

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

[LB370 LB371 LB372]

The Committee on Nebraska Retirement Systems met at 12:15 p.m. on Monday, February 5, 2007, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB370, LB371, and LB372. Senators present: John Synowiecki, Chairperson; Philip Erdman; Lavon Heidemann; Russ Karpisek; and LeRoy Louden. Senators absent: Tom White, Vice Chairperson. [LB370]

SENATOR SYNOWIECKI: Good afternoon. Welcome this afternoon to the Retirement Systems Committee hearing. Today's hearing schedule includes LB370, LB371, and LB372. We will get started. This is kind of a fly-by-the-seat-of-your-pants deal during the lunch hour. There will be committee members coming in and out during the hearing. Appreciate your attendance at the hearings. I'll first introduce members of the committee as they come in. So far,...some of them will be coming. Senator Tom White is unavailable today, just for your information. By way of introductions, right to my far right is Mr. Donn Jones; he's the actuary for the committee. And to my immediate right is Mr. Jeremy Nordquist; he the research analyst for the committee. To my left, or standing now, is Laurie Vollertsen; she is the committee clerk. Senator Phil Erdman, from Bayard; and Senator Russ Karpisek is from Wilber, Nebraska. If you plan to testify on a bill before the committee, please fill out the sheets which are located on the tables to the back of the room, there should be. You fill them out legibly. And when you come forward to testify, please place them in this box right up here at the testifier's table. Following the introduction of each bill, I'll ask for a show of hands to see how many people plan to testify on the bill, and we will first hear proponent testimony, followed by opponent testimony, and then we will entertain any neutral testimony on each bill. When you come forward to testify, I'd ask that you please state your first and last name clearly. We are developing a record with this hearing; therefore, you will need to spell out your entire name. The rules of the Legislature do apply here. We will have no cell phones. If you do have them...if you do have a cell phone, please disengage the ringer. Reading someone else's testimony is not allowed, although we will receive written testimony. With that, the first hearing today for the Retirement Systems Committee is LB370, a bill introduced by Senator Phil Erdman. Senator Erdman, to open. [LB370]

SENATOR ERDMAN: (Exhibit 1) Mr. Chairman, members of the Retirement Committee, my name is Philip Erdman, representing the 47th Legislative District, here to introduce LB370. We also have a technical amendment that will be distributed, once we have an opportunity to make copies, and also there has been a revised fiscal note that clarifies the actuarial analysis information that was omitted from the previous fiscal note. And when we get a page, I'll make sure you get a copy of that. LB370 provides a mechanism for the Nebraska Retirement Systems to act as a clearinghouse for information relating to police officers' retirement. The bill facilitates gathering the required information to perform an actuarial study based on the existing retirement plans for police officers across Nebraska. The purpose of the study is to assist actuarial firms in determining the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

cost to implement a defined benefit or other retirement plans. This bill provides for the Nebraska Retirement Systems to conduct the survey and to issue a report to the Nebraska Retirement Systems Committee of retirement systems in place for law enforcement officers, no later than October 1, 2007. No personal information on officers shall be given, and the information on the report shall be given to a firm to conduct actuarial survey upon the firm's request. The survey will include but not be limited to the types of retirement plans in place, and other information deemed important by the committee. The Retirement Systems, in consultation with the committee, shall create a method to receive materials required for survey, to utilize the unique identifier. Due to the time line of the bill, it does contain an emergency clause to ensure that the survey is conducted promptly. Section 4 requires that the state and political subdivisions shall provide information deemed necessary by the retirement system and conduct review under Section 3 of this act. The information may include but not be limited to the names of the officers, the dates of birth, the dates of hires, taxable earnings of the officers from prior fiscal year, years of service, gender of the officer, if the law enforcement officer is enrolled in a retirement plan and any other information deemed important. If they are in a plan, what the required employee contribution percentage is, and whether it's a fixed or variable rate. If enrolled in a defined contribution plan, the political subdivision shall disclose account balance attributable to employer contributions and employee contributions, excluding balance due to roll-overs from another qualified plan or voluntary employee contributions. This section also requires that material received shall be confidential and not disclosed to third parties, except as provided in subsection 2, Section 3 of this act. Finally, Section 5 clearly states that neither the state nor any political subdivision will be responsible for payment of actuarial survey under Sections 1-4 of this act. And that will be distributed in plain language to you in Revision 01 of the fiscal note. It's my understanding that the Fiscal Office had misread the language, and so we visited with them and they agreed that the language was clear, and so the fiscal note has a substantial reduction in cost and outlines who is responsible for that under the act. Simply put, LB370 gives us the mechanism to determine how to proceed and what the potential issues that need to be addressed in advancing either LB371 or LB372, and I would ask for the committee's indulgence. And if there are any questions, I'd be happy to answer those. The technical amendment, real briefly, is that it further clarifies that a law enforcement officer would include individuals such as an individual who works under the Game & Parks, who may be responsible for, in addition to conservation officers, other responsibilities of enforcement of law. [LB370]

SENATOR SYNOWIECKI: Thank you, Senator Erdman. I'd like to announce that Senator LeRoy Loudon has joined us. He represents the area around Ellsworth, Nebraska. Welcome, Senator Loudon. Any questions for Senator Erdman from the committee? Questions? Seeing none, thank you for the introduction. How many individuals plan to testify relative to this bill? Can I see a show of hands? I see one, two, three, four, five, six individuals. We will now take proponent testimony, proponent testimony for LB370. Before you begin, I might also announce Senator Lavon

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

Heidemann, from Elk Creek, Chairperson of the Appropriations Committee, has now joined us. Welcome. [LB370]

MARK OVERMAN: (Exhibit 2) Good afternoon, Chairman Synowiecki, and members of the Retirement Committee. My name is Mark Overman, O-v-e-r-m-a-n. I'm a Scottsbluff police detective, and I began my career 28 years ago today. I'm also the vice-president of the Nebraska Fraternal Order of Police, representing over 2,400 law enforcement officers in this state. Thank you to the committee for giving us this opportunity and to Senator Erdman for introducing LB370. I'm going to skip reading the purpose of the survey, because I believe Senator Erdman completed that very well. Nebraska's law enforcement organizations, the Fraternal Order of Police or FOP, the Police Officers Association of Nebraska, POAN, Nebraska Sheriffs Association, NSA, and the Police Chief's Association of Nebraska, PCAN, are seeking to establish a statewide defined benefit retirement system. We know that no retirement legislation can proceed without an actuarial study. LB370 will gather the data needed to complete that study. LB370 requires entities and employed police officers, county sheriffs and deputies, and Nebraska state conservation officers to send retirement system information to the Nebraska Public Employees Retirement System. LB370 does not apply to the State Patrol, Omaha or Lincoln Police, or the Douglas County Sheriff's Office. LB370 requires the Retirement System to conduct a survey of law enforcement retirement systems in place in Nebraska and issue a report to the Retirement Committee. The Retirement System then furnishes data to an actuarial firm, but shall not include any personal information such as name or Social Security number. We know the cost to complete this study is significant; however, the Fraternal Order of Police, the Police Officers Association of Nebraska, and Nebraska Sheriffs Association have agreed to pay for it. Senators, we are simply asking for your assistance to complete an actuarial study. We do not believe it is possible to do so without LB370. Thank you, and I'd be happy to answer any questions. [LB370]

