

MEMBERS PRESENT: Chairman Dini
Vice Chairman Schofield
Mr. Craddock
Mr. DuBois
Mr. Jeffrey
Mr. May
Mr. Mello
Mr. Nicholas
Mr. Polish
Mr. Prengaman
Mr. Redelsperger

MEMBERS ABSENT: None

GUESTS: Please refer to the guest list attached to the minutes of this meeting.

Chairman Dini called the meeting to order at 8:08 A.M. and indicated that the entire committee was present.

Mr. Dini stated that the committee would take up AB 168, dealing with the Public Employees Retirement System.

Mr. Vernon Bennett, Executive Officer of the Public Employees Retirement System testified first. Mr. Bennett's testimony is attached to the minutes of this meeting as EXHIBIT A.

The Committee asked Mr. Bennett the following questions:

Mr. Mello indicated that Mr. Bennett stated that one of the things that would be saved would be travel of the employees. Do you think they will stay home?

Mr. Bennett indicated that it would save them on travel to come to work. For example, we have six employees who live in Reno who drive back and forth and that one save them one trip each day. We have several employees who live in Gardnerville and one who lives in Virginia City so they would save 20% of their office expense driving to and from work and your point is well taken. Yes, they will probably go somewhere else for the weekend and probably take a long trip. The disadvantage we find in the four day week is that it does create problems for some of the mothers who have to leave their children off with sitters early in the morning or pick them up late in the afternoon and some of the mothers who have children getting out of school, but most of the mothers have children getting out from school at two or three o'clock in the evening and they work to five, so it's a question of is it another hour before they get home. This was tried during the last year by one section of the City of Carson and they had a considerable savings from it, but then they decided not to pursue it again for some reason. We don't know.

Mr. Polish asked if in Section 3, if this would be retroactive back to May of 1975?

Mr. Bennett stated no. They pay would start from this day forward but it would be applicable to people who had died in the past.

Mr. Dini asked if Mr. Bennett would explain the options in Section 3 to the committee.

Mr. Bennett stated that when a person retires he draws an unmodified benefit which is a result of retirement formula. You receive 2-1/2% of your average compensation for each year of service, multiplied time your average compensation which is your highest 36 months of continuous employment. When a person takes that benefit which is the unmodified, there is no protection for a beneficiary. The retiree is taking it all himself.

If the person wishes, he can take a reduced benefit from the unmodified and purchase an annuity to the surviving spouse or any other named beneficiary and the two most popular are option 2 which is a joint survivor benefit which means that the retired employee receives a certain amount, after his death the beneficiary receives the same amount.

Option 3 provides a lesser reduction to the retired employee after his death the beneficiary receives 50%.

Options 4 and 5 are identical to options 2 and 3 except there is less reduction and it is only payable to the spouse after she reaches age 60, whereas Options 2 and 3 would start the day after the death of the retired employee regardless of how old he is. Those two options are usually selected where a person has a beneficiary five to ten years younger than he is.

Mr. Dini questioned Mr. Bennett on Section 4. He asked if that actually had happened. Mr. Bennett stated yes and indicated that they had about three instances every year where that circumstance has happened and in each case the employer has certified that the person was a full time employee and the purpose is to prevent the person from losing a year of retirement credit while working for the employee group which in most cases is as much public employment or service as if he were on the job.

Mr. Dini questioned Mr. Bennett on Section 7 as to what recall pay was.

Mr. Bennett stated that recall is where they pay you - you have worked your full eight hours, you went home, somebody did not show up on another shift or an emergency comes up and they call you back to the job maybe to work an hour or two hours and they usually pay you a certain amount of hours or a flat fee just for coming back. They call it recall pay. Stand by pay is where your shift is over but you stay for 30 minutes to an hour to find out if they are going

to have a second shift, and if not you will go ahead and work a double shift, but while you are standing by for that 30 minutes or an hour, you get paid stand by pay. This allows these people to pay retirement contributions on it and it helps their average compensation and indirectly improves their retirement. They do make full retirement contributions on it so it has no financial impact to us.

Mr. Mello asked Mr. Bennett, with regard to Sections 24 and 26 what he thought the impact would be on the fund.

Mr. Bennett stated that we did not know exactly how the bill would be worded. If the bill is worded for all members including current members, it would cost the current members about \$37,000,000 per year and would cost the public employers about \$37,000,000 per year to start and increasing each year thereafter as salaries, social security contribution rates already passed by congress and their contribution limitation rates passed by congress go into effect up through 1990. If they determine that it will be prospective only, which we feel is the more likely approach, if they say that anyone employed within public government after July 1, 1983, must go under social security, then we would bring to the 1983 legislature a referendum from our members and actuarial study and legislation to adopt our program for those persons where we would provide only a supplemental program. The cost would then be between \$12,000,000 to \$17,000,000 per year for the members effected and for the employers. I think the biggest effect that it would have on PERS is that we still have an unfunded liability approximatley 1-1/2% employer and employee contributions from current members going toward paying that liability which we have on a 40 year funding method to be paid off by the year 2016. If you go even to prospective membership we will lose the future influx of those members coming in in the future to help pay the total contributions in funds systems. Just as a rough estimate, I would imagine we would have to increase both the employee and employer contributions between 1% to 3% each.

Mr. Mello then asked Mr. Bennett if there were six states that were not presently under the Social Security Act?

