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PREPARED BY:
DATE PREPARED:
PHONE:

Kathy Tenopir
February 28, 2011
471-0058

LB 679

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

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

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

LB679 provides that all judges and state patrol officers hired after July 1, 2011 would be members of the State Employee Retirement Plan which is a Cash Balance Plan. As part of the State Cash Balance Plan, new judges and new patrol officers would contribute 4.8% of compensation and the employer matches at 156% or 7.488%.

Currently the state patrol officers contribute 16% of compensation and the employer matches at 16%. The State Patrol estimates their savings as the employer to be \$985 for each new officer employed after July 1, 2011.

Currently judges contribute a range of 4% to 9%. The match is provided by court fees. Under the provisions of LB679 the match will continue to be paid by court fees but the amount cannot be estimated

An actuarial study is necessary to determine the fiscal impact to the plans. The cost of the study is estimated by the Nebraska Public Employees Retirement System (NPERS) to be \$45,000.

NPERS indicates additional one-time operating costs and an additional 1.0 FTE retirement specialist.

It is not clear that additional staff would be required. There is no increase in total state patrol or judges' membership as a result of LB680 and, record keeping for the Cash Balance Plan is done by a third-party provider.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE	2/28/11	PHONE	471-2526
COMMENTS					
NEBRASKA EMPLOYEE RETIREMENT SYSTEM: Agency's estimates appear to be reasonable. NEBRASKA STATE PATROL: Agency's estimate of impact appears to be reasonable.					

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FISCAL NOTE **LEGISLATIVE FISCAL** **LB679**
Nebraska Employee Retirement System

Prepared By	Gerke, Randy
Date Prepared	1/25/2011
Prepared Phone	402-471-9495

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds	45000			
Cash Funds	64911		47236	
Federal Funds				
Other Funds				
Total Funds	109911		47236	

Explanation of Estimate:

Legislative Bill 679 places newly hired Judges and State Patrol members into the State Cash Balance Plan. This will need an actuarial study completed. The costs for the study as well as any post-startup costs will need to come from General Funds. The actuarial study is estimated to cost \$45,000. This will be a one-time expense. This fiscal note does not contain any estimate for benefit funding needs. This will be determined from an actuarial study.

There will likely be additional costs to the court system and perhaps DAS because of the way court fees are currently submitted. This is difficult to estimate. There would also be additional costs to the State Patrol for the employer match of contributions that is part of the State Cash Balance Plan. The technical mechanics of this bill would need to be worked out with all parties before a good estimate can be given. This will take a considerable amount of lead time to plan for implementation. NPERS will not be able to realistically implement this by the July 1, 2011 operative date.

There will be additional operating costs for adding these new members. There will need to be additional educational materials and training. NPERS estimates that additional staff will be needed for processing of the added members. See below for the breakdown:

(1) Retirement Specialist I

Benefits are calculated on the above at 50% of salary. There would also be one time office setup costs for the additional employee (\$5,000). Included in operating costs are one time expenses for administration, planning and developing the provisions of this legislative bill (\$12,675). NPERS has also included addition costs (\$4,000) for training and educational needs for these members.

Major Objects of Expenditure

Position Title	Number of Positions		FY 2011-2012	FY 2012-2013
	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
Retirement Specialist I	1	1	28824	28824
			Benefits	14412
			Operating	21675
			Travel	
			Capital outlay	
			Aid	
			Capital improvements	
			Total	47236

