

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS	See Below	See Below	See Below	See Below
OTHER FUNDS	See Below	See Below	See Below	See Below
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB 371 is the Transparency in Government Procurement Act.

Section 3 requires each state agency to create an annual report that includes:

- Total number and value of contracts awarded by the agency;
- Total number and value of contracts and subcontracts awarded to contractors or suppliers within the state;
- Total number and value of contracts and subcontracts awarded to foreign contractors or suppliers;
- Dollar value of any articles, materials, or supplies purchased that were manufactured outside the US;
- Dollar value of any articles, materials, or supplies purchased that were manufactured within the state;
- Dollar value of any services contracted for that were performed outside the US;
- Dollar value of any services contracted for that were performed within the state;
- If applicable, an itemized list of all waivers of any preference provided for by the laws of Nebraska;
- Total procurement value of funds expended on iron, steel, or manufactured goods manufactured outside the US

The first such report shall be submitted to the Governor and Legislature on or before December 31, 2013 and shall include the information specified for FY2012-13. Reports to the Legislature shall be submitted electronically and be made available to the public through publication on each state agency's website on or before December 31 each year.

Section 4 requires that each contract awarded by a state agency shall require that the contractors and suppliers provide to the agency any and all information needed for agency compliance with section 3.

The provisions in LB 371 are likely to impact every state agency. It is not possible to gather information from each state agency in regard to the bill's potential impact. What follows are instances of agency responses that are provided to illustrate the potential impact on a *sampling* of agencies. These responses are NOT intended to identify the entirety of the bill's potential impact.

The Department of Banking and Finance estimates no fiscal impact. The Department states that it does not have many contracts for services or goods. The required report would take some employee's time, but that cost could be absorbed. Certainly, there will be other agencies that find themselves in similar situations.

The Department of Administrative Services estimates the need for 9.5 FTE to address the bill's provisions. The amount of additional work required by the bill impacts several divisions of the agency. Their estimate carries a cost of approximately \$700,000 per year. This estimate is for primarily Revolving Funds that will be charged off to other state agencies utilizing the services provided by DAS. DAS Materiel notes that the bill's provisions may have an impact on the number of contractors who are willing to provide the required information and, therefore, the number of bids received. This could in turn impact the costs associated with contracts.

The University of Nebraska estimates General Fund costs of \$511,000 in FY2013-14 and \$351,000 per year thereafter. This would allow the University to add 7.0 FTE. The first year cost includes \$160,000 to address software improvements to their current purchasing and accounting systems.

The Department of Roads estimates the need for \$171,300 per year to add 3.0 FTE to address the bill's provisions.

Several other agencies submitted information for this bill. These are not detailed in the narrative here but are attached for the reader's perusal.

There is no basis to disagree with any of the submitted estimates from state agencies. Clearly, the bill will require additional work and staffing for many agencies.

It appears that the issue of providing information for subcontracts has a dramatic impact on the bill's overall costs. Oftentimes, subcontracts are numerous for any given contract. Collecting, reporting and posting this information may be akin to multiplying the work several times over for certain contracts.