Mr. Bennett stated that it was bigger than that now. There are six state retirement systems that are not under it. There are also some teacher systems. We have picked up the California System in addition and the California Teachers and there are about 34,000 state employees in the state system of California who had the option three years ago and didn't join social security who are involved. There are also several city and county systems and police and fire systems nationwide that are not under it. So, two things that have happened, number one we gained a lot of membership in our group, the Confederation of Non-Social Security Systems which is a nationwide group working against this congressional legislation. Second we have won two years of delays which have been very important. The original bill would have put this bill in January 1, 1982 and due to the recent change in management in Washington a bill has not even surfaced,

for was we understand President Carter had the bill and was ready to introduce it - he had it available in his package that he would publicize in November and introduce in January.

Mr. Mello asked if the other groups were going to join Nevada in suing the federal government.

Mr. Bennett answered yes. In fact several groups are already prepared to sue such as the State of Colorado, Ohio and states like that. We would do a joint lawsuit and we would imagine the total cost of the lawsuit to be as much as \$1,000,000 because it will go all the way to the federal supreme court. We would imagine our part of that would be \$200,000 to \$300,000. There are only about five big systems that could help. The others are little systems with 3,000 members, 5,000 members and that sort of thing.

The committee asked the following questions of Mr. Bennett with regard to the new amendments:

Mr. Dini asked Mr. Bennett where the definition of travel status and work projects in the law?

Mr. Bennett stated that they did not have a definition, but he would be happy to prepare the committee one if it desired. The travel status that we would understand would be to travel to and from the board meetings. As an example, we have one board member who is from Ely who drives five or six hours on his own time each way to attend board meetings. This would allow them - what we normally do is the board usually travels up the day before a meeting and then we meet that day in full and half a day the second day and they travel back the afternoon of the second day. We would be happy to put a definition in if you would like it. A work project would be something that the board had approved, would be limited to such things as looking at mortgage and real estate projects. Another thing that we have had is that every year one or two board members would sit in on the June 30th audit and physical count of all our securities in the trust bank or if they are going to some seminar or something of that nature. We would be happy to define that if you would like.

Mr. Dini indicated that he would like it defined.

With regard to amendment number 6 in Mr. Bennett's testimony, he stated to the committee that he is not sure if Assemblyman Nicholas would like to proceed with this or not.

Mr. Nicholas stated that he would be interested in the opinion of the other committee members.

Mr. Bennett asked Mr. Nicholas if he wanted him to explain it.

Mr. Nicholas stated he would and Mr. Bennett then explained

the amendment to the committee.

Mr. Jeffrey stated that they talked about that when he had spoken to Mr. Bennett about the other amendment and under the circumstances the person that wanted to buy that time would have to pay the actuarial cost. Mr. Jeffrey stated that he did not really see any problem with it.

Mr. Bennett stated that they at first thought it was a problem because you don't have a set salary to make the purchase, but our law on the purchase of service says you have to pay the actuary for the actuarial cost and pay the full cost as determined by the actuary. Our actuary has prepared a formula for members of the legislators' retirement system to buy the service based on age and based on the assumption as what you will receive as a benefit if you purchase the service, so you are paying the full actuarial cost so this amendment, what it would do, would clean up so you would have the same benefits on purchase of service as PERS without having to amend your section every legislative year and we haven't had a legislative session yet that this section had not been amended, 286.300. It has been amended every session since it was passed in 1975. It would prevent us from having to make the same technical corrections year after year, section after section. Our board favors the amendment if you would like to do it, but it was done at the request of Dave (Nicholas) and we won't proceed unless you would like to.

Mr. Dini asked Mr. Bennett with regard to 286.300 how do you determine how much time you can buy? What does the law say?

Mr. Bennett stated that it has to be public service if we adopt the amendment that Mr. Jeffrey has recommended which is reflected here, any state, county municipal or federal public service to include military can purchase, provided it is not creditable in any other public system other than social security.

Mr. Mello stated that that would leave the railroad out then.

Mr. Bennett stated yes.

Mr. Nicholas stated that it was not his intent to leave out the railroad.

Mr. Dini stated he did not know whether the committee would take additional testimony today or assign AB 168 to a subcommittee. He stated that the amendments were pretty complicated.

Mr. Dini questioned the audience as to anyone else who wanted to testify today or at the subcommittee.

Mr. Warren Fowler of the Retired Public Employees Association and he stated that they have looked this over and they concur

on all of it but he would like to call your attention to Page 4, Section 9, Paragraph 2. This deals with Mr. Bennett's salary and we feel that anyone who has the responsibility of dealing with between \$800,000,000 and \$1,000,000,000 would receive a considerably higher salary if he were doing it in the private sector and he does have a considerable nationwide reputation and we feel that we should insure that we are not going to lose him because the retired public employees, although we don't always agree with him, find that he is entirely reasonable when we sit down to talk to him and we feel that we don't want to take the chance of losing his services and we recommend to you this provision very highly.

Mr. Chuck Neely of the Clark County School District testified next. He stated that on Page 2, Section 4, the School District would request that an amendment be included here to clearly state that the contribution for the employee if he is on leave for an association duty, that the employee or the association pay the entire contribution to the retirement system.

Mr. Bennett stated that that is the current practice and he will meet with the groups but he doubted that they would have a concern about that. They are doing that now.

