

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee March 19, 2019

KOLTERMAN: Well, we don't have a quorum. Welcome, everyone. We'll have a quorum when we start, but I'm gonna get some of the preliminaries out of the way because they know this stuff already. Welcome to the Retirement Systems Committee hearing. My name is Mark Kolterman. I'm from Seward and represent the 24th Legislative District, and I have the privilege of serving as Chair of this committee. The committee will take up the bills in the order posted. We have three bills today. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. The committee members will come and go during the hearing since we meet over-- well, normally we meet over the lunch hour so they might have other commitments, but not today. To better facilitate today's proceedings, I ask that you abide by the following procedures: the information is posted on the chart to your left over there and it talks about silencing or turning off your cellphones; moving to the front row when you're ready to testify. The order of testimony will be the introducer, proponents, opponents, neutral, and closing. You-- if you testifiers need to sign in, hand your blue sign-in sheet to the committee clerk when you come up to testify. Spell your name for the record before you testify. Be concise. I'd like to have you, if you can, limit your testimony to five minutes. If you'll not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are white sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to committee members as exhibits only while testifying-- testimonies being offered, hand, hand any written information to our page for distribution to the committee and staff. We, we need about eight copies. If, if you have written testimony but don't have the eight copies, please raise your hand now and our page will get them copied for you. To my immediate left is committee counsel, Kate Allen. To my left at the end of the table is committee clerk, Katie Quintero. The members today that are here with us will introduce themselves starting at the far right.

BOLZ: Senator Kate Bolz, District 29.

STINNER: John Stinner, District 48.

LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

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KOLTERMAN: And I, I understand that Rick Kolowski and Senator Groene plan to be here. At least told me this morning they were, so. Our page is Veronica, and we will start out with LB31. I will turn it over to Senator Lindstrom.

LINDSTROM: Welcome, Senator Kolowski, and we will now open the hearing on LB31.

KOLTERMAN: Good evening. My name is Mark Kolterman, M-a-r-k K-o-l-t-e-r-m-a-n. I represent District 24, and I'm here today to introduce LB31 at the request of Omaha Public Schools. LB31 requires a Public Employees Retirement Board, known as the PERB, in conjunction-- in consultation with the retirement committee, OSERS, OPS, and other stakeholders to prepare a work plan that examines what must occur in order to carry out and transfer management responsibilities for the OSERS Plan to the Public Employees Retirement Board. The work plan requires a comprehensive-- a comparison of the annual OSERS's administration cost to estimated costs for PERB to manage the OSERS Plan and identification of the task and cost to transfer management from OSERS to PERB and issues that must be addressed which include administration, actuarial service, accounting, computer infrastructure, information technology, member data and record transfer, necessary statutory changes, staff training and assessment of staffing needs, educational and communication plans to fully inform all system stakeholders and effective governmental entities regarding management changes. Establishment of timelines for completion of identified tasks would also need to be done. The bill specifies that the, that the examination of management transfer does not include a merger or consolidation of OSERS with the school plan, nor does it include assumption of liability for the unfunded balance by the state of Nebraska, NPERS or the PERB. The PERB would be authorized to quarterly assess cost to OPS and NPERS's staff time and pay any other related costs and requires OPS to remit payment within 45 days of receipt of the billings. The work plan must be completed and submitted to the Legislature by June 30 of 2020. I want to make it very clear this bill only directs that a study be completed. It does not mandate a transfer of management responsibilities from the OSERS Board of Trustees to the PERB. I met with-- met a number of times with NPERS directly-- Director Randy Gerke and Legal Counsel Orron Hill to answer any questions that have arisen concerning my intent and goals for this study. I appreciate their time and their questions. In discussions with various parties, I believe we need to add some clarifying amendments. As always, I'm willing to work with all parties on, on any

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needed clarifications. This has been designated a committee priority bill so it's my intent to move this forward with LB31 this year. I would gladly-- be glad to respond to any questions you might have at this time.

LINDSTROM: Thank you, Senator Kolterman. Any questions from the committee? Seeing none, thank you.

KOLTERMAN: I'll stay to close.

LINDSTROM: OK, thank you. First proponent. Good evening.