SENATOR SYNOWIECKI: Thank you, Detective Overman. This is truly prerequisite legislation. Before we can even discuss LB371 or LB372, it's an absolute prerequisite that this information be forwarded. Is that... [LB370]

MARK OVERMAN: Yes, that's our understanding, Senator, that none of these other retirement bills can proceed without an actuarial study. [LB370]

SENATOR SYNOWIECKI: Any questions for the detective? Senator Louden. [LB370]

SENATOR LOUDEN: Yeah, thank you, Detective Overman, for driving some 400 miles to get this all taken care of. I guess my question is--I don't know if it pertains to all the law and stuff--what are you...what's your plan? Is that to get the sheriff's department and smaller police departments all into this same retirement fund, as one retirement fund, all of you in it together, or... [LB370]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

MARK OVERMAN: Yes, Senator Louden, that is our plan, to represent all of the law enforcement officers in Nebraska that are not now covered. [LB370]

SENATOR LOUDEN: And those that...well, some of them do have plans. Some of the sheriffs and that sort of thing do have plans, don't they? [LB370]

MARK OVERMAN: Yes, some of the sheriffs do have plans. This...LB371, which I will also be testifying for, that would bring all of the sheriffs...all the sheriffs, all the police officers in first-class cities, second-class cities and villages, and the state conservation officers under one statewide law enforcement plan. [LB370]

SENATOR LOUDEN: Okay. I guess what I'm wondering is, then, if some of these people move from sheriff's department to a smaller town or vice versa, they wouldn't have to be changing their retirement plans, and they could carry their retirement plan right on through. [LB370]

MARK OVERMAN: Yes, Senator Louden, we see that as one of the very big advantages of that and think that, frankly, for the entities that employ those officers, it would be very advantageous, because an officer working in a larger agency could go to a smaller agency or vice versa, and maintain his retirement. He wouldn't have to give it up, because it would be portable under the state plan. [LB370]

SENATOR LOUDEN: Okay. Thank you. [LB370]

SENATOR SYNOWIECKI: Further questions from the committee? Anecdotally, Mark, is it a lot of people leave smaller departments because of the retirement benefit packages? [LB370]

MARK OVERMAN: Anecdotally, a lot of people...we find that smaller departments serve as training grounds and entry level for larger departments. In and around...Scottsbluff is the largest department in the Panhandle. We have 32 sworn officers. We have a lot of officers that have come from smaller communities, that have been trained. They go through the, you know...the smaller communities go through the expense of training them, and then they come to Scottsbluff. Scottsbluff, in turn, sees officers going to even larger communities with better retirement plans. And I know that across the state that's a common problem. The smaller communities hire some young officer that has a lot of promise, and because of retirement and other benefits--but I know retirement is a big thing--you'll see them going to larger agencies. [LB370]

SENATOR SYNOWIECKI: Thank you. Thank you for your testimony. Thanks for taking your time to come here today. It's much appreciated by the committee. [LB370]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

MARK OVERMAN: Okay. Thank you. [LB370]

ROLAND YOST: My name is Captain Roland F. Yost. I'm a deputy sheriff with Sarpy County, Nebraska, and I've been a deputy there for 26 years. Thank you for taking the time to listen to us this afternoon. What I would like to do is just give you a little bit of brief history regarding some of the things that LB370 addresses. A little over a year and a half ago members of the Nebraska Sheriffs Association, the state Fraternal Order of Police, and the Police Officers Association of Nebraska got together with a committee of two individuals from each of those groups. We met periodically, and the purpose of that group was to try and gather the information that LB370 is trying to gather now. We spent a lot of time, a lot of energy, sending information out to all of the agencies across the state. In some cases we made personal contacts with representatives from those agencies, usually the sheriff or the chief of police, to try and get the information that would be needed for an actuarial study. We received back maybe 25 or 30 percent of the responses. We needed to get...obviously, an actuary is going to need some pretty substantial information and a high number of responses so they can be accurate in their study. We thought we needed probably around 90 percent of response from the officers across the state, and again, we're only around 25 or 30 percent. So we tried the route where we would send representatives out or make personal contacts to those agencies to get the information. And again, we excluded names, Social Security numbers. What we were trying to gather was how long they've been on the department, what their age was--some of those things that the actuaries will need to conduct their study, and again, not to try and get a lot of personal information from the officers, but then again, account values would be needed. So I'm not sure if that's why they were hesitant to give that information to us, but we did get a lot of surveys back, but not nearly the amount of surveys we would need. So we would ask your help with LB370 passage, that would require the municipalities and the counties to provide that information, instead of going to the source of the officer to get the information. Thank you for your time. I'll take any questions. [LB370]

SENATOR SYNOWIECKI: Thanks, Rolly. Any questions from the committee? Seeing none, thank you for your testimony. [LB370]

ROLAND YOST: Thank you. [LB370]

ISAAC BROWN: (Exhibit 3) Good afternoon. Senator Synowiecki and other members of the Nebraska Retirement Systems Committee, my written testimony, which you're receiving, really addresses all three of the bills in question today, LB370, LB371, and LB372. [LB370]

SENATOR SYNOWIECKI: Before you proceed. Can we... [LB370]

ISAAC BROWN: I'm sorry. [LB370]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

SENATOR SYNOWIECKI: State your name and spell it for the record, please. [LB370]

ISAAC BROWN: Thank you. My name is Isaac Brown, B-r-o-w-n. I'm the police chief from McCook, Nebraska, and I am here today representing the Police Officers Association of Nebraska and the Nebraska Chapter of the FBI Academy, national academy associates in Nebraska. I'm going to try and be brief this morning. You'll find from my written testimony largely addresses what I see are the consequences of the retirement system that now exists in Nebraska, in comparison to surrounding states. We have law enforcement officers in Nebraska being forced to work until they are eligible for Medicare and Social Security, before they're financially able to retire. That forces them to stay on the job, of course, into their sixties, when they are physically at a real deficit going up against twenty-something-year-old criminals. It makes it very difficult for them to protect themselves and to protect our families of our citizens in Nebraska. It also creates a situation where many of those individuals simply don't get to retire, because law enforcement officers who stay in law enforcement for an entire career do not live as long as the average citizen. They may, in fact, die as many as ten years younger. The other thing that I see as an important consequence of the current system is the fact that our young people are being forced, really, to leave Nebraska to have careers in law enforcement. That's especially true in rural areas, where wages are lower and retirement systems are not very good, or nonexistent in many of our second-class cities and villages. Wages are somewhat, I see, as a negotiable issue. Wages are much higher in larger cities. The Denver Police Department attempts to get people from western Nebraska to come to them all the time, and one, of course, of their drawing cards is they pay a good deal more money. That doesn't attract as many people as you might suspect. People are attracted by the quality of life in Nebraska and the fact that it doesn't take as much money to live in McCook, Nebraska, or Imperial, Nebraska, or Scottsbluff, Nebraska, as it does to live in Denver. What is an issue is retirement, because that represents security for that officer and for his family in later life, and there's simply no way, under the current system, to offer that security to our law enforcement in the state of Nebraska. I believe LB370 and the...that allows the actuarial study and LB371 and LB372, will create the opportunity, at least, for that to be examined, and for those deficiencies to be corrected, so that we can keep our senior officers off the street when they're 65 years old, and so that we can retain our best and brightest young people in the state of Nebraska, rather than continuing to lose them to surrounding states because of the retirement systems. I thank you for the opportunity to speak to you and provide testimony today, and I certainly would be available to answer any questions, if you'd like. [LB370]

