



PREPARED BY: Sandy Sostad  
 DATE PREPARED: February 08, 2012  
 PHONE: 471-0054

**LB 1168**

Revision: 00

**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				
TOTAL FUNDS				

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

LB 1168 is the School District Purchasing Act. The bill provides a uniform purchasing procedure for school district purchases of equipment, supplies, and other items of personal property, and services and provides requirements for the sale of surplus personal property which is obsolete or unusable by a school district. Purchasing agents or their staffs who violate the provisions of the act, upon conviction, are guilty of a Class IV felony.

Class IV (Lincoln) and Class V (Omaha) school districts and Class III school districts within a city of 50,000 or more (Bellevue, Millard, Westside, Elkhorn) are required to employ a purchasing agent who is not a member of the school board to purchase all personal property and services required by the district. The bill makes it permissive for other school districts to employ a purchasing agent who is not a board member.

The bill encourages districts to work together when joint purchases are advantageous. The bill defines the bidding process to be used for the purchase of property or services depending upon the value of the purchase. Competitive bids are not required in certain instances when prices are established by outside entities such as the federal General Services Administration; the materiel division of the Department of Administrative Services; or cooperative service agreements per a contract with another governmental entity.

The fiscal impact of the bill for school districts is unknown. The Lincoln, Omaha, and Bellevue school districts currently have purchasing departments, so the requirement to employ a purchasing agent should not have a fiscal impact for the districts. It is assumed the other Omaha area districts also have purchasing staff.

The requirements for competitive bidding for purchases of property or services may have a fiscal impact for school districts to revise procedures and purchasing manuals and to competitively bid some purchases that are not currently bid out. It is possible that some districts which do not competitively bid all purchases or contracts over \$20,000 or do not take competitive bids to sell property valued at \$2,500 or more will have increased administrative expenses and/or staffing needs to comply with the requirements of the bill.

It appears the bill will continue to allow cooperative purchase agreements currently used by many districts through educational service units and the material division of the Department of Administrative Services.

If there are any convictions for violations of the act, the maximum penalty may be a fine of up to \$10,000 and imprisonment for up to five years. Any revenue received pursuant to fines accrues to the county where the violation occurs for use by the public schools.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Matthew Eash	DATE	2/16/12	PHONE	471-2526
<b>COMMENTS</b>					
DEPT. OF EDUCATION – IMPACT TO TEEOSA					
It appears from the 2010 US Census that the only cities in Nebr. With a population of 50,000 inhabitants or more are Omaha, Lincoln, and Bellevue. Omaha Public Schools (OPS) and Lincoln Public Schools (LPS) are Class V and Class IV districts, respectively. Relying on the bill's language, it appears that Bellevue Public Schools does not "encompass" the city of Bellevue, but parts of the city fall within the boundaries of Omaha Public Schools and Papillion-La Vista Schools. Therefore, the bill appears to require only OPS and LPS to employ a purchasing agent. The State of Nebraska job classification that most similarly resembles the duties desired in the bill appears to be a Buyer III (V04313). This position currently has a pay rate range of \$22.091/hr. to \$30.156/hr., or \$45,949.28/yr. to \$62,724.48.					

There may be offsetting or net savings that might result from efficiencies and best practices in procurement by a purchasing agent, but no analysis is available to measure this. If no savings are assumed, however, then increased spending by OPS or LPS in the amount of the annual salary range stated above would probably not measurably increase total TEEOSA state aid.

DEPT. OF ADMIN. SERVICES – Concur.

RECEIVED

JAN 25 2012 2012

LEGISLATIVE FISCAL

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

LB<sup>(1)</sup> 1168 FISCAL NOTE

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

Prepared by: (3) Bergquist, Eret Date Prepared: (4) January 24, 2012 Phone: (5) 402-471-0526

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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 purpose of this Act is to provide uniform purchasing procedures, including the bid process, for all school districts. The uniform purchasing procedures would apply to purchasing equipment, supplies, services, and other personal property items. The bill also addresses procedures for disposing of surplus property and that all contracts and leases are approved by the district's attorney.

A Class IV school district (Lincoln Public Schools) a Class V school district (Omaha Public Schools) or a Class III school district with a population of 50,000 or more, would be required to employ a purchasing agent. The purchasing agent under these conditions may not be a member or officer of the school board. Other school districts may employ a purchasing agent or the board of education would act in the capacity as the purchasing agent.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

## **LB<sup>(1)</sup> 1168 FISCAL NOTE (continued)**

### **Fiscal Impact:**

To NDE: None. However, increased expenditures may result in an increase in the calculation of State Aid two years after the increase in expenditures.

To School Districts: School districts that would be required to hire a purchasing agent would have increased expenditures if the costs of hiring a purchasing agent could not be reallocated among the school districts current expenditures. Other school districts may have an increase in their expenditures if they hire a purchasing agent rather than using the board of education for this role.

The Department of Education does not currently collect any financial data on the costs for employing a designated purchasing agent. The Department of Education does not currently have access to any financial data on the savings from a uniform purchasing procedure. A dollar amount of the fiscal impact of this bill cannot be estimated at this time.

# 2012 Legislative Bill Proposal Fiscal Note

RECEIVED  
JAN 25 2012  
LEGISLATIVE FISCAL

Bill #: LB1168

State Agency: Administrative Services - Materiel

Prepared by: Brenda Pape

Date Prepared: 01/21/2012

Phone: 402-471-0970

Approved by:

## Estimate of Fiscal Impact – State Agencies

	FY 2012-13		FY 2013-14	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds	0		0	

**Explanation of Estimate:**

LB1168 is an act to be known as the School District Purchasing Act. This bill would require Materiel Division to make its contracts available for use by school districts.

As the bill is written, there would not be any fiscal impact on Materiel Division. Contracts processed by Materiel Division are posted to our website.

## Major Objects of Expenditure

**Personal Services:**

Position Title:	Number of Positions			2012-13	2013-14
	12-13	13-14		Expenditures	Expenditures
Benefits					
Operating					
Travel					
Capital Outlay					
Aid					
Capital Improvements					
<b>TOTAL</b>					