

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

This bill would change provisions relating to compensation under the Nebraska Workers' Compensation Act.

The Workers' Compensation Court (WCC) estimates no direct fiscal impact upon their operations. The WCC does note that as an employer, there is a potential that the amount of indemnity benefits paid to an employee would be higher than the current system, but the amount is too speculative to estimate.

DAS Risk Management (DAS) states that the changes this bill makes could increase costs for workers' compensation payments. They estimate a cost increase of \$67,883 in both FY21 and FY22. This is a Revolving Fund impact to DAS. This may have an impact to various other fund sources for other agencies, which DAS lists on page two of their fiscal note. See the agency response attached for additional details not included in this fiscal note.

For informational purposes, workers' compensation assessments are based on actuarial studies that identify actual claims and loss history for each agency. Therefore, such costs must occur before they can be worked into the assessments charged to any agency impacted by this bill. Additionally, the Workers' Compensation Claims Fund (Fund 58920) had a FY19 ending balance of approximately \$15 million. If this bill has the impact that DAS estimates, this balance should give DAS a cushion to cover any increased costs imposed by this bill until DAS is able to work such costs into the workers' compensation assessments.

The City of Imperial estimates no fiscal impact from this bill.

The City of Omaha estimates no fiscal impact from this bill.

The City of Lincoln estimates an annual cost of \$3,000 to \$5,000 depending on the number and type of claims.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
<b>LB: 846</b>	<b>AM:</b>	<b>AGENCY/POLT. SUB: Nebraska Workers Compensation Court (037)</b>
REVIEWED BY: Joe Wilcox	DATE: 1/14/2020	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Workers Compensation Court estimate of potential but Indeterminate Fiscal impact to the Agency from LB 846.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
<b>LB: 846</b>	<b>AM:</b>	AGENCY/POLT. SUB: <b>Department of Administrative Services (065)</b>
REVIEWED BY: Joe Wilcox	DATE: 1/17/2020	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Department of Administrative Services (DAS) estimates of potential fiscal impact to both the Agency and to other state agencies from LB 846, which could involve a variety of fund types, including General Funds and Revolving funds.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
<b>LB: 846</b>	<b>AM:</b>	AGENCY/POLT. SUB: <b>City of Imperial</b>
REVIEWED BY: Joe Wilcox	DATE: 1/10/2020	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Imperial estimate of No Fiscal Impact to the City from LB 846.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
<b>LB: 846</b>	<b>AM:</b>	AGENCY/POLT. SUB: <b>City of Omaha</b>
REVIEWED BY: Joe Wilcox	DATE: 1/17/2020	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Omaha estimate of No Fiscal Impact to the City from LB 846.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
<b>LB: 846</b>	<b>AM:</b>	AGENCY/POLT. SUB: <b>City of Lincoln</b>
REVIEWED BY: Joe Wilcox	DATE: 1/16/2020	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Lincoln estimate of potential Fiscal Impact to the City from LB 846.		

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

**2020**

**LB<sup>(1)</sup> 846**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Workers' Compensation Court

Prepared by: <sup>(3)</sup> Jill Gradwohl Schroeder Date Prepared: <sup>(4)</sup> January 9, 2020 Phone: <sup>(5)</sup> 402.471.3602

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	_____	_____

**Explanation of Estimate:**

LB 846 is not expected to have a direct fiscal impact upon the operations of the Nebraska Workers' Compensation Court.

To the extent the Workers' Compensation Court is an employer, if a workplace injury were to occur, there is the potential that the amount of workers' compensation indemnity benefits paid to the employee would be higher based upon this legislation than the current system for workers' compensation benefit payments. This potential is too speculative to quantify.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2020**

**LB<sup>(1)</sup> 846**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Dept. of Administrative Services (DAS) – Risk Management Division

Prepared by: <sup>(3)</sup> Allen D. Simpson Date Prepared: <sup>(4)</sup> 1/10/2020 Phone: <sup>(5)</sup> (402)471-4436

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	<u>67,883</u>	<u>67,883</u>	<u>67,883</u>	<u>67,883</u>
<b>TOTAL FUNDS</b>	<b><u>67,883</u></b>	<b><u>67,883</u></b>	<b><u>67,883</u></b>	<b><u>67,883</u></b>

**Explanation of Estimate:**

LB 846 seeks to reduce the waiting period for receiving disability compensation for workers' compensation from seven days to three days, with compensation to begin on the fourth calendar day. Such legislation also seeks to begin disability compensation on the date of disability should disability continue for two weeks or longer, as opposed to the current six week time period. The impact on the workers' compensation program is there will be an increase in claim conversions from medical only to indemnity workers' compensation payments for Temporary Total Disability (TTD)/Temporary Partial Disability (TPD).

