

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee January 24, 2025

BALLARD: [MALFUNCTION] Retirement Systems Committee. My name is Senator Beau Ballard. I represent District 21 in northwest Lincoln and Northern Lancaster County. I serve as chair of the committee. We will start off by having members of the committee introduce themselves, starting on my far left with Senator Juarez.

JUAREZ: Hi, I'm Margo Juarez from south Omaha, District 5. Thank you.

SORRENTINO: Senator Tony Sorrentino, District 39, Elkhorn and Waterloo.

TREVOR FITZGERALD: Trevor Fitzgerald, committee legal counsel.

HARDIN: Senator Brian Hardin, District 48, way out west until you fall off in Wyoming.

BALLARD: And then assisting our committee is our committee clerk, Connie Thomas [SIC], and our committee pages-- which are hard at work right now-- Jacob Janssen from Holdrege and Sam Johnson from Thousand Oaks, California, both at UNL. This afternoon we'll be hearing one bill, and we're taking them in order listed outside of the room. Are-- over on the table near the entrance, you'll find green testifier sheets. If you're planning to testify today, please fill out one and hand it to Connie when you come up. This will help us keep accurate record of the hearing. Please note that if you wish to have your position listed on the committee statement for a particular bill, you must testify in that position during the bill's hearing. If you do-- do not wish to testify, and you would like your posi-- your record-- your position on a bill, please fill out the yellow sheet near the entrance. Also, I would like to note the Legislature's policy that all letters for the record must be received via online comment portal by the committee by 8 a.m. the day of the hearing. Any handouts submitted by testifiers will also be included as part of that record as exhibits. We'd ask, if you have any handouts, that you bring 12 copies and give them to the page. If you need additional copies, then the page can help you make more. Testimony for each bill will begin with the introducer's opening statement. After the opening statement, we'll hear from supporters of the bill, and from those in opposition, followed by those speaking in neutral capacity. The introducer of the bill will be given the opportunity to make closing statements if they wish to do so. We ask, we ask that you begin with your testimony by giving us your first and last name; please also spell that for the record. Because this committee meets over the noon hour, members have other hearings beginning at 1:30. We will use a three-minute light

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system today. When you begin your testimony, the, the light on the table will turn green, and the yellow-- and yellow when you have one-minute warning, and red light comes on, we ask you to wrap up your final thoughts. Today, we have LB108, and like to welcome Senator Jacobson.

JACOBSON: Well, thank you, Chairman Ballard and members of the Nebraska Retirement Systems Committee. My name is Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n, and I represent District 42. I'm here to introduce LB108 to address an oversight in LB686, which passed in 2024. LB108 amends Section 16-10-- 1024 of the "Cities of the First Class Firefighters Retirement Act" to adjust firefighter and city contribution rates for those "absolute coverage groups" in cities with a population greater than 60,000, located in counties with a population greater than 100,000. At this time, only the city of Bellevue and full-time firefighters employed by the city of Bellevue are affected by the provisions of LB108. An absolute coverage group is required to contribute to both the Social Security system and the retirement plan, pursuant to the cities of first class firefighters retirement plan. LB108 would correct an inadvertent provision in LB686, passed in 2024 session, related to the city of Bellevue and its firefighters. Since both the city and the firefighters are required to contribute 6.2% to the Social Security system, as well as contribute to the firefighters retirement plan as provided in the Cities of the First Class Firefighters Retirement Act. LB686, passed in 2024, provides an offset to the contributions required by the Cities of the First Class Firefighters Retirement Act equal to 6.2% paid by the firefighters, and the city's 6.2% contribution to Social Security. LB686 ensured that all firefighters in cities of the first class contribute the same total amount towards retirement. However, there was an oversight on LB686 affecting the city of Bellevue, whose firefighters are one of the absolute coverage groups. The city of Bellevue and the Bellevue firefighters did not want to change the amount of their respective contribution-- retirement contributions in effect prior to the passage of LB686, nor did they want to offset for their Social Security contributions. As a result, language was added to LB686 in 2024 to specifically exclude cities with a population in excess of 60,000 located in counties with a population of 100,000 or more from receiving the offset. The unintended consequence-- or, the unintended result is that cities such as Bellevue are now subject to the higher contribution rates established by LB686 without the benefit of the offset. This oversight has created an undue financial burden on the, on the Bellevue firefighters, since they are compu-- contributing more than intended and taking home less pay. This was never the

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Legislature's intent. LB108 reinstates the prior contribution rate of 6.5% for firefighters and 13% for the cities with a population greater than 60,000 located in counties with a population greater than 100,000. LB108 declares an emergency for immediate implement-- implementation. In closing, I urge you to support advancing LB108, which has the e-clause to quickly correct this issue for those who risk their lives to protect our communities. With that, I will end my testimony and entertain any questions.