SENATOR SYNOWIECKI: Thanks, Chief. Questions from the committee? Senator Louden. [LB370]

SENATOR LOUDEN: Yes, when you speak of setting up this retirement system and

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

retirement, now I presume they get Social Security...they'll contribute to Social Security and still will receive Social Security benefits, even without this? Or are you going to use this as an entire retirement benefit? [LB370]

ISAAC BROWN: No, sir. This would be separate from Social Security. [LB370]

SENATOR LOUDEN: Okay. And then I guess my next question is, if you set this up as a retirement program, are you going to have something like the teachers'--whatever it is--50/30. If you're 50 years old and been there 30 years, or 55...so it totals up to some number--80 or 85--then you can retire earlier, or something like that? Is that your plan? [LB370]

ISAAC BROWN: I think the legislation, particularly pending the outcome of the actuarial study, the legislation will probably change as we get more information as to what the numbers are. And frankly, I'm not probably the right guy to answer that question, because I'm not as familiar with the specifics of LB371, as some of the other individuals you'll talk with. [LB370]

SENATOR LOUDEN: Well, I...just judging, I suppose you've been at this for awhile. How old do you think a person should be, you know, and be able to retire from law enforcement? [LB370]

ISAAC BROWN: To a degree, I think that depends on their health and general ability, but I think you've got to have a system that allows people to get out of law enforcement before they're in their sixties, if at all possible, so that you don't have aged folks on the street, and so that you have better protection for your citizens. [LB370]

SENATOR LOUDEN: Well, that was the number I was looking for. I was wondering what you thought it would be. [LB370]

ISAAC BROWN: Well, and there again, I think that's something that will probably be the subject of some debate as this legislation goes forward, but that...in my mind, that would be a good number. [LB370]

SENATOR LOUDEN: Yeah, 60? [LB370]

ISAAC BROWN: I would think. [LB370]

SENATOR LOUDEN: ...62? 58? [LB370]

ISAAC BROWN: Well, I would think 60, but that's just me. [LB370]

SENATOR LOUDEN: Okay, thank you. [LB370]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

ISAAC BROWN: You know, I'm not sure that I speak for anybody besides myself.
[LB370]

SENATOR LOUDEN: No, you shouldn't have to. It's just that the benefit would be there.
[LB370]

ISAAC BROWN: Yes. [LB370]

SENATOR LOUDEN: Okay, thank you. [LB370]

ISAAC BROWN: Thank you, sir. [LB370]

SENATOR SYNOWIECKI: Other questions from the committee? Chief, I'd be interested to know: Do you compete, in terms of your employment pool, with the work ethic camp out there? [LB370]

ISAAC BROWN: We do. [LB370]

SENATOR SYNOWIECKI: Has that impacted? [LB370]

ISAAC BROWN: We do. It impacts me in two areas. One, it has impacted me with certified officers who see greater advancement and some better benefits working for the state. I have lost folks there. We run a dispatch center and city jail, one of the few in the state, and for that reason we have certified jailers. And I have lost several folks of those, to the work ethic camp, as well. And again, it's more...it's benefits and more than money. [LB370]

SENATOR SYNOWIECKI: Right. Chief, thanks for taking the time to come to the committee hearing today. Appreciate it. [LB370]

ISAAC BROWN: Thank you, sir. [LB370]

SENATOR SYNOWIECKI: Other proponent testimony? [LB370]

LARRY THOREN: (Exhibit 4) Senator Synowiecki, members of the Nebraska Retirement Systems Committee, good afternoon. My name is Larry Thoren, T-h-o-r-e-n. I am the chief of police for the city of Hastings, and I am testifying in support of LB370 on behalf of the Police Chiefs Association of Nebraska. Our support is based on the following. PCAN supports the examination of the retirement systems in Nebraska of police officers. We believe that the majority of the current retirement systems are not competitive. We believe that the retirement systems should be uniform within the state. PCAN believes that an improved retirement system will enhance our ability to recruit

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

experienced police officers from outside of Nebraska, and PCAN believes that an improved retirement system will enhance our ability to retain experienced police officers by discouraging them from seeking employment outside of Nebraska, and PCAN believes that an effective retirement system will allow police officers to retire at an earlier age, thereby alleviating the pressure of health insurance coverage and workmen's compensation budgets of local governments. Currently, about 25 percent of my police budget is in health insurance expenses. That's a substantial impact on the public safety budget for the city of Hastings. I have lost police officers to Missouri, Kansas, Iowa, Oregon, Colorado, and part of the reason that they left was because of the retirement system. Also, you know, it's significant to say that a police chief left Nebraska to go to Minnesota to be a deputy sheriff, because of their retirement system. Senator Louden, you had asked a question about what's the ideal retirement age, or what's an appropriate retirement age of police officers. Most state pension plans allow police officers to retire either 50 or 55, somewhere in that area. And I think that, you know, on the...not only on the public safety side, but the cost of insurance by municipalities and county governments, and then the potential of being injured at an older age is greater. So I think it's probably to get people out of this business before they cost too much. So what questions can I answer for you? [LB370]

SENATOR SYNOWIECKI: Questions from the committee? Senator Louden. [LB370]

SENATOR LOUDEN: Why, thank you. That was kind of some of my concern, because it will make quite a difference on how you figure your study and your benefits on, you know, the...when you start giving benefits, on what age they can retire. And I have no problem with whatever age you guys choose, but just so that when they do the study, they know which part of the ballpark they're going to start playing in, to start with. So I thank you for your testimony along that line, because that was some numbers that I think was very important. [LB370]

LARRY THOREN: Yeah. Currently, officers can retire at 55, after 25 years of service. [LB370]

SENATOR LOUDEN: Be what? That tallies up to 80? [LB370]

LARRY THOREN: Well, it's not based on an accumulative age and service. It's based on 25 years of service with your police department, and attaining the age of 55. [LB370]

SENATOR LOUDEN: Okay. [LB370]

LARRY THOREN: And again, that's the current system, which is basically a glorified 401(k). [LB370]

SENATOR LOUDEN: Okay, thank you. [LB370]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

SENATOR SYNOWIECKI: Other questions? Thanks, Chief. Appreciate your testimony. [LB370]

