

Committee in session at 8:00 a.m. Senator Floyd R. Lamb was in the Chair.

PRESENT: Senator Floyd R. Lamb, Chairman
Senator James I. Gibson, Vice Chairman
Senator Eugene V. Echols
Senator Norman D. Glaser
Senator Thomas R. C. Wilson
Senator Lawrence E. Jacobsen
Senator Clifford E. McCorkle

ABSENT: None.

OTHERS: Mr. Ronald W. Sparks, Chief Fiscal Analyst
PRESENT: Mr. Eugene Pieretti, Deputy Fiscal Analyst
Mrs. Jean Ross, Budget Analyst, Dept. of Administration
Mr. Vernon Bennett, Executive Director, Public Employees Retirement System
Mr. William Swackhamer, Secretary of State
Mr. Bart Jacka, Department of Motor Vehicles
Colonel Bernard Diehl, Nevada Highway Patrol
Mr. Michael De La Torre, Department of Law Enforcement Assistance
Mr. Stan Warren, Nevada Bell
Mr. Joe Anderson, State Librarian
Mrs. Rae Clemens, State Library
Mrs. Martha Gould, State Library
Mr. John Rice, Associated Press
Mr. Cy Ryan, United Press International

S.B. 249 - Post-Retirement Increases

Mr. Vernon Bennett, Retirement System, distributed material (see Attachment A) requested by the Committee on February 27, on a year-to-year breakdown of post-retirement increases.

On page 3 of the attachment was a letter dated January 12, 1979 establishing the cost of S.B. 249 of \$17 million. The next attachment has examples of the cumulative effect of post-retirement increases.

Senator Gibson stated that as a practical matter \$100 a month retirement is not very usual now. Mr. Bennett said the lower benefits are mostly for people who retire in the 50's and 60's. Mr. Bennett commented that in 1975, they had 445 people who received the \$50 a month increase. They had an average age of 81 years, and an average benefit then of \$146 a month.

Senator McCorkle asked where they were getting the projected post-retirement increases. Mr. Bennett said from S.B. 258. Senate Bill 418 of the 1977 session provided increases to a total of 4,030 retired employees. There were 349 receiving the \$20 per month; 1,003 received the \$15 per month; 936 received the \$5 per month; and 1,742 received the \$3 increase per month.

For the Committee's information, Mr. Bennett referred to S.B. 181, the membership problem with judges. He provided a letter from William Isaef, Deputy Attorney General, raising the question that there is actually no official membership in the district court judges system and the Supreme Court justices system. He recommends an amendment to give the present judges who are in their system, 90 days from next July through next September, to make one final option to get out of their system, and only be covered by the district court judges system if they want to. If not, they remain in the Public Employees Retirement System. If S.B. 181 is passed, the same thing would be accomplished on a continuing basis.

Mr. Bennett stated that there was some discussion on February 27, from the president of the Retired Public Employees who raised a question which the Retirement Board feels would be advantageous

for the Committee to consider. That would be to amend whichever funding bill for post-retirement increases the Committee decides on, to make it effective upon passage. That way, the Retirement System could go ahead and be investing the money until they start paying the benefits on July 1, 1979. If there is no interest income by that time, the Retirement System will front the money until the interest income comes in.

Senator Glaser asked if S.B. 249 will fund all retired employees. Mr. Bennett replied that anything that has been passed before S.B. 258, or before July 1, 1979, will be absorbed by the Retirement System. They will continue to pay those benefits to those retired employees, and their beneficiaries for as long as they live. The new post-retirement increases that will begin July 1, 1979 and July 1, 1980, would be funded either by S.B. 249, S.B. 34, or some other method dedicated to that purpose. It would only apply to the people who are eligible for the new increase July 1, 1979 and the new increase July 1, 1980, for the rest of their lives. It would not touch or pay for any benefits that would be passed here, in the next legislative session, to begin July 1 of 1981 and 1982. The next legislature would have to decide what type of benefits they wanted to pass, and how they should be funded.

Senator Gibson stated that when they made the change on the post-retirement bill, they took away guaranteed post-retirement increases. They now have to look at it each session. Mr. Bennett said they took away, in the 1975 session, the 1-1/2 percent guaranteed post-retirement increase.

They also removed the dedication of the 1/2 of 1 percent of the contribution for post-retirement increases. But, within the 8 percent employee contribution rate, they do have actual computations that set aside a certain amount of money to pay the current post-retirement increases that are in effect; and they do have enough money to fund it.

S.B. 34 - Post-retirement increases.

Senator Glaser moved "Do Pass" on S.B. 34.

Seconded by Senator Gibson.

Motion carried unanimously.

S.B. 249 - Post-retirement increases.

Senator Gibson moved to indefinitely postpone S.B. 249.

Seconded by Senator Jacobsen.

Motion carried unanimously.

S.B. 258 - Temporary increases in post-retirement benefits.

Senator McCorkle asked to hold the vote until he received the consumer price index figures he asked for.

S.B. 181 - Withdrawal of judges from Public Employees Retirement System.

Senator Lamb stated that he didn't feel good about this bill. Senator Wilson asked Mr. Bennett what the implications are of a bill of this kind. Mr. Bennett replied that as far as fiscal impact to the retirement system, it is a savings. There are 13 judges who can possibly take advantage of this if they withdraw the employee contributions; and the retirement system retains the employer contributions. The retirement system loses the liability for survivor benefits for disability, and their eventual retirement, if they decide to take their retirement

from the judges' system. In most cases, as they become eligible for retirement in the judges' system, they will take their retirement from our system, which allows them to withdraw their contributions at that time.

Mr. Bennett continued that what the Committee is dealing with is whether to let them take their contributions out now, or wait four or five years, and let them take it out under current law, as soon as they become eligible. As a precedent, the system did something fairly similar with the University professors last year. The retirement system gave them a six-month option to make one final determination to either stay in PERS or transfer out to their system.