MARQUE SNOW: Good evening, Senators. My name is Marque Snow, M-a-r-q-u-e S-n-o-w. I'm the president of the Omaha Public Schools Board of Education. I would like to thank Senator Kolterman for introducing LB31. Over the past few years, this committee has listened to testimony regarding the financial shortfalls of the Omaha Public Schools district facing the pension obligations to the Omaha School Employees Retirement System. The Legislature and OPS have worked together to address the underfunding of the OSERS Plan while also working to move towards a potential merger of the two systems. One of the most recent alignments was moving the investment authority of the OSERS Plan to the state's investment council. That move has been very successful and is already yielding positive results. LB31 will allow analysis of both the OSERS Plan and the NPERS Plan to create a realistic path for the merger of the two pension plans. Fewer than ten school districts across the country maintain their own retirement plan independent from the State Teacher Retirement System. Maintaining a separate retirement system is huge-- is a huge burden to the taxpayers of Omaha and the operations of Omaha Public Schools. OPS believes, as a district, we should be in the business of educating our students and not in the business of maintaining and administrating a retirement plan. As long as the study's expenditures are relatively close to the fiscal note, Omaha Public Schools supports LB31. As you can understand we are already facing a financial strain and any further financial burden adds to the already difficult budget decisions that are off-- we are making as our, our payments continue to grow each year. OPS has already made tough budget decisions over the last few years, but the district sees the expense of the study as an investment in the future financial health and stability of the plan. Thank you, and I will take any of your questions.

LINDSTROM: Thank you, Mr. Snow. Any questions from the committee?

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MARQUE SNOW: Thank you.

LINDSTROM: Thank you. Next proponent. Going once.

JASON HAYES: Senator Lindstrom and members of the Retirement Committee. My name is Jason Hayes, J-a-s-o-n H-a-y-e-s, and I represent the Nebraska State Education Association. The association supports LB31, and believes it is appropriate to prepare a work plan examining what must occur in order to carry out a transfer of management responsibilities for the Omaha School Employees Retirement Plan to the Public Employees Retirement Board. Now this should not be taken as a wholesale endorsement of transferring management responsibilities, but by obtaining additional information as to the costs involved in assessing other obstacles regarding such a transfer would enable policymakers to determine if such a transfer was warranted. NSEA has some general concerns about how the study will be conducted that it should be done by a qualified third party relative to cost estimates. According to the fiscal note it appears that the agency is already seeking an outside party to analyze the data and system's needs, but also seek an additional outside input would-- may be helpful. NPERS utilized CEM benchmarking in 2012 to conduct a review of their level of service and improved performance. This or a similar such firm may be needed to conduct a thorough review of what such a transfer would entail. In addition, we believe the study should consider the possibility of opening up an NPERS satellite office in the Omaha Metro area. The OSERS Plan currently serves just under 14,000 members including-- or that includes retirees and beneficiaries. Providing a cost estimate regarding a second NPERS office in Omaha would seem appropriate. Finally, we hope the study will provide information to lawmakers, plan members, and the OPS Administration that will improve the plan for everyone including teachers and school employees, whether a transfer takes place or not. We urge the committee to support LB31, and advance it to General File for debate. And I thank you for your time on this matter.

LINDSTROM: Thank you, Mr. Hayes. Any questions? Senator Kolowski.

KOLOWSKI: Thank you, Mr. Chairman. Mr. Hayes, you mentioned the second office. Where's the first one located again? Is that in the Benson area?

JASON HAYES: Oh, well the OSERS office is actually in the, in the TAC building in the OSERS-- or in the OPS administrative building. But certainly, NPERS members currently get their benefit calculations down

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in Lincoln at the NPERS retirement office. So the thought of looking at to whether or not we should have current OSERS members traveling down to Lincoln in addition to the possibility that the NPERS office could also serve members in Millard and Papillion and, and Bellevue. So--

KOLOWSKI: OK, thank you.

LINDSTROM: Thank you. Any other questions from the committee? Seeing none, thank you, Mr. Hayes. Next proponent. We will now move to opponents of LB31. We will now move to neutral testifiers.