LARRY THOREN: Thank you. [LB370]

SENATOR SYNOWIECKI: Other proponent testimony? [LB370]

FRED UHE: Senator Synowiecki, members of the Retirement Committee, my name is Fred Uhe, last name spelled U-h-e. I'm the chief deputy county clerk and the registered lobbyist for the Sarpy County Board, so I come here in an employer capacity, supporting LB370. Retirement benefits and a complete package of benefits is part of something that we constantly monitor, due to our location within a metro area, and we just think it's prudent that this study be undertaken before the discussion on LB371 and LB372 takes place. But again, my county board is supportive of this study, and would be willing to offer staff to help participate and provide whatever input we can. So with that, I'd be willing to answer any questions. [LB370]

SENATOR SYNOWIECKI: Thanks, Fred. Any questions? I see no questions from the committee. Thanks for your testimony today. [LB370]

FRED UHE: Okay. [LB370]

SENATOR SYNOWIECKI: Other proponent testimony? [LB370]

TERRY WAGNER: Good afternoon, Senator Synowiecki, members of the committee. My name is Terry Wagner. I'm the sheriff of Lancaster County, and I am here today representing the Nebraska Sheriffs Association, which I have the honor of being president of in 2007. I just want to let the committee know that... [LB370]

SENATOR SYNOWIECKI: Can I get you to spell your first and last name, for purposes of the record? [LB370]

TERRY WAGNER: Certainly. Terry is T-e-r-r-y, Wagner is W-a-g-n-e-r. [LB370]

SENATOR SYNOWIECKI: Thanks. [LB370]

TERRY WAGNER: I just want to let the committee know that the Nebraska Sheriffs Association is supportive of this actuarial study that's identified in LB370, that we are committed to help paying for that study, as Mark Overman alluded to in his testimony. And I want to bring a couple of things to the committee's attention, just to emphasize the need for the study. According to the Law Enforcement Wellness Association, the average age of death, the average age of death of law enforcement officers in America

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

is 66. I'm...I had a heart attack five days after my 51st birthday, and no history of heart problems in my family. So I guess the only thing I can attribute it to is my 30 years in law enforcement. Having said that, I think...another thing that we're looking at in Lancaster County is the increase in workers' compensation claims of employees over 50 years of age. And I can tell you that in ten years, from 1996 to 2006, the claims were the very highest for the age group of 50 to 60, of anywhere for all the other age groups within the office, according to our risk manager for Lancaster County. I don't have all the numbers exactly worked out for those...for that group of employees, but the numbers of claims and the expense of those claims was quite high. And you know, right now we're paying for new replacement for a deputy who was injured in the line of duty, and so I think we'll all agree, those of us who are not young like yourself, Senator Synowiecki, but some of the other ones, we break easier as we get older, and we heal slower. And I think that's just a fact of life, and it certainly, as one of the other testifiers alluded to, when we're fighting 19-, 20-year-old criminals, a 55-year-old man is at great risk for health problems. So with that, I just want to let the committee know that the sheriffs' association is supporting this bill, and I'd be glad to answer any questions that you might have. [LB370]

SENATOR SYNOWIECKI: Thank you, Sheriff. Any questions for the sheriff? Thank you for your testimony today. Appreciate it. [LB370]

TERRY WAGNER: Thank you. [LB370]

SENATOR SYNOWIECKI: Other proponent testimony for LB370? Additional proponent testimony? Seeing none, any opponent testimony to LB370? Seeing none, neutral testimony, LB370? I see two testifiers for neutral testimony. [LB370]

BETH BAZYN FERRELL: Good afternoon, Senator Synowiecki, members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm assistant legal counsel for the Nebraska Association of County Officials. We recognize the importance of having a study before a change is undertaken to the retirement systems. We also recognize that the rules of the Legislature do require the study to be undertaken in a specific time line. We would ask that you take advantage of the emergency clause if you do decide to advance this bill, so that county clerks have enough opportunity to do the work that is required of them in an accurate and timely fashion. We'd also like to acknowledge that we do appreciate not being asked to pay for the actuarial study. I'd be happy to take any questions. [LB370]

SENATOR SYNOWIECKI: Thank you for your testimony. Any questions? Senator Louden. [LB370]

SENATOR LOUDEN: Yes, why, thank you for testifying today. You're with the county employees, is... [LB370]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

BETH BAZYN FERRELL: County officials association. [LB370]

SENATOR LOUDEN: Yeah. Do you feel that the police officers' retirement should be separate from the county officials? [LB370]

BETH BAZYN FERRELL: Well, Senator, that's something that our group has really been split on, and I'll testify on the other two bills about that. But when we looked at those two bills, it was not a unanimous vote within our association. There are several issues. One, of course, is any kind of change in cost. There is a concern about creating a different system that applies only to some members, some employees, some people in the courthouse, as opposed to other folks in the courthouse. There are some issues like that have been somewhat divisive in our group. [LB370]

SENATOR LOUDEN: Your county employees' retirement, or whatever, when do they retire, and (inaudible) what age? [LB370]

BETH BAZYN FERRELL: There's not a mandatory retirement age at this point. They contribute 4.5 percent; the county matches at 150 percent of that, and there's no set age. [LB370]

SENATOR LOUDEN: They can start drawing retirement benefits at nearly any age, then, and just would be discounted that much; is that what you're telling me? [LB370]

BETH BAZYN FERRELL: Oh, I'm sorry. I thought you were talking about like a mandatory age on the other end. I want to say that's like 55--I'm not sure. I will look before the next bills and have an answer for you. [LB370]

SENATOR LOUDEN: Oh, I'm sure you're not old enough to retire. (Laughter) Okay, thank you. [LB370]

SENATOR SYNOWIECKI: Thank you, Senator Louden. Any other questions from members of the committee? You did mention that the counties are not asked to pay for this in any way, shape, or form; that's correct? [LB370]

BETH BAZYN FERRELL: Yes, we appreciate that. [LB370]

SENATOR SYNOWIECKI: And essentially, your role under LB370 would be to provide data for the study? [LB370]

BETH BAZYN FERRELL: Yes. [LB370]

SENATOR SYNOWIECKI: Okay, thank you. Other neutral testimony? [LB370]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

LYNN REX: Senator Synowiecki, members of the committee, my name is Lynn Rex, R-e-x, representing the League of Nebraska Municipalities. We are neutral on this measure. I do think that one of the things that the committee needs to know is that one of the concerns about providing this information just voluntarily was the liability that cities would have for providing some of this, and in fact, some of the law enforcement officers did not want to release it. So I do think that, you know, if you feel that it's necessary, it's something to consider, at least, on page 5, line 3, after the word "be," perhaps put "liable for the information released or." So in other words, that would read, "Neither the state nor any political subdivision shall be liable for the information released or responsible for the payment of the actuarial survey under this act." I think that might be something that would provide comfort for all concerned. I know that when we were asked voluntarily just to coordinate and help get this information, not only did outside counsel indicate to us that we would have some potential liability, but there were officers that simply didn't want to do it. So I think that this might provide some protection. I do think that, as much as the league is opposed to switching back to a defined benefit plan, because those were negotiated back in '82, '83, and both for first-class cities on the fire side, as well as the police side, the Legislature along...in a negotiated agreement, switched those defined benefit plans to a defined contribution plan. And there are a whole host of reasons for that, which we can get into, probably even the summer, if you choose to have an interim study, or however you choose to move forward on this. But we're strongly opposed to defined benefit plans. We fully are prepared to work on improving defined contribution plans. I think that the folks in this room just put their lives on the line everyday for all of us, and so what we can do to help in that regard we're prepared to do. I'd be happy to respond to any questions that you might have. [LB370]

