

**ONE HUNDRED FIFTH LEGISLATURE - SECOND SESSION - 2018**  
**COMMITTEE STATEMENT**  
**LB548**

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**Hearing Date:** Thursday February 23, 2017  
**Committee On:** Nebraska Retirement Systems  
**Introducer:** Lindstrom  
**One Liner:** Provide for the consolidation of the Class V school employees' retirement system and the School Employees Retirement System of the State of Nebraska

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

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**Vote Results:**  
**Aye:** 5 Senators Bolz, Groene, Kolowski, Lindstrom, Stinner  
**Nay:** 1 Senator Kolterman  
**Absent:**  
**Present Not Voting:**

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**Verbal Testimony:**

**Proponents:**  
SENATOR BRETT LINDSTROM  
LOU ANN GODING

**Representing:**  
INTRODUCER  
OMAHA BOARD OF EDUCATION

**Opponents:**  
JOHN JENSEN  
BRIDGET DONOVAN  
SUZANNE ANDERSON  
  
WALTA SUE DODD  
JASON HAYES  
PHYLLIS CHAMBERS

**Representing:**  
OEA-RETIRED  
OMAHA EDUCATION ASSOCIATION  
SERVICE EMPLOYEES INTERNATIONAL UNION  
SEIU LOCAL 226  
OEA-RETIRED  
NSEA  
NEBRASKA PUBLIC EMPLOYEES RETIREMENT  
SYSTEMS

**Neutral:**  
CECELIA CARTER

**Representing:**  
OMAHA SCHOOL EMPLOYEES' RETIREMENT  
SYSTEM

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**Summary of purpose and/or changes:**  
LB 548 as Introduced

LB 548 as introduced would close the Class V School Employees Retirement Plan (OSERS Plan) and consolidate the OSERS Plan with the School Employees Retirement Plan (School Plan) beginning July 1, 2020. OSERS Plan members who transfer to the School Plan would continue to receive the benefits provided under the OSERS Plan. OPS employees hired on and after July 1, 2020 would become members of the School Plan. The bill as introduced would require the Retirement Committee of the Legislature to contract for, and pay the cost of, a detailed actuarial analysis to identify the additional annual contributions from OPS to achieve the same funding ratio as the School Plan's funding ratio as of June 30, 2020.

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**Explanation of amendments:**

AM 1529 - February 14, 2018 Hearing

## Proponents

Lou Ann Goding, Omaha Public School Board  
Marque Snow, Omaha Public School Board  
Jason Hayes, Nebraska State Education Association

## Opponents

Randy Gerke, Nebraska Public Employees Retirement System

## Neutral

Michael Walden-Newman, Nebraska Investment Council  
Cecelia Carter, Omaha Public Employees Retirement System

A hearing was held on February 14, 2018 on AM 1529 introduced by Senator Lindstrom. AM 1529 authorizes school districts to issue pension obligation bonds for payment of obligations to the retirement system without a vote of the electorate.

Under AM 1529, beginning September 1, 2018, the difference between sums paid for voluntary termination of employment as of September 1, 2016 and levy necessary to pay for pension obligation bonds, are exempt from the property tax levy lid as long as such amounts are utilized to make pension obligation bond payments.

AM 1529 requires the Public Employees Retirement Board to perform an actuarial valuation on the OSERS Plan beginning January 1, 2023 and every 5 years thereafter to determine if additional contributions are required to maintain solvency of the Class V system, based on the methods and assumptions in the School Plan. If additional amounts are needed, the Class V employer contribution rate will be adjusted by the actuary. The Class V school district shall make a single sum contribution of an unspecified amount to the Class V system on or before January 1, 2019. The employer contribution above 7.37% is exempt from general fund operating expenditures and the budget lid prior to September 1, 2018.

(A hearing on AM1758, introduced by Senator Mark Kolterman, was also held on February 14, 2018. An amended version of AM 1758 was incorporated into Committee Amendment AM 2204 to LB 1005.)

