

PREPARED BY: Scott Danigole
 DATE PREPARED: February 06, 2023
 PHONE: 402-471-0055

LB 684

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$4,000,000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$4,000,000			

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

LB 684 requires the Department of Administrative Services (DAS), in compliance with all statutes on contracts, to contract with an entity to assist the state with significantly improving government services for 194 named state agencies, boards, and commissions. The contract period shall be for the period of July 1, 2023 through June 30, 2024. The contract shall include the option to renew for two additional one-year periods upon mutual agreement of the parties. The entity with which DAS contracts shall recommend and support strategies that reduce costs while improving quality, with a target of twenty-five percent improvement overall across all programs during the contract period.

Prior to entering into a contract, DAS would need to develop and issue a Request for Proposal (RFP) and then subsequently execute and manage the resulting contract. Based on similar reviews in other states, DAS estimates the total cost of the two-year contract to be \$4,000,000. There is no basis to disagree with this estimate. DAS has submitted fiscal impact showing the entire appropriation in fiscal year 2023-24. Any unexpended, unencumbered balance would automatically reappropriate to fiscal year 2024-25. By providing the entire appropriation in the first year of the biennium DAS will be able to pay for the contract as benchmarks are achieved, regardless of which fiscal year such achievements are realized. There is no basis to disagree with the DAS estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 684	AM:	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY: Kimberly Burns	DATE: 02/06/2023	PHONE: (402) 471-4171	
COMMENTS: The Department of Administrative Services' estimate of fiscal impact from LB 684 seems reasonable given the assumptions used and the bill's written directive.			

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

2023

LB⁽¹⁾ 684

FISCAL NOTE

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

Prepared by: ⁽³⁾ Amara Block Date Prepared: ⁽⁴⁾ 1/23/23 Phone: ⁽⁵⁾ 402-432-0121

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>4,000,000</u>	<u> </u>	<u> </u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVOLVING FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>4,000,000</u>	<u> </u>	<u> </u>	<u> </u>

Explanation of Estimate:

LB 684 would require the Department of Administrative Services (DAS) to contract with an entity beginning July 1, 2023, and ending June 30, 2025, to assist with improving government services of specific state agencies. Because this bill does not exempt the contract from competitive bidding laws, DAS would need to develop and issue a request for proposal and then subsequently execute and manage the resulting contract.

LB 684 has a fiscal impact, but the exact fiscal impact is not known at this time. Such a contract would be subject to competitive bidding. Based on similar reviews from other states (North Carolina for \$4 million in 2014 and Wyoming in 2018 for \$2.1 million), the cost is estimated to be \$4 million.

This fiscal note assumes the funding source would be General Funds. The total appropriation is requested in the first year of the biennium with planned carryover into the second fiscal year of the biennium. It is assumed that vendor payments would be made as benchmarks were met in FY23-24 and finally in FY24-25 when the report is completed.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating.....	<u> </u>	<u> </u>	<u>4,000,000</u>	<u> </u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u>4,000,000</u>	<u> </u>