SENATOR SYNOWIECKI: Questions from the committee? Seeing none, thanks, Lynn, for your testimony. [LB370]

LYNN REX: Thank you very much. [LB370]

SENATOR SYNOWIECKI: Any other neutral testimony? Seeing no other neutral testimony, Senator Erdman to close on LB370. [LB370]

SENATOR ERDMAN: Thank you, Mr. Chairman, members of the committee. And again, briefly, LB370 is a process that we use in order to be able to do a study. The actuarial study is actually done by the independent groups. They simply need the information to know where to start. The basis for those studies will be contained in either LB371 or LB372, so I appreciate the committee's indulgence in trying to gather this information, and we will definitely work with the interested parties to ensure the language reflects the concerns that they have. [LB370]

SENATOR SYNOWIECKI: Thank you, Senator Erdman. Any questions from the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

committee? Seeing no questions from the committee, that will close the public hearing for LB370. Senator Erdman now will open on LB371. Senator Erdman. [LB370 LB371]

SENATOR ERDMAN: Thank you, Mr. Chairman. Philip Erdman, representing the 47th Legislative District, here to introduce LB371. Nebraska lacks a comprehensive statewide retirement plan for law enforcement personnel. Currently, state statutes create different retirement systems, from defined contribution, cash balance, and defined benefit retirement plans for those individuals. Unfortunately, second-class cities and villages are not included in any of these existing programs. This range of retirement benefits provides an incentive for trained law enforcement officers to accept employment with another political subdivision that has a comparably better retirement program under state law. LB371 creates the Nebraska Peace Officer Retirement Plan, a statewide defined benefit plan for all law enforcement personnel in Nebraska not currently enrolled in a defined benefit retirement plan. The language and provisions contained in LB371 are primarily patterned on the existing Nebraska State Patrol retirement plan. This bill allows each police officer in Nebraska to enroll in the plan, except for those are in a plan and choose to remain in that plan, or those who were hired by cities of a first class prior to January 1, 1984. It also allows for transfer of funds held in another retirement account into the Nebraska Police Officers Retirement System. This plan would also authorize a deferred retirement option plan or drop. A drop plan permits optional additional contributions made by members to a drop plan which are treated like a defined contribution program. A member enrolled in drop directs their own funds, and fees can be charged against that account. Senator Loudon, just for your information, I believe in Section 14 and Section 16 of the green copy of LB371--and I don't have the page numbers; I just have them by section--it outlines the different time lines in which an officer may be entitled to retire with benefits, and then it also authorizes the reductions in retirement, if they choose to retire at an earlier age. And there are other individuals who are here to testify more specifically, but that is one of the questions that I think you've been asking, and that's actually in LB371, and I believe will also be contained in LB372. LB371 is actually what we need to have the actuarial study done for. In order for it to go forward, an actuarial study has to be conducted prior to its passage, and these bills have to be introduced in the first year of a legislative session, in order to enable that to happen for discussion and possible advancement of the bills in next year's legislative session. [LB371]

SENATOR SYNOWIECKI: Thank you, Senator. Questions? Seeing no questions from the committee, thank you for the introduction. How many individuals are going to testify on LB371? Can I see a show of hands? I see one, two, three, four. Thank you. First testifier in proponent capacity for LB371? [LB371]

MARK OVERMAN: (Exhibits 5 and 6) Good afternoon, Chairman Synowiecki and members of the Retirement Committee. My name is Mark Overman, M-a-r-k, O-v-e-r-m-a-n. I'm a Scottsbluff police detective, starting my career 28 years ago today.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

I'm also the vice-president of the Nebraska Fraternal Order of Police, representing over 2,400 law enforcement officers in this state. Thank you to the committee for giving us this opportunity, and to Senator Erdman for his help in introducing LB371. We are here because the Police Officers Association of Nebraska, the Police Chiefs Association of Nebraska, Nebraska Sheriffs Association, and the Fraternal Order of Police are working together on the retirement issue, and we need a defined benefit retirement plan for all of Nebraska law enforcement. Defined contribution plans are seen as an unreliable vehicle for ensuring financial security in retirement to the extent that investment risk is borne solely by the individual participants. This is exacerbated when plan participants are poor investors. The DC plan provides no assurance that an employee will be financially prepared for retirement at any specific age or level of experience. Unfortunately, this uncertainty--or in some cases, certainty--of the inadequacy of one's benefits causes employees to remain on the job even when their ability to perform job duties is in decline. And our defined benefit systems in Nebraska right now: first-class cities, prior to January 1, 1984, Omaha police, the teachers, the State Patrol, Lincoln Police, and Douglas County Sheriff's Office. And this is just an example of what the benefits are in Nebraska. These are the maximum retirements, so Omaha is 75 percent, Lincoln is 64 percent, State Patrol is 75 percent, Douglas County is 60 percent, and first-class cities are 60 percent. And there are--you'll see in the slide that there are variations on the contributions. You'll see really high contribution in Omaha and with the State Patrol. And Senator Loudon, Omaha and the State Patrol are not covered by Social Security. I'm not sure about Lincoln. Douglas County is, and first-class cities are. So there's an additional contribution, really, to retirement going in the form of Social Security, which is somewhere around 15 percent, matched by the employee at the employer. This is what's in place for Nebraska retirement right now. In first-class cities, if...for any officer hired after 1-1-84, they have a defined contribution plan. The county and the conservation officers, they have a defined contribution plan or a cash balance plan. And in second-class cities and villages, there is nothing. They have no mandated retirement whatsoever. And just...I just don't know of any that have any sort of retirement plan. Perhaps there are, but it wouldn't be much. The defined contribution retirements: In the first-class cities, the contribution rate is 6 percent, and 6 percent for the counties of under 85,000. You can see what those rates are--7.75 and 5.5, and the counties of over 85,000, the contribution rate is a little bit more. But under defined contribution, these police officers, deputies, and conservation officers are only entitled to the funds they've accumulated in their accounts upon retirement. When the money is gone, there are no future payments. And this is the types of retirements that are in place in the states surrounding Nebraska--defined benefit in every state--Iowa, Kansas, Colorado, Wyoming, and South Dakota. The only caveat to that is, in Colorado, there are some places that...I believe in the eighties they had an option to opt in or out of defined benefit, and so you will find some places that have defined contribution in Colorado. But these are the percentages that officers can retire at, and the ages where they can retire. And Senator Loudon, your question was a good one, of when they can retire. And I believe that Chief Thoren answered that very well, that the general age for police

