

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1365

Introduced by McDonnell, 5.

Read first time January 17, 2024

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to retirement; to amend section 84-1503.03,
2 Reissue Revised Statutes of Nebraska, and sections 79-9,117,
3 81-1316, and 84-1501, Revised Statutes Cumulative Supplement, 2022;
4 to change provisions relating to the preretirement planning program,
5 the State Personnel System, and the members of the Public Employees
6 Retirement Board; to provide for the hiring of any number of
7 assistant directors and deputies of the Nebraska Public Employees
8 Retirement Systems and to authorize compensation for such employees
9 to be determined by the director; to repeal the original sections;
10 and to declare an emergency.
11 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-9,117, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 79-9,117 (1)(a) Until September 1, 2024, the board of trustees shall
4 establish a comprehensive preretirement planning program for school
5 employees who are members of the retirement system. The program shall
6 provide information and advice regarding the many changes members face
7 upon retirement, including, but not limited to, changes in physical and
8 mental health, housing, family life, leisure activity, and retirement
9 income.

10 (b) Beginning September 1, 2024, the retirement board shall
11 establish sessions as provided in section 84-1511 for school employees
12 who are members of the retirement system.

13 (2) The preretirement planning program shall be available to all
14 ~~members who have attained the age of fifty years or are within five years~~
15 ~~of qualifying for retirement or early retirement under their retirement~~
16 ~~systems.~~

17 (3) The preretirement planning program shall include information on
18 the federal and state income tax consequences of the various annuity or
19 retirement benefit options available to the member, information on social
20 security benefits, information on various local, state, and federal
21 government programs and programs in the private sector designed to assist
22 elderly persons, and information and advice the board of trustees or
23 retirement board, as applicable, deems valuable in assisting members in
24 the transition from public employment to retirement.

25 (4) The board of trustees or retirement board, as applicable, shall
26 work with any governmental agency, including political subdivisions or
27 bodies whose services or expertise may enhance the development or
28 implementation of the preretirement planning program.

29 (5) The costs of the preretirement planning program shall be charged
30 back to the retirement system.

31 (6) An employer shall provide each member leave with pay to attend

1 up to two preretirement planning programs. For purposes of this
2 subsection, leave with pay means a day off paid by an employer and does
3 not mean vacation, sick, personal, or compensatory time. A member may
4 choose to attend a program more than twice, but such leave shall be at
5 the expense of the member and shall be at the discretion of the employer.
6 A member shall not be entitled to attend more than one preretirement
7 planning program per fiscal year prior to actual election of retirement.

8 (7) A nominal registration fee may be charged to each person
9 attending a preretirement planning program to cover the costs for meals,
10 meeting rooms, or other expenses incurred under such program.

11 Sec. 2. Section 81-1316, Revised Statutes Cumulative Supplement,
12 2022, is amended to read:

13 81-1316 (1) All agencies and personnel of state government shall be
14 covered by sections 81-1301 to 81-1319 and shall be considered subject to
15 the State Personnel System, except the following:

- 16 (a) All personnel of the office of the Governor;
- 17 (b) All personnel of the office of the Lieutenant Governor;
- 18 (c) All personnel of the office of the Secretary of State;
- 19 (d) All personnel of the office of the State Treasurer;
- 20 (e) All personnel of the office of the Attorney General;
- 21 (f) All personnel of the office of the Auditor of Public Accounts;
- 22 (g) All personnel of the Legislature;
- 23 (h) All personnel of the court systems;
- 24 (i) All personnel of the Board of Educational Lands and Funds;
- 25 (j) All personnel of the Public Service Commission;
- 26 (k) All personnel of the Nebraska Brand Committee;
- 27 (l) All personnel of the Commission of Industrial Relations;
- 28 (m) All personnel of the State Department of Education;
- 29 (n) All personnel of the Nebraska state colleges and the Board of
30 Trustees of the Nebraska State Colleges;
- 31 (o) All personnel of the University of Nebraska;

1 (p) All personnel of the Coordinating Commission for Postsecondary
2 Education;

3 (q) All personnel of the Governor's Policy Research Office;

4 (r) All personnel of the Commission on Public Advocacy;

5 (s) All agency heads;

