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Title: PUBLIC EMPLOYEES RETIREMENT SYSTEM
Account: 101 - 4821

2003 - W02
Wrkng Ver #2

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
Revenues							
BALANCE FORWARD	200,000	200,000		200,000		200,000	
INTER AGENCY TRANSFER	17,516	14,668	-16.26	93,620	538.26	121,265	29.53
OTHER FUND	8,548,234	6,210,803	-27.34	7,928,989	27.66	7,917,326	-.15
Total Revenues	8,765,750	6,425,471	-26.70	8,222,609	27.97	8,238,591	.19
Expenses							
Base				7,148,800	86.94	7,222,743	87.67
Maintenance				107,789	1.31	160,906	1.95
Enhancement				966,020	11.75	854,942	10.38
Total Expenses				8,222,609		8,238,591	
Percentage of Base							
Maintenance					1.51		2.23
Enhancement					13.51		11.84
Total FTE		59.00		62.00		62.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	FY2004	FY2005
B-000	00	3750	Change in AG cost allocation	27,112	(4,414)
B-000	00	3750	Eliminate double actuarial expenses	(21,218)	(22,067)
E-300	00	3750	Revised computer pricing	(744)	(890)
Sub-Total				5,150	(27,371)
Line Item Changes to Revenues				5,150	(27,371)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	FY2004	FY2005
B-000	04	7000	Eliminate double actuarial expenses	(21,218)	(22,067)
B-000	89	7000	Change in AG cost allocation	27,112	(4,414)
E-300	26	7000	Revised computer pricing	0	(65)
E-300	26	8000	Revised computer pricing	(744)	(825)
Sub-Total				5,150	(27,371)
Line Item Changes to Expenditures				5,150	(27,371)

Total				0	0
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OVERVIEW

The Public Employees' Retirement System (PERS) provides retirement, disability and death benefits to long-term employees. PERS includes employees of Nevada's cities, counties, state government and miscellaneous public employers. In addition to administering the retirement funds for regular and police/fire members, PERS also administers the Legislators' Retirement System and as of January 1, 2003 began administering the Judicial Retirement System.

NRS 353.246 provides that PERS is not subject to the state budget act. While PERS is required to submit their proposed budget for inclusion in The Executive Budget, the Budget Division does not review or make adjustment to the budget submitted by PERS.

Due to one-time costs during the current biennium for implementing the new data processing system (CARSON) and the expenses related to the conversion of hard copy files to optical images, it is difficult to calculate the growth requested by the agency. If the information services category is excluded, the PERS budget for FY 2003-04 increases by 12.0 percent over the amount authorized in FY 2002-03. An additional 0.7 percent increase is requested in FY 2004-05.

CLOSING ISSUE

Retirement contribution rate recommended to increase for regular members of PERS

DISCUSSION OF CLOSING ISSUE

NRS 286.410 requires that retirement contributions be adjusted for employee/employer plan members if the actuarially determined rate is more than $\frac{1}{4}$ of 1 percent higher or lower than the rate that is currently assessed. For employer paid members of PERS, NRS 286.421 requires contribution rates to be adjusted if the actuarially determined rate is more than $\frac{1}{2}$ of 1 percent higher or lower than the rate that is currently assessed. The PERS actuary has determined that retirement contribution rates should be increased for regular members by 1.5 percent during the 2003-05 biennium. The contribution rate for police/fire members is unchanged.

The Executive Budget recommended the retirement contribution rate increase effective July 1, 2003. The money committees have closed budgets providing the retirement contribution increase for all employee groups with $\frac{1}{2}$ of the cost the responsibility of the employer and $\frac{1}{2}$ of the cost the responsibility of the employee. This action is consistent with how financial responsibility for changes in retirement contribution rates have been approved by the Legislature in the past.

OTHER CLOSING ITEMS

1. Adjusted base budget - A total of \$111,146 is included in each year of the 2003-05 biennium for non-holiday overtime. Agencies are not normally budgeted for non-holiday overtime costs. PERS indicates that due to legislation that is anticipated to pass the 2003 Legislature, many members will be updating their beneficiary information, which will require overtime costs to update this information during the upcoming biennium. **Does the Committee wish to approve funding to finance non-holiday overtime during the upcoming biennium?**
2. E-225 – A total of \$28,236 in FY 2003-04 and \$26,805 in FY 2004-05 is recommended for training PERS staff.
3. E-275 – This decision unit requests \$110,040 in FY 2003-04 and \$135,292 in FY 2004-05 for a total of three new positions. A data base Management Specialist is requested to replace the use of contract assistance and address an issue cited by the PERS external auditor that one person should not be responsible for security and data base administration. Two Administrative Assistant positions have been requested: one for the Las Vegas office and one for the Carson City office. The position in Las Vegas is requested due to retirement counselor positions performing routine functions such as answering telephones, greeting members and retirees and performing general clerical duties. This position would allow the retirement counselors to better utilize their time meeting with members and retirees. The position for the Carson City office would ensure all documents received and generated by PERS would be scanned and indexed into the optical imaging system. The system is only recently operational and temporary assistance has been utilized to maintain these operations to date.
4. E-300 – This decision unit would provide \$599,509 in FY 2003-04 and \$570,123 in FY 2004-05 for a variety of data processing expenditures including: hardware/software purchase; maintenance on hardware/software recently installed or upgraded; communication and security costs related to the agency's website; and disaster recovery site costs.

Per revised prices received from the Purchasing Division, this decision unit has been reduced by \$744 in FY 2003-04 and \$890 in FY 2004-05.

5. E-350 – A total of \$49,802 is provided in each year of the 2003-05 biennium to develop a system-wide initiative to examine all current communications including forms, letters, newsletters, and member and employer programs.
6. E-500 – This decision unit provides approximately \$172,000 over the 2003-05 biennium for costs related to the development and review of a RFP for a new custodial/commercial bank contract. The current contract for these services expires on June 30, 2005.
7. E-710/E-720 – A total of approximately \$80,000 over the biennium is recommended to replace existing equipment and purchase new equipment. The majority of funds would be used to replace the agency's telephone system (\$50,000) and to replace furnishings in the meeting room utilized by the PERS board (\$16,000).

OTHER TECHNICAL ADJUSTMENTS

1. Actuarial expenses related to the Judicial Retirement Plan were budgeted twice during the 2003-05 biennium. The PERS budget has been reduced by \$21,218 in FY 2003-04 and \$22,067 in FY 2004-05 to eliminate the duplicative amounts.
2. A technical adjustment has been made to the Attorney General cost allocation amounts based on the latest update received from the Budget Division. The AG cost allocation amounts have been increased by \$27,112 in FY 2003-04 and reduced by \$4,414 in FY 2004-05.