

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office

March 18, 1999      LB 674

many a time they're surprised that out of the total dollars that the school district is spending on their salary, that really there isn't that much to take home because school districts are paying for their health benefits, and that's good. They're paying for their retirement plan, and that's good. They're paying for Social Security, as well, and that's good. And this does provide a comfortable retirement for our teachers and I'm glad that they do. I've always been a supporter of good retirement plans. One of the concerns that I have is as we have passed as a body the Rule of 85, that we're looking carefully at how many people will be taking advantage of this plan and actually using it for 10 years more than they would have under the plan before that. And looking at the cost to the state, but more than the cost to the state, the cost to the teachers themselves. Is this going to mean that we're going to be back down the road looking at the percentage that we require the school districts to contribute, for the teachers, themselves, as an employee to contribute to the plan in order to support this retirement? I think this is an important issue. I am going to advance the bill at this point because we don't have all the actuarial studies, but I think that we need to discuss this because I think that when the teachers go home week by week with that check in their hand, they are looking at what they can live on right now. They are not looking down the road and saying I'm going to have a great retirement one day. They want to know whether they can meet their expenses today, and perhaps there are those in the body, Senator Stuhr or Senator Wickersham, who can address those issues.

PRESIDENT MAURSTAD:      Thank you, Senator Redfield.      For discussion on the advancement of LB 674, Senator Wickersham.

SENATOR WICKERSHAM:      Well, Senator Redfield, the bill will not require any increase in the contribution rate by employees or employers or cause any liabilities to the state. The actuarial study, which in this instance I don't think needs to be reviewed, shows that there are substantial assets in the plan that are available to pay for this benefit enhancement. Senator Stuhr indicated that there will be \$47 million remaining in the plan even after these benefits are paid for, and this is literally prepaid. So future salary increase, future increases in the cost of living, all of those components are factored into