6 (t)(i) The Director of Behavioral Health of the Division of
7 Behavioral Health; (ii) the Director of Children and Family Services of
8 the Division of Children and Family Services; (iii) the Director of
9 Developmental Disabilities of the Division of Developmental Disabilities;
10 (iv) the Director of Medicaid and Long-Term Care of the Division of
11 Medicaid and Long-Term Care; and (v) the Director of Public Health of the
12 Division of Public Health;

13 (u) The chief medical officer established under section 81-3115, the
14 Administrator of the Office of Juvenile Services, and the chief executive
15 officers of the Beatrice State Developmental Center, Lincoln Regional
16 Center, Norfolk Regional Center, Hastings Regional Center, Grand Island
17 Veterans' Home, Norfolk Veterans' Home, Eastern Nebraska Veterans' Home,
18 Western Nebraska Veterans' Home, and each youth rehabilitation and
19 treatment center;

20 (v) The chief executive officers of all facilities operated by the
21 Department of Correctional Services and the medical director for the
22 department appointed pursuant to section 83-4,156;

23 (w) All personnel employed as pharmacists, physicians,
24 psychiatrists, or psychologists by the Department of Correctional
25 Services;

26 (x) All personnel employed as pharmacists, physicians,
27 psychiatrists, psychologists, service area administrators, or facility
28 operating officers of the Department of Health and Human Services or the
29 Department of Veterans' Affairs;

30 (y) Deputies and examiners of the Department of Banking and Finance
31 and the Department of Insurance as set forth in sections 8-105 and

1 44-119, except for those deputies and examiners who remain in the State
2 Personnel System;

3 (z) All personnel of the Tax Equalization and Review Commission; ~~and~~

4 (aa) The associate director of the Conservation Division of the
5 Nebraska State Historical Society and all personnel employed as a
6 Conservator I or Conservator II of the Conservation Division of the
7 Nebraska State Historical Society; and -

8 (bb) Assistant directors and deputies of the Nebraska Public
9 Employees Retirement Systems.

10 (2) At each agency head's discretion, up to the following number of
11 additional positions may be exempted from the State Personnel System,
12 based on the following agency size categories:

13	Number of Agency	Number of Noncovered
14	Employees	Positions
15	less than 25	0
16	25 to 100	1
17	101 to 250	2
18	251 to 500	3
19	501 to 1000	4
20	1001 to 2000	5
21	2001 to 3000	8
22	3001 to 4000	11
23	4001 to 5000	40
24	over 5000	50

25 The purpose of having such noncovered positions shall be to allow
26 agency heads the opportunity to recruit, hire, and supervise critical,
27 confidential, or policymaking personnel without restrictions from
28 selection procedures, compensation rules, career protections, and
29 grievance privileges. Persons holding the noncovered positions shall
30 serve at the pleasure of the agency head and shall be paid salaries set
31 by the agency head. An agency with over five thousand employees shall

1 provide notice in writing to the Health and Human Services Committee of
2 the Legislature when forty noncovered positions have been filled by the
3 agency head pursuant to this subsection.

4 (3) No changes to this section or to the number of noncovered
5 positions within an agency shall affect the status of personnel employed
6 on the date the changes become operative without their prior written
7 agreement. A state employee's career protections or coverage by personnel
8 rules and regulations shall not be revoked by redesignation of the
9 employee's position as a noncovered position without the prior written
10 agreement of such employee.

11 Sec. 3. Section 84-1501, Revised Statutes Cumulative Supplement,
12 2022, is amended to read:

13 84-1501 (1) The Public Employees Retirement Board is hereby
14 established.

15 (2)(a) The board shall consist of ~~eight appointed members until~~
16 ~~September 1, 2024,~~ and nine appointed members ~~beginning September 1,~~
17 ~~2024,~~ as described in this subsection, and the state investment officer
18 as a nonvoting, ex officio member. Seven ~~Six of the appointed members~~
19 ~~until September 1, 2024,~~ and ~~seven~~ of the appointed members ~~beginning~~
20 ~~September 1, 2024,~~ shall be active or retired participants in the
21 retirement systems administered by the board, and two of the appointed
22 members (i) shall not be employees of the State of Nebraska or any of its
23 political subdivisions and (ii) shall have at least ten years of
24 experience in the management of a public or private organization or have
25 at least five years of experience in the field of actuarial analysis or
26 the administration of an employee benefit plan.

