

MINUTES

LABOR AND MANAGEMENT COMMITTEE  
March 1, 1977

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

Guests Present: See attached lists

The Chairman called the meeting to order at 4:14 p.m.. He explained that this was a rehearing of A.B. 176, 180 and 181, which had been rereferred to the Committee. He then called on JAMES R. HENDERSON, Chairman of the Employment Security Department Advisory Council, to testify.

Mr. Henderson read a statement to the Committee, a copy of which is attached as Exhibit "A". Upon questioning by Mr. Dreyer, Mr. Henderson stated that the package of bills he referred to did not apply to A.B. 176, 180 and 181. In reference to the prepared statement, Mr. Weise asked if the deficit reduction of \$4 million included the federal loan. Mr. Henderson said no, because these funds have not been used; they are on deposit only. Mr. Weise then asked how long before the fund would be solvent and Mr. Henderson said about 6-8 years. On questioning by Mr. Robinson, Mr. Henderson stated that Nevada's contribution to the federal unemployment tax comes back to us for use in administration of our program.

LARRY MC CRACKEN, Employment Security Department, testified on the three bills and delineated the major problems with each:

A.B. 176, which deals primarily with the suitability of work, has three major issues: (1) Conflicts and technical problems, mainly in Subsection 2 of the bill. As the bill was amended, work is suitable if the wages exceed the claimant's benefits by at least 15%. However, Mr. McCracken stated that since the average weekly benefit is \$74.00, this would cause a benefit which is less than the minimum wage. How can a rate which is less than the minimum wage be unacceptable in other state and federal statutes and acceptable in this instance? (2) Conflicts in administration, particularly with reference to Subsection 2(d), dealing with work being suitable if it is near the claimant's last job. This could cause problems with a Reno resident who is working in Winnemucca, is laid off and returns to Reno. He could be required to return to an available job in Winnemucca or be disqualified. (3) Impact on employers and employees: A new Subsection 3(d) was added to this bill stating that work is not suitable if it is disreputable according to accepted community standards. If the community licenses porno stores, working in one would be considered "suitable" by community standards. Mr. McCracken felt the moral consideration should be put back in Subsection 2 along with health and safety. Subsections 2(a) and 3(b) are in conflict with each other and will cause many appeals. Also, he stated that Subsection 3(c) cannot be changed by federal law.

Mr. Dreyer asked why these conflicts were not brought up in the previous hearings and Mr. McCracken stated that he did bring out some then but these others had since been brought to his attention. Mr. Weise asked if there are any states that have a percentage of wage factor in determining suitability of work, rather than basing it on the minimum wage. Mr. McCracken explained that Georgia recently passed a law that for the first 8 weeks a claimant would get a certain percentage of prior salary and thereafter the benefit would drop. He also pointed out that last year Georgia only disqualified 150 people while Nevada disqualified 600. Nevada's is not a weak law. Mr. Weise asked if all the conflicts were cleared up, was there any federal prohibition against A.B. 176. Mr. McCracken stated that any further amendments would also be subject to their review. Mr. Weise then asked if there was any constitutional problem with building in a time factor, so that after a certain amount of time, such as 4 weeks, a claimant would have to accept any work. Mr. McCracken said he did not know of any, but if there are any further amendments proposed, he would appreciate having the opportunity of going over them with the Committee and conferring with the federal authorities before proceeding further.

JACK HIATT, Chief of Benefits of the Employment Security Department, stated that, as a policy matter, the Department will consider the wishes of the individual claimant as to suitability of work up to 5 weeks. After that, if the claimant's demands are unreasonable with respect to the labor market, he must reduce his demands.

Mr. Robinson asked how many other states were insolvent. Mr. McCracken said he would send that information to Mr. Robinson and explained that our fund was in dire trouble prior to the passage of the 1975 legislation but it is turning around now and should be in the black by \$10-15 million. The Department needed to borrow \$7.5 million from the federal government prior to the passage of the 1975 bills, but has now set this money aside for repayment. However, it is possible the Department will have to dip into it again before the first quarter returns come in.

