

SENATE FINANCE COMMITTEE  
MINUTES OF MEETINGS  
MARCH 27, 1973

The meeting was called to order at 8:00 a.m. Senator Lamb was in the chair.

PRESENT: Floyd R. Lamb, Chairman  
Warren L. Monroe  
B. Mahlon Brown  
James I. Gibson  
William J. Raggio  
Clifton Young  
Archie Pozzi

Earl Oliver, LCB Fiscal Analyst  
Bob Tripp, LCB Deputy Legislative Auditor  
Howard Barrett, Budget Director  
Cy Ryan, UPI

James R. Brooke, State Bar  
Thomas H. Cochrane, State Bar  
Russ McDonald, Washoe County Manager  
Wm. Morse, Clark County  
Russell S. Waite, Clark County  
Howard W. Babcock, District Judge, Clark County  
John F. Mendoza, District Judge  
John W. Barrett, District Judge, Washoe County  
Neil R. Slocum, Clark County  
Denver Dickerson, Clark County

S.B. 383:

SUMMARY: Provides for increased per diem allowance for state employees.

Senator Raggio said he felt it was more reasonable to pay for the hotel bill and add per diem on top of that because at conferences employees often have no control over the hotel prices and can't shop around because conferences are located at one hotel. Mr. Barrett said that motel expenses for in-state travel usually runs about \$10-\$14 because they get a state rate.

Senator Gibson moved they recommend do pass. Senator Raggio seconded the motion, and it passed.

yes - 5  
no - 0  
absent - Senator Brown, Pozzi

Senate Finance Committee  
March 27, 1973  
Page Two

S.B. 228:

SUMMARY: Provides executive secretary to serve jointly state board of pardons commissioners and state board of parole commissioners.

Senator Raggio said he had received additional information from the parole department and felt he could now support this bill. Senator Raggio moved they recommend do pass. Senator Young seconded the motion, and it passed.

yes - 5  
no - 0  
absent - 2 Senators Brown and Pozzi

S.B. 475:

SUMMARY: Makes appropriation to central Nevada resource development authority to conduct study requested by legislature.

Senator Young moved to kill this bill. Senator Gibson seconded the motion, and it passed.

yes - 4  
no - 1 - Senator Monroe  
absent - 2 - Senators Brown and Pozzi

S.B. 482:

SUMMARY: Creates capitol security force division in department of administration.

Senator Gibson moved to kill this bill. Senator Young seconded the motion, and it passed.

yes - 5  
absent - 2 - Senators Brown and Pozzi

S.B. 173:

SUMMARY: Creates hearing officer in personnel division of department of administration.

Senator Brown arrived in the meeting at 8:20 a.m.

Senator Young moved to recommend do pass on this bill. Senator Raggio seconded the motion, and it passed.

Senate Finance Committee  
March 27, 1973  
Page Three

yes - 6  
absent - 1 - Senator Pozzi

S.B. 245:

SUMMARY: Provides for planning and implementation of programs to assure free public education for all handicapped children of this state.

Senator Raggio said, "This is necessary because of legal decisions coming down demanding that the state provide education for handicapped children just as they provide education for other children in the state. There is a law suit now before the state. However, this bill goes somewhat further than would be demanded by the lawsuit in that it (1) extends the age of education from 3 to 21 (instead of 6 to 18); (2) it also provides for gifted children."

This would be an increase of \$3 million the first year over what the state has been spending, and would come out of the distributive school fund. The committee decided to hold this bill for further hearings.

S.B. 525:

SUMMARY: Requires certain moneys of Spring Mountain youth camp to be expended for recreational purposes.

Senator Brown said that Sammy Cohn used to raise funds to provide for Christmas gifts at Spring Mountain, Caliente and Elko. However, how with the corporate structures he can't do this. Senator Brown said he learned that Elko and Caliente have funds for this but Spring Mountain doesn't. Senator Gibson said he didn't think the committee should mandate Spring Mountain to spend certain funds when they aren't a state agency. Senator Lamb said, "I think we are exceeding our intent here."

A.B. 182:

SUMMARY: Increases salary of state welfare board members.

Mr. Barrett said the majority of the boards get \$25 per day per diem. Senator Lamb said, "The director of the welfare division really runs it, so the board is just a waste." He mentioned that he had been on the board years ago. Senator Monroe moved they recommend do pass. Senator Gibson seconded the motion, and it passed.

Senate Finance Committee  
March 27, 1973  
Page Four

yes - 6  
absent - Senator Pozzi

A.B. 188:

SUMMARY: Changes uniform allowance for commissioned and warrant officers of Nevada National Guard.

Senator Pozzi arrived at 8:35 a.m.

Mr. Barrett said this bill is in conformance with whats in the budget. Senator Brown moved they recommend do pass. Senator Monroe seconded the motion, and it passed unanimously.

A.B. 39:

SUMMARY: Enables issuance of instant drivers' licenses and increases license fee.

Senator Monroe said, "I would like to junk this but I guess its gone this far so we better keep it." Senator Raggio said they heard a lot of testimony on this bill in the Transportation Committee and that the drivers license division takes half a million out of the highway fund to administer their program and they want to get them to pay more. They intend to increase licenses by \$2.50 per license, and it would cost 92¢ each for colored photographs on licenses. They wanted to increase licenses to \$10 but the governor wouldn't go for it. He said, "Its a matter of whether you want a colored photograph or not."

Senator Pozzi moved they recommend do pass. Senator Young seconded the motion, and it passed unanimously.

Senator Pozzi left at 8:40 a.m.

A.B. 148:

SUMMARY: Provides minimum pay for Nevada National Guard when called into state active duty.

Mr. Barrett said this bill would provide that they be paid a minimum of \$25 when they are called into active duty during civil disturbances. Senator Young moved to kill this bill. Senator Brown seconded the motion, and it passed.

yes - 6  
absent - Senator Pozzi

Senate Finance Committee  
March 27, 1973  
Page Five

A.B. 451:

SUMMARY: Creates revenue sharing trust fund.

Senator Gibson moved they recommend a do pass. Senator Monroe seconded the motion, and it passed.

yes - 6  
absent - Senator Pozzi

A.B. 503:

SUMMARY: Makes appropriation to the division of investigation and narcotics of the department of law enforcement assistance for the purpose of providing rewards to persons providing information leading to felony convictions of violators of Nevada laws on narcotics and dangerous drugs.

Senator Raggio said he didn't think this was workable, that his experience was it was better to have money in an under-cover fund rather than money for a reward, and with this bill the money could only be used if you got a conviction.

Senator Monroe moved they recommend a do pass. Senator Gibson seconded the motion, and it passed.

yes - 4  
absent - Senator Pozzi  
no - 2 - Senator Lamb and Young

A.B. 270:

SUMMARY: Removes limit on compensation benefits for silicosis.

This relates to page 263 of the budget. Mr. Barrett said, "This is a new group of silicotics that will reach their \$14,000 maximum. That maximum has been paid to NIC for that amount, but not beyond that amount or not for more than that amount. This program will grow. There are 59 persons in this program now that will come into this program if they all survive." Mr. Barrett was told to check this bill out.

Senator Pozzi returned to the meeting at 8:55 a.m.

S.B. 406:

SUMMARY: Increases salary of district judges.

Senate Finance Committee  
March 27, 1973  
Page Six

The judges made their presentation. (See material in attached.) They stated that it presented a financial hardship to attract young judges in that they often have children in college and it is too expensive to allow them to give up their law practice and become a judge. Senator Pozzi said, "I have five children and put them through college, and that (the argument that they need this for their children) doesn't impress me one bit. All I want is competence on the bench. I have 7,000 state employees who have the same types of problems you do." Senator Raggio said, "The only way you can get competence on the bench is to pay them enough so they can afford to give up their law practice."

Mr. Dickerson said that the better approach to the judges salaries would be to adopt a law giving them raises tied to the cost of living increases each year. See the law attached which covers this.

Mr. James R. Brook of the State Bar said the Board of Governors of the State Bar also supported S.B. 406.

S.B. 371:

SUMMARY: Provides reimbursement of district judges for participation in statewide association of district judges.

