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Nebraska Retirement Systems Committee September 18, 2020  
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**KOLTERMAN:** [RECORDER MALFUNCTION] fill out the forms that are necessary. We'll acknowledge you and then we'd ask you that you silence your cell phone if you have them. And also move to the front rows like Randy has done here and-- investment officer is done. Hand in your blue sheets, if you're going to testify, to Katie Quintero over here. Spell your name before you testify. We're not going to limit you on time. We just ask that you-- if-- if there's testimony you've already heard that's been said, we'd ask you not repeat on a continued basis. We have with us today-- some of the senators are not able to attend. So my name is Mark Kolterman. I'm chairman of the committee. I'm going to ask that the senators that are here introduce themselves. We have a guest today. So, Senator Clements, go ahead.

**CLEMENTS:** Thank you, Mr. Chairman. I'm Rob Clements. I represent District 2, which is Cass County and parts of Sarpy and Otoe.

**GROENE:** Senator Mike Groene, Lincoln County.

**LINDSTROM:** Brett Lindstrom, District 18, northwest Omaha.

**KOLTERMAN:** As I said, I'm Senator Mark Kolterman. My legal counsel to my immediate left, Kate Allen; and my committee clerk is Katie Quintero. So I think we're going to open up the hearing today. Is anybody on the call yet?

**CHUCK HUBKA:** We're just getting to that right now.

**KOLTERMAN:** OK, we'll wait just a few minutes for Senator.

\_\_\_\_\_: Joining the conference, the caller John has joined the conference. The caller--

**BRYCE HAWS:** Bryce Haws.

\_\_\_\_\_: --has joined the conference.

**KOLTERMAN:** Could you repeat again who is on the call?

\_\_\_\_\_: John Stinner.

**KOLTERMAN:** John Stinner, OK, thank you, Senator Stinner.

**BRYCE HAWS:** Bryce Haws.

**KOLTERMAN:** You broke up.

**BRYCE HAWS:** [INAUDIBLE]

**KOLTERMAN:** You're breaking up. Who is this?

**BRYCE HAWS:** Bryce Haws. Did you get that?

**KOLTERMAN:** Oh, the Linea individual. OK. You're breaking up so it's going to be a hard communications. And who else? Senator Hunt, are you on the call?

\_\_\_\_\_ : [INAUDIBLE]

**KOLTERMAN:** Senator Crawford, are you on?

**CRAWFORD:** Yes.

**BRYCE HAWS:** Oh,

**KOLTERMAN:** Please, Please Mute if you. Hello.

**BRYCE HAWS:** Yes. This is Bryce Haws. There's a lot of background noise in there like a commercial or something going on.

**KOLTERMAN:** Not on this end, Bryce. Bryce Haws is on from Linea Solutions. Anyone else? All right, we're going to move forward. As I indicated, this is a hearing to accept a report that was put together by NPERS as well as Linea Solutions, as well as OSERS of-- on behalf of Omaha Public Schools. I want to thank everyone for their interest in LB31 report, which creates a work plan for the transfer of the OSERS management to NPERS and provides cost estimates and cost comparisons. Today's hearing is merely a hearing to receive the report. No action is being taken by this committee today. My goal here today is to hear the details of the study so that all the committee members that are here can hear those details to get answers to questions that have been posed by various OSERS's members groups, to seek clarification, and to try and clear up any misunderstandings that might exist. The hear-- the hearing today is to help educate each and every one of us. Before we get in the presentation-- before we begin the presentations, I'd like to give you a little bit of history and background about how we arrived where we are today. I've been a member of the Retirement Committee for six years and have been Chair for the last five years. Since I joined the committee in 2015, the OSERS plan has been a topic of interest and concern. Prior to 2008-2009 when the OSERS Board of Trustees was making investment decisions, they were actually outperforming the state in terms of investment returns. In 2007, the OSERS plan was 89 percent funded and the School Employees

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plan was funded at 91 percent. But after the Great Recession hit, something changed with the OSERS trustees' investment strategy and the decisions they made resulted in fairly significant losses. In 2016, the school's plan's funding level remained consistent 90 percent. However, OSERS plan funding level had decreased to 65 percent. In 2015, OPS approached Senator Nordquist, who was the Retirement Chair at the time, and asked him to introduce legislation to move the investment management authority from the OSERS trustees to the Nebraska Investment Council. As a result, the Nebraska Investment Council took over the OSERS investment in January of 2017. Though there is still about 25 percent of the OSERS portfolio in alternative investments locked in for another five to eight years, the Nebraska Investment Council has managed and re-- and the remainder of the portfolio consistent with the other pension asset allocations and have done a good job. The committee also became concerned that OPS had not been paying its full ARCs, actuarially required contributions, for several years. So in 2018, we, the Legislature with this committee, passed legislation to require OPS to make their full actuarially required contribution payments, which they have done. In fact, in 2019 and 2020 they contributed more than was necessary for the required ARC, actuarially required contribution, amounts. I really appreciate your commitment to address the plan's unfunded liability, which is just under one billion dollars. We as a committee and I have worked closely with the OPS Board of Education, the OSERS Board of Trustees and their members throughout the process. I can tell you my relationship with the OPS improved dramatically when Dr. Logan arrived in 2018. We have an excellent working relationship, and I think she's doing an outstanding job. The OPS approached me last year and asked me to introduce legislation for a study to look at transferring the management of OSERS plan to NPERs. I agreed and LB31 was introduced and passed in 2019. Just to be clear, LB31 did not ask for an examination of OSERS's funding, although it did reaffirm that OPS remains financially liable for the unfunded liabilities and the state will not assume any liability of the OPS plan. OPS paid all the cost of the LB31 study, which is-- which came in under budget. The completed 78-page study was filed in June and includes two parts: the NPERs internal analysis of administrative tasks and staffing needs and the second part was conducted by their contractor, Linea Solutions, Inc., who evaluated both the system and the data transfer requirements of the NPERs and OSERS systems. Since it was submitted, my legal counsel, Kate Allen, and I have met with various member groups and entities, including the Omaha Education Association, the Omaha Education Association, Retirees, the OSERS director, the OSERS Trustees Board Chair, which is now Pat Bourne, the OPS and conducted

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briefings for Omaha senators who have OPS in their legislative districts. The sole purpose of these meetings was to educate, listen, respond to questions. I believe the meetings have been extremely useful and helpful to hear concerns and to clear up any misunderstandings. Randy Gerke, the NPERS director, is here today to present the NPERS administration portion of the study and a representative of Linea Solutions, Inc., whose name is Bryce Haws, will-- is on the line and will present their portion of the study. Once again today's hearing is to hear these presentations and then hear testimony from OPS and OSERS. After that, I will open up the testimony to others, though it will not be broken into any proponent, opponent, or neutral testifiers. We're here today primarily to hear about the study, ask questions about the study, and then at some point in time, if, if the Omaha Public Schools brings us legislation, we'll move forward with that. And at that point in time, there would have to be a hearing. It would have to then be either advanced or not advanced to General File. And then we'd go through the process like we always do for every other bill in the Legislature. This-- this would have to be done in the first part of the biennium simply because that's what our rules require. So with that, I would ask Randy Gerke, the executive director of NPERS, to come forward. We will follow him with Bryce Hayes or Haws, and then Dr. Logan. Cecelia Carter will follow Dr. Logan and then Walta Sue Dodd, president of OEA-Retires, has asked for an opportunity to speak. And then after-- after those are all complete, we will take questions as they might present themselves. So with that, again, I thank you all for attending today. Let's start-- let's start the conversation. Director Gerke, thank you for coming.

**RANDY GERKE:** Thank you. Senator Kolterman. Good afternoon and thank you for having me. And thank you all for the-- to the Retirement Committee. Would it be okay if I take this off while I speak?

**KOLTERMAN:** Take your mask, yeah. We're social distancing.

**RANDY GERKE:** I tend to mumble anyway and I'll put it right back on when I'm done?

**KOLTERMAN:** Sure.

**RANDY GERKE:** I'm here to explain our LB31 study, which investigated timelines and costs necessary for NPERS to assume administration of OSERS. I was going to give just a 60-minute, high-level executive summary and then turn it over to Bryce Haws for his presentation. What we did was we split this up into two sections. Linea Solutions was our contracted vendor that we employed to look at our computer system in

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and help us through what would need to be done before any go-live date to get our Legacy system up to speed and ready to go. So-- and the general summ-- summary is that it would take about 23 months from RFP point to-- to issue an RFP and then to-- and then to go live. So 23 months to get the computer system ready to go. And then they predicted another 12 months of support would be needed by whatever vendor was chosen through the RFP process to do this coding. The cost estimate of that was \$4.2 million. However, they did include a range. That 4.2 was a best guess, kind of middle of the road. And then after the go-live date, NPRIS took it from there with this report and we estimated what our operating costs would be first year from go live and then after-- going after that. And so just throw it out on the table right away. It was \$899,109 for the first year was our estimate and \$835,191 for the second year. And that would be ongoing. I'm going to give more detail after Bryce gets done speaking, but I'll turn it over to Bryce. Bryce is the VP for strategic relations with Linea Solutions. He's actually from Nebraska. He used to live in Omaha and is very familiar with our state. He's now based out of Columbus, Ohio. He's a Buckeye. But I told him that that was OK and we could go on from there. So, Bryce, can you take it from there?

