

AMENDMENTS TO LB145

Introduced by Kolterman, 24.

1 1. Strike the original sections and insert the following new
2 sections:

3 Section 1. Section 79-978.01, Revised Statutes Cumulative
4 Supplement, 2020, is amended to read:

5 79-978.01 Sections 79-978 to 79-9,123 and section 3 of this act
6 shall be known and may be cited as the Class V School Employees
7 Retirement Act.

8 Sec. 2. Section 79-987, Revised Statutes Cumulative Supplement,
9 2020, is amended to read:

10 79-987 (1) Beginning January 1, 2022, it shall be the duty of the
11 Auditor of Public Accounts to make an annual audit of the condition of
12 the retirement system. The auditor shall report such audit electronically
13 no later than each XXXX to the board of trustees, the Nebraska Retirement
14 Systems Committee of the Legislature, and the Clerk of the Legislature
15 until January 1, 2025. Beginning January 1, 2025, the auditor shall
16 report such audit electronically no later than each XXXX to the Public
17 Employees Retirement Board and the Clerk of the Legislature. The cost of
18 the annual audits shall be paid from funds of the retirement system. The
19 Nebraska Retirement Systems Committee of the Legislature may request that
20 the Auditor of Public Accounts or the auditor's designee present the
21 findings of the annual report at a public hearing. An annual audit of the
22 affairs of the retirement system shall be conducted in each fiscal year.
23 ~~At the option of the board of trustees, such audit may be conducted by a~~
24 ~~certified public accountant or the Auditor of Public Accounts. The costs~~
25 ~~of such audit shall be paid from funds of the retirement system. A copy~~
26 ~~of such audit shall be filed with the Auditor of Public Accounts.~~

27 (2) Each audit year an annual financial audit of the investments of

1 the retirement system shall be conducted. At the option of the council,
2 such audit may be conducted by a certified public accountant or the
3 Auditor of Public Accounts. The costs of such audit shall be paid from
4 funds of the retirement system. A copy of such audit shall be filed with
5 the board of trustees and the Auditor of Public Accounts.

6 ~~(3)(a) (3) Beginning May 1, 2017, and until May 1, 2018, if such~~
7 ~~retirement plan is a defined benefit plan, the board of trustees shall~~
8 ~~cause to be prepared an annual report and the administrator shall file~~
9 ~~the same with the Public Employees Retirement Board and submit to the~~
10 ~~members of the Nebraska Retirement Systems Committee of the Legislature a~~
11 ~~copy of such report. Beginning May 1, 2018, and until July 1, 2021, the~~
12 board of trustees shall cause to be prepared an annual report and the
13 administrator shall file the same with the Auditor of Public Accounts and
14 submit to the members of the Nebraska Retirement Systems Committee of the
15 Legislature a copy of such report. The report submitted to the committee
16 and the Auditor of Public Accounts shall be submitted electronically. The
17 report shall consist of a full actuarial analysis of each such retirement
18 plan established pursuant to section 79-979. The analysis shall be
19 prepared by an independent private organization or public entity
20 employing actuaries who are members of the American Academy of Actuaries
21 and meet the academy's qualification standards to render a statement of
22 actuarial opinion, and which organization or entity has demonstrated
23 expertise to perform this type of analysis and is unrelated to any
24 organization offering investment advice or which provides investment
25 management services to the retirement plan. The report shall be presented
26 to the Nebraska Retirement Systems Committee of the Legislature at a
27 public hearing.

28 (b) Beginning July 1, 2021, the board of trustees shall file with
29 the Auditor of Public Accounts an electronic copy of the annual actuarial
30 investigation of the retirement system prepared pursuant to section
31 79-984 and submit electronically a copy of such investigation to the

1 Nebraska Retirement Systems Committee of the Legislature.

2 (4) Each school district with a retirement system under the Class V
3 School Employees Retirement Act shall comply with the reporting and
4 filing requirements set forth in section 13-2402.