CECELIA CARTER: Good afternoon, Senator Kolterman, Senator Lindstrom and members of the Legislative Retirement Committee. My name is Cecelia M. Carter, that's C-e-e-l-i-a M. Carter, C-a-r-t-e-r, and I'm the executive director of the Omaha School Employees Retirement System, also known as OSERS. I'm here today on behalf of OSERS concerning LB31, testifying in a neutral position, and expressing OSERS intention to fully assist with this study. LB31 calls for the Nebraska Retirement Board in consultation with the retirement committee, Class V Employees Retirement Board of Trustees, and the OPS Board of Education, and other stakeholders to prepare the work plan. The work plan is to examine what must occur in order to carry out the possibility of transfer of management responsibilities from the Class V Employees Retirement Plan to the Nebraska Employees Retirement Board. The bill provides, and the Omaha School Employees Retirement System agrees, that all work performed by the PERB board for services and related expenses in completion of the work plan be billed to the employer of the Class V Employees Retirement System. In addition, it is our desire that neither the OSERS Plan nor its members be responsible for any cost or expenses for this participation in the conduct, completion, services of the report of the work plan identified in LB31. With that, I thank you for your time and consideration of our request for an amendment. And if you have any questions, I'm available to answer.

LINDSTROM: Thank you, Ms. Carter. Any questions from the Committee? Seeing none, thank you.

CECELIA CARTER: OK.

LINDSTROM: Next neutral testifier.

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RANDY GERKE: Good evening, Chairman Kolterman and Vice Chair Lindstrom and members of the Retirement Committee. My name is Randy Gerke, that's spelled R-a-n-d-y G-e-r-k-e, and I'm the director of the Nebraska Public Employees Retirement System. I'm here on behalf of the PERB to testify in a neutral capacity on LB31. I, I don't have a written testimony, however, I have a few points that I would just like to talk, and then I'd be happy to answer any questions. When this discussion first started-- you know, it was just a twinkle in, in our folks' eye and yours, that I asked our managers to put together a list of things that we may need to know in, in order to take on such a big project and they, off the cuff, came up with five full pages of, of questions of things that we did not know and, and then it became very apparent how big of a project this might be. And so with it-- with that said, we did not have necessarily a mechanism-- our, our expenses from our, from our retirement system come out of our, our plan. And so we did not have a way to actually fund this study. And so Senator Kolterman saw the need on why we needed to do this study and to give us statutory, statutory authority and a, a mechanism for reimbursement of costs. And so I thank him for that. Some of our questions that were, that were, were included were, you know, the data transfer and computer infrastructure management and administration concerns, current contracts that we may inherit, statutory changes that needed to be-- that would be necessary, current staffing needs, current staffing training, and so the timeframes and of course the cost of all this and, and how long it would take. So with that said, there are going to be if, if this were to pass or, or to, to become law we, we will need to make a few changes. And one of them, I guess I, I certainly want to address, is that the OSERS Plan would be an additional plan. It is not a merger, and I think it's pretty clear on that, but that NPERS might manage-- we would manage the OSERS Plan much the same as we currently manage the existing plans in our administration. Data access and delivery times would be timely. Education of OSERS members would be provided as per our, our current plans. It is assumed that we would have timely cooperation with all involved that NPERS receive the information we need to do this study. Also NPERS assumes that we will work with the interested parties or your staff and that we are providing exactly what you need to go further with any sort of a decision that you need to make in the future. We've included an estimate by our computer software vendor Pro-- Perspecta. They used to be HP, they are the ones who developed our software that we use currently and they are to help us with our data and our computer related fact-finding. That actually is probably going to be the biggest piece of this, I think, for us. Something that

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we're, we're most worried about, you know, if, if we image every-- all, all the history and that kind of a thing. So Perspecta will, will also need access and cooperation as well. They will be doing on-site, as well as remote, analysis of, of the system. NPERS will primarily use management or exempt staff to a-- rules covered employees to conduct the fact-finding on our side and NPERS would also need to do some on-site, as well as remote, analysis. And so the fiscal note includes our, our time as well for reimbursement and, and a few trips to Omaha. I'd just like to thank Senator Kolterman and Kate Allen for being receptive and understanding to our questions regarding this big project, and I believe this is the necessary first step of any discussion of assuming an administrative role of the OSERS Plan. So with that, I'd be happy to answer any questions that you may have.

