

April 25, 1975

the contract agreement for LB 50 in case it passed. If it didn't they were going to divide that money out in a different way to the teachers. The cost to the state is for the disability benefit, because as we mentioned the service part of it has always belonged to the state. The cost will be \$61,000. That's what the bill calls for. Then again I want to be honest with you and tell you that in '76 the local school district costs will go up to 1.48 percent of payroll. It's something we needed to do in this retirement system. It's something we needed to do to bring it in line. The thing we have to do about retirement systems, listen I'm proud of Nebraska's retirement systems at least to this point that we're solvent. One of the things that has happened with the retirement systems across the state particularly public employment systems . . . retirement systems is they have not put themselves on an actuarially sound basis. We fund everything in 20 years. All unfunded liabilities in 20 years and we have consistently followed that. We're in good shape. I think with this improvement we'll see less of coming back on retirement systems by people who did not have an adequate system 25 years ago. We have to come back with emergency legislation with 445, with the merit hikes bills. This will help solve that. Again this provides nothing more for the employees of the teacher retirement system than we currently are providing for other employees. Mr. Chairman, with those remarks I would ask the passage of LB 50 from General File to E & R initial.

PRESIDENT: Senator Dworak.

SENATOR DWORAK: Mr. President, Senators, I have a question of Senator Lewis.

SENATOR LEWIS: Alright.

SENATOR DWORAK: Senator Lewis, what are the actuarial assumptions for the disability income portion for 1980 or . . . down the road five years or ten years? You've certainly looked at assumptions other than just the first year where you're talking about \$62,000 out of the general fund.

SENATOR F. LEWIS: That's . . . that's . . .

SENATOR DWORAK: That's not a frozen fixed figure.

SENATOR F. LEWIS: According to our actuary that is an amortized figure over that 20 year period.

SENATOR DWORAK: \$62,000?

SENATOR F. LEWIS: Yes.

SENATOR DWORAK: That will totally fund the liability?

SENATOR F. LEWIS: That's an annual appropriation.

SENATOR DWORAK: At the end of 20 years will you have a total funded liability?