

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING  
JANUARY 21, 1977

The meeting was called to order at 8:30 a.m.

Senator Floyd R. Lamb was in the chair.

PRESENT: Senator Floyd R. Lamb, Chairman  
Senator James I. Gibson, Vice-Chairman  
Senator Eugene V. Echols  
Senator Norman Ty Hilbrecht  
Senator Thomas R.C. Wilson  
Senator C. Clifton Young  
Senator Norman Glaser

OTHERS: Ron Sparks, Chief Deputy Fiscal Analysis  
Cy Ryan, UPI  
Howard Barrett, Budget Director  
James Wittenberg, Chief Nevada State Personnel Division  
Mike Brown, Nevada Supreme Court  
Bob Gagner, Executive Director of State Employees Association  
Dale Lockhard, Chairman of Foreign Legislative Committee  
Darrell Harold, Nevada State Employees Association  
Francis E. DuBois, Mining Inspector

SALARY INCREASE, STATE EMPLOYEES: (page 758)

Mr. Wittenberg said the classified salary survey recommendation represents 1977-78 and 1978-79 cost of a 5½% salary increase recommended to be effective retroactively on January 1, 1977. The amounts to fund this salary recommendation for January 1 to June 30, 1977 period, are contained in the "one-shot" appropriation section of the document.

CONSUMER PRICE INDEX SALARY INCREASE:

The amounts recommended will provide for a classified salary increase of up to 4½%, effective January 1, 1978 based upon movement of the Consumer Price Index.

Senator Lamb asked what he meant by 4½%.

Mr. Wittenberg said it the National Consumer Price Index escalated less than that, it would be tied to that.

GROUP INSURANCE:

Providing for a 15% increase in the cost to the employer for the premium each year. That comes to \$4.80 per month for each employee. The first year would amount to \$250 general fund cost. The second year is an additional increase of 15%, which amounts to \$560 from the general fund. The total general fund cost is \$810,000.

Mr. Wittenberg said the salary recommendations were based on the National Consumer Price Index as well as a survey. Within Nevada, there were 204 private employers and 55 public employers. Nine western states were involved in the survey. The total number of comparable positions in the entire survey was in excess of 100,000. Within the State of Nevada, there were 20,000 comparable jobs. 10,500 were in the public sector and 9,500 were in the private.

Current fringe benefits are competitive when considered with relative salary levels within the existing company. The current fringe benefit percentage of the average salary and the average salary for the state, is \$13,175 annually. This is 26% of the average amount.

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 2

If the recommendation is approved with the additional fringe benefit, it will take that to 27%.

Senator Wilson asked how the private and public comparable positions compare with each other.

Mr. Wittenberg said there is a variation on the average. The private sector is slightly ahead.

Senator Lamb asked Mr. Wittenberg to give an example of the private sector and who was contacted in the survey.

Mr. Wittenberg said firms were contacted like, First National Bank, Sierra Pacific, and all large employers. Every employer having more than 500 employees.

Senator Lamb asked what the salary of a senior clerk typist was in a state service.

Mr. Wittenberg said \$590 per month. He said an executive secretary would make \$750 a month going up to \$950.

Senator Hilbrecht wanted to see some extracts from the summary of the survey data. He said he would like to see a presentation to see what the testimony is based upon.

Senator Gibson asked Mr. Wittenberg to give the committee the same work up that was done in the past, showing the jobs and the entities.

Senator Glaser said when Mr. Wittenberg said he uses only those firms in the private sector that employ over 500 people. Senator Glaser asked if this was a true picture of the private sector. He felt that maybe the biggest bulk of the private sector is less than 500 people. He felt that the small businessman has a hard time competing with the state because the state pays such high salaries. He felt it would be helpful to see where the bulk of the private sector lies.

Senator Lamb asked Mr. Wittenberg if he has any control over employees or departments who he feels aren't getting value received out of their employees. He said he receives complaints that people do not put out, that they aren't as productive for the state as they should be.

