

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB830 changes the provision for state employees' vacation leave. LB830 requires the head of a state agency to provide a reasonable opportunity for employees to use rather than forfeit accumulated vacation leave. If the employee's request is denied, the agency must pay the employee the cash equivalent of the amount of leave forfeited.

The Department of Administrative Services indicates that the State's payroll system cannot accommodate the rollback of vacation hours, so each agency must calculate the impact manually. Therefore, the fiscal impact cannot be estimated at this time. LB830 would increase costs.

Several items can be noted.

- There are 16,379 state employees, excluding the University and State Colleges, of which 10,750 are covered by collective bargaining agreements.
- Vacation leave is a topic of bargaining and is included in the State's current collective bargaining agreements.
- Section 81-1371(9) provides that the collective bargaining contract supercedes state law.
- For FY2016-17, LB830 would impact only those state employees not covered by a collective bargaining agreement since an agreement is already in effect for bargaining employees.
- For FY2017-18 and beyond the number of state employees that would be impacted would depend on what is agreed to during collective bargaining.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 830	AM:	AGENCY/POLT. SUB: Supreme Court	
REVIEWED BY: Gary Bush		DATE: 1/28/16	PHONE: 471-4161
COMMENTS: Given how the bill is worded, there is no basis to disagree with the Court's estimate of impact because current practice does not take into account the denial of vacation leave requests. Therefore; there is no history to determine a potential impact. It would be reasonable to believe there would be an impact to the Courts.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 830	AM:	AGENCY/POLT. SUB: Dept. of Administrative Services	
REVIEWED BY: Gary Bush		DATE: 1/19/16	PHONE: 471-4161
COMMENTS: No basis to disagree with the agency estimate of impact. The estimate appears to be reasonable given the assumptions made.			

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

2016

LB<sup>(1)</sup> 830

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Administrative Services - State Personnel / Employee Relations

Prepared by: <sup>(3)</sup> Bo Botelho Date Prepared: <sup>(4)</sup> January 14, 2016 Phone: <sup>(5)</sup> 402-471-0972

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	<u>3,994</u>	<u>          </u>	<u>4,094</u>	<u>          </u>
CASH FUNDS	<u>578</u>	<u>          </u>	<u>592</u>	<u>          </u>
FEDERAL FUNDS	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
REVOLVING FUNDS	<u>31,825</u>	<u>31,825</u>	<u>32,620</u>	<u>32,620</u>
TOTAL FUNDS	<u>36,397</u>	<u>31,825</u>	<u>37,306</u>	<u>32,362</u>

Explanation of Estimate:

LB830 requires agency heads to provide reasonable opportunity for an employee to use rather than forfeit accumulated vacation leave. Under the bill, if an employee makes a reasonable written request to use vacation leave, before the leave must be forfeited under this section, and the employing agency denies the request, the employing agency must pay the employee the cash equivalent of the amount of forfeited vacation leave that was requested and denied.

It is difficult to predict to what extent agencies would be able to accommodate all vacation requests in a given year. In addition, the State's payroll system cannot accommodate automatic rollback of vacation hours, so each agency must calculate this action manually. Therefore State Personnel is only able to provide the fiscal impact for Department of Administrative Services, Office of Chief Information Officer, Capitol Commission and State Budget Division (DAS) employees who forfeited vacation hours effective 11:59 p.m. Dec. 31, 2015.

The total number of hours forfeited by DAS employees at the end of end of calendar year 2015 was 912.41 hours. It is impossible to know how many of those forfeited vacation hours would be paid out as proposed by LB830. If all of those forfeited vacation hours had been paid out the fiscal impact to DAS would have been \$30,867 in Personal Service Limitation (PSL) plus an additional \$4,676 for Retirement and FICA for a total fiscal impact of \$35,543. The result would be employees would have been paid for time worked plus vacation not taken, thus creating a situation where the employee would be doubled paid for the hours bought back.

Assuming the bill is effective December 2016 the fiscal impact to DAS in FY16-17 would be **\$31,608** in PSL plus **\$4,789** for benefits for a total of **\$36,397** (\$31,608 + \$4,789 = \$36,397).

1. Assumptions/Calculations FY16-17

- Assume same number of vacation hours subject to forfeiture: 912.41 hours
- Added FY16-17 2.4% across the board salary increase to December 2015 value of \$30,867 = **\$31,608** (\$30,867 X 2.4% = \$741) [\$30,867 + \$741 = \$31,608]
- Additional cost of benefits of **\$4,789** - Retirement 7.50% and FICA 7.65% (\$31,608 X 15.15% = \$4,789)

In December 2017 the fiscal impact to DAS in FY17-18 would be **\$32,398** in PSL plus **\$4,908** for benefits for a total of **\$37,306** (\$32,398 + \$4,908 = \$37,306).

**2. Assumptions/Calculations FY17-18**

Assume same number of vacation hours subject to forfeiture: 912.41 hours

Added FY17-18 estimated 2.5% across the board salary increase to December 2016 value of \$31,608 =

**\$32,398** (\$31,608 X 2.5% = \$790) [\$31,608 + \$790 = \$32,398]

Additional cost of benefits of **\$4,908** - Retirement 7.50% and FICA 7.65% (\$32,398 X 15.15% = \$4,908)

The table below summarizes the impact by fund type of the increased DAS costs. The allocation by fund type is based on the DAS FY14-15 PSL expenditures.

	FY2016-17	FY2017-18
	PSL	PSL
General Funds	3,994	4,094
Cash Funds	578	592
Revolving Funds	31,825	32,620
Total Funds	36,397	37,306

In addition to the increased General, cash and revolving fund appropriation, the additional revolving fund costs for FY16-17 and FY17-18 could require an increase in statewide assessments, rates and/or surcharges. These increases would be passed along to the Agency's statewide customers resulting in possible increases in General and other funding requests from other State Agencies.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2016-17	2017-18
	16-17	17-18	EXPENDITURES	EXPENDITURES
Various - PSL			31,608	32,398
Benefits.....			4,789	4,908
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>36,397</b>	<b>37,306</b>

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**2016**

**LB<sup>(1)</sup> 830**

**FISCAL NOTE**

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

Supreme Court

Prepared by: <sup>(3)</sup> Eric Asboe

Date Prepared: <sup>(4)</sup> 1/26/16

Phone: <sup>(5)</sup> 1-4138

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

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Expenditures would increase from payment of forfeited vacation leave. The number of occasions when this would be necessary is unknown. Therefore, the amount of additional funds needed cannot be determined.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17 EXPENDITURES</u>	<u>2017-18 EXPENDITURES</u>
	<u>16-17</u>	<u>17-18</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____