

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS	453,658 to 907,316	453,658 to 907,316	399,067 to 798,133	399,067 to 798,133
TOTAL FUNDS	453,658 to 907,316	453,658 to 907,316	399,067 to 798,133	399,067 to 798,133

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

LB 1159 changes provisions of high dollar contracts for services so the agencies may propose contracts for services valued at twenty-five million dollars or more, but only the materiel division (of Administrative Services) may enter into such contracts.

Sections 10 through 12 provide requirements for the materiel division to follow in handling these contracts.

The materiel division estimates the need for ten (10) additional FTE to address the bill's provisions. Materiel division cautions that the \$100,000 included in the first year's estimate for consultants may be too low a figure.

The estimates submitted by materiel division are based on the current number of twenty-seven (27) contracts valued over the \$25 million threshold. If we assume each contract has a three year life-cycle and is then considered for renewal, materiel would be addressing nine new contracts per year. This approach appears to be reasonable.

Having ten new employees address nine contracts per year appears excessive. Clearly, some of the bill's provisions would require new staffing. For instance, Section 10 (5) of the bill requires the Department of Administrative Services to develop training requirements for contracting officers and provide training for individuals employed by state agencies. This new activity would necessitate new staff.

In their fiscal note response, materiel states: "It may be possible for some or all of these FTE's (sic) to be obtained through a reallocation of existing FTE's (sic) from other agencies to provide a more budget neutral approach." It is unclear whether this statement means that materiel could possibly reallocate its own staffing or if they are suggesting transferring staff from other agencies to DAS.

Due to the uncertainty of costs and the question of reallocating existing staff, the figures used in the table above reflect a range that is between half of the materiel division estimate and the full estimate.

The bill's fiscal impact on the materiel division would be paid with Revolving Funds. The costs paid by agencies utilizing the services would be paid with whatever funding sources those agencies utilize.

The individual costs for any given state agency are not estimated in this fiscal note. They cannot be accurately estimated due to the varying nature of each contract.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE	1/31/12	PHONE	471-2526
COMMENTS					
ADMINISTRATIVE SERVICES – MATERIAL: Estimate appears to be reasonable.					