To estimate the fiscal impact of this legislation using the FY2019 data, there would have been 192 claims impacted by receiving four additional days of payment. Using an average rate of \$15 per hour x 40 hours per week equates to an average weekly wage of \$600. (\$15 x 40 = \$600). TTD payments equal to 2/3 of the average weekly wage of \$600, would be \$400. To pay for the additional four TTD/TPD days with the reduction from seven days to three days would equate to \$57.14 additional per day. TTD payments are calculated on seven days (\$400/7 days = \$57.14 per day.) This additional payment on the 192 claims would result in total additional payments of \$43,883.52.

Reducing the time frame from six weeks to two weeks when disability compensation would begin on the date of disability would have resulted in 140 additional claims from July 1, 2018 to June 30, 2019, where the time off was less than six weeks, but more than two weeks. This would have required payment of three additional days from the workers' compensation program for TTD/TDP payments. The additional cost would have been \$23,999 (\$57.14 per day x 3 additional days x 140 claims = \$23,999). The estimated total financial impact for both scenarios for FY2019 is \$67,883 (\$43,884 + \$23,999 = \$67,883). There are no adjustments for possible increases in the average hourly rate as a result of salary increases, etc.

The DAS Risk Management Workers' Compensation Program is a revolving fund program and is funded by an annual assessment that includes all agencies, boards and commissions, the University and State Colleges. Any increase in costs could increase the amount assessed.

These additional costs would result in the need for additional revolving appropriation and an increase in the Workers' Compensation Assessment. The FY20-21 Worker's Compensation Assessment has already been published and would need to be adjusted, thus impacting other agencies, boards and commissions, the University and the State Colleges.

The table below summarizes the estimated impact by fund type of the increased enterprise-wide Workers' Compensation Assessment. The allocation by fund type is based on a four year (2016-2019) average of personal Service Limitation (PSL) expenditures.

	<b>FY20-21</b>	<b>FY21-22</b>
	<b>Expenditures</b>	<b>Expenditures</b>
General Funds	\$32,091	\$32,091
Cash Funds	\$14,691	\$14,691
Federal Funds	\$19,147	\$19,147
Revolving Funds	\$1,954	\$1,954
<b>Total Funds</b>	<b>\$67,883</b>	<b>\$67,883</b>

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b><u>POSITION TITLE</u></b>	<b><u>NUMBER OF POSITIONS</u></b>		<b><u>2020-21</u></b>	<b><u>2021-22</u></b>
	<b><u>20-21</u></b>	<b><u>21-22</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
Benefits.....				
Operating.....			\$67,883	\$67,883
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$67,883</b>	<b>\$67,883</b>

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

2020

LB<sup>(1)</sup> 846

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Imperial

Prepared by: <sup>(3)</sup> Jo Leyland Date Prepared: <sup>(4)</sup> 1/09/2020 Phone: <sup>(5)</sup> 308-882-4368

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2020**

**LB<sup>(1)</sup> 846**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Omaha

Prepared by: <sup>(3)</sup> Tyler Leimer Date Prepared: <sup>(4)</sup> 1/16/2020 Phone: <sup>(5)</sup> 402-444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2020**

**LB<sup>(1)</sup> 846**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Lincoln

Prepared by: <sup>(3)</sup> James Van Bruggen Date Prepared: <sup>(4)</sup> 1/15/20 Phone: <sup>(5)</sup> 402-441-8301

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

The fiscal impact of this bill is estimated to be \$3,000 to \$5,000 annually depending on the number and types of claims.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>