

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

March 19, 2004 LB 514

actuarial liability that the state is required to pay into the fund in order to ensure the integrity and stability of the retirement fund. The amount that we are looking at is \$434,202. And the main reason for this unfunded liability is that with the downturn in the market over the past few years the plan is now recognizing part of this market loss. And because this retirement plan is a defined benefit plan, the state is responsible for making sure that all liabilities are properly funded. And there are also some other reasons. Maybe you'll remember back in 2002 that we did have LB 470, which was the carrier enforcement bill, that also moved some additional people over to the State Patrol at that time. The members of the plan, and I think this is an important part, have agreed to increase their employee contribution rate by 1 percent to cover one-half of this shortfall. And the other half will be covered by an increase, 1 percent, in the employer matching contribution. And this 1 percent represents \$217,101 and that request is what is included in the budget. Currently the members and the state each contribute 11 percent of the members' pay into this defined benefit plan each month, and LB 514 with the committee's amendment would increase this contribution rate for both the member and the state to 12 percent, and reduce the amount the state must pay by \$217,101. So this amount, again, is required in order to ensure the integrity and the stability of the plan. So there is also an amendment. Thank you.

SPEAKER BROMM: Thank you, Senator Stuhr. Mr. Clerk.

CLERK: Mr. President, I do have committee amendments.

SPEAKER BROMM: Senator Stuhr, you're recognized to open on the committee amendments.

SENATOR STUHR: Thank you, Mr. President and members of the body. LB 514 was introduced last year and it wasn't really introduced as a shell bill but we did have in the bill a 13 percent increase for both the employee and the state. Because a 12 percent increase is sufficient to cover the unfunded liability, the committee amended LB 514 to increase the present contribution rate, which is 11 percent, to 12 percent for both the employee and the state. And the committee also put