Mr. Bennett stated that this is of no major concern to the Retirement System. There is no other group that has another retirement system. The only way they can do this, and the only reason they can do it, is because they are going to be eligible for either the district court judges' system, or Supreme Court justices' system benefits. The regular members will have no other retirement system to establish that eligibility.

Senator Gibson asked whether a new judge is able to choose or did they close that in 1975. Mr. Bennett said that now a new judge goes under the judges' system, unless he was already a member of PERS. As an example, if a judge had been with the Attorney General's Office, and he runs for the judgeship and gets elected, then he may stay in PERS. Otherwise, he is prohibited from being in the PERS.

Senator Gibson commented, therefore he stays with PERS then, unless he asked for a legislative act to provide that he can go into the judge's system. Mr. Bennett replied that S.B. 181 would be the legislative act. Senate Bill 181, as written, would allow any of those persons at any time to transfer or get out of PERS and withdraw their contributions.

Senator McCorkle stated that there are two questions; which system, and whether or not if he switches he can draw his money out. He asked Senator Gibson which was the bigger objection. Senator Gibson stated the biggest objection in his mind is that they may choose. He feels that they should be in one system or the other.

Senator Wilson stated that is not this bill. Senator Wilson said that is the law today, and this bill does not change that. Senator Gibson agreed that is right, except that apparently they have been asked to respond to that because two judges have raised the question.

Mr. Bennett stated the current law in NRS 286.305, Section 3, allows any judge who is a member of their system (PERS) to make that choice as soon as he becomes eligible for a pension under the judges' system. This bill would allow them to make that choice now.

Mr. Bennett said that a provision could be made that any judge who takes a refund under this circumstance be prohibited from ever re-establishing their service in PERS. He also stated that as long as they are not drawing the benefit from the judges' system, they could leave or become eligible for retirement and work somewhere for six months in their system and repay the refund and re-establish the service.

Senator Gibson stated they have another judges' retirement bill that came to the committee on February 27. He asked for the committee to hold S.B. 181, pending a hearing on this other judges' retirement bill.

A.B. 140 - Authorizes refund of discontinued administrative contributions for public employees retirement.

Mr. Bennett stated that they had five bills and this was in their administrative fiscal bill. However, before their bill was introduced, several assemblymen, including Assemblyman Wagner, introduced A.B. 140.

The Assemblymen indicated they would like to go ahead and move their bill; and they didn't want to have this provision jeopardized by the other fiscal impact things that were in the retirement systems regular bill. The Assemblymen agreed to use the exact wording that was in the retirement system bill. Therefore, A.B. 140 came out exactly the way they would have included it in the fiscal bill. The Public Employees Retirement System strongly favors the bill.

Mr. Bennett stated that A.B. 140 would provide a refund of the plus two and plus four percent additional contributions that were required by older members of the system who were enrolled over age 36 or over age 46, between the times of July, 1973 and June, 1977. The legislature withdrew the additional contributions, during the 1977 session, because they were discriminatory. They were charging older members more money for the same retirement benefits. For example in a staff you would have one member who is an accountant and pays 8 percent for retirement. And a new employee comes in who is over 46, pays 12 percent for the same retirement.

Mr. Lamb asked what the amount was. Mr. Bennett said \$2,750,000 with interest. Mr. Daykin felt, and they agreed, that they would have to pay them 7 percent simple interest. That is included in the total.

Senator McCorkle asked if the reason for this increased contribution was the fact that if someone was 48, they would be entitled to retire at 60, and they would have contributed for only 12 years. Mr. Bennett replied that he was not here during the 1973 Session, but the understanding he had was that they were trying to discourage retired military from coming into public service. Some people felt that it was unfortunate that retired military could retire with 20 years service at age 42; come into public service and be drawing full retirement from the military, while they started to work earning a second retirement in the public sector. The other reason was that you don't have the money for a long a period to invest it. They do have, however, a full benefit package which includes survivor benefits and disability; but few people who are over 46 have minor children who would be covered under survivor benefits, and very few of them receive disability. These were the counter-balancing factors.

Senator Gibson moved "Do Pass" on A.B. 140.

Seconded by Senator Wilson.

Motion carried unanimously.

S.B. 109 - Changes dates for filing corporation reports.

Mr. Swackhamer, Secretary of State, said the purpose of this bill would be to change the date for the annual renewal of the list of corporated officers to an anniversary date the corporation was filed on. As it is now, they have 39,056 corporations and they all come in relatively close together, at the end of the filing period. This created an administrative problem. The fiscal implication would a \$2,500 one-time cost to modify the computer program. This figure is not in the budget. If this bill is passed, it should be added to the budget in the first year of the biennium.

Senator Lamb asked why he needs the bill and why it wasn't written up in the budget. Mr. Swackhamer answered that the bill is needed to give them authority to go on the anniversary date of the filing.

Senator Gibson moved "Do Pass" on S.B. 109.

Seconded by Senator Jacobsen.

Motion carried unanimously.

S.B. 223- Appropriation to Secretary of State for microfiche.

Mr. Swackhamer stated that this bill is a request for improving

certain procedures in the office. He said that in the 1975 Session, he asked for an appropriation and authority to put the corporate division activities on the computer. The legislature did that and two years ago the legislature gave them the authority and appropriation to microfilm records. Mr. Swackhamer stated they did both of those projects within the appropriated amounts. However, in 1973 they were just completing the microfilming of the permanent corporated records. At that time, they put the records on a certain size of microfilm that is obsolete now. They would like to have \$30,000 to convert the approximately 40,000 files on the old microfilm to a usable size. They would, also, like to convert certain hardcopies to microfilm. They are asking for \$25,000 to convert the hard copy to microfilm. The remaining \$9,000 is for them to enter a contract to try to get someone to go into the counties and pick up the records that they find are missing on corporations.

Senator McCorkle asked what the cost was on the microfiche conversion. Mr. Swackhamer said the cost of the microfiche conversion is estimated at \$30,000.

