

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS	See below		See below	
FEDERAL FUNDS	See below		See below	
OTHER FUNDS	See below		See below	
TOTAL FUNDS	See below		See below	

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

LB196 amends several statutes to change the provisions relating to the Nebraska State Patrol Retirement System & benefits provided upon the death of an officer after their retirement & an annual benefit adjustment.

Upon the death of an officer after retirement for reasons other than disability, benefits will be provided as a percentage of the amount of the officer's annuity; the percent of benefit to surviving family will be increased from seventy-five percent to one hundred percent.

Starting July 1, 2023, each officer while in the service of the Nebraska State Patrol (NSP) will pay or have paid on the officer's behalf a sum equal to eight percent of the officer's monthly compensation. There will also be an assessment against the appropriation of the NSP a sum equal to the amount of twenty-five percent of each officer's monthly compensation, which will be credited to the State Patrol Retirement Fund.

EXPENDITURES:

The Nebraska Public Employees Retirement Systems (NPERS) estimates the need for \$20,000 to update the necessary programming to meet the changes in LB196. NPERS also estimates the need to have a full cost study done by their actuary, Cavanaugh Macdonald Consulting, LLC. That cost study has an estimated cost of \$10,000.

The Nebraska State Patrol (NSP) estimates that the changes in the contribution rates from LB196 will increase their expenses by \$3,317,880 annually. This estimate does not include the recently approved SLEBC contract that includes a 22.1% raise for State Troopers, Sergeants, Investigative Officers, & Investigative Sergeants that is scheduled to go effective on July 1, 2023 so the fiscal impact will increase once the raises go into effect.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 196	AM:	AGENCY/POLT. SUB: State Patrol	
REVIEWED BY: Ryan Walton		DATE: 1/23/2023	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the State Patrol assessment of fiscal impact from LB 196.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 196	AM:	AGENCY/POLT. SUB: Nebraska Public Employees Retirement Systems	
REVIEWED BY: Ryan Walton		DATE: 1/26/2023	PHONE: (402) 471-4174
COMMENTS: The Nebraska Public Employees Retirement Systems assessment of indeterminate fiscal impact from LB 196 appears reasonable. As suggested by the consulting actuary, Cavanaugh Macdonald Consulting, LLC, a full cost study will need to be performed to determine the full fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 196	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Walton	DATE: 2/28/2023	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 196.		

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

2023

LB⁽¹⁾ 196

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State Patrol

Prepared by: ⁽³⁾ Carol Aversman Date Prepared: ⁽⁴⁾ 01-13-2023 Phone: ⁽⁵⁾ 402-471-4545

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$2,623,275		\$2,623,275	
CASH FUNDS	\$541,563		\$541,563	
FEDERAL FUNDS	\$142,720		\$142,720	
OTHER FUNDS	\$10,322		\$10,322	
TOTAL FUNDS	\$3,317,880		\$3,317,880	

Explanation of Estimate:

LB 196 increases the amount of the retirement contributions that the Agency must make to the sworn officers' retirement accounts. The current requirement is 16% of earnings for officers hired prior to 7/1/16, and 17% of earnings for officers hired on or after 7/1/16. LB 196 increases the required contribution that the Agency must make to 25%. It also reduces the required contribution that the Officers must make to 8% from 16% of earnings for Officers hired prior to 7/1/16 and from 17% for Officers hired on or after 7/1/16.

The Agency estimates total additional costs of \$3,317,880 for the 482 officers that comprise its authorized staffing levels (filled positions and vacancies). This includes estimated increased contributions totaling \$ 277,958 on overtime wages. This estimate is based on the calendar year to date overtime paid in 2022. The estimate also includes additional retirement contributions totaling \$15,655 on incentive shift payments required to be paid. This estimate is based on calendar year to date incentive shift payments paid in 2022.

It is important to note that the newly negotiated SLEBC contract currently reflects salary increases of 22.1% for Troopers, Sergeants, Investigative Officers, and Investigative Sergeants effective 7/1/23. This contract has been ratified, but as of this date, is pending final signatures. The impact of the additional 22.1% salary increases has not been reflected in this fiscal note. The eventual finalization of the labor contract with the salary increases currently negotiated will require the amendment of this fiscal note to accurately reflect the full cost of this change. This will result in a larger fiscal impact than what is presently reflected in this fiscal note.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....			\$3,317,880	\$3,317,880
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$3,317,880	\$3,317,880

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

2023

LB⁽¹⁾ 196

FISCAL NOTE

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

Prepared by: ⁽³⁾ Teresa Zulauf Date Prepared: ⁽⁴⁾ 1/20/2023 Phone: ⁽⁵⁾ 402-471-7745

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	30,000.00	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>30,000.00</u>	_____	_____	_____

Explanation of Estimate:

LB 196 will change the provisions relating to Nebraska State Patrol Retirement System and benefits provided upon the death of an office after retirement and annual benefit adjustment calculations.

The bill would reduce employee contributions to 8% effective for all Troopers in all tiers starting 7/1/2023. There would also be an increase in the employer contribution to 25% starting 7/1/2023.

LB 196 amends 81-2026 to increase the death benefit to 100% up from 75%.

LB 196 amends 81-2027.08 to change the COLA from the lesser of the % change of CPI or 2.5% to greater of the % change of CPI or 2.5 %.

LB 196 amends 81-2027.09 to change the COLA from the lesser of the % change of CPI or 2.5% to greater of the % change of CPI or 1%.

NPERS estimates that it could take 200 hours of programming with a cost estimate of \$20,000. (The cost is put into the first year of the budget.)

Cavanaugh Macdonald Consulting, LLC was asked to analyze LB 196 and prepare a discussion of the expected financial impact on the Nebraska State Patrol Retirement System. The actuary recommends a full cost study be performed. The letter from the actuary is attached.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____

State Agency Estimate

State Agency Name: Department of Revenue	Date Due LFO:
Approved by: Glen White	Phone: 471-5654
Date Prepared: 02/27/2023	

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$ 0		\$0		\$0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ 0		\$0		\$0

LB 196 changes gender related references (his or her) to the term “such officer’s” in correlation to the funding of the officer’s retirement benefits. Beginning July 1, 2023, each officer while in service of the Nebraska State Patrol must pay or have paid on the officer’s behalf 8% of the officer’s monthly compensation. In addition, a sum of 25% of each officer’s monthly compensation will be assessed against the State Patrol’s appropriation and will be credited to the State Patrol Retirement Fund. Changes to the annual benefit adjustments and funding clauses. LB 196 increases the benefits from 75% to 100% upon the death of an officer before retirement, benefits must be provided as if the officer had retired for reasons of disability on the date of such officer's death, related to their children and surviving spouse.

It is estimated that this bill will have no impact on General Fund revenues.

It is estimated that there will be no cost to the Department of Revenue to implement this bill.

This bill contains an emergency clause and becomes law upon enactment.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>				<u>23-24</u>	<u>24-25</u>	<u>25-26</u>	<u>23-24</u>	<u>24-25</u>	<u>25-26</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>			
Benefits.....										
Operating Costs.....					\$0					
Travel.....										
Capital Outlay.....										
Capital Improvements.....										
Total.....					\$0					