

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	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.

LB680 creates a School Employee Cash Balance Plan for school employees hired after July 1, 2011 except Class V school employees. Member contribution rates are set at 4.8% of compensation with an employer match of 156% or 7.488%. Current member contribution rates are 8.28% of compensation with an employer match of 101% or 8.3628%.

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 \$40,000.

NPERS is indicating additional costs as follows.

1. One-time operating cost for administration, planning and implementing the provisions of the plan (\$25,350)
2. One-time programming costs (\$177,520)
3. On-going cost for annual actuarial valuations (\$10,000); training and educational expenses (\$4,000)
4. On-going costs for 4.0 FTE staff positions plus associated operating costs (\$206,816)

It is not clear that additional staff would be required on an on-going basis. There is no increase in total school employee membership as a result of LB680 and, record keeping for the Cash Balance Plans is done by a third-party provider. There may be a short-term need for additional staff to get a second retirement system established.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	1/31/11	PHONE 471-2526
<p>COMMENTS</p> <p>DEPT. OF EDUCATION – Agency’s estimate of impact appears to be reasonable.</p> <p>EMPLOYEES RETIREMENT SYSTEM – Agency’s estimates appear to be reasonable. Agree with agency that cost of additional office space cannot be determined at this time.</p>			