**BRYCE HAWS:** Sure. Thank you, Randy. At this point, if you guys can hear me well, so let me know if you can't. So we were-- we were commissioned to do this study. I'm getting some sort of echo effect [INAUDIBLE] who it is but. We were commissioned to do this study. And we are public [INAUDIBLE] consultant and also have [INAUDIBLE] consultant defined benefit plan for the private sector. So our expertise is mainly with public funds built on [INAUDIBLE] from the IT side. Also with the expertise we brought is we know Clarety is the application that NPERS runs to run their business. And we're also familiar with PeopleSoft, which was OSERS's application. We met and did a study of the impact on the changes that would need to be made to NPERS' software in order to take on Omaha Public Schools. [INAUDIBLE] level in all--

**KOLTERMAN:** Excuse me, Bryce.

**BRYCE HAWS:** [INAUDIBLE] like retirement--

**KOLTERMAN:** Bryce.

**BRYCE HAWS:** --enrollment.

**KOLTERMAN:** Bryce.

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**BRYCE HAWS:** Yeah.

**KOLTERMAN:** Excuse me. We have--

**BRYCE HAWS:** Yes.

**KOLTERMAN:** --we-- we're having a really hard time understanding you.

**BRYCE HAWS:** I wondered that. I've got this weird noise. Can I-- can I-- can I try to call in again and see if I can get a cleaner line?

**KOLTERMAN:** Yeah. Would everybody else on the call please mute? Let's see if that--

**BRYCE HAWS:** I-- I--

**KOLTERMAN:** --see if that helps.

**BRYCE HAWS:** I [INAUDIBLE]

**KOLTERMAN:** Now try again.

**BRYCE HAWS:** I think I might have got-- can you hear me?

**KOLTERMAN:** Not well.

**BRYCE HAWS:** Yeah [INAUDIBLE] I'm going to call right back in again [INAUDIBLE] and reconnect and hopefully I'll get a cleaner line. I'll call-- I'll be right back.

**KOLTERMAN:** All right. The reason that--

\_\_\_\_\_: The caller--

**BRYCE HAWS:** Bryce Haws.

\_\_\_\_\_: --has left the conference.

**KOLTERMAN:** Just so you're aware, the reason that they didn't come was because of COVID and travel concerns. We thought we'd have a better connection than we have had. It's worked in the past so we'll let him try again.

**RANDY GERKE:** You know, one thing that worked-- I had a meeting that we were at-- was that if he was able to call my cell phone and I could put it on speaker phone. Would that be permissible?

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**KOLTERMAN:** We'll try that. If this doesn't work, we'll try that.

**RANDY GERKE:** OK.

**CLEMENTS:** I've done that, too. I was thinking that'd be good.

**RANDY GERKE:** Yeah. It's been some challenging times.

\_\_\_\_\_: The caller--

**BRYCE HAWS:** Bryce Haws.

\_\_\_\_\_: --has joined the conference.

**BRYCE HAWS:** Can you hear me any better now?

**KOLTERMAN:** Yes, Bryce. We're going to try it.

**BRYCE HAWS:** All right.

**KOLTERMAN:** We're gonna try it this way for a little bit. If that doesn't work. I'm going to have you call Randy Gerke's cell phone and we'll just hold it up to the microphone.

**BRYCE HAWS:** All right. I do [INAUDIBLE] I don't know why. I'm going to try to move [INAUDIBLE] maybe that [INAUDIBLE]

**KOLTERMAN:** Bryce, I think you should call Randy's cell.

**BRYCE HAWS:** Yes.

**KOLTERMAN:** Bryce. I think you should--

**BRYCE HAWS:** I can hear you.

**KOLTERMAN:** --call Randy's cell phone. I assume you have the number.

**BRYCE HAWS:** Yeah, I did. Thank you.

\_\_\_\_\_: The caller--

**BRYCE HAWS:** Bryce Haws.

\_\_\_\_\_: --has left the conference.

**GROENE:** These mikes don't amplify. They just record, these mikes. Right?

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**RANDY GERKE:** Bryce, can you hear? Can you hear me?

**BRYCE HAWS:** Yes. Great. That was terrible for me. I don't know.

**RANDY GERKE:** Can you hear?

**KOLTERMAN:** Hold it up.

**BRYCE HAWS:** Can you hear me fine?

**RANDY GERKE:** We can hear you better.

**BRYCE HAWS:** OK, I can hear you with no echo or no background noise.

**KOLTERMAN:** It's not coming across [INAUDIBLE]

**GROENE:** It doesn't. These mikes only record for the transcribers. They don't amplify.

**RANDY GERKE:** OK. You want to try it?

**KOLTERMAN:** Let's try it. Turn your cell phone.

**BRYCE HAWS:** OK

**RANDY GERKE:** It's up as high as it goes.

**BRYCE HAWS:** I was saying Linea Solutions [INAUDIBLE]

**KOLTERMAN:** Mine amplifies.

**BRYCE HAWS:** --public pension and [INAUDIBLE] defined benefit plans and business and IT consulting. We're very familiar with Nebraska [INAUDIBLE] anyway since a few of us actually worked with your original contractor, [INAUDIBLE]. Anyway, our study, we did analysis to figure out the impact to move Omaha over to Nebraska and then also the detailed impact on every business area in that application code to see what was going to take. We then look at the data and the data that was going to have to be moved. And then on top of that, looked at a potential plan in terms of the moving parts that would be necessary to move from Omaha to Nebraska. Let me go just through a little bit of the detail. So we [INAUDIBLE]. I'll just go through an area of some of the things we studied. So you look at the NPERS self-service portal. We looked at letters, forms, reports. We looked at interface files. We looked at the general ledger. We looked at [INAUDIBLE] standard deductions for taxes, benefit amount adjustments, annuity payroll, retirement application processing. In essence, we looked over all

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the-- all the business areas in the Clarety application. We then  
[INAUDIBLE]--

\_\_\_\_\_: The caller--

**STINNER:** John.

\_\_\_\_\_: --has left the conference.

**BRYCE HAWS:** --did an analysis [INAUDIBLE] the meetings we had with the Omaha Public Schools to see how we would have to change the application and Clarety. After that then we go with the plan in terms of all the activity that's required [INAUDIBLE]. That was really five steps or seven steps, excuse me. There would have to be a procurement probably because you're going to need a system integrator that would come in and take the requirements, change the code in Clarety, because NPERS did not have [INAUDIBLE] do the data conversion, do the testing and make sure that the whole application worked. So we do a procurement for both the system integrator and then maybe potentially a data conversion consultant, if that code is going to be [INAUDIBLE] that data is going to be a totally different format in Omaha so that will need to be converted. And then an oversight vendor to help with the procurements and then to oversee the implementations.

\_\_\_\_\_: The caller--

**STINNER:** John.

\_\_\_\_\_: --has joined the conference.

**BRYCE HAWS:** After you do the procurements, [INAUDIBLE] planning to prepare to convert over. You then do-- make sure the requirements are there in terms of so your integrator will know exactly what they have to do. You then have phase four, which is design, build, and test the system. You have to go through a user acceptance test in which the users test and make sure the system works. On top of that, you have to do a regression test to make sure you didn't break on Nebraska PERB system as you move the other system over. You then implement it. And then because of this, typically, you do postimplementation support to get all your daily and monthly tabs working, but also to make sure all your yearly tabs work like member statements or taxes or that sort of thing. So that was the study we built. That's what we did. We built a budget based on the staffing required and then the associated cost to do the change. So I think [INAUDIBLE] any detail, I don't know if you want any more, but basically that was the study.

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**KOLTERMAN:** So the question, we have questions as we go here. One of the questions that I would have of Línea is you said that you earlier on, I heard you indicate that you had worked in the private sector. Have you done any other programs like this in the past?

**BRYCE HAWS:** I'm-- it's very hard to hear you. Are you just saying have we done any programs like this in the past?

**KOLTERMAN:** Yes,

**BRYCE HAWS:** We do studies similar to this all the time. In fact, we just have been working with Illinois SURS, which is State University System, doing the same exact study. They're replacing a 30-year-old software system. So we study these areas of the system, the data, a plan of how to build the system, as well as finding the appropriate vendors that can do the work for you. So, yeah, we do this all the time with-- with many public funds, but also in the Taft-Hartley market. We do it with typically labor unions. So, yeah, we've been doing it for 20-plus years.

**KOLTERMAN:** OK. I think I'm going to open this up to questions by the committee as well as myself. Do you have any questions? Senator Groene, go ahead.

**GROENE:** I don't know anything about tech, but I would assume OSERS already has software, already has hard drives. Why can't you just physically pick those up, bring them over to Lincoln, Nebraska, stick them in PERB's office and-- and-- and update there? You've got to keep the system separate anyway. Why do we need to interact these two systems? And as far as the mailings out of checks and that type of thing, that could be done easily, or I suppose they're deposited direct to bank accounts. That's all there already. We got two separate systems that need to remain separate. All we're talking about is the people who enter the data, new employees, employees that passed away. I don't understand \$4 million to do that.

**KOLTERMAN:** Randy, go. You want to answer that?

**BRYCE HAWS:** [INAUDIBLE] I can only hear every third word of that. That was-- I apologize.

**KOLTERMAN:** Go ahead and talk, Randy.

**RANDY GERKE:** Bryce, this is Randy, and I'll try to answer him. But I'll also--

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**BRYCE HAWS:** Can you translate it for me?

**RANDY GERKE:** Yeah. I'll also restate the question. Senator Groene asked, why aren't we just going to use PeopleSoft at NPERS and-- rather than programming our legacy system? And well, that's the question.

**BRYCE HAWS:** OK.

**RANDY GERKE:** It would surely save money. And, you know, that's a great question. Thank you. You know, we don't have servers, for one thing, over in our agency. Those would all be over in the OCIO and so there would be costs there. We didn't investigate the PeopleSoft. We-- it would be a whole new system for us. And it's also integrated. I do know with the other systems that OPS uses. Now, I'm not an expert on PeopleSoft at all. I've never used it. So, Bryce, do you have a better answer than that?

