

Revised for additional information

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	\$1,261,832		\$1,686,532	
CASH FUNDS				
FEDERAL FUNDS	\$591,278		\$788,370	
OTHER FUNDS	\$1,762,500	\$1,791,750	\$2,350,000	\$2,389,000
TOTAL FUNDS	\$3,615,609	\$1,791,750	\$4,824,902	\$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.

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 total cost is prorated for FY26 for 9 months of the fiscal year given the assumed October take over date. A portion of the leases will be eligible for Federal Funds depending on the use. It is assumed that both the leasing fees and facilities fees flow through DAS.

Additionally, DHHS would also need one additional FTE starting in October 2025. The personnel cost to DHHS would be \$61,359 in FY24 and \$85,902 FY25.

The FY26 General Fund expenditures consists of \$1,462,500 for rent, \$300,000 for facilities management, and \$29,250 in DAS Admin fee, all paid to DAS showing up as Revolving Fund revenues of \$1,791,750, plus \$61,359 General Funds for one FTE. The Revolving Fund expenditures consist of the \$1,462,500 for rent plus \$300,000 for facilities.

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 Administrative Services	
REVIEWED BY:	Ann Linneman		DATE:	2-18-2025
			PHONE:	(402) 471-4180
COMMENTS: Concur with the Nebraska Department of Administrative Services' assessment of fiscal impact.				

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
COMMENTS: The Nebraska Association of County Officials' (NACO) assessment of fiscal impact seems reasonable given the assumptions used.				

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

2025

LB⁽¹⁾ 516

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – State Building Division (SBD) (ENTERPRISE)

Prepared by: ⁽³⁾ Ann Martinez Date Prepared: ⁽⁴⁾ 2/12/2025 Phone: ⁽⁵⁾ 402-471-4135

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$1,090,664		\$1,454,218	
CASH FUNDS				
FEDERAL FUNDS	\$537,192		\$716,256	
REVOLVING FUNDS	\$1,595,937	\$1,627,856	\$2,127,916	\$2,170,474
TOTAL FUNDS	<u>\$3,223,793</u>	<u>\$1,627,856</u>	<u>\$4,298,390</u>	<u>\$2,170,474</u>

Explanation of Estimate:

LB 516 would eliminate a requirement for counties relating to office space for the Department of Health & Human Services (DHHS); eliminate obsolete provisions and repeal sections in 68-130 and 81-1139.01.

Neb. Rev. Stat. § 68-130 provides that counties shall maintain, at no additional cost to the Department of Health and Human Services, office and service facilities used for the administration of the public assistance programs as such facilities existed on April 1, 1983.

LB 516 would require DHHS to pay the county for space currently provided at no cost and/or to move out of the existing space into state-owned and/or commercial property.

The Department of Administrative Services (DAS) – State Building Division (SBD) is responsible for the solicitation (RFP) and management of leases for office space, services spaces, storage, etc., for the State. DAS-SBD would work with the counties, DHHS and property owners to secure the necessary space. DAS-SBD would generate the necessary leases and process monthly payments to the various landlords.

It is estimated by DHHS that they currently occupy 75,997 square feet provided by the counties at no cost. Assuming a cost of \$28 per square foot, the estimated annual leasing cost would be \$2,127,916 (75,997 sq. ft. x \$28 per sq. ft. = \$2,127,916). The lease payments could be higher due to improvements and/or adjustments that will be made to meet DHHS's requirements at the new locations.

DHHS could also incur additional costs for janitorial, utilities, etc., for the new locations that would be paid directly by DHHS.

LB 516 as introduced would be effective three months following the end of the Legislative session. Rent is due/payable at the beginning of a month, with the first payments possibly due on October 1, 2025. It is difficult to determine when the new leases would be effective, due to the time required to negotiate with the counties and/or to secure new space that would require RFP's, negotiation and possible construction time.

DAS-SBD would request additional revolving fund appropriation for the new leasing costs (landlord payments) – \$1,595,937 for FY25-26 ($\$2,127,916 / 12 = \$177,326 \times 9 \text{ months} = \$1,595,937$) and \$2,127,916 in FY26-27. DHHS would be billed monthly for the rental costs plus the 2% leasing surcharge. The surcharge supports the DAS-SBD leasing department.

Per DHHS 67% of current rental expenses are paid with General Funds and 33% Federal Funds. It assumed that the increased rental expenses (including the leasing surcharge) would be paid using the same percentage per fund type.

Fund Type	FY26-27	FY26-27
General Funds	\$1,090,664	\$1,454,218
Federal Funds	\$537,192	\$716,256
Total	\$1,627,856	\$2,170,474

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$3,223,793	\$4,298,390
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$3,223,793	\$4,298,390

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

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

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	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES
G78791 – DHHS Program Manager I	.75	1.0	\$45,451	\$63,631
Benefits.....			\$15,908	\$22,271
Operating.....			\$1,803,885	\$2,405,989
Travel.....				
Capital Outlay.....				

Aid.....
Capital Improvements.....
TOTAL.....

\$1,865,244	\$2,491,891

2025

FISCAL NOTE

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

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

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

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

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.

Personal Services:

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