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Nebraska Retirement Systems Committee February 20, 2026  
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**BALLARD:** Good afternoon and welcome to the Nebraska Retirement Systems Committee. My name is Senator Beau Ballard, and I represent the 21st Legislative District in northwest Lincoln, northern Lancaster County, and I serve as chair of this committee. We'll start off by having members of the committee introduce themselves, starting with Senator Juarez.

**JUAREZ:** Good afternoon, everyone. Margo Juarez, District 5, Omaha.

**SORRENTINO:** Good afternoon, Tony Sorrentino, Legislative District 39: Elkhorn and Waterloo.

**TREVOR FITZGERALD:** Trevor Fitzgerald, committee legal counsel.

**CLEMENTS:** Rob Clements: Elmwood, Cass County, eastern Lancaster, District 2.

**BALLARD:** Also assisting our committee is Connie Thomas, as committee clerk. And our committee page is Lexi from Pender, Nebraska, who is a senior at UNL studying agricultural communications. This afternoon, we'll be hearing two bills listed on the door out front. We'll be taking-- we'll be taking them in order of that list. On the table near the entrance, you will find green testifier sheets. If you're planning to testify today, please fill out and hand it to the page when you come up. This will keep an accurate record of the hearing. Please note that if you wish to have your position listed on the committee statement for a particular bill, you must testify in that position during the bill's hearing. If you do not wish to testify, but would like to record your position on the bill, please fill out the yellow sheet near the entrance. I'd also like to note that the Legislature's policy that all letters for the record must be received by online comment portal by the committee by 10:00 a.m. the day of the hearing. Any handouts submitted by testifiers will also be included as part of the record as exhibits. We'd ask that if you have any handouts that you please bring 12 copies and bring them to the page. If you need additional copies, the page can help you make more. Testimony for each bill will begin with the introducer's opening statement. After the opening statement, we'll hear from supporters of the bill, then those in opposition, followed by those speaking in a neutral capacity. The introducer of the bill will be then given an opportunity to make closing statements if they wish to do so. We ask that you begin your

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Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

testimony with your first and last name, and please spell it for the record. Because this committee meets over the lunch hour, we'll be using the three-minute light system. When the, when the-- you begin your testimony when the light on the table turns green. Yellow light is your one-minute warning. And when the red light comes off, we ask for your final thoughts. We remind everyone, including senators, please turn off or silence your phones. We'll begin this hearing with LB1103 and we'll welcome up Senator Bostar.

**BOSTAR:** Good afternoon, Chairman Ballard, members of the Retirement Committee. For the record, my name is Eliot Bostar, that's E-l-i-o-t B-o-s-t-a-r, representing Legislative District 29. Here today to introduce LB1103, legislation that makes two simple changes to the retirement benefits of the Nebraska State Patrol. These changes are simple adjustments that will increase retention of Nebraska State Patrol members and make certain that they are fairly compensated for a career keeping us all safe. The first change proposed in LB1103 is an increase to the mandatory retirement age for State Patrol members from 60 to 65. This change is straightforward and will allow some veteran members the option of serving until 65 in order to maximize their retirement, and will improve the retention of our most experienced troopers. This does not change the requirements that members cannot accrue more than 25 years of benefit service, it only allows more time for a member who joined the Nebraska State Patrol later in life the opportunity to reach the full 25 years. The analysis contained in the actuarial study conducted by CavMac Actuarial Consulting Services for the Nebraska Public Employees Retirement Systems earlier this year, and received just this week, states that they do not anticipate any material impact on the retirement system's funded status from this change. LB1103 also allows members hired on or after July 1, 2016 to participate in the deferred retirement option plan, DROP. Under the current statute, State Patrol members hired before July 1 2016 may elect to participate in the DROP program after they reach age 50 with 25 years of service. During this period, a member may continue to work for up to 5 years before they must terminate employment. The member's benefit is calculated as of the day they enter DROP, and the monthly payments are credited to an account which accumulates until the member exits DROP. At that time, the DROP account can be paid out as a lump sum, annuity, or rolled over into a retirement account. DROP participants do not receive cost-of-living adjustments, nor does the state make any contributions to the members retirement during the DROP

