

MINUTES

LABOR AND MANAGEMENT COMMITTEE
February 15, 1977

Members Present: Chairman Banner
Mr. Goodman
Mr. Weise
Mr. Dreyer
Mr. Robinson
Mrs. Gomes

Members Absent: Mr. Bennett

Guests Present: See attached lists

Chairman Banner called the meeting to order at 3:16 p.m. and announced that this was a continuation of the February 10 hearing on A.B. 176, 177, 178, 179, 180 and 181.

Mr. Robinson stated that he had requested Larry McCracken of the Employment Security Department to make some additional comments to try to establish what was done during the 1975 legislative session and to find out how much tightening the qualifications contributed to the near solvency of the fund as opposed to the increased contribution by the employers.

Mr. McCracken stated that as a result of A.B. 473, passed in 1975, certain savings did accrue to the fund as a result of disqualifying measures, including the areas of voluntary quits and misconduct. The dollar amount in 1976 that was generated by these two provisions was \$2.8 million. Another qualifying requirement that was new was the requirement of earnings of one and one-half times the high quarter wages and that had the effect of reducing the pay-out of \$1.7 million in 1976. This was the first full year that results of the bill could be truly tested, and showed \$4.5 million less paid out in 1976 than would have been had A.B. 473 not been passed. This is the claimant contribution to the fund stability.

On the employer side, they paid an increase of \$11 million over 1975, due to the increase of the tax base, as well as the average tax being increased. Also, because of the reduced number of unemployed in 1976 and because the duration of unemployment dropped, there was an additional \$5.5 million that would otherwise have been paid. All this adds up to \$21 million which was the amount that the agency paid out in excess of what it took in in 1975. In 1976, the agency paid out \$1 million more than it took in and anticipates that by November 30, which is the time the fund is tested each year, the fund will be in the black by about \$15 million. Both labor and management have contributed to the solvency of the fund.

Mr. McCracken further stated that the fund became in trouble not because of high unemployment, although that aggravated it. In 1938 ~~and 1955~~ the contribution rate was an average of \$2.70 per \$100.00 of payroll; in 1946-68, the rate dropped to \$1.25-\$1.50; and from 1969-71, the rate was

only \$1.00. That is where the fund got into trouble. Between 1972-75, the fund balance decreased, because there was no base there to sustain it. Now the rate has been increased to \$2.10, which is the same as California. The states with a lower rate than ours owe the federal government millions of dollars because their employers have refused to take responsible action to raise the tax rate. When they get in trouble, the government reduces their tax credits. Employees in these states do not run the risk of not being able to get their benefits, because the federal government would not allow this; the states must borrow more and more to handle the load.

Clint Knoll, representing Nevada Association of Employers, testified in favor of A.B. 176, particularly with reference to Paragraph 2(a), dealing with suitability of work. He felt that labor should welcome this as it spells out precisely the standards to be used by the Employment Security Department and does not allow discrimination.

Frank Johnson, representing Hilton Hotel Corp., stated he was in favor of the whole package.

Mark Gannett, of Las Vegas Laundry, said he wants the fund to be solvent and favors the six bills.

E. R. Newton, representing the Nevada Taxpayers Association, asked that Mr. McCracken clarify if the tax rate of 2.6% was based on employers or employees. Mr. McCracken said it referred to the percentage per \$100.00 of payroll and that, actually, with the 1.5% surcharge, the rate is 3.1%. He stated that prior to the passage of A.B. 473 in 1975, all employers were paying at the rate of 2.7% and now they are paying on the average of 3.1%.

Mr. Newton said A.B. 176 provides the Department with guidelines that would remove the suspicion of favoritism from its shoulders, and he feels it is a desirable piece of legislation. However, Mr. Robinson was concerned about the wording in Paragraph 2(c), with respect to a claimant's prior training, experience and capability, particularly with reference to skilled craftsmen who are getting a good wage. Many jobs at a lower rate would be within his training and capability, including a carpenter working in a lumberyard. He felt this wording should be changed to protect these people.

Mr. Goodman stated that the skilled worker who is hired through a union hall would lose a chance of working in his trade if he takes another job and cannot be at the hall when the skilled jobs come in. Mr. Weise asked if there was a requirement that the craftsman be physically at the union hall to claim a job, or could he notify the union of his interest. Chairman Banner said that in his experience, the man must actually be in the hall in order to maintain his name on the list. If he misses the job call 3 times, his name would go to the bottom of the list and someone else would get the job. In effect, these people would be taken out of the job market for their own skill.

