

Revised to reflect adoption of AM1190

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	\$66,000			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$32,511,326)		(\$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

CONTINUED ON PAGE 2

- 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.

AM1108 amends §79-958 to clarify the end date of the current provisions & updates the following provisions added from AM876:

Beginning in 2025 & each year thereafter, the employee contribution rate will be calculated as of July 1 & based on the funded ratio of the actuarial value of assets in the School Retirement Fund in the most recent previous year as reported in the annual actuarial valuation report for the retirement system prepared for the retirement board. Beginning on July 1, 2025, for the purpose of providing the funds to pay for formula annuities, 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, 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, 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, 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, seven & one quarter of one percent of compensation

AM1135 amends parts of LB76 into the bill.

§81-2026 is amended to change the provisions of the Nebraska State Patrol Retirement System relating to benefits provided upon the death of a trooper.

The surviving spouse/dependent benefit within the State Patrol Retirement Plan is increased from 75% to 100%.

AM1190 amends §81-2026 to delay the start date of the provision of updating the trooper's annuity from 75% to 100% for the remainder of the surviving spouse's life to July 1, 2027.

FISCAL IMPACT:

Based off of the November 2024 actuary report, the amounts needed for the annual contribution to the School Plan is \$50,118,963 for FY2025-26 & \$51,400,000 for FY2026-27.

With the updated provisions in AM 876 & AM108, the request for the School Plan for FY2025-26 becomes \$17,541,637, a General Fund reduction of \$32,577,326. The November 2024 actuary report estimates that the School Plan will be funded at or over 100% so the budgeted contribution to the School Fund of \$51,400,000 for FY2026-27 will be reduced to \$0.

The Nebraska Public Employees Retirement Systems (NPERS) has an expense of \$40,000 for the actuary studies required for LB645.

For AM1135, NPERS estimates 200 hours of programming with an estimated expense of \$20,000 to make to necessary changes & updates.

An actuarial report was done to analyze the financial impact of LB76 (AM1135) concerning the increase of the survivors benefits from 75% to 100%, the cost of that report for NPERS was \$6,000.

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Education

Prepared by: ⁽³⁾ Bryce Wilson

Date Prepared: ⁽⁴⁾ 4/28/25

Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

No fiscal impact to NDE.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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2025

LB⁽¹⁾ 645 AM 1190

FISCAL NOTE

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

Prepared by: ⁽³⁾ Teresa Zulauf Date Prepared: ⁽⁴⁾ 4/29/2025 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	(\$32,577,326)		(\$51,400,000)	
CASH FUNDS	\$66,000	0	0	0
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$32,511,326)	0	(\$51,400,000)	0

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:

AM 1190- Delays the implementation of the State Patrol Survivor Benefit increase from 75% to 100% to July 1, 2027.

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).

NPERS estimates that it could take 200 hours of programming with a cost estimate of \$20,000. (The cost is put into the first year of the budget.)

CavMac Actuarial Consulting Services was asked to analyze LB 76 and prepare a discussion of the expected financial impact on the Nebraska State Patrol Retirement System. They put together a letter that would provide the expected cost of the changes and comment on the related risk issues. The cost of the letter from the actuary could be up to \$6,000.

CavMac Actuarial Consulting Services was asked to analyze LB 645 and prepare a discussion of the expected financial impact on the Nebraska School Employees Retirement System. The cost of the work completed by the actuaries is estimated at \$40,000.

The total request for spending authority is \$66,000 (Cash Funds).

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>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				