

**Amendment No. 955**

Assembly Amendment to Assembly Bill No. 405 (BDR 23-964)

**Proposed by:** Assembly Committee on Ways and Means

**Amends:** Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

Adoption of this amendment will ADD an appropriation where one does not currently exist in A.B. 405.

ASSEMBLY ACTION		Initial and Date	SENATE ACTION		Initial and Date
Adopted	<input type="checkbox"/>	Lost <input type="checkbox"/>	Adopted	<input type="checkbox"/>	Lost <input type="checkbox"/>
Concurred In	<input type="checkbox"/>	Not <input type="checkbox"/>	Concurred In	<input type="checkbox"/>	Not <input type="checkbox"/>
Receded	<input type="checkbox"/>	Not <input type="checkbox"/>	Receded	<input type="checkbox"/>	Not <input type="checkbox"/>

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) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold underlining* is newly added transitory language.

MSM



Date: 6/5/2011

A.B. No. 405—Revises provisions governing the Public Employees' Retirement System. (BDR 23-964)



## ASSEMBLY BILL NO. 405—ASSEMBLYMAN OCEGUERA

MARCH 21, 2011

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing the Public Employees' Retirement System. (BDR ~~[23-964]~~ S-964)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted-material]~~ is material to be omitted.

AN ACT relating to public employees' retirement; ~~[eliminating the inclusion of call back pay in the compensation reported for each member of the Public Employees' Retirement System whose effective date of membership in the System is on or after January 1, 2012; limiting the increases in reportable compensation each fiscal year for such a member; pledging that the Legislature will not modify retirement benefits for a certain period and will not increase subsequent benefits except in certain circumstances;]~~ setting forth a legislative declaration; directing the Interim Retirement and Benefits Committee of the Legislature to conduct a study; setting forth the requirements for the study and directing the Committee to submit a report to the Legislative Commission; making an appropriation; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

~~[A member's monthly retirement allowance from the Public Employees' Retirement System is based on the member's compensation while employed, subject to certain limitations. (NRS 286.025, 286.410, 286.535, 286.537, 286.551)]~~ Section [2] 1 of this bill eliminates the inclusion of call back pay in the compensation reported for each member whose effective date of membership in the System is on or after January 1, 2012.] sets forth the Legislature's findings and declaration concerning the nature of the Public Employees' Retirement System and its mission. Section [2] 2 of this bill limits the increases in reportable compensation for such a member to not more than 10 percent from one fiscal year to the next fiscal year, excluding compensation attributable to a promotion and assignment related compensation.] : (1) directs the Interim Retirement and Benefits Committee of the Legislature to conduct a study of the retirement and disability benefits for public employees in this State; (2) sets forth the analyses which must be included within the study; (3) requires the Public Employees' Retirement Board to provide staff assistance to the Committee; and (4) directs the Committee to submit a report of the results of the study to the Legislative Commission.

Section [1] 3 of this bill sets forth the pledge of the Legislature that for a 10-year period after the implementation of the modifications to the System set forth in sections 2 and 3 of this bill, the Legislature will not enact any law that has the effect of modifying any benefit payable under the System unless such a modification is necessary to maintain the fiscal integrity of the

System. After that 10 year period, the Legislature pledges to not enact any law that has the effect of increasing any benefit payable under the System unless the actuarial value of the assets of the retirement fund from which the benefit will be paid is equal to or greater than 85 percent of the actuarial accrued liabilities of that retirement fund and the increase in the benefit is included in the contribution rate.] provides an appropriation of \$250,000 to pay the cost of the study required to be conducted by the Interim Retirement and Benefits Committee of the Legislature pursuant to section 2.

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

Delete existing sections 1 through 4 of this bill and replace with the following new sections 1 through 4:

**Section 1. The Legislature hereby finds and declares:**

**1. It is the mission of the Public Employees' Retirement System as declared in NRS 286.015 to provide:**

**(a) A reasonable base income to qualified employees who have been employed by a public employer and whose earning capacity has been removed or has been substantially reduced by age or disability.**

**(b) An orderly method of promoting and maintaining a high level of service to the public through an equitable separation procedure, which is available to employees at retirement or upon becoming disabled.**

**(c) A system which will make government employment attractive to qualified employees in various categories of service and which will encourage these employees to remain in government service for such periods of time as to give the public employer full benefit of the training and experience gained by these employees while employed by public employers.**

