

MINUTES

LABOR AND MANAGEMENT COMMITTEE  
March 24, 1977

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

Members Excused: Mr. Robinson  
Mr. Bennett

Guests Present: See attached lists.

Chairman Banner called the meeting to order at 3:12 p.m., as a continuation of the meeting March 22.

ASSEMBLY BILL 406

Larry McCracken, Director of the Employment Security Department, stated that some amendments to this bill were still with the bill drafters and would not be available for a day or two.

At the request of Mr. Weise, the committee discussed possible additional amendments to A.B. 406, in the areas of denying benefits to non-professional primary and secondary school employees during Christmas and Easter vacations and to separate the public sector wages from computation of the tax base. Mr. McCracken said the exclusion of the public sector from the tax base could be done, but Department attorneys feel it would not be legal to exclude these wages from computation of the maximum weekly benefit, as that would be discriminatory. Including the public sector in the weekly benefit amount would raise the average check by about \$2.00, would cause a 3% increase in the solvency requirement computation and it would then take from 2-4 years more to reach solvency. Mr. Banner asked if this was offset by the public employees, and Mr. McCracken stated they will reimburse the fund for any monies that are paid out in benefits.

Mr. Weise asked if there would be any benefit to the fund or the private sector in separating the public sector in figuring the tax base. Mr. McCracken said that the tax base for the private sector would be lower, and further explained that the tax rates are set every year to raise a certain amount of money, as recommended by the Advisory Council. Right now they are from .6% to 3.0%, depending on the experience ratings. All they have to do is slide up or down the scale to generate more money, depending on the needs of the fund. Raising the tax base allows more flexibility in the system, but this was done in the last Legislature.

Mr. Weise and Mr. Goodman asked about prohibiting experience ratings until the fund was solvent. Mr. McCracken was opposed to this because it eliminates any incentive for the employer to monitor the system. The employer doesn't contest claimant applications when the employee may have quit without good cause or was fired, and the drain on the fund is quite dramatic. Mr. Weise asked if the records of experience ratings would be available so the Committee could see who is receiving them. Mr. McCracken said he had a chart

which showed that 60% of the employers were receiving an experience rating. On questioning by Mr. Banner, he said that individual employer account information was not public record. Mr. Goodman asked if this bill could be amended to require that this be public record. Mr. McCracken did not know and said he would let the representative of the U. S. Department of Labor answer this question. However, he would give that information to the Committee as long as it was not disclosed publicly.

Daniel P. Riordan, U. S. Department of Labor, San Francisco Region, said there is a federal provision that requires a certain degree of confidentiality of these records to encourage employers to provide certain information to the state agencies. Amending the bill so that the Employment Security Department were required to provide a list of employers and their experience ratings might be in conflict with this law. However, there would be no problem in providing bulk data that would not name the employers.

Mr. Weise said his concern was with which employers are getting what kind of experience ratings and how the ratings are derived; does the same rating apply to all employers in a certain classification? Mr. McCracken said the computation is on an individual basis, involving contributions paid in less benefits paid out. A new business must wait 3-4 years to acquire a rating; up to that point, all will pay the maximum. At the end of this period with no claims, the rating would decrease to the minimum unless there were a change in the work force which would affect it. Mr. McCracken said he would provide a book to Mr. Weise with statistical data on this subject and will answer his questions about specific companies.

Mr. Weise requested Mr. McCracken's staff to work on the amendments he desired. In the area of non-professional school employee vacations, Mr. Riordan said there is a federal requirement that all groups of workers be treated equally, and Mr. Weise said he would want it to apply to everyone. Most of the private sector receives vacation pay and so would not be affected. However, Mr. Riordan said there are others who may be affected, making this difficult. Mr. McCracken said his office would look into both matters and will submit a memorandum to the Committee with suggested wording for amendments.

#### ASSEMBLY BILL 407

Mr. McCracken stated that this is the Employment Security Advisory Council's package of recommendations, which are necessary for ease of administration and clarity. This bill clarifies the definition of "student" to conform to federal law, eliminates the distinction between severance pay and pay in lieu of notice, deletes the pregnancy disqualification, and requires employers to mail notices of claims back to the originating office. There is a new section setting a 90-day time limit on acceptance of an experience rating by the new owner of a business, although he need not take it if undesirable. Another new section sets a time limit for new employers to register with the Department and would establish a penalty in the form of interest on monies not paid.

ASSEMBLY BILL 408

Mr. McCracken read from a prepared statement on the proposed remodeling of the Reno Employment Security office, which is included herein as Exhibit "A". On questioning by Mr. Banner, Mr. McCracken stated that it is not necessary to ask the federal government for permission to use these funds; the Legislature is the controlling body. Mr. Dreyer asked about the type of work anticipated and the timing. Mr. McCracken stated the remodeling consisted of a complete redo of the inside of the building, and improvements to the lighting, air conditioning and heating systems. He anticipated the work would start late this year. He also stated that when the Las Vegas office was remodeled, productivity increased and it was expected that this would occur in the Reno office.