Judge Mendoza testified that, "this was prepared by the court administrator, Grant Davis. What we are proposing is we have an association of district judges and be recognized as an organization such as the county commissioners association for instance. We would like to have a fund so we can pay money to attend seminars. We are talking about two days and this seminar would be held the two days prior to the state bar and would cost \$2,300 for travel and per diem, and \$100 apiece for dues. The \$100 apiece for dues for the 23 judges would allow us sufficient funds to attract the type of speakers we need to give us the kind of information we need. So a reasonable total figure for this bill would be \$4,700.

Senator Pozzi said they heard testimony yesterday of dues of about \$25 apiece, and "you lose me when you talk about \$100 dues."

Judge Mendoza said the meetings had about 80% attendance.

Senate Finance Committee  
March 27, 1973  
Page Seven

S.B. 348 & S.B. 352:

SUMMARY: (348) Liberalizes pension provisions for supreme court justices and district court justices.

(352) Increases benefits for widows of supreme court justices and judges of district courts.

Judge Barrett said he had some reservations about S.B. 348 and endorsed S.B. 352. He said, "I think S.B. 352 is a more realistic bill. It reduces the retirement age to 60. If you take some of the young judges, after working 20 years they still haven't reached the age of 60 to qualify for retirement. There are currently 3 judges on retirement now, so you aren't really talking about as big a problem as some people think it is." There are currently six widows on retirement now, and no one knew how many more would be eligible if the retirement age were reduced to 60. California has a law where after the age of 70 their retirement is reduced from 3/4 to 2/3 of their salary.

A.B. 532:

SUMMARY: Increases permissible expenses on behalf of governor-elect.

Mr. Barrett said this item was put in a few years ago to allow the governor staff and funds prior to his being sworn into office. This would help him prepare his budget and get ready for the legislative session which begins a few weeks after he is sworn in. Mr. Barrett said the governor elect was given \$2,500 but they found this wasn't sufficient to bring on much staff or provide operating funds. Senator Gibson moved they recommend do pass. Senator Brown seconded the motion, and it passed unanimously.

A.B. 193:

SUMMARY: Increases state apportionment and maximum laboratory fee for automobile driver education.

Senator Gibson moved they recommend do pass. Senator Monroe seconded the motion, and it passed unanimously.

Senate Finance Committee  
March 27, 1973  
Page Eight

A.B. 382:

SUMMARY: Provides travel and subsistence allowance for members of medical laboratory advisory committee.

This relates to page 258 of the budget and would still be paid out of license fees. Senator Brown moved they recommend do pass. Senator Monroe second the motion, and it passed unanimously.

A.B. 417:

SUMMARY: Merges the forest protection fund into the division of forestry account in the general fund in the state treasury.

Earl Oliver said this bill was one that the agency asked for as a result of their audit. Senator Monroe moved they recommend do pass. Senator Young seconded the motion, and it passed unanimously.

A.B. 500:

SUMMARY: Provides for increased payment of employee group insurance premium for state employees.

Mr. Barrett said this bill would provide for full payment of group insurance and life insurance for the employee only and would be retroactive to January 1973. He said it would cost \$375,000 for 2-1/2 years total including what they are presently paying, or \$7,400 for six months of this year in addition to what we are presently paying. Senator Gibson moved they recommend a do pass. Senator Raggio seconded the motion, and it passed unanimously.

A.B. 502:

SUMMARY: Makes appropriations to division of aging services of department of health, welfare and rehabilitation for purpose of distributing funds to nonprofit organizations for programs for the aged in Nevada.

Mr. Barrett said this money would be used to get matching federal funds. Senator Brown moved they recommend do pass. Senator Monroe seconded the motion, and it passed unanimously.



Senate Finance Committee  
March 27, 1973  
Page Nine

A.B. 513:

SUMMARY: Provides travel and subsistence allowances to the renal disease advisory committee.

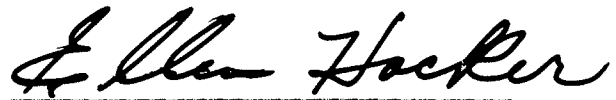
This refers to page 261 of the budget. Senator Pozzi moved they recommend do pass. Senator Raggio seconded the motion, and it passed unanimously.

Senator Lamb said, "The way the federal government is pulling money out of federal programs we may have to set up a fund to stave off a special session. We may have to put \$2-1/2 million into a special fund to take care of the withdrawal of federal money."

Mr. Oliver said that with the decisions Senate Finance has already made there should be about an \$18 million surplus of reverting funds, etc., on June 30, 1975.

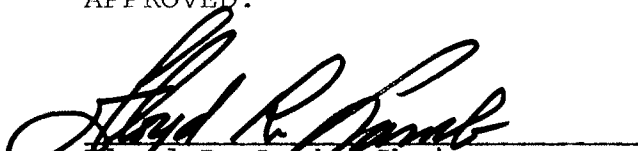
The meeting adjourned at 10:40 a.m.

Respectfully submitted,



Ellen Hocker, Secretary

APPROVED:

  
Floyd R. Lamb, Chairman

MEMORANDUM

TO: Senate Finance Committee  
FROM: Howard E. Barrett  
SUBJECT: Per Diem Rates

3/27

SB 383

ARIZONA

IN-STATE  
\$20.00/day  
  
\$30.00/day  
Legislative Proposals

OUT-OF-STATE  
\$30.00/day  
  
\$40.00/day

CALIFORNIA

IN-STATE  
\$25.00/day  
  
Per diem set by State Bd. of Control

OUT-OF-STATE  
hotel/motel costs  
Meals  
2 - 4 hrs. \$ 3.40  
4 - 8 hrs. 6.80  
8 -12 hrs. 10.25  
12-24 hrs. 13.65

COLORADO

IN-STATE  
\$10.00/day  
+hotel/motel costs  
No Legislative Proposals

OUT-OF-STATE  
\$10.00/day  
+hotel/motel costs

IDAHO

IN-STATE  
\$ 6.00/day  
+hotel/motel costs  
  
\$ 7.50/day  
+hotel/motel costs  
Effective July 1, 1973

OUT-OF-STATE  
\$ 7.50/day  
+hotel/motel costs  
  
\$10.00/day  
+hotel/motel costs

MONTANA

IN-STATE  
\$13.50/day  
  
\$18.00/day  
Legislative Proposals

OUT-OF-STATE  
\$22.50/day  
  
\$27.00/day

NEW MEXICO

IN-STATE  
\$20.00/day  
  
Legislative Proposals  
Increase Out-of-State to \$30.00  
Defeated

OUT-OF-STATE  
\$25.00/day

OREGON

IN-STATE  
\$6.25/meals  
\$8.75/lodging  
  
\$8.00/meals  
\$9.00/lodging

Legislative Proposals

OUT-OF-STATE  
\$8.25/meals  
+hotel/motel costs  
  
\$9.50/meals  
+hotel/motel costs

UTAH

IN-STATE  
\$1.75-breakfast & lunch  
\$3.00 dinner  
Oct. 1 thru April 30  
\$11.00 lodging  
May 1 thru Sept. 30  
\$15.00 lodging  
Per Diem set by State Board of Examiners

OUT-OF-STATE  
\$27.50-\$30.00  
Depends on City

WASHINGTON

IN-STATE  
\$20.00  
(Includes Ore. Idaho & Canada)

OUT-OF-STATE  
\$30.00

(Legislature approved \$25.00 & \$35.00 but  
due to lack of funds State cannot pay)

ALASKA

IN-STATE  
\$35.00

OUT-OF-STATE  
\$35.00

3  
129

§ 68122. Repealed. Stats.1967, c. 17, p. 838, § 46

The repealed section, added by Stats. 1966, 1st Ex.Sess., c. 161, p. 715, § 10, operative upon adoption by the people of Assembly Const. Amend. No. 13, 1966, at the general election held Nov. 8, 1966, related

to choosing by lot between two or more presiding justices who have served terms of equal length for membership on commission of judicial appointments.

§§ 68123-68149. Blank

§ 68150. Repealed by Stats.1971, c. 1550, p. —, § 3.

