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retirement. Next, let me touch about the second goal, which is providing an adequate retirement for each public employee group. Six years ago we did a benefit adequacy study and that was released in August of 2000. The report recommended that state employees should contribute at least 12 percent of their annual salary towards retirement in order to receive adequate retirement savings. Currently, the state employee contribution rate is 4.33 percent for the first \$19,000, and 4.8 percent thereafter. Each employee dollar is matched by \$1.56 by the state employer. This two-tier rate level inequitably favors higher-paid employees, such as agency directors and upper management, because more of their salary is matched at the upper rate, than for employees who make less. By adopting this flat rate all will be contributing at the same rate with the same employer match. By overriding this veto and implementing the changes contained in LB 366, we will ensure that the state and county plans are able to adequately meet the retirement needs of its employee members. And it is, as I said earlier, a matter of fairness. When you compare the plans to the defined benefit plans for judges, State Patrol, and school employees, employees in these plans have contributed a minimum of 16.9, almost 17 percent, and we are talking about around 11 percent now for our state employees. I believe that these changes that we have contained in LB 366 will help to address some of these long-term structural problems in the state and county retirement plans, and I urge you to support in overriding the veto. I believe it is the right thing to do. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuhr. You heard the opening, motion to override. Open for discussion. Senator Don Pederson.

SENATOR D. PEDERSON: Thank you, Mr. President, members of the Legislature. I'm on the Retirement Committee. I voted for this bill. I now think we need to understand why did the Governor veto this bill, and let me share with you my conversations with the legislative budget office. The effective date of LB 366 is January 1, 2007. The concern of the Governor's Office is the fact that this is being done in the midbiennium. And in the ordinary process, there will be a discussion of wages and benefits with the various employees, and that will take place