

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for amendments adopted through March 26, 2018.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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, as amended by AM1952, AM2659, and AM2673, would provide procedures for choosing a method of payment for payments under the Nebraska Workers' Compensation Act. The bill permits payment to be paid by check in addition to direct deposit, prepaid card, or similar electronic payment system. It clarifies that if the employer, workers' compensation insurer, or risk management pool charges any fees related to payment by direct deposit, prepaid card, or similar electronic payment system, these fees must be disclosed to the employee.

Prepaid cards for payment of workers' compensation benefits shall allow the employee to apply, initiate, transfer, and load payments with no charge by the employer, insurer, or pool. There also shall be no charge for the initial prepaid card and the employee shall be entitled to at least one method of accessing the full payment without fees.

For this bill, as amended by AM1952, AM2659, and AM2673, DAS Risk Management estimates a cost of \$40,530 in FY19 and \$38,569 in FY20 for establishing the prepaid card program for workers' compensation. These estimated costs are for a 0.50 FTE Staff Assistant II, benefits (health insurance at the highest cost family plan), communication & data processing, printing & publication, rent & depreciation surcharge, supply costs, and a one-time cost of \$2,500 for the purchase of new equipment and the related set-up costs. DAS notes that these additional costs would result in the need for an increase in their revolving fund appropriation and for an increase in the workers' compensation assessments paid by state agencies. See the DAS 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 FY17 ending balance of over \$21 million. If this bill, as amended, 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 Workers' Compensation Court estimates no fiscal impact from this bill, as amended by AM1952, AM2659, and AM2673.

The City of Lincoln estimates no fiscal impact from this bill, as amended by AM1952.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 957	AM: 1952	AGENCY/POLT. SUB: Department of Administrative Services – Risk Management Division (065)	
REVIEWED BY: Joe Wilcox	DATE: 03/06/2018	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Department of Administrative Services – Risk Management Division estimate of potential fiscal impact to the Agency, and to other State agencies which would pay DAS for the increased assessments required to cover the DAS costs associated with AM 1952 to LB 957, although the benefits amount reflected in the fiscal note represent 81% of the salary level for the estimated new position required and this appears high.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 957	AM: 1952	AGENCY/POLT. SUB: Nebraska Workers Compensation Court (037)
REVIEWED BY: Joe Wilcox	DATE: 02/27/2018	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Workers Compensation Court estimate of No Fiscal Impact to the Agency from AM 1952 to LB 957.		
ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 957	AM: 2659	AGENCY/POLT. SUB: Nebraska Workers Compensation Court (037)
REVIEWED BY: Joe Wilcox	DATE: 03/27/2018	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Workers Compensation Court estimate of No Fiscal Impact to the Agency from AM 2659 to LB 957.		
ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 957	AM: 2673	AGENCY/POLT. SUB: Nebraska Workers Compensation Court (037)
REVIEWED BY: Joe Wilcox	DATE: 03/27/2018	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Workers Compensation Court estimate of No Fiscal Impact to the Agency from AM 2673 to LB 957.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 957	AM: 1952	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: Joe Wilcox	DATE: 02/27/2018	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Lincoln estimate of No Fiscal Impact to the City from AM 1952 to LB 957.		

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

2018

LB⁽¹⁾ 957 AM 1952

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept. of Administrative Services (DAS) - Risk Management Division

Prepared by: ⁽³⁾ Shereece Dendy-Sanders Date Prepared: ⁽⁴⁾ 2/23/18 Phone: ⁽⁵⁾ 402-471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	\$40,530	\$40,530	\$38,569	\$38,569
TOTAL FUNDS	<u>\$40,530</u>	<u>\$40,530</u>	<u>\$38,569</u>	<u>\$38,569</u>

Explanation of Estimate:

LB 957 AM 1952 seeks to allow payment of workers' compensation benefits in a method agreed upon by the employer, employee and workers' compensation insurer (or risk management pool), as well as allow compensation to be transferred to a trust account of an attorney representing a person entitled to compensation, under the bill.

The bill, as amended, also requires the employee (or person entitled to compensation) be given notice that any payment made by direct deposit or similar electronic payment is subject to attachment or garnishment pursuant to Neb. Rev. Stat. § 48-149, as well as notice of any fees or charges that may be imposed.

Risk Management would need to draft a standardized agreement to include the appropriate notices and election options, as well as provide training to the State's workers' compensation partners.

Currently, Risk Management's Third Party Administrator (TPA) provides all workers' compensation payments by check. The current workers' compensation TPA has the capability of setting up direct deposit for such payments at no cost to the State. In order to establish a prepaid card option, Risk Management will need to work with the State Treasurer's office in order to set up a prepaid card program for workers' compensation and the TPA. The administration of a prepaid card program would include the initial set up of each card, reissuance of lost/stolen cards, mailing of cards to entitled persons, providing customer service to card recipients, managing the ongoing maintenance of the card program and coordination of banking information with the TPA.

