

Revised to reflect adoption of AM876

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$32,577,326)		(\$51,400,000)	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$32,577,326)		(\$51,400,000)	

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

LB645 amends §79-966 to change the state contributions to the School Retirement Fund.

For each fiscal year beginning July 1, 2025, in addition to the state transfers required, the state will transfer into the School Retirement Fund the following amounts:

- if the actuarially funded ratio of the School Retirement Fund is less than ninety-two percent, an amount equal to two percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is ninety-two percent or greater & less than ninety-four percent, an amount equal to one & six-tenths of one percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is ninety-four percent or greater & less than ninety-six percent, an amount equal to one & two-tenths of one percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is ninety-six percent or greater & less than ninety-eight percent, an amount equal to eight-tenths of one percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is ninety-eight percent or greater & less than one hundred percent, an amount equal to four-tenths of one percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is one hundred percent or greater, the state will not be required to transfer an amount

AM876 amends §79-958 & §79-966 to change the contributions to the School Retirement Fund.

§79-958 is amended as follows:

Beginning on July 1, 2025, every employee will be required to deposit the following amounts in the School Retirement Fund:

- if the funded ratio on the actuarial value of assets in the School Retirement Fund is less than ninety-six percent for the most recent previous year as reported in the annual actuarial valuation report, nine & three-quarters of one percent of compensation
- if the funded ratio on the actuarial value of assets in the School Retirement Fund is ninety-six percent or greater & less than ninety-eight percent for the most recent previous year as reported in the annual actuarial valuation report, eight & three-quarters of one percent of compensation
- if the funded ratio on the actuarial value of assets in the School Retirement Fund is ninety-eight percent or greater & less than one hundred percent for the most recent previous year as reported in the annual actuarial valuation report, eight percent of compensation
- If the funded ratio on the actuarial value of assets in the School Retirement Fund is one hundred percent or greater for the most recent previous year as reported in the annual actuarial valuation report, seven & one-quarter of one percent of compensation

§79-966 is amended as follows:

For each fiscal year beginning July 1, 2025, in addition to the state transfers required, the state will transfer into the School Retirement Fund the following amounts:

- if the funded ratio on the actuarial value of assets in the School Retirement Fund is less than ninety-six percent for the most recent previous year as reported in the annual actuarial valuation report, an amount equal to two percent of the compensation of all members of the retirement system
- if the funded ratio on the actuarial value of assets in the School Retirement Fund is ninety-six percent or greater & less than one hundred percent for the most recent previous year as reported in the annual actuarial valuation report, an amount equal to seven-tenths of one percent of the compensation of all members of the retirement system
- if the funded ratio on the actuarial value of assets in the School Retirement Fund is one hundred percent or greater for the most recent previous year as reported in the annual actuarial valuation report, no transfer will be made

Since an emergency exists, this bill takes effect when passed & approved according to law.

FISCAL IMPACT:

The Nebraska Public Employees Retirement Systems (NPERS) initial estimate for the contributions to the School Retirement Fund for the for FY2025-26 is \$50,118,963 & \$51,400,000 for FY2026-27.

Since the current funding percentage is under one hundred percent, \$17,541,637 will need to be contributed to the fund creating a General Funding reduction of 32,577,326 for FY2025-26. The fund is estimated to be at or over one hundred percent for the FY2026-27 contribution so there will not be a need for a contribution, creating a General Fund reduction of \$51,400,000.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 645	AM: 876	AGENCY/POLT. SUB: Nebraska Public Employees Retirements Systems (NPERS)	
REVIEWED BY: Ryan Walton		DATE: 4/16/2025	PHONE: (402) 471-4174
COMMENTS: The NPERS' assessment of fiscal impact from LB 645, as amended by AM 876, appears reasonable.			

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

2025

LB⁽¹⁾ 645 AM 876

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Employees Retirement Systems (NPERS)-085

Prepared by: ⁽³⁾ Teresa Zulauf Date Prepared: ⁽⁴⁾ 4/15/2025 Phone: ⁽⁵⁾ 402-471-7745

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>(\$32,577,326)</u>	<u></u>	<u>(\$51,400,000)</u>	<u></u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u>(\$32,577,326)</u>	<u>0</u>	<u>(\$51,400,000)</u>	<u>0</u>

Explanation of Estimate:

LB 645 –Gradual reduction in state contributions from the General Fund to the School Retirement Fund. This funding is based on the actuarially funded ratio of the School Retirement Fund.

April 14, 2025:

AM876-

FY 2025-26: NPERS submitted a revised request November 2024 for Program 515-School Plan for \$50,118,963. Based on the changes in AM 876, the request for Program 515-School Plan would be \$17,541,637, a reduction of \$32,577,326.

FY 2026-27: NPERS submitted a revised request November 2024 for Program 515-School Plan for \$51,400,000 (estimate).

There will be programming that will be required in the recordkeeping system for the School plan. The fiscal impact of the programming will be minimal at this time.

No fiscal impact on NPERS Agency 085 **operations expenditures**.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u></u>	<u></u>	<u></u>	<u></u>
	<u></u>	<u></u>	<u></u>	<u></u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				