

PREPARED BY: Bill Biven, Jr.  
 DATE PREPARED: February 24, 2021  
 PHONE: 402-471-0054

**LB 184**

Revision: 00

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$361,038		\$45,993	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$361,038		\$45,993	

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

LB184 amends §84-1601, §81-2025, and §81-2032 to provide for a premium deduction for certain retired Nebraska State Patrol employees.

LB184 allows retired state troopers to deduct their health insurance premium costs from their retirement benefit disbursements as allowed under federal law in 26 U.S.C. 402(1). Currently, Nebraska law only allows retired state troopers to remain enrolled in the state employees' group health insurance program until age 65 if a trooper pays both the state and employee's share of the premium.

The Nebraska Public Employees Retirement Systems (NPERS) estimates the need of \$310,500 to upgrade their Nebraska Public Retirement Information Systems (NPRIS) to allow a new self-service functionality for the retired state troopers to add/remove/update/view payroll deductions. NPERS may need to hire an outside resource to assist with this upgrade. An Accountant I would also need to be hired to verify the insurance premiums are properly deducted from the monthly annuity payments, make the needed payments to the insurance companies, and be available to answer questions or concerns about insurance premiums and payments for the retired state troopers. The cost increase for the Accountant I would be \$45,538 for salary and benefits and an additional \$5,000 to cover the start-up operating expenses for FY 2021-22. For FY 2022-23, the cost would increase to \$45,993.

**ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE**

LB: 184                      AM:                      AGENCY/POLT. SUB: Public Employees Retirement Systems

REVIEWED BY: Neil Sullivan                      DATE: 2/3/2021                      PHONE: (402) 471-4179

COMMENTS: The Public Employees Retirement Systems assessment of fiscal impact from LB 184 appears reasonable.

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

2021

LB<sup>(1)</sup> 184

FISCAL NOTE

Nebraska Public Employees Retirement Systems (NPERS)

State Agency OR Political Subdivision Name: <sup>(2)</sup> \_\_\_\_\_

Prepared by: <sup>(3)</sup> Teresa Zulauf Date Prepared: <sup>(4)</sup> 1-29-2021 Phone: <sup>(5)</sup> 402-471-7745

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>\$361,038.06</u>	_____	<u>\$45,993.44</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$361,038.06</u>	_____	<u>\$45,993.44</u>	_____

Explanation of Estimate:

LB 184 will have an impact on the NPERS operational budget.

LB 184 Provides for an insurance premium deduction from the retirement annuity of certain Nebraska State Patrol employees. It will amend portions of the Nebraska State Patrol Retirement Act to allow Troopers to deduct insurance premium costs from their retirement benefit.

NPERS has identified several tasks that will need to be completed to deduct insurance premiums from a retirement annuity. Nebraska Public Retirement Information Systems (NPRIS) will require a new self-service functionality for retirees to add/remove/update/view payroll deductions. NPRIS will require new forms, workflow, and internal screens to process and audit payroll deduction requests received via self-service and mailed in forms. Modifications will need to be made to the current benefit process to accommodate payroll deductions. Also, modifications will be mandatory to the payroll batch process to process payroll deductions. Reports will need to be created to verify the insurance premiums are entered and deducted from the correct member. Staff will also need to test NPRIS to verify all processes are properly working. The additional onetime costs for updating NPRIS to deduct insurance premiums from certain Nebraska State Patrol employees would be \$310,500. This is just an estimate and NPERS may need to hire an outside resource to assist with this project. NPERS IT does not want to take away resources from other priorities at NPERS.

NPERS also requests an Accountant I. As State Patrol employees retire, NPERS will need to verify the insurance premiums are properly deducted from the monthly annuity payments. Payment will need to be made to the insurance companies. Phone calls will need to be answered concerning insurance premiums and payments. The additional increase to PSL would be \$35,029.28 and an additional \$10,508.78 for estimated benefit costs. We would also need an additional \$5,000 for operating start-up costs for an additional teammate. For FY 2021-22, the increase to PSL would be \$45,538.06. For FY 2022-2023, the increase to PSL would be \$45,993.44.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b><u>POSITION TITLE</u></b>	<b>NUMBER OF POSITIONS</b>		<b>2021-22</b>	<b>2022-23</b>
	<b><u>21-22</u></b>	<b><u>22-23</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
<b>TOTAL</b> .....			_____	_____