

Concur

PREPARED BY:
DATE PREPARED:
PHONE:

Scott Danigole
January 21, 2011
471-0055

LB 337

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 337 changes provisions related to the frequency and timing with which audits shall be conducted by the Auditor of Public Accounts.

Under the provisions of LB 337, certain audits which are currently required to be performed annually or biennially will be performed when the Auditor determines them to be necessary.

It is understood that the intent of the bill's provisions is to reduce the frequency with which audits must be performed. However, the bill as written could result in *more* frequent audits. For example, if a current audit is required biennially, if prior year audit findings show that problems exist, the Auditor may deem a follow-up audit sooner than the previous biennial requirement.

In their response for fiscal impact, the Auditor's office assumes that the bill will result in less frequent auditing and, therefore, reduce costs. This reduction is reflected in the agency's budget submission modification issue.

There is no basis to disagree with the assumption of less frequent auditing and, by association, cost savings.

The Nebraska Employee Retirement System would be affected by the bill's provisions because LB 337 changes the plan year for the State Employee Retirement Plan (Section 8) and the County Employee Retirement Plan (Section 2). One-time costs to cover IRS Plan Determination Letters, recordkeeping setup fees, software programming, and printing of educational materials are estimated to be \$76,495. Ongoing costs of \$1,335 for related overtime related to concentrated workload are also estimated. There is no basis to disagree with these estimates.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	David J. Spatz	DATE	2/9/11	PHONE	471-4179
COMMENTS					
NEBRASKA AUDITOR OF PUBLIC ACCOUNTS: Concur.					
NEBRASKA EMPLOYEE RETIREMENT SYSTEM: No basis to dispute agency analysis and estimate of increased expenditure fiscal impact relative to Nebraska Employee Retirement System; however, disagree that General Funds be used rather than the planned cash funds for the identified costs related to the changes proposed.					

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LEGISLATIVE PROGRAM

FISCAL NOTE LB337

Nebraska Employee Retirement System

Prepared By	Gerke, Randy
Date Prepared	2/7/2011
Prepared Phone	402-471-9495

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds	76495			
Cash Funds	1335			1335
Federal Funds				
Other Funds				
Total Funds	77830			1335

Explanation of Estimate:

This legislative bill (LB337) would change the plan year for the State Employee Retirement Plan and also the County Employee Retirement Plan. There are several items that NPERS knows will cost the plans money to implement this. These are one time costs that should be paid from the General Fund and not come from the member's accounts or the plan. The expenses we have identified at this point are the following:

IRS Plan Determination Letters will need to be redone \$25,000
 Ameritas Recordkeeper setup fee \$40,000
 NPERS computer software programming \$6,495
 Printing of booklets and educational materials \$5,000
 Overtime/benefits due to concentrated workload \$1,335 (on going)

There are other issues that are difficult to assign a dollar amount to including staff costs due to workload, costs related to changes in retirement statutes, rules and reg changes etc,

Major Objects of Expenditure

Position Title	Number of Positions		FY 2011-2012	FY 2012-2013
	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
overtime			1160	1160
		Benefits	175	175
		Operating	76495	
		Travel		
		Capital outlay		
		Aid		
		Capital improvements		
		Total	77830	1335