**BRYCE HAWS:** Yeah, yeah, sure. I did a very large PeopleSoft implementation in Mississippi PERS. PeopleSoft is an older technology than Clarety. It has its own proprietary language called PeopleCode that you have to find people that can code it, to even code the system. We would have to take, basically rebuild the system in PeopleCode in PeopleSoft which is now actually Oracle. Oracle owns it. That would be a very large undertaking if all those rolls into a proprietary language, PeopleCode, and then you'd have to convert the data. That would be, in my mind, more like a \$20 million project rather than a \$3-5 million project. I don't know-- further, let me make another statement. I don't know any-- I know of one fund that has bought a PeopleSoft system in the last five years. That would be NYSERS, New York State-- NYSLRS, New York State and Local Retirement System. So nobody buys that software anymore. I mean, I admit that might be a creative idea. It's just really not a cost-effective idea to do that. I hope I'm not being too blunt on that statement.

**KOLTERMAN:** No, that's fine. Other questions? Senator Groene.

**GROENE:** You already [INAUDIBLE]. You already have separate-- manage separate retirements. You got the judges, you got the police where all different benefits, all different people. So it isn't like it's the first time you've ever had separate that you manage?

**RANDY GERKE:** No.

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**GROENE:** So it isn't like this is the first time you've ever had to or or the system is already set up for this, isn't it, for managing multiple different retirements?

**RANDY GERKE:** It is.

**GROENE:** And that doesn't help our cost or anything that the system is already there? All we're doing is creating another-- I guess how-- how each retirement is calculated, that's where the software has to be figured, right, because of different benefits, how many years you paid in?

**RANDY GERKE:** Right. And con-- the contributions. It keeps track of the contributions. It has every-- all the member accounts in there and all of their history on-- on contributions received. It has all that. None of our-- we have six plans and none of our six plans are exactly like this one at all, you know. So there would be changes that would have to be accommodated on-- on this software for sure. And I would just throw this out. You know, the software that we use now, it-- I believe the full cost of that when it was implemented was right at \$23 million.

**GROENE:** How old is it?

**RANDY GERKE:** It is, I believe the last part of it was finished in 12 years ago, I believe. It's-- it's, you know, it's been around awhile, but we feel like it's got a few more years, actually, quite a few more years. We'd like it to last another 10 at least.

**KOLTERMAN:** So--

**BRYCE HAWS:** Yeah, I can make a com-- Randy, I could make a comment. With the version of software that NPERS has, it's Java based still, which is still one of the leading technologies today. So a lot of reasons systems have to redo their system is because of code obsolescence or the environment obsolescence. And the application code being used at Nevada PERS is still a very valid type of way to build systems today. So it should have a good life still with it.

**KOLTERMAN:** So if-- correct me if I'm wrong, Randy. But-- so what I'm hearing here is PeopleSoft is that-- is that what NPERS uses now? You don't use that.

**RANDY GERKE:** We do not.

**KOLTERMAN:** But is that what--

**RANDY GERKE:** OPS uses it.

**KOLTERMAN:** That's what OPS uses. And trying to merge that software with the Java that you are using is where the challenge comes in and the cost associated with that?

**RANDY GERKE:** Right. And programming our system to calculate the benefits that would be, I mean, we're not changing their plan at all. So it would have to be calculating the benefits that they have. And that's not, I mean, we don't have anything exactly like theirs.

**KOLTERMAN:** Right. And that's all figured in the costs that we're talking about, the estimated costs that's in the reports.

**RANDY GERKE:** Correct.

**KOLTERMAN:** So everybody, everybody should have gotten a copy of the report as well as a synopsis that I think, Kate, you put together for my committee, for our committee. OK. Any other questions?

**LINDSTROM:** Mr. Chairman, are they questions for Bryce or Randy?

**KOLTERMAN:** Either one.

**LINDSTROM:** Can we get off the technology?

**KOLTERMAN:** Yes.

**LINDSTROM:** [INAUDIBLE] Thank you, Chairman. I guess, just to deviate off the technology question. One of the issues that, that I've gotten emails on or it comes down to the servicing model, if we move the plan [INAUDIBLE] the service of that to NPERS in Lincoln. If an individual, as it stands now, comes in for information or getting some education on retirement, how long does that typically take? And do you foresee, as you guys take this on, or if you take this on, the length of time, what does that look like? If, if I'm an individual that's retiring from Omaha and I want to get some type of information or set up a meeting, what's that timeframe look like is, I guess, the question I'm asking.

**RANDY GERKE:** Sure. Thank you for the question, Senator. I, I, I was going to address that, but I'll address it right now. On Wednesday, actually, I asked [INAUDIBLE]--

**KOLTERMAN:** Pull your mike up a little bit.

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**RANDY GERKE:** I'm sorry?

**KOLTERMAN:** Pull your mike up.

**RANDY GERKE:** Oh, OK. On Wednesday, I asked the question if someone called in today, when would they get in? They-- we were at October 8 they would get in. We actually asked for a two-week peak-- period before they come in so we can collect all their information. Our office visits are different than Omaha's office visits. They, they-- I can speak to ours for sure. And what, what happens in our office visits is that those folks are still working and they have a date somewhere out in the future that they think they want to retire. And they come in and they discuss with us what all their options are. And we, we supply them estimates on, you know, we have several different kinds of annuities and, and we supply them estimates. And that's what happens in our office visits, you know, and we tell them a little bit about everything. All of our folks, honestly, we have a much smaller percentage of people that come in for office visits because we supply seminars where we get them as a group and we go through the forms and we go-- we walk them through the annuity options. So we do that. We have a Web site that we're updating all the time. Right now we're busy putting on, putting our seminars actually online. So if you don't-- if you, you know, right now, people aren't traveling as much. And so if they don't want to come and set in, in a room with a whole bunch of people, they can watch the seminar online. Now, it's not quite as good, granted, because there's not that one on one where you can raise your hand and ask questions. But we are supplying that and we are looking at, I've got a new call center manager who they're the people that actually do the office visits. And him and I are moving forward on we're going to have Webex-type office visits where--

**LINDSTROM:** That's, I guess, that follow-up question. That is, I guess, one of the positive things that have come from this scenario is that--

**RANDY GERKE:** Of course, hopefully you can hear better.

**LINDSTROM:** Maybe better technology there. But, you know, the Web and the Zoom calls and Zoom meetings. Is that something that you're going to incorporate more--

**RANDY GERKE:** Yes.

**LINDSTROM:** -- as maybe a cost-saving measure, but also just the ability and access for an individual who may not want to travel to Lincoln. Is that something that's already been discussed?

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**RANDY GERKE:** Absolutely. Right. We're moving forward with it and the new manager is all excited about it. I mean, he's ready to go. He's got great ideas.

**LINDSTROM:** Thank you. Appreciate it.

**KOLTERMAN:** Senator Groene.

**GROENE:** In a free enterprise system, I don't go to an office. I want to get my retirement, I-- they get on the Internet or Social Security and just apply-- well, I haven't paid for that. But people usually just do it with a phone call or do it on the Internet. What percentage of the retirees of OSER-- not OSERS, but of PERB just do it on the computer?

**RANDY GERKE:** Most of them, actually.

\_\_\_\_\_: The caller--

**STINNER:** John.

\_\_\_\_\_: --has left the conference.

**RANDY GERKE:** Well, you know, [INAUDIBLE], I'm sorry, but we-- right now we're allowing two a day and we're, we're, you know--

**GROENE:** Two a day, two people on the computer [INAUDIBLE] today.

**RANDY GERKE:** And, you know, it just started getting booked up right now. We were doing about five a week, is all the people that actually come in and sit down in an office and--

**GROENE:** No, I'm talking about who does it on the computer. [INAUDIBLE].

**RANDY GERKE:** Most do.

**GROENE:** Most do. They don't come in for a [INAUDIBLE] or go to the seminar. They might have went to a seminar.

**RANDY GERKE:** Yeah, most do.

**GROENE:** And that would be the trend in the industry of retirement, I mean.

**RANDY GERKE:** Um-hum.

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**GROENE:** You know. TD Ameritrade don't have anybody come in and go to a seminar. You just started [INAUDIBLE] payments. So that physical cost could be eliminated eventually.

**RANDY GERKE:** It could. Now I think Omaha does things a little differently, you know, in their visits. They're different. And I'm sure Cecelia can, can actually address that when she speaks. But they have a very large percentage of people that actually come in, into the office. It's like in the 90 percents. So a lot of them do. And, and so that's a concern [INAUDIBLE] some of the, the access maybe for us being in Lincoln.

**LINDSTROM:** Follow-up question.

**KOLTERMAN:** Go ahead.

**LINDSTROM:** Thank you, Chair. Of the, say, and maybe I'll say something about this, but of the people that physically come in, how many are reoccurring? How many do it one time? How many never come back? How many do it once and then come back another day? Is it-- and if they do come back, is that typically just to change beneficiaries? Is it-- what does that look like or what would be the reason to come back once [INAUDIBLE]?

**RANDY GERKE:** Well, for instance, a retiree, if the, if a-- if someone were actually to enter into the payment stream, they would probably not ever need to come back into the office other than for possible beneficiary [INAUDIBLE] or some of our plans [INAUDIBLE].

**LINDSTROM:** OK.

**RANDY GERKE:** Once they [INAUDIBLE]. An address change, maybe they'd want to drop off a form. They wouldn't have to bring it in, but they might want to. Oh, there might be-- well, of course, you know, if somebody dies then we have to-- if they-- that would be a beneficiary.