Mr. Wittenberg said in the past there has not been any exercised control. There aren't the resources or we are not focusing in that area. In the budget, we are asking for a staff of productivity people which we have developed through a grant. We have had some leverage in the area of classification but that function is to determine what the particular job should be paid, not how well it is done or if it needs to be done.

Senator Lamb said the CETA Department in Las Vegas is federally funded. It is tax payers money. Senator Lamb cited a case in Las Vegas where an employee of CETA is running another business from his state job. He mentioned that because of work load, they are going to put two more people on.

Senator Young asked Mr. Wittenberg for a summary of results from the study in the area of deficiencies.

Mr. Wittenberg said he would have a summary for him.

FRINGE BENEFITS:

If the recommendations for fringe benefits are approved, it will be up to 27% plus, starting at the beginning of next fiscal period. The problem with fringe benefits is you have to get in and analyze the components that go into fringe benefits. It can be figured a dozen ways and all can be valid.

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 3

Senator Gibson asked what the 26% included.

Mr. Wittenberg said it includes sick leave, annual leave, holidays, retirement, insurance, health and accident and industrial insurance.

NATIONAL COST OF LIVING:

The September index 1975-76, gives a difference of 5.5 for the measurement period through September. That was the basis of the overall 5.5% recommendation. The Correctional Officers are provided an additional 5% based on a study of 5,000 comparable Correctional Officer positions in nine western states. There was a lag in the average rate being paid to Correctional Officers.

Senator Lamb said along with Senator Gibson's request, is there going to be comparisons of other states?

Mr. Wittenberg said yes.

Senator Gibson asked Mr. Barrett if the cost of living increase through December was less than 5½%.

Mr. Barrett said yes, through December it was 4.81%.

Mr. Wittenberg said the 4.5% recommendation, up to 4.5% for January of 1978, is based on less than what most economists are projecting for 1977. The overall recommendations of 5.5% retroactive to January 1977, do not include the 1.8% lost as a result of the escalation during the measurement period of 1976. That was 7.8% and the adjustments that employees got on January of 1976 was 6%.

Mr. Wittenberg said it was 1.8% less in the CPI escalation during that period of time.

He said an important reason for this was at the last session of the Legislature, a commitment was made to a belt tightening effort. The commitment at that time was to make a belt tightening effort in 1977 if there was a de-escalation rather than further escalation of the inflationary cycle.

Another important element was major collective bargaining settlements during the year 1974 vs. now. At that time they were in double digits, they were 10%, 12% and 14%. There is a decline in that they are down to 5% and 8% in the major contracts that have been negotiated in the private sector. In keeping with this commitment, there has been a belt tightening effort. In addition to this the prevailing rate salary data that we look at in Nevada and the western state, substantiates the 5.5% recommendation. There will be continued competitive salaries.

Mr. Wittenberg said the turnover in state government is at a fairly acceptable level. 12% in 1974 dropping to 10% in 1975 and 15% in 1976.

Senator Hilbrecht asked Mr. Wittenberg about the attractiveness of the jobs in Nevada, jobs that are effected by the employment applications that they receive. Senator Hilbrecht wanted to know where we were presently. He said Mr. Wittenberg reflected a substantial backlog of applications for state jobs.

Mr. Wittenberg said it is a buyers market. There is high unemployment, and the state service is more attractive than in the past.

Mr. Wittenberg said some 90,000 applications were received last year for state employment.

Mr. Wittenberg said the differential on unemployment rates have been running 7% and 8% for two or three years.

January 21, 1977

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 4

Senator Lamb asked Mr. Wittenberg how authentic is the unemployment figure in Nevada. Do people want to work or would they rather live on welfare and collect unemployment.

Mr. Wittenberg said referring to the 7% and 8% figure, there is a factor.

Senator Gibson asked if there were any unemployment claims of state employees.

Mr. Wittenberg stated that in the last two years there have been 120 lay offs. There were 74 last year and 41 the year before. In 1973 there was a large lay off with the Highway Department.

