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PREPARED BY  
RESEARCH DIVISION  
LEGISLATIVE COUNSEL BUREAU  
Nonpartisan Staff of the Nevada State Legislature

# WORK SESSION

## Assembly Committee on Government Affairs

### ASSEMBLY BILL 68

Revises definition of "compensation" for purposes of provisions governing Public Employees' Retirement System. (BDR 23-725)

Sponsored by: Assembly Committee on Government Affairs  
Date Heard: February 19, 2003

Assembly Bill 68 includes "extra duty pay" within the definition of compensation for purposes of calculating retirement benefits under the Public Employees' Retirement System (PERS).

**Amendments:** Assemblywoman Giunchigliani presented the bill and proposed amendments to the bill.

A mock-up of the bill with proposed amendments is attached.

**Opposition:** George Pyne, Executive Director, PERS, opposed the bill noting that extra duty pay is currently considered compensation if included in the employment contract. The Clark County School District opposed the bill. The Washoe County School District supported the bill in concept but asked that implementation be delayed until 2005 to allow time for inclusion of the costs in the budget.

**Fiscal Impact:** Local Government: Yes (Not available)  
State Government: Yes (Attached)

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4/7/2003

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ASSEMBLY GOVERNMENT AFFAIRS  
DATE: 4/7/03 ROOM: 3143 EXHIBIT D  
SUBMITTED BY: Susan Scholley

MOCK-UP

PROPOSED AMENDMENT TO  
ASSEMBLY BILL NO. 68

PREPARED FOR ASSEMBLY GOVERNMENT AFFAIRS  
APRIL 6, 2003

PREPARED BY THE RESEARCH DIVISION

**NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN  
CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE  
OFFICIAL AMENDMENT MAY DIFFER.**

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~green bold double strikethrough~~ is language proposed to be deleted in this amendment and (5) green bold dashed underlining is deleted language in the original bill that is proposed to be retained in this amendment.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** NRS 286.025 is hereby amended to read as follows:

286.025 1. Except as otherwise provided by specific statute,  
"compensation" is the salary paid to a member by his principal public  
employer.

2. The term includes:

(a) Base pay, which is the monthly rate of pay excluding all fringe  
benefits.

(b) Additional payment for longevity, shift differential, hazardous  
duty, work performed on a holiday if it does not exceed the working hours  
of the normal workweek or pay period for that employee, holding oneself  
ready for duty while off duty and returning to duty after one's regular  
working hours.

(c) Payment for extra duty assignments ~~if it~~ *regardless of whether:*

(1) *It is the standard practice of the public employer to include such  
pay in the employment contract or official job description for the calendar  
or academic year in which it is paid ~~and such~~ ; or*

(2) *Such pay is specifically included in the member's employment  
contract or official job description.*

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\*PROPOSED AMENDMENT TO AB68\*

(d) The aggregate compensation paid by two separate public employers if one member is employed half time or more by one, and half time or less by the other, if the total does not exceed full-time employment, if the duties of both positions are similar and if the employment is pursuant to a continuing relationship between the employers.

(e) *Payments to:*

(1) *A member who is employed by a school district for less than 12 months during a school year for any service rendered to the school district after the expiration of the employment contract for that period of employment and before the beginning of the next school year; or*

~~(2) *A member of the professional staff of the University and Community College System of Nevada employed for the academic year who is employed for less than 12 months during a fiscal year for any service rendered to the University and Community College System of Nevada after the expiration of the employment contract for that period of employment and before the beginning of the next fiscal year.*~~

This section is deleted at the request of the bill's sponsor.

3. The term does not include any type of payment not specifically described in subsection 2.

**Sec. 2.** *NRS xxx.xxx is hereby amended as follows:*

~~*Section 3. NRS xxx.xxx is hereby amended as follows:*~~

~~*Section 4. This act becomes effective on July 1, 2003.*~~

At the request of the bill's sponsor, this new section will contain a definition of "extra duty assignment" to provide that, at a minimum, the following activities are included: teaching evening classes for adult education or ESL; coaching sports programs or intramurals; teaching summer school/intersession, or remediation classes; and conducting extracurricular or co-curricular activities such as speech club, pep club, band, orchestra, yearbook or newspaper.

At the request of the bill's sponsor, this new section will permit the employee to choose whether or not to pay retirement on the portion of their compensation that is attributable to the extra duty assignment. It is the intent of the bill sponsor that, if the employee elects to pay retirement on the extra duty compensation, the extra duty compensation will be reduced by the amount of the employee's contribution to retirement.

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\*PROPOSED AMENDMENT TO AB68\*

**BDR 23-725**  
**A.B. 68**

**NON-EXECUTIVE AGENCY  
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared January 24, 2003

Agency Submitting: Public Employees Retirement System

Items of Revenue or Expense, or Both	Fiscal Year 2002-03	Fiscal Year 2003-04	Fiscal Year 2004-05	Effect on Future Biennia
school district payroll cost (Expense)		\$5,899,828	\$6,194,819	\$6,194,819
retirement contribution cost (Expense)				
Total		\$5,899,828	\$6,194,819	\$6,194,819

Explanation (Use Additional Sheets of Attachments, if required)

Name George Pyne

Title Executive Officer

## BDR 23-725 - Fiscal Note

### Explanation:

This bill expands the definition of compensation subject to retirement contribution for payment of all extra duty assignments to include summer assignments for certain school district and university employees.

State and local governments and the university system have indicated this bill would have a minimal fiscal impact. It appears to be mostly applicable to school employees on contract. Most university professional staff on contract do not participate in PERS.

### Assumptions:

- The Clark County School District and Washoe County School District supplied payroll information for preparation of this fiscal note upon which additional cost assumptions were made.
- The payroll cost is calculated at 20.25% of additional pay that would be subject to retirement contribution.
- Fiscal year 2004/05 reflects a 5% inflation increase over fiscal year 2003/04.
- The effect on future biennia column is not indexed to inflation

### Payroll Cost Increases:

Additional annual contribution cost for fiscal year 2003, is calculated as follows:

Clark County Schools	\$19,229,712.34	additional pay subject to retirement
	X 20.25%*	contribution
	\$ 3,894,016.75	

\*20.25% is employer pay contribution rate effective 7/1/2003.

Washoe Schools	\$ 5,049,417.00	additional pay subject to retirement
	X 20.25%*	contribution
	\$ 1,022,506.94	

\*20.25% is employer pay contribution rate effective 7/1/2003.

Other Schools (estimated at 20% of Clark and Washoe totals)	\$ 983,304.74
TOTAL	\$ 5,899,828.43

### Retirement Contribution Costs:

Retirement contribution increase is estimated to be .05% of payroll, which would not trigger an increase in contribution rates under NRS 286.421. The actuarially determined rate is presently 20.32%. Adding .05% results in 20.37% of payroll. A rate of 20.375 would trigger a contribution rate increase to 20.5%.