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

retirement in this country is between 50 and 55. But Iowa doesn't contribute to Social Security; theirs is 82 percent; Kansas is 80 percent; Colorado, 60 percent; and I think that they do contribute to Social Security. Wyoming does contribute to Social Security, and they just passed this law a few years ago. And South Dakota is 69 percent. So an officer could go...in fact, I'm dealing with officers right now that are in their mid-30s, telling me, you know, I'm 35. I could go to South Dakota, Wyoming, Colorado tomorrow, and have...and after I've already worked here for 14 years, I could go there and retire with more than I would have in my retirement if I kept working here. So the reasons for change--just disparity, Senators, just disparity. And the age--you are seeing and you will see in first-class cities and probably villages and sheriffs' departments and second-class cities in this state, you are going to find officers in their middle sixties, and conservation officers, for sure, in their middle sixties, that are still working. And you just don't find that in other states. Disparity almost...this comes from a Milliman and Robertson actuarial study that was given to the Retirement Committee several years ago. Almost every state has defined benefit plans for police and fire employees. From all the information gathered, there are no other statewide retirement systems in the United States for law enforcement personnel that provide retirement benefits through a defined contribution plan. The results: You've heard it from some of these other highly experienced officers and sheriffs and police chiefs--increase in on-the-job injuries, increases in used sick time, officer safety issues, and public safety, and dying from the job--the mortality risk. Police officers are at an increased risk for mortality as a result of this study. The average age of death for police officers in our 40-year study was 66 years of age. The average age for the rest of the population is about 76 to 77 years of age. So LB371 establishes a defined benefit retirement for first-class cities, county and conservation officers, second-class cities and villages. Defined benefit plans can work. You're going to hear from someone, I would guess today, that this could be a nightmare for cities and counties, and in some places that's true. But I think that they can be properly managed, and the mechanism is in there to do that, and the proof is in the state of Nebraska. This came from the actuarial presentation to the Nebraska Retirement Systems Committee on December 1, 2005: Judges took additional court fees, and that was under LB348, to fund an unfunded liability there. The Patrol does not contribute to Social Security, so there was an increase to the Patrol. But the schools and the teachers--and Senator Loudon, you've raised that issue of a number where your age and your years of service come together, and that's how the schools do it--and the schools have a defined benefit system for probably between 30,000 and 40,000 school teachers in the state of Nebraska. And they're in every...those teachers are in everywhere from Omaha to Minatare--everywhere, and they are all covered under one system, and it's portable. They can move within the system. But the contribution rate is 7.98 member rate from September '05 to August '06, and then it goes to 7.83, and then you can just see what those rates do. It goes back to 7.25, and the employer contributions are 101 percent of the member contributions. Under the state system, which is done right, there's an actuarial study every year--where are we at, how much money do we need? Defined benefit plans can work. You will see horror stories, we have seen the horror stories. We

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

have seen the front page of the World-Herald , talking about the gold standard of Omaha pensions, talking about the police pension and their unfunded liability. We have seen that, we know you have seen that, we know that you will hear about this. For one thing, we don't think that they were doing an actuarial study every year. For another thing, speaking to the president of the Nebraska Fraternal Order of Police, who is an Omaha police officer and also the secretary of the Omaha police union, he is involved in a study right now that Omaha is doing to find out where they're at, and they definitely disagree with that amount of unfunded liability, and he thinks that that number will be different when they complete their study. And he said that another thing that never came out in this article is that over a number of years, the officers at the Omaha Police Department gave up a certain percentage of a pay raise that a comparability study would have shown that they should have had, and they deferred some of that so that the city could make extra contributions, extra percentage points of contributions to the retirement plan, to keep the retirement plan solvent. And that didn't show up in this newspaper article. Another thing about Omaha is that those officers can retire based on their last one-year--how much money they made the last year. And the article talks about those officers being able to just work lots and lots of overtime in the last year, and extra assignments, thus greatly boosting their retirement. LB371 is a multiyear average, and I would suggest to you that that's not going to happen, just because it is a multiyear average. In conclusion, we must eliminate the disparity among Nebraska's law enforcement retirements. And why should most Nebraska law enforcement officers be treated differently than officers in other states, and even within our own state? And senators, you heard about the reason for the changes to our retirement plan that happened in '81, '82, and '83. Well, I was a young officer then, and I was here and I testified regarding those changes. And what I saw here and what I recall is a procession of city managers that came before the Legislature saying, you folks have got to save us, because we have this huge unfunded liability, because we have these police officers and firefighters that are marching towards retirement, and we haven't been funding it because the law never required us to fund it. So as a result, there were only a handful of first-class cities out of the 30-odd first-class cities that actually had been funding their police and fire pensions. And so what the Legislature did, then, was they said, okay, from now on, you have to fund it, and everybody that is employed on 1-1-84, we are going to make you come up with the funding for that. But everybody after 1-1-84 is just going to be a defined contribution, so you can just start funding that now, and then you won't have this unfunded liability at the end. That's what I remember about that. And also, Senator Loudon, the retirement for officers in first-class cities, it's age 55--and these are officers hired prior to 1-1-84. They were grandfathered under this defined benefit system. At age 55, no matter how many years you have--by age 55, I'll have about 31 years as a police officer--your retirement is 40 percent. And at age 60, it's 50 percent. So with that, that is all of my testimony, and I would answer any questions. [LB371]

SENATOR SYNOWIECKI: Thanks, Mark. Any questions from the committee? Senator

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

Louden. [LB371]

SENATOR LOUDEN: Yeah, Detective Overman. Do you think that 40 percent and 50 percent should be changed, that percentage should be changed? [LB371]

MARK OVERMAN: Yes, sir. I believe it should be much higher. That is a fraction. The lowest retirement you see on anything that we've looked at is 60 percent. That is the lowest. [LB371]

SENATOR LOUDEN: Because I was going to say, 40 percent of not a very big wage isn't a very big retirement. [LB371]

MARK OVERMAN: No, sir, and I would agree, and that's why we are here. [LB371]

SENATOR LOUDEN: Okay, thank you. [LB371]

SENATOR SYNOWIECKI: Thank you, Senator Louden. Thanks again for your testimony. Appreciate it. For those that are going to testify, I just would like...we have other committee hearings in here at 1:30, so we could abbreviate as much as possible your testimony and provide written testimony, as well. Other proponent testimony on LB371, please. [LB371]

TERRY WAGNER: Senator Synowiecki, members of the committee, first off, I included on my orange sheet both bills. Is that okay? Okay. My name is Terry Wagner, T-e-r-r-y, last name is W-a-g-n-e-r. I am the sheriff of Lancaster County. I am here on behalf of Nebraska Sheriffs Association to support LB371. Without being redundant and to save time, I just want to number one, thank Senator Erdman for introducing these bills. The other point that I want to make is that there are six or seven different law enforcement retirement bills, as you look at Douglas County, Nebraska State Patrol, counties, cities and so forth. And it really is...would be very helpful to have all officers under one portable plan similar to the teachers' situation, where they could go from agency to agency without being penalized, and being kind of forced to stay where they're at, because of their current retirement system. So with that, I just want to let you know that the sheriffs' association does support this bill, and I'll answer any questions the committee might have. [LB371]