A.B. 180: Mr. McCracken explained the 3 major issues were: (1) The addition of the phrase "attributable to such work" in Subsection 1(b). At the present time, quitting for health reasons, a critical family problem and acceptance of a better job are considered good reasons for quitting which are not attributable to work. With the new language, the Department will have to disqualify these persons. Under current statutes, 80% of those quitting are already disqualified, and the addition of this new language would save only \$50,000.00 annually. (2) Deletion of constraints on reduction of benefits. At the present time, the maximum penalty is up to 1/2 of the original benefits, not to exceed 13 weeks. Passage of A.B. 180 allows total cancellation of benefits for some persons with an impact of between \$200,000 and \$500,000 annually. The main problem with this is non-conformity with federal statutes which preclude totally denying benefits due to voluntary quitting. The wording could be changed by removing the last two brackets, on lines 19 and 21, which would make it acceptable to the federal government. (3) The wording in Subsection 2(b), "presumed to be without good cause," is out of conformity with federal law.

A.B. 181: The main problem here is the proposed change on line 21 from "shall" to "may" which would make it out of conformity with federal law. This should be changed back to "shall." The institution of a one-week waiting period would cause a considerable savings to the fund, from \$1.2 to \$2.4 million annually depending on economic conditions. However, the trend nationally is away from a waiting week. This is an unequal type of penalty because the only ones who will lose will be those who go back to work prior to exhausting their benefits.

Mr. Weise asked if a waiting week was instituted there was any way to reduce the delay of benefits to the claimant. Mr. Hiatt said that due to provisions on page 2, Subsection 5, at line 17, an individual cannot file a claim for benefits for any week until that week has ended, because he must certify that he did not work the entire week. Therefore, with the addition of the waiting week, there will be about a 20-day lag until benefits are received, and the claimant would receive only one week's benefit. Under the existing law, there is about a two-week lag before benefits are received. Mr. Robinson asked if it would speed things up for the claimant if the Department were open on weekends. However, Mr. Hiatt explained that if a person is laid off on Friday and comes in on Monday, his claim is back-dated to the day he was laid off and does not cause any delay. Mr. Weise asked if the bill could be restructured so that there was no delay over the existing system, but Mr. Hiatt said no, the waiting week would make everything be delayed at least one week. Mr. Banner asked how many states have a week. Mr. Hiatt said 38 do, and some reimburse for that week after so much time unemployed. He said the long-term unemployed will not lose from the waiting week, only those who go back to work prior to the time the benefit period is up.

JACK LIBBY, of Southern Nevada Home Builders, testified in favor of the bills. He stated both labor and management should be working on these bills; both have a vested interest in them. The building industry, which is the second largest in the state, is swamped with costs and must do something about them. No one area is responsible, but these bills will help to reduce their costs. The builder cannot pass all costs on to the consumer. The Employment Security Department must be able to restrict benefits to those who take advantage of the system.

ERNEST NEWTON, Nevada Taxpayers Association, testified in favor of the bills. He stated his disappointment with the Employment Security Department in that they were given these bills in November and it was not until February 21 that they brought up the conformity problems, if such actually exist. He stated the three bill could possibly be improved upon, if they do conflict with federal statutes, but they should be passed. He suggested, in reference to A.B. 181, that the waiting week and the application week could be the same so as to eliminate further delays. Then the first check would be for two weeks rather than one. He felt that the waiting period is necessary as a prod to get people back to work and pointed out that 38 states use it. Mr. Bennett asked if in the 38 states it takes the same amount of time as in Nevada to get benefit checks. Mr. Newton said in other states it takes longer than in Nevada. Mr. Weise asked Mr. Newton if he thought it would be a problem to delete the brackets in A.B. 180 on lines 19 and 21. Mr. Newton said this would be no problem. He felt Subsection 2 would make the law easier to administer, and that the important part was

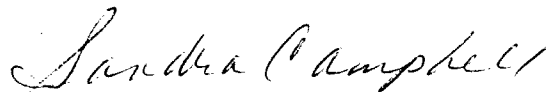
Subsection 2(a), dealing with an employee who just doesn't show up for work. It should be presumed that he quit without good cause. If the law is now administered that way, Mr. Newton said this change would not be necessary.