Mr. Neely stated that they just wanted to make sure that it was clearly stated that that was the case.

The testimony was concluded on AB 168 for today. This bill will be assigned to a subcommittee.

Mr. Dini stated that Assemblyman Rusk had a request to make of the committee.

Assemblyman Rusk stated that he had a discussion a couple of days ago with a young environmentalist, an engineer, who has a lot of expertise in the area of working with energy consumption and coming up with ideas in how we can better expend our energy just to put things in proper perspective in the Washoe County area where we have had about a 300% increase in the cost of energy just in last few years. Las Vegas today for 1 therm of gasoline costs 30¢ and in Reno it is in excess of 70¢. KW the electricity cost per KW - Las Vegas is 3.1¢ and in Reno it is 6.8¢ so to give you a little perspective there as to the real concern and of course in the consumption of water we have in Washoe County a real concern. The individual that I spoke with suggested something that I thought had some merit and I wondered if the committee might agree with that at least to the extent of requesting a bill so we can have some discussion.

He gave the example of what is now required with all automobiles where on the sticker there is the miles per gallon that that particular car gets and his thought was, why not let's move into the area of energy consumption per square foot in a commercial

or single family residency, and make that information available so that we can begin to move into that mentality of what exactly is the consumption at any particular building that you wanted to look at - that is the energy consumption of that building per square foot. The power company is hesitant to give out that information generally, although I check and found that with single family residences it is not that difficult to get the information. They give it to you in an approximate amount. They will not be specific, but in fact their computers are programmed to dial up that information very quickly.

My thought would be that maybe we would start I think realistically with commercial buildings where some of the larger areas of over-consumption or excessive consumption take place. In Washoe County we did an energy audit several years ago and were able to reduce our costs then some 40% just by taking the time to look at what the energy consumption was. Generally that just doesn't happen. This particular engineering firm that I talked to is doing an energy audit in Las Vegas right now and even with their cost being about half of what ours are up here, they feel that they can correct with some minor suggestions in cutting costs, their costs down in Las Vegas in this particular public entity by 50% - incredible numbers that you are working with.

So the idea would be to require the PSC, I guess, the Power Company to make available in printed out sheets what the consumption per square foot is in electric, in gas, in water and some of the obvious areas of consumption so you or the public at large could become familiar with what the differences were and obviously where you had one building whose costs per square foot were two or three times the average, the red flags would be flying and it would not only make that individual owner or operator of the building cognizant of obvious problems, but the public generally would begin to get the feel of identifying problem areas that then obviously would be addressed. I think if we were more cognizant of it we would be more apt then to look at ways of correcting the problem and bringing down that energy consumption cost. In the area of water it was pointed out that instead of the capital costs of building a cooling tower to cool water for air conditioning and that kind of thing, a lot of businesses will just simply use the water out of the spigot and cool whatever it is when the process takes place and then it goes right down the sewer into the plant. There is a tremendous consumption of water under that circumstance. Even today with the power company being allowed of course to meter water in Washoe County in commercial buildings and in that case the cost of that waste goes up, I ask that question, why wouldn't that correct the problem. The answer I got was that it is cheaper to go ahead and pay the monthly bill which is a small amount as opposed to going out and making a capital expenditure for a cooling tower which of course is expensive but in the long run would save a lot of money, and most importantly, save a lot of consumption of water that it ending up in our sewer plant and has to be reprocessed and put back out in the river.

Mr. Rusk stated he would be glad to answer any questions.

Mr. Dini asked if Mr. Rusk would like to have the committee request a bill to that effect?

Mr. Rusk stated yes. Mr. Rusk stated we could then have some public discussion.

Mr. DuBois asked how far we would go with it, to all public buildings?

Mr. Rusk indicated that he thought we might start with at least public buildings because I think that the public entities have a requirement and also have the wherewithall to look - and they should take the lead. It is just as simple as that and then talk about expanding it to all commercial building, I don't know if that is realistic or not but that would be the second step.

Mr. Dini asked who would pay for this.

Mr. Rusk stated that he was told the power company and I am convinced that they do have of course, they can come up with the consumption over a year's period in just a matter of minutes. It is already in their computer. The one area of question is and I am told that they even have the square footage available in their files, but we are not sure that that is in the computer so that would be another problem and that would cost some money obviously, so I think we just have to measure the impact. The last thing I would like to recommend this committee consider is to come up with an idea that is going to cost the power company more money and that will be passed on to the consumer. That is not what we have in mind, but if the end result is that we could become more cognizant thereby creating some advantages for the consumer that is what the whole idea is.

Mr. Craddock indicated that this could be quite complex before we get any data out of it that could be usable at all in public buildings as well as commercial buildings. It would appear to me that we might be wise to start on the other end of the spectrum with the households.

Mr. Rusk stated that because of the presidential dictate that you are supposed to have maximum heat and minimum on air conditioning I would think we would have a fairly constant measurement within at least public buildings. Again, starting with the counties, cities and state buildings, of which there are many in the state, it would be easy I think for us to measure on an equal basis without having to address the problems that you bring up which I think would be truer in the commercial private sector as opposed to the public buildings that are fairly constant for comparative reasons.

Mr. Craddock still questioned whether it would be constant enough for comparative reasons based on exactly what I said.