LINDSTROM: Thank you, Mr. Gerke. Any questions? Senator Stinner.

STINNER: I'm trying to figure out what-- who approached whom on, on this idea of NPERS managing this plan?

RANDY GERKE: Sir, I, I honestly don't know. It wasn't us. It wasn't our idea.

STINNER: OK. Who's going to benefit, should we take over the plan?

RANDY GERKE: I would assume OSERS.

STINNER: OK. So I'm trying to figure out why we're paying for something that is gonna benefit another party--

KOLTERMAN: We're not.

STINNER: --and just--

RANDY GERKE: I, I believe that for this study the expenses will be reimbursed from OPS.

STINNER: OK. I didn't see that part. Thank you.

LINDSTROM: Senator Bolz.

BOLZ: I just want to make sure that I understand what the vision and goals are here. And I guess I don't mean to split hairs but both, both a tran-- the word transfer has been used and merger has been used and I'm trying to think through-- is it a coming together of the two organizations or is it bringing another organization in and

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maintaining that independence? Part of the reason I'm asking is if there's an expectation that the Omaha teachers are maintaining exactly what they're getting now that might look different if you're merging the organizations because you'll have to create some synergies. I hate that word. Anyway, could you, could you just help me understand what the, what the ultimate outcome might look like?

RANDY GERKE: Well, thank you for the question, Senator. We a-- we, we avoid the word merger. We're not using the word merger for us. This would-- the management would come to NPERS and it, it would be a-- another plan. We would not change the Omaha plan at, at all. It would just be managed by us.

BOLZ: Um-hum.

RANDY GERKE: I believe some of-- Mr. Hayes suggested another office. I-- you know, those things remain to be seen. I don't know.

BOLZ: Um-hum.

RANDY GERKE: That, that would come from the study, I-- you know, I have thoughts, but I just don't know.

BOLZ: Um-hum. Sort of like an acquisition rather than a merger.

RANDY GERKE: Yeah.

BOLZ: OK, thank you.

LINDSTROM: Thank you. Senator Groene.

GROENE: Thank you, Vice Chair. Tell me if I'm wrong, but I look at this more like you have an organization, the OSERS Board still exists, they're gonna contract with you to manage their assets, to manage their applications. They're sending checks out and the OSERS will pay for that cost and the advantage would be to OSERS that management cost, that's cost to, to manage their funds. Is, is that-- would be a good way to look at it?

RANDY GERKE: You know-- thank you, Senator. I, I honestly-- I'm not sure that I, I know the answer to that. I guess in my mind there would only be one board if this were to happen and that would be the NPERS Board. Now-- there probably would be representation from Omaha, I would guess. But I don't know that that's been fully decided.

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GROENE: So there'd only be one board, the OSERS Board would disappear and then it would fully be--

RANDY GERKE: Um-hum, that, that was my impression.

GROENE: But then who would-- if, if the fund went south, who makes the decisions about managing-- you know, who's responsible?

RANDY GERKE: Well, the day-to-day decisions would be us.

GROENE: There would be no board. Would it be the Omaha Public School, School Board then? Because they're the ultimate-- the ones that are responsible to make sure that it's funded?

RANDY GERKE: I would-- yeah, I would believe so, yes. I believe it's the state.

GROENE: OK, thank you.

LINDSTROM: Any other questions from the committee? Seeing none, thank you.

RANDY GERKE: Thank you. Next neutral testifier. Seeing nobody coming forward, we do have letters-- two letters, two neutral letters, one from Connie Hill, with the Omaha Area Retired School Employees; and Better Together Coalition, which includes the following organizations: OPS; Omaha School Employee Retirement Systems; Omaha Education Association; Omaha Education Association Retired; Nebraska State Education Association; and Service Employees International Union. And with that, Senator Kolterman, if you'd like to close on LB31.