Senator Lamb asked if anybody ever quit.

Mr. Wittenberg said people quit and there is a turnover. He said the state as an employer is a considerably better employer.

Mr. Wittenberg said all the applications that come in are not processed. About 33,000 of those applicants are examined. 40% of the people that take the applications pass. We are talking about 15,000 people. ~~That~~ There is seasonal, temporary and full time jobs that is in excess of 3,000 positions filled. We do not consider seasonal and temporary jobs in turnover.

Senator Hilbrecht asked if this meant there were ten people for every one job.

Mr. Wittenberg said one in ten that pass the test.

Senator Lamb asked if there was ever a point in receiving these applications that you say, "no, we have enough applications".

Mr. Wittenberg said we started a procedure that was a tremendous savings from the internal operation. We returned the applications to the applicants with a letter explaining that it would be better for them to submit the applications when we were recruiting. That saved effort internally and there were no complaints.

Mr. Wittenberg felt the reasons the salaries in the public sector should trail or lag slightly behind the private sector is an issue of security. The public has been lagging behind the private.

Senator Wilson wondered why the survey information was limited to a larger employer. He stated that in Elko County, people are going to ask how you base salary on a size of employer which that county does not have.

Senator Gibson wanted to know what Mr. Wittenberg's most recent survey showed in relation to ~~state~~ salaries and local government salaries.

Mr. Wittenberg said state salaries are above the average.

Senator Lamb asked if this includes all the fringe benefits.

Mr. Wittenberg ~~stated it only included salaries.~~

Senator Wilson said the fringe benefits you indicate bare an analysis because they include many things one does not normally include in the lower percentage fringe ~~benefits~~. He asked if this would be true of the Reno fringe benefits.

Mr. Wittenberg said the Reno fringe benefits were taken out.

Senator Hilbrecht asked to have salaries entities properly identified that had been mentioned.

Mr. Wittenberg said Washoe County is \$10,550, Sparks is \$10,900, City of Las Vegas is \$10,500, Henderson is \$13,400 and Reno \$15,500. Mr. Wittenberg said figures from North Las Vegas had not been obtained.

Senator Lamb asked if any ~~county~~ ~~extrajurisdictional~~ employees are in the form of ~~county~~.

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 5

Senator Echols asked how many potential employees are in the State of Nevada.

Mr. Wittenberg stated that he estimates that people are putting in six or seven applications because they are desperate, they want a job and they want to make sure they are covered. This is inflated from the standpoint of people.

Mr. Wittenberg estimated it would be half that number of people.

Senator Echols said it is still 20% of the work force that have applied to the State of Nevada for employment last year.

Mr. Wittenberg said he didn't know what the figure would be.

Mr. Wittenberg said there is a need to focus on productivity where more people are being dismissed from state government, who are not doing their job. Dismissals are being upheld by the hearings office which has been reversed in the past seven or eight years.

Senator Young asked how many people are discharged from the state.

Mr. Wittenberg said about 200 to 225 are dismissals. There are many negotiated separations.

Senator Young asked what was the principle reason for this.

Mr. Wittenberg said performance at the proper level.

Senator Young asked what the percentage of efforts were to dismiss someone.

Mr. Wittenberg said 25%. He stated that about 75% is sustained in favor of the of the higher authority; the supervisor. This figure has been reversed in the past ten years.

UNCLASSIFIED:

All unclassified positions are recommended for a 5.5% increase. There are 41 positions recommended for an additional 5%. This is a 10.5 increase. The additional 5% recommendation was based on internal equity adjustments within the state service. It was felt that those adjustments were needed to bring those in line within the state structure.

The unclassified employee got a 4% cost of living adjustment rather than 6%. The recommendation for 1978 for the unclassified is the same 4.5% as recommended for classified employees.

Mr. Wittenberg stated the management consultant firm of Hay and Associates, did a comprehensive survey on state officials salaries, starting and including the Governor. In comparison to executives holding positions of equal jobs in the private sector, state government executive salaries average lower than the lowest in the private sector. These are base salaries.