## Committee Amendment AM 2595

The Committee amendment becomes the bill. It authorizes school districts to issue pension obligation bonds for payment of obligations to the retirement system without a vote of the electorate. Payment for pension obligation bonds are from the school district's general fund and are included in general fund operating expenditures. Pension obligation bonds must be issued within the \$1.05 property tax levy lid.

On or before August 31, 2019, the Class V school district shall make a single or series of contributions totaling \$300 million to the retirement system.

Beginning January 1, 2026, and every 4 years thereafter, in addition to the annual actuarial investigations, the board of trustees is directed to perform an actuarial valuation to determine if additional contributions are required to maintain solvency of the Omaha School Employees Retirement System. If additional amounts are needed, the actuary is directed to calculate the increase in the Class V employer (school district) contribution rate to pay the additional amounts.

The Tax Equity and Educational Opportunities Support Act is amended to exclude from general fund operating expenditures, the employer contribution amount above the rate of 7.37% prior to September 1, 2018. Beginning September 1, 2018, the employer contribution amount above the rate of 7.37% but less than 9.99% shall be exempt

from the budget lid. The severability and emergency clauses are added.

#### Section-by-Section Summary of Committee AM 2595

Section 1. [10-701] Authorizes all school districts to issue pension obligation bonds for payment of obligations to the retirement system in the amounts determined by the actuary under state retirement laws. It clarifies that pension obligation bond payments are general fund operating expenditures (See page 1)

Section 2. [NEW SECTION] Pension obligation bonds may be issued without a vote of the electorate (See pages 1-2)

Section 3. [NEW SECTION] Before issuance of pension obligation bonds, the school district must make and certify under oath, a written statement of taxable valuation, number of children of school and total bonded indebtedness of the school district (See page 2)

Section 4. [10-717] School district is authorized to issue refunding bonds (See page 2-3)

Section 5. [77-3442] Bond payments are under the \$1.05 property tax levy lid (See pages 3-10, new language is on page 10)

Section 6. [79-984] In addition to the annual valuation reports prepared by the actuary, the board of trustees shall also require the actuary to perform an actuarial valuation on the retirement system beginning January 1, 2026 and each every 4 years thereafter to determine whether additional contributions are required to maintain solvency of the system. If additional contributions to the retirement system are required, the actuary shall determine the necessary employer contribution rate. The revised employer contribution rate will go into effect the year after the valuation report and continue for 4 fiscal years. (See pages 10-11)

Section 7. [79-9,113] (1)(c)(i) Before September 1, 2018, the annual contributions by the employer are the greater of 101% of employees' contributions, or such amount necessary to maintain the solvency of the system. The employer contributions shall be made monthly and immediately transmitted to the account of the retirement system (See page 13)

(1)(c)(ii) Beginning on or after September 1, 2018, the annual contributions shall be 101% of the contributions by the employees and shall be made monthly and immediately transmitted to the account of the retirement system (See page 14)

(1)(g) In addition to the contributions and payments in (1)(c), the school district shall make a single contribution or series of contributions totaling \$300 million to the retirement system on or before August 31, 2019. (See page 16)

Section 8. [79-1003] Amends TEEOSA to exclude from general fund operating expenditures, the Class V School Employees Retirement System employer contribution amount above the rate of 7.37% prior to September 1, 2018. Beginning September 1, 2018, the employer contribution amount above the rate of 7.37% but less than 9.99% will be excluded from general fund operating expenditures (See pages 17-29, new language on page 23)

Section 9. [79-1028.01] Allows the Class V School Employees Retirement System to exceed budget authority for general fund budget for employer contribution amount above the rate of 7.37% prior to September 1, 2018. Beginning September 1, 2018, the employer contribution amount above the rate of 7.37% but less than 9.99% will be exempted from the budget lid (See pages 29-33, new language on pages 30-31)

Section 10. Severability clause

Section 11. Repealers

Section 12. Emergency clause

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Mark Kolterman, Chairperson