**LINDSTROM:** So basically, it's a low percentage once they've [INAUDIBLE].

**RANDY GERKE:** Maybe a bank change, if they were direct depositing, that might happen. But--

**LINDSTROM:** But not as-- not very often?

**RANDY GERKE:** No.

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**KOLTERMAN:** I would-- I hate to detract from this for a minute. But I would ask that anybody that's on the line, please hang up. We're going to-- we'll have a transcript for you to read or listen to. But this is not working. And so in order to have some continuity here in the chamber, we'd like you to please hang up your phones. Thank you. Mike, did you have another question? Brett? Senator, do you-- yeah, go ahead.

**CLEMENTS:** Yes, thank you, Mr. Chairman. Regarding Linea, are they going to help evaluate vendors that, that do proposals and then this time line is that they would be helping the vendor and you guys implement the new system?

**RANDY GERKE:** Bryce, did you hear the question there?

**BRYCE HAWS:** No, I can hear every fourth word. Can you translate it, please?

**RANDY GERKE:** Certainly. Senator Clements asked if you would be the one that would be evaluating the folks who would be doing the work or, or-- or what would your role be is probably what, what the question is. And then but also-- are you there?

**BRYCE HAWS:** Yes, I'm here.

**RANDY GERKE:** OK. But also, I would just throw out as part of the answer, and then Bryce can finish the answer, that they aren't necessarily the people that we would have as a consultant. We, we-- there would be a process that we would go through. But anyway, Bryce, do you want to answer what your role would be if you were the vendor?

**BRYCE HAWS:** Yeah, I'll answer two pieces. First of all, you guys only-- Nebraska personally purchased us to do the study. There's no follow-on work, no anything, it's just to do the study. We are involved in projects like the one going forward, if you do it all the time. But we are not the software developer, we're not the data conversion people. Typically, we help with procurements, project planning with quality assurance and testing. But we're not the people that write the application code for the, as I said, the testing. So and we would have to win that work just like everyone else through a procurement.

**CLEMENTS:** All right. Thank you.

**KOLTERMAN:** Senator Groene.

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**GROENE:** Thank you. Senator Clements brings up a good point. You would hire a consultant or somebody to put out bids, you'd do a bid process, right, and a presentation of their plan?

**RANDY GERKE:** I think we'd feel better doing that.

**GROENE:** But then you turn around and send a bill to OPS and they have no input. They just have to pay the bill because you decided? Is that the way this thing is set up?

**RANDY GERKE:** Well--

**GROENE:** OPS, it says OPS is financially responsible for all the transition costs. Did they have a part in deciding what they're willing to pay for?

**RANDY GERKE:** I mean, we certainly listened to them.

**KOLTERMAN:** The way, the way I understand this, Senator Groene, is we, we accept this report. And these are, these are preliminary estimates. Once, once we accept the report, it will be up to OPS to bring a bill outlining what they would like to have done at that point.

**GROENE:** They'd be part of the bill writing.

**KOLTERMAN:** That would be part of the bill writing. Who's going to pay the cost, how it's going to be billed, how long it will take. And at that point in time, we will work-- then we as a committee will listen to their recommendation and decide to move forward or don't move forward. Again, these are just preliminary reports that Linea did as, at the request to satisfy LB31.

**GROENE:** Thank you.

**KOLTERMAN:** You're welcome. Are there other questions? I know it's, it's a, it's a huge undertaking, very huge undertaking. I think it would be fair now to, unless there's other questions, I think it would be fair to move on to the next-- Randy, do you have something else you'd like to finish?

**RANDY GERKE:** Well, I'd be happy to speak a little more, but I'd also be happy to answer any questions. I, I wanted to just mention the assumptions that we did for-- to do this report. Of course, it-- a word that keeps coming up that we keep hearing. And we-- this is not the assumption that this is a merger. It is not. This would be a separate plan. It would remain the same plan that it is now. It would

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be our sev-- seventh plan that we would administer. We did not look at anything having to do with unfunded liabilities. That was not part of this study. We, we did assume that we would retain our current legacy software, which we've already went through. And we assumed that the PERB would have oversight of the OSERS plan as they do the six current plans. There's many differences between the two plans, between ours and the state school plan and OSERS's plan. And so, you know, for instance, just for examples: Mandatory participation is different, military service calculation methods are different. OSERS has a medical COLA and single sum annuity, which the state does not. The disability provisions are different. So all this is important because it complicates the process of the computer programming and training of our staff. But and that's why I mention it. On page 27, I think Kate put that in front of you, that that was our breakdown of production or operating costs going forward after Linea was finished or, you know, after we-- they went live. And if you're keeping count, we actually asked for seven new FTE. OSERS does theirs with four, I want to be very honest with that. But we do our own accounting, we do our own financial statements. Our legal counsel is very, very busy and strapped, and there's quite a few statutory changes that he would need and then just different legal things. And so we asked for a paralegal, which would be something different, an assistant for him. But most of the differences were in the retirement specialist area in calculating benefits and then one person for the call center. And because we know that we would get quite a few more calls. So our, our PSL costs then are what we would request for a, a budget-- our spending authority for PSL would be about \$271,000 for the first year. I do want to point out that there were things that we, we probably don't know what we don't know. And so we, we-- OSERS was, was very good about asking-- or answering our questions, and we went up there and visited them also. But, you know, the-- we're ant-- I anticipate that there'll be costs that we just didn't anticipate. And so I did put in one hundred thousand into that spreadsheet of that I-- just stuff I'm not sure that might come up. So our operating costs besides PSL is \$627,000, first year; \$559,000 the second. Which brings us to about 899 for the first year, 89-- \$899,000 and \$835,000, the second. If you compare Omaha's budget, theirs is just short of a million dollar-- or just over a million dollars the first year and eleven hundred the second year, if we're comparing apples to apples there. So we came in a little less, not a lot. It-- I just would note also, though, that, you know, our, our current base budget is \$5,875,000. So that might be of interest to you. A lot of the things that I've already addressed about customer service, that Senator Lin-- Lindstrom asked. So I want to thank my managers for helping me do this report and working with the

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retirement system. I'm glad that we got to at least do a deep dive into this, or a somewhat deep dive. I think we'd probably have to go deeper. But at least we know a little bit more about what we would be getting into. And I think that's very valuable. So I appreciate that you allowed us to do this study. Thank you. And I'd be happy to answer any other questions.

**KOLTERMAN:** Go ahead, Senator.

**CLEMENTS:** Thank you, Mr. Chairman. Thank you, Mr. Gerke. The funding of these expenses, are there any state general funds that are used to pay these expenses?

**RANDY GERKE:** No. These all come from the trust fund.

**CLEMENTS:** Plan participants really fund their own management operations.

**RANDY GERKE:** Yes, that's correct.

**CLEMENTS:** Thank you.

**KOLTERMAN:** Senator Groene.

**GROENE:** Comparable size, NPERS, how many active members are there paying in and receiving versus OSERS, do you know?

**RANDY GERKE:** Total-- Well, I don't know what they're at, what OSERS's actives are. I believe we were thinking that total they had about-- then this would be inactive and actives. They think they had about, oh, just short of 14,000. We have-- and this is active, inactives and retirees, of 92,000.

**GROENE:** What do you mean by inactive?

**RANDY GERKE:** They used to work there. They've got money in the system, but they didn't-- but, but they no longer work it, work for a school or work in--

**GROENE:** So when they get to retirement age, they can start drawing on it?

**RANDY GERKE:** Some. Yeah, if they're vested.

**GROENE:** Or they get a check.

**RANDY GERKE:** They can take a refund.

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**GROENE:** At any time? So 90,000 versus 14,000.

**RANDY GERKE:** Um-hum.

**GROENE:** So do you have that split on that at all? How many are retired, how many are just paying in?

**RANDY GERKE:** I don't have Omaha at all. I can certainly get that for you, Senator.

**KOLTERMAN:** We can, we can probably get that when they come up to talk.

**GROENE:** How many are actually-- that you're servicing right now with PERB too, and versus how many are just--

**RANDY GERKE:** For all of our plan, it's about 137,000 members is what we have across the state of Nebraska.

**GROENE:** But those are folks that are just having taken out of their paycheck and being deposited. You don't have to do much service on those. What percentage of those are actively retired? Is that the actively retired that you're servicing, that you're sending out checks?

**RANDY GERKE:** The, the folks that we have that have annuitized and that we send out every month, there's about 30,000 checks or [INAUDIBLE] that we do every month.

**GROENE:** And that's involved in the county and the State Patrol, everybody?

**RANDY GERKE:** That's correct. That's all of them. But the bulk are, are schools.

**GROENE:** Thank you.

**KOLTERMAN:** So can I make a couple of general observations, and you correct me if I'm wrong, please.

**RANDY GERKE:** I will correct you.

**KOLTERMAN:** Right. Some of the concerns that we've heard and I'm just talking about through all these meetings that I've had with the, the constituents that are in the plans with OSERS as an example, there's a big concern that we're going to be changing benefits. The plans will remain identical to what they've had in the past, is that not correct?

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**RANDY GERKE:** That is correct. They would, they would be identical. The PERB, actually, I mean, doesn't have any authority to change benefits.

**KOLTERMAN:** Correct. And so just, just so it's on the record and clarified, the benefits that have been promised have not been changed and they will not be changed in this, in this process. The other thing, and I'm just going to read a few things that people have asked me over the last three weeks to a month.