The repealed section, added by Stats. 1966, 1st Ex.Sess., c. 119, p. 596, § 1, relat-

ed to emergency court plan. See, now, § 68115 et seq.

**CHAPTER 1.5 COMPENSATION OF JUSTICES AND JUDGES OF COURTS OF RECORD**

Sec.

68208, 68209. Blank.

68210. Affidavit prerequisite to receipt of salary [New].

§ 68200. Chief justice of California

The annual salary of the Chief Justice of \* \* \* California is thirty-four thousand dollars (\$34,000).

(As amended Stats.1967, c. 17, p. 838, § 47.)

1. Increase in salary

1964 amendment to this section and §§ 68201 and 68202 which increased judicial salaries, must be looked upon as both effective

and operative as of August 22, 1964, the 91st day following the final adjournment of Legislature. 44 Ops.Atty.Gen. 17, 7-23-64.

§ 68201. Associate justices of supreme court; justices of courts of appeal

The annual salary of each of the following \* \* \* judges is the amount indicated opposite the name of the office:

(a) Associate Justice of the Supreme Court, thirty-two thousand dollars (\$32,000).

(b) \* \* \* Presiding justice or associate justice of a court of appeal division, thirty thousand dollars (\$30,000).

(As amended Stats.1967, c. 17, p. 838, § 48.)

1. In general

1964 amendment to §§ 68200, 68202 and this section, which increased judicial salaries, must be looked upon as both effective

and operative as of August 22, 1964, the 91st day following the final adjournment of Legislature. 44 Ops.Atty.Gen. 17, 7-23-64.

§ 68202. Superior court judges; municipal court judges

2. Construction and application

1964 amendment to §§ 68200, 68201 and this section, which increased judicial salaries, must be looked upon as both effective

and operative as of August 22, 1964, the 91st day following the final adjournment of Legislature. 44 Ops.Atty.Gen. 17, 7-23-64.

§ 68203. Salary increases; formula

In addition to the increase provided under this section on September 1, 1968, on the effective date of the 1969 amendments to this section and on September 1 of each year thereafter the salary of each justice and judge named in Sections 68200 to 68202, inclusive, shall be increased by that amount which is produced by multiplying the then current salary of each justice or judge by the percentage by which the figure representing \* \* \* the California consumer price index as compiled and reported by the \* \* \* California Department of Industrial Relations has increased \* \* \* in the previous calendar year \* \* \* .

(Amended by Stats.1969, c. 1507, p. 3086, § 1.)

§ 68204. Status of justices and judges for purpose of § 11569

The justices and judges named in Sections 68200 to 68202, inclusive, \* \* \* shall not be deemed to be state officers for the purposes of \* \* \* Section 11569.

(Amended by Stats.1969, c. 1599, p. 3258, § 3.5, Stats.1969, c. 1600, § 3, operative Jan. 1, 1971.)

Underline indicates changes or additions by amendment

8-

Reasons for increasing Judicial Salaries (3/73)

The paramount goal to improve judicial salaries is to insure high professional competence--that members of the legal profession who can afford to take judicial posts are among the most able members of the Bar. The goal is aimed at the system of administration of justice, rather than at the incumbents of the judicial posts. The goal shifts to immediate salary adjustments and the long-range picture of the quality of the judiciary in years ahead. The goal is based upon the following standards:

Nevada judges should:

1. Be paid a salary high enough to attract and keep persons possessing judicial quality and temperment without calling for undue financial sacrifice;
2. Be paid a salary which recognizes the unique responsibilities of the judicial post;
3. Be paid a salary comparable to salaries paid other public officials in Nevada at all levels of government;
4. Be compensated by a salary which is fair and realistic compared with the Consumer Price Index or other measure of inflation, and compared with the higher federal income tax and state tax rates.

Salary is usually the most important single item in job recruitment and retention. However, most executive and professional positions today have fringe benefits of considerable significance. It should be noted that judges receive no fringe benefits. They have no stock option, bonus or deferred compensation plans, no cars or expense accounts. All they have is their salaries and a retirement plan based on length of time on the bench.

A judge can have no conflict of interest projects, he can have no private practice. If a judge should decide to return to private practice he would have to start out just as any lawyer just passing the bar. Private practice income for an attorney of the caliber most desirable for the bench would be double or triple the salary received by a judge.

The work of a trial judge is probably not well understood by the public. In a recent brief essay, Harry W. Jones, Cardozo Professor of Jurisprudence, Columbia University, described the essential attributes and work of a judge, stating in effect:

### PROBITY

A judge must be an unusually honest man, a man of exceptional integrity financially, politically, and socially.

### PROFESSIONAL SKILL AND ACUMEN

A judge must have professional excellence, which means, "1) wide ranging analytical power comparable to that of the qualified internist in medical practice; 2) mastery of the intricacies of legal procedure and evidence; 3) unusual discernment in dealing with facts and weighing conflicting testimony; and 4) unusual skill at communication with jurymen and witnesses."

### CHARACTER, ENERGY, AND PERSONALITY

The role of the judge calls for uncommon qualities of personality and character. The demands and strains in the courtroom require unusual emotional stability, exceptional firmness and serenity of temperment, and often great intellectual and psychic endurance. With jurymen, witnesses, and litigants, the judge has to be empathetic and endlessly patient. Sentencing:--As a sentencing official, a judge must be compassionate without being mushy-headed, and his demeanor must be at once sensitive and austere.

Jones sums it up by stating:

"...every lawyer knows at least a few trial judges who have come wonderfully close to the ideal, partly through their own natural qualities as human beings and partly through the influence and support of the common law judicial tradition. And the statement of an ideal provides a standard to measure the extent to which particular aspirants to judicial office approach to fall short of the ideal."

It should be pointed out that only part of the judge's workload is in the courtroom. There is much research to be done, he must keep abreast of the new decisions of the U.S. Supreme Court, the Nevada Supreme Court and decisions of other states that would effect decisions in Nevada.

There are special fields in which judges must be trained, such as juvenile proceedings and procedures, criminal procedures, trial court, etc. It is necessary for him to attend conferences, meetings and seminars to meet with other judges and knowledgeable personnel to be up to date at all times on matters dealing with judicial subjects and the administration of justice.

Under the present plan District Court Judges' salaries will increase to \$30,000 effective January 1, 1975. The Constitutional provision proscribing salary increases for constitutional officers during the term for which they have been elected, limits the possibility of any salary change before January, 1979.

According to the Research Department of the Economic Development Board of the State of Nevada the cost of living has gone up 27.7 percent since 1967. All indications are that the cost of living will continue to rise.

SALARIES OF THE UNIVERSITY OF NEVADA OFFICIALS - 3/15/73

Chancellor	\$36,000*
President - Reno and Las Vegas	36,000*
Business Manager	23,500
Director, Desert Research Institute	36,000
Deputy Director, D.R.I.	33,000

\*Housing Allowance: \$2,400; Car Allowance: \$1,000;  
Host Allowance: \$3,600

\* \* \* \* \*

SALARIES OF THE CLARK COUNTY SCHOOL DISTRICT OFFICIALS

Superintendent of Schools	39,750
Deputy Superintendent	28,584
Associate Superintendents (Dependent upon length of time...takes 5 years to reach top step)	22,404 to 27,228

\* \* \* \* \*

The attorney for the school district and Southern Nevada Memorial Hospital is paid between \$21,348 to \$25,932 per year for his services to those two public entities, in addition to his private practice.

\* \* \* \* \*

SALARIES OF THE CLARK COUNTY CONVENTION AUTHORITY

Director	32,000
Assistant director	25,000

3/20/73

SALARIES OF APPOINTIVE OFFICIALS OF CLARK COUNTY

<u>Position</u>	<u>3/20/73</u>	<u>Salary range</u>
* County Health Officer	\$42,500 plus \$12,000 as hospital administrator	
County Administrator	33,684	29,364 to 36,936
Director of Aviation	25,656	20,544 to 25,656
Director of Public Works	25,656	20,544 to 25,656
Assistant District Attorney	25,656	20,544 to 25,656
Chief Deputy District Attorney	22,440	18,024 to 22,440
Public Defender	25,656	20,544 to 25,656
Juvenile Court Referee	20,544	16,548 to 20,544
Court Administrator	21,468	20,544 to 25,656

\* \* \* \* \*

With the exception of the first official listed above, all are on the County Classification Schedule with the opportunity to earn merit raises in salary at regular intervals. All are given a longevity bonus after five years of service of \$60 per year. This bonus is given each year. (After 5 years service \$300; 6 years \$360, etc.)

