

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB448 would transfer all current members of the Omaha School Employees Retirement System (OSERS) to the School Employees Retirement System (SERS) on or after an unspecified date. Current members of OSERS would retain their current benefits.

LB448 would also require all regular employees of the Omaha Public School (OPS) District hired on or after an unspecified date to become members of SERS. OPS employees hired prior to July 1, 2013 and become members of SERS would be members of the Tier 1 plan. OPS employees hired on or after an unspecified date would be members of the Tier 2 plan.

Employee and employer contributions to the SERS plan are the same as current contributions.

The fiscal impact is estimated as follows:

Omaha School Employees' Retirement System (OSERS)

OSERS indicates significant fiscal impact of both expenditures and revenues. Amounts cannot be estimated.

Nebraska Public Employee Retirement System (NPERS)

NPERS indicates the cost for the initial actuarial study to be \$135,000. There would be additional staff and operating costs associated with administering the SERS plan that includes an additional 7,415 active members and 937 inactive members. Cost estimates are not provided.

State of Nebraska

The entity that is responsible for the solvency of the system is not named.

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

2015

LB⁽¹⁾ 448

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Public Employee Retirement Systems (NPERs)

Prepared by: ⁽³⁾ Randy Gerke

Date Prepared: ⁽⁴⁾ 1/26/2015

Phone: ⁽⁵⁾ (402) 471-9495

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 448 would make Class V School employees members of NPERs' School Employees Retirement Plan. The bill as written leaves many unanswered questions regarding administration and member benefits such as timing of implementation, whether assets and service credit are to be transferred, current data transfer issues, how and where operations will be conducted, etc. This makes the estimate for this fiscal note difficult to prepare. Also, any costs to study or implement this bill cannot be paid for by the State School Plan.

Before implementing the provisions of this bill, an actuarial study will need to be conducted. The actuary has provided an estimate for \$135,000 to do this study. Please see a portion of the email below that was sent with estimate from the actuary:

"We have reviewed LB 448 which appears to transfer current member of the Omaha School Employees Retirement System (OSERS) to the School Employees Retirement System of the State of Nebraska and provide that new employees of the Omaha School District will also become members of the School Employees Retirement System of the State of Nebraska. There appear to be some details missing in the bill, but given the basic premise we have developed a cost estimate for the actuarial work related to this bill.

First, a little background might be helpful. We recently provided actuarial services to the Minnesota Teachers Retirement Association (TRA) with respect to legislation that merged the Duluth Teacher Retirement Fund Association into TRA. The actuarial work spanned nearly 12 months and involved different scenarios and funding comparisons. The cost of that project is the basis for our estimate for the movement of OSERS members into the School Employees Retirement system of the State of Nebraska. In addition to numerical calculations, there tends to also be a lot of "consulting services" with this type of a project.

In summary, based on what we know at this point in time our fee estimate is \$135,000."

Based on last year's data from OSERS there were 7,415 active members, 937 inactive members, \$315,000,000 covered payroll, 4,125 retirees and 253 new retirees during this year. Based on that data, NPERs will require resources including office space, additional PSL for benefits processing, customer services, and data processing. There would be computer programming costs. There would be educational materials and training that will need to be changed. All of these things are difficult to estimate this bill as written.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16 EXPENDITURES</u>	<u>2016-17 EXPENDITURES</u>
	<u>15-16</u>	<u>16-17</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2015

LB⁽¹⁾ 448

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Omaha School Employees' Retirement System

Prepared by: ⁽³⁾ Michael W. Smith

Date Prepared: ⁽⁴⁾ 1/22/2015

Phone: ⁽⁵⁾ 402-557-2105

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Explanation of Estimate:

There would be significant fiscal impact on both expenditures and revenues, but I am not able to estimate what they will be.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____