

LB37 proposes to adopt the Uniform Wage Garnishment Act.

Sec. 6 of the legislation states that the garnishee is to respond within 10 days after being served with an affidavit, a statement to the creditor confirming debtor status with employer; and a copy of two notices, provided the garnishee by creditor, to be sent to the employee. These two notices are not currently being mailed. However, a courtesy notice is currently being mailed, which could include the new notices.

The incremental cost to mail the additional notices would be limited to paper and copier costs. Using a three-year average of new garnishment orders processed would estimate this cost to be:

2,115 new garnishment orders x 2 new notices = 4,230 notices

4,230 notices x \$0.10 paper/copier cost = \$423.00

There would be no additional labor cost.

Sec. 8 of the legislation states that not later than 5 business days after withholding an amount from earnings of an employee under a garnishment action, the employer shall send the amount to the creditor.

Currently State Accounting is allowed to make one payment for all creditors to each court. For example, on January 3, 2017, State Accounting processed individual warrants for 37 courts covering 136 cases (individual garnishments) for 71 creditors. Changing the process to make payment directly to creditors would effectively increase the number of payments for each pay period from 37 (payments to courts) to 71 (payments to creditors). Each payment has a transaction of approximately \$0.75 which covers the cost of the warrant, printing and postage. Thus, the cost of the additional payment is calculated as follows:

34 additional payments x 26 pay period per year = 884 additional payments

884 additional payments x \$.075 transaction cost = \$663.00

This calculation does not include monthly payrolls.

Additionally, there would be a one-time set-up of vendor address book information for each new creditor to facilitate making the direct payments. This additional cost is setting up 71 new creditors/vendors in the financial system with address book information is calculated as follows:

$$71 \text{ new creditors} \times 3 \text{ hours work} = 213 \text{ hours}$$

$$213 \text{ hours} \times \$27.31 \text{ (hourly salary for Accounting Clerk II)} = \$5,817.03.$$

This cost would be absorbed within current operations.

It is estimated that on an on-going basis, approximately 35 new creditors would need to be set up in the financial system with address book information, annually. Annual costs to set up new vendor address book information for new creditors is calculated as follows:

$$35 \text{ new creditors} \times 3 \text{ hours work} = 32 \text{ hours}$$

$$32 \text{ hours} @ \$27.31 \text{ (hourly salary for Accounting Clerk II)} = \$873.92$$

Again, this cost would be absorbed within current operations.

Sec 8 of the legislation also states that each payday in which a garnishment occurs, employer shall maintain a record sufficient to prepare for each creditor a "Calculation Worksheet" which, at any time, the creditor or employee may request a copy. This copy, for the most recent payday, must be produced and sent within five (5) business days after receipt of request. Creditors are limited to four (4) requests for each employee during a calendar year; and, employees limited to one creditor per payday. The "Calculation Worksheet" is to provide details supporting the calculation of disposable earnings, the garnishment amount per pay period, and the net amount owed after garnishments to date.

State Accounting maintains the information to complete the calculations within the "Calculation Worksheet" in various places, in both electronic and manual formats. Fully automating this requirement within EnterpriseOne (E1), the State's financial system, would be necessary to provide the creditor and/or employee accurate information on a timely basis for each pay period. Therefore, it is recommended that programming time be incurred to create the necessary automated process that can generate the "Calculation Worksheet" on demand to fulfill the requirement and eliminate the need for additional staffing in order to maintain the existing manual processes. It is conservatively estimated that this programming would require 350 programming hours and the one-time cost of such programming cost is calculated as follows:

$$350 \text{ programming hours} \times \$150 \text{ per hour} = \$52,500$$

Summary of fiscal impact:

Fiscal Year 17-18:

Paper and copier cost for mailing new notices	\$ 423.00
Increased warrant processing for new vendors	\$ 663.00
Calculation Worksheet programming cost	<u>\$52,500.00</u>
Total	\$53,586.00

Fiscal Year 18-19:

Paper and copier cost for mailing new notices	\$ 423.00
Increased warrant processing for new vendors	<u>\$ 663.00</u>
Total	\$ 1,086.00

To ensure that State Accounting has the necessary resources to meet current requirements as well as those outlined in LB37, the program will require an increase in of revolving fund appropriation and an increase in the Accounting Assessment of \$53,586 in FY17-18 and \$1,086 in FY18-19.

The table below summarizes the impact by fund type of the increased statewide Accounting Assessment. The allocation by fund type is based on total FY14-15 operational expenditures:

	FY17-18	FY18-19
	Expenditures	Expenditures
General Funds	14,298	290
Cash Funds	19,885	402
Federal Funds	11,281	229
Revolving Funds	8,122	165
Total Funds	56,586	1,086

The FY17-18 and FY18-19 State Accounting Assessment has already been published. The increased assessment may require additional appropriations for all state agencies, boards and commissions.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2017-18	2018-19
	17-18	18-19	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			53,586.00	1,086.00
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			53,586.00	1,086.00

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

2017

LB⁽¹⁾ 37

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Supreme Court

Prepared by: ⁽³⁾ Eric Asboe Date Prepared: ⁽⁴⁾ 1/18/17 Phone: ⁽⁵⁾ 1-4138

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	See below	_____	See below	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB37 would require changes to JUSTICE, the judicial branch electronic case management system, as well as new forms and court procedures. In addition, additional training for court staff and attorneys would be required. At this time, a preliminary estimate of the fiscal impact of JUSTICE changes only is \$25,000 Cash Funds. LB37 is still being reviewed to determine the full impact. After the review, an amended fiscal note may be submitted.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____