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DATE PREPARED: May 23, 2011  
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LB 397

Revision: 02

Revised due to amendments adopted through 5-20-11

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	18,600		18,600	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	18,600		18,600	

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

LB397 establishes standards for the following public employee and employer groups.

1. Public employers other than school districts, educational service units (ESU's), and community colleges with their certificated and instructional employees. (Includes cities; counties; non-certified employees of school districts and community colleges; and public power districts.)
2. School districts; ESU's; and community colleges and their certificated and instructional employees.
3. State of Nebraska including the University and State Colleges.

### Estimated Fiscal Impact.

#### Public employers other than school districts; ESU's; and community colleges with their certificated and instructional employees.

LB397 mandates numerous items that must be presented to the CIR for consideration. New mandates include but are not limited to the use of Metropolitan Statistical Areas; an economic variable adjustment; and an actuarial analysis of pensions and health plans. LB397 also provides that evidence can be gathered by phone, email, etc. The fiscal impact cannot be quantified.

City of Omaha – fiscal impact cannot be determined

Douglas County – the proposed freeze on wages and benefits will cost the county a significant amount of money because currently the county could reduce wages and benefits that the CIR determines are above comparability.

City of Lincoln – anticipates a reduction in personnel costs and additional costs associated with procuring actuarial evidence.

#### School districts; ESU's; and community colleges and their certificated and instructional employees.

LB397 creates a timeline for collective bargaining and mandates mediation, unless both parties agree not to. The fiscal impact cannot be quantified.

#### State of Nebraska including the University and State Colleges.

LB397 would eliminate the Special Master process currently contained in the State Employee Collective Bargaining Act and parties to a dispute would go directly to the CIR. LB397 also provides that evidence can be gathered by phone, email, etc.; establishes a timeline; and CIR decisions are appealable directly to the Supreme Court rather than the Court of Appeals. The fiscal impact cannot be quantified.

University of Nebraska – overall no fiscal impact.

State College System – The expedited process would result in cost savings in the event a voluntary agreement is not reached, but the exact amount is unknown

Administrative Services – Employee Relations – estimates no fiscal impact.

Department of Education – The expedited process will result in cost savings in the event a voluntary agreement is not reached; the exact amount of savings is unknown.

Supreme Court – Any increase is not estimated to be significant.

### **Commission of Industrial Relations (CIR)**

For public employers other than school districts, ESU's, and community colleges with their certificated and instructional employees – LB397 mandates additional new information that must be provided to the CIR for consideration to include, but not limited to, the use of MSA's, an economic variable adjustment and an actuarial valuation of pensions and health plans.

For State of Nebraska including the University and State Colleges – LB397 changes the role of the CIR significantly. LB397 eliminates the Special Master process and parties involved in a dispute go directly to the CIR. Currently, the CIR acts in an appellate capacity after the Special Master has entered his or her findings in each case. There are 16 bargaining units in this category that could bring unresolved issues to the CIR.

The fiscal impact to the CIR is dependent upon the number of cases brought before them and the number of unresolved issues involved. As indicated by the CIR there is no way to be certain as to the exact change in caseload as a result of LB397. The fiscal impact cannot be quantified.

CIR – the cost for conducting a 1-day trial is estimated at \$4,230. The cost of conducting a 2-day trial is estimated at \$7,500. Whether more time than that would be required is dependent upon the amount of evidence presented. There is no way to be certain as to the exact change in caseload related to the passage of this bill.

LB397 as amended by AM1528 requires that three commissioners preside over and decide all industrial disputes. Currently only one commissioner presides. The CIR has estimated the increased cost based on this year's case load. The CIR estimates the additional cost to be \$18,600 for additional per diems, mileage, and room and board. There is no basis to disagree with the estimate.

LB397 as amended by AM1528 also requires the CIR to determine whether the bargaining unit's total compensation falls within 98% to 102% range of the array's midpoint. If the CIR finds that the year in dispute occurred during a time of recession, the range will be 95% to 102%. The Department of Revenue is to report data on a quarterly basis to determine if it would be a time of recession. The Department of Revenue estimates the costs for quarterly reporting to be minimal.

MAY 20 2011

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LEGISLATIVE FISCAL

LB<sup>(1)</sup> 397 FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> AM 1528 Comm. of Industrial Relations

Prepared by: <sup>(3)</sup> Annette Hord Date Prepared: <sup>(4)</sup> 5-20-11 Phone: <sup>(5)</sup> \_\_\_\_\_

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	_____	_____

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Here is what I have estimated for additional costs relative to having 3 commissioners preside at hearings before the CIR. This is based on actual trials, etc. held in 2010-2011.

Per Diems	\$14,329
FICA	\$ 1,096
Mileage \$	2,050
Bd & Rm	\$ 1,125
Total	\$18,600

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012	2012-2013
	11-12	12-13	EXPENDITURES	EXPENDITURES
Benefits .....	_____	_____	_____	_____
Operating .....	_____	_____	_____	_____
Travel .....	_____	_____	_____	_____
Capital outlay .....	_____	_____	_____	_____
Aid .....	_____	_____	_____	_____
Capital improvements .....	_____	_____	_____	_____
TOTAL .....	_____	_____	_____	_____