A.B. 276 - Makes appropriation to Secretary of State for additional expenses incurred in registering lobbyists and performing other services for the legislature.

Mr. Swackhamer stated that A.B. 276 was introduced at the request of Speaker Paul May. Assemblyman May asked if they would sent the guidelines to all lobbyists that had been registered. There were 320 of them. As of February 27, there were 404 registered lobbyists. Also, Mr. Swackhamer said it would cost about \$2.00 a badge for each lobbyist and they expect about 750 registered lobbyists.

Senator Wilson asked that they hold the bill and take it up with Legislative Functions Committee.

S.B. 218 - Makes appropriation to State Communications Board to pay for assessment of Department of Law Enforcement Assistance.

Mr. Bart Jacka, Director, Department of Motor Vehicles, and also a member of the Communications Board, stated that this bill calls for an appropriation of \$51,093 to fund the State Communications System through the current fiscal year.

However, due to the resignation of the Executive Director of the Communications Board, some economies in the operation can be made. They also received \$20,000 form the Department of Law Enforcement Assistance, so they find it necessary to ask for only \$7,650 for the balance of the fiscal year. The \$7,650 is to be spent in the following manner:

\$4,481.00 - To take care of the deficit in the amount paid by the assessments.

\$3,169.00 - Emergency radio repair.

S.B. 216 - Makes appropriation to the Nevada Highway Patrol Division of the Department of Motor Vehicles for law enforcement communications network.

Mr. Bart Jacka, Director, Department of Motor Vehicles, stated that the Department of Law Enforcement Assistance has historically run the Communications Network for law enforcement throughout the State. During the budget discussion for the next biennium, it was determined that there was a need to consolidate the dispatch centers in the Highway Patrol's budget. That action was taken by request of the Governor. S.B. 216 calls for \$128,427 in General Funds to replace Law Enforcement Assistance funds which run out on March 1, 1979.

There have been some transfers of federal funds from various project grants within DLEA to continue the process from last October

to this date. In reviewing the budget, Colonel Diehl, Chairman of the Crime Commission as well as Superintendent of the Highway Patrol, and Mr. De La Torre from DLEA have reduced the original request in S.B. 216 from \$128,000 to \$116,177. That is the result of some \$12,250 which was transferred from another federal grant to continue salaries for a period of two months. By way of explanation of the \$116,000; \$12,300 is for six dispatcher positions. There is \$600 needed in the supply category; \$2,210 for contract services for the switcher; \$15,000 is needed for electronic data processing operations and \$81,067 in network charges to the telephone company for line costs.

Presently they have a State switcher which handles all of the law enforcement communications systems throughout the State mechanically as opposed to by hand. The DLEA has the Communications System that required some fourteen positions but now the new State switcher will be under the Department of Motor Vehicles and will require only the six dispatchers to handle the same load with the State switcher. The \$116,000 is simply the need for the balance of the fiscal year.

Senator McCorkle asked how they could only have six positions with only \$12,000. Mr. Jacka said \$12,250 is a portion of two months' salary. That is the total salary package for those six positions for the balance of the fiscal year. (See Attachment B)

Senator Gibson asked what happened that was not foreseen that the budget didn't cover this. Colonel Diehl stated that it was foreseen. It was not funded by State funds and they were asked to obtain federal funds. Federal funds that could be obtained to run the system expired last September. The Crime Commission users themselves reduced their block grants about 15 percent and came up with the \$70,000 to help run the system. That funded the Communications Center from October through February. All the federal funds that they were able to gather to keep it running have expired as of this date (February 28). The only addition was, that Director Mike De La Torre managed to find some salary savings in the Planning and Training Division of the Department of Law Enforcement Assistance. Mr. De La Torre talked with Washington to see if they could transfer at least \$12,250 to carry the Communications Center for another two months period.

Mr. Michael De La Torre stated that the Criminal Case Histories budget had a total 1978-79 Work Program of \$268,107. By not continuing this division, there is quite a savings in funds. He stated that they are not disbanding any functions. The Highway Patrol will be picking up the Communications Specialist, and they will continue to do unified crime reporting, crime analysis, criminal history, etc.

Senator Lamb asked for more details. Mr. Jacka stated that the Highway Patrol's workload is such, at the present time, that there was a necessity for some 10 additional dispatchers. Mr. Jacks said that they handle, in addition to the Highway Patrol load, all of the radio traffic and telephonic traffic for the Gaming Control Board. This is done by microwave. (Testimony on this subject was heard on January 26, 1979).

Senator Lamb referred to Page 104 of the budget. Mr. Jacka spoke on this budget. He stated he appeared before the Committee on January 26, and indicated that there was a new budget being constructed. The Communications Board presently is made up of 8 members, and Governor List recommends that it be reduced to 3. Mr. Jacka presented to Senator Lamb on February 26, a draft of a bill which changes the makeup of the Communications Board from 8 to 3, a chairman and 2 members appointed by the Governor. The bill also transfers the responsibilities for the operation of the State Communications System to the Highway Patrol. Attached to that bill is a new budget page and a fiscal note. Mr. Jacka stated that when they were before the Committee earlier, the old budget asked for the first year of the biennium for \$104,000 in

General Funds, and \$67,329 the second year. The new budget presented to the Committee this date (February 28) shows a drastic reduction in that request. The reduction comes about as a result of the elimination of the director's position and his secretary's position.

In the first year of the biennium they are asking for \$50,035 in General Funds, and \$43,445 the second year. This is a net saving of some \$73,000 as compared to what was previously submitted. Mr. Jacka stated that a large portion of the budget will be supported by fees. In reducing the budget since he last appeared before the Committee, they have raised the fees from the outside users. They feel they will be able to sell some more channels and provide a much more efficient operation than previously. The budget calls for one new Technician position which was in the Governor's original request. It is necessary to handle the load, as far as the service is concerned.