Most of the county officials listed above are provided a county automobile.

The salary of attorneys in County employment is in addition to their income from private law practice which they are permitted to have, but which is forbidden by law to District Judges.



COMPARISON OF PER CAPITA INCOME RANK AND JUDICIAL SALARIES

State	Per Capita Income Rank		Highest Appellate Courts		General Trial Courts		Population Rank	
	1973	1968	'73	'68	'73	'68	'73	'68
District of Columbia	1	1	4	6	2	2	41	40
New York	2	5	1	1	1	1	2	2
Connecticut	3	2	10	12	6	4	24	24
Alaska	4	10	10	19	7	18	51	51
Nevada	5	8	31	37	29	30	48	48
New Jersey	6	7	3	9	3	5	8	8
Illinois	7	4	6	3	19	7	5	5
Hawaii	8	14	20	16	9	11	40	41
Delaware	9	3	13	25	10	16	47	47
California	10	6	2	8	4	11	1	1

COMPARISON OF PER CAPITA INCOME RANK AND JUDICIAL SALARIES (1973)

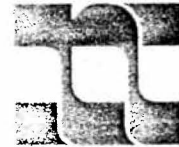
State	Per Capita Income Rank	Highest Appellate Courts	General Trial Courts	Population Rank
District of Columbia	1	4 (42,500)	2 (40,000)	41
New York	2	1 (49,665)	1 (37,817 to 43,317)	2
Connecticut	3	10 (36,000)	6 (34,500)	24
Alaska	4	10 (36,000)	7 (33,000)	51
Nevada	5	31 (28,000)	29 (24,000)	48
New Jersey	6	3 (45,000)	3 (37,000 to 40,000)	8
Illinois	7	6 (40,000)	19 (27,500 to 35,000)	5
Hawaii	8	20 (32,670)	9 (30,250)	40
Delaware	9	13 (34,000)	10 (31,500)	47
California	10	2 (43,672)	4 (36,393)	1

In California, on 9/1/70, and every 4 years thereafter judicial salaries will be increased by the percentage of increase in California's consumer price increase (cost of living) during the preceding calendar year.

SPREAD BETWEEN SALARIES OF SUPREME COURT JUSTICES AND DISTRICT  
COURT JUDGES

	<u>Supreme Court Salaries</u>	<u>District Court Salaries</u>	<u>Difference</u>
1957-1961	\$18,000	\$15,000	\$3,000
1961 - 1965	20,000	17,500	2,500
1965-1971	22,000	19,500	2,500
1971-1975	28,000	24,000	4,000
1975	35,000	30,000	5,000

Honorable John F. Mendoza  
March 23, 1973



Page 2

Reported in the "Monthly Review:"

L. A./Long Beach - 122.3  
Dallas/Ft. Worth - 123.7  
San Diego - 122.1

However, the consumer price index, for the entire United States, as detailed in the "Federal Reserve Bulletin," shows the following increases, based upon 1967 = 100.

1968 - 104.2  
1969 - 109.8  
1970 - 116.3  
1971 - 123.1  
1972 - 126.9 (through November, 1972)

This means that since the base year of 1967, to date, the consumer price index has increased 26.9%.

A timely news article appeared in the "Wall Street Journal" issue of March 22, 1973, going into further detail regarding the substantial increase since November 30, 1972, and that article is enclosed.

Cordially yours,

C. D. BROWN

CDB:ef  
Enclosure

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY

JUDGES' AGE, YEARS OF SERVICE and DEPENDENTS

<u>DEPARTMENT</u>	<u>AGE</u>	<u>SERVICE</u>	<u>DEPENDENTS</u>
1	68	8 years	1 (wife)
2	59	13 years	2 (wife and 1 teen age)
3	45	2 years	5 (wife, 3 teen age and 1 sub-teen)
4	47	6 years	None
5	45	6 years	6 (wife, 2 children in law school, one in college, one teen age and one sub-teen)
6	56	6 years	1 (wife)
7	43	2 years	6 (wife, 3 teen age and 2 sub-teen)
8	52	2 years	4 (wife and 3 teens)
9	37	2 years	4 (wife and 3 sub-teens)
10	35	1 year	7 (wife, mother and 5 sub-teens)

*Cost Div. 12,800*

NUMBER OF JUDGES PER CAPITA (1971)

<u>Dist.</u>	<u>County</u>	<u>Pop.</u>	<u>1960</u>		<u>Pop.</u>	<u>1970</u>	
			<u># Judges</u>	<u>Aver.</u>		<u>#Judges</u>	<u>Aver.</u>
1	Douglas	3,481	2	11,853	6,882	2	20,889
	Churchill	8,542			10,513		
	Storey	568			695		
	Lyon	6,143			8,221		
	Carson City	<u>5,163</u>			<u>15,468</u>		
		23,707					
2	Washoe	84,743	4	21,185	121,068	5	24,203
3	Eureka	767	1		948	1	3,614
	Lander	<u>1,566</u>			<u>2,666</u>		
		2,333			3,614		
4	Elko	12,011	1	12,011	13,958	1	13,958
5	Mineral	6,329	1	11,322	7,051	1	13,279
	Esmeralda	619			629		
	Nye	<u>4,374</u>			<u>5,599</u>		
		11,322			13,279		
6	Pershing	3,199	1	8,907	2,670	1	9,045
	Humboldt	<u>5,708</u>			<u>6,375</u>		
		8,907			9,045		
7	White Pine	9,808	1	12,239	10,150	1	12,707
	Lincoln	<u>2,431</u>			<u>2,557</u>		
		12,239			12,707		

Number of Judges Per Capita (Clark County - 1973)

<u>Dist.</u>	<u>County.</u>	<u>1960</u>			<u>1970</u>			<u>1973</u>		
		<u>Pop.</u>	<u>Number</u>	<u>Aver.</u>	<u>Pop.</u>	<u>Number</u>	<u>Aver.</u>	<u>Pop.</u>	<u>Number</u>	<u>Aver.</u>
8.	Clark	127,016	4	31,754	273,288	6	45,548	322,900	10	32,290

PREPARED BY:

John F. Mendoza  
3th Judicial District

1960 figures - Premier World Atlas, Rand  
McNally & Co., 1967  
1970 figures - U.S. Department of Commerce  
1973 figures - Greater Las Vegas Chamber of  
Commerce

3-142

EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY

-----

TOTAL FILINGS, 1962 through 1972

-----

1962	8,716
1963	10,451
1964	12,031
1965	12,465
1966	12,854
1967	13,507
1968	14,319
1969	15,424
1970	15,487
1971	16,444
1972	17,105

In 1972 the total filings of 17,105 cases (or 1,710 per Judge) resulted in 28,701 separate hearings during that year (or 2,870 hearings per Judge.)

This means that approximately 7 cases per judicial day for each Judge were filed last year, resulting in an average of 11 hearings per judicial day for each Judge.