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Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

period. In the actuarial study I previously referenced, the, the analysts explained that overall the net impact of the system's funding status is expected to be immaterial due to this change. This is due to the fact that 100% of active members are assumed to retire once they reach age 50 and 25 years of service, which coincides with DROP eligibility. Therefore, there are no additional costs to the system if members who join the State Patrol after July 1st, 2016 enter DROP and commence benefit payments, as they are already currently expected to retire once they reached eligibility. Furthermore, by entering DROP rather than retiring, members actually become ineligible for the cost-of-living adjustments that they otherwise would have received. This would decrease the total benefit payouts owed from the system to members. Presumably, if the members had retired rather than entered DROP, then a new hire would have replaced them who would have receive the cost-of-living adjustment benefits. Reaching sufficient staffing levels has become increasingly difficult in recent years for our police departments. Since 2022, there has never been fewer than 50 vacancies in an authorized strength of 482 in the Nebraska State Patrol. Nebraska is struggling to maintain our State Patrol workforce, and we must continue to look for new ways to recruit and, more importantly, retain the troopers already serving the state of Nebraska. Fair and robust retirement benefits are a clear step towards veteran trooper retention. LB1103 is a simple and effective measure that does not meaningfully impact state coffers or the financial health of the Nebraska Public Employees Retirement System's funding status. I encourage you to support LB1103 and I thank you for your time and attention. Happy to answer any initial questions.

**BALLARD:** Thank you, Senator Bostar. Are there any questions? Seeing none, first proponent for LB1103. Good afternoon.

**LUCAS BOLTON:** Good afternoon. Good afternoon, Chairperson Ballard and members of the Retirement Systems Committee. My name is Lucas Bolton, L-u-c-a-s B-o-l-t-o-n, I'm a criminal investigator with the State Patrol, where I've served nearly 10 years. I'm here today on behalf of the State Troopers Association of Nebraska to testify in support of LB1103. First, thank you to Senator Bostar for partnering with us and introducing this bill. LB1103 addresses two issues that matter directly to recruitment, retention and public safety. The first is restoring DROP for tier 2 members hired after July 1st of 2016. DROP is a proven retention tool because it gives experienced troopers a real incentive to stay several years past their initial retirement

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

eligibility. Since 2016, roughly 210 troopers have graduated who are currently ineligible for DROP. With staffing around 423 troopers, that means nearly half of the workforce does not have access to this key retirement-- or retention benefit. I am one of those tier 2 troopers. In my first decade, the Patrol has invested significant resources in developing my skills. I've become an accident reconstructionist, a defensive tactics instructor, a firearm instructor, and a polygraph examiner. I've also served as a criminal investigator and have worked complex, high-stakes cases including officer-involved shootings and major investigations involving grand juries and the Attorney General's Office. I'm not sharing that to brag, I'm sharing it to make the point. Nebraska has already paid to recruit, hire, train, and develop this talent. And there are many tier 2 troopers across the state with specialized skills just like mine. Without DROP, I've heard from many of my colleagues that they don't plan to stay much past the age of 50 because tier 2 simply doesn't have the same incentives as tier 1 had. Restoring DROP helps the State Patrol retain the quality people it has already invested in, rather than losing them right when they're the most valuable to the agency and to the state. The second major provision in LB1103 raises the mandatory retirement age from 60 to 65. This doesn't force anyone to work longer, but it gives troopers the choice of continuing to serve if they are still capable in meeting the standards. It also helps address one of the biggest concerns we hear from our troopers across the state: the gap between retirement and Medicare eligibility. Right now, troopers can be forced out at 60 and then have to bridge at least five years of the health coverage. Raising the mandatory age provides flexibility and stability for troops-- troopers and their family. It also benefits the agency operationally. We don't have a mandatory starting age, and we often recruit strong candidates who begin their Patrol career later in life, many with prior military experience. Under the current system, starting later can make it difficult to compete-- complete 25 years of service and maximize the retirement benefits. This bill helps keep experienced troopers in place longer, strengthens supervision and mentorship and improves, and improves continuity. This helps with recruiting efforts by supplementing the current attrition rate while continuing to build back up to our authorized strength of 482 troopers. In a tough budget year, LB1103 is a smart, retention-focused approach. It keeps trained, experienced troopers on the job longer and helps stabilize staffing all while having immaterial costs, according to the actuarial study. More troopers retained means better coverage,

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

better service, and a safer Nebraska. For those reasons, STAN respectfully urges you to advance LB1103. I thank you for your time, and I'm happy to answer any questions you may have.

