

PREPARED BY: Bill Biven, Jr.
 DATE PREPARED: January 20, 2022
 PHONE: 402-471-0054

LB 992

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	See Below			
CASH FUNDS	See Below		See Below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

LB992 appropriates \$310,500 from the General Fund for FY2022-23 to the Public Employees Retirement Board (PERB) for Program 41 to create a self-service function for retired members of the Nebraska State Patrol to add, remove, update & view payroll deductions on the Nebraska Public Employees Retirement System (NPERS).

Retired members should not have payroll deductions to add, remove, view, or update. A statute change would need to be made for retired members to make changes other than what currently allowed: adjustments to their state and federal taxes deductions.

EXPENDITURES:

NPERS estimates the costs to make these changes to be \$327,750 from Cash Funds and would also require an additional FTE to oversee and monitor the upgrade. The FTE would have startup costs of \$5,000 and operating costs of \$45,538 for FY2022-23. For FY2023-24, the FTE's operating expenses would increase by 2% to \$46,449. We have no basis to disagree with these estimates. However, while PERB's administrative costs are Cash Fund expenditures in Program 041, LB 992 appropriates from the General Fund.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 992 AM: AGENCY/POLT. SUB: Public Employees Retirement Systems

REVIEWED BY: Neil Sullivan DATE: 1/25/2022 PHONE: (402) 471-4179

COMMENTS: Disagree with the Public Employees Retirement Systems assessment of fiscal impact from LB992. The bill only provides \$310,500 in FY 2022-23 General Fund Appropriation. The agency indicates the intended use of provided appropriation is unclear.

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

2022

LB⁽¹⁾ 992-Revised

FISCAL NOTE

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

Prepared by: ⁽³⁾ Teresa Zulauf Date Prepared: ⁽⁴⁾ 1-25-2022 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	378,288.06		46,448.82	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>378,288.06</u>		<u>46,448.82</u>	

Explanation of Estimate:

Currently, Nebraska law only allows NPERS to deduct federal and Nebraska taxes from a retiree's monthly **retirement** benefit payment. The NPERS website and recordkeeping system (NPRIS) already allows retirees to adjust their tax withholdings on monthly retirement benefit payments. Since no other deductions from retirement benefit payments are allowed under Nebraska law, it is unclear what purpose this appropriation would serve. (LB 992 refers to payroll deductions.)

LB 992's \$310,500 appropriation is less than the cost NPERS identified to update NPRIS to allow for the direct payment of insurance premiums to insurance providers under a previous legislative bill. More information is necessary regarding the functionality desired under LB 992, and the Nebraska law that authorizes such deductions from retirement benefit payments.

NPERS has increased the appropriation due to the increase of the hourly rate for programmers. (The cost estimate of \$310,500 included in LB 992 is almost a year old.)

NPERS also requests an Office Specialist. Even though LB 992 mentions self-service, NPERS will need staff to respond to questions and assist those requesting additional information. The additional increase to PSL would be \$35,029.28 and an additional \$10,508.78 for estimated benefit costs. We would also need an additional \$5,000 for operating start-up costs for an additional teammate. For FY 2022-23, the increase to PSL would be \$45,538.06. For FY 2023-24, the increase to PSL would be \$46,448.82.

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>
Office Specialist	1	1	35,029.28	35,729.86
Benefits.....			10,508.78	10,718.96
Operating.....			5,000	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>50,538.06</u>	<u>46,448.82</u>

