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FLOOR DEBATE

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SENATOR STUHR: Thank you, Mr. President and members of the body. LB 366 would increase the employee contribution rate for the state employees retirement system to a flat 4.8 percent, and would permit immediate participation for employees in both the state and county retirement plans. Sections 1 and 2 of the bill would permit both state and county employees to immediately participate in both the state and county retirement plans from their date of hire. Currently, employees must wait for a period of 12 months before they are able to participate in their respective retirement systems. This creates problems when employers fail to properly enroll their employees at the 12-month anniversary. Such mistakes have shown up in audit points over the years, resulting from state and counties not timely enrolling their employees. By immediately enrolling employees at their date of hire, when other employment benefits begin, it would help to alleviate such discrepancies. According to LB 366 fiscal note, \$1,594,144 would need to be appropriated from the General Fund each year to implement immediate participation for employees in the state employees retirement plan, because the state would be providing a match for employees during their first year of employment. Additional costs would also be incurred by counties to cover their employer match. Since agencies are appropriated money to cover the full employer contribution match for each employee, whether they have been with the agency for a few months or a few years, it is my understanding that the fiscal note's impact to each state agency would be minimal by adopting this proposal, and there may not be a need for an A bill, since we are actually dealing with 71 different agencies. The judges, the State Patrol, and the school employees' plans each permit immediate participation of their plan members, and to implement immediate participation for both the state and county plans would help to make all of the public retirement plans more uniform with regard to their date of participation. Also, immediate participation would permit an older employee, who may be starting state and county employment later in life, to start contributing immediately rather than have to wait one year before doing so. It should be noted that even with immediate participation, the employee will need to be employed with the state or county at least three years before their employer match amount is vested. Section 3 of the bill