**BALLARD:** Thank you, Mr. Bolton. Are there any questions? I did have one. So the-- so from 60 to 65, so you've mentioned some of the requirements to meeting standards. What are those requirements?

**LUCAS BOLTON:** I mean, it's the same that you have to be able to continue to do the job. It's the same standard as-- because there's people that have to medically retire, because this is a very tough career on a lot of people. People take different paths. You know, some people have a lot rougher go. You know, they're involved in a lot of different incidences. So there's the certain just basic standard that, that we have, just that you need to be able to do this job and keep up with the demands of it. So it's just the same that-- we'd have the same expectations of any other trooper at any age bracket, regardless of, you know, where they stand.

**BALLARD:** OK, thank you. Any additional questions? Seeing none. Thank you for your testimony.

**LUCAS BOLTON:** Thank you.

**BALLARD:** Next proponent for LB1103. Good afternoon.

**JAMES ESTWICK:** Good afternoon, sir. Good afternoon, Chairperson Ballard and members of the Retirement Systems Committee. My name is James Estwick, J-a-m-e-s E-s-t-w-i-c-k. Today I'm here on the behalf of the State Troopers Association of Nebraska to testify in support of LB1103, specifically the provision that raises mandatory retirement age for troopers from age 60 to 65. I was hired on the Patrol in 1999 at the age of 31. I am currently 58 years old. I've spent my adult life serving the people of Nebraska through the State Patrol. Throughout my career, I've worked a wide range of assignments on the road, on the Governor's executive protection detail, as an investigator, and as a firearms instructor. I also served as, as the statewide coordinator for the crisis negotiation team for the State Patrol. Those roles aren't just resume highlights, they reflect the kind of hard-earned experience and judgment you only build through years on the job. Today, I'm a sergeant, and I supervise a range of troopers from seasoned veterans to new ones. The experienced troop--

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

troopers brings to the stability, but the younger troopers are still developing judgment that only comes with time on the job. In law enforcement, that judgment is everything. My role is to use what I've learned over the years to coach, mentor, and develop those younger troopers to become troopers-- to develop those younger troopers. Because you can teach policy and tactics in the classroom, but you can only build sound decision-making through real-life experience in the guided reputation-- I'm sorry, guided repetition. That's why the mandatory retirement age for LB1103 doesn't-- that doesn't force anyone to work longer, simply gives troopers a choice to continue serving if they are still physically able, mentally sharp and meeting the standard. And I am. I'm healthy, fully committed, and I want to keep working, not just for paycheck, but because I know the value that I bring to the agency and the knowledge and experience that I, I can pass on. If I'm forced out at age 60, the Patrol will lose more than a body and a uniform. It loses leadership, mentorship, and the kind of real-world knowledge that keeps young troopers safe and makes them better at serving the public. Raising the mandatory retirement age to 65 helps the agency keep experienced troopers in place long enough to guide, train, and develop the next generation. It keeps capable people in the workforce while recruit-- and build the numbers back up to the authorized string. LB1103 is a practical, responsible retention tool that strengthens the State Patrol and enhances public safety. I respectfully ask you to advance the bill. Thank you, and I'll be happy to answer any questions.

**BALLARD:** Thank you, Sergeant. Are there any questions? Seeing none, let you off easy.

**JAMES ESTWICK:** And just real quick, when, when you asked him about standards. When, when we talk about standards, we talk about the things that we do on a, on a regular basis, like our end service, range training, defensive tactics, those things of that nature. If people-- if, if we can stay up to standard on those things, then that, that's what keeps us going in the job.

**BALLARD:** Perfect. And I did have one question.

**JAMES ESTWICK:** Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

**BALLARD:** The previous testifier talked about 25 years to maximize your retirement benefits. I see you joined a little bit later in life.

**JAMES ESTWICK:** Yes, sir.

**BALLARD:** Can you tell me if, is that a real con-- that's a real-life consideration for people in that 35, 36 age range?

