

Revised due to amendments adopted through April 23, 2007

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB596 as amended addresses the School Employees' Retirement Plan and the Class V Employees' Retirement Plan.

School Employees' Retirement Plan

- LB596 provides a one-time increase in retirement pension benefits to provide 85% of the original purchasing power. An actuarial study indicates the cost of this increase to be \$658,184 and would require a .05% increase in the contribution rate as a percent of pay.
- LB596 provides the following increase in the employer and employee contribution rate.

Schools	Employee	Employer	Total
Current Law FY2007-08	7.25	7.32	14.57
LB596 FY2007-08	7.28	7.35	14.63
Difference	.03	.03	.06

The increase in the employer and employee contribution rates should cover the cost of the increase in pension benefits to provide 85% of the original purchasing power.

Class V Employees' Retirement Plan

- LB596 provides the following increase in the employer and employee contribution rate.

Class V	Employee	Employer*	Total
Current Law FY2007-08*	6.3	6.3	12.6
LB596 FY2007-08	7.3	7.37	14.67
Difference	1.0	1.07	2.07

- Current state law provides that the employer contribution rate shall be the greater of (a) 100% of the contributions by the employees for such fiscal year or (b) such amount as may be necessary to maintain the solvency of the system. According to the actuarial report for the year ended August 31, 2006. Omaha Public Schools, as the employer, is contributing 9.32% as the amount necessary to maintain the solvency of the system.

Increased spending by school districts pursuant increases in the employer contribution rates in either the School or Class V Employees' Retirement Plans increases state aid (TEEOSA) to schools, two years after the spending occurs.