PHONE:

Revision: 01

# FISCAL NOT

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised due to amendments adopted through 4-18-11

	ESTIMATE OF FISC	AL IMPACT - STA	ATE AGENCIES *	
	FY 2011-	12	FY 2012	-13
_	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	628,798		628,798	4.
CASH FUNDS	174,265		174,265	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	803,063		803,063	

<sup>\*</sup>Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

### School Employee Retirement System

- > FY2011-12 increases the employee contribution .6% from 8.28% of salaries to 8.88%. The employer contribution will increase from 8.3628% to 8.9688%. The additional revenue generated is estimated at \$18,924,079 for FY2011-12. The additional revenue generated should cover the unfunded liability as identified by the latest actuarial analysis.
- FY2012-13 increase the employee contribution an additional .9% from 8.88% of salaries to 9.78%. The employer contribution will increase from 8.9688% to 9.8778%. The additional revenue generated is estimated at \$47,310,197. The additional revenue generated should nearly cover the unfunded liability as identified by the latest actuarial analysis. The increased employer and employee contribution is maintained through FY2016-2017.

# School Employee Retirement System and Class V (Omaha) School Employees Retirement System

Extends the state's 1% of salary contribution rate 3 years to July 1, 2017. The state's FY2012-13 appropriation for the 1% contribution is \$19,170,000. On July 1, 2017 the state's contribution rate would return to .7% of 1% of salary.

### Class V (Omaha V) School Employees Retirement System

- > FY2011-12 increases employee contribution 1% from 8.3% of salaries to 9.3%. The employer contribution will increase from 8.383% of salaries to 9.383% (or 101%). The additional revenue generated is estimated at \$6,134,000 for FY2011-12 and \$6,256,680 for FY2012-13.
- State's funding for the purchasing power cost-of-living allowance sunsets in FY13-14. The loss of revenue to the Omaha School Employees Retirement System (OSERS) is \$973,301. OSERS indicates the loss of these funds will require additional contributions from the employees, the employer or a combination of both.

#### **State Patrol Retirement System**

- > FY2011-12 and FY2012-13 increases the employee and employer (state) contribution rates 3% from 16% of salaries to 19%. The additional revenue generated is estimated at \$1,606,126. The additional revenue, with some adjustment, should cover the unfunded liability as identified by the latest actuarial analysis.
- FY2013-14 the contribution rate for the employee and employer (state) will return to 16% of salaries.

#### DEPARTMENT OF ADMINISTRATIVE SERVICES.

 		THE STORY OF THE SELECTION OF THE SELECT	
REVIEWED BY	Gary Bush	DATE 4/19/11	PHONE 471-2526

# COMMENTS

The amount of contributions generated is based upon the employee compensation. The use of a historical (FY2009-10) compensation will likely understate the actual level of additional contributions generated by the increase in the contribution rate.

Utilizing the compensation level used by the PERB actuary in a November 2010 report, the following is an estimate of additional contributions under AM1101:

# School Employee Retirement Plan

	FY2011-12	FY2012-13
Salary	\$1,626,794,258	\$1,691,387,560
Employee	\$9,760,766	\$25,370,813
Employer	\$9,858,373	\$25,624,522
Total	\$16,619,139	\$50,995,335

# State Patrol Retirement Plan

	FY2011-12	FY2012-13	
Salary	\$26,768,750	\$27,837,500	
Employee	\$803,063	\$835,125	
Employer	\$803,063	\$835,125	
Total	\$1,606,125	\$1,670,250	

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# FISCAL NOTE LB382 nebraska state patrol

APR 1 1 2011

Prepared By	little, john
Date Prepared	4/11/2011
Prepared Phone	402-479-4945

LEGISLATIVE FISCAL

Estimate Provided By State Agency or Political Subdivision

		-,		
	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

# **Explanation of Estimate:**

The adoption of AM1101 to LB382 will not change the original fiscal impact statement submitted on LB382.

**Major Objects of Expenditure** 

	IV	ajoi Objects of Experiditu		
	Number	of Positions	FY 2011-2012	FY 2012-2013
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
		1		
<del></del> .		Benefits		
		Operating		
		Travel		
		Capital outlay		
		Aid		
		Capital improvements		
		Total		

Date: 4/13/2011

APR 1 3 2011

# FISCAL NOTE LEGISLATIVE LB382 Nebraska Employee Retirement System

Prepared By	Gerke, Randy
Date Prepared	4/12/2011
Prepared Phone	402-471-9495

Estimate Provided By State Agency or Political Subdivision

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

#### **Explanation of Estimate:**

LB 382 as amended through AM 1101 will not have a fiscal impact on the operating budget for the Nebraska Public Employee Retirement System.

