

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 489**

Introduced by Cavanaugh, M., 6.

Read first time January 19, 2021

Committee:

- 1 A BILL FOR AN ACT relating to state contracts for services; to amend
- 2 section 73-510, Reissue Revised Statutes of Nebraska; to require a
- 3 financial stability and service capability analysis for certain
- 4 contracts as prescribed; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 73-510, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 73-510 (1) A state agency shall not:

4 (a) Enter into a new proposed contract or renew an existing contract  
5 for child welfare services or services to vulnerable adults that is in  
6 excess of fifteen million dollars unless the agency has submitted to the  
7 division a copy of the proposed or renewed contract, a proof-of-need  
8 analysis as described in subsection (2) of this section, a financial  
9 stability and service capability analysis as described in subsection (3)  
10 of this section, and has subsequently received certification from the  
11 division to enter into or renew the contract; or

12 (b) Enter ~~enter~~ into a new proposed contract for any services other  
13 than those services described in subdivision (a) of this subsection that  
14 is in excess of fifteen million dollars until the state agency has  
15 submitted to the division a copy of the proposed contract, ~~a~~ and proof-  
16 of-need analysis as described in subsection (2) of this section, and has  
17 subsequently received certification from the division to enter into the  
18 contract.

19 (2) The proof-of-need analysis shall require state agencies to  
20 provide the following information:

21 (a) A description of the service that is the subject of the proposed  
22 contract;

23 (b) The reason for purchase of the service rather than the use or  
24 hiring of state employees, including, but not limited to, whether there  
25 is an administrative restriction on hiring additional state employees;

26 (c) A review of any long-term actual cost savings of the contract  
27 and an explanation of the analysis used to determine such savings;

28 (d) An explanation of the process by which the state agency will  
29 include adequate control mechanisms to ensure that the services are  
30 provided pursuant to the terms of the contract, including a description  
31 of the method by which the control mechanisms will ensure the quality of

1 services provided by the contract;

2 (e) Identification of the specific state agency employee who will  
3 monitor the contract for services for performance;

4 (f) Identification and description of whether the service requested  
5 is temporary or occasional;

6 (g) An assessment of the feasibility of alternatives within the  
7 state agency to contract for performance of the services;

8 (h) A justification for entering into the contract for services if:

9 (i) The proposed contract will not result in cost savings to the  
10 state; and

11 (ii) The public's interest in having the particular service  
12 performed directly by the state agency exceeds the public's interest in  
13 the proposed contract;

14 (i) Any federal requirements that the service be provided by a  
15 person other than the state agency;

16 (j) Demonstration by the state agency that it has taken formal and  
17 positive steps to consider alternatives to such contract, including  
18 reorganization, reevaluation of services, and reevaluation of  
19 performance; and

20 (k) A description of any relevant legal issues, including barriers  
21 to contracting for the service or requirements that the state agency  
22 contract for the service.

23 (3) The financial stability and service capability analysis shall  
24 require state agencies to provide the following information:

25 (a) A proposed budget for the contract;

26 (b) Five years of audited financial statements of the contractor;

27 (c) Documentation of any charges filed or allegations made of  
28 financial mismanagement within the last five years relating to the  
29 contractor;

30 (d) A description of the service that is the subject of the  
31 contract;

1       (e) A description of the personnel categories and the number of  
2 full-time employees in each category needed to provide the services  
3 described in the contract;

4       (f) If the contract or state law requires specific caseworker  
5 ratios, a description of the caseworker personnel and caseload ratios  
6 needed to meet the requirements;

7       (g) If the contract is for child welfare services, documentation of  
8 any similar service provision in Nebraska or in another state that  
9 includes information on the quality of services provided and data on  
10 contract compliance;

11       (h) If the contract is for child welfare services or services to  
12 vulnerable adults, documentation of any charges filed or allegations made  
13 of abuse, neglect, or other types of maltreatment within the last five  
14 years relating to the contractor; and

15       (i) Any other information the department may deem necessary in order  
16 to analyze the financial stability and service capability of the  
17 contractor.

18       (4) ~~(3)~~ The division shall certify receipt of any a ~~proof-of-need~~  
19 analysis required under subsection (1) of this section and shall report  
20 its receipt of such the ~~proof-of-need~~ analysis to the state agency no  
21 more than thirty days after receiving such the analysis. Certification of  
22 the required ~~proof-of-need~~ analysis means that all information required  
23 by this section has been provided to the division by the state agency. If  
24 the division certifies the required analysis, the state agency may enter  
25 into the proposed contract or renew the existing contract, as applicable.  
26 If the division does not certify the required analysis, it shall inform  
27 the state agency of the additional information required.

28       (5) ~~(4)~~ If the division certifies any a ~~proof-of-need~~ analysis  
29 required under subsection (1) of this section pursuant to this section,  
30 the state agency shall file the proposed or renewed contract, required  
31 ~~proof-of-need~~ analysis, and proof of certification with the Legislative

1 Fiscal Analyst.

2       Sec. 2. Original section 73-510, Reissue Revised Statutes of

3 Nebraska, is repealed.