

PREPARED BY: Bill Biven, Jr.
 DATE PREPARED: January 26, 2022
 PHONE: 402-471-0054

LB 1018

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	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.

LB1018 sets a minimum salary or wage for all employees of a Class V school district equal to at least 70% of the Nebraska statewide average hourly wage as defined in §77-6814.

Omaha Public Schools (OPS) is currently the only Class V school district in Nebraska.

EXPENDITURES:

LB1018 would require OPS to have all employees to earn a minimum hourly wage of \$17.45. OPS has 4,149 hourly employees, with 2,068 of those employees making less than \$17.45 per hour. To get those 2,068 employees to at least 70% of the statewide average, it will cost OPS \$46,362,949 for FY2022-23 and increase by 4.5% to \$48,449,282 for FY2023-24. Increases in OPS expenditures will increase its needs as calculated in the TEEOSA formula, increasing state General Fund expenditures. The impact will be \$4 million to \$5 million per year. Because the higher expenditure level makes OPS the highest in their array, OPS is excluded for purposes of basic funding.

There may be additional costs concerning liabilities & retirement benefit expenses with the increase in the employee’s hourly wages but that expense cannot be determined at this time. Omaha Public Schools Employees’ Retirement System (OSERS) did not respond to our request.

Nebraska Public Employees Retirement Systems (NPERS) believes that there may be additional expenses & Actuarial Required Contribution (ARC) liabilities when they fully take over the management of OSERS retirement plan in FY2024-25 (9/1/24) but that amount cannot be determined at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	1018	AM:	AGENCY/POLT. SUB: Omaha Public Schools	
REVIEWED BY:	Gary Bush	DATE:	2/11/22	PHONE: (402) 471-4161
<p>COMMENTS: No basis to disagree with the estimate provided. There would be a General Fund impact to the state due to the 2% of school employee salaries that is provided by the state. If salaries are increased, so will the obligation of the state to provide additional appropriations. Additionally, the increase in salaries is likely to have an impact on the Omaha School Employee Retirement System. An actuarial study is required to determine the impact to the plan. The increased costs to OPS would result in an increase, after two years, in equalization aid that the state would pay through the TEEOSA school aid formula. TECHNICAL NOTE: The expenditures of General Funds is not State General Funds, but the funds received from property taxes.</p>				

CONTINUED

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1018	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Gary Bush	DATE:	1/27/22 PHONE: (402) 471-4161
COMMENTS: Agree there is no fiscal impact to the agency for the provisions of the bill. However, there would be an impact to the state by having to pay additional 2% of salary into the Omaha retirement system.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1018	AM:	AGENCY/POLT. SUB: Nebraska Public Employees Retirement Systems
REVIEWED BY:	Gary Bush	DATE:	1/24/22 PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the estimate provided. There would be a General Fund impact to the state due to the 2% of school employee salaries that is provided by the state. If salaries are increased, so will the obligation of the state to provide additional appropriations. Additionally, the increase in salaries is likely to have an impact on the Omaha School Employee Retirement System. An actuarial study is required to determine the impact to the plan. TECHNICAL NOTE: The expenditures of General Funds is not State General Funds, but the funds received from property taxes.			

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2022

LB⁽¹⁾ 1018 UPDATED

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Omaha Public Schools

Prepared by: ⁽³⁾ Shane Rhian Date Prepared: ⁽⁴⁾ 02-10-22 Phone: ⁽⁵⁾ 531-299-9430

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$46,362,949		\$48,449,282	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1018 would require Omaha Public Schools to pay all employees an hourly wage of at least \$17.45 per hour. This would impact wage scales for 4,149 hourly employees, including 2,068 employees receiving an hourly wage less than required by LB 1018. It is estimated that this increase in minimum wage, including the impact to the related negotiated pay scales, would result in an additional salaries and benefits expense of \$46,362,949 for Fiscal Year 2022-23 and \$48,449,282 for Fiscal Year 2023-24.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Wages			\$39,005,695	\$40,760,951
Benefits.....			\$7,357,254	\$7,688,331
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$46,362,949	\$48,449,282

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2022

LB⁽¹⁾ 1018

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/19/22 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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:

LB 1018 requires Class V school districts to pay a salary or wage equal to at least seventy percent of the Nebraska statewide average hourly wage. This bill will require a Class V district to increase the pay of any employee making below seventy percent of the statewide average hourly wage causing either more spending or a shift in spending in Class V districts. Omaha public schools is the only Class V school district in Nebraska.

No fiscal impact to NDE or the State.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====

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2022

LB⁽¹⁾ 1018

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Employees Retirement Systems (NPERS)-085

Prepared by: ⁽³⁾ Teresa Zulauf Date Prepared: ⁽⁴⁾ 1-20-2022 Phone: ⁽⁵⁾ 402-471-7745

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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:

All employees shall be paid a salary or wages equal to at least 70% of the Nebraska statewide average hourly wage as defined in § 77-6814.

NPERS does not have sufficient information to determine what, if any fiscal impact will have on the OSERS plan.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

