

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS	See Below		See Below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB303 would establish an additional benefit for the members of the State Patrol Retirement Plan in the form of a deferred retirement option plan (DROP). The deferred retirement option plan (DROP) is to be treated as a defined contribution plan. Eligibility for the DROP Plan is after attaining age 50 and having 25 years of service. A member may voluntarily choose to participate in DROP. If the member chooses to participate, he or she will be deemed to have retired but may continue active employment for up to a 5-year period. During this 5-year DROP period, the member's pension benefits payments and DROP contributions shall be deposited in a DROP account for the benefit of the member. The member shall be paid the balance of the DROP account upon separation from active employment or at the expiration of the DROP period in addition to the regular pension benefit.

A January 10, 2007 actuarial study indicates there would be an \$82,813 savings as a result of the DROP Plan.

The Nebraska Employee Retirement System (NPERS) has indicated one-time programming costs of \$84,000. There is no basis to disagree with the estimate.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE	1/25/07	PHONE	471-2526
COMMENTS					
<p>NEBRASKA EMPLOYEE RETIREMENT SYSTEM: There is no basis to disagree with agency's estimate impact on the cost of program changes to PIONEER. Based upon an actuarial report from Buck Consultants, there is an estimate impact for FY 07-08, if this provision would have been in place.</p> <p>There would have been an additional state contribution required of \$105,043 in General Funds. Additionally, there would be a reduction of Employer Contributions of \$187,856 (GF, \$163,434; CF, \$45,586). This would have resulted in a total savings of \$82,813 to the state. The impact on the plan on a long-term basis is unknown.</p>					