

PREPARED BY: Kathy Tenopir
 DATE PREPARED: February 04, 2008
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LB 968

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB968 deals with the School Employees Retirement Systems including Class V districts (Omaha School Employees Retirement System) and the service annuity paid by the State. LB968 provides that employees who retire early and were hired before July 19, 1996 would receive an unreduced service annuity. Employee who retire early and were hired on or after July 19, 1996 would receive a reduced service annuity. State law currently provides for a reduced service annuity for those who retire early.

The Nebraska Public Employees Retirement System (NPERS) acts as a pass through for state funds appropriated for the service annuity for the Omaha School Employees Retirement System (OSERS). State funds are appropriated based on an annual actuarial study.

NPERS indicates that they have received a cost estimate from OSERS indicating the difference between the reduced and unreduced benefit for those who retired prior to age 65. OSERS estimates the cost to be \$1,304,867. Information provided by NPERS indicates that included in the estimate are costs that have accumulated since 2000. NPERS indicates that due to the provisions of LB968, there will be a fiscal impact to the State, but the amount cannot be determined without an actuarial study. The cost to verify OSERS estimate is at \$11,200. There is no basis to disagree with the agency's estimates.

It is unclear how the proposed change in LB968 will affect the School Employee Retirement System.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE	2/4/08	PHONE	471-2526
COMMENTS					
<p>NEBRASKA EMPLOYEE RETIREMENT SYSTEM - Agree with the Agency that an actuarial study conducted by the state needs to be completed to determine the General Fund impact to the state.</p> <p>No basis to disagree with the Agency's estimate of the impact of \$11,200 for review of the information provided by OSERS. This amount would need to be General Funds because the Cash Funds are from plan member accounts administrated by NPERS and funds taken from a plan member can only be used for the benefit of that plan member. The OSERS system is not administrated by the NPERS, therefore there is no way to charge these members for the cost identified by the agency.</p> <p>Additionally, an increase to the annual contributions to Class V School Retirement Plans for Service Annuity would be expected. This would have an ongoing General Fund impact as the Service Annuity is determined by NPERS' actuary.</p>					