

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

### ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

|               | FY 2025-26   |             | FY 2026-27   |             |
|---------------|--------------|-------------|--------------|-------------|
|               | EXPENDITURES | REVENUE     | EXPENDITURES | REVENUE     |
| GENERAL FUNDS | \$1,862,859  |             | \$2,474,902  |             |
| CASH FUNDS    |              |             |              |             |
| FEDERAL FUNDS |              |             |              |             |
| OTHER FUNDS   | \$1,807,786  | \$1,801,500 | \$2,442,772  | \$2,389,000 |
| TOTAL FUNDS   | \$3,670,645  | \$1,801,500 | \$4,917,674  | \$2,389,000 |

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

This bill shifts the financial responsibility of maintaining office and service facilities used for administration of public assistance program from the counties to the state. Counties have been obligated to provide such space at no cost to the state agency, Department of Health and Human Services (DHHS), since 1983.

For similar legislation in 2023, the Department of Administrative Service (DAS) indicated they would need one additional FTE starting in January 2024 to handle the work associated with administering the additional leases. The personnel cost to DAS would be approximately \$45,286 in FY26 and \$92,772 in FY27. DHHS indicates they would also need one additional FTE starting in October 2025. The personnel cost to DHHS would be \$57,0228 in FY24 and \$80,120 FY25.

DHHS and DAS estimate the total lease amount the State will take over to be \$1,950,000 annually, prorated in FY26 due to assumption of implementation on October 1, 2025. DHHS indicates DAS charges an administrative fee which is estimated to be \$39,000. DHHS estimates an additional \$400,000 needed for operational costs like janitors, utilities, and other facility services not included in lease agreements. The total costs would be paid by DHHS to DAS who would in turn need revolving fund appropriation.

The FY26 General Fund expenditures consists of \$1,462,500 for rent, \$300,000 for facilities management, the \$39,000 DAS Admin fee, all paid to DAS showing up as Revolving Fund revenues of \$1,801,500, plus \$61,359 for one FTE. The Revolving Fund expenditures consist of the \$1,462,500 for rent plus \$300,000 for facilities plus \$45,286 for one staff person.

The FY27 General Fund expenditures consists of \$1,950,000 for rent, \$400,000 for facilities management, the \$39,000 DAS Admin fee, all paid to DAS showing up as Revolving Fund revenues of \$2,389,000, plus \$85,902 for one FTE. The Revolving Fund expenditures consist of the \$1,950,000 for rent plus \$400,000 for facilities plus \$92,772 for one staff person.

### ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

|         |     |  |
|---------|-----|--|
| LB: 516 | AM: | AGENCY/POLT. SUB: Nebraska Department of Health & Human Services |
|---------|-----|--|

|                           |                 |                       |
|---------------------------|-----------------|-----------------------|
| REVIEWED BY: Ann Linneman | DATE: 2-14-2025 | PHONE: (402) 471-4180 |
|---------------------------|-----------------|-----------------------|

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| COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact. |
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### ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

|         |     |   |
|---------|-----|---|
| LB: 516 | AM: | AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO) |
|---------|-----|---|

|                           |                 |                       |
|---------------------------|-----------------|-----------------------|
| REVIEWED BY: Ann Linneman | DATE: 2-18-2025 | PHONE: (402) 471-4180 |
|---------------------------|-----------------|-----------------------|

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|---|
| COMMENTS: The Nebraska Association of County Officials' (NACO) assessment of fiscal impact seems reasonable given the assumptions used. |
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**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

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

Prepared by: (3) John Meals

Date Prepared 2-13-25

Phone: (5) 471-6719

|                      | <u><b>FY 2025-2026</b></u> |            | <u><b>FY 2026-2027</b></u> |            |
|----------------------|----------------------------|------------|----------------------------|------------|
|                      | EXPENDITURES               | REVENUE    | EXPENDITURES               | REVENUE    |
| <b>GENERAL FUNDS</b> | <b>\$1,249,713</b>         |            | <b>\$1,669,567</b>         |            |
| <b>CASH FUNDS</b>    |                            |            |                            |            |
| <b>FEDERAL FUNDS</b> | <b>\$615,531</b>           |            | <b>\$822,324</b>           |            |
| <b>OTHER FUNDS</b>   |                            |            |                            |            |
| <b>TOTAL FUNDS</b>   | <b>\$1,865,244</b>         | <b>\$0</b> | <b>\$2,491,891</b>         | <b>\$0</b> |

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

**Explanation of Estimate:**

LB516 repeals Nebraska Revised Statute 68-130 that requires state counties to provide and maintain at no additional cost to the Department of Health and Human Services (DHHS) space used for the administration of public assistance programs as such facilities existed in April 1983.