Mr. Rusk stated that part of the answer would come out in the testimony. If we can request a bill we can start to talk about these things. If the legislative building consumption of energy is 200% over the average, then I think that is the time we start to look and to answer some good, hard questions and that is what this kind of a thing would accomplish.

Mr. Dini stated that he thought this building would be a good example of good management and energy use since they went to that new system.

Mr. DuBois asked if after we came up with a figure if it would be posted in the buildings somewhere. He asked Mr. Rusk if there was any thought to post this as done with new cars on new homes for sale that have been constructed?

Mr. Rusk stated that that was an excellent idea.

Mr. Rusk stated that it would eventually evolve into that. You would then have a nice comparative basis. I like to use this example - I built a barn out in Washoe Valley - it is 3,000 square feet and has a ceiling 18 feet high and it is fully insulated and I did a lot of things that you would not normally do to a house under normal construction. My utility bill out there is running under \$50.00 per month and it has a free standing fireplace and I feed some \$150.00 oak into but aside from that it is really great. Mr. Rusk stated that his 1,400 square foot condominium in downtown Reno which used to be \$50.00 just a few years ago, just this month exceeded, and understand my wife keeps it down below 60 degrees in that house, we all wear hats and coats and things like that, we just exceeded \$200.00 and I have a neighbor on both sides that is supposed to help me heat that house and they are at \$200.00 too but we all have great big windows that face out to the south and that is where all of the heat goes, right out the windows.

Mr. Mello stated that he knew what Mr. Rusk was trying to do here and he thought it was a good thing but we could have had a comparison in Washoe County as far as consumption of water. Presently you can install water meters on commercial and industrial property, but they have not done it.

Mr. Rusk stated that down around Bell Street where his office is they came through this summer and they did it to every building within a five square block area so there is something going on down there.

Mr. Mello stated that they put them in just recently thought.

Mr. Rusk stated yes.

Mr. Mello stated that they have had years to put them in and it was not too long ago that the Public Service Commission was running up and down this hallway under the O'Callaghan administration asking the legislature to pass water meters in Washoe County. Now the

Reno Council has just passed something recommending that the legislature go to water meters in Washoe County. We could have had comparisons by now of how much water is being consumed particularly by the clubs.

Mr. Dini stated that the report was available in his office.

Mr. Rusk questioned the Chairman as to what report that was and Mr. Dini stated it was on water meters - the effect of the water meters that were put in in Washoe County. Mr. Rusk stated he would be interested in looking that over with Mr. Mello.

Mr. Mello stated that in the last four years not many of them were put in. He stated that maybe in the last six months.

Mr. Dini stated that he had the report which was done by Sierra Pacific Power Company.

Mr. Redelsperger moved that a bill* be drafted and that we take testimony and see what comes of it.

Mr. Nicholas seconded the motion. Mr. Dini said this would request a bill dealing in energy consumption. Mr. Dini stated that Mr. Rusk would go down and order the bill with him.

The motion carried.

Mr. Craddock indicated that he believed that Mr. Hancock should be involved in this and Mr. Dini concurred. Mr. Hancock stated he would be happy to help the committee.

At 9:25 A.M. the committee took a five minute recess.

The Committee reconvened at 9:30 A.M.

Mr. Dini indicated that the next bill on the agenda is SB 172.

Mr. Bill Hancock of the State Public Works Board testified with regard to SB 172 which is the result of a legislative audit of the State Public Works Board which indicated that NRS 341.153 requires all buildings built on state property are held in trust by a division of state government be subject to the jurisdiction of the State Public Works Board and pointed out that on certain parks projects which are basically park improvement projects that involve some structures, that this was not being literally followed so the proposed amendment to NRS 341 would in essence exempt park improvement projects but require the buildings to go through the State Public Works Board and it would allow John (Meder) and I to work up an inter-agency agreement on projects where the building may be a very incidental part of the whole park improvement project and how to best handle those either through is activity and subject to our review or thorough separate arrangements with consultants or in house services. We have no objection to the bill and I don't think

John (Meder) does either.

Mr. John Meder of the State Parks Division stated he did not have any objections to the bill either.

Mr. Hancock stated that the State Public Works was a staff of landscape architects and engineers and are more capable of doing that than we are.

Mr. Jeffrey asked why the highway buildings were exempt.

Mr. Hancock replied the Highway Department had an architectural engineering staff and they got involved with federal funds as such and they felt that that would put them in jeopardy if it was all funnelled through the State Public Works Board. They still have that architectural staff down there.

Mr. Dini stated that the committee would like to know if it would be more viable to maintain a separate department. Mr. Dini requested the committee secretary to note in the minutes of this meeting to send a letter to the Highway Department requesting this information for the committee.

Mr. Jeffrey asked Mr. Hancock about highway structures, bridges and those sort of things. He asked if they were involved?

Mr. Hancock replied no.

Mr. Schofield moved for a DO PASS on SB 172, which was seconded by Mr. Jeffrey. The motion carried unanimously.

Mr. Dini stated that with regard to AB 168, he believed it needs a lot of work. Mr. Dini appointed a subcommittee to work on AB 168. The members of the subcommittee on AB 168 would be Mr. Polish, Mr. DuBois, Mr. Craddock and Mr. Dini.

There being no further business to come before the meeting, the meeting adjourned at 9:40 A.M.

Respectfully submitted,

Barbara Gomez

Barbara Gomez
Assembly Attache.

ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE

GUEST LIST

Date FEBRUARY 24, 1981

Please Print

<u>PLEASE PRINT YOUR NAME</u>	<u>PLEASE PRINT REPRESENTING:</u>	<u>I WISH TO SPEAK</u>		
		<u>FOR</u>	<u>AGAINST</u>	<u>BILL NO.</u>
Ross Culbertson	No Public Employment Contract	?		168
Vern Bennett	Retirement System	✓		168

492

Please Print

ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE

GUEST LIST

Date FEBRUARY 24, 1981

<u>PLEASE PRINT YOUR NAME</u>	<u>PLEASE PRINT REPRESENTING:</u>	<u>I WISH TO SPEAK</u>		
		<u>FOR</u>	<u>AGAINST</u>	<u>BILL NO.</u>
<u>CLIVE NEELY</u>	<u>CLARK COUNTY SCHOOL DIST</u>			
<u>JOHN MEDER</u>	<u>STATE PARKS</u>	<u>X</u>		<u>SB 123</u>

VERNON BENNETT
EXECUTIVE OFFICER

STATE OF NEVADA



WILL KEATING
ASSISTANT EXECUTIVE OFFICER

RETIREMENT BOARD
DARREL R. DAINES
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BOYD D. MANNING
MARGIE MEYERS
TOM WIESNER

PUBLIC EMPLOYEES RETIREMENT SYSTEM

693 WEST NYE LANE
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

TESTIMONY PROVIDED TO THE ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE
REGARDING ASSEMBLY BILL 168 ON FEBRUARY 24, 1981

I am Vernon Bennett, Executive Officer of the Public Employees Retirement System of Nevada. AB 168 is the Retirement System's general legislation bill. I will provide a layman's term breakdown of the various sections to be followed by requested amendments. The breakdown is as follows:

1. Sections 1 and 10 will allow the System the option to go to a four day week with ten hour days. This will allow us to physically close one day per week which would save substantially on cost to heat the building and for transportation expenses to and from work. We have discussed the matter with our staff and a majority favor the four day week. The current law, as provided in Section 1, requires all offices to be open from 8:00 a.m. to 5:00 p.m., five days per week. Section 10 spells out our option to go to the four day week.
2. Section 2 is merely a numbering section.
3. Section 3 will provide retirement option 2 benefits to the surviving spouse of a member who was fully eligible to retire at time of death. They currently receive option 3 after ten years of service. This bill will be retroactive to May 19, 1975, to take care of several unfortunate cases. For example, a member recently died over a weekend with 43 years of service. The Actuary has determined that there is no cost impact because members who are fully eligible to retire could have begun drawing benefits earlier and then provided the same option to a spouse. The System actually saves money for each day that a member eligible to retire remains as a contributing member.
4. Section 4 will allow a public employee, on leave to work for a recognized employee or employer association to remain a member of the System if retirement contributions are continued. For example, a member of the System may take a one year leave of absence and serve as an elected officer of an employee association. This will allow those persons to remain contributing members and not forfeit one year of credit. This section will also be retroactive, to July 1, 1947, to cover situations of this nature which have received credit in the past.
5. Sections 5, 6, 18, 19, 20, 21 and 22 clarify the current disability laws without basically changing the benefits. We are trying to place the disability portion of our law in layman's terms this Session as we did the survivor benefits portion last Session. We will provide information to you on these respective sections that have any significant change. There were no significant changes to Sections 5 and 6.

Exhibit A

6. Section 7 will allow retirement contributions for all members on standby and recall pay. The 1979 Session allowed contributions on standby pay for a police officer and recall pay for a fireman. We feel this is an equitable provision for all members.
7. Section 8 will clarify appointment procedures for the Retirement Board to eliminate the current provision that appointment must be made from a panel of ten persons selected by nominations. We understand this procedure has never been followed. The new procedure will allow the Governor to make appointment from all written nominations submitted which is the actual procedure. In addition, it will spell out that a nominee must be a member of the group or organization that is nominating him and a member of the System.
8. Section 9 will exempt the Executive Officer of PERS from the 95% rule. Our budget request for the next biennium will provide raises equivalent to the SNEA proposal which is \$100 per month, plus 10% the first year and 12% the second year. The current 95% limitation will prohibit the Executive Officer from receiving \$1,000 of this raise the first year and all of the raise the second year.
9. Section 11 will clarify the required mailing of the System's Annual Report. Copies will go to the Governor, each member of the Legislature, each public employer, each employee and employer association and to all members upon request. The current law could be interpreted to mean we had to mail a copy to each of our 42,000 members which would be very expensive printing and difficult due to the fact that we do not have individual addresses.
10. Section 12 will eliminate the current administrative fee limitation of \$2.20 per police and firemen and \$2.00 for members. This is unnecessary because our budget is approved and adopted by the Legislature. Our current budget and future biennium budget request is well within these limitations. However, we are concerned that this may create a problem in the future if public employee reductions continue.
11. Section 13 will increase the employee contribution rate for police and firemen who are not under the employer pay program from 8.50% to 9.00% based upon recommendation of the Actuary. This will apply only to police and firemen who are State employees because all other police and firemen will be under the employer pay program by July 1, 1981. We have established a fiscal cost of approximately \$62,000 per annum for the affected employees. This is one of the sections that has a fiscal impact.
12. Section 14 should be deleted in its entirety because the Actuary has rescinded his previous increase recommendation.
13. Section 15 provides the employer increase from 8.50% to 9.00% for police and firemen who are not under the employer pay program. This will apply only to the State of Nevada. We estimate the cost to be approximately \$62,000 for the next biennium. This is the other fiscal section.
14. Section 16 will make a public employer responsible for collecting and submitting to PERS, the back employee and employer contributions, plus interest, for a person who was not enrolled due to error.
15. Section 17 provides technical clean up at the request of the University Board of Regents for a program whereby an employee fully eligible to retire may phase out retirement. The current law was applicable only to a person

who had ten years of service and was 60 years of age. This provision will also cover a member who is eligible with 30 years of service and age 55.

