

May 17, 1989

LB 137A

PRESIDENT: Senator Warner, please.

SENATOR WARNER: Mr. President, members of the Legislature, this is an A bill for the funding of LB 137 which was a retirement bill, which I am in support of. The issue that I raised on General File was the issue of whether or not the retirement benefits should be funded out of what is designated as surplus, or whether or not it should be made actuarially sound by the funding of the...

PRESIDENT: Senator Warner, just a moment, please. (Gavel.) Could we hold the conversation down so we can hear Senator Warner, please.

SENATOR WARNER: ...by the funding of an annual appropriation of the cost. This bill, you'll recall, had an overall impact of about \$2 million on the patrol retirement system, which currently has 8.2 million, or it did as of June 30, 1988, 8.2 million is designated as surplus. However, just one year before that, on June 30, 1987, that surplus was 12.8 million.

PRESIDENT: Senator Warner, Senator Warner, excuse me again. (Gavel.) Ladies and gentlemen, we just can't hear up here the speakers with so much noise. Please hold it down. Thank you. Thank you, Senator Warner.

SENATOR WARNER: Thank you, Mr. President. So the issue here really is a policy matter, not the content of the bill, LB 137, but on the A bill as to whether as a matter of policy and the surplus funds of any retirement program are there to provide the necessary revenue to handle fluctuations on earnings and the other factors that go into a retirement system, funding system, whether it serves that purpose or whether a surplus fund is to provide revenue for improvements in that system. It seems to me that the option that as a matter of public policy that makes more sense is that when we enact any kind of an improvement in a retirement system that it be funded without depleting the reserve. Why does that become important? Once a reserve is depleted, obviously, then we will begin the need to make appropriations to keep it actuarially sound. It's not that many years ago in which we were making substantial contributions, '82 was \$1.3 million; '83 and '84, each year, was in excess of \$800,000. Currently the, in fact for the last four years the pay out, as a percent of the payroll, has been at 7...between 17.3 percent to as high as 18.7 percent, while the contributions