In addition, it should be noted that there is question regarding the contracts to which the bill shall apply. The work faced if existing contracts are included in the bill's provisions is much greater than if only **new** contracts are included. For the purpose of clarity, this issue should be addressed directly.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 371	AM:	AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY: Gary Bush	DATE: February 5, 2013	PHONE: 471-4161
COMMENTS: The Dept. of Administrative Services estimate of cost to the agency to implement the bill appears to be reasonable. The estimate by the agency of an increase in the purchasing assessment and the impact to other agencies appears to be reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 371	AM:	AGENCY/POLT. SUB: Banking
REVIEWED BY: Gary Bush	DATE: February 1, 2013	PHONE: 471-4161
COMMENTS: Concur with estimate of impact.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 371	AM:	AGENCY/POLT. SUB: Dept. of Correctional Services
REVIEWED BY: Gary Bush	DATE: February 6, 2013	PHONE: 471-4161
COMMENTS: The Dept. of Correctional Services estimate of costs appears to be reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 371	AM:	AGENCY/POLT. SUB: Dept. of Education
REVIEWED BY: Gary Bush	DATE: February 4, 2013	PHONE: 471-4161
COMMENTS: Concur with estimate of agency's impact. The estimate appears to be reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 371	AM:	AGENCY/POLT. SUB: Nebraska Game and Parks Commission
REVIEWED BY: Gary Bush	DATE: February 6, 2013	PHONE: 471-4161
COMMENTS: The Nebraska Game and Parks Commission estimate of the additional costs appear to be reasonable. The Commission's budget for administration is typically divided between General Fund and cash fund at 30% / 70% split. Based upon this split, the General Fund impact would be \$115,394 and the cash fund impact would be \$269,247..		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 371	AM:	AGENCY/POLT. SUB: Dept. of Labor
REVIEWED BY: Gary Bush	DATE: February 6, 2013	PHONE: 471-4161
COMMENTS: Concur with Dept. of Labor's estimate of impact.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 371	AM:	AGENCY/POLT. SUB: Nebraska State Patrol	
REVIEWED BY: Gary Bush		DATE: February 6, 2013	PHONE: 471-4161
COMMENTS: Concur with the Nebraska State Patrol's estimate of impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 371	AM:	AGENCY/POLT. SUB: Department of Roads	
REVIEWED BY: Gary Bush		DATE: February 6, 2013	PHONE: 471-4161
COMMENTS: Concur with the Dept. of Roads estimate of impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 371	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Gary Bush		DATE: February 6, 2013	PHONE: 471-4161
COMMENTS: The University of Nebraska's estimate of impact appears to be reasonable. The FY2012-13 budget for the University System totaled \$2.3 billion dollars. State-aided funds are \$802 million dollar or approximately 35% of the total budget. Any increase in costs related to LB371 could be absorbed within this existing budget.			

2013 Legislative Bill Proposal

Fiscal Note

Bill #: 371

State Agency: Administrative Services / State Building Division, 309 Task Force for Building Renewal, Materiel - State Purchasing Bureau, Office of the Capitol Commission, Transportation Service Bureau

Prepared by: Dennis Summers
 Steve Hotovy
 Brenda Pape
 Robert Ripley
 Steve Sulek

Date Prepared: 1/25/2013

Phone: 402-471-8351
 402-471-3515
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Estimate of Fiscal Impact – State Agencies

	FY 2013-14		FY 2014-15	
	Expenditures	Revenue	Expenditures	Revenue
General Funds	32,978		31,072	
Cash Funds				
Federal Funds				
Other Funds	661,086	220,362	651,921	217,307
Total Funds	694,064	220,362	682,993	217,307

Explanation of Estimate:

LB371 requires state agencies to create annual reports beginning in December 2013 for the fiscal year ending June 30, 2013, for state contracts and subcontracts to include the value of items and services that were not previously quantified. Included are articles, materials, and supplies manufactured outside of the United States, those manufactured in the state of Nebraska, services performed outside of the state, the amount of subcontracts awarded to foreign contractors or suppliers, etc.

The proposed bill will require the AS/State Building Division (AS/SBD) to require contractors for all forms of projects to provide information that is not presently required by the state or known by the contractor. Examples of such information include:

- A list of all subcontractors as well as the actual subcontract amounts
- A list of all materials supplied by contractors and subcontractors along with the required manufacturing origin (both as to country of origin and state of origin)
- A definition of goods, components and subcomponents used to identify the origin

Implementation of the requirements will require an estimated three (3) full time employees (FTE's) – two (2) Buyer II's and one (1) Staff Assistant II to assist with establishing new contract requirements for all AS/SBD contracts. Additionally, the employees will be required, on an ongoing basis, to ensure that contractors provide adequate cost and origin information so it can be included in the annual report. It is also assumed that there will be additional responsibilities which would include compiling the data required to complete the necessary reports for goods and services purchased without a contract.

The estimated costs for the additional three (3) FTE's are \$220,362 in FY13-14 and \$217,307 in FY14-15. These costs include salary and benefits (health insurance is budgeted using the State's current share of the highest cost family plan); and ongoing annual operating costs (communication/data processing, printing/publication, supplies and rent/depreciation surcharge). There would also be a onetime cost in FY13-14 for the purchase of new equipment and set up costs of \$2,500 per employee for a total of \$7,500.

These additional costs would result in the need for additional revolving appropriation and an increased administrative cost that could result in the need to increase rental rates at the AS/SBD managed facilities.

