

SENATOR NEWELL: No, no state contribution and no school board contribution. This is being paid out of the significant increases in interest rates that they have been able to accumulate over the last ten, fifteen years.

SENATOR H. PETERSON: Well my concern is, I learned yesterday for the first time and I don't think many senators on this floor know this, that we have \$32 million of unfunded responsibility in retirement in this state. We talk about unfunded responsibility for cities and counties and so forth, but it just seems to me we want to be sure we are not obligating ourselves for additional funds that we may be called upon.

SENATOR NEWELL: In this case we are not, and the fact of the matter is, is that Omaha established its retirement system separate of the state's system long ago and it is not only separate, but in very good shape actuarially.

SENATOR CLARK: Senator Fowler.

SENATOR FOWLER: I was just going to make I guess the same point Senator Newell did. The one factor to consider on this is that it is a one-time adjustment and the cost declines as mortality takes its toll. It is on those already retired, people that then will be retiring after this date have a substantially higher benefit than those that are already retired, so there is no cost for those that will retire in future years. It is a one-time adjustment. As mortality takes its toll the impact on the retirement system of the Omaha school system declines and, therefore, the interest rate assumptions that are made here, because these are long-term investments, they can make a projection that they will have a certain stability in their interest rates. There would not be a dramatic drop and certainly that the impact of change in the interest rates will probably take effect slower than the impact of the mortality rate on those already retired. So when the actuaries for the Omaha school system assessed that this can be done at no additional expense to the Omaha school district they can do it with a certainty because it is only a one-time adjustment and because those that are receiving the benefit, most of whom will be dead in about ten years.

SENATOR CLARK: Senator Higgins.

SENATOR HIGGINS: Mr. President, I would urge the doctor on duty to pay close attention because there may be a few heart attacks when I rise to support Senator Newell's bill. I understand that what we are talking about is an increase for the people who retired many years ago, the elderly, is going