**RANDY GERKE:** OK.

**KOLTERMAN:** If the plan is transferred to the state to manage, there was a question, will members not get Social Security, continue to get Social Security? And I, I told the people that had asked that question that the answer to that is no. The people that don't get Social Security now, they've, they'd heard that they would lose their Social Security. But many of our police participants don't pay into Social Security. So that's, that's not part of this discussion, is that correct?

**RANDY GERKE:** That's correct. The State Patrol is, is not eligible for Social Security.

**KOLTERMAN:** Correct.

**RANDY GERKE:** But our, our school plan, state, county, they all are.

**KOLTERMAN:** They all, they all get their Social Security and they also continue to get their pension plan.

**RANDY GERKE:** Um-hum.

**KOLTERMAN:** One other question. Will-- how will this affect the underfunding of the OSERS plan? The reality is the OSERS plan would still continue to be underfunded until OPS decides to put more money into it or figure out a way we can address those issues. But that has nothing to do with this transfer as well.

**RANDY GERKE:** No, we didn't look at, at, at that.

**KOLTERMAN:** You talked about a two-year period, two to three-year period for this to take place. Is that correct?

**RANDY GERKE:** That's correct.

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**KOLTERMAN:** Will, will NPERS, the people that are in the plan have a, have a vote on whether or not this would transfer? And that, that would be no, that would be up to the Unicameral to make that decision based on a bill that would be brought to us by OPS.

**RANDY GERKE:** Yes, that's your purview.

**KOLTERMAN:** Some people have heard that the school plan isn't as good as the OSERS plan. Well, it really doesn't matter because the OSERS plan, even though it's got a little richer benefits in some areas, it would be the same plan that they have. It's just that you would manage the plan.

**RANDY GERKE:** Yeah.

**KOLTERMAN:** Is that correct?

**RANDY GERKE:** That's absolutely correct.

**KOLTERMAN:** The contribution rate, would that change? And my, my, my answer to that would be, only if it was changed in statute. Right now it's identical to what the state pays and what the employees pay. Is that correct?

**RANDY GERKE:** That's, yes-- that's [INAUDIBLE].

**KOLTERMAN:** So the school district continues to pay 110 percent of whatever the, the teacher puts in. And then we put in an additional 2 percent for both the OSERS plan as well as the state teacher retirement.

**RANDY GERKE:** And based on covered salary.

**KOLTERMAN:** So just for the record, none of that would change. We know about the different IT systems, that would probably have to change as we move forward. And that's the reason for some of the costs. And we're going to hear more about that as we move forward here, listening to new testifiers. Will, will plan members lose their vesting? They would not. If they're vested in the old plan, they'll be vested in the same plan. It's the same plan.

**RANDY GERKE:** Yes.

**KOLTERMAN:** We're not changing the plan, I can't say that enough. That's on the record. And does the Governor appoint the PERB board members?

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**RANDY GERKE:** Yes, he does.

**KOLTERMAN:** The Governor appoints and the, and the Unicameral--

**RANDY GERKE:** Confirms.

**KOLTERMAN:** -- confirms. That would not be different. And I would assume that if a bill is brought, there would be representation from the OSERS plan or the people that are in the OSERS plan on the PERB board.

**RANDY GERKE:** All the plans that we have currently have representation.

**KOLTERMAN:** Correct. So the State Patrol has one. I believe the teacher's retirement plan-- or the Educators Retirement Plan has one administrator and one teacher representing them. OSERS would have, probably have one member representing the OSERS plan. But the administrators should-- they, they're already represented at the present time in our plans, just like the judges have a representation. Then we have two at-large members that are appointed by the Governor as well.

**RANDY GERKE:** That's correct.

**KOLTERMAN:** And that, and they usually serve a four-year term and then come back every four years and have an opportunity to--

**RANDY GERKE:** You know, I want to say they're five.

**KOLTERMAN:** Are they five? Then they have an opportunity to re-up. And if they choose not to, we, we don't put them through the process. So those were the questions that had been posed to me and my team as we've talked about this on the phone. Again, I, I can't make it clear enough, there won't be any change in benefits. And I would also tell you that this is not a merger. The state will not assume any responsibility for the financial position of this plan. It's a management obligation that we're listening to today. Is that not correct?

**RANDY GERKE:** That was the assumptions that we made.

**KOLTERMAN:** All right. Any other questions? Senator Groene.

**GROENE:** To clarify, the OSERS board right now can't make any changes to the plan, can they? Not right now.

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**RANDY GERKE:** To their own plan? Probably not. It's probably set up the same way as us. However, I'm really not sure.

**GROENE:** Therefore, the PERB board wouldn't be able to make-- can't make any changes to any plan either.

**RANDY GERKE:** No, they cannot.

**GROENE:** It's all really in the hands of the union, is it not?

**KOLTERMAN:** No. They make recommendations to us--

**GROENE:** Well.

**KOLTERMAN:** -- and then we have to vote on, on statute.

**GROENE:** -- I think, if the union doesn't agree to a change. The Supreme Court has said you can't change benefits, existing benefits unless the participants agree. Is that not true?

**KOLTERMAN:** Yeah.

**GROENE:** So I guess with the members of OSERS, any fear that if the state gets a hold of it we, we're gonna make changes by statute to their plan. We can't do that, can we, without their approval? Without the unions' approval?

**RANDY GERKE:** I really don't know.

**GROENE:** When you did the, Senator Kolterman, a question to you, when you-- when we did the age to 60 years, we couldn't have done that without the approval of the union agreement.

**KOLTERMAN:** Actually, we, we, we did that based on future hires.

**GROENE:** Yes, [INAUDIBLE].

**KOLTERMAN:** Not, not past hires. We have not taken-- we have not as a Unicameral taken benefits away, except that we do have a court case pending right now--

**GROENE:** On the state [INAUDIBLE].

**KOLTERMAN:** -- where that was attempted. And that's still not finalized. But we have not been in the position to take benefits away from anyone. What we do, what we have done over many times since we've been here, Senator Groene, you and I, and Lindstrom on this committee,

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has changed benefits, but that's been done in conjunction with the various plan holders.

**GROENE:** Do we have the authority now to change the benefits on OSERS? Let's say that new hires no longer get the COLA.

**KOLTERMAN:** We could do that if that's brought to us in the form of a bill.

**GROENE:** We can do that now.

**KOLTERMAN:** New hires only.

**GROENE:** Yeah, I understand, but we can do that now?

**KOLTERMAN:** Correct.

**GROENE:** And this change of just managing the plan wouldn't change that at all.

**KOLTERMAN:** No, it would not.

**GROENE:** All right, that's what I wanted. Thank you.

**KOLTERMAN:** Again--

**GROENE:** So I guess my fear, there shouldn't be any fear from the employees of OSERS that somehow they are losing control. That part of it is already in the hands of the Legislature.

**KOLTERMAN:** It is, yes.

**GROENE:** All right.

**KOLTERMAN:** Any other questions? If not, I'd say I-- do you have any questions of us, Randy? All right.

**RANDY GERKE:** I'm sure I'll hear--

**KOLTERMAN:** With that then, I'm going to move, move on to-- Bryce, thank you for being online. I wish we had better technology than we do, but we don't. I'm going to ask Dr. Cheryl Logan, Omaha Public Schools superintendent, to come forward and give us a presentation. Welcome.

**CHERYL LOGAN:** Thank you. It was a pleasant drive. Senator Kolterman and members of the Retirement Committee, my name is Cheryl Logan,

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C-h-e-r-y-l L-o-g-a-n. I'm superintendent of Omaha Public Schools. We are a growing district that educates approximately 54,000 students. In my time as superintendent, I've had the opportunity to work with almost all of you as we continue to do all that we can to solidify the Omaha Schools Employee Retirement System. I want to thank each of you publicly for your support. I'm here today to share with you that the board of education of the Omaha Public Schools was pleased to receive the LB31 study. Following numerous internal discussions, a formal public presentation on the study's findings at our August 4 board meeting and further vetting by our legislative committee, the board of education took action on September 10 by a vote of seven to zero. Members encourage the introduction of legislation transferring management of OSERS to the PERB. This is not a decision that we come to lightly. The LB31 study outlines that transition will carry significant costs. The board of education is prepared to cover those costs because it believes it is time to get out of the pension management business. OSERS is one of only six standalone school pension systems left in the country. As a school district, our mission is to provide the finest quality education that we can to our students. We no longer want to be in the business of managing a retirement system. We believe that OSERS will benefit from the experience of the PERB, which manages multiple, multiple retirement plans spanning our entire state. The LB31 report projects that OSERS will realize cost savings with the transfer of management to the PERB. Those savings, while modest in the short-term, will have an impact on the system with the passage of time. We want to be clear and on un-- unequivocal about what we are asking. We are only asking for the transfer of management, essentially the day-to-day operations of OSERS. We understand that the OSERS plan would remain a separate and distinct retirement plan from the other NPERS plans. To be clear, the Omaha Public Schools will remain responsible for the unfunded liability. Let me take a moment to talk about the unfunded liability. Upon my arrival at OPS, one of my first tasks was to do a deep dive into the district's financials. As a result of that analysis, I challenged our leadership team to evaluate each and every dollar we spend at OPS to make sure that it is necessary and integral for the education of our young people. We are very proud of the progress we are making in that regard and understand that this will be an ongoing process. The district continues to make its additional actuarial required contribution on a timely basis. Moreover, in each year where we have budgeted for a larger ARC contribution than was required, our board authorized contributing the full budgeted amount to OSERS, even though it exceeded our obligation. We all understand that also comes with difficult decisions affecting every employee in our workforce and

