

Members present: Chairman Banner
Mr. Bennett
Mr. Brady
Mr. Fielding
Mr. Jeffrey
Mr. Rhoads
Mr. Robinson
Mr. Webb

Member absent: Mr. Bremner

Guests present: See attached list

Chairman Banner called the meeting to order at 3:11 p.m.

A.B. 240 - Requires 1-week waiting period before claimant is entitled to receive unemployment compensation benefits and narrows eligibility requirements.

Chairman Banner called on Mr. Newton to explain the bill.

Ernest Newton, executive director of the Nevada Taxpayers Association, said A.B. 240 amends NRS 612.375, dealing with eligibility for benefits. This will delete material dealing with a person who is disabled after qualifying for benefits. He stated this proposed change was recommended by the Nevada Employment Security Advisory Council. The Council further suggested deletion of Paragraph 5 of the present law, which is included in lines 18, 19 and 20 of this bill. After Par. 5 is deleted, Par. 6 would then become Par. 5. This will provide a one week waiting period before eligibility begins to be effective. The one week period does not deprive the claimant the amount; it merely postpones the beginning and end of the benefit period. This will give ESD enough time to notify the employer of the claim and to verify eligibility. Normally, the first payment is paid at the end of the second week of unemployment.

Chairman Banner called on Larry McCracken to testify.

Larry McCracken, executive director of Nevada Employment Security Department, explained if A.B. 240 was approved, it would have two important results. First, it would eliminate payment of benefits to claimants who become ill or disabled after they establish a claim. Second, it would impose a waiting week before any benefits are paid on new claims. These comments are attached to these minutes as Exhibit "A".

Date: Feb. 13, 1979

Page: 2

Mr. McCracken pointed out there is no federal regulation that will cause any barrier, and does not impose any type of administrative problem.

Chairman Banner asked if he was talking about Section 5. Mr. McCracken replied it should be a separate bill. That he submitted for legislation that portion of the law to be deleted because it is a different subject matter. This would be a separate bill.

George Foster who is member of the Advisory Council was asked by Chairman banner to comment on the bill.

Mr. Foster, business manager for the Plumbers Association of Reno, is the labor representative to the Advisory Council. He stated that the Council made a motion to not endorse any type of a waiting week. Speaking on the side of labor, he said they are opposed to the waiting week. He feels A.B. 181 passed during the last Legislature was sufficient; that the fund was helped with the new law. He said the waiting period will cause dissension between labor and management; that it is not going to help anybody.

N. C. Anthonisen, Summa Corp., indicated their preference for passage of A.B. 240. He reasoned out that it would provide an 8% reduction on benefits; and allow us to join other states that do not start paying benefits as soon as a person is unemployed. He also stated that their benefit payments have gone up 50%, and that they are looking to reducing their over-all costs.

Claude Evans, secretary of the Nevada AFL-CIO, requested he read the names of union representatives present. (This list of names is attached to the minutes.) Some of these people had come from long distances; and all came to testify against the bills on unemployment. He agreed Section 5 be deleted, that it be a separate bill. However, he feels the rest of the bill is unnecessary and would be detrimental to the working people of Nevada. He emphasized their strong opposition to the one week waiting period, explaining that most of their people live from week to week. He urged the committee to kill this bill.

Mr. McCracken was asked to explain the time involved in the receipt of the first check. He replied it takes two to three weeks to get it. This gives the employer time to inform ESD if the employee is eligible. The one week waiting happens only in a one year benefit period. The claimant does not lose the amount, it merely gets tied up to the end of the one year.

Assemblyman Jeffrey stated that when A.B. 181 was passed during the last session, it was intended to penalize the bad guy, not the person who is out of work only 2 or 3 weeks a year. He thought that amendment would take care of the problem again being discussed at this time.

A.B. 242 - Reduces weekly benefit of unemployment compensation.

Ernest Newton, Nevada Taxpayers Assn., submitted a proposed amendment which he feels improves the language. He said it was done in consultation with the Employment Security Department. The bill proposes to make ineligible the "double dipper." He gave as an example a highly paid employee who retires, then goes to ESD. He feels something should be done about this situation. He stated some cases where people collected both the wage replacement allowance on a permanent partial disability, and unemployment benefits. He believes only those who are currently attached to the labor force, and who are available and able to work should participate in the benefits provided by the unemployment security. (Amendment is enclosed as Exh. "B")

Chairman Banner called on Mr. McCracken to make comments on A.B. 242.