16. Sections 18, 19 and 20 clarify the disability laws without making substantive changes.
17. Section 21 allows a disabled retired employee to return to employment provided he forfeits \$1 of benefits for each \$4 of gross income from employment if earnings are over his average compensation and disability benefit. The adjustment will be a \$1 reduction in benefit for each \$2 of gross income if the employment and disability benefit exceeds average compensation. This program is designed to encourage disabled retired employees to seek employment and rehabilitation. This section will provide some savings to the System.
18. Section 22 will allow the System to withhold money from a refund or monthly benefit check when the person involved owes money to the System. This would correct a current, frustrating situation where we continue to pay out monthly benefits or a refund to a person that we are attempting to collect back debts from.
19. We are not clear as to why Section 23 appears in this bill. It does not currently reflect any change to the Statute.
20. Sections 24 and 26 will transfer the jurisdiction for paying monthly retirement benefits from the Controller's Office and the State Treasury to PERS. This is based upon a request from a benefit recipient of the Legislators' Retirement System who attempted to have income tax deductions withheld from the benefit check and was advised by the State Controller's Office that they were not able to provide this service. The Retirement System has computer programs which provide this service to any benefit recipient. This will eliminate the current procedure whereby the System has to prepare an individual check voucher, by hand, each month for the benefit recipients of the Legislators' Retirement System. It will also make our new direct deposit program available to benefit recipients of the Legislators' Retirement System.
21. Section 25 will provide legislative authorization for the System to use its funds to sue the federal government if Congress passes a bill to provide mandatory Social Security coverage for public employees of Nevada. Our Attorney General has researched the matter and officially recommended that such a move by Congress will be in violation of State's Rights and the prohibition in the Constitution that Congress cannot tax the States. It is possible that Congress may pass such legislation between now and the next Legislative Session in 1983.

We will be pleased to answer any questions the Committee may have regarding these sections before we proceed with a list of recommended amendments.

We are requesting 25 amendments to AB 168 as drafted. These have been reviewed by the Retirement Staff and the Attorney General's Office.

1. On page 2, line 7, delete the words "This benefit must be computed without any reduction for age" and on line 8, delete the words "for the deceased member."

Comment: This statement is unnecessary because this section only applies to a person who is fully eligible to retire.

2. On page 2, line 42, after the word "benefit" insert unless he remains on sick leave for the entire period of continued employment .
Comment: Requested by school employees association so that a person who is disabled but unable to return to work can remain on sick leave as long as possible.
3. On page 3, line 17, delete the word "and" and insert or.
Comment: The current wording would limit contributions to one of the two rather than to either one which is the intent.
4. On page 5, line 40, after the word "records" and before the word "of" insert or benefits and on line 41, after the word "beneficiary" and before the ",", insert after an error or inequity has been determined .
Comment: This would restore the right of the Board to make adjustments where an error or inequity has been discovered. This right was removed by the 1979 Legislature. The System has encountered several unfortunate circumstances where logic and compassion would suggest an equitable adjustment.
5. On page 6, line 30, delete the words "an additional 0.5 percent of compensation earned", delete lines 31 and 32 in their entirety and insert the additional contributions required for the police and firemen retirement fund from the .
Comment: This new wording will clear up problems with the current section and limit the need to adjust this section each time in the future when the police and firemen retirement fund has an increase in contributions.
6. Delete Section 14 in its entirety. This begins on page 6, line 48 and ends on page 8, line 2.
Comment: This amendment is no longer necessary because the Actuary has rescinded his recommended employer pay contribution rate increase for police and firemen.
7. On page 8, line 9, delete the words "an additional 0.5"; delete line 10 in its entirety; and, insert the additional contributions required for the police and firemen retirement fund from :
Comment: This new wording will clear up problems with the current section and limit the need to adjust this section each time in the future when the police and firemen retirement fund has an increase in contributions.
8. On page 8, line 34, delete the word "made" and insert submitted.
Comment: Technical correction.
9. On page 8, line 50, after the word "the" insert public .
10. On page 8, line 50, delete the word "collect" and insert pay within 90 days.

11. On page 9, line 1, delete the words "contributions that are due and pay all the" and insert and .
12. On page 9, line 2, delete the word "actuary" and insert system.
13. On page 9, line 3, after the "." insert The public employer shall have the right for a cause of action against the employee to recover the employee contributions and interest which has been paid.

Comment: These amendments recommended by the Attorney General's Office will clarify that the employer must collect the necessary contributions and interest, forward same to the System within 90 days and then make claim against the employee to recover the payments made. This deals with contributions required where an employer failed to properly enroll the member.