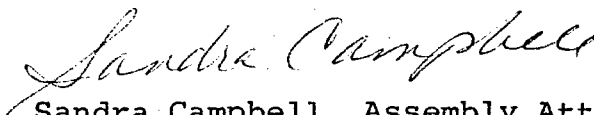
COMMITTEE ACTION

ASSEMBLY BILLS 407 and 408

Mr. Weise moved to pass A.B. 407 and 408 out of Committee with no recommendation, which was seconded by Mr. Dreyer and passed unanimously.

Chairman Banner adjourned the meeting at 4:01 p.m.

Respectfully submitted,



Sandra Campbell, Assembly Attache



Date: 3-24-77

LABOR AND MANAGEMENT COMMITTEE

GUEST LIST (Non-Speakers)

NAME (Please print)	REPRESENTING
Jim Bible	ESD
Charles Kuylenstierna	Elko Co. Sch. Dist. & NASA
Bob Bydalek	ESD
Walker Luv.	ESD
Bob King	ESD
Jim Oliver	ESD
Tom Chamberlain	ESD
Jack Keatt	✓
Harry Bradley	Las Vegas
Dorothy Charles	Ron Vegas
Shirley Williams	R.V.
Alan C. Taylor	B. M. C. Henderson
Go. Harker	AFL-CIO
Robert Butler	ESD
Jim Smith	?
Charles Zell	Review-Journal
M. S. Custard	New State Press
Ben Martello	Clark County
Betty Carlson	
Estelle Scarpini	
Farrel R. Laine	Clark County

TESTIMONY FOR ASSEMBLY BILL 408  
FEDERAL UNEMPLOYMENT TRUST FUND (REED ACT) NRS 612.617  
FEBRUARY 8, 1977

I AM LAWRENCE O. McCracken, EXECUTIVE DIRECTOR OF THE EMPLOYMENT SECURITY DEPARTMENT,  
HERE TO TESTIFY ON ASSEMBLY BILL 408.

THIS BILL REFERS TO FEDERAL LAW SECTION 903 OF THE SOCIAL SECURITY ACT AS AMENDED WHICH RELATES TO FUNDS DISTRIBUTED TO STATES FROM THE FEDERAL GOVERNMENT. THESE FUNDS ARE FROM THE FEDERAL UNEMPLOYMENT TAX FUND, THAT EXCEEDED FEDERAL STATUTORY LIMITS IN 1956, 1957, AND 1958, PAID INTO BY EMPLOYERS FROM EVERY STATE TO COVER ADMINISTRATION COSTS OF THE EMPLOYMENT SERVICE AND UNEMPLOYMENT INSURANCE OPERATIONS. BECAUSE NEVADA IS ONE OF THE NATION'S LARGEST STATES WITH ONE OF THE SMALLEST POPULATION FIGURES, THE ADMINISTRATIVE COST OF OPERATIONS IN NEVADA HAS CONSISTENTLY EXCEEDED THAT WHICH NEVADA EMPLOYERS HAVE PAID TO THE FEDERAL UNEMPLOYMENT TAX FUND. ANY ADDITIONAL FUNDS DISTRIBUTED TO NEVADA BY THE FEDERAL GOVERNMENT FROM THE UNEMPLOYMENT TAX FUND IS FURTHER EVIDENCE OF NEVADA RECEIVING MORE THAN IT HAS PAID INTO THE FUND. DURING THE 1975 LEGISLATIVE SESSION \$289,985 WAS APPROPRIATED FOR REMODEL OF THE LAS VEGAS 8TH STREET OFFICE (\$54,000) AND FOR OFFICE SPACE AND RELATED PARKING IN CARSON CITY (\$228,606.78). THE MONEY FOR LAS VEGAS AND \$140,477.74 OF THE CARSON CITY MONEY WERE NOT USED. THE LAS VEGAS 8TH STREET REMODEL WAS PAID FOR OUT OF FEDERAL GRANTS AND THE CARSON CITY PROJECT WAS STOPPED BY THE DEPARTMENT OF LABOR.

THE FIRST SECTION OF THE BILL ASKS FOR APPROVAL TO EXPEND PART OF THE MONIES THAT WERE NOT SPENT UNDER THE 1975 APPROPRIATION. THE REQUEST IS FOR \$131,000 TO REMODEL THE RENO LOCAL OFFICE AT 70 WEST TAYLOR STREET. IF EXCESS ADMINISTRATIVE GRANTED FUNDS BECOME AVAILABLE THEY MAY BE USED TO REIMBURSE THE REED ACT ACCOUNT.

EXHIBIT "A"