

Annual Report to the Legislature

Legislative Performance Audit Committee (FY 18-19)

Completed Performance Audits

- Assessment of Violent Infractions and Staffing at Youth Rehabilitation and Treatment Center - Kearney
- Beginning Farmer Tax Credit Act Performance on Selected Metrics
- Nebraska Advantage Microenterprise Act Performance on Selected Metrics
- Nebraska Advantage Act Performance on Selected Metrics

Performance Audits in Progress

- Administrative Office of the Courts and Probation, Juvenile Services Division Selected Administrative and Cost Data
- New Markets Tax Credit Act

Preaudits in Progress

- Child Welfare
- Department of Correctional Services

Cancelled Audits

- Angel Investment Tax Credit Act (cancelled because program was eliminated)

Summary of Audit Report Recommendations

Assessment of Violent Infractions and Staffing at Youth Rehabilitation and Treatment Center - Kearney

The Committee recommended consulting with standing committees on the various issues identified in the report:

- Consulting with the Health and Human Services Committee about further research into 1) whether increasing community-based juvenile services in rural Nebraska would provide more appropriate placements for some youth currently at YRTC-K and 2) barriers to hiring and retaining staff.
- Consulting with the Health and Human Services and Judiciary Committees Committee about whether sufficient safeguards exist to provide reasonable levels of protection for youth, staff, and the public.

No legislation was introduced.

Beginning Farmer Tax Credit Act Performance on Selected Metrics

The Committee recommended a number of actions by the Beginning Farmer Board and the Legislature:

- The Board must 1) limit beginning farmers to one lease agreement as required by law and revise its regulations to reflect that practice, 2) limit asset owners to one lease agreement and revise its regulations to reflect that practice, and 3) stop approving flex rent lease agreements under the Act and revise its regulations to reflect that practice.
- The Board must provide program participants with a list of their responsibilities under the Act and require participants' signatures to acknowledge they understand those responsibilities. Among those responsibilities, the Board should include a requirement that participants notify the Board as soon as possible if they become ineligible to continue participating.

The Committee introduced LB 560 to harmonize the law and the Board's practices by requiring the Board to comply with existing law. The Revenue Committee amended the bill to modify the law to reflect the Board's practices. The Committee supported the change because it resolved the issues identified in the report.

Nebraska Advantage Microenterprise Act Performance on Selected Metrics

The Committee recommended two legislative actions:

- If the Legislature wants the Microenterprise Act to primarily benefit rural areas, it should amend the Act to do so.
- Introduction of an interim study aimed at fully exploring, and proposing solutions to, administrative difficulties caused by design and definitional issues.

LB 161 was introduced to study administrative and compliance issues.

Nebraska Advantage Act Performance on Selected Metrics

The Committee recommended a number of legislative actions and statutory changes:

- If the Legislature considers attracting new businesses a priority, it may want to consider options research suggests are important to businesses looking to relocate.
- Future performance audits would be improved if the Legislature established a range for what it believes is an acceptable cost per FTE-year and acceptable cost ranges for property tax exemptions and local sales tax refunds.
- If the Legislature would like to model additional alternative scenarios and estimate other economic impacts such as revenue generation or loss, it should consider contracting for software with that additional capability.
- If the Legislature is not satisfied with the existing fiscal protections, it could consider amending the program in ways that limit revenue impacts and make them more predictable.

The Committee discussed modeling software upgrades, but ultimately took no action. LB 720, a bill to update and replace the Advantage Act, had fiscal protection amendments (including program caps) under consideration when the bill failed a cloture vote.