

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 426 changes provisions throughout statute that call for reimbursement of “actual and necessary expenses” to reimbursement of “expenses”. The effect of this change is that reimbursement for meals and incidental expenses incurred while traveling on state business will be paid as a percentage of the Federal General Services Administration (GSA) per diem rates. This would replace the state’s current method of reimbursement of actual costs for meals and incidental expenses.

DAS Accounting estimates small costs associated with implementing the bill’s provisions as they relate to reviewing, rewriting, republishing and training. There are also costs associated with the analysis and development of percentages to be applied to GSA rates. DAS Accounting states that they can absorb these costs. This appears to be reasonable.

The bill’s provisions will impact nearly every state agency. The degree to which an agency is impacted will be dependent largely on how much travel is conducted. Some reimbursements may be higher than those from the past. For example, using “actual” costs would mean an employee is reimbursed for the amount of a receipt (say, \$8.50 for lunch). Using a percentage of the GSA per diems may result in a reimbursement of \$10 for lunch. (These figures are provided purely for sake of an example and should not be considered accurate, merely representative)

Offsetting some of this potential for higher reimbursement costs will be the processing time required by agency personnel to process reimbursement payments. Since a percentage of GSA per diems would be utilized, the agency can calculate reimbursement costs *prior* to an employee’s travel. Analyzing, handling, and verifying receipts for multiple meals each day will not be required.

It is not possible to predict the impact on any given agency. If the bill’s provisions significantly impact an agency’s expenditures, those agencies will have the opportunity to address shortfalls through the normal deficit and budgeting processes.

ADMINSTRATAIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 426	AM:	AGENCY/POLT. SUB: Department of Roads	
REVIEWED BY: Gary Bush		DATE: 2/27/17	PHONE: (402) 471-4161
COMMENTS: Concur.			

ADMINSTRATAIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 426	AM:	AGENCY/POLT. SUB: Dept of Administrative Services	
REVIEWED BY: Gary Bush		DATE: 1/24/17	PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the estimate provided.			

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

2017

LB⁽¹⁾ 426

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jerry Broz Date Prepared: ⁽⁴⁾ 1/18/2017 Phone: ⁽⁵⁾ 402-471-0600

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

LB426 proposes to change provisions relating to reimbursement for expenses. More specifically, to change reimbursement of meals or incidental expenses incurred during travel to be a percentage of the federal General Services Administration (GSA) per diem rates as determined by and in accordance with policies established by the Director of Administrative Services. This method would replace reimbursement of actual costs for meals or incidental expenses based on itemized receipts. Approved travel and lodging expenses would continue to be reimbursed based on actual expenditures.

This legislation would require DAS – State Accounting to: review, re-write and re-publish the Accounting Manual and Policies and related employee expense reimbursement forms, as well as create and publish any necessary new forms; roll-out communication and re-training of enterprise-wide pre-auditors on new procedures upon implementation; and provide ongoing training to reinforce procedures. This additional work is estimated to require 440 staff hours from the three-member Internal Control/Pre-Audit Team, Operations Manager, and State Accounting Administrator. Any revisions would require administrative review and approval. The weighted average, fully-loaded cost (salary and benefits) per hour for these five staff members is \$35.80 for a total of \$15,752 (\$35.80 per hour x 440 staff hours = \$15,752). State Accounting would absorb the costs of these requirements within normal operations during FY17-18. It is anticipated there would be minimal additional costs for FY18-19 and beyond in these areas.

This legislation would also require DAS – State Accounting to analyze and develop the percentage(s) to be used in calculating amounts for reimbursement. State Accounting would do so with an objective to develop a percentage(s) that would be cost neutral when compared to recent actual reimbursements. This additional work will require analyzing samples of historical reimbursements based on actual receipts in relation to GSA rates in effect at the time. This analysis is estimated to require 220 staff hours from the three-member Internal Control/Pre-Audit Team with review by the Operations Manager and State Accounting Administrator. Any revisions would require administrative review and approval. The weighted average fully loaded cost (salary and benefits) per hour for these five staff members is \$37.33 for a total of \$8,212 (\$37.33 per hour x 220 staff hours = \$8,212). It is anticipated that 40 hours of staff time would be required annually to analyze and review the percentage(s) on an on-going basis for a total of \$1,698 (\$42.46 per hour x 40 staff hours = \$1,698), beginning in FY18-19. State Accounting could accomplish this work with existing resources.

Benefits from reduced labor time for employees to prepare reimbursement forms and collect receipts, for accounting personnel review and approvals, and pre-auditor reviews of detailed expense reports and receipts are unclear, because personnel time would still be required to verify trip start/stop times and to determine applicable GSA rate(s) to be applied. Personnel time would still be required to review trip information of conferences/seminars for possible inclusion of lodging, meals, and entertainment events. GSA regulations do provide separate amounts for breakfast, lunch and dinner. These amounts would be used if the conference/ seminar includes meals that are already paid for, i.e. through a registration for such conference/seminar. Further, this bill would allow agencies to know and project the costs of employee travel prior to the actual travel. This may facilitate agencies in the budgeting and planning of employee travel.

Summary of fiscal impact:

Fiscal Year 17-18:
 Re-view, re-write, re-publish, training 15,752
 Analysis and development of percentage(s) 8,212
 Total: \$ 23,964

Fiscal Year 18-19:
 Analysis and review of percentage(s) 1,698
 Total: \$ 1,698

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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2017

LB⁽¹⁾ 426

FISCAL NOTE

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

Prepared by: ⁽³⁾ Becky Fleming Date Prepared: ⁽⁴⁾ 2/22/2017 Phone: ⁽⁵⁾ (402) 479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</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:

LB 426 changes expense reimbursement provisions for state officers and agencies. It allows the Director of Administrative Services to establish policies and procedures to set a percentage of the federal General Services Administration (GSA) per diem rates to be used for request for reimbursement of travel and lodging expenses.

It will reduce the staff time and create efficiencies in the processing of expense reimbursements. This will free the capacity of staff time for other duties. The Department does not anticipate an increase in costs in reimbursements based on a percentage of the GSA per diem.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				