Larry McCracken, ESD, stated that until 1977 Nevada took no notice of retirement income, in any form, until the Legislature adopted subsection to NRS 612.375. This law had a very limited impact and had been difficult to administer. A copy of his statement is attached to these minutes as Exhibit "C". He went on to say that there is some concern the Federal government may require all states to adopt retirement provisions. He also stated 42 states do not reduce benefits because of Social Security payments; and 32 states take no notice of military pensions. A.B. 242 would decrease benefits by virtue of such payments.

Assemblyman Robinson queried regarding federal mandate, and asked if they override our state laws. Mr. McCracken replied they do not do that. What they do is if they decide that the conformity issue is significant they take away the offset and reduce the funds. They make you pay the full amount. The system was set up as a state-federal partnership; that the federal government kept that balance fairly well. The state has quite a bit of flexibility on benefits and criteria. Many people say there is so much variance in the state laws that this is justification for a full federalized system.

George Foster, who is a member of the Advisory Council (NESC), said he is unaware of this amendment because he missed the previous meetings. He felt the problem they have in the pipe trade industry regarding retirement, is that their members negotiated pension plans out of the wage package. In 1969 they asked the employers to share with them half of the package to a wages plan and half to a pension plan. He said they have no problem with the employers. Some members will quit their jobs to retire, but they don't go down to claim unemployment benefits because they are out of the work force. There are other people who are laid off from construction; they work in a number of jobs for one year. When they are laid off they may decide to go ahead and retire for their pension. They go and apply for unemployment and they are available for other types of work. These people, in his opinion, are still actively in the work force. He feels trying to solve the problem too quickly is going to be detrimental to a number of people.

Claude Evans, Nevada AFL-CIO, said even though there is a negotiated contract paid for by the employee, and he retires, then goes back to work 4 or 5 years after which he gets laid off. In this bill, he wouldn't be allowed to receive unemployment benefits, because he is receiving that pension he earned. He gave NIC as an example. You could lose a leg in an industrial accident and maybe paid \$200 a month. If that person gets rehabilitated and goes back to another job, works 5 years and then gets laid off, his benefits would be reduced. He feels the bill is badly written, and urged the Committee to reject it.

N. C. Anthonisen, Summa Corp. stated they are looking for some manner to reduce their costs in taxes that they pay. Their main objection is where the employer contributes to the program -- the employer is being taxed twice by paying unemployment compensation. They feel this is one possibility to reduce their costs.

Chuck King, Central Telephone Co., and the Nevada Telephone Assn. said they are in favor of A.B. 242 -- especially the provision where the claimant is double dipping. He cited an instance when he was personnel director where he did a research. They had 18 to 20 retirees that year. In that particular year, only two of those claimants went back to work while the rest received unemployment benefits for the entire benefit period.

Assemblyman Robinson asked if these were people who were willing and able to work. Why didn't they go back to work? Was it because ESD could not find the job in their field of endeavor?

Mr. King replied they didn't evey try to find work.

Richard Lance, Gibbens Co., stated he had the unique position of having the opportunity to monitor compensation claims and unemployment claims. In an average of 7 claims, he found employees collecting both compensation claims and unemployment benefits. Unfortunately there are loopholes in the law. If an employee gets laid off from his work, several weeks later his prior disability which he had with the employer, he goes to the doctor. The doctor feels he is not disabled from work and sends in the proper forms to NIC. The Commission commences to pay temporary disability benefits to that employee. Because the employee was not in a situation here he was not unavailable for work or able to work, he is allowed to collect unemployment.

He went on further to say that if this law tries to control temporary disability benefits and rehabilitation maintenance benefits, he thinks the purpose is to supplement or replace lost income. Based on this, he would like to encourage the Committee to give the bill its strong consideration.

A.B. 243 - Reduces requirement for confidentiality of records involving unemployment compensation.

Chairman Banner requested Mr. Newton to explain the bill.

Mr. Newton stated that after considerable discussion with ESD, they would like to withdraw the bill from consideration. The ESD and Attorney General's office have been in a running battle over what records in the ESD are to be considered confidential. The ESD insist that they are under federal mandate to maintain confidentiality of all employee and employer records. The law, as it is presently written, almost says that. The AG's office did not agree that something as simple as addresses of employees and employers is confidential. This bill was an attempt to provide that the records not be confidential. They felt it was too much of a hassle to fight with the federal government to get information that is available elsewhere.