Beyond the requirement for a state employee resource, contractors and subcontractors will be required to incur overhead costs to ascertain the manufacturing origin of every item included in their contract for a state project. The origin information requirement is not likely to be information that is routinely collected by contractors or subcontractors, so there will be a cost impact for state projects. While the cost impact is difficult to quantify, for purposes of this note, it is assumed that the increased contractor overhead might result in bids that are inflated on average by one-half of one percent (.5%) of

the overall project cost. Assuming that AS/SBD is involved in \$30 million in Divisional and statewide construction projects in an average year, the estimated annual cost increase amounts to \$150,000 ($\$30,000,000 \times .5\% = \$150,000$).

The AS/309 Task for Building Renewal would also be impacted. The additional documentation requirements of contractors and subcontractors may result in higher bids and additional costs for projects funded by the 309 Task Force.

The amount of the fiscal impact on the 309 Task Force funded construction projects is nearly impossible to determine since the Task Force cannot speak for, nor anticipate the business decisions of contractors and subcontractors bidding future state projects. However, on a simple illustrated basis, if the bill would become law, and assuming contractors and subcontractors inflate their bids by only one-half of one percent (0.5%) to manage the new documentation required by the annual reports, the impact on Task Force funded projects (excluding the \$30 million AS/SBD projects noted above) would be \$64,807 for each year of the coming biennium. These amounts are based on requested appropriation of \$21,273,930 for the Task Force in each of the two years, minus \$8,312,554 in appropriation for Rent Surcharge funds, which are the projects AS/SBD manages ($\$21,273,930 - \$8,312,554 = \$12,961,376 \times .5\% = \$64,807$)

For the Office of the Capitol Commission the cost to routinely maintain a roster of the values, suppliers and locations required to allow our agency to produce the annual report defined in this bill would be a minimum of an additional half-time position (.5 FTE) at a skill and knowledge level equal to a senior staff position in the office – Administrative Assistant I.

The estimated costs for the additional of a half time (.5) FTE are \$32,978 in FY13-14 and \$31,072 in FY14-15. These costs are calculated as noted above.

These additional costs would result in the need for additional General Fund appropriation.

AS/Materiel – State Purchasing Bureau will be required to re-develop its boilerplate language to include information on contractors and subcontractors who are awarded contracts. This includes not only the dollar value of the items, but where the products are manufactured, including components of the products or where the services are performed.

AS/Materiel - State Purchasing Bureau will require an estimated three (3) FTE's, two (2) Buyer II's and one (1) Staff Assistant II to assist with establishing new contract requirements for all Materiel contracts. Additionally, the employees will be required, on an ongoing basis, to ensure that contractors provide adequate cost and origin information so it can be included in the annual report. It is also assumed that there will be additional responsibilities which would include compiling the data required to complete the necessary reports for goods and services purchased without a contract.

The estimated costs for the additional three (3) FTE's are \$220,362 in FY13-14 and \$217,307 in FY14 15. These costs were calculated as noted above.

These additional costs would result in the need for an additional revolving appropriation and an increased Materiel-Purchasing Assessment to State Agencies.

The table below summarizes the impact by fund type of the increased statewide Materiel-Purchasing Assessment. The allocation by fund type is based on total FY11-12 operational expenditures.

	FY2013-14	FY2014-15
	Expenditures	Expenditures
General Funds	71,145	70,159
Cash Funds	74,251	73,222
Federal Funds	35,479	34,987
Revolving Funds	39,487	38,939
Total Funds	220,362	217,307

It is unknown what impact this will have on the ability of contractors to provide this information or if they will comply. This bill has the potential for impacting the number of contractors willing to bid on the State's bids therefore creating a possible reduction in competition. In addition, those contractors who do bid on the State's business will pass those costs on to the State in order to provide the information being required in this bill. It is unknown what these costs will be, but even a .5% increase in costs statewide will have a significant impact on agency budgets.

As the majority of state contracts for goods are written to establish a price per unit and these contracts do not commit the state to purchases, there could be an increase in per unit price which could impact the number of units purchased by agencies.