MEMORANDUM

TO: Senate Finance Committee  
FROM: Howard E. Barrett  
SUBJECT: Per Diem Rates

SB 383 3/27

ARIZONA

IN-STATE  
\$20.00/day  
\$30.00/day

Legislative Proposals

OUT-OF-STATE  
\$30.00/day  
\$40.00/day

CALIFORNIA

IN-STATE  
\$25.00/day

OUT-OF-STATE  
hotel/motel costs  
Meals  
2 - 4 hrs. \$ 3.40  
4 - 8 hrs. 6.80  
8 -12 hrs. 10.25  
12-24 hrs. 13.65

Per diem set by State Bd. of Control

COLORADO

IN-STATE  
\$10.00/day  
+hotel/motel costs

No Legislative Proposals

OUT-OF-STATE  
\$10.00/day  
+hotel/motel costs

IDAHO

IN-STATE  
\$ 6.00/day  
+hotel/motel costs

Effective July 1, 1973

\$ 7.50/day  
+hotel/motel costs

OUT-OF-STATE  
\$ 7.50/day  
+hotel/motel costs

\$10.00/day  
+hotel/motel costs

MONTANA

IN-STATE  
\$13.50/day  
\$18.00/day

Legislative Proposals

OUT-OF-STATE  
\$22.50/day  
\$27.00/day

NEW MEXICO

IN-STATE  
\$20.00/day

Legislative Proposals  
Increase Out-of-State to \$30.00  
Defeated

OUT-OF-STATE  
\$25.00/day

OREGON

IN-STATE  
\$6.25/meals  
\$8.75/lodging  
\$8.00/meals  
\$9.00/lodging

Legislative Proposals

OUT-OF-STATE  
\$8.25/meals  
+hotel/motel costs  
\$9.50/meals  
+hotel/motel costs

UTAH

IN-STATE  
\$1.75-breakfast & lunch  
\$3.00 dinner  
Oct. 1 thru April 30  
\$11.00 lodging  
May 1 thru Sept. 30  
\$15.00 lodging

Per Diem set by State Board of Examiners

OUT-OF-STATE  
\$27.50-\$30.00  
Depends on City

WASHINGTON

IN-STATE  
\$20.00  
(Includes Ore. Idaho & Canada)

(Legislature approved \$25.00 & \$35.00 but  
due to lack of funds State cannot pay)

OUT-OF-STATE  
\$30.00

ALASKA

IN-STATE  
\$35.00

OUT-OF-STATE  
\$35.00

5-144

§ 68122. Repealed. Stats.1967, c. 17, p. 838, § 46

The repealed section, added by Stats. 1966, 1st Ex.Sess., c. 161, p. 715, § 10, operative upon adoption by the people of Assembly Const. Amend. No. 13, 1966, at the general election held Nov. 8, 1966, related

to choosing by lot between two or more presiding justices who have served terms of equal length for membership on commission of judicial appointments.

§§ 68123-68149. Blank

§ 68150. Repealed by Stats.1971, c. 1550, p. —, § 3.

The repealed section, added by Stats. 1966, 1st Ex.Sess., c. 119, p. 596, § 1, relat-

ed to emergency court plan. See, now, § 68115 et seq.

CHAPTER 1.5 COMPENSATION OF JUSTICES AND JUDGES OF COURTS OF RECORD

Sec.

68208, 68209. Blank.

68210. Affidavit prerequisite to receipt of salary [New].

§ 68200. Chief Justice of California

The annual salary of the Chief Justice of \* \* \* California is thirty-four thousand dollars (\$34,000). (As amended Stats.1967, c. 17, p. 838, § 47.)

1. Increase in salary

1964 amendment to this section and §§ 68201 and 68202 which increased judicial salaries, must be looked upon as both effective

and operative as of August 22, 1964, the 91st day following the final adjournment of Legislature. 44 Ops.Atty.Gen. 17, 7-23-64.

§ 68201. Associate justices of supreme court; justices of courts of appeal

The annual salary of each of the following \* \* \* judges is the amount indicated opposite the name of the office:

(a) Associate Justice of the Supreme Court, thirty-two thousand dollars (\$32,000).

(b) \* \* \* Presiding justice or associate justice of a court of appeal division,

thirty thousand dollars (\$30,000).

(As amended Stats.1967, c. 17, p. 838, § 48.)

1. In general

1964 amendment to §§ 68200, 68202 and this section, which increased judicial salaries, must be looked upon as both effective

and operative as of August 22, 1964, the 91st day following the final adjournment of Legislature. 44 Ops.Atty.Gen. 17, 7-23-64.

§ 68202. Superior court judges; municipal court judges

2. Construction and application

1964 amendment to §§ 68200, 68201 and this section, which increased judicial salaries, must be looked upon as both effective

and operative as of August 22, 1964, the 91st day following the final adjournment of Legislature. 44 Ops.Atty.Gen. 17, 7-23-64.

§ 68203. Salary increases; formula

In addition to the increase provided under this section on September 1, 1968, on the effective date of the 1969 amendments to this section and on September 1 of each year thereafter the salary of each justice and judge named in Sections 68200 to 68202, inclusive, shall be increased by that amount which is produced by multiplying the then current salary of each justice or judge by the percentage by which the figure representing \* \* \* the California consumer price index as compiled and reported by the \* \* \* California Department of Industrial Relations has increased \* \* \* in the previous calendar year \* \* \*.

(Amended by Stats.1969, c. 1507, p. 3086, § 1.)

§ 68204. Status of justices and judges for purpose of § 11569

The justices and judges named in Sections 68200 to 68202, inclusive, \* \* \* shall not be deemed to be state officers for the purposes of \* \* \* Section 11569.

(Amended by Stats.1969, c. 1599, p. 3258, § 3.5, Stats.1969, c. 1600, § 3, operative Jan. 1, 1971.)

Underline indicates changes or additions by amendment

Reasons for increasing Judicial Salaries (3/73)

The paramount goal to improve judicial salaries is to insure high professional competence--that members of the legal profession who can afford to take judicial posts are among the most able members of the Bar. The goal is aimed at the system of administration of justice, rather than at the incumbents of the judicial posts. The goal shifts to immediate salary adjustments and the long-range picture of the quality of the judiciary in years ahead. The goal is based upon the following standards:

Nevada judges should:

1. Be paid a salary high enough to attract and keep persons possessing judicial quality and temperment without calling for undue financial sacrifice;
2. Be paid a salary which recognizes the unique responsibilities of the judicial post;
3. Be paid a salary comparable to salaries paid other public officials in Nevada at all levels of government;
4. Be compensated by a salary which is fair and realistic compared with the Consumer Price Index or other measure of inflation, and compared with the higher federal income tax and state tax rates.

Salary is usually the most important single item in job recruitment and retention. However, most executive and professional positions today have fringe benefits of considerable significance. It should be noted that judges receive no fringe benefits. They have no stock option, bonus or deferred compensation plans, no cars or expense accounts. All they have is their salaries and a retirement plan based on length of time on the bench.

A judge can have no conflict of interest projects, he can have no private practice. If a judge should decide to return to private practice he would have to start out just as any lawyer just passing the bar. Private practice income for an attorney of the caliber most desirable for the bench would be double or triple the salary received by a judge.

The work of a trial judge is probably not well understood by the public. In a recent brief essay, Harry W. Jones, Cardozo Professor of Jurisprudence, Columbia University, described the essential attributes and work of a judge, stating in effect:

### PROBITY

A judge must be an unusually honest man, a man of exceptional integrity financially, politically, and socially.

### PROFESSIONAL SKILL AND ACUMEN

A judge must have professional excellence, which means, "1) wide ranging analytical power comparable to that of the qualified internist in medical practice; 2) mastery of the intricacies of legal procedure and evidence; 3) unusual discernment in dealing with facts and weighing conflicting testimony; and 4) unusual skill at communication with jurymen and witnesses."

### CHARACTER, ENERGY, AND PERSONALITY

The role of the judge calls for uncommon qualities of personality and character. The demands and strains in the courtroom require unusual emotional stability, exceptional firmness and serenity of temperment, and often great intellectual and psychic endurance. With jurymen, witnesses, and litigants, the judge has to be empathetic and endlessly patient. Sentencing:--As a sentencing official, a judge must be compassionate without being mushy-headed, and his demeanor must be at once sensitive and austere.

Jones sums it up by stating:

"...every lawyer knows at least a few trial judges who have come wonderfully close to the ideal, partly through their own natural qualities as human beings and partly through the influence and support of the common law judicial tradition. And the statement of an ideal provides a standard to measure the extent to which particular aspirants to judicial office approach to fall short of the ideal."

It should be pointed out that only part of the judge's workload is in the courtroom. There is much research to be done, he must keep abreast of the new decisions of the U.S. Supreme Court, the Nevada Supreme Court and decisions of other states that would effect decisions in Nevada.

