

ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019
COMMITTEE STATEMENT
LB31

Hearing Date: Tuesday March 19, 2019
Committee On: Nebraska Retirement Systems
Introducer: Kolterman
One Liner: Provide for a work plan relating to a transfer of management of the retirement system operated under the Class V School Employees Retirement Act to the Nebraska Public Employees Retirement Systems and to require a report and provide duties

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 6 Senators Bolz, Groene, Kolowski, Kolterman, Lindstrom, Stinner
Nay:
Absent:
Present Not Voting:

Oral Testimony:

Proponents:
Senator Mark Kolterman
Marque Snow
Jason Hayes

Representing:
Introducer
Omaha Public Schools (OPS)
Nebraska State Education Association (NSEA)

Opponents:

Representing:

Neutral:
Cecelia Carter

Randy Gerke

Representing:
Omaha School Employees Retirement Systems (OSERS)
Nebraska Public Employees Retirement Systems (NPERS)

Summary of purpose and/or changes:

LB 31 as introduced

LB 31 requires the Public Employees Retirement System (PERB) in consultation with Nebraska Retirement Systems Committee, Omaha School Employees Retirement System (OSERS), Omaha Public Schools (OPS) and other stakeholders to prepare a Work Plan that identifies the tasks, process, costs and timeline involved in transferring management of the OSERS Plan to the PERB. The Work Plan requires:

1. Comparison of the annual OSERS administration costs to the estimated cost for the PERB to manage the OSERS plan
 2. Identification of the necessary tasks and costs to transfer management from OSERS to the PERB, including assessment of the following categories:
Administration
Actuarial service
Accounting
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Computer infrastructure
Information technology
Member data and record transfer
Necessary statutory changes
Staff training and assessment of staffing needs
Educational and communication plans to fully inform all system stakeholders and affected governmental entities regarding management changes

3. Establishment of timelines for completion of identified tasks.

The bill specifies that management transfer does not include a merger or consolidation of OSERS with the School Plan nor does it include assumption of liability for the unfunded balance by the State of Nebraska, Nebraska Public Employees Retirement System or the PERB.

The PERB is authorized to quarterly assess OPS costs for staff time and any other related expenses in preparation of the Work Plan and requires OPS to remit payment within 45 calendar days of receipt of billings.

The Work Plan must be completed and submitted to the Legislature by June 30, 2020.

Explanation of amendments:

AM 1169 becomes the bill. In addition to the original provisions, it includes the following additional provisions:

1. Any written request from PERB for documents, data, and other information must be provided within 30 days.
2. OSERS is granted authority to bill OPS for any time or expenses it incurs in responding to requests from the PERB in completion of the Work Plan.
3. Requires OPS to reimburse OSERS for work OSERS must do or expenses it incurs in response to PERB requests for information, documents, and data related to preparation of the Work Plan.
4. Creates a Fund to deposit OPS payments to OSERS to pay for work completed by OSERS in response to PERB requests.
5. Adds the severability and emergency clauses

Section-by-section summary of AM 1169:

Section 1. [Amends 79-978.01] Incorporates new sections into the School Employees Retirement Act. [Page 1]

Section 2. [New section] Intent of Legislature that the PERB develop a Work Plan, recommendations, cost estimates and cost comparisons regarding the transfer of management of OSERS to PERB. [Page 1]

Section 3. [New section] The PERB in consultation with Retirement Committee, OSERS, OPS and other stakeholders are to prepare a Work Plan that examines what must occur in order to carry out a transfer of management responsibilities for the OSERS Plan to the PERB. The Work Plan includes, but is not limited to:

1. A comparison of the annual OSERS administration costs to estimated cost for the PERB to manage the OSERS plan
2. Identification of the tasks and costs to transfer management from OSERS to the PERB
3. Establishment of timelines for completion of identified tasks
4. The Work Plan must be completed and submitted to the Legislature by June 30, 2020.

The bill specifies that examination of management transfer does not include a merger or consolidation of OSERS with the School Plan nor does it include assumption of liability for the unfunded balance by the State of Nebraska, NPERS or the PERB. [Pages 1-3]

Section 4. [New section] Creates the Class V School Employees Retirement Work Plan Fund. Authorizes the PERB to quarterly assess costs for work to OPS for staff time and any other related costs and requires OPS to remit payment within 45 days of receipt of billings. [Page 3]

Section 5. [New section] Creates the Class V School Employees Retirement Study Fund. Authorizes OSERS to quarterly assess costs to OPS for work and expenses incurred in response to requests for information, data and documents from the PERB in preparation of the Work Plan, and requires OPS to remit payment within 45 days of receipt of billings. [Pages 3-4]

Section 6. [Amends 84-1503] Adds the obligation to conduct the Work Plan to the listed PERB duties. [Pages 4-11]

Severance clause, emergency clause and repealer

Mark Kolterman, Chairperson