**JAMES ESTWICK:** Yes, sir, it is. Yes, sir.

**BALLARD:** OK, thank you so much. Any additional questions?

**JAMES ESTWICK:** Thank you. Yes, sir?

**BALLARD:** Senator.

**HARDIN:** How many troopers are we short right now?

**JAMES ESTWICK:** I want to say 50 or 60.

**HARDIN:** OK.

**JAMES ESTWICK:** That number might be a about right

**HARDIN:** OK, thank you.

**JAMES ESTWICK:** You bet ya, sir.

**BALLARD:** Thank you, Senator Hardin. Seeing, seeing no additional questions, thank you for your testimony.

**JAMES ESTWICK:** Thank you.

**BALLARD:** Additional proponents for LB1103. Good afternoon.

**FREDERIC STORM:** Morning. Thank you for allowing me to testify. I'm gonna go without notes. My name is Frederic Storm, F-r-e-d-e-r-i-c S-t-o-r-m. I'm a retired trooper from the Nebraska State Patrol, and I currently work down here as a Sergeant at Arms. What I want to do is tell you about my career with the State Patrol and how DROP affected it, and the retirement age. I joined the State Patrol after 10 years, active duty military. OK? When I came in in '94, I came in as a carrier enforcement officer, so we did not contribute to the retirement system. So the first three years of my career basically

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

accomplished nothing towards retirement. After three years, I transferred into the traffic division, and that is where I served the next 27 years. OK, having started later in life, this bill would have had a positive effect on me as far as having a more comfortable retirement. But I have no complaints because I've been well-treated by the State Patrol and I left a happy person. Some of the things that I can point out to you are that when they took away DROP, that took away an incentive for people to do what I was invited to do when I first hired on, which was become a career employee. Because having seen what DROP is and not understanding it when I first came on, I was very happy that it was in place when I retired. Because when I reached age 58, I was able to enter DROP. So basically what was happening was it doubled my paycheck every month, so that half of my check was going into a retirement fund, which would help me once I've retired in basically doing whatever I want to do and live a better life, as well as collecting my retirement. Because I retired at age 60, I don't have to worry about healthcare like other troopers were. As I looked at the paperwork, it was going to cost \$2,000 a month for healthcare coverage for me and my wife, if I went through the state program. Because I am able to go through, my wife being in Medicare and myself being retired military, I was able to, you know, our cost is a fraction of that, it's about \$250. OK? Because I only got two years of DROP, because I had to retire at age 60, that's where I had to leave. And I left a happy person. I was-- I had no complaints, and it was time for me to move on. And working down here is a good follow-up to that. I don't do this for the money, I do it for the enjoyment. So I've told troopers that are coming up behind me that were affected by the loss of DROP, hey, put all the pressure you can on STAN to bring that back, because it will make a difference when you get to retirement. Because just that money right there, if you've got to pay that \$2,000 a month towards your retirement or towards your healthcare, that's where you can take it out of. But if they were allowed to go to 65, then they would be able to go into Medicare, OK? Again, if they are able to maintain all the standards. I'll entertain any questions that you may have.

**BALLARD:** Thank you for your testimony. Are there any questions? Seeing none, thank you for your service.

**FREDERIC STORM:** Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

**BALLARD:** I appreciate it. Additional proponents for LB1103. Seeing none, anyone in the opposition? Seeing none, anyone in a neutral capacity? Seeing none, Senator-- as Senator Bostar comes up, we had no ADA testimony, 4 proponents, zero opponents, and zero in the neutral.

**BOSTAR:** Thank you, Chair Ballard and members of the committee. This is, this is a really pretty straightforward bill. It's a win-win. This doesn't create any cost to the state or negative impacts to the retirement plan at all. So I would certainly ask for your favorable support for it. I believe the Patrol is currently has 54 vacancies, to answer Senator Hardin's question. And then I've gotten some questions about going from 60 to 65, but to put a little bit of context around that, currently, currently the mandatory retirement age for commercial airline pilots is 65 years old. And so we are, we're in an environment right now where we don't trust an individual to be a, a State Patrol officer in Nebraska, but we would be fine with them flying hundreds of people, you know, across the Pacific Ocean. So I think this is reasonable. Honestly, I'm not sure mandatory retirement ages make a lot of sense in this kind of field to begin with. But, you know, this is meant to be a really kind of easy bill. So we're just going up to five years, matching what other professions sort of do, and I, I would ask for the committee's support.