Senator Lamb asked if these people could qualify to go into the private sector and do the job.

Mr. Wittenberg said if there is a good administrator, he could go to the private sector. He stated that a good manager in industry could go to government.

What is being said is the complexities of government and the administration of government in this day and age is great.

Senator Lamb felt that these people would have difficulties getting jobs.

January 1977

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 6

Senator Young asked if the reasons why people worked for government was for the prestige, fringe benefits or for other reasons.

Mr. Wittenberg said he thinks there is some difficulty in filling positions. He said frequently the first choice is not the person who is selected.

Mr. Wittenberg stated that if the Committee wants any additional information on unclassified, we will obtain it and develop what was requested in the classified section and have it available.

SALARY PROPOSAL OF SNEA:

Mr. Gagner stated that he was the Executive Director of the State of Nevada Employees.

He stated that his salary survey has been developed into a trend indicator. Because of this, the personnel division is proposing one group of employees for an additional raise.

He stated that picking up from September 30, 1964 and going through September of 1976, the Consumer Price Index went up 12.8%. During that period of time we received a legislatively granted cost of living increase of 6%. That leaves 6.8%.

Also proposed is an additional amount set aside next year and we are asking for 6%. Because the latest C.P.I. figure indicates even more of a slowing down of the cost of living, we may also refine that figure.

The figures proposed are accurate as to the additional cost over and above the administrations recommendations.

Mr. Lockhart recalled a 15% pay raise given two years ago. He stated that the morale was up therefore productivity.

Mr. Gagner said that the 90,000 figure on applications received by state personnel sounds high. Many are current state employees applying for a promotion.

Senator Hilbrecht stated that if a color code was used on applications you could keep the internals separate from the externals.

Senator Wilson said of the 30,000 people that were indicated and actually interviewed, he felt it would be easy to find out how many were inside applications of promotion or job transfer and how many really were from the outside.

Mr. Lockhart said if a position is open competitive, it maybe closed on both.

Senator Wilson stated that it then changes the complexion of the number.

Complaints came from Senator Echols and Senator Lamb regarding how public employees take additional breaks in the day.

Senator Hilbrecht asked to have an explanation of the January 1976 trigger entry that appears in two places in the budget on page 7.

Mr. Lockhart said there were two separate triggers.

Mr. Barrett said the increase was suppose to only be 4% unless certain things happened in the sales tax and gaming tax.

Senator Lamb thanked Mr. Lockhart for coming.

January 1977

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 7

Mr. DuBois stated he was State Director of Mines. He said he is charged with the administration of Chapter 512 of the statutes. The 1975 Nevada Legislature has the wisdom to overhaul most of the statutes of Chapter 512, which put the State of Nevada in a position to enter into a state plan agreement presented to the Federal Environmental Safety Act.

Mr. DuBois said he is a member of the Federal Metal and Non-metal Advisory Committee. This Committee devises and proposes all the health and safety standards that are used in the metal and non-metal industry in the county.

Mr. DuBois said he has a small staff; four inspectors travel 100,000 miles a year. The average travel per inspection is about 350 miles. There are approximately 700 inspections each year.

The Nevada Industrial Commission has about 3½ million dollars in reserve to take care of injuries that result from accidents in the mineral industry.

Mr. DuBois said his federal counterparts have nine inspectors in the state and it is being asked if we are duplicating their efforts.

Senator Lamb asked why he would go out-of-state.

Mr. DuBois said his operation does not go out-of-state.

Senator Lamb said you have an out-of-state travel account.

Mr. DuBois said that was when he attended two mining conferences and as a member of the Federal Committee, it requires out-of-state travel.

Senator Gibson asked if the funds derived from N.I.C come from mine operators assessment.

Mr. DuBois said they are provided out of the total administrative process of the Nevada Industrial Commission. All the employers of the state contribute.

