

Assembly

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MINUTES

WAYS AND MEANS COMMITTEE - NEVADA STATE LEGISLATURE - 58th SESSION

January 30, 1975

The Meeting was called to order by Chairman Mello at 8:00 A.M. in the Ways and Means Committee Room.

PRESENT: Chairman Mello, Mr. Bremner, Mrs. Brookman, Mr. Dreyer, Mr. Glover, Mr. Howard, Mr. Robinson, Mr. Weise and Mr. Wittenberg.

ALSO PRESENT: Bill Bible, John Dolan, Jim Wittenberg and Robert Gagnier

Motion to approve the Minutes of the meetings of January 22 and 23, 1975 was made by Mr. Robinson, Seconded by Mr. Bremner. Motion passed.

Jim Wittenberg then summarized the basis of their recommendations: the cost of living increase, comprehensive fringe benefit survey and prevailing rates paid by public employees in the state.

He stated that food has increased 32% and "all items" have increased 20.2%. There was a limit of 5% for the maximum increase, and therefore, there was a loss of 2.4% on the previous salary increase. They are recommending annual salary adjustments, not quarterly or semi-annually and recommending a ceiling increase to 7%, not 9 or 11%. The rate of growth in state employment in the past four years is one-half of the two 4-year periods. Population has increased and the demands for public service have increased, yet the number of employees as increased at half the rate. This is a savings because of fewer employees in government. Mr. Robinson requested a copy be made available of the Work Performance Standards. Jim Wittenberg stated that there are 7200 classified employees and 250-300 positions vacated were not filled. He also stated that 150 employees were laid off mostly at the Highway Department. 80-90 of these employees were employed with other state agencies over a period of nine months. He also stated that an employee is paid when he is off sick, but he does not receive a cash pay-off if he is not sick. Mr. Dolan stated that we do not have in our state's system a way of keeping track of pay-roll, only the total dollars spent from the budget which might be part annual leave, part sick leave, etc. The Highway Department because of their Federal reports break down payments, whether the individual is on the job producing, pay for when an individual is sick or using his accumulated annual leave.

Chairman Mello requested the cost of each item. Mr. Jim Wittenberg handed out copies of memos regarding the cost. The cost of Sick Leave Buy-Back on death or retirement was computed on the average deaths, retirees, wage and accrued sick leave for the past year. The specific recommendation is to pay in excess of 30 days to discourage the misuse of sick leave as employees get close to retirement.

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The Longevity recommendation is to increase the maximum amount from \$250 semi-annual to \$300, extend the 15 year maximum to 16 or 17 years and drop the 10 year beginning period to 8 or 9 years as most of the employees are at the top of their salary range at 8 years. This would provide motivation for better performance as the employees would not receive this benefit if their work is not up to standard. Performance standards are developed by the employee and his supervisor and both agree that these are standards and duties to be expected. It is then the duty of the supervisor to determine if an employee's work is up to standard. Mr. Robinson asked if an employee fails to meet these standards, if there is anything built in for cause of dismissal or termination. Mr. Wittenberg stated that there can be over a period of time depending upon the seriousness of the particular standard. One purpose of this recommendation is to discipline employees whose performance is not standard by not allowing him this benefit. There has been a number who have been dismissed for failure to meet standards. 90% of the 20% eligible are now receiving longevity benefits. They are also trying to achieve this recommendation because there is not enough differential award for differential performance. At present, everybody gets the same thing no matter what they produce.

Chairman Mello asked how many unclassified people eligible are drawing longevity benefits. Mr. Jim Wittenberg did not know, but would provide the information.

Federal Legislation now provides Unemployment Insurance for Government agencies. Mr. Jim Wittenberg stated that they are recommending unemployment insurance to continue, as Manpower and the University presently have unemployment. Mr. Weis asked why employees needed unemployment insurance when no one is getting fired. He felt the positions were very secure. Robert Gagnier stated that Governor Reagan had a firm in California do a study on the security factor in government and it was found that the security factor is worth less than 1% on the gross salary. Mr. Gagnier stated that there is no longer a security factor as proved by the 150 highway employees who were laid off. Mr. Jim Wittenberg stated that this security factor was a plus but a quarter of a million public employees have been laid off across the nation in the past six months and will continue. He also stated that the amount provided for unemployment will be used only to the extent necessary. The money would be set aside to be used as need be. Less money would be used if no one is laid off. Chairman Mello stated to Mr. Weis that if what he said was true, no money would be spent.