KOLTERMAN: Thank you, Senator Lindstrom. First of all, I think there's a lot of thank yous that need to go on here today. OSERS has worked very closely with us, OPS, the School Board, Dr. Logan, their legal counsel, the PERB board, NPERS, and then this committee. What we're really doing here is we're asking that a study be completed to look at whether or not we can manage their plan in an efficient way possibly reducing costs, possibly keeping the facilities open. But it would-- if, if-- the way I interpret this, it would move down to one board. It would be the NPERS board. They would probably have representation on that board. It'd be like us managing a seventh plan. And so that seventh plan, they would be responsible for the funding of their plan. Because of statute, we cannot change the benefits that they have. So we can't merge their plan in with our plan because there's just no way to do it, and at the same time keep up the benefits they've got. What

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we have been doing over the last three years is, is-- as we set up new tiers both in the, in the State Teacher Retirement Plan, as well as the OSERS Plan, is we've been setting up tiers that kind of mirror each other, but that doesn't necessarily mean that they're gonna be separate. They're gonna be merged together. After the study is complete, then we have the tough decisions to make. Maybe this study will tell us, no this is not good, we shouldn't do this. I'm hoping this study tells us just like, like we did with the investments. We manage their investments now. It, it works pretty well, it's seamless. Michael Walden-Newman's doing a good job. We took that over with three years ago, I believe. So now we'd just be adding the second part of this. And the Omaha Public Schools has agreed to pay the fees as long as they're affordable. And I think you see the fiscal note there, and we think that we can come back and have a decision made over the next year or so. So without studying their plan and how it's gonna move into our plan and will their systems integrate with our systems, we don't know. So our rationale was: first step, we do this study; second step, if the study proves cost effective, then we manage their plan. We do not merge their plan. It's never been our intent to merge their plan and take on any of the liabilities. We've made that very clear to them. They understand that, and they're willing to work with us on that. This bill came from them. It was their recommendation that we bring the bill. So I've been working with them very closely over the last probably 18 months. And that's where we're at. So with that, I would take some-- any, any other questions you might think of.

LINDSTROM: Thank you, Senator Kolterman. Any final questions for the Senator? Seeing none-- oh, Senator Groene.

GROENE: Supposed to ask you the hard questions, so, so it's not really a would be-- it could be a contract, they just pay [INAUDIBLE]?

KOLTERMAN: Well, we'll have to have some-- well, it'd have to be in statute that they're responsible for the, for the ARCs and the, and the payments and the employee's contributions and the employer's contributions and the ARCs and anything like that. The costs associated with managing their portion of a seventh plan. Absolutely, that'd been in statute, that'd be the contract.

GROENE: All right, thank you.

KOLTERMAN: But until we do the study, we don't know what those--

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GROENE: The state would just be managing their plan for them.

KOLTERMAN: Period, yes.

GROENE: I don't mean investments, which we already are, but--

KOLTERMAN: Just like we manage a State Patrol plan, just like we manage the judge's plan, we'd manage their plan. And it'd all be outlined in statute, if we get to that point.

GROENE: But the fees and the costs to NPERS would be out of-- would be charged against their [INAUDIBLE].

KOLTERMAN: Correct. Correct.

GROENE: Yeah, and the big advantage would be to save, save NPERS-- OSERS money.

KOLTERMAN: Is that as hard as you can get?

GROENE: All right. Because they could get rid of their employees, they could get rid of [INAUDIBLE]. Thank you.

KOLTERMAN: Yes.

LINDSTROM: Any other questions? Seeing none, thank you, Senator Kolterman.

KOLTERMAN: Thank you.

LINDSTROM: And that will close the hearing on LB31. We'll now move to LB683.

KOLTERMAN: Good evening. My name is Mark Kolterman, M-a-r-k K-o-l-t-e-r-m-a-n. I represent District 24. I'm here today to introduce LB683 at the quest-- request of Omaha Public Schools. This would be known as a true placeholder bill introduced this session to meet legislative Rule 5, Subsection 15 requirements to introduce any requirement benefit or structural change during the 90-day session. OPS is currently working with the stakeholders group to determine what action or actions they would like to recommend to address the funding needs of the OSERS retirement plan. I am asking the committee to hold this bill in committee. I'll continue to work with OPS throughout the interim. If they have recommendations for a new policy direction to address the funding issue, I will introduce an amendment to this bill

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next year, and we'll schedule a hearing on the proposed language changes. Or if it could be done this year, we'll do it this year. But, it's truly a placeholder bill, and have no intent to move this forward.

LINDSTROM: Thank you, Senator Kolterman. Any questions for the Senator? Seeing none, thank you. Will now have proponents with LB683. Seeing none, opponents? Also seeing none, any neutral testifiers?