Risk Management averages approximately 1600 new workers' compensation cases per year, with a current number of ongoing, open claims of approximately 700. It is anticipated to take approximately 15 minutes (.25 hours) for set up of a new card/account for an individual. The number of individuals who would select this option is unknown. Thus, the maximum time anticipated to support a prepaid card option is calculated as follows:

- Set up of card program with Treasurer's Office: 10-20 hours
- Set up of New Cards: .25 hours x 1600 = 400 hours
- Set up for Lost/stolen cards: .25 hours x 400 (estimated at 1/4 of all cards) = 100 hours
- Customer Service and ongoing maintenance: 5 hours per week x 52 weeks = 260 hours
- TPA contact with banking information: 5 hours per week x 52 weeks = 260 hours

Risk Management’s existing staff and resources cannot absorb these functions and would require an additional part-time (.50) FTE – Staff Assistant II in Risk Management

The estimated cost for this .50 FTE is \$40,530 in FY18-19 and \$38,569 in FY19-20. These costs include salary and benefits (health insurance is budgeted using the State’s current share of the highest cost family plan); and ongoing annual operating costs (communication/data processing, printing/publication, rent/depreciation surcharge and supplies). There would also be a onetime cost of \$2,500 in FY18-19 for set up costs and the purchase of new equipment.

These additional costs would result in the need for additional revolving appropriation and an increase in the Workers’ Compensation Assessment. The FY18-19 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 (2014-2017) average of personal Service Limitation (PSL) expenditures.

	FY18-19	FY19-20
	Expenditures	Expenditures
General Funds	\$21,381	\$20,347
Cash Funds	\$10,192	\$9,699
Federal Funds	\$7,245	\$6,894
Revolving Funds	\$1,712	\$1,629
Total Funds	\$40,530	\$38,569

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Staff Assistant II	.50	.50	\$18,804	\$19,087
Benefits.....			\$15,247	\$15,503
Operating.....			\$3,979	\$3,979
Travel.....				
Capital outlay.....			\$2,500	
Aid.....				
Capital improvements.....				
TOTAL.....			\$40,530	\$38,569

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

2018

LB⁽¹⁾ 957 AM 2659 AM2673

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept. of Administrative Services (DAS) - Risk Management Division

Prepared by: ⁽³⁾ Shereece Dendy-Sanders Date Prepared: ⁽⁴⁾ 3/27/18 Phone: ⁽⁵⁾ 402-471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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TOTAL FUNDS	<u>\$40,530</u>	<u>\$40,530</u>	<u>\$38,569</u>	<u>\$38,569</u>

Explanation of Estimate:

LB 957 as amended by AM 1952, AM 2659, and AM 2673 seeks to allow payment of workers' compensation benefits in a method agreed upon by the employer, workers' compensation insurer (or risk management pool), and the employee, other person entitled to compensation, or a legal representative of such employee or person entitled to compensation. The bill also allows compensation to be transferred to a trust account of an attorney representing a person entitled to compensation.

The agreement is to include notice of payments not being subject to attachment or garnishment except as provided in section 48-149, as well as notice of any fees or charges that may be imposed. Information regarding locations where a prepaid card option may be used is to be provided prior to entering into an agreement.

Risk Management would need to draft a standardized agreement to include the appropriate notices and election options, as well as provide training to the State's workers' compensation partners.

Currently, Risk Management's Third Party Administrator (TPA) provides all workers' compensation payments by check. The current workers' compensation TPA has the capability of setting up direct deposit for such payments at no cost to the State. In order to establish a prepaid card option, Risk Management will need to work with the State Treasurer's office in order to set up a prepaid card program for workers' compensation and the TPA. The administration of a prepaid card program would include the initial set up of each card, reissuance of lost/stolen cards, mailing of cards to entitled persons, providing customer service to card recipients, managing the ongoing maintenance of the card program and coordination of banking information with the TPA.

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BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

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<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
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Benefits.....			\$15,247	\$15,503
Operating.....			\$3,979	\$3,979
Travel.....				
Capital outlay.....			\$2,500	
Aid.....				
Capital improvements.....				
TOTAL.....			\$40,530	\$38,569

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

2018

LB⁽¹⁾ 957, AM1952

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Workers' Compensation Court

Prepared by: ⁽³⁾ Jacqueline Boesen Date Prepared: ⁽⁴⁾ February 27,2018 Phone: ⁽⁵⁾ (402) 471-3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</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.

2018

LB⁽¹⁾ 957, AM2659

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Workers' Compensation Court

Prepared by: ⁽³⁾ Jacqueline Boesen Date Prepared: ⁽⁴⁾ March 27,2018 Phone: ⁽⁵⁾ (402) 471-3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</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.

2018

LB⁽¹⁾ 957, AM2673

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Workers' Compensation Court

Prepared by: ⁽³⁾ Jacqueline Boesen Date Prepared: ⁽⁴⁾ March 27,2018 Phone: ⁽⁵⁾ (402) 471-3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</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.

2018

LB⁽¹⁾ LB 957, AM1952

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ James Van Bruggen Date Prepared: ⁽⁴⁾ 2/26/18 Phone: ⁽⁵⁾ 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____