

Revised due to amendments adopted through March 20, 2018

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	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.

LB1005, as amended by AM2204 includes the following.

AM1758, AS AMENDED, TO LB548

Amends the Class V School Employee Retirement Plan

Members hired or rehired prior to July 1, 2018 will continue to have retirement benefits calculated based on the 1994 mortality table and an interest rate of 8%. Plan members hired or rehired on or after July 1, 2018 will have retirement benefits calculated using the mortality table, interest rate and actuarial factors in effect on the member's retirement date as recommended by the actuary and approved by the board of trustees

An actuarial analysis indicates that this change should not have any measurable impact on the Omaha School Employee Retirement System (OSERS).

Provides a new definition of solvency which equals the actuarially required contribution (ARC) as annotated in each annual valuation report.

Requires the school district to deposit the amount necessary to maintain the solvency of the plan (the ARC) into the retirement fund by August 31st of each year.

In its fiscal note response, OSERS indicates an increase in revenue of an estimated \$18 million for FY2018-19 and \$20 million for FY2019-20 due to the date certain on which the annual amount necessary to maintain solvency (ARC) must be paid. It is unclear how this provision would increase revenue since the school district is currently required to pay the annual ARC.

LB698

Includes all plans administered by the Public Employees Retirement Board (PERB)

Changes the promulgation of rules and regulations by PERB from mandatory to permissive.

No fiscal impact.

LB699

Includes the State Patrol, the State School Employee, and the State Employee Retirement Plans.

Inserts language in the definition of "actuarial equivalent" that was inadvertently left out in LB415 (2017).

No fiscal impact.

LB700

Exempts the University Trust Fund from the list of funds invested by the State Investment Officer.

No fiscal impact.

LB1005, AS AMENDED

Includes the Retirement System for Nebraska Counties and the School Employees Retirement Plans.

Provides a process for the county or the school district (employer) to remove or withdraw, in whole or in part, from their respective retirement plans.

Provides that a county hospital established under 23-3501 is required to elect to participate in the retirement plan within one year from the effective date of this act or within one year of the date the facility is established, whichever is later.

The county or school district is responsible for all costs incurred by the Nebraska Public Employees Retirement System (NPERS) or the Public Employees Retirement Board (PERB) associated with the removal or withdrawal, in whole or in part, from their respective retirement plans. Costs would include an actuarial analysis; any obligation to the retirement system to provide benefits for the affected plan members; and any administrative costs incurred by NPERS or PERB.

According to the actuary, the actuarial impact of any single employer withdrawing from either the County or School Plan will be dependent on the facts and circumstances in that individual situation.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1005	AM: 2204	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: Neil Sullivan	DATE: 3/20/2018	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Education estimate of minimal fiscal impact from LB 1005 as amended by AM 2204.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1005	AM: 2204	AGENCY/POLT. SUB: NPERS
REVIEWED BY: Neil Sullivan	DATE: 3/20/2018	PHONE: (402) 471-4179
COMMENTS: Costs of referenced study have already been incurred and absorbed by the agency. No basis to disagree with the NPERS estimate of no fiscal impact from LB 1005 as amended by AM 2204.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1005	AM: 2204	AGENCY/POLT. SUB: OSERS
REVIEWED BY: Neil Sullivan	DATE: 3/16/2018	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the OSERS assessment of fiscal impact from LB 1005 as amended by AM 2204.		

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

2018

LB⁽¹⁾ 1005 AM2204

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 3/16/18 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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:

If a school district participating in a retirement system was determined to no longer qualify under Section 414(d) of the Internal Revenue Code, which is an unlikely scenario for school districts, there could be additional costs incurred that potentially could have very minimal impact on the TEEOSA formula.

If a class V school district is required to contribute additional money to the retirement fund that could potentially reduce expenditures used to calculate TEEOSA. The impact on TEEOSA likely would be minimal but cannot be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2018

LB⁽¹⁾ 1005, AM2204

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Employees Retirement Systems (NPERS)

Prepared by: ⁽³⁾ Teresa Zulauf Date Prepared: ⁽⁴⁾ March 20, 2018 Phone: ⁽⁵⁾ 402-471-7745

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>0</u>	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u><u>0</u></u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Explanation of Estimate:

To determine the impact of this amendment, the actuary completed a general study. The study was not specific to any individual county or school. The cost was \$7,600. (\$3,800 school plan and \$3,800 county plan) Our budget should be able to support the cost of this study.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2018

LB⁽¹⁾ 1005 (AM 2204)

**AMENDED
FISCAL NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Employees Retirement System of the School District of Douglas County 0001 (OSERS)

Prepared by: ⁽³⁾ Cecelia M. Carter Date Prepared: ⁽⁴⁾ 03.15.2018 Phone: ⁽⁵⁾ (531) 299-9423

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS (OSERS Pension Trust Fund)	<u>0</u>	<u>± \$18,000,000</u>		<u>± \$20,000,000</u>
TOTAL FUNDS	<u><u>\$0</u></u>	<u><u>± \$18,000,000</u></u>	<u><u>\$0</u></u>	<u><u>± \$20,000,000</u></u>

Amendment 2204 to LB1005 in part amends statutes relating to the Class V School Employees' Retirement Act. Amendment 2204 of LB 1005 incorporates provisions of Amendment 1758 to LB 548 into LB 1005.

Under the provisions of AM 2005 relating to the Class V School Employees' Retirement Act, members of the Employees Retirement System of the School District of Douglas County 0001 (OSERS) hired or rehired prior to the July 1, 2018 will continue to have retirement benefits calculated based on the 1994 mortality table and an interest rate of 8%. All plan members hired or rehired on or after July 1, 2018 will have retirement benefits calculated using the mortality table, interest rate and actuarial factors in effect on the member's retirement date as recommended by the actuary and approved by the board of trustees. The interest rate may be, but is not required to be the assumed rate of return.

Under the provisions of AM 2005 relating to the Class V School Employees' Retirement Act also inserts a new definition of solvency as the actuarially required contribution (ARC) amount as annotated in each annual valuation report. It requires the school district to deposit the annual ARC into the retirement fund by August 31, which is the last day of the school fiscal year. This provision ensures the plan sponsor deposits the ARC each year by a date certain.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				