Mr. Jacka stated that this bill reduces the number of the board from 8 to 3. The members of the board would have to represent data communications, radio communications, emergency and non-emergency units within the State government. Currently, before more channels can be added, a study has to be submitted to and reviewed by the Research and Fiscal Analysis Division of the Legislative Counsel Bureau; who makes a recommendation to the Interim Finance Committee. This bill transfers that responsibility to the Legislative Commission. The only disadvantage in remaining with the Interim Finance Committee is that it is time consuming to wait until the Interim Finance Committee meets. The bill further defines what the responsibilities of the Communications Board are which is very similar to the present law. It talks about the responsibility of the Department of Motor Vehicles to assume the maintenance and repair. It also states that a fund has to be created now by the legislature to fund this operation on an interim basis until the user funds come in. The reason for that fund is simply that the Highway Patrol cannot use Highway User Funds for uses other than highway purposes.

Colonel Diehl of the Highway Patrol stated that they are asking for legislative appropriation to start off which is \$50,035. Once they get the equipment reserve built up, which they are starting off in this biennium; hopefully, this program will become self-sustaining, and they will never ask for regular appropriation again.

Senator Jacobsen moved for introduction of the bill (Reduction of Communications Board members).

Seconded by Senator Gibson.

Motion carried unanimously.

Mr. Stan Warren of Nevada Bell concurred with the bill.

S.B. 216 - Makes appropriation to Nevada Highway Patrol Division of Department of Motor Vehicles for law enforcement communications network.

Senator Lamb stated that the bill will read \$116,177 instead of \$128,000.

Senator Jacobsen moved "Do Pass" as amended for S.B. 216.

Seconded by Senator Wilson.

Motion carried unanimously.

S.B. 218 - Makes appropriation to state Communications Board to pay for assessment of \$7,650 of Department of Law Enforcement Assistance.

Senator Echols moved "Do Pass" as amended for S.B. 218.

Seconded by Senator Jacobsen.

Motion carried unanimously.

A.B. 276 - Makes appropriation to Secretary of State for additional expenses incurred in registering lobbyists, and performing other services for the legislature.

Senator Gibson moved "Do Pass" for A.B. 276.

Seconded by Senator Wilson.

Motion carried unanimously.

S.B. 223 - Makes appropriation to Secretary of State to convert certain records to microfiche and replace missing files.

Senator McCorkle moved to reduce the amount to 36,000 by deleting the \$30,000 for converting the old microfiche and by adding \$2,000 for microfilm equipment repair.

Seconded by Senator Wilson.

Senator Lamb and Senator Jacobsen voted no.

Motion carried.

A.B. 329 - Makes appropriation for state claims fund account.

Senator Jacobsen moved "Do Pass" for A.B. 329.

Seconded by Senator Echols.

Motion carried unanimously.

A.B. 404 - Makes appropriation to Nevada State Library for repair and overhaul of bookmobiles.

Mrs. Martha Gould spoke in favor of this bill on behalf of the Library Association, the State Parent-Teacher Association, and the State Federation of Business and Professional Women's Clubs. Mrs. Gould read her testimony (see Attachment C).

Mr. Joe Anderson, State Librarian, and Mrs. Rae Clemens of the State Library also spoke on behalf of the bookmobile bill.

Senator Gibson moved "Do Pass" on A.B. 404.

Seconded by Senator Jacobsen.

Motion carried unanimously.

A.B. 219 - Appropriation for the Governor's Mansion.

Senator Gibson moved the committee amend the bill by removing the reversion requirement for appropriation made in 1973.

Seconded by Senator Glaser.

Motion carried.

S.B. 198 - Restores office of State Fire Marshal and amends his powers and duties.

Senator Gibson said he collected the amendments and conformed the other parts to clean up the bill.

Senator Jacobsen moved "Do Pass" S.B. 198 as amended.

Seconded by Senator Echols.

Motion carried.

Senator McCorkle voted no on the bill; but but supported the adopted amendments.

S.B. 224 - Appropriation to Parole and Parobation for additional personnel.

Senator Echols asked that they wait a day or two until someone from the Prison Fellowship to talk to the legislature on prison reform.

S.B. 210 - Appropriation to reserve for Statutory Contingency Fund.

Senator Gibson moved "Do Pass" for S.B. 210.

Seconded by Senator Glaser.

Motion carried.

S.B. 264 - Reimbursement to certain public officers of deductible paid because of damages to private vehicles.

Senator Echols moved "Do Pass" on S.B. 264.

Seconded by Senator McCorkle.

Motion carried unanimously.

A.B. 274 - Removes limitation on purchase price of state automobiles.

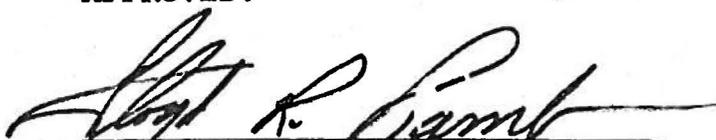
Mr. Sparks explained that this bill would raise the ceiling on the price for automobiles. Now there is a statutory limit on all State-purchased automobiles at a maximum of \$5,000 each biennium. Because of inflation, Purchasing Administrator, Terry Sullivan, requests a ceiling of \$6,000, the Governor's car \$10,000, and the Highway Patrol to \$8,000. Senator Gibson stated the Committee should hear from the Purchasing Division.

Meeting adjourned at 10:10 a.m.

Respectfully submitted,


Carol Lee Chavez, Secretary

APPROVED:


Floyd R. Lamb, Chairman

Senate Committee on FinanceDate Wednesday, February 28, 1979Time 8:00 a.m. Room 231Bills or Resolutions
to be consideredSubjectCounsel
Requested*

S.B. 249 258 181 145

* S.B. 109	Changes date for filing certain corporation reports.	
S.B. 223	Makes appropriation to secretary of state to convert certain records to microfiche and replace missing files.	
A.B. 276	Makes appropriation to secretary of state for additional expenses incurred in registering lobbyists and performing other services for legislature.	
S.B. 218	Makes appropriation to state communications board to pay for assessment of department of law enforcement assistance.	
S.B. 216	Makes appropriation to Nevada highway patrol division of department of motor vehicles for law enforcement communications network.	
* A.B. 329	Makes appropriation for state claims fund account.	
A A.B. 404	Makes appropriation to Nevada state library for repair and overhaul of bookmobiles.	

