

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	742,572		1,469,124	
CASH FUNDS				
FEDERAL FUNDS	666,260		1,332,520	
OTHER FUNDS	1,400,000		2,400,000	
TOTAL FUNDS	2,808,832		5,201,644	

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

This bill repeals the requirement that counties provide office space to the state at no cost to the state for administration of public assistance programs as such facilities existed on April 1, 1983. The operative date of the bill is January 1, 2016.

Under this bill, the counties would provide the space but the Department of Health and Human Services would pay rent. The counties collectively provide approximately 185,000 square feet of space. At an average square foot cost of \$13, the full year cost would be \$2,400,000. The facility costs would be \$400,000. The composite federal match rate is 47.59%. The total cost by fund source is \$1,400,000 (\$733,740 G and \$666,260 F) for half the fiscal year in FY 16 and \$2,800,000 (\$1,467,480 G and \$1,332,520 F) in FY 17.

Counties providing space would have an increase in revenue. The revenue would vary from county to county.

The Department of Administrative Services administers rental agreements for state agencies. DAS has indicated the contract negotiations would require overtime for two staff people for the new contracts with the counties. The cost in FY 16 would be \$8,332 G and in FY 17, 1,644 G. DAS also charges agencies a 2% administrative fee. The cost in FY 16 would be \$28,000 and in FY 17, \$48,000. Revolving Funds would increase by \$1,400,000 in FY 16 and by \$2,400,000 in FY 17.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:61	AM:	AGENCY/POLT. SUB: Douglas Co.	
REVIEWED BY: Elton Larson		DATE: 1/23/15	PHONE: 471-4173
COMMENTS: Analysis and estimates appear reasonable.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:61	AM:	AGENCY/POLT. SUB:NACO	
REVIEWED BY: Elton Larson		DATE: 1/23/15	PHONE: 471-4173
COMMENTS: Revenue impact to counties would depend upon the continuation of renting existing space allocated to HHS.			

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 Mason

Date Prepared:(4) 1-27-15

Phone: (5) 471-0676

	<u>FY 2015-2016</u>		<u>FY 2016-2017</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$733,740		\$1,467,480	
CASH FUNDS				
FEDERAL FUNDS	\$666,260		\$1,332,520	
OTHER FUNDS				
TOTAL FUNDS	\$1,400,000		\$2,800,000	

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

Explanation of Estimate:

LB 61 amends the requirement for counties to maintain, at no cost, the space the county used in 1983 for public assistance programs for the Department of Health and Human Services (DHHS). The bill would still require the county to provide space, but DHHS would be required to pay rent and all related costs for the space the county provides the department.

Counties currently provide the agency approximately 185,000 square feet of space. At an average value of \$13 per square foot, this represents approximately \$2.4 million per year. When service facilities are added, this value increases by \$400,000. This statute is scheduled to take effect on January 1, 2016, so there would be only six months of costs in State Fiscal Year 2016.

These costs are matched by Federal Funds at a rate of 47.59% (December, 2014).

General funds of \$666,260 in the first fiscal year and \$1,467,400 in each subsequent year would be needed by the agency to continue to match Federal Funds in order to compete for market commercial space in county locations.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2015-2016	2016-2017
		15-16	16-17	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....				\$1,400,000	\$2,800,000
Travel.....					
Capital Outlay.....					
Aid.....					
Capital Improvements.....					
TOTAL.....				\$1,400,000	\$2,800,000

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

2015

LB61⁽¹⁾ Change funding for county offices relating to administration of public assistance programs

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ MARCOS SAN MARTIN, DOUGLAS COUNTY ADMINISTRATION Date 1/16/15 Phone: ⁽⁵⁾ 402.444.5116
 Prepared: ⁽⁴⁾ _____

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>215,000</u>	_____	<u>215,000</u>	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>A\$215,000</u>	<u>N/A</u>	<u>A\$215,000</u>	<u>N/A</u>

Explanation of Estimate:

BILL WOULD POTENTIALLY RESULT IN A REDUCTION OF AN APPROXIMATELY \$215,000 ANNUAL EXPENDITURE BY DOUGLAS COUNTY TO LEASE FOUR BUILDING SPACES/OFFICES USED FOR THE ADMINISTRATION OF PUBLIC ASSISTANCE. THIS ESTIMATE DOES NOT INCLUDE OTHER COSTS OF UTILITIES AND/OR ANNUAL MAINTENANCE.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

LEASE COSTS :