Mr. Jim Wittenberg then explained the Insurance Benefit Increase. They are recommending an increase in the employer's contribution of an employee to be covered by 35% for the 75-76 fiscal period and an additional 10% for 76-77. The current cost is \$23.65 paid by the employer and they are recommending that this go to \$32 in 75-76 and \$35.20 the following fiscal period. The employee now pays for his first dependent. This is not for increased benefits, but simply for the existing or current policy benefit level. Mr. Weis felt that 50% increase over the next two years is pretty dramatic and asked if most of the public entities in Nevada are covered by the same carrier. Jim Wittenberg stated that not all are covered by the same carrier. One variable in this is the experience rating in state government is not good. They shop around only every one or two years. Mr. Bible stated that there is a \$10,000 One-Shot appropriation to hire consulting services for the Commission on Group Insurance to evaluate the present policy. Mr. Morgan, Executive Director of the Teachers Association asked if this included dental and Mr. Wittenberg stated it did not. Mr. Bremner asked why the experience rating was so bad. Mr. Wittenberg replied that the state does not have a pre-employment medical requirement and some people are hired with medical problems. Robert Gagnier stated that this program has not been put out for bid for three years and that they have asked that it be put out to bid, but instead determined that they would just re-negotiate the present policy. This is why a consultant has been proposed to evaluate the program. If fewer than half of the employees are covering their dependents under this program, then he felt something is wrong with the program. Mr. Weis stated that if less than 40% are covering their dependents under this program, perhaps people are only selectively including their ill dependents. And he felt perhaps they were getting coverage from some place else. Bob Gagnier stated that they could be buying coverage from elsewhere because the program is not good. The program was available to all other public entities but other agencies have pulled out of the program because they can buy better coverage for less money. Mr. Weis asked why a physical was not mandatory because he felt it could improve the program. Mr. Gagnier stated that if an employee does not cover his dependent at the time he covers himself, then they must show evidence of insurability. Mr. Robinson asked with the incentive of employing the handicapped, can they be waived into these plans if they are not insurable. Mr. Gagnier replied that at the present time, if they come to work with a handicap or existing illness as an employee, there is no physical. And if they are the dependent and enrolled immediately, there is no physical. Since legislation requires the state to consider employing the handicapped, the requirement of a physical examination as a condition of employment might be conflictive. Chairman Mello stated that the Committee on Group Insurance could be asked to attend a meeting at a later date to answer any questions.

Jim Wittenberg stated that he would like to clarify some of his comments as they could have been misleading. He stated that the figures which could be added to the salary are the figures for annual leave, sick leave and holidays. Industrial Insurance is not an increase in benefits, just an increase by the Industrial Commission. Also, what is being taken out for retirement is still owned as it is not vested for ten years.

Mr. Weise asked if the Sick Leave Buy-Back average of 425 hours, which is approximately 53 days included the 30 days or extended beyond. Jim Wittenberg

stated that this included the thirty days so the average days would only be 23, but with this incentive it would probably build, but would discourage misuse. He again stated that employees would not be reimbursed for the first thirty days and any days over that would only be reimbursed upon death or retirement.

Chairman Mello then asked if anyone in the audience had any comments and Mr. Ernest Newton, Nevada Taxpayer's Association, stated that he would like to have some time at a later date as he was not prepared.

Chairman Mello also stated that a sub-committee would be appointed on this package at a later time and at that time he would also appoint the other sub-committees. The debate has not been completed on these recommendations which is the reason why the sub-committee will not be appointed until later.

Mr. Bible then gave the committee members two handouts regarding the Unclassified Salary proposals. There is little comparison between private and public in duties, but there is in salary, with the private being higher. A 20% increase is recommended for unclassified employees with some variations as they did not receive a 5% increase in 1974.

Mr. Weise asked if Jim Wittenberg could please provide information as to how many employees are receiving retirement benefits from another government entity. Mr. Wittenberg stated that this information would be supplied.

The meeting adjourned at 10:00 A.M.