Kathy Tenopir February 28, 2011 471-0058 **LB 679** 

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

	ESTIMATE OF FIS	SCAL IMPACT – STA	ATE AGENCIES *	
	FY 2011-12		FY 2012-13	
_	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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.

<sup>\*</sup>Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

Date: 1/31/2011

### FISCAL NOTE LEGISLATIVE FINE **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:**

Legislatve 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

	Number	of Positions	FY 2011-2012	FY 2012-2013
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
Retirement Specialist I	1	1	28824	28824
<u></u>	· · · · · · · · · · · · · · · · · · ·	Benefits	14412	14412
1		Operating	21675	4000
1		Travel		
		Capital outlay		
		Aid		
i		Capital improvements		-
		Total	64911	47236

Date: 2/2/2011

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# FISCAL NOTE LB679 nebraska state patrol

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Prepared By	iittle, john
Date Prepared	2/2/2011
Prepared Phone	402-479-4945

#### Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012	FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue	
General Funds					
Cash Funds					
Federal Funds					
Other Funds					
Total Funds					

#### **Explanation of Estimate:**

LB679 contains provisions which would require that new members of the Nebraska State Patrol who become employed on or after the operative date of this act will be members of and contribute to the State Employees Retirement System of the State of Nebraska.

Current members of the Nebraska State Patrol Retirement System contribute 16% of their compensation to the retirement system. An amount equal to this 16% is assessed against the appropriation to the Nebraska State Patrol and is credited to the State Patrol Retirement System. These members are also required to contribute 1.45% of their compensation to Medicare. This amount is matched by the Nebraska State Patrol. Current members of the State Patrol Retirement System are not required to contribute to the Social Security System.

Members of the State Employees Retirement System are required to contribute 4.8% of compensation each payroll period. The state matches these contributions each payroll period at the rate of 156%. Members of the State Employees Retirement System are also required to contribute 7.65% of their compensation to the Social Security/Medicare systems. The State of Nebraska matches this amount contributed to Social Security.

The parameters outlined above would result in an annual savings to the Nebraska State Patrol of \$985 for each new officer employed by the agency after the effective date of this act. The number of new officers employed each year would be based up turnover, i.e. resignations, retirements, etc.

#### **Major Objects of Expenditure**

	Number	Number of Positions		FY 2012-2013
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
		Benefits		
		Operating		
		Travel		
		Capital outlay	<u></u>	
		Aid		
		Capital improvements		
		Total		