Senator Gibson asked if this amount represents more or less than they are paying in. Is there some other industry subsidizing and funding this section?

Mr. DuBois said this amount represents less than the total premium contributed by the minerals industry.

Senator Gibson asked if the general fund appropriation corresponds historically to what has been put into the firm.

Mr. Barrett said no, when there was an elected office there was \$150,000 being put into it.

Senator Gibson said that on N.I.C. funds he noticed that the agency requests were reversed, they wanted more general funding and less N.I.C. He said if N.I.C. is assessed more than this particular industry, he feels that the other industry should not subsidize a mine inspector. He said they are already subsidizing OCEA.

Senator Gibson asked Mr. Barrett what the rationale was on the switch. Mr. Barrett said just maintaining approximately the \$50,000 that we are now giving them for the next biannium.

Senator Gibson said if there isn't too much work he would like to see it to satisfy himself.

Senator Hilbrecht asked Mr. DuBois, if he had any particular objectives or goals that he would like the Committee to refer you, two years from now, to see that we might be able to judge your performance.

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 8

Mr. DuBois said in February of 1976, we were the first Department and Commission to assess the goal and objectives for the office, more or less in perpetuity, because of the effort that is required to turn loss control problems downward. It is nothing that can be done in one year or two.

Mr. DuBois said he took the guide lines for these goals, where the assumptions of what has been historically recognized as the effective prime and safety code program. Those elements assessed that the operator of the mining company assume the responsibility of loss control. He said a year ago there were seven operators in this state that had a policy to declare in writing let alone assume the responsibilities.

Senator Hilbrecht said you alluded earlier to some losses.

Mr. DuBois said he is talking about the whole principle of loss control which goes beyond injuries.

Mr. DuBois said he wants all of the operators to assume responsibility but to declare some policy of lost control, to implement this policy and delegate the responsibility through management. He said we are the ones supplying the tools for these people to do their jobs, productively and safely.

Senator Lamb thanked Mr. DuBois for coming.

---

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT:

The Comprehensive Employment and Training Act of 1973, and the Emergency Jobs Program, Title VI Amendment of CETA of 1973, are federally funded programs designed to provide job training and employment opportunities for economically disadvantage, unemployed and under employed persons.

Funding support for this program is derived from federal funds available to the Employment Security Department and from cooperative agreements between the state and Washoe and Clark counties for employment of residents of these counties.

CETA 6:

Washoe and Clark counties get their money directly from the Federal Government. Half of those will have to be terminated on April 8. The other half will have to be terminated on May 8, this year. It will have to be terminated for two reasons: The federal monies that Washoe had are becoming smaller and there is a provision that they can only be on this program for thirteen months and then they have to be off.

Senator Wilson asked why this program exists. Why program?

Mr. Barrett said it brings money into the state from outside the state and it puts employees people.

Senator Gibson asked Mr. Barrett if he has any obligation when he accepts CETA funds, to find jobs and state employment for those being trained.

Mr. Barrett said yes and it depends on the program and the rules in effect at that time.

Senator Gibson said it bothers him when the federal government pumps money into Comprehensive Employment and Training. He asked where do these people go and where are the jobs for them.

January 11, 1976



SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 9

Mr. Barrett said jobs are created attempting to put them in meaningful areas.

Senator Gibson stated that this is where you are throwing money at a problem and not solving the problem. He said it reminds him of when he was in the Navy. He said there were twice as many people on the ship as were needed. Instead of polishing the brass four times a day, it was polished eight times a day.

Senator Lamb asked Mr. Barrett what would happen if money was not authorized for this program.

Mr. Barrett said if you don't authorize the money, the money that would initially be authorized for the state will not hire Nevada citizens.

Senator Lamb said he is concerned about the cost of administering the program.

Senator Gibson asked Mr. Barrett if the bulk of the money in the program goes directly to local government. He asked if the biggest majority of CETA positions in Nevada, were funded through local offices.

Mr. Barrett said Las Vegas has around 800 positions funded through CETA.

