

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	\$4,417,314		\$4,487,692	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS	See below		See below	
TOTAL FUNDS	\$4,417,314		\$4,487,692	

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

This bill shifts the financial responsibility of maintaining office and service facilities used for administration of public assistance program from the counties to the state. The Department of Administrative Service (DAS) indicates they would need one additional FTE starting in January 2024 to handle the work associated with administering the additional Department of Health and Human Services (DHHS) leases. The personnel cost to DAS would be \$45,286 in FY24 and \$92,772 in FY25. DHHS indicates they would also need one additional FTE starting in October 2023. The personnel cost to DHHS would be \$57,0228 in FY24 and \$80,120 FY25.

DHHS and DAS estimate the total lease amount the State will take over to be \$3,740,000 (170,000 square feet x \$22 average lease price per square foot). DHHS indicates DAS charges a 2% administrative fee which would be \$74,800. DHHS estimates an additional \$500,000 needed for operational costs like janitors, utilities, and other facility services not included in lease agreements. The total operational costs would be \$4,314,800 each year which DHHS would pay to DAS who would in turn need revolving fund appropriation.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	420	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-22-2023
		PHONE:	(402) 471-4180
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	420	AM:	AGENCY/POLT. SUB: Nebraska Department of Administrative Services
REVIEWED BY:	Ann Linneman	DATE:	2-13-2023
		PHONE:	(402) 471-4180
COMMENTS: The Nebraska Department of Administrative Services' analysis and estimate of fiscal impact to the department appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	420	AM:	AGENCY/POLT. SUB: Lancaster County		
REVIEWED BY:	Ann Linneman	DATE:	1-18-2023	PHONE:	(402) 471-4180
COMMENTS: No basis to disagree with the Lancaster County's assessment of fiscal impact.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	420	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)		
REVIEWED BY:	Ann Linneman	DATE:	1-19-2023	PHONE:	(402) 471-4180
COMMENTS: No basis to disagree with NACO's assessment of fiscal impact.					

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 2-21-2013

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$4,361,829		\$4,384,719	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$4,361,829	\$0	\$4,384,719	\$0

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

Explanation of Estimate:

Under LB 420, the counties would be required to maintain or provide space, but the Department of Health and Human Services (DHHS) would pay rent costs on that provided space. The counties collectively provide approximately 170,000 square feet of space. At a state-average square foot cost of \$22, the full year cost is estimated to be \$3,740,000. Since not all leases are full-service (inclusive of janitorial, utilities, etc.), a facility operating cost is estimated to be \$500,000 to cover these potential additional costs. The total annual cost for space is estimated to be \$4,240,000.

The Department of Administrative Services (DAS) administers lease agreements for state agencies. DAS has indicated the contract negotiations would require overtime for two DAS staff for the contracts with the counties. DAS also charges agencies a 2% administrative fee for leases for an expected annual cost of \$64,600.

DHHS Operations Division (Ops) would require one (1) additional full-time staff to administer DHHS' leases with Nebraska (NE) counties. This FTE would be an Administrative Programs Officer II at 22.687 per hour, with an estimated 5% increase for the second fiscal year, for a cost of \$57,228 in FY24 and \$80,120 in FY25.

DHHS does not expect any significant direct costs to the Child & Family Services Division (CFS), as LB 420 does not change any service requirements.

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
V09012 – Administrative Programs Officer II	.75	1	\$35,392	\$49,548

Benefits.....	\$12,387	\$17,342
Operating.....	\$4,314,050	\$4,317,829
Travel.....		
Capital Outlay.....		
Aid.....		
Capital Improvements.....		
TOTAL.....	\$4,361,829	\$4,384,719

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2023

LB⁽¹⁾ 420

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – State Building Division (SBD)

Prepared by: ⁽³⁾ Michelle Potts Date Prepared: ⁽⁴⁾ 1/19/2023 Phone: ⁽⁵⁾ 531-207-9029

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	\$45,286			
CASH FUNDS				
FEDERAL FUNDS				
REVOLVING FUNDS			\$3,832,772	\$3,740,000
TOTAL FUNDS	<u>\$45,286</u>		<u>\$3,832,772</u>	<u>\$3,740,000</u>

Explanation of Estimate:

LB 420 would require counties to continue to provide space to the Department of Health and Human Services, but no longer at the County’s cost beginning July 1, 2024. Therefore, the Department of Administrative Services-State Building Division (DAS-SBD) would have to lease and pay on behalf of the Department of Health & Human Services (DHHS) for the County provided space. DAS-SBD would then bill DHHS monthly for the total lease amount.