[APPROXIMATE ANNUALIZED RENT PER FACILITY/OFFICE SPACE (\$24,440, \$54,000, \$60,468, \$76,222)]

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>N/A</u>	<u>N/A</u>

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

2015

LB⁽¹⁾ 61

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/13/2015

Phone: ⁽⁵⁾ 402-434-5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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:

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Based upon 2013 information from HHS, there is approximately 211,000 square feet of office space being occupied by HHS in county occupied buildings. Rents for offices vary across the state. If the various counties and the State opted to have rental agreements, by utilizing \$15 a square foot as an average rental rate, the potential increased revenue to counties would be \$3,165,000 for a year. Alternatively, office space may be freed up for counties to use such space for other county offices and functions. The amount of these savings are indeterminate.

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

2015

LB⁽¹⁾ 61

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Lancaster County General Assistance

Prepared by: ⁽³⁾ Garold Chalupa

Date Prepared: ⁽⁴⁾ January 12, 2015

Phone: ⁽⁵⁾ 402-441-7380

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>309,840.00</u>	<u>0</u>	<u>309,840.00</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u><u>309,840.00</u></u>	<u><u>0</u></u>	<u><u>309,840.00</u></u>	<u><u>0</u></u>

Explanation of Estimate:

The specific amount budgeted by Lancaster County is negotiated and contracted by DHHS. The County is then required to pay that amount. Passage of this bill will reduce Lancaster County's annual obligation by the amount shown.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</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.

2015

LB⁽¹⁾ 61

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Sarpy County

Prepared by: ⁽³⁾ Fred Uhe

Date Prepared: ⁽⁴⁾ Jan. 18, 2015

Phone: ⁽⁵⁾ (402) 593-2106

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	\$76,000	_____	\$76,000
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: We provide the Dept of Health & Human Services 4,000 Square feet. We estimate the market for rent in this area to be \$19/square feet, including base rent, custodial, utilities, etc.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16 EXPENDITURES</u>	<u>2016-17 EXPENDITURES</u>
	<u>15-16</u>	<u>16-17</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2015

LB⁽¹⁾ 61

FISCAL
NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Administrative Services State Building Division (SBD)

Prepared by: ⁽³⁾ Jeff Jensen Date Prepared: ⁽⁴⁾ 01/15/15 Phone: ⁽⁵⁾ 402-471-0422

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	<u>1,165,082</u>	<u>1,179,375</u>	<u>2,318,500</u>	<u>2,358,750</u>
TOTAL FUNDS	<u>1,165,082</u>	<u>1,179,375</u>	<u>2,318,500</u>	<u>2,358,750</u>

Explanation of Estimate:

LB61 would eliminate the county provision of no cost office and service space to DHHS for the administration of public assistance programs as existed on 4/1/1983. This bill would allow each county to charge the State for space used for the administration of the public assistance programs effective January 2016.

The State currently utilizes approximately 185,000 square feet at no cost in 49 counties. LB61 would require that a lease be negotiated for each site. Current SBD Property Management procedures provide that SBD would negotiate and sign a lease agreement with the landlord (county). SBD would then pay the counties (landlords) monthly lease payments. At the same time a second lease is generated between SBD and the tenant (DHHS). This lease provides that the tenant will be billed monthly the amount of each lease plus a 2% administrative fee that is accessed on all commercial leases.

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.

Additional revolving expenditures for SBD would be incurred as a result of the new landlord payments that would be processed. Using the current 185,000 sq. ft. of rental space paid at an estimated rate of \$12.50 for an increase of rent expense of \$2,312,500 (185,000 sq. ft. x \$12.50 = \$2,312,500). The amount in FY2015-16 would be half (\$1,156,250) as the bill is effective January 2016.

Based on the space currently occupied by DHHS approximately 55 new leases would have to be negotiated and signed prior to January 2016. This is double the number of leases that the SBD Property Management staff currently negotiates and/or renews in a typical year.

Estimated overtime of 80 hours and related benefits over two months for a current hourly Administrative Assistant II plus two (2) temporary Staff Assistant II's working full time for two months will be required to complete the required leases. Additional support will be provided by salaried Property Management staff. Additional operating costs of approximately \$115 will be incurred for the temporary staff for email and other technology requirements.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Administrative Assistant II (overtime)			1,397	1,428
Benefits.....			212	216
Operating – Lease Payments.....			1,156,250	2,312,500
Operating - SOS – Temporary Salaries – 2 Staff Assistants II for two months...			7,108	0
Operating Expenses – Temps.....			115	
Aid.....				
Total.....			1,165,082	2,314,144