BALLARD: Thank you, Senator Jacobson. Are there any questions for Senator Jacobson? Senator Clements?

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator. I remember this-- the bill, and how confusing absolute coverage class-- coverage group was, and city size. And just wanted to verify that currently, the city of Bellevue is the only city that would fall within the definitions in this bill?

JACOBSON: That, that is true. Yes.

CLEMENTS: And what, what rate of contributions did the previous LB686 cause them to pay in?

JACOBSON: I think the key was, was the, the failure to have the offset because they didn't want the offset. If you recall, when this, when this came, Senator McDonnell brought the original bill. And that bill would have included first class cities across the state, which I had problems with. So I brought a white copy amendment, and we debated that back and forth. So, some of you are wondering, why am I here fighting for Bellevue? I love Bellevue, by the way. But it's because I'm the one who brought the white copy amendment and, and in that, we had this, this really-- what I would consider more of a clerical error.

CLEMENTS: OK. Thank you.

BALLARD: Thank you, Senator Clements. Any other questions from the committee? Seeing none.

JACOBSON: OK. Thank you.

BALLARD: You gonna stay to close? Or you--

JACOBSON: Ah, what the heck. I--

BALLARD: Why not? Since you love Bellevue.

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JACOBSON: I, I-- yesterday, I was in a committee, and I, I was debating on whether to stay to close, and it took five minutes of testimony, so I stayed to close.

BALLARD: OK. All right. First proponent.

GARY BRUNS: Good afternoon, Chair-- Chairman Ballard and the members of the Retirement Committee. My name is Gary Bruns. That is G-a-r-y B-r-u-n-s. I'm here today as the president of the Nebraska Professional Firefighters Association, advocating for 1,400 paid municipal firefighters, EMTs and paramedics across the state. We would like to thank Senator Jacobson for introducing LB108. What LB108 aims to address an oversight in the changes that were made last year to the Cities of the First Class Retirement Act [SIC]. It was the intent that Bellevue and its firefighters' contribution rates would remain unaffected by these led-- legislative changes. This bill would restore their original rates. And with that, we would like to thank the committee for their attention to this matter, and be happy to answer any questions or concerns.

BALLARD: Thank you, Mr. Bruns. Are there any questions from the committee? Seeing none. Let you-- let you off the committee easy.

GARY BRUNS: OK. Thanks.

BALLARD: Thank you. Next proponent.

AIMEE BATAILLON: Good afternoon, Chairperson Ballard and committee members. I am Aimee Bataillon, A-i-m-e-e, last name B-a-t-a-i-l-l-o-n. I am the city attorney for the city of Bellevue, Nebraska. Thank you for allowing me the opportunity to share with you the City of Bellevue's position on LB108. By way of background, as I'm sure you've already heard this morning, LB686 amended portions of the Cities of the First Class Firefighters Retirement Act in 2024. And part of the negotiations regarding LB686 intended to equalize the contributions made by cities of the first class and their firefighters to the retirement system and to Social Security, and it sought to do so in two ways. First, it gradually increased the contributions of cities and firefighters to the retirement system. And then, second, it provided a 6.2% offset for those cities and firefighters required to contribute the same amount-- 6.2%-- to Social Security as absolute coverage groups. Now, prior to LB686, the city of Bellevue and its firefighters were contributing 13% and 6.5% , respectively, to the firefighter retirement system. They were also making the required 6.2% contribution to Social Security. The city of Bellevue and its

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firefighters did not want to change those contributions and consequence-- consequently, LB686 effectively excluded Bellevue as a city with a population exceeding 60,000 in a county with a population exceeding 100,000, and its firefighters from that 6.2% offset, However, LB686 inadvertently did not exclude Bellevue and its firefighters from the gradual increases in the contributions to the retirement system. The result is that the city and its firefighters are subject to the increased retirement system contributions while still contributing to Social Security. LB108, as we understand it, seeks to correct this inadvertent result by restoring and preserving the retirement sister-- retirement system contributions of 13% by the city and 6.5% by the firefighters, while allowing both to make the Social Security contributions. These corrections will comport with the intent of the 2024 amendments to the Cities of the First Class Firefighters Retirement Act, and will achieve a fair and equitable result. For these reasons, the City of Bellevue joins the United Cities of Sarpy County and other proponents in supporting LB108. We respectfully request that this committee advance LB108, following today's hearing. Thank you, and I'm happy to answer any questions you may have.

BALLARD: Thank you for your testimony. Are there any questions?
Senator Conrad?

CONRAD: Thank you, Chair Ballard. Good to see you again.

AIMEE BATAILLON: Good to see you.

CONRAD: How are you, Aimee?

AIMEE BATAILLON: Thank you.