AM 1101 changed the originally proposed contribution increases for the school plan members. The following are result calculations based on the reported School compensation to NPERS for the 09-10 Fiscal Year. These do not include any projected salary increases for school employees. This estimate results for the 1st fiscal year (2011-2012) in an increase of \$9,414,053 employee contributions and an increase of \$9,508,193 employer contributions. The total estimate of increase contributions for FY 2011-2012 is \$18,922,246.

Calculation 2011-2012:

Reported Compensation X Rate Increase = Est. Contribution inc. / FY.

 $1,569,008,906 \times .006 = 9,414,053$ 

Est. Contribution inc / FY X 101% = Employer Contribtuion Inc / FY.

 $9,414,053 \times 1.01 = 9,508,193$ 

The following are result calculations based on the reported School compensation to NPERS for the 09-10 Fiscal Year. These do not include any projected salary increases for school employees. This estimate results for the 1st fiscal year (2012-2013) in an increase of \$23,535,133 employee contributions and an increase of \$23,770,484 employer contributions. The total estimate of increased contributions for 2012-2013 is \$47,305,617.

Calculation 2012-2013:

Reported Compensation X Rate Increase = Est. Contribution inc. / FY.

 $1,569,008,906 \times .015 = 23,535,133$ 

Est. Contribution inc / FY X 101% = Employer Contribtuion Inc / FY.

 $9,414,053 \times 1.01 = 23,770,484$ 

LB382 also changes the State Patrol contribution rates. AM1101 did not change these rates from the 3% increase per FY originally proposed with LB382. The following is a result calculation based on the reported State Patrol compensation to NPERS for the 09-10 Fiscal Year. This estimate results in an increase of \$828,605 each for both employee and employer contributions per year. Total = \$1,657,210 per fiscal year.

Calculation:

Reported compensation X Rate Increase = Contribution Inc / FY

 $27,620,178 \times .03 = $828,605$ 

#### Major Objects of Expenditure

	Number of Positions		FY 2011-2012	FY 2012-2013	
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures	
<del></del> .					
<u></u> .		Benefits			
		Operating	· ·		
		Travel			
		Capital outlay			
		Aid			
		Capital improvements			
		Total			

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LEGISLATOR

Please complete ALL (5) blanks in the first	three lines.	LEGra	7 7011 201
LB <sup>(1)</sup> 382 FISCAL NOTE	School Employees' Re Douglas County Schoo	tirement System of 1 District 0001	ATIVE FISCAL
State Agency OR Political Subdivision Name: (2			
Prepared by: (3) Michael W. Smith	Date Prepared: (4) Apr1	1 10, 2011 Phone: (5)	102-55/-2105
ESTIMATE PROVID	ED BY STATE AGENCY OR	POLITICAL SUBDIVISIO	ON
F	<u>Y 2011-2012</u>	FY 20	12-2013
EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			
CASH FUNDS			<del> </del>
FEDERAL FUNDS			
OTHER FUNDS			
TOTAL FUNDS	<del></del>		
Return by date specified or 72 hours prior to pu Explanation of Estimate:	blic hearing, whichever is earli	er.	
Please see attached page.			

MAJOR	OBJECT	S OF EXPEND	ITURE	
Personal Services:				
POSITION TITLE NU		OF POSITIONS 12-13	2011-2012 EXPENDITURES	2012-2013 EXPENDITURES
Benefits		<del></del>		
Operating				
Travel				
Capital outlay			<del></del>	
Aid				
Capital improvements				
TOTAL.				

LB382 changes the contribution rates for School Employees' Retirement System of Douglas County School District 0001. LB382 increases the employee contribution rate by 1 percentage point, which therefore increases the school district contribution rate, which is a 101% match.

School Employees Retirement System of Douglas County School District 0001					
	Current	Current	LB 382	LB 382	
	Employee	Employer	Employee	Employer	
FY 2010-11	8.300%	8.383%	8.300%	8.383%	
FY 2011-12	8.300%	8.383%	9.300%	9.393%	
FY 2012-13	8.300%	8.383%	9.300%	9.393%	

The revenue generated by these increased employee and employer contribution rates is estimated to be:

	ESTIMATED	ESTIMATED
	FY 2011-12	FY 2012-13
Salary	306,700,000	312,834,000
Employee Contribution	28,523,100	29,093,562
<b>Employer Contribution</b>	28,808,331	29,384,498

LB382 also places a sunset provision on the receipt of the former Help Education Lead to Prosperity (HELP) funds. As a result, beginning with the 2014-2015 plan year, the School Employees' Retirement System of Douglas County School District 0001 will lose \$973,301 in State contributions each year. These contributions are currently included in the actuarial funding of the Retirement System and the loss of these funds will require additional contributions from the employees, the employer or a combination of the two.