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ELBERT B. EDWARDS
CHAIRMAN EMERITUS

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569

CARSON CITY, NEVADA 89701

TELEPHONE (702) 885-4200

RETIREMENT

L. ROSS CULBERTSON
CHAIRMAN

SAM A. PALAZZOLO
VICE CHAIRMAN

MEMBERS

DARREL R. DAINES
WILLIS A. DEISS
ELBERT B. EDWARDS
BOYD D. MANNING
DONALD L. REAM

February 27, 1979

MEMORANDUM

TO: Vernon Bennett
FROM: Larry Grissom *Larry*

Per the request of the Senate Finance Committee this morning, I have obtained from our actuary a projection of the total payments necessary to fund projected postretirement increases as provided by SB 249. A year-by-year breakdown is as follows:

<u>YEAR</u>	<u>COST</u>
1979	\$ 1,051,000
1980	1,992,000
1981	1,791,000
1982	1,608,000
1983	1,441,000
1984	1,297,000
1985	1,145,000
1986	1,016,000
1987	898,000
1988	791,000
1989	694,000
1990	607,000
1991	528,000
1992	455,000
1993	334,000
1994	334,000
1995	282,000
1996	238,000
1997	198,000
1998	163,000

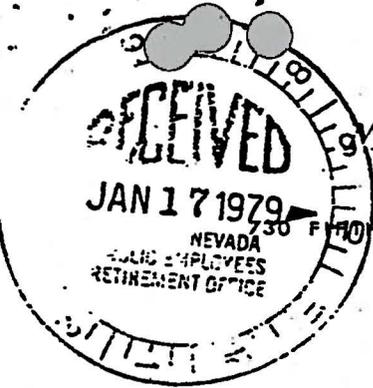
\$16,910,000

One of the differences between our cost projections for the first two years and the actuary's cost projections for the same period is that the actuary built in a reduction for those who would die between July 1, 1978, and

Memorandum to Vernon Bennett
Re: SB 249
Page 2
February 27, 1979

July 1, 1979, while our projections were based on the computer listing of recipients effective July 1, 1978. The projection was rounded up by the actuary from \$16,910,000 to \$17,100,000 to provide a conservative hedge. This projection was based on an investment yield of 9%. The cost projection of \$16,100,000, using an assumed investment of 10%, was obtained by the actuary by factoring the previous figures.

LG/njp



MARTIN E. SEGAL COMPANY

EXHIBIT A

30 FIFTH AVENUE • NEW YORK, N. Y. 10019 • (212) 586-5600

January 12, 1979

JOHN P. MACKIN
SENIOR VICE PRESIDENT

- ATLANTA
- BOSTON
- CHICAGO
- CLEVELAND
- DALLAS
- DENVER
- HARTFORD
- HOUSTON
- LOS ANGELES
- NEW ORLEANS
- PHOENIX
- SAN FRANCISCO
- WASHINGTON, D.C.
- TORONTO

Mr. Vernon Bennett
 Executive Officer
 Nevada Public Employees Retirement System
 P. O. Box 1569
 Carson City, Nevada 89701

Dear Vernon:

This will confirm the actuarial cost estimate I gave you over the telephone today.

We estimate that the additional actuarial liability for providing the following post-retirement increases on July 1, 1979 and July 1, 1980 is approximately \$17 million:

<u>Number of years retired</u>	<u>Percentage increase of total current benefit</u>
1	3 %
2	3½
3	4
4	4½
5 or more	5

The \$17 million figure is based on a 9% investment yield assumption and assumes that the percentage benefit increases provided in each of the next two years will be payable for the remaining lifetimes of eligible retired members and beneficiaries. As you requested, the \$17 million does not include the actuarial cost of any post-retirement increases provided after July 1, 1980.

Please let us know if you have any further questions regarding the cost of post-retirement increases.

With my best wishes.

Sincerely,

John P. Mackin
 John P. Mackin

JPM:ns

THIS COMPUTATION REFERS TO POSTRETIREMENT
 INCREASE FUNDING PROVIDED BY SB 249.

8-20

ELMER EDWARDS
CHAIRMAN EMERITUS

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



EXHIBIT A

PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569

CARSON CITY, NEVADA 89701

TELEPHONE (702) 885-4200

RETIREMENT BOARD
L. ROSS CULBERTSON
CHAIRMAN
SAM A. PALAZZOLO
VICE CHAIRMAN

MEMBERS

DARREL R. DAINES
WILLIS A. DEISS
ELBERT B. EDWARDS
BOYD D. MANNING
DONALD L. REAM

MEMORANDUM

TO: VERNON BENNETT

FROM: LARRY GRISSOM *Larry*

The Senate Finance Committee requested this morning that we provide examples of the cumulative effect of postretirement increases. Per that request, attached are three tables showing cumulative postretirement increases for individuals retired prior to July 1 in each of the years 1963, 1970 and 1976. In each year we have provided examples with base benefits of \$100, \$300, and \$500 per month. In each example, we have projected the amount of postretirement increase effective 7-1-79 and 7-1-80 based on SB 258.

Included in these examples is the percentage of postretirement increases to base benefit. This calculation shows that the retired employee with a lower base benefit has received a proportionately larger postretirement increase than the retired employee with a larger base benefit.