**2. The Public Employees' Retirement System is a defined benefit pension plan that covers all eligible public employees in this State in lieu of coverage under the federal Social Security Act.**

**3. The short-term volatility in the investment markets has caused an increase in the costs to public employers and public employees for contributions to the Public Employees' Retirement System to retire the unfunded liability of the System in compliance with the requirements prescribed by the Governmental Accounting Standards Board. Such increased costs could also result from losses in the System's holdings caused by fraud or misrepresentation in the investment markets.**

**4. Many different approaches to workforce incentives, including retirement and disability benefits, have evolved in the public and private sectors and warrant study to ensure that this State provides the most appropriate retirement benefits for its public workforce, as part of the overall human resources policy of this State.**

**5. Because of the long-term financial and policy impacts of any changes to retirement and disability benefits provided by the Public Employees' Retirement System, careful and thorough consideration of the alternatives is required.**

**6. Section 2 of Article 9 of the Nevada Constitution requires that any changes proposed to the retirement and disability benefits provided by the Public Employees' Retirement System be based upon actuarial assumptions recommended by the independent actuary employed by the Public Employees'**

1 Retirement Board to ensure the insulation of the retirement future of the  
2 public workforce of this State from any political pressures.

3 Sec. 2. 1. The Interim Retirement and Benefits Committee of the  
4 Legislature created by NRS 218E.420 shall conduct a study of the retirement  
5 and disability benefits for public employees in this State.

6 2. The study conducted pursuant to subsection 1 must include:

7 (a) An analysis of alternatives to the existing retirement plan, including,  
8 without limitation, consideration of other models of retirement plans, such as  
9 defined benefit plans, defined contribution plans, cash balance plans and  
10 hybrid retirement plans, and retirement and disability benefits under the  
11 federal Social Security Act. Such analysis must address the implications of  
12 implementing each alternative, including, without limitation:

13 (1) A comparison of the design, costs, portability and income security  
14 of each alternative; and

15 (2) The actuarial, financial, workforce and public policy impacts of  
16 each alternative on current and future public employers, current and future  
17 public employees and beneficiaries in the Public Employees' Retirement  
18 System.

19 (b) An analysis of the measures implemented by the Public Employees'  
20 Retirement Board to monitor losses caused by fraud or misrepresentation in  
21 the investment markets and to institute legal action to recover such losses.

22 3. The Public Employees' Retirement Board shall provide such assistance  
23 to the Interim Retirement and Benefits Committee of the Legislature as  
24 requested by the Committee, including, without limitation, the assistance of  
25 the independent actuary employed by the Board to make the necessary  
26 actuarial assumptions.

27 4. On or before October 1, 2012, the Interim Retirement and Benefits  
28 Committee of the Legislature shall submit a report of the results of the study  
29 conducted pursuant to subsection 1 to the Legislative Commission.

30 5. On or before December 31, 2012, the Legislative Commission shall  
31 submit the report of the results of the study and any recommendations for  
32 legislation to the 77th Session of the Nevada Legislature.

33 Sec. 3. 1. There is hereby appropriated from the State General Fund to  
34 the Legislative Fund the sum of \$250,000 to conduct the study required  
35 pursuant to section 2 of this act.

36 2. The money appropriated by subsection 1 may be used only if matching  
37 money is received in the Legislative Fund for the study from sources other  
38 than the appropriation made by subsection 1, including, without limitation,  
39 gifts, grants and donations.

40 3. The State Controller shall not distribute any money from the  
41 appropriation made pursuant to subsection 1 until the matching money  
42 required by subsection 2 has been committed for the study.

43 4. Any remaining balance of the appropriation made by subsection 1 to  
44 the Legislative Fund must not be committed for expenditure after June 30,  
45 2013, by the entity to which the appropriation is made or any entity to which  
46 money from the appropriation is granted or otherwise transferred in any  
47 manner, and any portion of the appropriated money remaining must not be  
48 spent for any purpose after September 20, 2013, by either the entity to which  
49 the money was appropriated or the entity to which the money was  
50 subsequently granted or transferred, and must be reverted to the State  
51 General Fund on or before September 20, 2013.

52 Sec. 4. This act becomes effective upon passage and approval.