JASON HAYES: Senator Lindstrom and members of the Retirement Committee. My name is Jason Hayes, J-a-s-o-n H-a-y-e-s, and I represent the Nebraska State Education Association. The association is neutral on LB683. The bill would develop a work plan to study the cost estimates related to lump sum payments for certain terminated members. This is an interesting concept that the association may ultimately support. It would be-- it would give retiring members additional flexibility with regard to when and how they receive their retirement benefit while at the same time reducing a portion of liability within the pension plan through a process known as "de-risking." NSEA believes that a number of different solutions may be necessary to resolve the funding issues involved with the OSERS Plan. The reason we are not a proponent today is that LB683 covers only one component of a possi-- or a possibly a larger number of component solutions. It is an effective placeholder bill for that purpose, but should be part of a more comprehensive package. And that concludes my remarks.

LINDSTROM: Thank you, Mr. Hayes. Any questions from the committee? Seeing none, thank you. Any other neutral testifiers?

CECELIA CARTER: OK, again. Good afternoon, Senator Kolterman and Senator Lindstrom, members of the Legislative Committee. Cecelia Carter, that's C-e-c-e-l-i-a M. Carter C-a-r-t-e-r, and I'm here on behalf of OSERS concerning LB683, which we do understand to be a placeholder bill. I am testifying for OSERS in a neutral position subject to my comments. The bill current-- the bill as currently written provides for the Public Employees Retirement Board to bill its cost associated with LB683 that lump sum payment option work plan study to the Class V Employees Retirement System itself. The Omaha School Employees Retirement System would respectfully request a committee amendment to the bill in all relevant sections of the bill as currently draft. And the requested amendment should require that the PERB board's cost associated with LB683 be billed and collected from the employer of the Class V School Employees Retirement System. It is our desire that neither the OSERS Plan nor its members be

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responsible for the costly expenses associated with the Public Employees Retirement Board's work study plan identified in LB683. With that, I thank you and your consideration of this request. And if you have any questions, I'll try to answer.

KOLTERMAN: Thank you. Any questions from the committee? Seeing none, thank you. Next neutral testifier.

ORRON HILL: Good evening, Chairperson Kolterman, Vice Chairperson Lindstrom and Retirement Systems committee members. My name is Orron Hill, spelled O-r-r-o-n H-i-l-l. I'm the legal counsel for the Nebraska Public Employees Retirement Board and the Nebraska Public Employees Retirement Systems. I am here at their direction to testify in a neutral capacity on LB683. The PERB and NPERS had several concerns with LB683 as drafted. However, as Senator Kolterman has expressed his desire to keep the bill in committee and use it as a placeholder for future discussion and planning, we would defer our comments to those future discussions should he seek our input. We look forward to those opportunities. And subject to your questions, that concludes my testimony.

LINDSTROM: Thank you, Mr. Hill. Any questions from the committee? Senator Bolz.

BOLZ: Thank you. A previous testifier stated the position that, that they were concerned that this only looks at the idea of changing a lump sum under the umbrella of "de-risking." And this isn't my wheelhouse, so I hope I'm using these terms right. But what, what would other strategies be under the idea that we should "de-risk" a plan?

ORRON HILL: Well, there are a number of different techniques that they could look at. One option is to allow for these lump sum style payouts. Another option that I think we'll hear in a subsequent bill is to look at how they're addressing COLAs in the plan. Other things that they could look at is potentially if there's a subsidized benefit to pay for health care and those sorts of things or there would be a number of things with about, about their plan that they could look at. One of our concerns is we don't have all of the information about the OSERS Plan since we don't administer it that we would need to then gather that data before we could actually come forward with recommendations for "de-risking" strategies because we, we just don't have that information as we don't administer their plan.

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BOLZ: OK. That's, that's helpful. It sounds like maybe further conversations could be had about whether we just look at the lump sum or some of the other strategies you talked about. OK.

ORRON HILL: Yes, Senator.

BOLZ: Thank you.

LINDSTROM: Thank you. Any other questions? Seeing none, thank you, Mr. Hill. Next neutral testifier. Seeing none, we do have one neutral letter from Connie Hill, Omaha Area of Retired School Employees. Senator Kolterman, if you'd like to close.