LG/ded

821

EXHIBIT A

BREAKDOWN OF POSTRETIREMENT INCREASES
 RETIRED PRIOR TO 7-1-63

Postretirement Increase Effective:	\$100/mo	<u>Base Benefits</u> \$300/mo	\$500/mo
7-1-64	1.50	4.50	7.50
7-1-65	1.50	4.50	7.50
7-1-66	1.50	4.50	7.50
7-1-67	1.50	4.50	7.50
7-1-68	1.50	4.50	7.50
7-1-69	1.50	4.50	7.50
7-1-70	1.50	4.50	7.50
7-1-72	1.50	4.50	7.50
7-1-73	1.50	4.50	7.50
7-1-74	1.50	4.50	7.50
7-1-75	50.00	50.00	50.00
7-1-76	-0-	-0-	-0-
7-1-77	5.00	15.00	25.00
SB 418 7-1-77	20.00	5.00	3.00
7-1-78	5.00	15.00	25.00
Total of all Postretirement increases through 7-1-78	<u>\$96.50</u>	<u>\$134.50</u>	<u>\$185.50</u>
Percent of Postretirement increases to Base Benefit	96.50%	44.83%	37.10%
Current Benefit 7-1-78	196.50	434.50	685.00
Projected Postretirement Increases Effective			
7-1-79	9.83	21.73	34.28
7-1-80	10.32	22.81	35.99
Current Benefit 7-1-80	<u>\$216.65</u>	<u>\$479.04</u>	<u>\$755.76</u>
Percent of Postretirement Increases To Base Benefit	116.65%	59.68%	51.15%

Retired Prior to 7-1-70

Post-Retirement Increase Effective:		Base Benefit		
		\$100/mo	\$300/mo	\$500/mo
	7-1-71	\$ 1.50	\$ 4.50	\$ 7.50
	7-1-72	1.50	4.50	7.50
	7-1-73	1.50	4.50	7.50
	7-1-74	1.50	4.50	7.50
	7-1-75	3.00	9.00	15.00
	7-1-76	3.00	9.00	15.00
	7-1-77	3.25	9.75	16.25
SB418	7-1-77	20.00	5.00	3.00
	7-1-78	<u>3.50</u>	<u>10.50</u>	<u>17.50</u>
Total of all Post-Retirement Increases through 7-1-78		\$38.50	\$61.25	\$96.75
Percent of Post-Retirement Increases to Base Benefit 7-1-78		38.50%	20.42%	19.35%
Current Benefit 7-1-78		138.50	361.25	596.75
Projected Post-Retirement Increases Effective 7-1-79		6.93	18.06	29.84
7-1-80		<u>7.27</u>	<u>18.97</u>	<u>31.33</u>
Current Benefit 7-1-80		\$ 152.70	\$ 398.28	\$ 657.92
Percent of Post-Retirement Increases to Base Benefit 7-1-80		52.70%	32.76%	31.58%

Breakdown of Post-Retirement Increases

Retired Prior to 7-1-76

Post-Retirement Increase Effective:	\$100/mo	\$300/mo	\$500/mo
7-1-77	\$ 2.25	\$ 6.75	\$ 11.25
SB418 7-1-77	20.00	5.00	3.00
7-1-78	2.50	7.50	12.50
	<u> </u>	<u> </u>	<u> </u>
Total of all Post-Retirement Increases through 7-1-78	\$24.75	\$19.25	\$ 26.75
Percent of Post Retirement Increases to Base Benefit	24.75%	6.42%	5.35%
Current Benefit 7-1-78	\$124.75	\$319.25	\$526.75
Projected Post-Retirement Increase Effective: 7-1-79	4.00	12.00	20.00
7-1-80	<u>4.25</u>	<u>13.50</u>	<u>22.50</u>
Current Benefit 7-1-80	\$133.00	\$344.75	\$569.25
Total of all Post-Retirement Increases to Base Benefit	33.00%	14.92%	13.85%

ELBERT B. EDWARDS
CHAIRMAN EMERITUS

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

EXHIBIT A

RETIREMENT BOARD
L. ROSS CULBERTSON
CHAIRMAN
SAM A. PALAZZOLO
VICE CHAIRMAN
MEMBERS
DARREL R. DAINES
WILLIS A. DEISS
ELBERT B. EDWARDS
BOYD D. MANNING
DONALD L. REAM

MEMORANDUM

February 27, 1979

TO: Vernon Bennett

FROM: Larry Grissom

A handwritten signature in cursive script that reads "Larry".

Attached is a breakdown of the number of benefit recipients and amount receiving post retirement increases authorized by SB 418 of 1977.

NUMBER OF INDIVIDUALS RECEIVING
BENEFIT AUTHORIZED BY SB 418 OF 1977

<u>BENEFIT</u>	<u>AMOUNT</u>	<u>NO. RECEIVING</u>
\$0 - \$100	\$20.00	349
101 - 200	15.00	1003
201 - 300	5.00	936
301 & UP	3.00	<u>1742</u>
		4030



STATE OF NEVADA
OFFICE OF THE ATTORNEY GENERAL
CAPITOL COMPLEX
CARSON CITY 89710

EXHIBIT A

RICHARD H. BRYAN
ATTORNEY GENERAL

LARRY D. STRUVE
CHIEF DEPUTY ATTORNEY GENERAL

February 2, 1979

Vernon Bennett, Executive Officer
Public Employees Retirement System
P.O. Box 1569
Carson City, Nevada 89701



Re: Amendment to NRS 286.305

Dear Mr. Bennett:

Twice in the last six to nine months members of our System who are District Judges have inquired about cancelling their membership in our System and seeking a refund of all employee contributions which they have previously made. In each instance this office has advised the inquiring judge that in our opinion Supreme Court Justices and District Judges do not presently enjoy the option of cancelling membership in our System unless they are fully qualified in terms of years of service and age for a pension under the provisions of NRS 2.060 or NRS 3.090. If fully qualified for a pension under either one of these statutes, paragraph 3 of NRS 286.305 allows them to withdraw from the Public Employees Retirement System and receive their pensions under whichever of the other two statutes is applicable to their situation.