AS/Transportation Services Bureau (TSB) provides lease and rental services through the operation of a fleet of approximately 1050 vehicles. The operation, annually, requires more than 45,000 fuel care procurement transactions made statewide, approximately 1,000 procurement transactions for parts and supplies required for preventative maintenance and repair work performed on fleet vehicles in the TSB service garage, and approximately 1,600 procurement transactions with commercial vendors statewide for preventative maintenance and repair work performed on vehicles at other locations. TSB also secures body and paint repair services from multiple vendors at locations throughout the state. Because of the nature and dollar amounts of these transactions, the majority of them are not subject to contracts. TSB will require an estimated three (3) FTE's, two (2) Buyer II's and one (1) Staff Assistant II to assist with establishing new purchasing requirements for all transactions. Additionally, the employees will be required, on an ongoing basis, to ensure that vendors provide adequate cost and origin information so it can be included in the annual report. It is also assumed that there will be additional responsibilities which would include compiling the data required to complete the necessary reports for goods and services purchased.

The estimated costs for the additional three (3) FTE's are \$220,362 in FY13-14 and \$217,307 in FY14-15. These costs were calculated as noted above.

These additional costs would result in the need for additional revolving appropriation and a possible increase in the mileage rates.

Additionally, this bill requires information to be provided for the current fiscal year. This would require the research of any procurement transactions since July 1, 2012. The total amount of staff time required to research each transaction would be extensive. It is unclear as to whether existing vendors will be able to retroactively provide the necessary information to comply with the bill.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions		FY 2013-14	FY 2014-15
	13-14	14-15	Expenditures	Expenditures
Staff Assistant II	3	3	102,795	105,108
Administrative Assistant I	.50	.50	15,781	16,136
Buyer II	6	6	251,235	256,887
Benefits			225,034	260,643
Operating			44,219	44,219
Travel				
Capital Outlay			25,000	
Aid				
Capital Improvements				
TOTAL	9.50	9.50	694,064	682,993

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

2013

LB⁽¹⁾ 371 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Banking & Finance

Prepared by: ⁽³⁾ Margo Sawyer Date Prepared: ⁽⁴⁾ 1/29/13 Phone: ⁽⁵⁾ 471-4954

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

Explanation of Estimate:

The Department of Banking and Finance does not have many contracts, whether for services or goods. The requirement to submit an annual report would require additional staff time but it would be absorbed with current staff. The fiscal impact to the department would be minimal.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____

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

2013

LB⁽¹⁾ 371 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Department of Correctional Services (NDCS)

Prepared by: (3) Christina Peters Date Prepared: (4) 1/29/2013 Phone: (5) (402) 479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>43,564</u>	<u></u>	<u>43,564</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>43,564</u>	<u></u>	<u>43,564</u>	<u></u>

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

Explanation of Estimate:

NDCS Purchasing manages service contracts under \$50,000 and commodity purchases under \$10,000. Currently, NDCS Purchasing manages 131 contracts. Although many of these involve Nebraska or U.S. vendors, there was \$32,602,615 in FY12 purchases where the origin was not monitored. As we do not currently track this information, the research, tracking, dissemination, and reporting would require an additional FTE. Contractors would be required to provide much of this information; therefore, additional costs may be necessary on current and future contracts, increasing the costs of affected goods and services. NDCS is not making an estimate to these other potential cost increases.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Staff Assistant II	<u>1</u>	<u>1</u>	<u>33,511</u>	<u>33,511</u>
Benefits.....			<u>10,053</u>	<u>10,053</u>
Operating.....			<u></u>	<u></u>
Travel.....			<u></u>	<u></u>
Capital outlay.....			<u></u>	<u></u>
Aid.....			<u></u>	<u></u>
Capital improvements.....			<u></u>	<u></u>
TOTAL.....			<u>43,564</u>	<u>43,564</u>

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

2013

LB⁽¹⁾ LB 371
Amended **FISCAL NOTE**

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

Prepared by: ⁽³⁾ Russ Inbody Date Prepared: ⁽⁴⁾ 2-1-13 Phone: ⁽⁵⁾ (402)471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$137,154		\$137,142	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$137,154</u>		<u>\$137,142</u>	

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

Explanation of Estimate:

All state agencies would be required, whenever possible, to purchase contracted services and supplies and materials from vendors within the State of Nebraska. Each state agency will annually provide the Legislature with an electronic report that identifies the number, value and dollar amount spent on contracted services and supplies and materials from vendors within the State of Nebraska and for those vendors from outside of the United States.

