

Revised due to the adoption of AM1172

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(660,000)		(660,000)
CASH FUNDS	43,549			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	43,549	(660,000)		(660,000)

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

LB468 as amended by AM1172, amends the Judges' Retirement Act as follows.

Benefit Changes for new members hired on or after July 1, 2015.

- Final salary is averaged over 5 years versus the current 3 years.
- A 1% Cost-Of-Living-Adjustment (COLA) versus the current 2.5%.
- Supplemental COLA of an additional 1.5% if the plan is over 100% funded.
- Member contribution rate is set at 10% versus the current 9%.
- Member contribution rate does not decrease after 20 years.

Funding Changes beginning July 1, 2015.

- Adds a \$6 fee to adult and traffic pre-trial diversion participants. It is estimated to impact approximately 30,000 participants and generate approximately \$180,000 annually.
- Beginning July 1, 2015, re-directs \$2 each from civil, criminal, traffic and probate case docket fees from the General Fund to the Judges' Retirement Fund. It is estimated to generate approximately \$660,000 annually.
- Beginning July 1, 2017, redirects \$3 each from civil, criminal, traffic and probate case docket fees from the General Fund to the Judges' Retirement Fund. It is estimated to generate approximately \$990,000 annually.

The estimated impact of LB468 as amended by AM1172 is estimated as follows.

Impact to the Judges' Retirement Plan.

An actuarial study conducted by Cavanaugh Macdonald (March 17, 2015) indicates the above cited benefit and funding changes result in a savings to the plan assuming that all actuarial assumptions, including the 8% assumed investment return, are met each year.

Fiscal Years	Current Provisions – Additional State GF Contributions*	Increase/Redirection of Court Fees per LB468 as amended	LB468 provisions as Amended – Additional State GF Contributions **
FY2015-16	624,000	840,000	0
FY2016-17	676,000	840,000	0
FY2017-18	590,000	1,170,000	0
FY2018-19	647,000	1,170,000	0
FY2019-20	835,000	1,170,000	0

*Source: Cavanaugh Macdonald Consulting, Presentation to the Nebraska Retirement Systems Committee, November 19, 2014.

** Source: Cavanaugh Macdonald Consulting, Judges Retirement System Cost Study, March 17, 2015.

Impact to the Nebraska Public Employees Retirement Systems (NPERS)

NPERS indicates one-time costs for computer programming (\$26,549); educational and training materials (\$3,000); and the above cited actuarial study (\$14,000). Total one-time costs are estimated at \$43,549 Cash Funds.

Impact to the State

As a result of the re-direction of \$2 in docket fees for FY2015-16 and FY2016-17 from the General Fund to the Judges' Retirement Fund, there is a loss of revenue to the General Fund of approximately \$660,000 per year. For FY2017-18 the loss of revenue to the General Fund is estimated at \$990,000.

Impact to Douglas County

Douglas County anticipates some other overhead/administrative costs in order to comply with the new reporting and compliance requirements that accompany the fee provisions.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 468	AM: 1172	AGENCY/POLT. SUB: Neb. Public Employee Retirement Systems
REVIEWED BY: Gary Bush	DATE: 4/17/15	PHONE: 471-4161
<p>COMMENTS: The estimate of costs to implement the bill appears to be reasonable. An actuarial study has already been completed.</p> <p>The estimate of additional court fees being diverted from the General Fund to the Judges Retirement System appears to be conservative. The shifting of fees results in a General Fund revenue loss. It is estimated that beginning July 1, 2017, the amount diverted would approach \$1 million.</p> <p>The number of court cases being heard in Nebraska is declining and this will impact on how much in fees are generated to be put into the Judges Retirement System.</p>		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 468	AM: 1172	AGENCY/POLT. SUB: Douglas County
REVIEWED BY: Gary Bush	DATE: 4/22/15	PHONE: 471-4161
<p>COMMENTS: No basis to disagree with estimate provided by Douglas County for the two diversion program stated in the fiscal note.</p>		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 468	AM: 1172	AGENCY/POLT. SUB: Supreme Court
REVIEWED BY: Gary Bush	DATE: 4/22/15	PHONE: 471-4161
<p>COMMENTS: No basis to disagree with estimate provided by the Supreme Court.</p> <p>Based on information provided by the Supreme Court, the reduction in General Fund revenues could exceed \$1 million a year once the amount shifted to the Judges Retirement System reaches \$5 per case.</p>		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 468	AM: 1172	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: Gary Bush	DATE: 4/22/15	PHONE: 471-4161
<p>COMMENTS: No basis to disagree with estimate provided by the city.</p>		

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

2015

LB⁽¹⁾ 468 AM1172

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Public Employee Retirement Systems (NPERS)

