

ONE HUNDRED NINTH LEGISLATURE - FIRST SESSION - 2025
COMMITTEE STATEMENT
LB645

Hearing Date: Friday March 14, 2025
Committee On: Nebraska Retirement Systems
Introducer: Ballard
One Liner: Change provisions relating to the School Retirement Fund

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	4	Senators Ballard, Clements, Juarez, Sorrentino
Nay:		
Absent:	2	Senators Conrad, Hardin
Present Not Voting:		

Testimony:

Proponents:
Senator Beau Ballard (at the request of the Governor)
Kenny Zoeller
Nicole Fox

Representing:
Opening Presenter
Governor Jim Pillen
Platte Institute

Opponents:
Jeremy Knajdl
Colby Coash

Representing:
Nebraska Council of School Administrators
Nebraska Association of School Boards

Neutral:
Tim Royers

Representing:
Nebraska State Education Association

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 645 amends the School Employees Retirement Act to provide for a gradual reduction in state contributions to the School Retirement Fund, contingent on the actuarially funded ratio of the fund. The currently required state contribution to the fund is an amount equal to 2% of the compensation of all members of the retirement system.

Under the bill, for each fiscal year beginning July 1, 2025, the state contribution to the School Retirement Fund would be:

- If the actuarially funded ratio is less than 92%, an amount equal to 2% of the compensation of all members of the retirement system;
- If the actuarially funded ratio is 92% or greater and less than 94%, an amount equal to 1.6% of the compensation of all members of the retirement system;
- If the actuarially funded ratio is 94% or greater and less than 96%, an amount equal to 1.2% of the compensation of



all members of the retirement system;

- If the actuarially funded ratio is 96% or greater and less than 98%, an amount equal to 0.8% of the compensation of all members of the retirement system;
- If the actuarially funded ratio is 98% or greater and less than 100%, an amount equal to 0.4% of the compensation of all members of the retirement system; and
- If the actuarially funded ratio is 100% or greater, the state shall not be required to make a contribution.

Should the actuarially funded ratio decrease, the state contribution would automatically be increased accordingly in the following fiscal year.

Explanation of amendments:

AM 876 strikes the original provisions of LB 645 and replaces them with provisions providing for a gradual reduction in employee, employer, and state contributions to the School Retirement Fund, contingent on the funded ratio on the actuarial value of assets in the fund for the most recent previous year as reported to the Public Employees Retirement Board (PERB) pursuant to Nebraska Revised Statute §84-1503.

Under the amendment, for each fiscal year beginning with July 1, 2025, state contributions to the School Retirement Fund would be:

- If the funded ratio on the actuarial value of assets in the fund is less than 96%, an amount equal to 2% of the compensation of all members of the retirement system;
- If the funded ratio on the actuarial value of assets in the fund is 96% or greater and less than 100%, an amount equal to 0.7% of the compensation of all members of the retirement system; and
- If the funded ratio on the actuarial value of assets in the fund is 100% or greater, the state shall not be required to make a contribution.

Under the amendment, beginning July 1, 2025, employee contributions to the School Retirement Fund would be:

- If the funded ratio on the actuarial value of assets in the fund is less than 96%, 9.75% of employee compensation;
- If the funded ratio on the actuarial value of assets in the fund is 96% or greater and less than 98%, 8.75% of employee compensation;
- If the funded ratio on the actuarial value of assets in the fund is 98% or greater and less than 100%, 8% of employee compensation; and
- If the funded ratio on the actuarial value of assets in the fund is 100% or greater, 7.25% of employee compensation.

Employer contributions to the School Retirement Fund under AM 876 would continue to be coupled to employee contributions, and would continue be set at the current 101% of employee contributions pursuant to Nebraska Revised Statute §79-958.

Should the funded ratio on the actuarial value of assets in the fund decrease, the respective employee, employer, and state contributions would automatically be increased accordingly in the following year.

Beau Ballard, Chairperson