KOLTERMAN: In closing, I would just say this bill's going nowhere [LAUGHTER] at the present time. Because we have to do it in the first biennium-- first year the biennium. Other than ask for to change the rules on the floor of the Legislature, it's easier to put in a placeholder bill. It's done in a lot of different committees. But if you put in a placeholder bill, you have to have some-- something in it to have substance. So we chose this. And as I said, this is probably not going anywhere. But unless, unless they come back and say it should. And if they do say it should then we'll take a look at what Ms. Carter talked about, who's gonna pay for what, and all those issues. But, right now it's my intent that this bill is gonna be shelved until we do need it. At that time, we'll put an amendment and change and use it for what we want. Yes, Senator Groene.

GROENE: I've never asked a question on a placeholder bill before, so. [LAUGHTER] You're hoping this study is done this year and you can have legislation next year?

KOLTERMAN: Well,--

GROENE: And it's a placeholder for--

KOLTERMAN: --that's pretty aggressive but we're gonna-- as soon as they can get the study done we'll come back with a recommendation one way or another.

GROENE: All right.

KOLTERMAN: This placeholder bill though deals more with the funding of, of how we're gonna, how we're gonna make up that \$700 million that

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we're short. And so if, if we come up with a good idea we can use this placeholder bill for that.

GROENE: I was-- all right. Thank you.

KOLTERMAN: OK.

LINDSTROM: All right, any other questions? Seeing none, thank you, Senator Kolterman. And that'll end the hearing on LB683.

KOLTERMAN: Welcome, Senator Lindstrom.

LINDSTROM: Good to be here.

KOLTERMAN: You're now welcome to open on your bill, LB706.

LINDSTROM: Good evening, Chairman Kolterman and members of the committee. My name is Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m, and I represent District 18 in northwest Omaha. Here to introduce LB706. LB706 is a placeholder bill introduced at the request of OPS under legislative Rule 5, Subsection 15. Any retirement bill that proposes a change in a benefit or structure of retirement plan must be introduced in the 90-day session. LB706 was introduced this session, this session to meet this legislative rule requirement while OPS and OSERS continue to study funding and cost-cutting alternatives. With that, I'd be happy to answer any questions that the committee may have. Thank you.

KOLTERMAN: Does anybody have any questions for Senator Lindstrom? All right, with that we'll take affirmative. Anybody here to testify in support of the bill? Anybody here to testify against the bill?

JASON HAYES: Chairman Kolterman and members of the Retirement Committee. My name is Jason Hayes, J-a-s-o-n H-a-y-e-s, and I represent the Nebraska State Education Association. The association opposes LB706. We realize it will be a placeholder bill for possible other language to be inserted next year. But based upon the introduced version of the bill, we are an opponent. Using a COLA freeze to shore up the OSERS pension plan, may be one of many solutions on the table, but it does not-- but it does this by placing the burden squarely upon retired members. Many of whom are already living on fixed incomes. It totally ignores the reduced purchasing power of the monthly benefit due to inflation. For these reasons, we would ask the committee to definitely hold the bill, as has been mentioned, and consider indefinitely postponing the bill if it appears, if it appears that an

Transcript Prepared by Clerk of the Legislature Transcribers Office
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attempt will be made to pull the bill out of committee this year. And I thank you for your time.

KOLTERMAN: Thank you, Mr. Hayes. Any questions? Appreciate your testimony.

JASON HAYES: Thank you.

KOLTERMAN: Points well taken. Next opposition. Any neutral testifiers? You're welcome. We have one, we have one letter, a neutral letter from Connie Hill, OARSE President, Omaha Area Retired School Employees.

LINDSTROM: Thank you, Chairman Kolterman. Just like to echo on the previous bill. I think, that we all agree that we will find a solution and just wait till we have those answers before we move on anything. So I understand that the opposition is there, but I don't think we'll be taking any action anytime soon this session [INAUDIBLE].

KOLTERMAN: Thank you very much. With that, we will close the hearing. Again, I really appreciate everybody coming out. We probably could have done this over the noonhour, but I didn't know how many were going to be here, so it might have taken a little longer. Thank you very much, everyone. We look forward to working with you.