

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
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LB 538

CLERK: LB 538, Mr. President, by the Retirement Systems Committee. (Read title.) Bill was introduced on January 19, referred to Retirement, advanced to General File. I have no amendments to the bill at this time, Mr. President.

SENATOR COORDSEN: Senator Stuhr, to open on LB 538.

SENATOR STUHR: Yes, thank you, Mr. President and members of the body. Briefly, LB 538 makes three changes to the definitions of the School Employments (sic--Employees) Retirement Act, and specifically it defines and redefines the provisions related to final average compensation, disability, and substitute school employees. Final average compensation is amended so that the part of a member's compensation that exceeds the preceding fiscal year's compensation by more than 10 percent shall be excluded unless the member experienced a change in employment position. And this proposal is submitted in an attempt to avoid any misuse of the system. And it is possible under the current system for a person to waive unused sick and vacation leave and call it salary and then spread it out over time, and this process would increase the person's overall final average compensation, thereby increasing benefits. Currently, the definition of disability is different in the school plan than in the county and state plans, and under the school plan a member can retire on account of disability upon application, if a medical examination shows and the physical...a physician certifies to the Retirement Board that the member is physically or mentally incapacitated for the performance of duty as a school employee and ought to be retired. The member is entitled to the same benefit as if he or she retired with no actuary reduction. And, in LB 538, it proposes that disability in the school plan then be redefined to match the county and the state plan definitions. The definition of disability, however, remains different in both the judges and the State Patrol plans. The disability for judges is determined by the Commission on Judicial Qualifications, not PERB; and the State Patrol is a public safety profession and defines disability differently. Finally, the term "substitute" is not currently defined in the School Employees Retirement Act and in LB 538 it adds a definition emphasizing a substitute is hired on an intermittent basis and is assuming the duties of a regular school employee