

PREPARED BY: Scott Danigole
 DATE PREPARED: January 25, 2021
 PHONE: 471-0055

LB 213

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$4,000,000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$4,000,000			

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

LB 213 requires the Department of Administrative Services (DAS) to contract for an efficiency review of state agencies and electronically provide the results to the Legislative Council no later than January 1, 2023. 191 state agencies, boards, commissions, and councils are identified to be reviewed.

DAS estimates the cost to contract with a vendor for such an extensive review will be four million dollars (\$4,000,000). This estimate is based on similar reviews conducted in other states.

There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 213	AM:	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY: Neil Sullivan		DATE: 1/22/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Administrative Services assessment of fiscal impact from LB 213 appears reasonable.			

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

2021

LB⁽¹⁾ 213

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS)

Prepared by: ⁽³⁾ Jennifer Sommars-Link Date Prepared: ⁽⁴⁾ 1-14-2021 Phone: ⁽⁵⁾ 402-471-1405

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$4,000,000			
CASH FUNDS				
FEDERAL FUNDS				
REVOLVING FUNDS				
TOTAL FUNDS	<u>\$4,000,000</u>			

Explanation of Estimate:

LB 213 would require the Department of Administrative Services to contract with a vendor for an efficiency review of all state agencies listed within the bill and provide the results of such review electronically to the Legislative Council no later than January 1, 2023. Such review is to be conducted by an independent source to make delivery of services more cost efficient as well as identify new sources of funding other than taxation.

Such efforts would include establishing a team who will develop the scope of work and requirements, to include deliverables on the contract, to work with State Purchasing Bureau to develop and issue a request for proposal to competitively bid for such services in accordance with the public letting and contract statutory requirements; to establish and administer the contract for such services; and to develop and establish a report constituting the results of such contract by the established deadline.

The legislation has a fiscal impact, but the exact fiscal impact is not known at this time. Such a contract would be subject to competitive bidding. Based on similar reviews from other states (North Carolina for \$4 million in 2014 and Wyoming in 2018 for \$2.1 million), the cost is estimated to be \$4 million.

This fiscal note assumes the funding source would be General Funds. The total appropriation is requested in the first year of the biennium with planned carryover into the second fiscal year of the biennium. It is assumed that vendor payments would be made as benchmarks were met in FY21-22 and finally in FY22-23 when the report is completed.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>21-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$4,000,000	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$4,000,000</u>	

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared 1-25-2021

Phone: (5) 471-6719

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

Explanation of Estimate:

LB 213 requires the Department of Administrative Services (DAS) to contract with an outside entity to complete a study of government efficiency for all Nebraska Agencies and boards. In order to comply with the requirements of LB 213, the Department of Health and Human Services (DHHS) would need to budget staff time above existing allotments to work with the contracting entity to accomplish an audit of internal work processes and services provided to recipients by DHHS. To complete such a thorough review, it is estimated that at least an extra 1% of all staff time would be needed to complete a review. DHHS has a staff payroll of approximately \$68 Million. DHHS would need to hire temporary staff (total costs of at least \$680k) to meet the needs of such a study.

Any costs necessary for DAS to complete the contract could be passed onto DHHS. DHHS would require extra appropriation necessary to reimburse DAS for the contract.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2021-2022	2022-2023
	POSITION TITLE	21-22	22-23	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....				