5 Sec. 3. (1) The Legislature finds that following completion and
6 submission of the work plan by the Public Employees Retirement Board
7 pursuant to section 79-9,121, additional issues have emerged related to
8 transfer of the management of the Class V School Employees Retirement
9 System to the Public Employees Retirement Board. Further examination and
10 evaluation are necessary and shall be completed by the entities described
11 in this section. Such additional examination and evaluation shall
12 include, but not be limited to:

13 (a) Completion of a compliance audit of the retirement system as
14 described in this section;

15 (b) Completion of the audits of the retirement system by the Auditor
16 of Public Accounts pursuant to subsection (1) of section 79-987; and

17 (c) Identification and examination of issues by the Public Employees
18 Retirement Board as described in subsection (8) of this section.

19 (2) The board of trustees shall obtain a compliance audit of the
20 retirement system to be completed no later than November 15, 2021. The
21 compliance audit shall be in addition to the annual audit conducted by
22 the Auditor of Public Accounts pursuant to subsection (1) of section
23 79-987.

24 (3) The compliance audit shall include an examination of records,
25 files, and any other documents or resources of the retirement system and
26 an evaluation of all policies and procedures of the retirement system,
27 the school district, the board of education, and the board of trustees
28 related to the administration and operation of the retirement system to
29 determine compliance with all state and federal laws. The compliance
30 audit shall also include, but not be limited to, an examination and
31 evaluation of:

1 (a) Eligibility and enrollment to ensure eligible individuals are
2 properly and timely enrolled in the plan;

3 (b) Contributions, compensation, service hours, and other records to
4 ensure that members are making the correct contributions, that only
5 eligible compensation and eligible service hours are reported at the time
6 and in the manner specified in plan documents, and that only the
7 authorized interest or interest credits are being recorded;

8 (c) Termination of employment to ensure that only terminated members
9 are taking distributions from the plan at the time and in the manner
10 specified in the plan documents;

11 (d) Reemployment after retirement to ensure that retirees who
12 reemploy have complied with plan documents;

13 (e) Benefit calculations and benefit payments to ensure that the
14 correct benefits are calculated for members and paid on a timely basis;
15 and

16 (f) Disability retirements to ensure:

17 (i) The determination of the member's disability status and any
18 accrual of additional disability benefits due to deferred distribution of
19 such benefits are conducted in accordance with the act; and

20 (ii) The amount of the disability retirement benefits is correctly
21 calculated for members and paid on a timely basis.

22 (4) The examination of each of the issues listed in subsection (3)
23 of this section shall also include, but not be limited to, a review of:

24 (a) The plan documents and training that the retirement system has
25 provided to the employees to ensure proper compliance with the procedures
26 and processes;

27 (b) Oversight practices or processes used by the board of trustees
28 and administrator of the retirement system to identify whether the
29 employer properly followed the plan documents; and

30 (c) Practices and processes used by the board of trustees and
31 administrator of the retirement system to correct any errors made.

1 (5) The board of trustees, board of education, school district, and
2 retirement system shall provide:

3 (a) The compliance auditors with the documents identified in this
4 section and access to personnel who perform or have knowledge of duties
5 related to the practices, procedures, operations, and administration of
6 the retirement system to facilitate timely completion of the compliance
7 audit; and

8 (b) The Auditor of Public Accounts with documents and access to
9 personnel as requested by the auditor to facilitate timely completion of
10 the audit required by subsection (1) of section 79-987.

11 (6) Expenses related to obtaining the compliance audit and the audit
12 conducted by the Auditor of Public Accounts described in subsection (1)
13 of section 79-987 shall be charged to the retirement system.

14 (7) The board of trustees shall submit an electronic copy of the
15 compliance audit report to the Clerk of the Legislature, the board of
16 education, the Nebraska Retirement Systems Committee of the Legislature,
17 the Governor, and the Public Employees Retirement Board no later than
18 November 1, 2021. The compliance audit report shall be presented to the
19 Nebraska Retirement Systems Committee of the Legislature at a public
20 hearing.