Prepared by: ⁽³⁾

Randy Gerke

Date Prepared: ⁽⁴⁾

4/16/2015

Phone: ⁽⁵⁾

(402) 471-9495

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	\$43,548.75	_____	0	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	\$841,500	_____	\$841,500
TOTAL FUNDS	\$43,548.75	_____	0	_____

Explanation of Estimate: LB 468 would change the Judges plan. AM1172 combines the original LB468 and LB602 AM308 and adds new provisions for fees. It would change the benefit calculation method for new hires, change the contribution rates for new hires and change the cost of living adjustments for new hires. This creates a second tier for member of the Judges plan. The bill as amended also changes what fees are received for the Judges Retirement system.

There would be one time operational costs to the plan of \$26,548.75 for computer programming. (OCIO Programmer 335 hours x \$79.25)

Included in this fiscal note is \$3,000 for educational and training materials.

There would also be an actuarial study needed to determine the impact to the plan for the change in provisions of this bill. This would result in a one-time cost of \$14,000.

There will be ongoing costs to maintain a separate tier for this plan when the separate tier becomes fully operational with many members.

A provision of this bill diverts court fee money normally going into the general fund to the Judges Retirement System. There is an estimate based on data from the court system that shows an increase in retirement fee income for the Judges system of \$660,000 for both years of the biennium. This number would increase for the next biennium.

This bill also provides for fees to be collected from cases referred to pretrial diversion programs. It is unclear exactly how many of these programs and diversion cases there are. There will be diversion programs that are operated through the County and City Attorneys. There will be diversion programs for juveniles, adults and traffic offenses. NPERS has received an estimate that there are approximately 30,250 current cases. Based on this number this amendment would generate \$181,500 for plan funding. Each diversion program would be considered a reporting entity and report information separate from the courts. At this time, the number of new reporting entities is unknown but likely would be from each of Nebraska counties as well as some of the larger Nebraska cities. This would have the potential of adding many more reporting agents to monitor who will be reporting information to NPERS

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$43,548.75	0
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$43,548.75	0

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

2015

LB468/AM1172⁽¹⁾ Change benefit and contribution provisions relating to judges retirement

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ MARCOS SAN MARTIN,
DOUGLAS COUNTY
ADMINISTRATION

Date 4/21/15
Prepared: ⁽⁴⁾

Phone: ⁽⁵⁾ 402.444.5116

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,692+	N/A	\$1,692+	N/A
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,692+	N/A	\$1,692+	N/A

Explanation of Estimate:

Douglas County anticipates the following costs as an impact of AM1172:

County Attorney Adult Diversion: Estimate of 144 cases/year @ \$6 per case = \$864.00; this is in addition to the existing \$6/case that is charged as part of court fees. [144 cases went to adult diversion in 2014]

CMHC Mental Health Diversion: Estimate of 138 cases/year @ \$6 per case = \$828.00; this is in addition to the existing \$6/case that is charged as part of court fees. [138 cases went to mental health diversion in 2014; includes a mix of County Attorney and City Prosecutor referrals]

In addition, the County anticipates other overhead/administrative costs in order to comply with the new reporting and compliance requirements that accompany the fee provisions in the amendment.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2015-16	2016-17
	15-16	16-17	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			N/A	N/A

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

2015

LB⁽¹⁾ 468, AM1172

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Supreme Court

Prepared by: ⁽³⁾ Eric Asboe Date Prepared: ⁽⁴⁾ 4/16/15 Phone: ⁽⁵⁾ 471-4138

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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:

LB 468, as amended by AM1172, does not create a fiscal impact for the Supreme Court budget. However, revenue, to fund the judges retirement system, will increase from diversion program fees and a shift of a portion of court fees currently deposited in the General Fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16 EXPENDITURES</u>	<u>2016-17 EXPENDITURES</u>
	<u>15-16</u>	<u>16-17</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2015

LB⁽¹⁾ AM1172 (LB468)

FISCAL NOTE

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

Prepared by: ⁽³⁾ Steve Hubka

Date Prepared: ⁽⁴⁾ 4/17/15

Phone: ⁽⁵⁾ 402 441-7412

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$0		\$0	
CASH FUNDS	\$0		\$0	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$0</u>		<u>\$0</u>	

Explanation of Estimate:

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....			\$	\$0
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$0</u>	<u>\$0</u>

This amendment has no fiscal impact to Lincoln.

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

2015

LB⁽¹⁾ 468

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

City of Omaha

Prepared by: ⁽³⁾ Tyler Leimer

Date Prepared: ⁽⁴⁾ 4/13/2015

Phone: ⁽⁵⁾ (402) 669-5583

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____