There are special fields in which judges must be trained, such as juvenile proceedings and procedures, criminal procedures, trial court, etc. It is necessary for him to attend conferences, meetings and seminars to meet with other judges and knowledgeable personnel to be up to date at all times on matters dealing with judicial subjects and the administration of justice.

Under the present plan District Court Judges' salaries will increase to \$30,000 effective January 1, 1975. The Constitutional provision proscribing salary increases for constitutional officers during the term for which they have been elected, limits the possibility of any salary change before January, 1979.

According to the Research Department of the Economic Development Board of the State of Nevada the cost of living has gone up 27.7 percent since 1967. All indications are that the cost of living will continue to rise.

SALARIES OF THE UNIVERSITY OF NEVADA OFFICIALS - 3/15/73

Chancellor	\$36,000*
President - Reno and Las Vegas	36,000*
Business Manager	23,500
Director, Desert Research Institute	36,000
Deputy Director, D.R.I.	33,000

\*Housing Allowance: \$2,400; Car Allowance: \$1,000;  
Host Allowance: \$3,600

\* \* \* \* \*

SALARIES OF THE CLARK COUNTY SCHOOL DISTRICT OFFICIALS

Superintendent of Schools	39,750
Deputy Superintendent	28,584
Associate Superintendents (Dependent upon length of time...takes 5 years to reach top step)	22,404 to 27,228

\* \* \* \* \*

The attorney for the school district and Southern Nevada Memorial Hospital is paid between \$21,348 to \$25,932 per year for his services to those two public entities, in addition to his private practice.

\* \* \* \* \*

SALARIES OF THE CLARK COUNTY CONVENTION AUTHORITY

Director	32,000
Assistant director	25,000

3/20/73

SALARIES OF APPOINTIVE OFFICIALS OF CLARK COUNTY

<u>Position</u>	<u>3/20/73</u>	<u>Salary range</u>
County Health Officer	\$42,500 plus \$12,000 as hospital administrator	
County Administrator	33,684	29,364 to 36,936
Director of Aviation	25,656	20,544 to 25,656
Director of Public Works	25,656	20,544 to 25,656
Assistant District Attorney	25,656	20,544 to 25,656
Chief Deputy District Attorney	22,440	18,024 to 22,440
Public Defender	25,656	20,544 to 25,656
Juvenile Court Referee	20,544	16,548 to 20,544
Court Administrator	21,468	20,544 to 25,656

\* \* \* \* \*

With the exception of the first official listed above, all are on the County Classification Schedule with the opportunity to earn merit raises in salary at regular intervals. All are given a longevity bonus after five years of service of \$60 per year. This bonus is given each year. (After 5 years service \$300; 6 years \$360, etc.)

Most of the county officials listed above are provided a county automobile.

The salary of attorneys in County employment is in addition to their income from private law practice which they are permitted to have, but which is forbidden by law to District Judges.

COMPARISON OF PER CAPITA INCOME RANK AND JUDICIAL SALARIES

State	Per Capita Income Rank		Highest Appellate Courts		General Trial Courts		Population Rank	
	1973	1968	'73	'68	'73	'68	'73	'68
District of Columbia	1	1	4	6	2	2	41	40
New York	2	5	1	1	1	1	2	2
Connecticut	3	2	10	12	6	4	24	24
Alaska	4	10	10	19	7	18	51	51
Nevada	5	8	31	37	29	30	48	48
New Jersey	6	7	3	9	3	5	8	8
Illinois	7	4	6	3	19	7	5	5
Hawaii	8	14	20	16	9	11	40	41
Delaware	9	3	13	25	10	16	47	47
California	10	6	2	8	4	11	1	1



COMPARISON OF PER CAPITA INCOME RANK AND JUDICIAL SALARIES (1973)

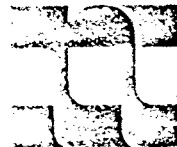
State	Per Capita Income Rank	Highest Appellate Courts	General Trial Courts	Population Rank
District of Columbia	1	4 (42,500)	2 (40,000)	41
New York	2	1 (49,665)	1 (37,817 to 43,317)	2
Connecticut	3	10 (36,000)	6 (34,500)	24
Alaska	4	10 (36,000)	7 (33,000)	51
Nevada	5	31 (28,000)	29 (24,000)	48
New Jersey	6	3 (45,000)	3 (37,000 to 40,000)	8
Illinois	7	6 (40,000)	19 (27,500 to 35,000)	5
Hawaii	8	20 (32,670)	9 (30,250)	40
Delaware	9	13 (34,000)	10 (31,500)	47
California	10	2 (43,672)	4 (36,393)	1

In California, on 9/1/70, and every 4 years thereafter judicial salaries will be increased by the percentage of increase in California's consumer price increase (cost of living) during the preceding calendar year.

SPREAD BETWEEN SALARIES OF SUPREME COURT JUSTICES AND DISTRICT  
COURT JUDGES

	<u>Supreme Court Salaries</u>	<u>District Court Salaries</u>	<u>Differenc</u>
1957-1961	\$18,000	\$15,000	\$3,000
1961 - 1965	20,000	17,500	2,500
1965-1971	22,000	19,500	2,500
1971-1975	28,000	24,000	4,000
1975	35,000	30,000	5,000

Honorable John F. Mendoza  
March 23, 1973



Page 2

Reported in the "Monthly Review:"

L. A./Long Beach - 122.3  
Dallas/Ft. Worth - 123.7  
San Diego - 122.1

However, the consumer price index, for the entire United States, as detailed in the "Federal Reserve Bulletin," shows the following increases, based upon 1967 = 100.

1968 - 104.2  
1969 - 109.8  
1970 - 116.3  
1971 - 123.1  
1972 - 126.9 (through November, 1972)

This means that since the base year of 1967, to date, the consumer price index has increased 26.9%.

A timely news article appeared in the "Wall Street Journal" issue of March 22, 1973, going into further detail regarding the substantial increase since November 30, 1972, and that article is enclosed.

Cordially yours,

C. D. BROWN

CDB:ef  
Enclosure

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY

JUDGES' AGE, YEARS OF SERVICE and DEPENDENTS

<u>DEPARTMENT</u>	<u>AGE</u>	<u>SERVICE</u>	<u>DEPENDENTS</u>
1	68	8 years	1 (wife)
2	59	13 years	2 (wife and 1 teen age)
3	45	2 years	5 (wife, 3 teen age and 1 sub-teen)
4	47	6 years	None
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8	52	2 years	4 (wife and 3 teens)
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10	35	1 year	7 (wife, mother and 5 sub-teens)

*Cost Dist. 12,800<sup>00</sup>*

NUMBER OF JUDGES PER CAPITA (1971)

<u>Dist.</u>	<u>County</u>	<u>1960</u>			<u>1970</u>		
		<u>Pop.</u>	<u># Judges</u>	<u>Aver.</u>	<u>Pop.</u>	<u>#Judges</u>	<u>Aver.</u>
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	Humboldt	<u>5,708</u>			<u>6,375</u>		
		8,907		9,045			
7	White Pine	9,808			10,150		
	Lincoln	<u>2,431</u>			<u>2,557</u>		

Number of Judges Per Capita (Clark County - 1973)

<u>Dist.</u>	<u>County.</u>	<u>1960</u>			<u>1970</u>			<u>1973</u>		
		<u>Pop.</u>	<u>Number</u>	<u>Aver.</u>	<u>Pop.</u>	<u>Number</u>	<u>Aver.</u>	<u>Pop.</u>	<u>Number</u>	<u>Aver.</u>
3.	Clark	127,016	4	31,754	273,288	6	45,548	322,900	10	32,290

PREPARED BY:

John F. Mendoza  
 3th Judicial District

1960 figures - Premier World Atlas, Rand  
 McNally & Co., 1967  
 1970 figures - U.S. Department of Commerce  
 1973 figures - Greater Las Vegas Chamber of  
 Commerce

3-157

EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY

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TOTAL FILINGS, 1962 through 1972  
-----

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This means that approximately 7 cases per judicial day for each Judge were filed last year, resulting in an average of 11 hearings per judicial day for each Judge.