14. On page 9, delete lines 15 through 17 and insert (b) The employee is 55 years of age or older and has 30 years of service or more, or is 60 years of age or older and has 10 years of service or .

Comment: Technical correction.

15. On page 9, line 22, delete the "["; on line 24, delete "]" the"; on line 26, delete "["; and, on line 29, delete the "]"".

Comment: These changes were not requested by the System. They would eliminate the right of a member to contribute on the lesser of the two amounts which was never requested or intended.

16. On page 9, line 43, delete the word "creditable" and after the word "service" insert credit .

Comment: Technical correction.

17. On page 10, line 1, delete the word "member" and insert public employer.

Comment: Technical correction.

18. On page 10, line 12, between the words "member" and "describing", delete the ",".

Comment: Technical correction.

19. On page 10, line 37, delete the word "total" and insert unmodified .

Comment: Technical correction.

20. On page 10, line 46, delete the words "to an unmodified allowance" and insert provided in NRS 286.590 .

Comment: Technical correction.

21. On page 11, line 37, after the word "advisers" insert and staff .

Comment: Technical correction.

22. On page 11, line 47, delete the word "beneficiary" and insert recipient .

Comment: Technical correction.

23. On page 12, line 6, delete the words "reduced for his age" and insert under NRS 286.510, subsection 4 ; at the end of line 6, delete the word "cred-"; on line 7, delete the word "itable"; and, on line 7, between the word "service" and the word "necessary" insert credit .

Comment: Technical correction.

24. On page 12, line 11, after the word "participating" and before the word "employer" insert public .

Comment: Technical correction.

25. On page 12, line 20, after the word "disability" and before the word "or" insert retirement .

Comment: Technical correction.

We will be pleased to answer any questions you may have regarding these amendments.

We have eight new amendments to the bill which have been requested by either PERS, employee or employer groups or members of the Legislature. The Retirement System supports these amendments as follows:

1. NRS 286.180, subsection 2, Members of the board are entitled to receive a fee of [\$40] \$60 per day for travel status, work projects and attendance at meetings.

Subsection 4, Fees and reimbursement for expenses must be paid from commitment fees obtained from borrowers whenever the members of the board hold special meetings or work projects limited solely to mortgage and real estate investments.

Comment: Last year, the Retirement System evaluated and approved over \$100 million in mortgage and real estate projects in Nevada at returns above 15% per annum. The 1979 Legislature deleted from the Board the right to receive a daily fee while performing work projects and in travel status. One member of our Board travels from Ely to attend meetings which usually requires five to six hours driving time one way. The Board normally travels to a meeting the day before and returns on the afternoon of the second Board meeting day. We have been advised that there is legislative consideration to raise all daily fees from \$40 to \$60 per day. Section 4 will enlarge and allow Board fees to be paid for work projects to evaluate property for mortgage and real estate investments.

2. NRS 286.300

Comment: See the attached amendment to NRS 286.300 which was requested by Assemblyman Jeffrey. This will allow purchase of service with any public agency even if not previously enrolled in another retirement system. It will eliminate several hardship situations we have encountered during the past four years. For example, a current Nevada teacher taught in a

school system in another State in the early 1940's before the public retirement system in that State was formed. Under current to law she is unable to purchase the service but would be able under this amendment.

3. NRS 286.321, a new subsection 3, A vested member or member contributing immediately prior to commencement of a legislative session who is employed by either house of the legislature or the legislative counsel bureau during a legislative session commencing after January 1, 1981.

Comment: This legislation was recommended by the Legislative Counsel Bureau to eliminate problems encountered by persons who work in the Legislature and who are vested members or contributing members from other agencies. Several prospective employees were not willing to work in the Legislature if they would lose retirement credit for the time involved.

4. NRS 286.330, a new subsection 10, School crossing guards employed on a part-time basis on or after July 1, 1981.

Comment: This legislation was requested by the Las Vegas Metropolitan Police Department to eliminate problems they are encountering with part-time school crossing guards. Most of these persons are over age 60 and have little opportunity to earn retirement. Due to the fact that Metro is on employer pay, they pay the entire contributions for these persons.

5. NRS 286.430

Comment: See the attached amendment. This will correct a problem area quite often encountered by PERS. A member is terminated for cause and withdraws his retirement contributions, then applies for reinstatement through the courts. If the court orders a full reinstatement of employment and benefits, they seldom require repayment of the employee contributions to PERS for a refund that should not have occurred. This section which was drafted by the Attorney General's Office spells out the necessary procedures to make sure that PERS is reimbursed under these circumstances.

6. NRS 218.23831

Comment: See attached letter to Assemblyman Nicholas which will amend NRS 218.23831 to provide that Legislators may purchase service in the same manner and under the same restrictions as provided to members of PERS. This procedure is currently used for survivor benefits and post-retirement increases. This will eliminate future amendments to the Legislators' Retirement System Law whenever technical changes are made to PERS' law.

7. NRS 218.2388

Comment: See attached letter to Assemblyman May. This will provide that members of the Legislature who have the years of service necessary to retire but have not attained the required age 60, the option to take an early benefit reduced 6% for each year that they are under age 60 as is currently provided to members of PERS. There

would be no fiscal impact because the benefits are actuarially reduced.

8. NRS 218.2394, delete in its entirety.

Comment: This will eliminate a conflict with Subsections 24 and 26.