27 (b) The appointed members who are participants in the retirement
28 systems shall be as follows:

29 (i) Two of the appointed members shall be participants in the School
30 Employees Retirement System of the State of Nebraska and shall include
31 one administrator and one teacher;

1 (ii) One of the appointed members shall be a participant in the
2 Nebraska Judges Retirement System as provided in the Judges Retirement
3 Act;

4 (iii) One of the appointed members shall be a participant in the
5 Nebraska State Patrol Retirement System;

6 (iv) One of the appointed members shall be a participant in the
7 Retirement System for Nebraska Counties;

8 (v) One of the appointed members shall be a participant in the State
9 Employees Retirement System of the State of Nebraska; and

10 (vi) Beginning September 1, 2024, one of the appointed members shall
11 be a participant who is a teacher in a retirement system established
12 under the Class V School Employees Retirement Act. Prior to September 1,
13 2024, such member shall be a nonvoting, ex officio member.

14 (c) Appointments to the board shall be made by the Governor and
15 shall be subject to the approval of the Legislature. All appointed
16 members shall be citizens of the State of Nebraska.

17 (3)(a) Except as otherwise provided in this subsection, all members
18 shall serve for terms of five years or until a successor has been
19 appointed and qualified. The terms shall begin on January 1 of the
20 appropriate year.

21 (b) To ensure an experienced and knowledgeable board, the terms of
22 the appointed members shall be staggered as follows:

23 (i) One of the two members described in subdivisions (2)(a)(i) and
24 (ii) of this section shall be appointed to serve for a five-year term
25 which begins in 2017;

26 (ii) One of the two members described in subdivisions (2)(a)(i) and
27 (ii) of this section shall be appointed to serve for a five-year term
28 which begins in 2018;

29 (iii) The participant in the School Employees Retirement System of
30 the State of Nebraska who is a teacher shall be appointed for a five-year
31 term which begins in 2019;

1 (iv) The participant in the School Employees Retirement System of
2 the State of Nebraska who is an administrator and the participant in the
3 State Employees Retirement System of the State of Nebraska shall be
4 appointed for a five-year term which begins in 2020;

5 (v) The participant in the Retirement System for Nebraska Counties
6 and the participant in the Nebraska Judges Retirement System shall be
7 appointed to serve for a five-year term which begins in 2021;

8 (vi) The participant in the Nebraska State Patrol Retirement System
9 shall be appointed to serve for a three-year term which begins in 2020,
10 and his or her successor shall be appointed to serve for a five-year term
11 which begins in 2023; and

12 (vii) The participant in a retirement system established under the
13 Class V School Employees Retirement Act shall be appointed to serve for a
14 fifty-two-month term which begins September 1, 2024, and his or her
15 successor shall be appointed to serve for a five-year term which begins
16 in 2029.

17 (4) In the event of a vacancy in office, the Governor shall appoint
18 a person to serve the unexpired portion of the term subject to the
19 approval of the Legislature.

20 (5) The appointed members of the board may be removed by the
21 Governor for cause after notice and an opportunity to be heard.

22 Sec. 4. Section 84-1503.03, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 84-1503.03 (1) The director of the Nebraska Public Employees
25 Retirement Systems shall employ qualified personnel as may be required to
26 carry out the duties and responsibilities required under sections 84-1501
27 to 84-1513. Except for the personnel described in subsection (2) of this
28 section, such Such employees shall be deemed state employees and covered
29 by the State Personnel System pursuant to sections 81-1301 to 81-1368 and
30 other personnel rules or regulations. The positions of the internal
31 auditor and the attorney hired by the board pursuant to section 84-1503

1 shall be classified positions covered by the State Personnel System and
2 shall not be noncovered positions under subsection (2) of section
3 81-1316.

4 (2) The director may hire assistant directors and deputies to assist
5 the director in administering the Nebraska Public Employee Retirement
6 Systems. Each assistant director and deputy shall be exempt from the
7 State Personnel System and shall receive a salary as set by the director.

8 (3) The director shall be exempt from the State Personnel System.

9 (4) All employees shall comply with state accounting regulations and
10 applicable state and federal laws in the discharge of their duties.

11 Sec. 5. Original section 84-1503.03, Reissue Revised Statutes of
12 Nebraska, and sections 79-9,117, 81-1316, and 84-1501, Revised Statutes
13 Cumulative Supplement, 2022, are repealed.

14 Sec. 6. Since an emergency exists, this act takes effect when
15 passed and approved according to law.