When the Public Employees Retirement Act was amended in 1977 to exclude Justices of the Supreme Court and District Judges from membership in our System, it was intended that the exclusion would apply only to people who became justices or judges on or after July 1, 1977. We are unable to find anything in the legislative history of this amendment which indicates the Legislature intended to remove justices and judges who were presently members of our System from further membership. In addition, paragraph 1 of NRS 286.305

Vernon Bennett
February 2, 1979
Page Two

EXHIBIT A

was amended, as we understand it, to allow any person who had established membership in our System prior to rising to the bench on or after July 1, 1977, to remain a member of the System.

It appears as though there may be some interest among members of the judiciary who are currently members of our System to voluntarily withdraw from our System and rely instead upon the provisions of NRS 2.060 or NRS 3.090 for future pension benefits. In order to accommodate those members of the bench who would like to make such a change and in order to acquaint all members of the judiciary with the two retirement programs that are available for them under state law, we are suggesting a possible amendment to NRS 286.305 as follows:

"Any Justice of the Supreme Court or District Judge who is a member of the System on July 1, 1979, may withdraw from membership by providing written notice to the Board of his decision to withdraw from the System and rely entirely upon the provisions of NRS 2.060 or NRS 3.090 for future pension benefits. Any such notice must be received by the Board on or before September 30, 1979. Upon receipt of notice of withdrawal, the System shall promptly refund all employee contributions credited to the individual account of the justice or judge. Any Justice of the Supreme Court or District Judge who exercises the option granted by this subsection is forever barred from reestablishing membership in the System so long as he remains a justice or judge. Any Justice of the Supreme Court or District Judge who does not exercise the option granted by this subsection must remain a member of the System until eligible to exercise the option granted in subsection 3."

EXHIBIT A

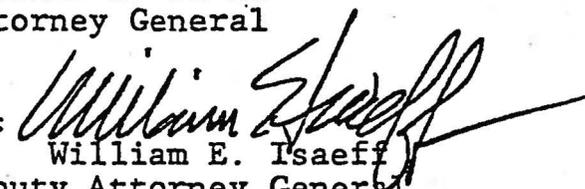
Vernon Bennett
February 2, 1979
Page Three

If you concur in the suggested language of the proposed amendment, please forward a copy of same to District Judge Pavlikowski in Las Vegas. He has informed this office that he will have a legislator request the bill drafter to put this in the form of a bill for introduction. If you wish to rewrite the suggested language, feel free to do so in a manner which you believe carries out the intent of all concerned and maintains harmony with the other provisions of the Public Employees Retirement Act.

If we may be of any further assistance in this matter, please advise.

Sincerely,

RICHARD H. BRYAN
Attorney General

By: 
William E. Isaeff
Deputy Attorney General

WEI/so

NOTE: This letter refers to SB 181.

MEMORANDUM

EXHIBIT B

February 27, 1979

To: Senator Floyd Lamb

Chairman, Committee on Finance

From: Barton Jacka, Director, Department of Motor Vehicles

Subject: Senate Bill No. 216 - Supplemental Appropriation to fund Law Enforcement Communications Network

Senate Bill No. 216 provides for the appropriation of \$128,427.00 to the Nevada Highway Patrol for the funding of the law enforcement communications network from March through June of 1979.

We respectfully request that the amount of the appropriation be reduced from \$128,427.00 to \$116,177.00.

The reduction of \$12,250 from the original request was obtained through a transfer of federal funds to pay salary costs of the communications personnel. The transfer has been tentatively approved by LEAA in Washington.

BJ:BD:cb

cc: Howard Barrett, Dept. of Admin.
Michael de la Torre, Director, DLEA
Gene Pieretti, Legislative Counsel

DEPARTMENT OF MOTOR VEHICLES

MEMORANDUM

EXHIBIT B

February 27, 1979

To Senator Floyd Lamb
Chairman, Committee on Finance

From Barton Jacka, Director, Department of Motor Vehicles

Subject: Senate Bill No. 218 - Appropriation to State Communications Board

Senate Bill No. 218 - provides for the appropriation of \$51,093.00 to pay for the assessment of the Department of Law Enforcement Assistance for its use of the state communications system.

We respectfully request that the amount of the appropriation be reduced from \$51,093.00 to \$7,650.00.

The request for \$7,650.00 is to provide funds for the State Communications Board as follows:

Projected yearend deficit because of non-payment of assessments:	\$4,481.00
Contingency Fund (One week of average expenditures):	<u>3,169.00</u>
	\$7,650.00

The reduction of \$43,443.00 from the original request was obtained through economies in operation; resignation of Director; and receipt of \$20,000.00 from DLEA as partial assessment payment.

BJ:BD:cb

cc: Howard Barrett, Dept. of Admn.
Bill Marsh, Chairman, Comm Board
Gene Pieretti, Legislative Counsel

