

Legislative studies languish because of lack of funding

By Sean Whaley, Nevada News Bureau

CARSON CITY – Nevada’s tough financial situation is holding up two interim studies approved by the Legislature because of the requirement for alternative funding sources to assist in conducting the reviews.

One is a study of the state Public Employees’ Retirement System and the other is a study of the funding formula now used for public education. Both studies require non-state funding, but proponents are having a hard time coming up with the money.

Typically there is state funding appropriated for interim studies by the Legislature. But the state’s difficult fiscal situation led to the imposition of the financial requirements for the two studies.

Gov. Brian Sandoval and lawmakers approved a study of the state public pension system with an eye toward evaluating the need for a change for future state and local government hires to a “defined contribution” or some modified type of plan.

But the study outlined in Assembly Bill 405 requires a \$250,000 contribution from the private sector to be secured before another \$250,000 appropriation from the state could be used for such an assessment.

The private funding has been hard to come by.

Heidi Gansert, chief of staff to Sandoval, said other options are being explored by representatives of Nevada’s business community interested in such a review.

“They had to meet the \$250,000 threshold before state funds

would be released and so I think the issue was the level of funding required, private funding, versus getting some funding for it," she said. "There may be some private sector folks that are still going to work on some form of study.

"My understanding is the \$250,000 is too high of a threshold, but they are looking at coming up with partial funding and maybe doing something on their own versus trying to meet that threshold to get the state funding," Gansert said.

Sandoval favors a change to the retirement plan because of a concern about the potential taxpayer liability for the defined benefit plan that covers almost all state and local government employees. The long-term unfunded liability is estimated at about \$10 billion, although some assessments using different measures put it at a much higher amount.

There has been a growing call nationally to move public pension plans to a state to a defined contribution plan, similar to a 401(k)-type plan, from the current defined benefit plan, where retirees are paid a set amount per month based on salary and years of service.

Sandoval has advocated such a position, although the concept did not see any serious discussion in the 2011 legislative session.

Nevada PERS officials say the plan is actuarially sound, and that the unfunded liability will be covered over time. They also note that the contribution rates required to keep the plan healthy are set by an independent actuary and are fully funded by the Legislature. The Legislature also made several changes to the existing PERS plan in 2009.

The legislative study looking at potentially new ways of funding public education was sought by the Clark County School District. But no state funding was provided for the review.

At the first meeting of the New Method for Funding Public

Schools interim study in January, Clark County School District official Joyce Haldeman said \$125,000 in anticipated funding from a private foundation to pay for a study would not be available.

The district is looking for other funding for the study.

Assemblyman Marcus Conklin, D-Las Vegas, the chairman of the interim study, gave the district until Feb. 21 to identify at least \$125,000 for a study. The panel is scheduled to meet Feb. 28, but the meeting will be canceled if no funding is secured.

The Clark County School District would like to see new factors included in the 45-year-old funding formula, such as additional financial weight given to educate special education students, English-language learners and children in poverty.

Questions have been raised as to whether either study is actually needed.

Geoffrey Lawrence, deputy director of policy for the Nevada Policy Research Institute, said in an interview in June 2011, regarding the PERS liability that legislative studies do not typically generate change in subsequent legislative sessions.

And Assemblyman Ira Hansen, R-Sparks, a member of the public education interim study panel, asked for justification for the proposed review at the January meeting, noting a 2007 study by lawmakers identified no inequities in the Nevada Plan.

After spending nearly \$250,000, the conclusion was that the Nevada Plan was highly equitable, he said.