GEORGE FOSTER, a member of the Employment Security Advisory Council representing labor, testified in opposition to the bills. He feels they would harm relations between labor and management. The fund is coming back into the black and it is not necessary to make further hardships on the working man. Over the long run, this would not be good for the state. He suggested giving the 1975 package a little more time to work before making further changes.

RENNY ASHLEMAN, an attorney representing the Nevada State AFL-CIO, testified in opposition to all the bills. He stated that not one witness had stated that these bills should be passed out of Committee in their present form. Even Mr. Newton agreed they could use some improvements. The past deficit problems, he said, were caused by high unemployment and the federal government extending the length of the benefit period and that these bills will not save any significant amount of money. The only person penalized by A.B. 181 is the man who goes back to work before the end of his benefit period; it would hurt the good worker. He questioned whether there was evidence in the other 38 states that this waiting period had cured their unemployment and fund problems. He strongly suggested that these bills not be passed out of Committee.

There being no further business, the meeting was adjourned at 5:48 p.m.

Respectfully submitted,



Sandra Campbell, Assembly Attache

LABOR AND MANAGEMENT COMMITTEE

PLEASE REGISTER IF YOU WISH TO BE RECOGNIZED

AB 180 & AB 181, 176 3-1-77  
 AGENDA DATE

| NAME (please print) | REPRESENTING              | BILL NUMBER   | CHECK |         |
|---------------------|---------------------------|---------------|-------|---------|
|                     |                           |               | FOR   | AGAINST |
| Larry Melnick       | Employment Security       | 176, 180, 181 |       |         |
| E.K. Newton         | N T A                     | "             | ✓     |         |
| Jack Libby          | So New Home Bldrs         | "             | ✓     |         |
|                     |                           |               |       |         |
|                     |                           |               |       |         |
| Jack Bleyte         | Plaster Local 631         | 180-181       |       | ✓       |
| Jack P. Smith       | Emp Sec. Dept             | 180-181       |       |         |
| James Henderson     | - - -                     | 180-181       |       |         |
| Delis Inmate        | Carpenters self.          | 180-181       |       | ✓       |
| Alec Coleman        | Carpenters + Self         | 180-181       |       | ✓       |
| Lloyd Jones         | Carpenters + Self         | 180-181-176   |       | ✓       |
| Ben Jones           | Carpenters & Self         | 180-181-176   |       | ✓       |
| DON H WYCKOFF       | CARPENTERS & SELF         | 180-181-176   |       | ✓       |
| Primo Bertoldi      | Carpenters Local 1971     | 180-181-176   |       | ✓       |
| Larry Kelly         | Man. Steel A. P. L. B.    | 176-180-181   |       | ✓       |
| FR Ashleman         | " " "                     | "             |       | ✓       |
| JOE A D'AMICO       | CARPENTERS                | " " "         |       | ✓       |
| PRESTON PETERSON    | Carpenters Union          | 180-181-176   |       | ✓       |
| DANIEL CREITZ       | CARPENTERS UNION          | 180-181-176   |       | ✓       |
| E. Lavonne Lewis    | Reynolds Electrical & Eng | 176, 180, 181 |       |         |
| Sam Paternostro     | state pipe trades         | 176, 180, 181 |       | ✓       |