DHHS would be required to pay rent costs on any currently provided spaces. The counties currently provide 80,771 square feet of space to DHHS at various square footage costs. Locations totaling approximately seventeen thousand square feet share costs with DHHS, so cost per square foot is known and ranges from \$10-\$17 per sq ft. The locations that are fully county provided for DHHS, a rate of \$28 per square foot is being used as a reasonable estimate based on recent requests for proposals the department has received. The blended per square foot cost is approximately \$24 and the annual cost is estimated to be \$1,950,000. Since not all leases are full-service (inclusive of janitorial, utilities, etc), a facility operating cost is estimated to be \$400,000 to cover any potential additional charges. The Department would require an additional 1 FTE (G78791 – DHHS Program Manager I) to manage daily operations of these additional leases with the counties or new space.

Currently, DHHS has 522 staff working in the leased spaces. If the department were to withdraw or be forced to withdraw from the leased spaces, these staff would have to be relocated. Instances where the department is forced to withdraw and engage in a new commercial lease, costs may increase.

The Department of Administrative Services (DAS) administers lease agreements for state agencies for a 2% fee. The expected cost of managing the additional leases is \$39,000 annually.

The department will utilize federal funds to cover approximately 33% of the cost with the remaining portion being state general funds. This fiscal note assumes a start date of 10/1/2025.

**MAJOR OBJECTS OF EXPENDITURE**

| PERSONAL SERVICES:              | POSITION TITLE | NUMBER OF POSITIONS |       | 2025-2026 EXPENDITURES | 2026-2027 EXPENDITURES |
|---------------------------------|----------------|---------------------|-------|------------------------|------------------------|
|                                 |                | 26-26               | 26-27 |                        |                        |
| G78791 – DHHS Program Manager I |                | .75                 | 1.0   | \$45,451               | \$63,631               |
| <hr/>                           |                |                     |       |                        |                        |
| Benefits.....                   |                |                     |       | \$15,908               | \$22,271               |
| Operating.....                  |                |                     |       | \$1,803,885            | \$2,405,989            |
| Travel.....                     |                |                     |       |                        |                        |
| Capital Outlay.....             |                |                     |       |                        |                        |

|                           |                                       |
|---------------------------|---------------------------------------|
| Aid.....                  |                                       |
| Capital Improvements..... |                                       |
| <b>TOTAL.....</b>         | <b>\$1,865,244</b> <b>\$2,491,891</b> |

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

**2025**

**LB<sup>(1)</sup> 516**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Association of County Officials (NACO)

Prepared by: <sup>(3)</sup> Elaine Menzel Date Prepared: <sup>(4)</sup> 2/14/2025 Phone: <sup>(5)</sup> 402.434.5660

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|               | <u>FY 2025-26</u> | <u>REVENUE</u> | <u>FY 2026-27</u> | <u>REVENUE</u> |
|---------------|-------------------|----------------|-------------------|----------------|
| GENERAL FUNDS | _____             | _____          | _____             | _____          |
| CASH FUNDS    | _____             | _____          | _____             | _____          |
| FEDERAL FUNDS | _____             | _____          | _____             | _____          |
| OTHER FUNDS   | _____             | _____          | _____             | _____          |
| TOTAL FUNDS   | _____             | _____          | _____             | _____          |

**Explanation of Estimate:**

LB516 would eliminate the requirement of the county to maintain office space for Health and Human Services.

We surveyed counties in 2022, and 56 responded:

Adams, Box Butte, Boyd, Brown, Buffalo, Burt, Cherry, Cheyenne, Clay, Colfax, Cuming, Custer, Dakota, Dawes, Dawson, Dixon, Dodge, Douglas, Dundy, Fillmore, Frontier, Gosper, Hall, Hamilton, Holt, Hooker, Jefferson, Johnson, Kearney, Lancaster, Lincoln, Madison, McPherson, Merrick, Nance, Nuckolls, Otoe, Pawnee, Pierce, Richardson, Rock, Saline, Sarpy, Scotts Bluff, Seward, Sherman, Sioux, Stanton, Thayer, Thomas, Valley, Washington, Wayne, Webster, Wheeler, and York

The total reported cost for HHS Space was \$1.21 million. Since the information was unreported by some counties, the savings from eliminating the county requirement to provide office space would be higher.

Also, approximately 80% of the total cost was born by Douglas, Lancaster, Sarpy, Hall, Buffalo, Dodge, and Scotts Bluff. The data reported are from FY2021-22.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

| <u>Personal Services:</u> | <u>NUMBER OF POSITIONS</u> |              | <u>2025-26</u> | <u>2026-27</u>      |                     |
|---------------------------|----------------------------|--------------|----------------|---------------------|---------------------|
|                           | <u>POSITION TITLE</u>      | <u>25-26</u> | <u>26-27</u>   | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits.....             | _____                      | _____        | _____          | _____               | _____               |
| Operating.....            | _____                      | _____        | _____          | _____               | _____               |
| Travel.....               | _____                      | _____        | _____          | _____               | _____               |
| Capital outlay.....       | _____                      | _____        | _____          | _____               | _____               |
| Aid.....                  | _____                      | _____        | _____          | _____               | _____               |
| Capital improvements..... | _____                      | _____        | _____          | _____               | _____               |
| <b>TOTAL.....</b>         | _____                      | _____        | _____          | _____               | _____               |