

January 15, 1992 LB 682

PRESIDENT MOUL: Thank you, Senator Haberman. Senator Hartnett.

SENATOR HARTNETT: Madam Chairman and members of the body, I rise to support this bill. I simply have one question for the introducer of it, Senator Schmit, but he doesn't seem to be...or maybe Senator Nelson can answer this question.

PRESIDENT MOUL: Senator Nelson.

SENATOR NELSON: I'm sorry, Senator, I didn't hear you.

SENATOR HARTNETT: I'm looking at the fiscal note. It's about the fourth paragraph, Senator Schmit is not here. It says these changes would significantly increase the unfunded liability of the system. An actuary study would be required to determine the actual cost of these changes. And I think in Senator Schmit's opening statement he did talk about an actuarial study.

SENATOR NELSON: Right, right. Could I help you out now?

SENATOR HARTNETT: Yes, if you would just for the record.

SENATOR NELSON: All right. It would increase it a minimal amount. I believe the actual present value of future benefits is \$35,927,000. That is 1991. In 1990 it was 32,600,000. The actual present value of future normal cost, zero. Actual accrued liability, \$35,000; actual value of the assets are 37 million. So I think if I recall in my reading, and I'd have to find that some place here, I think there was about a million dollars reduction in assets and so they have a system that is a frozen entry age, actuarial cost method, and it would reduce but then I suppose by that time court costs, which are tax dollars, court costs would increase the difference. And last year the primary source of the actuarial loss was higher than expected salary increases. Partially offsetting this loss was better than expected investment results. That is what I mentioned a while ago. So it is a very minimal amount difference.

SENATOR HARTNETT: Okay.

SENATOR NELSON: But judges' salaries are going up about 6 percent I think it is a year, a bill that we passed a couple years ago and so...

SENATOR HARTNETT: So financially it is sound.