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FLOOR DEBATE

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assumed rate of 8 percent. And if you look at the...if you look at the valuation of the plans you can see that we have had rather substantial change in the investment returns and, in fact, we have shown an actual loss on the investments in the ret...in the plan as opposed to the gains of prior years. So I'm not in any position to suggest that I think that the contribution rate ought to be lowered. The decision to freeze the contribution rate is...is not an improper decision. It is still above the actuarially required rate so it's not going to create liabilities in the plan. If it was going to be frozen at some late...at some rate below the actuarially required rate then I'd be greatly concerned about it. But the idea that it gives us some margin in the contribution rates does not offend me at all. We have quite the opposite problem with the judges retirement plan and the State Patrol plan, where we have contribution rates that are actually below the actuarially required rates. And there, I think, we have to be very careful to maintain excess reserves so that we don't later have a required state contribution to those plans. Now, the way the...the school plan will be structured with the collapsing, or integration, perhaps that's a better word, of the various funding streams that go into the school retirement plan, if we do not maintain adequate contribution rates in the school plan we could eventually create a state liability that we would have to meet out of General Funds. So I am assuming that we will all find it in our best interest to maintain adequate contribution rates in the school plan rather than create state liabilities.

SENATOR BEUTLER: Let me ask you this. Under...under the current methodology, if, with respect to these contribution rates, the PERB board saw that the rates would inadequate to...to meet the payments that were to be expected, they could, as soon as they had the proper information, raise the rates to be sure that there was no General Fund obligation that would occur. Is...is that accurate?

SENATOR WICKERSHAM: Yes.

SENATOR BEUTLER: If we're interested in protecting the General Fund, why would we not continue to allow them to do that?