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every student in our care. The ARC payments have a significant impact on our budget. We continue to seek ways to mitigate that impact while managing the budget of the state's largest school district. We take seriously our responsibility to be good fiscal stewards of the taxpayers' dollars. Sound financial management and fiscal prudence will be essential to our ability to manage both our responsibility to educate students and our duty to OSERS. As I shared with you previously, we have invited OSERS stakeholders to participate in the Better Together Coalition. The coalition includes representatives from the Omaha Schools Employee Retirement System, Omaha Education Association, Nebraska State Education Association, Service Employees International Union, retirees, and the Omaha School Administrators Association. As a group, we have coalesced around the shared values of transparency, sacrifice, equity and integrity. We are committed to sustainability with a focus on providing security for our current employees and our retirees. Following a break during the beginning of the COVID-19 pandemic, we have been meeting regularly with the help of an outside facilitator, Ms. Linda Richards, from PRISM advisors, to consider options which we hope will strengthen OSERS. Senator Kolterman has been a guest at our meetings, as well as meetings of the individual stakeholder groups and leadership. I'd like to thank Senator Kolterman for his continued support and participation in discussions with the Better Together Coalition. As part of those meetings, we have discussed LB31. Some stakeholders are concerned about the lack of a satellite office included in the recommendations in the report. While our board of education emphasizes-- empathizes with our members, it is also recognizes that having an office in Omaha is a benefit that most other public retirees do not enjoy. Members of the various NPERS plan have always had to contact the NPERS office in Lincoln. They seem to have been able to manage their retirement plans without significant issues. Moreover, during this pandemic, many of us have learned to adapt to a virtual world. I myself am a member of the Maryland retirement system. So the only option for me to receive information on my retirement is via phone or Internet. That said, should transfer of management become a reality, we hope that the PERB will take advantage of the 23-month timeline to reassure OSERS members of the services and outreach that they provide to all plan members so that the-- so that the transition to a Lincoln office will go as seamlessly as possible. The LB31 report recommends that the PERB expand to include an OSERS representative. The Board of Education strongly supports such expansion and believes that this will be critical to ensure OSERS members still have a voice in the PERB's management of OSERS. In closing, we came to you in 2016 to request that the Nebraska Investment Council take over investment

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authority for OSERS. That was part of our recognition that we were not well-equipped to manage the investments for a retirement system of OSERS's magnitude. Not all of our fellow stakeholders agreed with that request. But you did. And we believe that you have, you have made a very wise decision. Today we are here asking that you take the next logical step in stabilizing OSERS. We will continue to work with all stakeholders and with you to find consensus on steps that will stabilize OSERS. As the process continues, we will keep Senator Kolterman and his committee apprised of our progress. Thank you for the opportunity to speak with you today and I'd be happy to answer any questions you might have.

**KOLTERMAN:** Thank you, Dr. Logan. Are there questions? Senator Clements.

**CLEMENTS:** Thank you, Mr. Chairman. Thank you, Superintendent Logan.

**CHERYL LOGAN:** Thank you.

**CLEMENTS:** You re-- you referred to the ARC contributions that you've made as required. Does it look like going forward the board will be able to fund the ongoing ARC contributions or are they prioritizing those?

**CHERYL LOGAN:** Yes. Yes, we are. I have the budgeted amount for 2021 is \$24,100,000. And then in our five-year budget, we do a five-year projection, we are able to see that in '21-22 the ARC would be \$25,827,000, and so on and so forth. The max, in '23-24, is \$28,249,000. So we have done that in our projected budget and also able to see where our fund balance would be as a result of funding, that we have some assumptions in that that also are part of the projection.

**CLEMENTS:** Thank you. I'm glad to hear that. Thank you, Mr. Chairman.

**KOLTERMAN:** Yeah.

**CHERYL LOGAN:** I'll leave these for you to see if you--

**KOLTERMAN:** I was just going to say that, you know, in '19, 2019, the ARC was \$18,244,000 and they paid actually \$21,300,000. And then in 2020, it was \$19,825 and they paid \$21,356. So they've been, they've been intentionally paying ahead a little bit. But as that gets bigger, as, as it grows, it's going to be tougher and tougher. But I think my, my experience with the current administration is they're very proactive in that regard. Other questions? Senator Groene.

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**GROENE:** Superintendent Logan, right now your budget has-- OPS doesn't pay any of the management fees. That all comes out of the, the retirement funds, right?

**CHERYL LOGAN:** Yes. I believe the OSERS operating budget for '20-21 is a million-- \$1,100,000.

**GROENE:** But that's nothing that comes out of your budget.

**CHERYL LOGAN:** No.

**GROENE:** But tell me if I'm wrong, not to put words in your mouth. What you're looking at is, if they're paying \$1.1 million and PERB can get it down to half a million, that that--

**CHERYL LOGAN:** It's not-- it's not quite that great. But it is less [INAUDIBLE].

**GROENE:** Well, you got a big cost up front.

**CHERYL LOGAN:** Yes.

**GROENE:** But of the op-- actual operating, I guess the estimated 600,000 or whatever. That money would help you, would basically offset some of your-- well, it would stay in the fund.

**CHERYL LOGAN:** Yes, it would stay, benefits the members.

**GROENE:** And then your ARC would be less.

**CHERYL LOGAN:** It benefits the members. I'm not convinced our ARC would be less, but it certainly benefits the members of the plan.

**GROENE:** Well, more money left in the plan leaves less money that is missing. But that's-- it's all about efficiencies.

**CHERYL LOGAN:** Yes, sir.

**GROENE:** Thank you.

**KOLTERMAN:** I have a couple of questions, Dr. Logan. Is you, as OPS, and I believe we've had this discussion, are you committed to pay the full cost of the management transfer to the, to the-- from the OSERS plan to NPERs?

**CHERYL LOGAN:** Yes, we are.

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**KOLTERMAN:** So you've made that commitment?

**CHERYL LOGAN:** We've made that commitment and put it into our budget plan for our next, our five-year budget plan.

**KOLTERMAN:** OK. And just out of curiosity, what kind of services does OPS provide to NPERS in the form of-- do you have office rent, things of that nature?

**CHERYL LOGAN:** For OSERS--

**KOLTERMAN:** Are you reimbursed the-- for those services by the plan now or--

**CHERYL LOGAN:** We, we--

**KOLTERMAN:** Talk about that a little bit.

**CHERYL LOGAN:** Well, a few things. You know, none of us, I don't think, well, we weren't here when it was created, but, yeah, the-- they have an office and obviously and staff that operate in the office. And I think more to answer your question a little bit more broadly, is that there are many things that we certainly that we charge OSERS for. But, you know, there are lots of things that happen as a result of convenience that actually just, you know, because it's been first of all, we own the plan. And so they are things that the-- or things that happen. And I know when we have the study, that was one of the questions that I had for you was I'd see what the costs are, but we likely will spend more of that because there are just certain things we don't charge back to, to OSERS. We, we, we worked-- they worked together with our technology department. And Ms. Carter can be more specific about the specific cost. But a lot of those things are customary and convenient because it is our plan and we operate-- we off-- we occupy the same physical space. And so there are things that just we, we wouldn't charge for because if you need to call the guy down the hall or for them to do something and just that, that those kinds of transactions happen in terms of, because they've been customary over years and they are-- they're convenient because you occupy the same space.

**KOLTERMAN:** So your request, and I'm not putting words in your mouth.

**CHERYL LOGAN:** Um-hum.

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**KOLTERMAN:** If I, if I understand, you're really just wanting to get out of the retirement plan business, just like every other school district in the state.

**CHERYL LOGAN:** Correct.

**KOLTERMAN:** And you would have representation on the board, the PERB board, and you would continue to file your information just like every other school district does to the PERB at the present time, except it would be done for the OSERS plan.

**CHERYL LOGAN:** Yes, sir.

**KOLTERMAN:** So you just really want to be out from underneath the management of the plan?

**CHERYL LOGAN:** Yes. Yes.

**KOLTERMAN:** Is that the sole purpose?

**CHERYL LOGAN:** Yes, sir.

**KOLTERMAN:** OK. Thank you.

**CHERYL LOGAN:** I also wanted to, Mr-- Senator Groene was bringing up something and I was talking, thinking about tiers. And so I'm in tier four in the plan and I'm a member of OSERS and-- but my chief of staff is in tier one. His benefits are different and a little nicer than my benefits in, in tier four. And so as the benefits only change for the new employees when they're, when they become employed by the school district.

**KOLTERMAN:** And just as a side to that, over the years, we've, we've aligned the benefits for the new hires very similar to what we've got in our state retirement plan.

**CHERYL LOGAN:** Yeah, there certainly are harmonized--

**KOLTERMAN:** We're trying to-- we've been trying to harmonize that over the last four or five years so. OK, any other questions for Dr. Logan? All right, thank you very much--

**CHERYL LOGAN:** Thank you, sir.

**KOLTERMAN:** -- Dr. Logan. I would now call Cecelia Carter, director of OSERS, to come forward and make a presentation. Give her a few minutes to wipe it down up here. Welcome, Cecelia.

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**CECELIA CARTER:** Thank you. Can you hear me through the mask?

