

ONE HUNDRED FIFTH LEGISLATURE - SECOND SESSION - 2018
COMMITTEE STATEMENT
LB1005

Hearing Date: Friday February 02, 2018
Committee On: Nebraska Retirement Systems
Introducer: Kolterman
One Liner: Change county and school retirement provisions

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 6 Senators Bolz, Groene, Kolowski, Kolterman, Lindstrom, Stinner
Nay:
Absent:
Present Not Voting:

Verbal Testimony:

Proponents:
SENATOR MARK KOLTERMAN
ORRON HILL

BETH BAZYN FERRELL
JASON HAYES

Opponents:
TYLER TOLINE

Neutral:

Representing:
INTRODUCER
NEBRASKA PUBLIC EMPLOYEES RETIREMENT
BOARD AND NEBRASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEMS
NEBRASKA ASSOCIATION OF COUNTY OFFICIALS
NSEA

Representing:
SAUNDERS MEDICAL CENTER

Representing:

Summary of purpose and/or changes:
Summary of LB 1005 as Introduced

LB 1005 grants the Public Employees Retirement Board (PERB) and the Nebraska Public Employees Retirement System (NPERS) the authority to act if an employer in the County or School Plan makes a business decision to withdraw from the plan in whole or in part. The PERB and NPERS are granted authority that:

1. Allows the PERB to determine employer and employee eligibility to participate in the retirement systems;
2. Allows employers to request an actuarial study that calculates what the employer needs to pay to fund the retirement benefits for plan members affected by the employer's business transactions;
3. Provides direction on how the actuarial study calculates the employer's liability to fund the retirement benefits for affected plan members; and
4. Outlines how the employer will pay for the actuarial study and the amount necessary to fund the retirement benefits for affected plan members.

Affected employees who are terminated from the Plan will be considered fully vested and within ninety days of the entity's withdrawal or determination of ineligibility, the affected members will be considered inactive. On or after January 1, 2019, no county hospital facility established under 23-3501 could elect or discontinue participation in the retirement system.

Explanation of amendments:

LB 1005 as amended by Committee Amendment AM2204

Under Committee AM2204, a county hospital facility established under 23-3501 is required to elect to participate in the retirement system within one year from the effective date of the act - July 19, 2019, or within one year of the date the facility is established, whichever is later. Text is also streamlined to eliminate repetition. The effective date of these provisions is 90 days following adjournment.

BILLS INCORPORATED INTO COMMITTEE AM2204

LB 698 - Hearing January 19, 2018

Proponent: Randy Gerke, Director Nebraska Public Employees Retirement System

Opponents: None

Neutral: None

Under LB 698 the promulgation of rules and regulations is made permissive in each of the plans administered by the Public Employees Retirement Board which includes the County, Judges, State Patrol, School and State plans. The effective date of these provisions is 90 days following adjournment.

LB 699 - Hearing January 19, 2018

Proponent: Randy Gerke, Director Nebraska Public Employees Retirement System

Opponents: None

Neutral: None

LB 699 was introduced at the request of the Public Employees Retirement Board. The bill inserts language inadvertently left out of LB 415 last session. In order to harmonize the definitions in each of the plans, language is added to the definitions of "actuarial equivalent" in the Nebraska State Patrol, the School Employees, and the State Employees Retirement Acts. The emergency clause is attached to these provisions.

LB 700 - Hearing January 26, 2018

Proponents: Joel Pedersen, University of Nebraska

Michael Walden-Newman, State Investment Officer

Opponents: None

Neutral: None

LB 700 removes the obligation of the State Investment Officer and the Nebraska Investment Council to invest the funds in the University Trust Fund. The Fund is overseen and managed by the University of Nebraska and does not contain tax dollars. The effective date of these provisions is 90 days following adjournment.

AM1758 (as amended) to LB 548 - Hearing February 14, 2018

Proponents: Jason Hayes, Nebraska State Education Association

Cecelia Carter, Omaha School Employees Retirement System

Cheryl Richardson, Omaha Education Association - Retired (letter for the record)

Opponents: David Kramer, Omaha Public Schools

Neutral: None

LB 548 was introduced by Senator Lindstrom in 2017 to consolidate the Class V School Employees Retirement System

and the School Employees Retirement System beginning July 1, 2020. The bill was held in Committee and various funding options were discussed throughout the interim to address Omaha Public School's liability for the 30-year projected actuarially required contributions (ARCs).

This session Senator Kolterman filed AM1758 to LB 548. AM1758 strikes the original sections in LB 548 and amends definitions in the Class V School Employees Retirement Act to reflect the new actuarial assumptions from the 2017 Omaha School Employees Retirement System Experience Study regarding mortality tables and interest rates.

Under AM 1758 members hired or rehired prior to the July 1, 2018 will continue to have retirement benefits calculated based on the 1994 mortality table and an interest rate of 8%. All plan members hired or rehired on or after July 1, 2018 will have retirement benefits calculated using the mortality table, interest rate and actuarial factors in effect on the member's retirement date as recommended by the actuary and approved by the board of trustees. The interest rate may be, but is not required to be the assumed rate of return.

AM1758 also inserts a new definition of solvency as the actuarially required contribution (ARC) amount as annotated in each annual valuation report. It requires the school district to deposit the annual ARC into the retirement fund by August 31, which is the last day of the school fiscal year. AM1758 as introduced directs the Nebraska Department of Education to withhold state aid until the Department has been notified that the school district has paid its annual ARC in full.

AM1758 as amended by Committee AM2204

The language directing the Nebraska Department of Education to withhold state aid if the ARC is not paid has been deleted. The emergency clause is attached to these provisions.

Mark Kolterman, Chairperson