

the employees of the school system along with the administration and the school board of the system is a balanced proposal. This is simply one element in the balance that they have achieved in their system, a balance that is actuarially sound and will provide benefits to their employees, benefits that the employees have contributed to by providing for reserves in the system. Both the employees and the system have over the years made contributions. They have, in fact, paid for these benefits and are now able to bring to us a balanced proposal for using at least in part the funds that they have accumulated over the years. And it is true again that there is some small extra cost to the system and to the employees of this balanced proposal that has been brought to you, but the system in terms of the employees and the board are both willing to bear that cost. I am extremely reluctant and would not recommend to this body that we do anything to upset the balance that they have achieved within their system, and on that basis I would oppose the Beutler amendment.

SENATOR HALL: Thank you, Senator Wickersham. Senator Beutler, your light is next.

SENATOR BEUTLER: Senator Wickersham, let me ask you to be more specific.

SENATOR HALL: Senator Wickersham, if you'd respond.

SENATOR BEUTLER: Let's start out with principle 18 of the principles which says all early retirement benefits should be based on actuarial equivalence, a full actuarial reduction. As I understand the current OPS system, that is what they do and that comes to roughly 6 percent. And yet what we seem to be saying now is that we can change that to a flat out 3 percent all at once and that's still actuarially sound. Is that what we're saying, Senator?

SENATOR WICKERSHAM: Well, you can use whatever formulation you wish, whether it is an actuarial reduction or a fixed reduction, and still have a proposal that is actuarially sound. Whether or not it is actuarially sound is simply dependent on the cost and the funding that you have available to meet the cost.

SENATOR BEUTLER: What's wrong with leaving the language "actuarially sound" in the bill?