

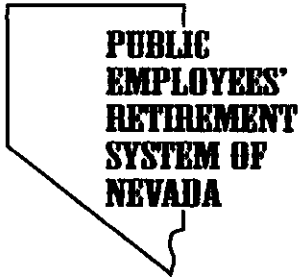
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Assembly Committee on Government Affairs
Assembly Bill 249 - Testimony
Dana Bilyeu - Operations Officer

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Good morning, Dana Bilyeu, Operations Officer Nevada PERS. The Retirement Board opposes this bill as currently drafted, as it relates to the Retirement System. Specifically sections 2, 3, and 7. We met with staff of the PEBP on March 13th to review our concerns with the bill, including some proposed language modifications that are designed to assist the PEBP with correct information from our system. It is our understanding that our current process in place with the PEBP is working well. In addition, we offer our amendment in the spirit of cooperation.

We understand PEBP's desire to treat all pay centers the same. PERS endeavors to treat all vendors for which payroll deductions are taken the same as well. PERS takes deductions for over 80 different vendors, one of which is the PEBP. It really is a service to both our benefit recipients, as well as the vendor to facilitate payment for various services.

Section two of the bill proposes modifications to the Retirement Act, part of which we are asking to clarify, so PERS knows exactly what we are supposed to notify the PEBP about. If you look at the proposed amendment PERS is offering, we are adding the word **payment** to before **status**, as **payment status** is what could potentially affect insurance eligibility. We currently provide PEBP with this information.

We are asking to delete the references to **member and dependents of a member**, as this language has specific meaning in our act and it does not describe retirees of the system. Retirees, or benefit recipients are those for whom deductions are taken.

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SUBMITTED BY: DANA BILYEU

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We also want the format of any reporting to be mutually agreeable to our two agencies, as I believe it is currently. The extension of time has to do with our payment cycle, which is a 30-day cycle, as benefit recipients are paid once monthly from the Retirement System. I believe at the present time this cycle is also working well for both agencies.

PERS is asking that the language related to other records disclosure be deleted as this conflicts with our privacy statute. We work in a cooperative manner with the PEBP to facilitate the payment of premiums, but as fiduciaries to our members and benefit recipients we are very concerned with such broad access to PERS member and benefit recipient records.

Finally, PERS is asking that the penalty provision be removed as well. PERS only deducts premium amounts as instructed by the PEBP. Under this section, our notice to them of a change in payment status typically is going to result in a ceasing of deductions, as it usually has to do with the death of a benefit recipient or as has been the case recently, the premium is greater than the PERS benefit check, as so cannot be deducted.

If a mistake is made in the process, this language prevents PERS from seeking reimbursement from our benefit recipient if we have to somehow, and I'm not sure how it would happen given that we rely on the PEBP to tell us what to deduct, had to pay a premium on their behalf. PERS statute as well as the state constitution prevents payment of anything out of the trust for non retirement purposes. While insurance is very important to our retirees, it is not a retirement purpose. The provision also conflicts with language located in Chapter 286 specifically enabling PERS to recoup funds owed to the trust directly from our benefit recipients.

Moving to section 3 of the bill, amending 286.615, we are requesting that the phrase **public local government agency of the state of Nevada** be replaced by *groups as defined in section 5 of the bill*. The previous term has no specific meaning in NRS 286, but is defined in NRS 287 as set forth in this bill. We think the reference to this definition is better as otherwise this phrase is not tied to any particular provision in Chapter 286.

Finally, in section 7, PERS is requesting the deletion of the language, **without limitation** when referencing PERS and the University System. We believe the language is used to insure that these separate institutions created under the constitution are treated as if they are state agencies. We believe a simple listing of the two clearly includes them within the section. If new agencies were created in the executive branch, they would be included under the general section.

This concludes my prepared remarks and we ask that the proposed amendment be considered. With this amendment PERS would withdraw its opposition to this bill.