Senator Hilbrecht asked Mr. Barrett if there was some way to identify in the budget where there is a position being filled in last years budget with the CETA position.

Mr. Barrett said there are no CETA positions in any of the budgets.

Senator Echols asked if there was a need for any CETA positions.

Mr. Barrett said there is an attempt to budget for the positions that are felt necessary and vital to state government. When additional federal funds come along on top of that, they go to positions that are less then most vital or we would have budgeted for them.

Senator Young asked if there was a statistical study that would indicate the percent of success with CETA employed people.

Mr. Barrett said the federal government came in and audits the program from time to time.

Senator Gibson asked if Mr. Barrett would object if we established legislative oversight on these federal funds.

Mr. Barrett said he had it on new funds coming in. He said some states have spent their anti-recession money without watching for legislation. It was decided that after looking at the law, there was not authority to spend the monies without coming to the legislature.

Senator Gibson said the Legislature ought to know about them. He said what bothers him about public employment is that they are talking about approximately one million jobs. The implication of that is we are going to have a need for a million more jobs in the public sector, or what good does it do unemployment other than temporary employment. It seems that we are putting public pressure on public employers to administer, use that money on public employees when otherwise it might not be justified.

Mr. Barrett said he didn't think the Legislature would like to be involved in all the changes in federal funding.

January 1977  
SENATE FINANCE COMMITTEE (Page 9)

Senator Echols has no further comments.

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 10

GROUP INSURANCE: (page 772)

NRS 287.041 provides for the creation of a committee on group insurance for State employees. The Statute provides for a committee of five to be composed of two members selected by the Nevada State Employees Association, the Director of the Department of Administration and two members appointed by the Governor.

Senator Hilbrecht asked what does the Committee do.

The purpose of the Committee is to review, analyze and purchase policies of life, accident or health insurance for employees of the State who elect to participate.

The amounts recommended are to provide travel and per diem expenses for those members of the Committee required to travel to meetings and necessary operating expenses for the affairs of the Committee.

Mr. Barrett said the state is picking up 100% of the cost of the employees insurance. The employee is picking up 100% of the cost of the dependents insurance.

BOND INTEREST AND REDEMPTION: (page 796)

It is recommended that of the \$10,000,000 Park and Natural Resource Land Acquisition bond issue authorized by the voters in the November, 1976, general election, an amount of \$5,000,000 be authorized by the Legislature for issuance after July 1, 1977.

Bond interest (5.75%) and redemption over a twenty-year period is included in the requested appropriation for the Bond Interest and Redemption Fund for 1977-79.

The cost of selling the bonds is included in a one-time appropriation request at the beginning of the budget document.

The bonding capacity, as of June 30, 1977, can be computed as shown below:

1% of Assessed Valuation	\$38,800,000
Bonds Outstanding June, 1975	7,460,000
Unused Bonding Capacity June 30, 1977	<u>\$31,340,000</u>

Senator Young asked why there isn't any proposal to take some of the surplus of a good year and pay off the outstanding bonds.

Mr. Barrett said the bonds we are paying off is at an average rate of 4½%.

NEVADA JR. LIVESTOCK SHOW BD: (page 706)

The request for an additional \$5,000 in 1977-78 and \$6,000 in 1978-79 is for a joint program with the University of Nevada College of Agriculture to partially fund a position to administer these programs. The recommendation is to continue funding at the same level as in the previous biennium.

HIGH SCHOOL RODEO ASSOCIATION: (page 707)

This appropriation is recommended to provide financial assistance to the association to sponsor the attendance of high school students as Nevada representative to the annual finals of the National High School Rodeo Association.

January 1977

OFFICE OF THE CLERK

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING

PAGE 11

The meeting adjourned at 10:30 a.m.

RESPECTFULLY SUBMITTED:



---

HENRI VALENTA, SECRETARY

APPROVED:

  

---

FLOYD R. LAMB, CHAIRMAN

January 21, 1977