

March 18, 1980

LB 998

SENATOR CLARK: Senator Johnson.

SENATOR JOHNSON: Mr. President, members of the body, I think before we advance the bill I would just like to ask Senator Warner a couple of questions about it.

SENATOR WARNER: Sure.

SENATOR JOHNSON: So I understand some of the things that are happening, Section, I am looking actually, Senator Warner, at the pink book, the budget book, and I notice on page 57 of the budget book that with respect to the public employees retirement board, the original agency request for funding, the unfunded liability of the school, state patrol and judges retirement system of \$6,537,000 was reduced to \$6,362,000 on February 4, 1980. The question that I have is this. What is the extent of the unfunded liability that we presently have in the retirement system and to what extent are we attempting to fund the unfunded liability?

SENATOR WARNER: Senator Johnson, as you will recall the law requires and the actuary study which is done annually which then the results of that actuary report together with earnings that the agency has acquired from the funds that they already have on hand, the actuary indicates to the legislature the amount of funding that is needed to fully fund the unfunded liability as I recall and Senator Fowler thought the date for that being fully funded is 1995, I believe, or thereabouts, which is consistent with what the legislation was enacted what, about five years or six years ago? So, the whole purpose of course is to assure that we do not, in Nebraska get in the position of, I guess New York is the one that is frequently referred to in other areas where they have continually adjusted increased retirement benefits without a corresponding build up of the funds to provide the necessary revenue for those retirement programs. The initial report was reduced from about a couple hundred thousand dollars from the initial report by the actuary and the one that we received on February 4th but that keeps the retirement fund at a level which is consistent with the law that is fully funded by 1995.

SENATOR JOHNSON: All right, so what we are doing is simply we are consistent with the law and on the other hand we are not putting in quite as much money as the actuary has recommended, is that correct?

SENATOR WARNER: They revised their estimate on February 4th. This does reflect their revised recommendation.

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