



**Ninety-Ninth Legislature - First Session - 2005**  
**Committee Statement**  
**LB 368**

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**Hearing Date:** January 20, 2005

**Committee On:** Nebraska Retirement Systems

**Introducer(s):** (Nebraska Retirement Systems Committee)

**Title:** Change the retirement contribution rate for school employees

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**Roll Call Vote – Final Committee Action:**

- Advanced to General File
  - X Advanced to General File with Amendments
  - Indefinitely Postponed
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**Vote Results:**

- |   |                     |   |
|---|---------------------|---|
| 6 | Yes                 | Senators Bourne, Erdman, Pederson, Price, Stuhr, Synowiecki |
| 0 | No                  |   |
| 0 | Present, not voting |   |
| 0 | Absent              |   |
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**Proponents:**

Jason W. Hayes  
Herb Schimek  
Mike Dulaney

**Representing:**

Introducer  
Nebraska State Education Association  
Nebraska Council of School Administrators

**Opponents:**

**Representing:**

**Neutral:**

John Bonaiuto  
Anna Sullivan  
Virgil Horne

**Representing:**

Nebraska Association of School Boards  
Nebraska Public Employees Retirement Systems  
Lincoln Public Schools

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**Summary of purpose and/or changes:**

Legislative Bill 368 would temporarily increase the current employee and employer retirement contribution rates under the School Employees Retirement Act. Neb. Rev. Stat. §§ 79-901 to 79-977.03.

LB 368 would raise the current employee rate from 7.25% to 7.9% for a period of two years. Because the employer matches the employee contribution rate with a 101% matching rate, the temporary employee contribution increase would also raise the employer contribution rate from

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approximately 7.32%, to approximately 7.98% for the same two-year period. This two-year period would begin on July 1, 2005, and conclude on June 30, 2007.

The purpose for an increased employee contribution rate is because the State Actuary has indicated that there is a need for an additional contribution requirement of approximately 1.25% of pay, which represents \$15,415,949.

### **Summary of Sections**

- Section 1      Temporarily increases the school employees retirement contribution rate from 7.25% to 7.9% for a two-year period.
- Section 2      Repeals original section.
- Section 3      Emergency clause.

### **Explanation of amendments, if any:**

AM 0179 would change the implementation date of LB 368, from July 1, 2005 to September 1, 2005. Beginning on September 1, 2005 until August 31, 2006, the employee contribution rate would increase to 8.03%, and the employer rate would increase to 8.11%. Beginning on September 1, 2006 until August 31, 2007, the employee contribution rate would decrease to 7.88%, and the employer rate would decrease to 7.96%. Then on September 1, 2007, the contribution rates would return to their current level of 7.25% for the employee and 7.32% for the employer.

The reason for a two month delay in the rate increase is because school districts have indicated that the implementation of such rate increase prior to the start of a districts' fiscal year on September 1, 2005, would present a hardship. This is because districts do not currently have the cost of the increased match amount in their annual budgets.

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**Senator Elaine Stuhr, Chairperson**