

MINUTES

ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE

FRIDAY, JANUARY 19, 1979

MEMBERS PRESENT

Chairman Dini
Mr. Bedrosian
Mr. Bergevin
Mr. Getto
Mr. Craddock
Mrs. Westall
Mr. Fitzpatrick
Mr. Marvel

GUESTS PRESENT

See Guest List attached

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Chairman Dini called the meeting to order at 9:00 A.M. He requested the roll show Mr. Harmon, Mr. Robinson, and Mr. Jeffrey were excused. He stated that a quorum was present and the purpose of the meeting was to hear AJR-5. Chairman Dini then requested the witnesses who wished to testify sign the Guest List and he would call them to be heard.

Chairman Dini stated that because of the importance of this Bill to the State Retirement System and City employees, it was decided to have the hearing today so that the resolution can be rushed to Washington, D.C. Chairman Dini then stated that he thought it would be in order for Mr. Glover to make his presentation as he is the principal sponsor of the Bill.

ASSEMBLYMAN ALAN GLOVER

Mr. Glover stated that many feel it is a hideous inversion on the part of the Federal Government to take over the State Retirement System. He stated that the people of the State of Nevada had worked diligently over the years to build up one of the best retirement systems in the country and would hate to see anything done to destroy it. He

Assembly Government Affairs Committee Minutes

January 19, 1979

stated he couldn't urge too strongly that the resolution be passed and sped on its way to Washington so that they could know our feelings about their encroachment upon our rights and retirement system.

Chairman Dini then proceeded to call upon the Guests present who wished to testify.

VERN BENNETT, Executive Officer, Public Employees Retirement System of Nevada

Mr. Bennett stated that he very strongly urged and requested the support of the Committee on AJR-5. He stated that the Federal Government is currently undergoing a universal social security coverage study that will place all public employees mandatorily under social security on January 1, 1982. He stated that they anticipate they will probably have a system supplemental to social security and there is a serious question regarding the rights of the vested members as to whether a supplemental program can be provided to them after that date. He stated that if they can provide a supplemental program after January 1, 1982, the estimated cost of the actuary to the public employees and employers of Nevada would additionally be twelve to seventeen million per year. He stated that if a determination is made in its present form for vested members or with an abrogation of contract for all members, plus social security, the estimated cost during the first year would be approximately thirty-five to thirty-seven million dollars. He stated it would increase each year thereafter as the social security increments go into effect. He continued that these increases have already been passed by Congress. He stated that the retirement system is in good shape; the unfunded liability has been reduced over one hundred million dollars during the last four years; there is an investment return of 8.36%. He went on to outline what social security has failed to do and, therefore, they are looking to the public employee systems to bail them out. He stated that it was felt the public employees retirement system should not be eliminated, decimated, or placed in financial difficulty to solve problems created by Congress. He stated they will be testifying before the

Assembly Government Affairs Committee Minutes

January 19, 1979

universal social security coverage study group on February 8th in San Francisco and would like to present this resolution to the group at that time, and the consideration of the Committee would be appreciated.

Chairman Dini asked Mr. Bennett what the reserve is at the present time and Mr. Bennett responded that there is now approximately \$580,000,000.

WENDELL K. NEWMAN, Executive Director, Nevada State Education Association

Mr. Newman stated he was present at the meeting to voice his very strong support for AJR-5 on behalf of his Association. He stated that the Public Employees Retirement System and its Board of Directors, as well as the Legislators of our State, were to be commended for striving over the years to improve our retirement system. He stated they believe they have an excellent retirement system and wished to maintain it. He went on to state that Nevada's Public Employees Retirement System is fiscally sound, and it was felt that mandatory social security of Nevada's public employees could very possibly negate the strides made and cause members difficulty in the retirement years. He pledged the continued efforts of his Association to work with the Legislators to defeat any attempts by the Federal Government to intervene in the matter, and mandate the public employees to come under the Social Security System.

ROBERT GAGNIER, Executive Director, State of Nevada Employees Association (SNEA)

Mr. Gagnier urged support by the Committee to pass AJR-5 and stated he would be attending the same group as mentioned by Mr. Bennett. He outlined the soundness of the retirement system and stated that the employees have overwhelmingly voted to oppose inclusion in the Social Security System.

Assembly Government Affairs Committee Minutes

January 19, 1979

ROBERT BROADBENT, Clark County Commissioner, Las Vegas, Nv.

Mr. Broadbent stated the Nevada Association of County Commissioners supports the resolution and the National Association of Counties as well is opposed to the proposed Social Security being expanded to include public employees.

RON JACK, Deputy City Manager of the City of Las Vegas

Mr. Jack stated that he would like to speak for the Nevada League of Cities as well as the City of Las Vegas. He stated that Nevada has one of the better retirement systems in the country and we all had a vested interest in maintaining it. He explained that if both systems were retained "as is" - approximately 30% of the budget of most public employers would be spent on the problem of paying pensions and that was a tremendous burden to put on local governments and on the citizens of Nevada. He continued that if this program were put on top of Nevada State Retirement now it would cost the City of Las Vegas 2.5 million dollars immediately. He stated that the Nevada League of Cities will be working on a presentation for the hearing in San Francisco and with a view toward opposing the proposal of social security very strenuously.

KEN HOUGEN, President, Nevada Public Employees Action Coalition

He stated that his group represents the city employees in the City of Las Vegas, North Las Vegas, Reno, Municipal employees, Washoe County employees, Clark County employees, Health District employees in Clark County, classified school employees. He stated there were over 5,000 members and on behalf of the members urged strong support for AJR-5.

WARREN T. FOWLER, State President, Retired Public Employees

He stated that all of the particular action on this Bill does not affect his organization, as they understand the law, because they would be exempted from it having already retired. He stated, however, it does present some problems

Assembly Government Affairs Committee Minutes

January 19, 1979

as to the availability of funds to take care of post retirement increases. He stated that on that basis his group would wholeheartedly support the resolution.

Chairman Dini then announced that all testimony on AJR-5 was concluded.

COMMITTEE ACTION

Assembly Bill AJR-5: Mr. Bergevin moved DO PASS, seconded by Mr. Craddock. Motion carried unanimously.

Chairman Dini then stated he had a couple of proposals for committee introduction. He stated that the first was BDR-23-179*, a Bill proposed by the State Employees Association for collective bargaining by State employees. He stated that the Bill has been introduced in the last five or six sessions of the Legislature, it was never passed, there were pros and cons, it's a very controversial, philosophical thing; however, Chairman Dini felt it was proper to have committee introduction on this particular Bill.

BDR-23-179: Mrs. Westall moved to introduce the Bill, seconded by Mr. Bedrosian, providing for collective bargaining by State employees. Motion carried unanimously.

Chairman Dini then announced that Mr. Getto had given him a bill that he, Mr. Getto, had drafted which changes minimum advance notice required for public meetings. BDR 19-760. "Except in emergencies written notice of such a meeting must be given at least three calendar days instead of working days".

BDR 19-760**: Mr. Marvel moves for introduction of BDR 19-760, seconded by Mr. Bergovin. Motion carried unanimously.

The meeting was adjourned at 9:45 A.M.

*A.B. 137

**A.B. 138

Respectfully submitted,

Sandra Shatzman
Assembly Attache