**BALLARD:** Thank you, Senator Bostar. Any questions? Seeing none, thank you. Appreciate it.

**BOSTAR:** Thank you very much.

**BALLARD:** That will close our hearing on LB1103, and we'll open up our hearing on LB1101. Senator Sorrentino.

**SORRENTINO:** Welcome, Senator Ballard, from that long walk. You are welcome to open on LB1101.

**BALLARD:** Thank you, Vice Chairman Sorrentino and members of the Retirement Systems Committee. My name is Beau Ballard. For the record, that is B-e-a-u B-a-l-l-a-r-d, and I represent the 21st Legislative District in northwest Lincoln, northern Lancaster County, and I'm here today to introduce LB1101. In 2017, the Legislature passed LB17, which for the first time created state contributions to the judges retirement plan. The state contribution was initially set at 5% of the total annual compensation of all members of the retirement system.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

LB17 also created a process by which the state contribution would regularly be reviewed by plan actuaries and adjusted for future-- for the future based on the funding ratio of the plan's assets. LB1101 is a bill that was origin-- originally introduced by the Retirement Systems Committee to comply with that statutory process of adjusting the state contributions rate to the judges retirement plan. As the committee members recall, in November we were notified by the Nebraska Public Employees Retirement System that the plan's annual actuarial valuation report included a recommendation from the actuary to adjust the state contributions rate from 5% to 4% beginning July 1st, 2026. Since the bill was introduced, my office has been participating in discussions between the Nebraska District-- District Court Judge Association, the Nebraska County Judge Association and the Governor's Office regarding potential changes to the judges retirement plan. Beyond those proposed in the green copy of LB1101. As part of those discussions, I introduced L-- AM1978 with the purpose of having various provisions contained in the amendment scored by the actuaries. The primary change in AM1978 is a further reduction of the state contributions rate, eliminating the state contributions-- eliminating instead of the 5% to 4%. As introduced, LB1101 would result in a General Fund savings of us over \$300,000 by reducing the contribution from 5% to 4%. However, eliminating the contribution entirely as provided in the amendment would result in a General Fund savings of about \$1.5 million. Importantly, AM1978 leaves a current statutory mechanism for regular review of the state contributions rate based on the funding status of the plan. Should the plan drop below the 100% funded two years in a row, the plan acturates would review the plan and make recommendations to the Legislature on whether to reinstate the contribution at that time. This is slightly different than the changes that we made in the school plan last year, which instead provides an automatic change in the contribution rate based on the funding status of the plan in the prior year's actuarial study. Similar to the actions with the school's plan last year, AM 1978 would consider reducing the employee contribution along with the reduction in state contribution rate. At the request of judges organizations, the amendment includes two different potential reductions to the employee judge contribution rates. First, the amendment reduces the contribution rate for all judges from 10% of compensation to 9% of compensation. Second, the amendment further reduces the contribution rate from 5% of those judges who reached 20 years of service credit. Both provisions would go into effect on July 1st, 2026 and would

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

revert the contribution rate under the judges retirement plan to the rate as they exist prior to the legislative changes made in 2015. Finally, AM1978 would increase the maximum cost-of-living adjustment for judges who become-- became plan members after July 1st, 2015 from 1% to 2.5%. Similar, this prov-- provision would revert the maximum COLA to the maximum rate as it exists prior to legislative changes made in 2015. Effectively by reverting the contribution rates and the maximum COLA to 2015 levels, the amendment would eliminate the second tier within the plan so that all judges are equal footing. This, this would-- this change would make the administration plan easier on NPERS. As committee members are aware, the actuarial study for AM1978 was only received on Tuesday, so interested parties have had-- not had the opportunity to meet since receiving the results. There's a lot going on in the study. The main takeaway in which the judges plan is, is in solid financial position, and we are currently overfunding the plan. At the request of my office, the actuarial study took a look at each proposal-- each proposed changes in the amendment separately, as well as the amendment as a whole. If you look at page 7 of the study, you'll see that even if AM1978 was adopted in its entirety, the judges plan was still projected to reach 112% funded ratio by 2046. Importantly that if the Legislature fails to take any action beyond reducing the state contribution from 5% to 4%-- we've provided a green copy-- the judges plan is on track to reach 127% funded by 2046. I think it's also important to note that the reason the amendment will have minimal impact on the funded plan is that roughly 90% of current plan members are cons-- considered tier 1 members. So the change to both the contribution rate and the COLA will actually impact roughly 10% of the plan's members. The stakeholder conversation with judges have been highly productive in nature, and I anticipate more beneficial agreements and conversations we have in the future. With that, I'd be happy to answer any questions.

