

Revised due to amendments adopted through May 5, 2017

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2017-18</b>		<b>FY 2018-19</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$122,331			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$122,331			

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

**LB415 as amended includes the following Bills**

<b>Bills</b>	<b>FY2017-18</b>	<b>FY2018-19</b>
<b>LB 31 as amended</b>	NFI	NFI
<b>LB 32</b>	NFI	NFI
<b>LB110</b>	NFI	NFI
<b>LB219 as amended</b> Changes the definition of actuarial equivalent for each of the plans administered by NPERS which effects the interest rate and mortality assumptions. According to a 3-27-17 actuarial study the changes will have the following impact. <u>Defined Benefit Plans</u> – 1) there often is not a significant change in the benefit amounts resulting from a change in the definition of actuarial equivalence. 2) is not expected to have any measurable impact on the funding. <u>Cash Balance Plans</u> – 1) the change will lower the amount of benefits paid. 2) the liabilities and costs would be somewhat lower. Cost savings will unfold gradually for members hired on or after 1-1-18. <u>NPERS</u> – creates a need for 2 sets of annuity factors for each plan & therefore one-time programming costs.	\$23,888 C	0
<b>LB278 as amended</b>	NFI	NFI
<b>LB413</b>	NFI	NFI

<p><b>LB415 as amended</b>  For School and OSERS members changes the Rule of 85 for those hired on or after July 1, 2018. Currently, the minimum age for retirement under the Rule of 85 is age 55. Under LB415 the minimum retirement age would be 60. According to a 4-21-17 actuarial study the change would have the following impact.  <u>School Plan</u> - 1) Minimal impact on the Plan’s funded status. 2) A reduction in the additional contributions required by the State estimated at \$54.3 million over the next 19 years.  <u>OSERS</u> – 1) Minimal impact on the Plan’s funded status. 2) A reduction in the additional contributions required by the School District estimated at \$46.4 million over the next 28 years.  <u>NPERS</u>- Estimates additional one-time costs for actuarial studies, programming and educational materials.</p>	<p>\$89,381 C</p>	<p>0</p>
<p><b>LB532 as amended</b>  Changes the provisions relating to military service credit for the state administered retirement plans. Currently, for military service rendered after 12-12-94, the employer is required to match any contributions made by a member to purchase military service credits for the period for which the member was deployed. Beginning on the operative date of the bill or January 1, 2018, depending on the plan, the employer will pay both the member and the employer contributions plus interest.  <u>State, County, School Districts</u>  This will increase cost for the various employers associated with the state-administered retirement plans. The amount of the increase is dependent upon the number of employees deployed, the length of time deployed and the hourly wage of those employees.  <u>NPERS</u>  Estimates one-time programming and educational materials costs.</p>	<p>\$9,062 C</p>	<p>0</p>

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

**2017**

**LB<sup>(1)</sup> 415 (AM 923)**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Department of Education

Prepared by: <sup>(3)</sup> Joel Scherling

Date Prepared: <sup>(4)</sup> 4/19/17

Phone: <sup>(5)</sup> 402-471-4736

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Explanation of Estimate:**

In amendment 923, all references to the Nebraska Department of Education were eliminated, including the reporting requirements. The exception under the definition of "termination," which allows NDE to hire school and educational service unit retirees immediately after they separate, remains.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

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

2017

LB<sup>(1)</sup> 415 AM923

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> NPERS

Prepared by: <sup>(3)</sup> Randy Gerke Date Prepared: <sup>(4)</sup> 4/17/2017 Phone: <sup>(5)</sup> (402) 471-9495

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	\$122,331.25	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$122,331.25</u>	_____	_____	_____

Explanation of Estimate:

AM923 to LB415 amends several retirement related bills into one bill. The effected bills are LB415, LB31, LB32, LB110, LB219, LB278, LB413, and LB532. This amendment has not changed the fiscal requirements for these bills. A more detailed explanation for the fiscal requirements can be found with the original fiscal notes submitted for these bills.

The original LB415 changed provisions for plan members regarding returning to work, terminations, rule of 85 and vesting. The cost estimate for this portion of the amendment remains the same. The cost estimate to implement these provisions includes one-time costs for actuarial studies and analysis (\$18,000), programming costs (\$66,381.25), and an estimate to update educational materials and handbooks and educate members and staff of (\$5,000).

AM923 includes provisions found in the original LB532. These provisions relate to Military service credit for the State administered retirement plans. The changes made do not impact the original fiscal note for LB532. The fiscal impact includes an estimate of one-time programming costs of 50 hours @ \$81.25/hour (\$4,062.50). All member plan handbooks will need to be updated as well as employer reporting training materials and member education seminars for service members. A one-time estimate for these types of operating expenses is included (\$5,000). NPERS feels that there would be some on-going operating costs associated with recording of data needed for this bill. This is difficult to determine at this time. The programming costs as well as the operating costs would come from modifying NPERS' current purchase of service process.

AM923 includes provisions found in the original LB219 and AM497. This bill contained needed changes to provisions regarding recommendations from the actuary from the most recent experience study. The original fiscal impact remains the same with AM923. These costs include computer programming changes needed to NPERS' software system. It is estimated that this portion of the amendment would require 294 hours of programming time using an OCIO programmer. The hourly rate would be \$81.25 for a total one-time cost estimate of \$23,887.50.

There is minimal fiscal impact from amending LB31, LB32, LB110, LB278, and LB413 into AM923. There are no costs included in this fiscal note for these provision changes.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$122,331.25	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$122,331.25	