We will be pleased to answer any questions the Committee may have regarding these requested amendments.

VB:bb

NRS 286.300 Purchase of service credit.

3. Any member who has 5 years of contributing creditable service may purchase up to 5 year of out-of-state service performed with any federal, state, county or municipal [public system] agency if that service is no longer creditable in [the other system] another public retirement system other than Social Security. To validate that service, the member must obtain a certification of the inclusive dates of previous service performed with the other public [system] agency, together with certification from that [system] agency that this credit is no longer creditable in [the other system] another public retirement system other than Social Security. Upon application to retire, the system shall ascertain whether or not the purchased service has been reestablished in [the other system] another public retirement system other than Social Security. The member must pay the system's actuary for the computation of cost, and pay the full actuarial [costs] cost as determined by the actuary.

PROPOSED AMENDMENT TO PUBLIC EMPLOYEES RETIREMENT ACT

Amend NRS 286.430 by adding thereto a new subsection as follows:

6. Any member who is involuntarily terminated from his employment and is thereafter reinstated retroactively to employment with a participating public employer by order of any administrative or judicial authority, or by the terms of any settlement agreement, so that there is no effective break in the member's service must repay to the System all employee contributions withdrawn pursuant to subsection 1, together with interest on said amount from the date of withdrawal to the date of repayment at the assumed investment income rate used in the most recent actuarial valuation of the System. The member's public employer must deduct from any back pay awarded or granted to the member all the employee contributions withdrawn by the member together with the required interest and forward such amount to the System. If the amount of back pay awarded or granted to the member is not sufficient to repay all the withdrawn employee contributions and the required interest, the member must pay any balance due to the System within sixty (60) days of reinstatement. Upon receipt by the System of the full amount of the employee contributions previously withdrawn and the required interest, the member must have restored to him all the membership rights and service credit which were cancelled by the withdrawal of contributions from the member's account.

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

693 WEST NYE LANE
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TELEPHONE (702) 885-4200

RETIREMENT BOARD
DARREL R. DAINES
CHAIRMAN
SAM A. PALAZZOLO
VICE CHAIRMAN
MEMBERS
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PEGGY GLOVER
BOYD D. MANNING
MARGIE MEYERS
TOM WIESNER

February 23, 1981

The Honorable David D. Nicholas
Assemblyman, State of Nevada
State Legislature
Carson City, Nevada 89710

Dear Assemblyman Nicholas:

Please refer to our letter dated January 29, 1981, regarding an amendment to NRS 218.23831, purchase of service for members of the Legislators' Retirement System, which is attached. We would like to recommend a more simplified amendment as follows:

Delete subsections 1 through 8 in their entirety and insert the following: A member of the Legislator's Retirement System is entitled to the same purchase of service options as provided to members of the Public Employees Retirement System in NRS 286.300.

This will eliminate any specific amendments which may create undue publicity. It will also eliminate the need for future amendments to NRS 218.23831 when adjustments are made to NRS 286.300. The Legislators' Retirement System law currently has provisions that allow your members to receive the same survivor benefits and benefit recipients to receive the same post-retirement increase as those provided to PERS. Senate Finance amended AB 34 this morning to provide that benefit recipients of the Legislators' Retirement System would be entitled to the same employment benefits as provided to a retired employee of PERS. Therefore, the above amendment would be consistent with the approach used for the Legislators' Retirement System.

As you know, AB 168 is scheduled to be heard by the Assembly Government Affairs Committee on Tuesday, February 24, 1981, at 8:00 a.m. This would be the appropriate place to add this amendment if you so desire. We presented your proposed amendment to the Retirement Board at their last meeting held February 18 and 19, 1981, and the Board determined that they would support the amendment. We understand that Assemblyman Jeffrey is considering an amendment to NRS 286.300 to allow purchase of any public service even if not covered in another retirement system. Therefore, we are providing to him a courtesy copy of this letter. We are also providing courtesy copies to members of the Assembly Government Affairs Committee.

Please advise if we can be of further assistance.

Sincerely

Vernon Bennett
VERNON BENNETT
Executive Officer

Encl:
C.c.: Assemblyman Jeffrey
Assembly Government Affairs Committee

VB:bb

704

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

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MARGIE MEYERS
TOM WIESNER

February 23, 1981

The Honorable Paul W. May
Assemblyman, State of Nevada
State Legislature
Carson City, Nevada 89710

Dear Assemblyman May:

Per your request, we have drafted an amendment to the Legislators' Retirement Fund Law as follows:

NRS 218.2388, subsection 2, the provisions of NRS 286.510, subsection 4, shall apply to members of the Legislators' Retirement System.

This will allow a Legislator who has eight years of service but is not age 60 to begin drawing a reduced benefit prior to age 60 if he so desires. The benefit will be reduced 6% for each year that the Legislator is under age 60 with portions of a year pro-rated.

The above amendment which you proposed was presented to the Retirement Board at their meeting held February 18 and 19, 1981. The Board determined that they would support this amendment. We recommend that this be provided as a Committee amendment to AB 168 when it is heard by the Assembly Government Affairs Committee. As you know, this is the System's general legislation bill.

Please advise if you have any questions or concerns or require any further assistance regarding this matter.

Sincerely

A handwritten signature in cursive script that reads "Vernon Bennett".

VERNON BENNETT
Executive Officer

VB:bb

505