**SORRENTINO:** Are there any questions from committee for Senator Ballard? Yes, Senator Juarez.

**JUAREZ:** Thank you. I just have one question to make sure I understood what I was reading. So at the least we're going to be seeing how the plan works for two years before we have to have the actuary do another study again?

**BALLARD:** Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

**JUAREZ:** Is that right?

**BALLARD:** So if the plan drops below 100% funded, which we're at 105%, 105% funded right now. So if it drops below the 100% funded, the actuaries will come in and ask the Legislature to either adjust or move state contributions.

**JUAREZ:** OK, thank you.

**BALLARD:** Yes.

**SORRENTINO:** Yes, Senator Clements.

**CLEMENTS:** Thank you, Senator. Senator Ballard, I heard you talking about 2.5% COLA. What group would receive that?

**BALLARD:** The tier 2 group. So if those judges that were appointed after 2015 are at that 1%, so they would just match the pre-2015 judges.

**CLEMENTS:** And the tier 1 are already--

**BALLARD:** Already at 2.5.

**CLEMENTS:** --at 2.5.

**BALLARD:** Yes.

**CLEMENTS:** And what's the percentage of tier 1 and tier 2?

**BALLARD:** Roughly, I'll get you the numbers, it's about 90% in tier 1 and about 10% in tier 2. But I can get you exact numbers.

**CLEMENTS:** That's close enough.

**BALLARD:** OK.

**SORRENTINO:** Any further questions from the committee? I have one. In the technical comments regarding AM1978, it, it states that the state contribution rate would drop from 5% to 4% immediately. But then page 4 of the actuary report would lead me to believe the rate drops by 1% each year, down to 0. But then there's a graph. I think the graph is correct, that we're going from 5% to 0 immediately, correct?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

**BALLARD:** Correct.

**SORRENTINO:** OK.

**BALLARD:** Yes.

**SORRENTINO:** This one. [INAUDIBLE].

**BALLARD:** Yes, and so the-- yes. So on page 4, the first paragraph is the important-- that's what the amendment is addressing. But if we did nothing, I believe the actuary is saying they're going to come back year after year and ask for a reduction in state contributions.

**SORRENTINO:** OK. Because it would fund at something like 128% or something?

**BALLARD:** Yes.

**SORRENTINO:** Thank you.

**BALLARD:** Thank you.

**SORRENTINO:** Any further questions of Senator Ballard? Seeing none, thank you. Will you stay to--

**BALLARD:** I'll be here. I appreciate it.

**SORRENTINO:** All right. I assume we probably have some who are testifying as a proponent of an LB1101. Good afternoon.

**KENNY ZOELLER:** Good afternoon, Senator Sorrentino and members of the Retirement Systems Committee. My name is Kenny Zoeller, that is spelled K-e-n-n-y Z-o-e-l-l-e-r. I serve as Governor Pillen's director of his policy research office. I'm here today to testify in support of LB1101 along with strong support of LB1978 [SIC]. I don't have any prepared remarks, but I'll be quick. Just wanted to highlight a couple of items in interest of the speed over lunch hour. It's important to remember that the judges retirement plan has been fully funded over 100% since the July 1, 2021 actuarial study, when it first did 100.71%. So that provides a tremendous opportunity for this committee, for the Legislature, since we have seen constant growth within the actuarial, actuarially funded portion of the plan to provide savings not only to the taxpayer, but also take a look at additional savings to plan members or potential benefit enhancements. So with that being

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

said, that's the only thing I wanted to, to add on top of Senator Ballard's testimony and just reiterate that the Governor is in strong support of LB1101, along with AM1978. So I'd be happy to answer any questions you might have.

