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LB 674

The bill does, at least in the green copy, and I'll let Senator Stuhr speak to a proposed committee amendment. What the bill does, in its green copy, is provide for a change in the formula factor from 1.8 to 1.9, and the other day when we thought the bill was going to come up, we distributed a sheet that has examples of the potential impact of that change on the benefits for a retiree, and you see the example at three different salary levels. You see it at...and at different ages. Now those are for purposes of illustration only. I don't...you may or may not find an individual teacher in the state of Nebraska or a covered employee, an administrator or a member of the uncertified staff from a school, you may not find anybody that those specific circumstances fit, but they are presented to you as an illustration of what the change means in those specific instances. It means, as you can see, a higher benefit at age of retirement. Now that is, in my belief, in line with policies or with principles that we've adopted previously within the Retirement Committee to provide an adequate benefit for school employees and, in fact, at the lower end this pushes those employees above that target for an adequate benefit on age of retirement, and that's calculated to include some private savings, some social security income, and then their school retirement. The idea is that as you retire you have less expenditure needs but you also do, at some point, need to be able to retire. Now I'm not concerned that we push the low-paid employees a little bit above the margin that we've put in our principles for an adequate benefit. Those persons have rather limited resources, and if they are a little bit above, that doesn't bother me. Now the other provision in the bill that concerns the school employees plan is a COLA. The COLA is a 75 percent of purchasing power floor with possible annual adjustments up to 2 percent or CPI after that. The 2 percent is the ceiling, so if you have CPI that's a 3, all you get is a 2 percent adjust. On the other hand, if you have a CPI that's 1.3, all that you get is the 1.3 adjustment. Why is the COLA important in the plan? A few years ago we had a comprehensive study of all of the retire...the five plans that we have primary responsibility for. Out of the three defined benefit plans, the need for a COLA was identified and we've made efforts to provide a COLA within the defined benefit plans in the past. We've had ad hoc COLAs. We have a COLA that is now funded out of money that used to be HELP money, and we have worked to begin to