

Revised due to amendments adopted through March 10, 2016

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	17,630		25,999	
CASH FUNDS	83,041		8,666	
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>100,671</b>		<b>34,665</b>	

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

AM2351 to LB467 amends the Nebraska State Patrol Retirement Act and creates a second tier of benefits for officers who become members on or after July 1, 2016. The changes for the second tier of benefits are as follows.

1. The contribution rates for new officers and the state will be 17% versus the current 16%.
2. The maximum cost-of-living adjustment (COLA) will be 1% unless the plan is 100% funded. If 100% funded the Public Employees Retirement Board may grant a COLA of up to an additional 1.5%. Currently officers receive a maximum COLA of 2.5%.
3. The final compensation calculation will be averaged over 5 years of highest salary versus the current 3 years.
4. It limits the increase in compensation to 8% per year for benefit calculations in each of the 5 years preceding retirement.
5. Changes the definition of compensation for purposes of benefit calculation. Compensation will not include unused leave.
6. The Deferred Retirement Option Program (DROP) is eliminated for officers who become members on or after July 1, 2016.

In actuarial analysis would be required to estimate the impact of changes to the State Patrol plan.

The Nebraska Public Employees Retirement System (NPERS) indicates one-time costs as follows.

1. One-time cost for computer programming at \$57,164.
2. One-time costs for educational and training materials at \$3,000.
3. One-time cost for an actuarial study to determine the impact on the funding status of the plan with the second tier changes at \$17,000.

NPERS also indicates the possibility of other on-going costs with managing a second tier when it is fully operational.

The State Patrol estimates the on-going cost for the increase in the employer's contribution from 16% to 17% for officers who become members on or after July 1, 2016 to be \$23,507 for FY2016-17 and \$34,665 for FY2016-17...

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 467	AM: 1865	AGENCY/POLT. SUB: Neb. Public Employee Retirement Systems	
REVIEWED BY: Gary Bush		DATE: 2/3/16	PHONE: 471-4161
COMMENTS: The estimate of costs to implement the amendment appears to be reasonable given the assumptions used.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 467	AM: 1865	AGENCY/POLT. SUB: Nebraska State Patrol
REVIEWED BY: Gary Bush	DATE: 2/3/16	PHONE: 471-4161
COMMENTS: The estimate of costs related to a 1% increase in contributions appears to be reason assuming new officers are added on July 1 of each year. This does not appear to be practical given the timing of new classes to become a patrol officer.		