**SORRENTINO:** Thank you. Are there questions from the committee of Mr. Zoeller? Seeing none, thank you.

**KENNY ZOELLER:** Awesome, thank you.

**SORRENTINO:** May we have the next proponent, please? Seeing none, is there anyone who wishes to testify as an opponent? Do we have anyone who wishes to testify in a neutral capacity?

**SUSAN STRONG:** Good afternoon, Chairman Ballard, as well as the Retirement Committee. My name is Susan Strong, that's S-u-s-a-n S-t-r-o-n-g. I'm a district court judge here in Lancaster County, and today I'm here on behalf of the Nebraska District Court Judges Association. First, I would like to thank Senator Ballard for introducing AM1978. I also want to thank the senator-- Mr. Zoeller and their staff for including this amendment in the actuarial, actuarial cost study, as well as hosting a Zoom call that we had a couple of weeks ago for the judges to help them better understand the proposal. I will keep my comments brief. In addition to reducing the state's contribution, AM1978 will return the judicial retirement system to a system that treats all judges appointed after 2004 equally, and the actuarial study shows that removing the differential treatment will not risk the health of the fund. Today, the funded ratio is 105%, as has been previously stated. With these changes, the funding ratio in 2045 is expected to be 112%. So thank you again for working with us on this legislation and for giving me the opportunity to appear here today.

**SORRENTINO:** Thank you. Are there questions from the committee of Judge Strong? Seeing none, thank you. Is there anyone else who would like to testify in a neutral capacity?

**THOMAS ZIMMERMAN:** Good afternoon, Senator Sorrentino, members of the committee. My name is Thomas Zimmerman, T-h-o-m-a-s Z-i-m-m-e-r-m-a-n, and I am a county court judge of Lancaster County, and am here today on behalf of the Nebraska County Judges Association. I am as well, coincidentally, the judicial representative on the Public Employees

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

Retirement Board, although I'm close to the end of my tenure in that position. I'm not here in that capacity. Although I might just say as an aside on behalf of that board, I do appreciate the work of this committee very much, as well as legal counsel who attends all of our meetings. I wish to echo Judge Strong's comments to the board. I also wish to be very brief in my comments. I want to thank Senator Ballard for introducing AM19-- this legislation as well as AM1978, and senator, and the senator-- and Mr. Zoeller and his staff for the money-saving decision to include this amendment in the actuarial cost study. It's our association's belief that this legislation, particularly the amendment, does put the judges appointed after 2015 in the same position as those who were appointed between 2004 and 2015, and even when coupled with the principal legislation, will not risk the health of the plan. We appreciate the Retirement Committee's willingness to work on this legislation and work with the associations. And I thank you for the opportunity to appear here today.

**SORRENTINO:** Thank you. Are there questions from the committee of Judge Zimmerman? Seeing none, thank you.

**THOMAS ZIMMERMAN:** Appreciate it.

**SORRENTINO:** Are there others who would like to testify in a neutral capacity?

**ERIC ASBOE:** Well, I'm going to say good midday, Senator Sorrentino--

**SORRENTINO:** Good afternoon.

**ERIC ASBOE:** --members of the Nebraska Retirement Systems Committee. My name is Eric Asboe, it's spelled E-r-i-c A-s-b-o-e, I'm the administrative fiscal analyst for the judicial branch, and I'm testifying in a neutral capacity both on the bill and the amendment. The interests of the judicial branch are two-fold, the long-term health and sustainability of the judges retirement plan, and two, recruitment and retention of judges. And you've heard that theme also in the previous bill. Those two factors inform our testimony regarding the items before you today, namely the change in the contribution rate, currently 5-- 5%, and proposed benefit changes in AM1978. Regarding the state General Fund contribution rate, it is the position of the judicial branch that any reduction in the rate should be

