

Revised due to amendments adopted through 3-31-14

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	94,904		89,904	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	94,904		89,904	

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

LB1042 incorporates the provisions of LB1041 (as amended) and LB1042 (as amended).

LB1041 (as amended)

LB1041 amends statutes for the School Employees Retirement System and the Omaha School Employees Retirement System (OSERS). After July 1, 2014, LB1041 changes the number years of creditable service a school employee must have from 5 years to 10 years in order to purchase service credit or "air time".

OSERS indicates a decrease in future actuarial liabilities by establishing a longer work period prior to allowing members to purchase service credits.

The Nebraska Public Employees Retirement System (NPERS) indicates a potential decrease in workload.

LB1042 (as amended)

LB1042 amends the School Employees Retirement Act and changes the cost for repurchase of relinquished creditable service.

Currently, members can repurchase relinquished creditable service by:

1. Repaying the amount of the contributions withdrawn plus interest if within 3 years of rejoining, or
2. Repaying the amount of the contributions withdrawn plus the actuarial assumed rate of return for the period repaid if after 3 years.

LB1042 changes the cost for repurchase of relinquished creditable service as follows:

1. School employees who were reinstated to membership **prior to** the effective date of this act and who file an application within 6 years will pay an amount equal to previously withdrawn contributions plus an amount equal to the actuarial assumed rate of return. Repayment must be completed within 6 years.
2. School employees who are reinstated to membership **on or after** the effective date of this act and who file an application within 5 years will pay an amount equal to previously withdrawn contributions plus an amount equal to the actuarial rate of return. Repayment must be completed within 5 years.

NPERS has estimated there are 2,400 **current** employees who could apply for repurchase of relinquished creditable service. NPERS estimates that if 1/2 of currently eligible members apply within the 6 year time frame, the agency would need 2 additional retirement specialists at a cost of \$94,904 for FY2014-15 and \$89,904 for FY2015-16 due to workload increases.

NPERS will experience some workload increase for processing applications of eligible members who choose to apply within the 6 year time frame. The amount of the workload increase is dependent on the number of eligible members who actually do apply and the application process. It should be noted that the workload increase is time-limited to the 6 year application process and therefore, any additional staff should also be time-limited.

LB1042 also provides that the eligible member will be restored to original membership if he/she repurchases all of the relinquished creditable service (i.e. Tier 1). If the member repurchases some but, not all creditable service, he/she will be treated as a new member (i.e. Tier 2).