SENATOR SYNOWIECKI: Thank you, Sheriff. Any questions for Sheriff Wagner? Seeing none, thank you. [LB371]

TERRY WAGNER: Thank you. [LB371]

SENATOR SYNOWIECKI: Additional proponent testimony for LB371? Seeing no additional proponent testimony, the committee will entertain opponent testimony,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

LB371. [LB371]

LYNN REX: Senator Synowiecki, members of the committee, my name is Lynn Rex, R-e-x, representing the League of Nebraska Municipalities. And Senator Synowiecki, do you wish that I testify on both bills at the same time, for time constraints? [LB371]

SENATOR SYNOWIECKI: Well, Senator Erdman will open individually for LB372, so to keep the record going, we'll take individual testimony, but if you could make it as brief as you can, Lynn. [LB371]

LYNN REX: Okay, okay. Very well. Thank you. The League does strongly oppose this measure. We do believe that the currently defined contribution plans do need to be enhanced; however, we do oppose this. And I think that there's a very, very long history, in terms of what happened prior to what the Legislature did, which made effective January 1, 1984, the greater benefit of either what you have...if you're an officer hired before January 1, 1984, you're entitled right now to either the greater of what the defined benefit plan was before, or what you get under the defined contribution plan. And after...hires after January 1, 1984, those are the folks that are subject to the defined contribution plan. What I think is critically important to know is that the officers themselves did not want to have a statewide plan at that point, where the state would invest it. The League even suggested it at that point--not a defined benefit plan, but have the state invest and control a defined contribution plan. The officers themselves did not want to do that. They wanted to have local investment committees. The current bills, both for police and fire for first-class cities, require that, and require actuarial analysis, but they wanted to make those decisions on the money that they invested, and then, of course, the money that the cities invest are basically also part of that mix, but the cities themselves also have control over that part of it, but not what the individual officer contributes for his or her account. So I think that there's a lot of history here that the committee may want to look into, and I will also share with you that it was not a function of the League coming to the Legislature or first-class cities coming and telling the Legislature, bail us out. It was a question of, provide stability. Provide a way in which this is manageable for us. And I will also suggest to you that it is very important to realize that, as many may know, actuarial analyses sometimes differ. Some city--and I'm sure that when the time comes that these bills are forwarded again, or if you hold them, or whatever you decide to you with this measures in the interim--there will be city administrators who will come forward, along with others, testifying about the fact that they would just simply change an actuarial company, and you'd end up with another million in the hole, just by virtue of what the assumptions were. It was virtually almost...it was so difficult for them to know what did it require to be unfunded? I mean, basically, what did it require, in terms of making the unfunded context? How do you make sure that you're not unfunded? And there were cities that basically did everything they could. For example, I believe it was the city of Hastings, even went out for a bond issue to pay for their unfunded liability. The city of Omaha, as already mentioned in the proponent

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

testimony, is the largest, and I would submit to you, the most sophisticated city in the state, and they have a huge unfunded liability. And I would also agree with the proponent, Mr. Overman, who said that in fact you will find that there will be a difference, in terms of what both sides may think is the unfunded liability. But the problem is, at the end of the day, somebody has to pay for that. I would suggest to you that when you look at the issue of disparity, it is an important one, and there is absolutely no question, small cities send people to the Grand Island training center who are then hired by larger cities. Second-class cities have their folks hired by first-class cities, first-class have their cities (sic) hired by Lincoln and Omaha. When you get to the level of Lincoln and Omaha and the State Patrol, they're hiring back and forth. Some folks also, then, leave as a police officer and become a sheriff or vice versa, and we see that in all different ways. Short of simply having one plan for everybody at the level of the State Patrol, I don't know how you get rid of the "disparity," and I would submit to you respectfully that there are cities in the state that cannot afford this--cannot afford to go there. And I think that one of the other things that the committee needs to consider, as many in this audience may remember during the negotiations, part of the trade-off, too, with the defined contribution plan, is that the officers then can decide. If they want to leave, they can do that. Those are portable; those funds can be rolled over. They can go into different plans. But it's their choice, then. They don't have to wait for some threshold before they can do it. And one of the things that some of the cities were very concerned about was requiring fitness tests, because of all of the reasons that have been outlined here as proponent testimony, for their need to have this. And to require the fitness test, they very, very much oppose that. They didn't want to have it. My understanding is we only have one first-class city that actually requires fitness tests in order to be a law enforcement officer in that city. So the point is, I think that they've raised legitimate concerns. We think those concerns can be addressed within the context of a defined contribution plan. Many of the second-class cities do have plans for their officers, but those plans are along with their general employee plans, and defined contribution plans. But make no mistake--I mean, no matter what you do, if you decide to go forward and do a defined benefit plan, I would submit to you that what happens in most of the villages and second-class cities, is that that will then become the responsibility of the sheriff, because those cities will not be able to afford it. And those are decisions that everybody needs to make, in terms of considering what it takes in order to keep law enforcement in the state to a high level. I think we are very pleased in this state to have some outstanding people all across the board, and whether it's a small city or a large city, we've got great folks across the state that help us everyday, and put their lives on the line. And we have great respect for them. I'm just suggesting to you, there is another side to this story, and I look forward to presenting that to you as the committee moves forward, whether it be through an interim study hearing, Senator Synowiecki, or however you decide to proceed. And I will have my same testimony apply on the next bill, but I'll just come up and say that at that time. [LB371]

SENATOR SYNOWIECKI: That's what I was going to suggest. You can submit the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

same testimony for LB372. We'll enter it in the record. Any questions from the committee? Thank you for your testimony. [LB371]

LYNN REX: Thank you very much. Appreciate your time. [LB371]

SENATOR SYNOWIECKI: Other opponent testimony relative to LB371? [LB371]

BETH BAZYN FERRELL: Senator Synowiecki, members of the committee, for the record my name is Beth Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm assistant legal counsel for the Nebraska Association of County Officials. We have some of the same concerns about the unfunded liability that Ms. Rex has indicated. I won't duplicate any of her testimony. I won't repeat what I've already said, too, about some of the concerns about different offices within the courthouse being...participating in a different plan and so on. There are some concerns in courthouses about the length of a sheriff's or deputy's career. We hear from other county employees that, yes, but they have opportunities for overtime, they have opportunities for jobs outside of the courthouse that relate to security and so on. As I said, this has been a very divisive issue within our group, and it does not mean that we don't recognize that law enforcement officers need an appropriate retirement. It's just been a very split issue in our organization. [LB371]

SENATOR SYNOWIECKI: Thanks, Beth. Any questions from the committee? Seeing none, thank you for your testimony. Additional opponent testimony? Neutral testimony? Neutral testimony, LB371? [LB371]