**KOLTERMAN:** I think so. Can you hear through the mask?

**CECELIA CARTER:** Well, thank you. Good afternoon, Senator Kolterman, members of the Retirement Committee. And as you know, my name is Cecelia Carter and I'm the executive director of the Omaha Schools Employee Retirement Plan. That's Cecelia, C-e-c-e-l-i-a, Carter, C-a-r-t-e-r. On September 3, 2020, the board of trustees of the Omaha Schools Employee Retirement System voted in opposition to moving forward with the transfer of management of the Class V School Employees Retirement System to the Public Employees Retirement Board. OSERS does-- believes that there are, and as is reflected in the Linea Solutions assessment document and NPERS transfer of management document, multiple questions on cost and concerns surrounding this proposal that remain unknown, unanswered and unaddressed. The impact of the conceptual transfer of the management, while containing many details, does not appear to have been fully vetted with respect to the risk, cost benefits, effects to OSERS plan participants, or for that matter, the Omaha Public School District. LB31 was commissioned to detail the timeline and the mechanics, estimated costs to transition the day-to-day management of OSERS to NPERS. The report clearly indicates there are many unknowns that could impact the overall costs and timeline of this prospective transition. So will the estimated \$4.2 million most likely costs go up to the \$6.1 pessimistic cost, as indicated in the Linea Solutions report on page 11? The estimated cost only covers the NPERS side. Linea report reflects it cannot assess the personnel and contractual costs for-- to OPS. Although the cost of this project is an obligation to the Omaha Public School District, those funds could be better spent by paying them to the Nebraska Investment Council for the benefit of the OSERS plan to lower the unfunded liability and increase the funding ratio. The transfer of the management report also indicates the technology component of the transition would be marrying the two outdated and different pension administration systems. From page 5 of the Lin-- Linea report, and I quote: Adding a new plan for OSERS is a major uptick-- update that has not been com-- completed by NPERS staff previously. Given the overall impact across all major processes and the risk of significant code review for plan-specific logic, there will be additional changes beyond what has been identified within the confines of this assessment, close quote. At some point in the not-too-near future, the legacy Clarety system used by NPERS, which is now, it is our understanding, only supported by internal state employees, will most likely require upgrading. From a business perspective, why pay millions of dollars over the next three years to transition OSERS's

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management to NPERS with the OSERS trust fund then facing the possibility of being obligated to pay a propor-- proportional share of the costs to upgrade the NPERS system? A real concern to our 4,000 resident retirees of Douglas and Sarpy counties alone is the elimination of the Omaha office. To lose the four OSERS staff and then have them replaced with the new hires in Lincoln at the NPERS office, with a corresponding reduction of the current level of walk-in service provided by over-- OSERS just does not do justice to the plan participants. But I'm sure our retired members will voice their concerns on this aspect of the evaluation. A simple cost-benefit analysis would dictate this proposed transition of management is a questionable idea. Let's assume, and this is speculation at best, there is a \$150,000 per year savings for OSERS. We're not sure what the savings is to OPS, given that OSERS reimburses OPS for all the services they provide. The return to OSERS on the investment costs, not taking into account the time use of money, is as follows. So from an optimistic perspective of the \$3.85 million at \$150,000 a year, we're looking at roughly 25 years to recoup it. From the pessimistic perspective of \$6.1, a savings of \$150,000 a year, we're looking at over 40 years to recoup it. OSERS challenges you to ask the why, which Dr. Logan addressed earlier. The OSERS plan has been in existence since 1909. And after decades of modern day self-governance, why does OSERS-- why does OPS desire to shift the administration of the OSERS plan to the state system? In 2016, the Legislature not only transferred OSERS's investment authority to the NIC, it carefully reconstituted the OSERS board to be a representative board, meaning that each OPS constituency, the teachers, the administrators, the classified, and the Omaha business community is represented by one or more elected or appointed board members. OSERS's management and administration of the monthly distribution of the plan benefits procedure is functioning routinely. We propo-- we propose to place the management merger plan on the shelf for now and allow the Omaha Schools Employee Retirement System, together with all interested parties, particularly OPS, to thoroughly explore alternatives to the OPS district, and-- and to the Retirement Committee to bring some alternatives back. The goals of these alternatives would be to streamline the perceived burdens on OPS on-- from the OSERS plan administration. We welcome the opportunity to further discuss this matter. Thank you. Be open for any questions.

**KOLTERMAN:** Thank you, Cecelia. Questions? Senator Groene.

**GROENE:** Thank you, Cecelia. We heard from the consultant that your present model, people whatever it is--

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**CECELIA CARTER:** PeopleSoft.

**GROENE:** --has become antiquated.

**CECELIA CARTER:** Yes.

**GROENE:** Have you started budgeting for a replacement?

**CECELIA CARTER:** That is, that software is owned by OPS, not OSERS.

**GROENE:** OPS.

**CECELIA CARTER:** Correct. So we use OPS's data of membership information about all of us and we tap into that to then bring it over and do our calculations. So we are-- everything is predicated, predicated on what OPS houses their data.

**GROENE:** OPS's system figures the benefits that each individual gets. They own that software. Or do you own that software?

**CECELIA CARTER:** They own the software.

**GROENE:** So either way, OPS then-- let's say OPS faces in the next decade probably the proposition that they're going to have to spend a lot of money to come up with a new system.

**CECELIA CARTER:** Correct. I would presume. I would presume.

**GROENE:** So this cost that you're talking about is going to happen to them no matter what the next decade, probably.

**CECELIA CARTER:** Probably.

**GROENE:** That you're putting interest onto and, and assuming the cost.

**CECELIA CARTER:** Well, there was no, I mean, that was simple, but no-- yeah. But this--

**GROENE:** Thank you.

**KOLTERMAN:** Additional questions? I have one. You indicated that the retirees would lose service. I happen to be in a defined benefit plan, and I've been in it for four years. I'm also on Social Security, which I've been on for four years. So when, when I elect those benefits, there's no changes to those benefits. So as an example, if I was getting \$3,000 a month from Social Security and \$2,000 a month from my pension, there's never a change to that that I'm aware of, because you

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make a one-time election and then you're done. So from a service perspective to those 4,000 people that are in the plan, the only thing that I could think of that would need service would be if they wanted to change what bank account it was going into or if they wanted to make a beneficiary change. So when my wife passed away, I changed the beneficiaries to my kids. What other kind of service would exist for those 4,000 employees?

**CECELIA CARTER:** You know, that's a great question. You know, our members have been spoiled, right? That they can get up from their office and walk in and ask us questions and sit down and, and go over a prospective benefit, how-- changing the beneficiaries. The retirees will come in, I-- something like, my bank account has been compromised and I need to change it. And I am speaking pre-COVID, right. So, yes, there was a lot of walk in, I just want to sit down with someone, I want my spouse to join us and go over the benefit options and make sure they thoroughly understand it. We too have had to readjust for COVID. So just yesterday I held my first online workshop, and I told them they were my guinea pigs and it, it, it worked. You know, I kept it small, but it worked. But people are still very accustomed. It is very surprising. Even former OPS employees who are looking for a refund want to come in and bring the forms in as opposed to mailing it. Now, we do have some members who are a little more adept with the computer technology. So, you know, today I received a retirement application from an administrator that had everything together and he felt comfortable enough to scan it. I don't know that I personally would have sent it through the email, but felt comfortable enough to scan everything and send it over to me. And this person is now ready to retire. So it, it is they've been accustomed to it. They've been spoiled. There are people that still do need the sit-down. There are people that really you have to explain it to them, yeah.

**KOLTERMAN:** I understand. One, and, and I've been the first to say that I don't think it's necessary that if, if we did take over this management, we would need an office in Omaha, Nebraska. At the present time, we have quite a few people who work for Millard and Ralston and Westside and all those school districts that seem to get their retirement benefits paid in a timely manner, get their service paid quite faithfully. And they, they either drive to Lincoln or do it on the Internet or on the telephone so. Personally speaking, I just, I don't see where there's a huge need. At the same time, you'd be taking something away from those that have had it. And you said it very nicely, they're spoiled.

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**CECELIA CARTER:** Well, and then there's also the opportunity of if there's the Omaha, we take in helping to service the local--

**KOLTERMAN:** Absolutely.

**CECELIA CARTER:** -- Douglas and Sarpy folks.

**KOLTERMAN:** OK. Any other questions? Senator Clements.

**CLEMENTS:** Thank you, Director Carter. I-- we had asked Mr. Gerke about the number of retirees receiving benefits from OSERS. He didn't have that. Did you have that number?

**CECELIA CARTER:** And these are round figures because I'm pulling it off my head from my last valuation report. But active members, roughly 7,500; retired members, I know we just broke 5,000; defer-- now what we call deferred vested, meaning that they have vested and they are due a benefit at some point in the future, about a thousand. And then what we call nonvested, so they left, we still have their money, but they are not five years of credible service. They don't entitle to a benefit in the future, and that's about five to eight hundred.

**CLEMENTS:** Thank you.

**KOLTERMAN:** Senator Groene.

**GROENE:** We keep talking teachers, but what percentage of them are cooks and janitors and bus drivers and paras?

**CECELIA CARTER:** You know, Senator, I'm gonna get back to you on that because I can't visualize that number. It is majority teachers. And I, I can say that the number is a four-digit number with a comma. That would be the classifieds.

**GROENE:** Classified.

**CECELIA CARTER:** But I will get back to you on that. I will get back to you on that.

**GROENE:** And that would be the ones that probably don't stay around for the full benefit.

**CECELIA CARTER:** No, you'll be surprised. You will be surprised.

**GROENE:** They make a lifetime career out of it?

**CECELIA CARTER:** Yes. Yes.

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**GROENE:** That's nice to hear.

**CECELIA CARTER:** Yes.

**GROENE:** Then also, what we've always heard about OPS was early retirement, then go to Millard and get onto the state retirement plan too. Do you-- wouldn't that be a benefit to those individuals, that they might have started in North Platte, Nebraska, and they're on the state plan and then they transfer, take a job in Omaha? There's an awful lot of those also that it would be more convenient for them to go to one office or one site because they're going to draw from two different retirements. So you have a lot of members of that way also, don't you?

