



Hundredth Legislature - First Session - 2007
Introducer's Statement of Intent
LB 499

Chairperson: John Synowiecki
Committee: Nebraska Retirement Systems
Date of Hearing: February 20, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Section 1 of LB 499 would correct an inequity that arose five years ago with the state's treatment of the Omaha School Employees' Retirement System (OSERS) relative to the state's treatment of the Nebraska School Employees' Retirement System (NSERS).

It had been the practice of the Legislature for over 60 years that when General Fund revenues are contributed to the NSERS, the OSERS would be treated equitably, since these were state funds, not district and member contributions, but in 2002 a law was passed (79-966.01) to say that if NSERS' board certifies that it does not have sufficient contributions to cover the actuarially-required contributions, that the State will, from the General Fund, provide supplemental funding to NSERS, but it does not provide the same consideration to OSERS. The effect of this is that the state collects tax revenue from OPS residents, but excludes them when distributions are made for teachers' retirement systems.

The first section would provide that if the Legislature determines that a payment to NSERS is necessary, that that payment will be computed as a percent of payroll. If OSERS certifies that it also needs additional funds to meet its actuarially-required contributions, then the state will contribute to OSERS the same percent of payroll as was paid to NSERS.

If it is determined that an actuarial deficit should be covered by increased member contributions, or that NSERS does not require additional state revenues, there will be no contributions to OSERS.

Section 2 addresses the OSERS contribution rates for both the employees and the Omaha School District, since these rates are set in state law. Currently, those rates are 6.3% for the employees and for OPS the greater of 100% of the employee contributions or the amount necessary to maintain the solvency of their retirement system. The contribution rates in LB 499 are 7.3% for the employees, with the school district contributing the greater of 101% of the employee contributions or the amount necessary to maintain the solvency of the system. These amounts have been determined by the system's actuary to provide solvency for the foreseeable future.

Principal Introducer: _____
Senator Tom White