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Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

incremental, guided by the actuaries that have the best information and expertise on the factors that influence the plan both now and more importantly in the future. And as you know, based on the July 1st, 2025 actuarial valuation results presented to the Public Employees Retirement Board in November, the contribution is projected to go to zero in 2029 to be paid in 2030. And this is, as you also know, retirement systems work best when there is certainty and a reasonable level of trust-- or excuse me, of risk. Both goals are achieved through an incremental approach. Regarding the proposed changes in benefits, it's the position of the judicial branch that any enhancement in benefits will also improve efforts to recruit lawyers to apply to become judges and to retain seasoned judges on the bench. As the Chief Justice has stated on numerous occasions, the challenges in filling judicial vacancies are increasing. The judges retirement plan is clearly a factor in a lawyer's decision to place their name before a judicial nominating commission. However, it is understood that benefit changes must be balanced with, again, the retirement plan's ability to sustain those changes long-term. So to conclude, we should be proud that the judges retirement plan has been one of the best-funded plans administered by the state of Nebraska. Not every state can say that. It should also be noted that the judges retirement plan has not always been 100% funded. However, a retirement plan that is increasingly overfunded is also not the goal. Therefore, it's the judicial branch's request that the committee make its final decisions on this bill and the amendment based on incremental and balanced approach, which benefits both the state and the judges, similar to the decisions the Legislature made on the same topic for the public schools retirement program. Happy to answer any questions.

**SORRENTINO:** Thank you. Are there questions from the committee of Mr. Asboe?

**JUAREZ:** I have one.

**SORRENTINO:** Senator Juarez.

**JUAREZ:** So I wondered for the judges, is there a certain age that they do have to retire?

**ERIC ASBOE:** No.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

**JUAREZ:** They could stay as long as they want to. And the judges who are in this plan, they're not getting Social Security benefits when they retire, they're just getting a state benefit? Or do they get both?

**ERIC ASBOE:** Both.

**JUAREZ:** So when they get Social Security, since they would get Medicare, that part makes sense. Is there an offset to their benefit?

**ERIC ASBOE:** No, no.

**JUAREZ:** OK, thank you.

**SORRENTINO:** Further questions? Senator Hardin.

**HARDIN:** Your point that this is rarer, maybe only seven other states can say that they have a fully funded retirement situation for their judges, would you agree?

**ERIC ASBOE:** Yes.

**HARDIN:** OK, thank you.

**SORRENTINO:** Further questions of Mr. Asboe? Seeing none, thank you for your testimony. Are there additional testifiers in a neutral capacity? Seeing none, Senator Ballard, you are free to close. In the meantime, we had no ADA accommodation testimony and no written position comments. Senator Ballard.

**BALLARD:** Thank you, Vice Chair. I'll-- again, I will be brief. I just want to thank all the testifiers. Judges are true public servants, a lot of them take major pay cuts to join the bench, and so I appreciate their, their service to the state and their, their willingness to have conversations regarding the retirement plan. I do want to-- it was, it was miss-- I did want to note that there is, the plan the actuarial does take into account the stair-stepping of the rate of return, the stair-stepping down that the NPERS passed last-- ran last year from 7 to 6.75 And so even with that stair-step in returns, which we've seen an increased market return above that 6.75, this plan is still very well funded. With that, I'd be happy to take any final questions.

**SORRENTINO:** Questions of Senator Ballard? Yes, Senator Clements.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Nebraska Retirement Systems Committee February 20, 2026  
Rough Draft

**CLEMENTS:** Thank you, Senator. Senator Ballard, on page 4, talks about the state contribution rate, 4%, decreasing 1% each year. It's, it's not going to zero immediately. It's going to be over a four-year period.

**BALLARD:** Yes, so, so thank you for that question.

**CLEMENTS:** Isn't that what the bill has in it?

**BALLARD:** No, that's-- so the, the important paragraph is up above that paragraph, that says we are going to be-- the value is, the contribution is going to be eliminated by 20-- by July 1st, 2026. But the second paragraph is important, that if we did nothing, the actuary is going to come back year after year and say we should take it down 1% until 2030.

**CLEMENTS:** So the-- but the graph has which scenario?

**BALLARD:** The paragraph has the first scenario, the top paragraph.

**CLEMENTS:** Is it limited-- to go to zero--

**BALLARD:** Correct.

**CLEMENTS:** --July 1 of '26?

**BALLARD:** Correct.

**CLEMENTS:** OK, thank you.

**BALLARD:** Yes.

**SORRENTINO:** Any further questions for Senator Ballard? If not, that concludes our hearing on LB1101 and our hearings for the day. Thank you.