

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

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 would provide annual adjustments for total disability income benefits under the Nebraska Workers' Compensation Act.

The Workers' Compensation Court estimates no fiscal impact from this bill.

DAS Risk Management (DAS) states that this bill creates a fiscal impact, but the exact amount is unknown. See the agency 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, giving DAS a cushion to cover any increased costs imposed by this bill until DAS is able to work any increased costs into the workers' compensation assessments.

Lancaster County Risk Management Office estimates a \$5,600 to \$8,500 cost in FY19 and a \$6,000 to \$9,500 cost in FY20. See their response attached for additional details not included in this fiscal note.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 858	AM:	AGENCY/POLT. SUB: Lancaster County Risk Management	
REVIEWED BY: Joe Wilcox	DATE: 01/10/2018	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Lancaster County Risk Management Office estimate of potential fiscal impact to the County from LB 858.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 858	AM:	AGENCY/POLT. SUB: Workers Compensation Court (037)	
REVIEWED BY: Joe Wilcox	DATE: 01/09/2018	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Nebraska Workers Compensation Court estimate of No Fiscal Impact to the Agency from LB 858.			

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

2018

LB⁽¹⁾ 858

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⁾ 1/10/2018 Phone: ⁽⁵⁾ 402-471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2018-19		FY 2019-20	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>

Explanation of Estimate:

LB 858 proposes to increase workers' compensation disability benefits. Specifically when an injured worker receives the annual cost of living wage, the bill seeks to adjust the disability payment based upon the new wage.

Total disability benefits are sixty-six and two-thirds percent (66 2/3%) of the wages received at the time of injury. This bill would require the State of Nebraska to adjust benefits for every injured worker, annually, if cost of living raises are applied. Therefore, the sixty-six and two-thirds percent (66 2/3%) would be calculated at a higher rate for a larger monetary benefit for the injured worker. This would have a direct impact on claim reserves and the cost allocation for the workers' compensation fund from year to year, as reserves and allocations are based upon the wages at the time of the injury.

This proposed change may also cause settlements to be higher as injured workers would likely seek that annual cost of living increases be considered in the overall settlement demand. Thus, increasing the exposure.

This bill creates a fiscal impact, however the exact fiscal impact is unknown. The Workers' Compensation Program is funded through an annual assessment that includes the State, University of Nebraska and State Colleges. Any increases in program costs would require an increase in the assessment and Revolving fund appropriation. The FY2018-19 assessment has already been published and could require an adjustment.

A four year average – 2014-2017 of wages [which reflects how the Worker's Compensation assessment is paid] shows that 52.75% of salaries were paid with General Funds, reflecting which fund the majority of any increase would 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.....	_____	_____	_____	_____

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

2018

LB⁽¹⁾ 858

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jacqueline Boesen Date Prepared: ⁽⁴⁾ January 9, 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	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

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.....	_____	_____	_____	_____