NEVADA HIGHWAY PATROL COMMUNICATIONS SUBDIVISION WORKING CAPITAL FUND

13-4555

Budget Division
February 1, 1979

2/28

EXHIBIT B

	1977-78 Actual	1978-79		1979-80		1980-81					
		No. Pos.	Work Program	No. Pos.	Agency Request	No. Pos.	Governor Recommends	No. Pos.	Agency Request	No. Pos.	Governor Recommends
Regular Appropriation.	\$		\$		\$114,925		\$ 50,035		\$ 75,332		\$ 43,445
Balance Forward from Old Year	12,200		6,972								
Balance Forward to New Year	- 6,972										
Prior Year Personal Rebate	4										
Prior Year Encumbrance			80								
Transfer from Other Funds	6,500										
Outside Users	10,644		10,147		10,746		12,186		10,746		13,333
Civil Defense	3,728		15,000								
Radio Systems Users	129,216		131,736		107,250		107,250		117,975		117,975
Total Funds Available	\$155,320		\$163,935		\$232,921		\$169,471		\$207,053		\$174,803
Existing Positions											
Director Communications Board	\$	1.00	\$ 22,844	1.00	\$ 22,931		\$	1.00	\$ 22,931		\$
Management Assistant I		1.00	12,153	1.00	12,200			1.00	12,200		
Microwave Radio Technician		2.00	35,739	2.00	35,878	2.00	35,878	2.00	35,878	2.00	35,878
Total Existing Positions	\$ 58,265	4.00	\$ 70,736	4.00	\$ 71,009	2.00	\$ 35,878	4.00	\$ 71,009	2.00	\$ 35,878
New Positions											
Microwave Radio Technician				1.00	\$ 17,524	1.00	\$ 17,524	1.00	\$ 17,524	1.00	\$ 17,524
Total New Positions				1.00	\$ 17,524	1.00	\$ 17,524	1.00	\$ 17,524	1.00	\$ 17,524
Industrial Insurance	\$ 866		\$ 1,210		\$ 1,188		\$ 716		\$ 1,363		\$ 817
Retirement	4,633		5,659		7,083		4,243		7,083		4,243
Personnel Assessment	619		636		797		477		797		477
Group Insurance	1,347		1,524		2,920		1,944		3,358		2,413
Payroll Assessment	137		141		177		106		177		106
Unemployment Compensation	143		283		354		212		354		212
Overtime Pay	9,516		1,808		8,853		5,900		8,853		5,900
Unallocated Salary			7,149								
Terminal Annual Leave	1,427										
Total Salary-Payroll	\$ 76,953		\$ 89,146		\$109,905		\$ 67,000		\$110,518		\$ 67,553
Total Out-of-State Travel	\$		\$ 500		\$ 1,000		\$		\$ 1,000		\$
Total In-State Travel	10,281		10,000		9,000		6,000		9,000		8,000

ALBERTA HIGHWAY PATROL COMMUNICATIONS SUBDIVISION WORKING CAPITAL FUND - Continued

	1977-78 Actual	1978-79		1979-80		1980-81					
		No. Pos.	Work Program	No. Pos.	Agency Request	No. Pos.	Governor Recommends	No. Pos.	Agency Request	No. Pos.	Governor Recommends
Office Supplies and Expense	\$ 879		\$ 700		\$ 875		\$ 250		\$ 963		\$ 300
Operating Supplies	14,975		5,000		14,000		14,000		14,000		14,000
Communications Expense	2,720		2,500		3,125		1,500		3,438		1,500
Printing, Duplicating, Copying	463		884		1,005		275		1,106		300
Insurance Expense	1,429		1,500		1,600		2,000		1,760		2,000
Contract Services							3,000				3,250
Other Contract Service	5,013		4,000		6,600		5,750		7,260		6,210
Equipment Repair	7,642		1,200		5,000		5,000		5,500		5,500
State-Owned Building Rent	5,763		6,239		7,259				7,539		
Vehicle Operation	3,614		4,000		10,500		7,500		11,550		8,100
Taxes and Assessments			4		12		12		12		12
Dues and Registrations	38		50		100				100		
Postage	56		100		125		75		125		75
Total Operating Expense	\$ 42,592		\$ 26,177		\$ 50,201		\$ 39,362		\$ 53,403		\$ 41,247
Trucks	\$		\$		\$ 8,000		\$ 8,000		\$		\$
Office Furniture and Equipment					1,286						
Other Furniture and Equipment					5,400		1,800				
Specialized Equipment			14,972		17,900		17,900				
Total Capital Outlay Equipment	\$		\$ 14,972		\$ 32,586		\$ 27,700		\$		\$
Operating Supplies	\$ 41		\$ 200		\$ 220		\$		\$ 242		\$
Communications Expense	15										
Other Building Rent	1,050		2,900		3,190		3,790		3,509		4,100
Utilities	13,774		11,290		16,819		16,819		18,501		18,501
Site Maintenance	9,878		2,000		2,200		2,200		2,420		2,420
Road Maintenance	736		6,000		6,600		6,600		7,260		7,260
Total for Sub-Account 10	\$ 25,494		\$ 22,390		\$ 29,029		\$ 29,409		\$31,932		\$ 32,290
Equipment Reserve											\$ 27,700
Training	\$		\$ 750		\$ 1,200		\$		\$ 1,200		\$
Total Agency Expenditures	\$155,320		\$163,935		\$232,921		\$169,471		\$207,053		\$174,806

NEVADA LIBRARY ASSOCIATION

EXHIBIT G

2128 C

February 26, 1979

FEB 27 1979

Senator Floyd Lamb
Chairman
Senate Committee on Finance
Legislative Building
Capitol Complex
Carson City, NV 89710

Dear Senator Lamb:

The Nevada Library Association wishes to inform Senate Finance of the passage of AB404 over to the Senate. Passage of this bill shows a recognition by the Assembly of the importance of rural library service. However, AB404 does not address the need for operating funds.

In addressing the need for such funds, may I clarify a point made in the Library Association's open letter to the Legislature, dated 2/12/1979. In reference to the use of federal fund administrative pick-up, I stated that the Nevada Library Association feels that "return to the State of \$90,230 per year" is an inflated amount. It would have been more correct to say that the \$90,230 is a "reduction to expense of State funds".

Whatever the wording used, it is still a reduction in the total amount of money available for library development. Furthermore, the Library Association feels this reflects a lack of understanding of the responsibility of the State to fund supra-local programs.

The Nevada Library Association asks that the \$90,230 used in "reduction to expense of State funds" be lowered to a reasonable amount that truly reflects the costs involved. This would leave in the State Library's Library Development budget additional funds to meet operating costs of the rural bookmobiles. And this, in turn, would free federal funds for library development programs that are beneficial to all Nevada citizens. This is especially critical, as we now know that the Federal Budget LSCA funding for FY1980 is cut back to the 1978 level.

Cordially,

Martha Gould
Chairwoman
Government Relations Committee

c. c. Members of the Committee
Don Melo
Governor List