MEMORANDUM

TO: Senate Finance Committee  
FROM: Howard E. Barrett  
SUBJECT: Per Diem Rates

LC/E

159  
SB. 383  
3

ARIZONA

IN-STATE  
\$20.00/day  
  
\$30.00/day

Legislative Proposals

OUT-OF-STATE  
\$30.00/day  
  
\$40.00/day

CALIFORNIA

IN-STATE  
\$25.00/day

OUT-OF-STATE  
hotel/motel costs  
Meals  
2 - 4 hrs. \$ 3.40  
4 - 8 hrs. 6.80  
8 -12 hrs. 10.25  
12-24 hrs. 13.65

Per diem set by State Bd. of Control

COLORADO

IN-STATE  
\$10.00/day  
+hotel/motel costs

No Legislative Proposals

OUT-OF-STATE  
\$10.00/day  
+hotel/motel costs

IDAHO

IN-STATE  
\$ 6.00/day  
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Effective July 1, 1973

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+hotel/motel costs

OUT-OF-STATE  
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\$10.00/day  
+hotel/motel costs

MONTANA

IN-STATE  
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\$18.00/day

Legislative Proposals

OUT-OF-STATE  
\$22.50/day  
  
\$27.00/day

NEW MEXICO

IN-STATE  
\$20.00/day

Legislative Proposals  
Increase Out-of-State to \$30.00  
Defeated

OREGON

IN-STATE  
\$6.25/meals  
\$8.75/lodging  
  
\$8.00/meals  
\$9.00/lodging

Legislative Proposals

OUT-OF-STATE  
\$8.25/meals  
+hotel/motel costs  
  
\$9.50/meals  
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UTAH

IN-STATE  
\$1.75-breakfast & lunch  
\$3.00 dinner  
Oct. 1 thru April 30  
\$11.00 lodging  
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\$15.00 lodging

Per Diem set by State Board of Examiners

OUT-OF-STATE  
\$27.50-\$30.00  
Depends on City

WASHINGTON

IN-STATE  
\$20.00  
(Includes Ore. Idaho & Canada)

(Legislature approved \$25.00 & \$35.00 but  
due to lack of funds State cannot pay)

OUT-OF-STATE  
\$30.00

ALASKA

IN-STATE  
\$35.00

OUT-OF-STATE  
\$31.00



To summarize these figures:

Method #1 - Equal Rates by Employees and Employer

<u>Present Rate</u>	<u>Fully Funded Rate</u>	<u>Interest Only Rate</u>
Employee 6%	Employee 11.68%	Employee 8.19%
Employer 6%	Employer 11.86%	Employer 8.19%

As previously stated, we would strongly recommend that you adopt a rate somewhere between the interest only approach and the fully funded basis.

Since it may present a problem to the State to increase employees' contributions with no increase in benefits, we suggested a set of rates under which the employee's rate of contribution remains at 6% of compensation, while the employer's rate provides the balance of costs:

Method #2 - Unequal Rates

<u>Present Rate</u>	<u>Fully Funded Rate</u>	<u>Interest Only Rate</u>
Employee 6%	Employee 6%	Employee 6%
Employer 6%	Employer 16.66%	Employer 9.98%

We strongly recommend that, depending upon your decision on employees' rates of contribution, the employer adopt at least an interest only basis of contributions.

4. This item had to do with granting 1-1/2% of final average compensation for years served in excess of 30. We have estimated that an additional .67% of payroll each from the employee and the employer would be required to fully fund this additional benefit.

5. This question had to do with retirement of policemen and firemen. It was suggested that we determine the costs for retirement after twenty years of service at any age.

In addition, we were asked to determine the cost of full retirement benefits commencing at age 50 without regard to a service requirement. We previously quoted the estimated cost of retiring with twenty-five (25) years of service and any age. We believe that your request for the "age 50" determination will be no greater than the percentages quoted previously and these have been indicated below in parentheses:

a. If the additional cost is to be divided equally between the employees and the employer, with the provision that the employees would receive a return of contributions upon death or withdrawal, 9.8% (2.5%) of payroll by the employees and by the employer.

*early Retirement  
O-FF*

b. If the estimated additional cost is to be borne entirely by the employer, 17.7% (4.6%) of payroll from the employer and nothing from the employees.

c. If the additional cost is to be divided equally between the employees and the employer, with the provision that the employees upon termination or death do not receive a return of their contributions which were in excess of the present contribution of 6% of payroll, this item would amount to 8.85% (2.3%) of payroll from the employer, and 8.85% (2.3%) from the employees.

It should be pointed out that the additional rates of contribution quoted above are based on the assumption that all members will retire at the first qualification. If only a portion of the membership, say 30%, retired when first qualified, the additional rates would be only 30% of those indicated above.

The indicated additional rates also assume that the more liberal retirement qualification would apply to present police and fire members, as well as to future retired members. The effect of this is to incorporate in the above rates a certain amount of deficit. As new entrants are incorporated in the Retirement System, the above additional rates would tend to be reduced. It should be pointed out again, however, that none of the prominent California retirement systems provide as liberal a benefit as 50% of final compensation after twenty years of service.

6. This question had to do with increasing the post-retirement benefit from 1-1/2% per year to 3% per year.

Our estimates indicate that the cost of this change would amount to 1.8% of payroll from each of the employees and the employer. This added contribution would fully fund the increased portion of this post-retirement benefit.

7. This item had to do with "immediate disability" for firemen and policemen. We were advised to wait on any cost determination until we were furnished a copy of the precise proposal.

8. This item had to do with the abandonment of Options 4 and 5 after July 1, 1971. As we previously indicated, these two options have been of very little value to your present Retirement System. Perhaps not many members are aware that they exist. In any event, very few members have retired under these options. In our letter of September 16, we have made several proposals pertaining to these benefit provisions. We believe that deleting Options 4 and 5 would not affect the overall Retirement Program adversely. The purpose of these options is to provide an adequate

Mr. Donald Anderson

- 4 -

January 6, 1971

retirement benefit to older members who may have very young spouses. However, over the years proportionately few members have selected this form of benefit.

We look forward to meeting with you on January 8, 1971 to discuss further these provisions.

Sincerely,

COATES, HERFURTH & ENGLAND  
Consulting Actuaries

By

*Sanford M. Jacobson*  
Sanford M. Jacobson

SMJ/sap

Barbanell-Liever, Inc.  
Employee Benefit Consultants  
Pension Fund Advisors

405 MONTGOMERY STREET - SAN FRANCISCO, CA., 94104

December 31, 1970

Mr. Keith J. Henrikson, Chairman  
Nevada Joint Legislative Committee  
Peace Officers -- Fire Fighters  
224 Smithridge Park  
Reno, Nevada 89502

Dear Mr. Henrikson:

Public Employees' Retirement System--State of Nevada

In accordance with our assignment, we have reviewed the actuarial reports of 1956, 1960, 1964, and 1968, the report to you dated July 13, 1970 from Coates, Herfurth & England regarding estimated costs for certain benefits to police and fire members, the retirement plan, recent copies of statements of Receipts, Disbursements, and Balances, and other miscellaneous related material. We have evaluated this information and offer the following comments and opinions.

The actuaries have continuously expressed in each actuarial report that it is becoming increasingly important that consideration be given to limiting the amount of unfunded liability accruing under the system (as of the last report this liability was more than \$117,000,000). With a continuously increasing interest assumption without off-setting funds to stabilize the liability, it becomes a larger problem each year. There also is an increasing multiple effect each time benefits are revised or added. We suggest that future discussions regarding contribution levels include something to stop the unfunded liability from growing. It is our understanding that the intention of the Retirement Board is not to fully fund the plan. We do not disagree with this position but feel it is important that enough funds be kept in reserve so that active employee contributions do not eventually become needed to pay present retirement benefits. Keep in mind, however, that should the State elect to change the ratio of its contribution, it could solve this financial problem.

There is obvious concern by the actuaries as to the financial stability of the plan based on their present assumptions and level of employee and employer contribution. With the information we have, there is no way

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that we can evaluate the real experience of the System. There are, however, three areas where we think you would want to question the basis for the assumptions before accepting any future contribution levels for the existing plan of benefits or for increases in benefits.

