

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See Below		See Below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate. LB639 provides that state patrol officers or judges employed on or after July 1, 2014 are state employees for purposes of the State Employee Retirement Act and therefore would be members of the State Employees Cash Balance Plan versus the current respective Defined Benefit Plans. The plans would change as follows.

State Patrol	Current Defined Benefit	LB639 Proposed
Employee Contribution	19%	4.8%
Employer Contribution	19%	7.49%
Supplemental Plan		
Employer Contribution	0	7.65%
Employee Contribution	0	7.65%

Judges	Current Defined Benefit	LB639 Proposed
Employee Contribution	7.26%	4.8%
Employer Contribution	17.95% (Court Fees)	7.49%

An actuarial analysis is necessary to determine the fiscal impact of the proposed changes to the State Patrol and Judges' Retirement Plans.

Other costs associated with LB639 are as follows.

- NPERS estimates the cost of the actuarial analysis for the Judges' plan at \$5,000 and the State Patrol at \$3,000.
- There would likely be additional cost for the third-party record keeper – Ameritas. No estimate has been provided.
- NPERS estimates additional cost for training and materials at \$5,000.
- NPERS estimates additional costs for IT programming changes to be \$57,187.
- NPERS estimates an additional staff person would be necessary to process the supplemental plan. The estimated annual cost is \$43,308 plus \$5,000 one-time start-up costs. If NPERS is to be the record keeper of the supplemental plan additional resources may be necessary.

LB639 also increases the membership of the Public Employees Retirement Board from 8 to 12. NPERS estimates a \$2,400 increase in their personal service limit would be necessary. The estimate appears reasonable.

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

2013

LB⁽¹⁾ 639 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NPERS

Prepared by: ⁽³⁾ Randy Gerke Date Prepared: ⁽⁴⁾ 1/28/2013 Phone: ⁽⁵⁾ 402 471-9495

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>75,187</u>	_____	<u>50,708</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>75,187</u>	_____	<u>50,708</u>	_____

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate: i

These fiscal note estimates are very rough due to the short turn around time to meet the deadlines for submission. Further discussion points that might arise regarding these estimates might be if the start up costs for the supplemental plan can come from the current Patrol Plan cash funds and if NPERS has the space requirements in the 1526 Building (old Assurity Building) for the additional staff member.

Legislative bill 639 places newly hired Judges and State Patrol members into the State Cash Balance Plan. This bill will need an actuarial study completed. The cost for the study is estimated to be \$5,000 for Judges and \$3,000 for Patrol. These are one-time expenses. This fiscal note does not contain any estimate for benefit funding needs. This will be determined from an actuarial study.

There may be additional costs to the court system and DAS because of the way court fees are currently submitted. There will likely be additional expenses with Ameritas. We do not have an estimate from Ameritas at this time. There are technical mechanics of this bill that 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. There will be additional operating costs for adding these new members to the State Cash Balance Plan. These would include additional training and materials. The estimate for this is \$5,000. IT programming will need to be done. This includes design work, coding and testing. The estimate for this is 750 hours @ the OCIO rate of \$76.25 for a total of \$57,187.

LB639 provides for a supplemental plan for the Patrol plan. The bill is silent as to many of the details of this plan. We estimate at this time that it will take one additional staff member for processing of this supplemental plan. This would be for a Retirement Specialist I. The estimate of annual salary and benefits for this would be \$43,308. There is a one time office set up cost included of \$5,000. There likely will be an increase in other operating costs however it is difficult to estimate with the information we have at this time.

LB639 also provides for a change in the makeup of the Public Employees Retirement Board. It increases the membership by 4 members to 12 total. NPERS is requesting an increase of \$2,400 in PSL for program 042 to cover the cost of the increase in per diems paid to the additional Board members.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Board member per diem		2,400		2,400
Retirement Specialist I				
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				