CONRAD: This may be beyond the scope of this measure, but it's something that I did at least want to lift up. Do, do we need to anticipate or make any adjustments in regards to these provisions in light of the Social Security Fairness Act which was recently adopted on the federal level, addressing public employees pension and access to Social Security? And, and if you don't know-- and want to maybe brief the committee at a later date, or with supplemental materials, that would be OK. But that intervening factor on the federal level did happen beyond the passage of the previous legislation. And I think, probably-- I don't know if it was anticipated by Senator Jacobson or not, but-- are there any connections? Do we need to address those? Appreciate any feedback you have in that regard.

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AIMEE BATAILLON: Thank you, Senator Conrad. I, I do not think that there are any considerations that this committee needs to take in light of that. Certainly, I will take a look when I get back to the office and can provide some supplemental materials if I find otherwise.

CONRAD: Thank you so much.

AIMEE BATAILLON: I appreciate the question.

CONRAD: Thank you.

BALLARD: Thank you. Senator Sorrentino.

SORRENTINO: Thank you, Chairman Ballard. Thank you for your testimony, miss. I, I want to make sure I have a good understanding of this. If and when this bill were to pass-- and so, we're in 2026-- would there be any differences in similar-sized firefighters-- we'll pick Omaha, it's my area-- and Bellevue-- excuse me-- Bellevue, for the contribution. Will they be identical at the end of this, or will Bellevue still be slightly different?

AIMEE BATAILLON: Well, if, if your-- we're-- this only pertains to the first class cities, so--

SORRENTINO: Right. And--

AIMEE BATAILLON: But I, I--

SORRENTINO: Pick, pick a comparative city.

AIMEE BATAILLON: Sure. So, Papillion, for example.

SORRENTINO: OK.

AIMEE BATAILLON: I think that this will-- the intent is, is that if, if LB108 is passed, Bellevue is going to be here. And over time, the other cities like Papillion will reach where Bellevue is at. And it's my understanding from the negotiations in 2024 that the, the-- gra-- there was that gradual need, because some of the first class cities were not contributing to Social Security at the same time. So, I don't-- I'm not sure if that answers your question, but I think that--

SORRENTINO: At some point in the near future, they will. The intent is that they will be equal among first class cities.

AIMEE BATAILLON: Correct.

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SORRENTINO: That may not happen in 2025 or 2026--

AIMEE BATAILLON: Correct.

SORRENTINO: But that is the case.

AIMEE BATAILLON: Yeah. And, and I believe that that will occur beginning October 1 of 2027, under this statute, under-- or, I'm sorry, under LB108. That, that, that equalization will occur.

TREVOR FITZGERALD: It's 2026.

AIMEE BATAILLON: 2026? Thank you.

TREVOR FITZGERALD: Yeah. October 2026.

SORRENTINO: I have no further questions.

BALLARD: Thank you, Senator. Senator Clements?

CLEMENTS: Thank you, Mr. Chairman. Thank you for being here. I'm still not quite down to what the percentages change to. Previously, Bellevue was paying 13% plus 6.2%.

AIMEE BATAILLON: Correct.

CLEMENTS: And the firefighters were paying 6.5% plus 6.2% and 12.7%. What is the current-- with one-- LB686 is what percentages for Bellevue?

AIMEE BATAILLON: For Bellevue, beginning last-- well, this-- for the firefighters of Bellevue, it increased to 8.7 tenths percent from 6.5%.

CLEMENTS: 8.7, plus 6.2 for Social Security?

AIMEE BATAILLON: Correct.

CLEMENTS: And did Bellevue-- the city portion change?

AIMEE BATAILLON: No. The, the-- under the current statute, the city's portion would increase to 14% beginning at the-- in the fall of this year, to-- beginning October 1, 2026.

CLEMENTS: LB686.

AIMEE BATAILLON: Correct.

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CLEMENTS: I'm talking about-- it would be-- OK, 14 plus 6.2 Social Security, right?

AIMEE BATAILLON: Correct.

CLEMENTS: Yeah, we want to wait, which-- change it back to 13% plus 6.2, and 6.5 plus 6.2 on the firefighter side.

AIMEE BATAILLON: Yes, Senator.

CLEMENTS: Thank you. Just wanted to be clear.

AIMEE BATAILLON: A lot of numbers.

BALLARD: Thank you, Senator. Any other questions for the committee? Thank you for your testimony.

AIMEE BATAILLON: Thank you.