This would require an appropriation increase for both DHHS (General Fund) and DAS-State Building Division (revolving fund). The counties currently provide approximately 170,000 square feet of space. At a state-wide average square foot cost of \$22 the estimated annual lease costs would be \$3,740,000 (170,000 sq ft X \$22.00 = \$3,740,000).

It is assumed any utility or janitorial costs related to the lease are assumed to be the responsibility of the tenant (DHHS) and would be paid directly to the vendor or landlord.

The total cost is currently unknown as contract negotiations would be required and leases would have to be set up in various Counties across Nebraska.

DAS-SBD would request a new FTE (Administrative Program Officer III) to handle the increase in the number of leases that would be created and then need to be managed. The new FTE would need to be in place in the second half of FY23-24 (January-June 2024) to create the new leases, etc. General Funds would need to be provided to cover the costs of the position until the leases were billed in FY24-25. The estimated cost for this new FTE is \$45,286 in FY23-24 and \$92,772 in FY24-25. These costs include salary and benefits (health insurance is budgeted using the State’s current share of the highest cost family plan as a base), ongoing annual operating costs (OCIO expenses including computer leasing costs), printing/publication, and other supplies. There would also be a one-time cost of \$887 in FY23-24 for set up costs and the purchase of new non capitalized equipment (monitor, chair, etc.).

If required to lease space, as in LB 420, DAS-State Building Division would prefer to select the leased space for optimal space that supports DHHS services in lieu of the County choosing the leased space.

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>
Administrative Programs Office III (FY23-24 – 6 months)	1	1	\$24,774	\$52,026
Benefits.....			\$17,779	\$37,054
Operating.....			\$2,733	\$3,692
Leasing.....				\$3,740,000
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$45,286	\$3,832,772

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2023

LB⁽¹⁾ 420

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County

Prepared by: ⁽³⁾ Dennis Meyer Date Prepared: ⁽⁴⁾ 1-18-23 Phone: ⁽⁵⁾ 402-441-6869

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>(300,000)</u>	<u> </u>	<u>(300,000)</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>	<u> </u>	<u> </u>	<u> </u>

Explanation of Estimate:

Last quarterly payment to HHS was approximately \$75,000. The annual reduction of expenditures would be \$300,000 if the state paid rent for the HHS facilities.

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.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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2023

LB⁽¹⁾ 420

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/18/2023 Phone: ⁽⁵⁾ 402.434.5660

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	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 420 would eliminate the responsibility of the county to provide office space at no cost to the Department of Health and Human Services for the administration of public assistance programs as such facilities existed on April 1, 1983. The State would be required to pay the cost for the office space used for such public assistance programs to counties. Therefore, the costs for this requirement would be eliminated.

Based on 2017 information contained in a fiscal note for similar legislation, the State estimated that counties maintained approximately 211,000 square feet of office space at no cost in 49 counties. Further, Douglas County had five sites for DHHS public assistance programs, which amounted to a total of 53 office sites.

Using the estimated 211,000 square feet of rental space paid at an estimated average rate of \$15.00 per square foot that, the Department of Administrative Services it would equal approximately a rent expense paid in an amount of approximately \$1.58 million in the first fiscal year and \$3,16 in the next fiscal year used, this amount would be paid to counties and increase revenue to counties that currently maintain HHS offices that administer public assistance programs.

Possible inflationary factors since 2017 may increase the revenue that counties would receive if LB 420 were to be enacted.

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.....	_____	_____	_____	_____