

Revised due to additional information provided

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS	\$131,692		\$121,288	
TOTAL FUNDS	\$131,692		\$121,288	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB980 adds privatization contracts to the requirement that personal service contracts that must be reviewed and approved or disapproved by the Director of Administrative Services. A privatization contract is defined as a contract for personal services by which a person other than a state employee contracts with a state agency to provide human labor valued a \$50,000 or more annually:

1. if the human labor is the same or substantially similar to and in lieu of such labor provided by a permanent classified state employee, and
2. if the contract would result in a reduction of at least one permanent classified state employee or the elimination a vacant permanent classified position.

LB980 also provides requirements that must be met prior to the approval of a privatization contract by the Director of Administrative Services.

As indicated by the Department of Administrative Services (DAS) changes made in section 4 (73-302) would increase the number of contracts to be reviewed and approved or disapproved based on cost benefit analysis from those which would replace a state employee with a private entity to all personal service contracts.

DAS indicates there are currently 4,587 personal service contracts and assuming a 5-year renewal, there would be 917 contracts annually for which cost benefit analysis would need to be reviewed. DAS indicates 2 additional employees plus operating and one-time costs would be required. There would also be additional time required at the division/department level for the cost benefit analysis preparation. There is no basis to disagree with the analysis.