Fiscal Impact:

To NDE: The provisions of this bill would require two additional FTE to collect and enter the data required. More information may be required from contractors and there is a possibility that research on where items are purchased may be required. There may be an increase in the costs for contracting services and purchasing supplies and materials. This additional cost will be driven by marketplace factors and is unknown at this time.

To Political Subdivisions: There would be no fiscal impact to school districts.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Office Associate IV	2.0	2.0	\$70,190	\$71,768
Benefits.....			\$56,624	\$61,482
Operating.....			\$10,340	\$3,892
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$137,154</u>	<u>\$137,142</u>

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

2013

LB⁽¹⁾ 371 FISCAL NOTE

State Agency OR Political Subdivision Name: Nebraska Game and Parks Commission (Agency 33)

Prepared by: ⁽³⁾ Patrick H. Cole Date Prepared: ⁽⁴⁾ 1/28/2013 Phone: ⁽⁵⁾ 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>384,638</u>	<u> </u>	<u>364,638</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>384,638</u>	<u> </u>	<u>364,638</u>	<u> </u>

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

Explanation of Estimate:

The proposed legislation would establish the Transparency in Government Procurement Act which would require each state agency to prepare an annual report related to all contracts and subcontracts awarded as well as articles, materials, supplies and services acquired. Details of each would include the total number, value and location (in-state or foreign) of the vendor and/or the source of the goods/materials or supplies. The first report is due to the Governor and the Legislature on or before December 31, 2013. The report would be electronic, with a copy posted to the agency's website.

Much of the information, especially origin of materials, is not routinely collected, and it is unknown how readily or if it would be available. It would require significant staff time to compile, especially for items purchased prior to this bills enactment and subject to the first report requirement. The legislation provides for future needs by requiring the contractors and suppliers to provide this information, which would still need to be compiled for reporting. Depending upon the depth and form of reporting, this could increase bid costs as the contractors and suppliers attempt to absorb this new requirement.

There is no dollar limit or product/material exclusion related to the contracts/supplies/material/service purchases that need to be reported. The Nebraska Game and Parks Commission may have over 1,000 contracts in a given year ranging in cost from <\$500 to over \$1,000,000 in the case of some capital projects; supply and material purchases range from <\$1 to over \$25,000. Without a threshold limit, it is expected that an additional eight FTE's would need to be established to comply with the annual reporting needs.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Acct Clerk II	<u>8</u>	<u>8</u>	<u>213,254</u>	<u>213,254</u>
Benefits.....			<u>143,384</u>	<u>143,384</u>
Operating.....			<u>28,000</u>	<u>8,000</u>
Travel.....			<u> </u>	<u> </u>
Capital outlay.....			<u> </u>	<u> </u>
Aid.....			<u> </u>	<u> </u>
Capital improvements.....			<u> </u>	<u> </u>
TOTAL.....			<u>384,638</u>	<u>364,638</u>

A position equivalent to an Accounting Clerk II (\$12.816/hr est FY14 rate) would be necessary (\$ 26,658 wages; \$2,040 OASDI; \$2,000 retirement; \$13,883 insurance) to assist with report compilation needs. Due to the volume and diversification of the purchases at least 8 positions would be needed for the main line divisional areas (\$213,254 wages, \$16,320 OASDI; \$16,000 retirement; \$111,064 insurance for a total of \$356,638). One each for the following Divisions: Wildlife, Fisheries, Law Enforcement, Parks, Information & Education, Administration and Engineering and Operations. One-time minimal office furniture needs (e.g. computer, desk, chair) are estimated at \$2,500 for each staff member with annual operating expenses (phone, electricity, supplies and materials) of approximately \$1,000 each. So for the first FY \$20,000 in one-time expenses would be anticipated and \$8,000 in annual ongoing expenses.

While the proposed legislation would impose the identification of origin on the contractors and suppliers, it is unclear as to whether or not their failure or inability to do so would disqualify them from state business. There are a number of items that may need investigation by the agency. It is anticipated that a significant amount of time may be necessary in educating staff and vendors in the complexity in identifying/defining origin of supplies and materials, since it appears the legislation would apply to all items, from paper, bolts, lumber, pens, vehicles, fuel, furniture, etc. Without a limitation on the items covered the time and effort to identify the needed information could exceed the value of the product in some instances.