21 (8)(a) The Public Employees Retirement Board shall identify and
22 examine additional issues which have emerged since the completion of the
23 work plan conducted pursuant to section 79-9,121. Such identification and
24 examination shall include, but are not limited to, issues related to the
25 transition and transfer of management of the Class V School Employees
26 Retirement System to the Public Employees Retirement Board and the
27 board's duties to administer such retirement system pursuant to section
28 84-1503 in a manner which will maintain the transferred retirement system
29 plan's status as a qualified plan and address any concerns in meeting the
30 Public Employees Retirement Board's fiduciary duties and responsibilities
31 pursuant to section 84-1503.02.

1 (b) The Public Employees Retirement Board may retain the services of
2 consultants, if necessary, to carry out its responsibilities under this
3 subsection.

4 (c) The Public Employees Retirement Board shall timely respond to
5 any written communications from the Nebraska Retirement Systems Committee
6 of the Legislature regarding its ongoing examinations under this
7 subsection and advise the committee if additional areas of examination
8 related to the transfer of management as required under this section
9 should be addressed.

10 (d) The Public Employees Retirement Board may bill the employer of
11 any Class V school employees retirement system established under the
12 Class V School Employees Retirement Act on a quarterly basis as provided
13 in section 79-9,123 for all services and related expenses incurred in
14 carrying out its responsibilities under this section.

15 Sec. 4. Section 79-9,122, Revised Statutes Cumulative Supplement,
16 2020, is amended to read:

17 79-9,122 (1) The Class V School Employees Retirement System
18 Management Work Plan Fund is created. The purpose of the fund is to
19 transfer funds as specified in this section. The fund shall consist of
20 the amounts transferred from the employer of any Class V school employees
21 retirement system established under the Class V School Employees
22 Retirement Act ~~and which existed on January 1, 2019,~~ for all work
23 performed by the Public Employees Retirement Board for services and
24 related expenses in completion of the work described in section 79-9,121
25 and section 3 of this act. The fund shall be administered by the Nebraska
26 Public Employees Retirement Systems. Any money in the fund available for
27 investment shall be invested by the state investment officer pursuant to
28 the Nebraska Capital Expansion Act and the Nebraska State Funds
29 Investment Act.

30 (2) The employer of any Class V school employees retirement system
31 established under the Class V School Employees Retirement Act ~~and which~~

1 ~~existed on January 1, 2019,~~ shall remit the payment described in
2 subsection (3) of section 79-9,121 and section 3 of this act to the State
3 Treasurer for credit to the Class V School Employees Retirement System
4 Management Work Plan Fund for all work performed by the Public Employees
5 Retirement Board for services and related expenses in completion of the
6 work plan and for additional identification and examination of issues as
7 required under section 3 of this act.

8 Sec. 5. Section 79-9,123, Revised Statutes Cumulative Supplement,
9 2020, is amended to read:

10 79-9,123 (1) The administrator and board of trustees of any Class V
11 school employees retirement system established under the Class V School
12 Employees Retirement Act and which existed on January 1, 2019, may
13 quarterly bill the employer of such Class V school employees retirement
14 system for all work performed and expenses incurred by the administrator,
15 staff, and any consultants of the Class V school employees retirement
16 system in response to requests for records, documents, data, or other
17 information from the Nebraska Public Employees Retirement Systems or the
18 Public Employees Retirement Board in completion of the work plan
19 described in section 79-9,121.

20 (2) The Public Employees Retirement Board may bill the employer of
21 the Class V school employees retirement system on a quarterly basis for
22 all work performed and expenses incurred pursuant to section 3 of this
23 act.

24 (3) The employer of the Class V school employees retirement system
25 described in this section ~~Such employer~~ shall remit payment within forty-
26 five calendar days after receipt of each quarterly bill to such Class V
27 school employees retirement system received pursuant to this section.

28 Sec. 6. Original sections 79-978.01, 79-987, 79-9,122, and
29 79-9,123, Revised Statutes Cumulative Supplement, 2020, are repealed.

30 Sec. 7. Since an emergency exists, this act takes effect when
31 passed and approved according to law.