

# Annual Report to the Legislature

Legislative Performance Audit Committee (FY 16-17)

## Completed Performance Audits

- Nebraska Advantage Act Performance on Selected Metrics
- Department of Economic Development: An Overview of Certain Programs

## Performance Audits Underway

- Youth Rehabilitation and Treatment Center
- Nebraska Advantage Research and Development Act
- Nebraska Advantage Rural Development Act
- Public Service Commission—Universal Service Fund

## Summary of Audit Report Recommendations

### *Nebraska Advantage Act Performance on Selected Metrics*

The Committee recommended a number of statutory changes that were necessary to effectively evaluate the Advantage Act:

- Define key terms, including full-time worker, new to Nebraska, distressed area, and high-tech
- Make a decision on how cost per job should be calculated — include investment credits because the investment credits support jobs, or treat as separate from jobs
- Allow Fiscal Office access to certain information for economic modeling purposes
- Require companies to report additional information such as Federal Employment Identification Numbers, project employee benefits, project employees' occupations, hours of project employees, location of employees, benefits provided/used
- Require the Department of Labor to maintain employee, wage, and other information for a longer period of time.
- Create benchmarks for determining whether the program was successful

The Committee introduced LB 543 (and drafted amendments) to implement recommendations. The bill failed to advance from the Revenue Committee.

## **Summary of Audit Report Recommendations, continued**

### *Department of Economic Development: An Overview of Certain Programs*

The Committee made several recommendations to DED in relation to the audit findings:

- DED needs to develop a better system of tracking the balance in the Nebraska Affordable Housing Trust Fund (NAHTF)
- DED needs to develop a plan for the overage in the NAHTF
- DED must meet statutory requirements for NAHTF and Civic and Community Center Fund grant application criteria and match requirements, as well as annual reporting requirements
- DED should keep better application records for the Civic and Community Center Fund
- DED should conduct a review to determine whether statutory and regulatory obligations are being met

DED submitted an implementation plan on May 9, 2017. The Department worked with the Legislature to spend down the overage in NAHTF in two bills, LB 518 and LB 327, the mainline budget bill (and AM 590).

DED is creating processes for collection and retention of statutorily required information and the information suggested in the audit recommendations. DED has made the required changes to the applications for both programs. The Department's legal counsel and internal auditor are reviewing statutory and regulatory requirements and developing processes for compliance.

### ***Legislative Performance Audit Committee***

*Sen. John Kuehn, Chairperson*

*Sen. Suzanne Geist, Vice-Chair*

*Sen. Tom Briese • Sen. Lou Ann Linehan • Sen. Jim Scheer*

*Sen. John Stinner • Sen. Dan Watermeier*