We would request general fund authority under an A-bill to cover the additional staff needs.

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

2013

LB⁽¹⁾ 371 FISCAL NOTE

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

Prepared by: (3) Debbie Kay Ward Date Prepared: (4) 2/5/2013 Phone: (5) 402-471-2492

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>206,764</u>	<u> </u>	<u>64,834</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>206,764</u>	<u> </u>	<u>64,834</u>	<u> </u>

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

Explanation of LB 371 The EnterpriseOne system does not currently require or parse out the data elements required for tracking and developing the annual reported proposed in LB 371. LB371 would require the agency to make enhancements to the EnterpriseOne system to create the required data fields and procurement reports necessary. The agency does not have internal expertise in developing accounting and finance reports and would need to hire a contractor to make the modifications required for the annual report at a rate of \$165 per hour. We are estimating the analysis, definition of requirements, and development changes will take approximately 3 months at a cost of \$79,200. In addition, it would require significant input from our Procurement and Finance staff to define tracking and reporting requirements, at a cost of \$35,903, plus Personnel Benefits of \$12,465. Total development costs for contract services and staff are \$127,568. The ongoing process required for identifying the various data elements to be tracked for each contract for goods and/or services necessitates significant evaluation of vendors and their products by our procurement staff. Given the number of procurement activities within a year, current staffing levels cannot support the ongoing and annual activities required for LB 371. The production of the first annual report will be particularly labor intensive since the goods and services procured will be for the prior fiscal year (FY 12-13) and no tracking mechanism or process is in place. The agency would be required to hire a Buyer I at an ongoing Personnel Salaries cost of \$34,727. In addition, production of the annual report each year would cost the agency \$2,380. Personnel Benefits costs for the new hire and existing staff required for LB 371 would be \$12,883, for a total ongoing cost of \$49,990 per year.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2013-14	2014-15
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Buyer 1	1.0	1.0	\$34,727	34,727
Buyer II	.08	0	\$4,013	\$0
Accounting and Finance Manager	.08	0	\$4,288	\$0
Controller	.08	0	\$7,790	\$0
Dir Administrative Services	.08	0	\$6,765	\$0
Business Manager II	.08	0	\$4,154	\$0
Buyer II	.04	0	\$2,007	\$0
Dir Administrative Services	.02	0	\$1,691	\$0
PIO III	.01	0	\$416	\$0
Staff Assistant	.02	0	\$625	\$0
Business Manager II	.08	0	\$4,154	\$4,154
Business Manager II	.02	.02	\$1,039	\$1,039
Buyer II	.01	.01	\$502	\$502
Dir Administrative Services	.01	.01	\$423	\$423
PIO III	.01	.01	\$104	\$104
Staff Assistant	.01	.01	\$313	\$313
Salaries.....			\$73,011	\$37,108
Benefits.....			\$25,349	\$12,883
Operating.....			\$108,404	\$14,843
Travel.....			\$0	\$0
Capital outlay.....			\$0	\$0
Aid.....			\$0	\$0
Capital improvements.....			\$0	\$0
TOTAL.....			\$206,764	\$64,834

2013 Legislative Bill Proposal Fiscal Note

Bill Proposal #: LB 371

State Agency: Nebraska State Patrol

Prepared by: Carol Aversman

Date Prepared: 2/6/2013

Phone: (402)479-4945

Approved by:

Estimate of Fiscal Impact – State Agencies

	FY 2012 – 2013		FY 2013 - 2014		FY 2014 -2015	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds			\$46,708		\$44,008	
Cash Funds						
Federal Funds						
Other Funds						
Total Funds			\$46,708		\$44,008	

Explanation of Estimate:

LB 371 requires a comprehensive annual procurement report that provides the total number and value of contracts awarded along with details on the location of the contractor, supplier or service provider in the case of each contract. In addition, the location of the manufacturer of the supplies, materials, articles, and components in the case of a manufactured good that is being procured is also required to be provided. The State Patrol anticipates that in order to put into place the required database and tracking mechanisms needed to capture this information, an additional Buyer I will be required due to the increased amount of workload.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions			2012 - 2013	2013- 2014	2014-2015
	12-13	13-14	14-15	Expenditures	Expenditures	Expenditures
Buyer I		1			\$33,089	\$33,089
Benefits					\$10,919	\$10,919
Operating						
Travel						
Capital Outlay					\$2,700	
Aid						
Capital Improvements						
TOTAL					\$46,708	\$44,008

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

2013

LB⁽¹⁾ 371 FISCAL NOTE

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

Prepared by: ⁽³⁾ Becky Fleming Date Prepared: ⁽⁴⁾ 2/4/2013 Phone: ⁽⁵⁾ 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	\$171,300	_____	\$171,300	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$171,300</u>	_____	<u>\$171,300</u>	_____

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

Explanation of Estimate:

LB 371 adopts the Transparency in Government Procurement Act. The Legislature declares that it shall be the policy of this state that each state agency shall quantify the portion of its procurement spending that is reinvested with taxpayers in this state and nation. The first such report shall be submitted to the Governor and the Legislature on or before December 31, 2013 in electronic form. Subsequent reports shall be submitted on or before December 31 of each year.

Each agency shall create an annual report to be submitted electronically to the Legislature and available to the public through publication on each state agency's web site to include:

- total number and value of contracts
- total number and value of contracts and subcontracts awarded to parties within the state
- total number and value of contracts and awarded to foreign parties
- \$ value of any "articles, materials, or supplies purchased" manufactured outside the US
- \$ value of any "articles, materials, or supplies purchased" manufactured within Nebraska
- \$ value of any services contracted for with parties outside of the US
- \$ value of any services contracted for with parties in Nebraska
- itemized list of all waivers to any preference provided for in Nebraska law
- total procurement value of funds expended on iron, steel, or manufactured goods manufactured outside of the US

Department of Roads currently does not have a process in place to comply with LB 371. Three additional employees will be needed in order to gather, track and report this information annually. For FY 2012, there were approximately 197 contracts that would be included in this new process.

Costs for adding three additional employees:

Hwy Plans and Specs Reviewer \$20 per hour	
Salary	\$41,600
Benefits	<u>15,500</u>
Total for 1 employee	\$57,100
Total for 3 employees	\$171,300

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Hwy Plans and Specs Reviewer	3	3	\$124,800	\$124,800
Benefits.....			\$46,500	\$46,500
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL			\$171,300	\$171,300

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

2013

LB⁽¹⁾ 371 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ February 4, 2013 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>511,000</u>	<u> </u>	<u>351,000</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>511,000</u>	<u> </u>	<u>351,000</u>	<u> </u>

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

Explanation of Estimate:

The bill would require all State agencies to acquire and track information about where a product was manufactured or where it originated from. The University currently does NOT track this information and would have to change the programming of its eShop Purchasing system, its SAP Accounting System and possibly the interface between SAP and State Accounting.

The bill would require vendors to provide the information. It has been our experience with Federal programs that require similar information that some vendors (especially smaller) will simply choose not to participate because of the added burden. **We expect an increase in costs of products** as a direct result, however we are unable to predict the increase **and have not included it in our fiscal note.**

As indicated above, we currently do not capture this information and we simply could not provide a report by December 31, 2013 for the year ended June 30, 2013. Additionally, while we may begin to require compliance with these requirements, some of our contracts are multi-year contracts which would not change and where we would be unable to provide information even by December 31, 2014.

It is also unclear to us how, or if, we would be able to capture information on purchasing card and other point of service type arrangements.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Procurement Specialist/Buyer	<u>2.0</u>	<u>2.0</u>	<u>100,000</u>	<u>100,000</u>
Purchasing Staff	<u>5.0</u>	<u>5.0</u>	<u>170,000</u>	<u>170,000</u>
Benefits.....			<u>81,000</u>	<u>81,000</u>
Operating.....			<u> </u>	<u> </u>
Travel.....			<u> </u>	<u> </u>
Capital outlay...(Improvements to Software)			<u>160,000</u>	<u> </u>
Aid.....			<u> </u>	<u> </u>
Capital improvements.....			<u> </u>	<u> </u>
TOTAL.....			<u>511,000</u>	<u>351,000</u>