LARRY THOREN: (Exhibit 7) I'm Larry Thoren, T-h-o-r-e-n, testifying for the police chief's association in a neutral position. With considerable discussion, the chiefs aren't sure what the best way to go is for retirement. We know something needs to be done, because what we have right now is inadequate. We also know that police officers are good cops, but they're not good money managers. You can trust us with your life and your property, but don't give us your checkbook, don't give us your savings account. And the evidence is that the officers, the pre-84s that are retiring, haven't accumulated enough funds in their defined contribution account to pay for their 40 percent retirement. For Nebraska to be competitive in public safety, in law enforcement, we need to improve our retirement system. Once LB370 is completed, we'll be in a better position to be able to make the determination on which way the chiefs would support going. But again, something needs to be done. A neutral position isn't...it's neutral because we're not sure what is the best way to go. I'll answer any questions. [LB371]

SENATOR SYNOWIECKI: Thanks, Chief. Any questions for the chief? Thank you for your testimony today. [LB371]

LARRY THOREN: And then my testimony on the next bill will be identical, so I will just say that. [LB371]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

SENATOR SYNOWIECKI: And what I'll do is, you'll just come up and resubmit your testimony from LB371. Appreciate that. I want everyone a chance to testify, because some individuals have driven a long way for this hearing, so any additional neutral testimony? Neutral testimony? Seeing none, Senator Erdman will close on LB371. [LB371]

SENATOR ERDMAN: Thank you, Mr. Chairman, members of the committee. I appreciate your indulgence. Obviously, there is going to be some lengthy discussions that have to be undertaken before any action, but most importantly, we have to know what the numbers are. I would also submit to you that there are some misconceptions about the state investments that were alluded to me in meetings that I've had with individuals that are opposed to a statewide investment idea and use that as an argument. And I think their own educational efforts would benefit them well. So we've had those discussion, we'll continue to have discussions, and then we'll see where we end up. [LB371]

SENATOR SYNOWIECKI: Thank you, Senator Erdman. Are there any questions for Senator Erdman relative to his closing? Seeing none, that will close the hearing on LB371. We'll now move to LB372. Senator Erdman, to open. [LB371]

SENATOR ERDMAN: Mr. Chairman, members of the committee, LB372 is a similar idea to LB371, in that it creates a statewide retirement plan for law enforcement personnel that we currently lack. However, the plan or the vehicle under LB372 is designed as a cash-balance plan, which is similar to what other employees of the state and counties would have now. That was passed by this Legislature recently. It's a different alternative to LB371. It is introduced at my request and my request only. It's an alternative, not intended to be a detractor from any legislation before, but simply another option on the table. [LB372]

SENATOR SYNOWIECKI: Thank you, Senator Erdman. Any questions for Senator Erdman? Proponent testimony for LB372? Proponent testimony for LB372? Opponent testimony, LB372? Oh, I'm sorry. Neutral? Seeing no opponent testimony, neutral testimony for LB372? [LB372]

LYNN REX: Senator, we're neutral on this, because we don't really know what the implications are, and we won't know that until we get the study done. I do want to apply the same testimony that I had on the prior bill, on LB371. And again, I do want to emphasize that on the investment side of things, it is important that the committee realize that it was not the League, it was not management on cities that wanted to have the investments local. It was the police officers themselves that chose to do that. And I will also tell you that investment committees are required to hire capable people that can assist them with those investments. So I think that will be a huge (inaudible) change

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

for them if they choose to go that route. But in any event, we're neutral on this bill, only because we're not really sure what the implications are, so it's kind of a hostile/neutral, as it were. Thanks for your time. [LB372]

SENATOR SYNOWIECKI: Thank you. Thanks, Lynn. Any additional neutral testimony on LB372? [LB372]

MARK OVERMAN: Mr. Chairman, members of the committee, my name is Mark Overman, O-v-e-r-m-a-n. I'm representing the Nebraska Fraternal Order of Police, 2,400 members of law enforcement across the state of Nebraska, and I testifying in a neutral capacity on LB372. And we understand that this is just another option to consider when the study is completed. And with that, I'll take any questions. [LB372]

SENATOR SYNOWIECKI: Thanks, Mark. Any questions from the committee? Seeing none, additional neutral testimony for LB372? [LB372]

LARRY THOREN: (Exhibit 8) Larry Thoren, T-h-o-r-e-n, testifying on behalf of the Police Chiefs Association of Nebraska in a neutral position. In addition to my previous testimony on LB371, one of my concerns, and our concerns that we have dealt with in dealing with legislative processes is the unintended consequences of legislation. And I think if police officers in 2004...I'm sorry, in 1984, could have foreseen where we'd be 23 years later, they would have never supported or proposed a defined contribution plan. And what questions can I answer for you? [LB372]

SENATOR SYNOWIECKI: Any questions for the Chief? Seeing none, thank you. [LB372]

LARRY THOREN: Just one further comment. I came from a defined contribution state, and most of the pension programs there were adequately funded because they were managed by the cities and by the counties, and that there were actuarial studies done periodically, to monitor those. And those were also publicly reported, so there was always pressure to make sure they were funded appropriately. Thank you very much. Thank you for your courtesy and your efforts. [LB372]

SENATOR SYNOWIECKI: Thanks, Chief. Neutral...additional neutral testimony? [LB372]

BETH BAZYN FERRELL: Senator Synowiecki, members of the committee, for the record, my name is Beth Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l, assistant legal counsel for the Nebraska Association of County Officials. I'd just like to resubmit our testimony from the prior bill. [LB372]

SENATOR SYNOWIECKI: Thank you, Beth. Any additional neutral testimony? I know

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

we're running through the testimony quite hurriedly, but I can assure you that if LB370 does pass--which is the prerequisite bill for the actuarial information that is needed from counties and cities and so forth--this committee will have extensive interim study opportunity for testimony. So while we may be kind of hurriedly going through this, there will be other venues for all of you to present testimony at during the interim. Senator Erdman, to close on LB372. [LB372]

SENATOR ERDMAN: Again, Mr. Chairman, thank you for your attention this afternoon, and we do look forward to continue to work on this legislation. I would also like to thank those that have volunteered their time to be here, those officers who were here, both in support and those that have other ideas, as well as the fact that they are a valued part of our communities. And anything that we can do to enhance their efforts to represent us in public safety, I think we should pursue, and so we look forward to working through LB370 to come up with a plan for the next session. [LB372]

SENATOR SYNOWIECKI: Thank you. Senator Erdman, thank you for undertaking all this work that you've done on behalf of these police officers. Appreciate it. Any questions for Senator Erdman? Seeing none, that concludes the hearing for LB372. The hearings for the Nebraska Retirement Systems Committee are now concluded. Thank you. [LB372]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 05, 2007

Disposition of Bills:

LB370 - Advanced to General File, as amended.

LB371 - Held in committee.

LB372 - Held in committee.

Chairperson

Committee Clerk