Mr. Weise asked if a worker could be given a waiver from this procedure so that he would be able to take a lower paying job temporarily. But Mr. Banner said the hiring hall procedure was worked out by contract between labor and management. Mr. Robinson said he didn't think the Committee should be interfering with the internal affairs of union hiring halls. Mr. Knoll agreed, and also stated that this would only involve at the most 30% of the people in Nevada.

Mrs. Gomes said that if labor and management are taking care of these kinds of jobs, they would not be listed with the Employment Security Department. She felt the Committee should address itself to the type of people who are out of work due to high unemployment which are generally low paying, non-skilled jobs.

Gale Bishop, representing the Operating Engineers, opposed all of the bills. The fund will have a surplus this year, and there has been enough legislation.

Lou Paley, Nevada State AFL-CIO, opposed all the bills. He stated A.B. 176 would destroy the apprenticeship program, and passage of A.B. 181 would take \$1.5 million out of the economy.

Jack Kenney, of Southern Nevada Home Builders, asked about unemployed union people who don't have to sign up with the Employment Security Department. However, Mr. McCracken stated that everyone has to register with the Department. The Department is required to have a person who is unemployed seek work from that organization which is most likely to find him a job. For most people in the state that is the Department, and it tests their job availability and willingness to work by referring them to employers who have given job orders to the Department. Those who refuse are cut off from benefits. For many claimants, the most reasonable place for them to secure employment is through certain unions. These unions which have bona fide hiring halls, can certify to the Department that their people are available and able to work. On questioning by Mr. Banner, Mr. McCracken said the Department does not have the facilities and staff to handle the workload if the union did not handle some of the hiring. Mr. Kenney then suggested a change to A.B. 176 requiring the unions to submit their rolls to the Department for review.

Sam Paternostro, representing the Plumbers Local 525 in Las Vegas, was opposed to all the bills.

Charles Malone, Carson City, testified as to A.B. 176, with respect to Paragraph 2(a), asking what would prevent an employer from laying off all his employees one day and calling a union hall or the Employment Security Department the next day and hiring back, conceivably, the same employees at a lesser wage. Then, if they refuse to go back, they would be disqualified. Mr. Weise said there is nothing in the law now that would prevent this; however, union people are protected

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by their contracts, and it would be poor business practice anyway, because of the investment an employer makes in training people. He stated that this bill doesn't really address that problem.

There being no further testimony, Chairman Banner adjourned the meeting at 4:14 p.m.

Respectfully submitted,

Sandra Campbell

Sandra Campbell, Assembly Attache

LABOR AND MANAGEMENT COMMITTEE

PLEASE REGISTER IF YOU WISH TO BE RECOGNIZED

AB
176, 177, 178, 179, 180, 181 (Continuation)

2-15-77

AGENDA

DATE

NAME (please print)	REPRESENTING	BILL NUMBER	CHECK	
			FOR	AGAINST
CHRIS KNOLL Waste Removal	Nev. Association of Employers	AB 176	✓	
CHARLES MALONE	SELF	AB 176		
Sam Paternostro	Plumbers Local 525	176-181		✓
Carl Bishop	oper. Eng.	"		✓
Edward Park	Calif. Mes. Emp. Op. Eng.	176 " 181		✓
Carl Young	OPER. CIVIL # 3	176 " 181		
Frank Johnson	Hi-Hour Hotels Corp.	176-181	✓	
Sam McPadden	Employment Sec. Corp.	" "		
John Kelly	New State of L.C. 176-181			✓
Mark Samette	Las Vegas Laundry	AB 176-181	✓	
E.L. Newton	NTA	✓	✓	

Date: 2-15-77

LABOR AND MANAGEMENT COMMITTEE

GUEST LIST (Non-Speakers)

NAME (Please print)	REPRESENTING
Gordon Cronenberg	Human Resources - Directors Off
Ed Bowers	Gaming Industry Association
McKee	Gibbs Co.
Al Taylor	Basic Management Inc.
Richardt Blight	NEV - E.S.D.
Tom Moore	Clark County
Tom Gase	Central Tel. Co.
Robt. Wong	ESD
Burr Armstrong	Lawyer Law
Stephen M Bishop	n/a
Paul B. Wise	Oper. Engr #3 Against Betts
Bob Moore	Kennecott Copper Corp.
G. Holloway Haws	NEV State AFL-CIO
Tom Young	SPPL.
JACK KENNEY	SO NEV HOME BLDGS