Date: 3-1-77LABOR AND MANAGEMENT COMMITTEEGUEST LIST (Non-Speakers)

| NAME (Please print) | REPRESENTING                       |
|---------------------|------------------------------------|
| Jim Hanna           | FESD                               |
| Carl Buhap          | OE SAC                             |
| GEORGE FOSTER       | PLUMBERS & PIPEFITTERS #350        |
| Bob Bydalek         | Employment Security Dept           |
| BONNIE LERUDE       | BONNIE'S MADEMOISELLE Beauty Salon |
| John B. Gray        | Self emp.                          |
| C. Holloway (Haw)   | NEW STATE AFL-CIO                  |
| T. Atwell           | LOCAL 169 HAISOREERS               |
| Louis F. Lita       | LOCAL 971 CARPENTERS               |
| Frank B. Bunnell    | N. New Bldg. TRADES                |
| Mike Chaburn        | So. New Bldg. Trades               |
| James A. Burt       | Carpenter Local 971                |
| Marc McAuley        | Carpenter Local 971                |
| Howard Z. Bort      | GREEN THUMB NURSERY                |
| Walter Henderson    | Local 169                          |
| Sam O. Caruthers    | Labours Local 169                  |
| W. H. Meese         | UP7                                |
| Daryl Capurro       | New Motor Transp Assn.             |
| Bob Alkire          | Kennecott                          |
| Thomas Case         | Central Tel                        |
| Wallace Warren      | NNB                                |
| Bryn Armstrong      | LV Sun                             |
| F. Ross             |                                    |
| John Vergiels       |                                    |
| Sen Ashworth        |                                    |



MARCH 1, 1977

MY NAME IS JAMES R. HENDERSON, CHAIRMAN OF THE ADVISORY COUNCIL OF THE EMPLOYMENT SECURITY DEPARTMENT.

I APPEAR AT THE REQUEST OF YOUR CHAIRMAN, ASSEMBLYMAN BANNER, TO DISCUSS WITH YOU, THE ACTION TAKEN BY THE EMPLOYMENT SECURITY DEPARTMENT ADVISORY COUNCIL AT THEIR MEETING REGARDING AB-180 AND AB-181.

WITH REFERENCE TO AB-180, THE ADVISORY COUNCIL TOOK NO ACTION.

WITH REFERENCE TO AB-181, THE ADVISORY COUNCIL IN THEIR MEETING DECEMBER 13, 1976, AFTER A VERY THOROUGH DISCUSSION, MOVED NOT TO ADOPT A WAITING PERIOD, AS A RECOMMENDATION TO THE LEGISLATURE. THE EMPLOYMENT SECURITY ADVISORY COUNCIL WILL HAVE A PACKAGE PROPOSAL TO PRESENT TO THE LEGISLATURE AT A LATER DATE AND, AS A PRELUDE TO THAT PACKAGE, I SHOULD LIKE TO GIVE TO THIS COMMITTEE, SOME FACTUAL INFORMATION FOR YOUR CONSIDERATION.

THE ESTIMATE AS OF NOVEMBER 30, 1976, AS TO THE FUND'S ADEQUACY, SHOWED THAT THE LEVEL REQUIRED WOULD BE \$61,597,704, AND WOULD HAVE A DEFICIT OF \$54,036,179. THE FORECAST FOR NOVEMBER 30, 1977 ESTIMATE OF THE FUND'S ADEQUACY, SHALL REQUIRE \$66,391,604, WITH AN ESTIMATE DEFICIT OF \$50,700,079.

I GIVE YOU THESE FIGURES IN VIEW OF THE FACT THAT IT WILL BE MANY YEARS UNTIL THE TRUST FUND WILL BE ABLE TO MEET THE ADEQUACY TEST, AND IT IS THE RESPONSIBILITY OF THE LEGISLATURE TO ENDEAVOR TO THE BEST OF THEIR ABILITY, TO PROPOSE LAWS, TO PROTECT THE TRUST FUND.

EXHIBIT "A"