

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	43,549		0	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	43,549		0	

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

LB468 amends the Judges Retirement Act and creates a second tier of benefits for judges who become members on or after July 1, 2015. The changes for the second tier of benefits are as follows.

1. The contribution rates for new judges will remain at 9% after 20 years. Currently, after 20 years, the judges' contribution rate drops from 9% to 5%.
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 judges 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.

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

1. One-time costs for computer programming at \$26,549.
2. One-time costs for educational and training materials at \$3,000.
3. One-time costs for an actuarial study to determine the impact of the funding status of the plan with the second tier changes at \$14,000.

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

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

2015

LB⁽¹⁾ 468

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Public Employee Retirement Systems (NPERS)

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Date Prepared: ⁽⁴⁾ 1/26/2015

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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	\$43,548.75	_____	0	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$43,548.75</u>	_____	<u>0</u>	_____

Explanation of Estimate: LB 468 would change the Judges plan. It would change the benefit calculation method for new hires, change the contribution rates for new hires and change the cost of living adjustments for new hires. This creates a second tier for the Judges plan.

There would be one time operational costs to the plan of \$26,548.75 for computer programming. (OCIO Programmer \$335 x \$79.25 hours)

Included in this fiscal note is \$3,000 for educational and training materials.

There would also be an actuarial study needed to determine the impact to the plan for the change in provisions of this bill. This would result in a one-time cost of \$14,000.

There will be ongoing costs to maintain a separate tier for this plan when the separate tier becomes fully operational with many members.

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.....	_____	_____	\$43,548.75	0
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>\$43,548.75</u>	<u>0</u>