1. What has been the actual annual earnings on the fund? Each actuarial report has shown an increase in the interest assumption (from 2-3/4% to 4-1/2%) but has merely stated that the earnings have been in excess of the suggested assumption to be utilized. This information should be readily available to you. If there has been conservatism with this assumption and a higher interest assumption could be used, the effect could be a reduction in the amount of the unfunded liability or perhaps a lower level of contribution than was recommended in the 1968 actuarial report.
2. On what basis was the estimate of liability for the "Survivors Benefit" and "Post Retirement Benefit" made? We imagine that these original estimates were also on a somewhat conservative basis. Now that several years have passed, it is feasible that actual experience may show that a reduction in these estimates is appropriate. If so, again it will help in the areas of reducing the unfunded liability and the eventual contribution level.
3. In the July 13, 1970 letter of cost estimates, it was suggested that perhaps 30% of those eligible for retirement would retire when first eligible. Is this 30% what the actuary would use in establishing the contribution level? We feel that clarification is needed on this point since it is directly related to the needed contribution amount.

To our knowledge, there are no national statistics available as to the percent of employees who take an early retirement when first eligible. As stated in an article in the July 17, 1970 Wall Street Journal, officials in many industries suggest that the nationwide rate for early retirement is probably somewhere around 10%. If the actuaries would, in the final analysis, want to use the vaguely suggested 30%, we think you would be sage in asking them to substantiate their decision.

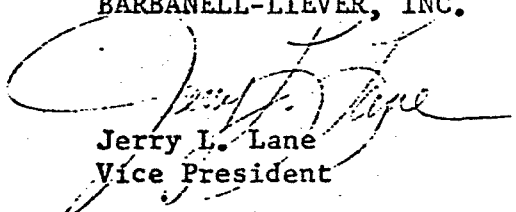
A police officer or fire fighter could retire at a relatively young age under your proposed provisions and still be employable in a different field. It is our opinion, however, that the retirement benefit, while relatively substantial, would not influence 30% to actually retire. We think the 1½% increase in retirement benefit for each additional year, maximum 10 years, is incentive enough for most employees to continue working.

Mr. Keith J. Herkerson  
December 31, 1970  
Page Three

In summary, we have considered all actuarial assumptions as a whole when evaluating the reports. We feel that the material we had adequately explained the assumptions used except for those mentioned above. Our comments are directed to those areas that we feel need more clarification so knowledgeable decisions can be made as to future benefits and contribution levels.

Very truly yours,

BARBANELL-LIEVER, INC.



Jerry L. Lane  
Vice President

JLL:cpn

cc: R. Ashleman

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## Hanging On

# Most People Eligible For Early Retirement Prefer to Stay on Job

## Tenacity Upsets Some Firms Trying to Cut Back; Lack Of Funds Deters Workers

### Mr. Dowd Returns to Work

By ERIC MORGENTHALER

Staff Reporter of THE WALL STREET JOURNAL

For years you grumble about your job. You think your boss is stupid. You say you're overworked and underpaid. You can't stand the grouch at the next desk. You count the years till you're 65, when you can start collecting pension checks and begin to spend some time on the golf course getting rid of that slice. You'd give anything to leave right now, you say, if only you could afford it.

And then along comes the company personnel man, and he says, "Well, Mike, you've been here a long time. You're 55 now. How would you like to retire early under our new pension plan?" Do you grab the snapshot of your kids off the desk, roll down your sleeves and speed toward the nearest exit? No. You might like everything to stay on till you're 65.

"Early retirement? Hell, we have trouble getting them out at 65," complains an executive with a major manufacturing firm that allows its employes with 10 years' service to retire as early as age 55. It's the same in nearly every industry. Companies are discovering that the vast majority of both blue-collar and white-collar workers who could retire early simply don't want to.

This reluctance to leave is proving especially distressing to industry these days. Many firms are trying to pare—or slash—their pay rolls during this recession, and they would prefer to do this as painlessly as possible. The most painless way is to fire nobody and just not replace those who leave. At many companies, the desired reductions could be achieved through attrition—if only more people would retire early.

### Unions Frustrated, Too

But most won't. "It's a strange thing, but the older you get the more you like to work," says Don Kirkpatrick, a personnel officer at McDonnell Douglas Corp. in St. Louis. Union officials, who have worked with many management programs to draw up early retirement programs, are equally frustrated. They would rather see older members retire than younger ones laid off.

Companies that have had early retirement programs for several years say that the number of employes opting to leave early is increasing, but in most cases the figure is still far less than a quarter of those eligible. At Westinghouse, where an employe with 30 years of service can retire at age 60 without a reduced pension, only 12% of those eligible to retire early did so in 1963. To be sure, that's up 6% from the 6% of 1961, but it's still amazingly low, company and union officials say.

Eastman Kodak, which offers two liberal programs for early retirement, says only 5% of the eligible employes retired early last year. The figure is 8.5% at a big steelmaker and is in the 5%-to-10% range in most other industries. One big exception is the oil industry, where companies report early retirements as high as 64% of those eligible—and where companies deny employe allegations that the rates are high because the companies do everything possible to force the workers out. A high rate in the auto industry—nearly 50%—presumably reflects the fact that assembly line work is terribly dull and many employes can't stand to stay a moment longer than they need to.

There are no national figures available, but talks with officials in many industries suggest that the nationwide rate for early retirement is probably somewhere around 10%.

### The Main Reason: Money

Why don't the workers leave early? Money seems to be the main reason, although a reluctance to part with perquisites such as a secretary or a company car is also a factor.

No matter how generous the pension, the man who retires probably takes a substantial cut in income. A recent study by Bankers Trust Co. of New York indicates that a person whose average annual compensation during his final years of employment is \$12,000 retires with a pension equal to 35% of that; Social Security benefits raise that figure to 50%. A person whose final salary was \$40,000 retires with a company pension equal to 40% of that, the study found; Social Security benefits raise that to 47%.

If a pensioner retires before age 62, however, he can't supplement his pension with Social Security. And he can't get full Social Security benefits until he is 65.

Also, since most pensions are based in part on a worker's final salary, some workers want to stick around the extra years in hopes of a raise that will result in a higher pension. That's why John McKee decided not to retire three years ago from his job as a clerk in the accounting department at Skelly Oil Co. in Tulsa. Mr. McKee was 61 then, and he would have been eligible for a pension of \$605 a month, about half the salary he was then making.

"I could have gotten by on what I would get," he says. "But let's face it, I want to live just as well after I retire as I did before. I don't want to curtail my means of living. I went through that in the Depression." He figured that if he kept working he would get a raise, and then his pension would go up. In fact, he has gotten more money since then and his pension when he retires will be around \$100 a month. And, says Mr. McKee, "the way this inflation business is going I don't know then but what \$100 might buy a lot of beans and cornbread in three years."

### "Tired of Doing Nothing"

A survey by the Institute for Social Research at the University of Michigan in 1965 and 1967 found that most persons felt they couldn't retire on less than \$4,000 a year. The figure is probably higher now. In the auto contract talks that just started, for instance, the union is seeking retirement after 20 years of service at 70% of the worker's final wage, with a minimum of \$300 a month. A veteran auto-

Please Turn to Page 13, Column 1

JULY 11, 1970  
WALL STREET JOURNAL

## Hanging On: People Eligible to Quit Early Prefer to Stay on Job

Continued From First Page

worker currently can retire at 60 with pension of \$400 a month.

Especially for white-collar workers, are factors other than money. "Middle professionals generally want to keep working. They get a psychological satisfaction from their jobs," says Norman Sprague, an expert at the National Council on Aging in New York. That's the experience of Burt Dowd, who retired in 1963 as superintendent of production engineering at United Gas Pipeline Co. Dowd, now 63, says, "I got tired of doing it," so he went job hunting and now is president of Resource Exploration in Shreveport, La.

Not everyone is unhappy with early retirement, of course. R. B. Garrison, 63, who took up golf and organ-playing after retiring from Phillips Petroleum a year ago, couldn't be happier. "I've finally found time to do things I always wanted to do," he says. Does he have second thoughts about leaving his job purchasing agent?

"Oh, hell no!" he replies. "I'd never want to go back to work."