**CECELIA CARTER:** That's a good question. I don't know that Director Gerke and I have ever done that comparison to say how many actually do that.

**GROENE:** Cross-reference names.

**CECELIA CARTER:** Right. Cross-reference names and see how many have actually done that. So that's a great question. I will tell-- and I also thank you for bringing that up, because something I've heard, which I have been trying very hard to clear up, is that there is a belief that even though we all keep saying two separate silos, two separate silos, there is a belief that, for instance, somebody would start in OPS, I'll say do 20 years, right? Have a career. And then leave and leave their moneys there and then go to Elkhorn, OK, and do 10 years there. And if it is under one administration, they're believing that they'll be able to take those last 10 years of salary and do-- and have their calculation done on the whole 30 years.

**GROENE:** Thirty years.

**CECELIA CARTER:** Right? And that's a big difference of 20 years, a 20-year check and a 10-year check. So I've been trying to clean that up. But there is still a large body that believes this is why this needs to be done, because they're going to be able to--

**GROENE:** Merge.

**CECELIA CARTER:** Right.

**KOLTERMAN:** But again, this is not a merger. Correct.

**CECELIA CARTER:** I know.

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**KOLTERMAN:** It's a management agreement. All right, any other questions?

**CECELIA CARTER:** And just one other comment, too. We, you know, we've talked about the budget, the budget, the budget, the savings cost. And before I left, I looked at my actual expenses, because there's a difference between budget and actual expenses. So actual expenses for 2020 is \$826,000 and change. I have not been assessed my allowable indirect costs yet. So I don't know how much that will be from OPS. But we have brought the expenses down tremendously.

**KOLTERMAN:** OK, thank you, Cecelia.

**CECELIA CARTER:** OK.

**KOLTERMAN:** OK, our next will be from Walta Sue Dodd, president of the OEA-Retired-- retirees. Welcome, Walta.

**WALTA SUE DODD:** Thank you. This is a little low. Good afternoon. My name is Walta Sue Dodd, W-a-l-t-a S-u-e D-o-d-d. I am an Omaha Public Schools retired educator and a member of the Class V school employees retirement system, OSERS. I also represent the Omaha Education Association-Retired as its president. I am here to testify against continuing the management transfer to the Nebraska employees-- or Public Employees Retirement System. OEA-Retired prepared a series of questions that our group board had about any potential, as we use, merger of OSERS with NPERS. You have a copy that you should have received, I just handed it out. You also have received our position statement from the OEA-Retired regarding the opposition to the merger. I would like to focus my live testimony on some aspects that really bothers our members. Any, and I will use it again, merger of retirement systems will require millions of dollars to implement. That is money that is more wisely used to help the funding of OSERS rather than paying to move the management of the retirement system to Lincoln. The Linea Solutions report on potential merger raised several issues regarding potential merger that were not addressed in the report, but which will require answers before a merger can go forward. Without detail on how a merger could go forward, including how much the, the cost-- it would cost and who would pay for those costs is not possible to make an objective decision regarding this combined merger with benefits of member-- of the memberships, the members system. In the final analysis, any changes in the retirement system should be for the betterment of the members and the beneficiaries of the plan. It appears at this point that the only interests of the Omaha school board are being addressed, not the interests of the members of the

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retirement plan. One very troubling aspect about this matter is that the process of advancing legislation on the merging retirement systems has not been transparent to the membership, nor have the motives of the school board been disclosed to members of the system. We know that the board wants to move operations of the retirement system to Lincoln, but we do not know why. And we found that out today. OPS has no role in administering OSERS. In fact, state law prohibits them from having a role in the plan administration. We cannot see how moving the plan administration to Lincoln does anything but help the-- do anything to help the plan, nor does it do anything to help OPS with their ARC. The only result of moving plan administration to Lincoln is to provide less service to the members of the plan in Omaha and make the service more difficult and inconvenient for plan members to access. And it appears that the move will also make the plan more expensive to administer, in our opinion. Merging OSERS and NPERS does nothing to help the members of the system. OSERS has worked well providing retirement benefits for OPS employees for more over-- over more than 100 years with just one office in Omaha. I suggest you follow the mantra of the home handyman when making repairs to household items: If it ain't broke, don't fix it. Thank you.

**KOLTERMAN:** Thank you. Walta, I appreciate you being here. Any questions?

**WALTA SUE DODD:** That's what I thought. No one wants to hear from retirees.

**KOLTERMAN:** Well, wait, wait, wait, wait, wait, wait. We're not done.

**WALTA SUE DODD:** Oh, you're not done.

**KOLTERMAN:** I'm not done. You said we don't want to hear from you. That's not accurate.

**WALTA SUE DODD:** OK. Good.

**KOLTERMAN:** But I have to dispute a couple of things. Number one, the plan is owned by the Omaha Public Schools.

**WALTA SUE DODD:** I thought they sponsored the plan. And we own--

**KOLTERMAN:** They own the plan. They're responsible for all the obligations of the plan. They make their, they make their payments, their actuarially required contribution payments based on actuarial studies that are done on an annual basis.

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**WALTA SUE DODD:** I understand that.

**KOLTERMAN:** And so that is why we put into statute that they had to make those on an ongoing basis. It's required for them to do so. Their actuary, they actually use the same actuary that we use as the State of Nebraska.

**WALTA SUE DODD:** I understand that.

**KOLTERMAN:** And I would say that for them, they, they put in last year 20-plus million dollars into the plan above and beyond what the educators--

**WALTA SUE DODD:** I understand that. I'm also on the BTC committee. I'm the representative for the retirees.

**KOLTERMAN:** I know that.

**WALTA SUE DODD:** So I've heard all of that.

**KOLTERMAN:** The other thing I want to make very clear, and you keep talking about a merger. This is not a merger. It's a, it's a management agreement.

**WALTA SUE DODD:** I understand that too.

**KOLTERMAN:** All right.

**WALTA SUE DODD:** But that's what was in my notes.

**KOLTERMAN:** I saw that. And you and I have had some candid discussions.

**WALTA SUE DODD:** Yes, we have. We agree to disagree.

**KOLTERMAN:** But it's very positive. At least we're still friends and talking, right?

**WALTA SUE DODD:** Right.

**KOLTERMAN:** So, anyway, I think you heard today the reason that they want to make the switch is they just want to be out of the retirement plan business like every other 260-some school districts in the state of Nebraska.

**WALTA SUE DODD:** And a lot of large corporations are doing the same thing.

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**KOLTERMAN:** Although they're not, they're not getting away from a defined benefit plan.

**WALTA SUE DODD:** Some of them are.

**KOLTERMAN:** None of our teachers are. With that, any other questions? Senator Groene.

**GROENE:** So the feedback from your members, what do they fear? Do they fear that somehow their benefits are going to be affected, that they will be lessened or if the state just manages sending out the checks and, and-- because they're not going to change the-- your benefits at all. We can't, or we won't. It's just, it's just looking for efficiencies so that your plan keeps more of the money in the plan. That's the way I see it is. But what--

**WALTA SUE DODD:** But why can't OSERS do that themselves? They've been doing it for the last few years, trying to lower the expenses of the plan so that the members can get more benefit. That's one of the reasons the BTC was set up, was to help get rid of the undefined benefits and to also to work on lowering the cost of OSERS. If they can do that in-house, why do we have to send everything down to Lincoln? Why do we have to spend this money out of our accounts that we can't afford to be taking out from members to put together this new plan where we have to buy software?

**GROENE:** But you also heard that the software is getting very old and antiquated.

**WALTA SUE DODD:** I understand that. And so the school district is going to have to purchase new software, whether we're there or not.

**GROENE:** But wouldn't you think they'd just add it to the bottom line of what they charge OSERS for managing their-- I would.

**WALTA SUE DODD:** Yes, they do. They, they in the past, they didn't charge us for rent for our offices, but they do now.

**GROENE:** But the software, wouldn't you imagine they would-- if they had to go buy new software, they would add that to the bill they send OSERS for managing their plan? I would.

**WALTA SUE DODD:** I'm not sure what they would do.

**GROENE:** I would think--

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**WALTA SUE DODD:** I'm concluding that, yes, they would, but I don't know that.

**GROENE:** Thank you.

**WALTA SUE DODD:** Um-hum.

**KOLTERMAN:** Thank you very much.

**WALTA SUE DODD:** You're welcome.

**KOLTERMAN:** Appreciate you coming down today.

**WALTA SUE DODD:** Yes. And at my age. [INAUDIBLE]

**KOLTERMAN:** I think you're pretty young for your age.

**WALTA SUE DODD:** Oh, yeah.

**KOLTERMAN:** OK, that concludes our order of testifiers for the day. I will read into the record letters that we've received. OK. Are there, is there anybody else that wants to testify today that I missed? OK, so for the record, we have letters from Robert Miller, president, OEA; Walta Sue Dodd, president, OEA-Retirees; Steve Owens, president of SEIU Local 226; Liz Rea; Denise A. Arnold; Jeanne Angus Pulver; Judith Maniscalco; Elizabeth Champion; Connie Hill; Mary Stiverson; Nancy Johnson; Marian Warden; Nick Stolzer; Connie Tippery; Karen Orians; Nancy Rampey-Biniamow; and Kenna-- or Jeanne Kalina. Those are all members of the plan that have written to us and asked that their correspondence be put into the record and we will do that. With that, we have the report. Now we'll have to see what goes from there. I appreciate everybody spending time today. It's been quite interesting. And by the way, this committee will look probably different next time we meet because, yeah, we've got-- we've got two people are going off that have been long time. So thank you very much.