JOHN CORRIGAN: Good afternoon, Chairman Ballard, and members of the committee. My name's John Corrigan, J-o-h-n C-o-r-r-i-g-a-n. I'm an attorney representing the Nebraska Professional Firefighter Association, and have been up to my eyeballs in this issue for several years. When I got a phone call from Aimee, I think in August-- Bataillon-- and said, John, you know we're going to increase the contributions on our firefighters on October 1 of 2%. I'm like, no, no, no, let's see if you-- and then, after about a half hour of looking, I say "ah, man." So-- then the question is, we have this 2% going in October 1 that's coming out of the firefighters' paychecks. Former, former committee counsel Neal Erickson and I got together and-- you know, the-- one of the questions was do we, do we try to recoup that over contribution? Because the deal was nothing was going to happen to Bellevue's contributions. And the firefighters were generous, generous enough to say, no, let's not do it complicated. We'll make those extra contributions. They're going to go into our retirement fund, but we want it to stop as soon as possible, so can you put a bill in? And the League was contacted, and Senator-- all of-- Jacobson and all of the senators that were participating, everybody said yeah, we'll-- we-- this was not what we wanted to do, and, and we can try to fix it. And so that's why we're here today, just asking for that. All deliberate speed that you might be able to achieve in, in getting this fixed because it hasn't affected the city of Bellevue a whole lot, other than they're putting this money in, and their firefighters are putting money in that-- what was on their check on October 1. But if it's not done, as time goes on, then they're not going to get the benefit of the offset, and they are going to be

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required to make these increased contributions. And everybody that was at the, the table, so to speak, is saying that's not what we wanted to do. So if you would, please consider that. Also, with respect to the question of the recent changes to Social Security regarding the Fairness Act. You know, that was a legislative priority for the firefighters for many years. In the lame duck session of Congress, it passed. And we don't think that it-- this, this issue is not impacted whatsoever. We think that the changes that were made in the bill last year are going to help in, in the future as firefighters and their employers come to decide, do we want to opt in to Social Security or not? And now it's a much more attractive option because of the lack of the weapon-- the government offset, the GPO. So with that, with any questions, I'll try to answer them. But as I said, you know, the-- if we can do this as quickly as you can-- I understand you have other priorities and it's an important job, but that's why we're asking today. Thank you.

CONRAD: Thank you.

BALLARD: Thank you for your testimony. Are there any questions? I have one. So where's that 2% contribution? It's just held in a fund? That's--

JOHN CORRIGAN: Each pay period, 2% from the-- of the firefighters definition of salary in the, in the, in the-- from the bill is going into their allocated account under the city's retirement system, and it will stay there and grow, or rise or fall with the market performance that that plan has chosen. And the firefighters have a, you know, self-direction investment options in, in that plan. But that's where it's going. And when they retire, or if they separate, depending on their-- you know, if they're vested in those funds, they'll take those with them, and that will be used to, to live on, either on retirement. And sometimes, you know, those are, those are funds that get forfeited because the employee wasn't vested in them, or they didn't-- you know, it will go back into the, the unallocated account of that fund and can be used for administrative expenses. But for the most part, that's going to be-- you know, somebody-- that was-- there was somebody with years of employment is going to have a period of from October 1 of 2024 until this bill becomes law where they contributed a little extra money into their retirement account.

BALLARD: I see. OK. OK. Thank you.

JOHN CORRIGAN: All right.

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BALLARD: All right. Thank you. Good afternoon.

LYNN REX: Good afternoon, Senator Ballard, members of the committee. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We appreciate Senator Jacobson introducing this bill. As everyone has already stated, this was an oversight; there was not intended to impact the Bellevue firefighter contributions during the negotiations, and that is because they were already doing the 6.2%. And of course, the cities, back when the negotiations first happened, the 13% that first class cities have always have putting in was intended to make up that differential, because of the fact that then, it was 6.5% for the firefighter, 13% for the municipality. And so, basically-- I have a chart, if that's of any interest to you in terms of how these all phase in, because it is phased-in on the city side, phased-in for everybody else on the firefighter side. But it was not intended to, in any way, shape or form, impact the Bellevue firefighters or the city of Bellevue in terms of what they were doing.

BALLARD: Thank you, Miss Rex. Any questions? OK. Thank you for your testimony.

LYNN REX: Thank you very much. Really appreciate it. Thank you.

BALLARD: Next proponent. Any opponents? Anyone in the neutral capacity? Seeing none, Senator Jacobson? Just for the record, we have one letter in proponent to LB108.

JACOBSON: At this point, I don't know what I could say. I've always learned you quit selling once you've made the sale. I think you need to quit selling. And so, we've had all proponents, no opponents. Clearly, this was an oversight in the drafting of the bill last year. And so, I would just encourage you to please vote in favor of this, and hopefully exec on it today, and kick it to the floor. I'll stand for any questions you may still have.

BALLARD: Thank you, Senator Jacob-- are there any final questions? Thank you.

JACOBSON: Thank you.

BALLARD: That closes our hearing on LB108. Thank you, committee.