

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
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February 11, 2000 LB 155

the committee amendments? Please record, Mr. Clerk.

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of the committee amendments.

SENATOR CUDABACK: The committee amendments are adopted. We are open for discussion on LB 155. Senator Stuhr, on LB 155.

SENATOR STUHR: Thank you, Mr. President and members of the Legislature. As the Chair of the Retirement Committee, I would like to present you also with some additional facts. I think that might be helpful in making an informed decision on LB 155. The Legislature, last year, raised the State Teachers Retirement System multiplier from 1.8 to 1.9. This bill, as we just did in the amendments, raises the Omaha multiplier from 1.85 to 2, which is a .15 percent increase. I believe that we will probably see it then being used as a bench mark for next year for the State Teachers Retirement System. I did pass out...you have a blue sheet that you could refer to that tells you some of the history of the increases received by the Omaha School Employees Retirement System. And as you note, the formula multiplier has been increased several times, in fact, as recently as 1998. At this time, there is money in the reserve of this retirement system. The market has been incredibly strong these past three or four years and our retirement accounts have seen incredible growth. Because of the volatility of the market, actuaries recognize gains and losses over a five-year period so that it smooths out the retirement fund, and increases and decreases in the system can be accommodated. Actuary studies reflect the retirement system, on a particular day, does not take into account the future members who join or the members who will retire. And we know that, since we passed the Rule of 85, we have seen a significant increase in retirements, and I believe in the next five or six years we will possibly see a large additional increase in teachers that will be retiring. This bill and the actuary study also do not take into account a possible increase in teachers' salaries, which, of course, will also have an increasing effect on the retirement system. I also would want to point out, in the handout that you received and, Senator Kiel, this actually, where it is talking about the disability retirement payments, the green copy of the bill states that it is up to 35 years. On the handout that