There being no further discussion, Assemblyman Fielding moved the meeting be adjourned; seconded by Mr. Brading. Meeting was adjourned at 4:43 p.m.

Respectfully submitted,

Sylvia Mays

Sylvia Mays, Assembly Attache

Encls: Exhibits
A & B
Guest lists

25 240
DRAFT TESTIMONY

AB 240 - Imposes One-Week Waiting Period for Benefits

This bill, if approved, would have two important results. In neither case is there any federal barrier or administrative difficulty. They are policy matters which have strong advocates both favoring and opposing the changes that would result if AB 240 is approved.

First, by deleting that portion of existing law indicated on lines 14-20, page 1 of this bill, you would eliminate the payment of benefits to claimants who become ill or disabled after they establish a claim. While these are not great in number, perhaps 10-15 per month, this is a significant departure from past practice. The current law, in effect, allows the payment of disability claims under the guise of unemployment insurance. When this practice was last considered by the Employment Security Council at a regular meeting on 12/7/78, they recommended unanimously, acting upon a formal motion, that disability claims not be paid, the same action proposed in AB 240.

The second important part of this bill is in the new section found on lines 21-25, page 2. This change would impose a so-called "waiting week" before any unemployment benefits would be payable on newly established claims.

This same proposal has been considered by many previous sessions of the Legislature. The department has consistently testified that the various states are gradually deleting such requirements from their laws. No state has ever newly adopted a waiting week since Nevada became the first state to eliminate this requirement more than 20 years ago. There are 12 states which now have no waiting week and 14 others which waive it under certain conditions.

Exhibit "A"

The 1977 Session of the Nevada Legislature declined to approve a similar proposal for a waiting week. As a trade-off, the 1977 Legislature approved AB 181 which requires that claimants who quit their jobs without good cause must earn "remuneration in covered employment equal to or exceeding his weekly benefit amount in each of ten weeks." Experience has shown that this law change effectively bars persons who quit their jobs without good cause from receiving any unemployment benefits until they can reestablish their eligibility in a subsequent benefit year.

Put in simpler terms, AB 181 has reduced the total payout for unemployment benefits by 8.1 percent, or 2.5 million dollars per year based on the current rate of payout. By comparison, the imposition of a waiting week in Nevada would have resulted in a five percent reduction, or approximately 1.5 million dollars less in benefit payments for this same period.

Finally, as a matter of information, the Nevada Employment Security Council at their last meeting on December 7, 1978, acting upon a formal motion, agreed to "formally recommend against" the adoption of a waiting week by the 1979 Legislature.

Amend AB-242 as follows:

Strike lines 6 through 11 and insert in lieu thereof:

less the amount payable to him as a pension allowance payable by or on behalf of a base period employer, social security benefit, or wage replacement allowance from the Nevada Industrial commission, or other workmen's compensation insurer.

Exhibit "B"

DRAFT TESTIMONY

AB 242 - Reduces Benefit Amount for Pensions, etc.

Until 1977, Nevada law took no notice of retirement income in any form. The 1977 Legislature adopted subsection 5 to 612.375. This law change has had a very limited impact and has been difficult to administer. It simply states "any wages which are paid for employment immediately preceding retirement shall not be included as wages in determining the total wages paid during a claimant's base period."

By referring to "wages" rather than retirement income, and by limiting the exclusion to earnings "immediately preceding retirement," the 1977 law has presented difficulties. About ten disqualifications per month have been assessed under this new section, mostly involving persons who voluntarily retire after several years of work with their last employer. Any intervening work after retirement, but prior to filing a claim for unemployment benefits, permits a person to escape disqualification under this law.

Because of these difficulties and because there is some justified concern that the Federal Government may require all states to adopt so-called "retirement provisions," some change in Nevada law on this subject would seem to be in order. There is now in federal law a requirement that all state laws must reduce unemployment benefits by certain retirement income no later than April, 1980. This deadline has already been advanced several times, however, and there is pending legislation that would advance it once more, to May, 1981, so its ultimate fate is uncertain.

AB 242 may be too all inclusive. For example, the last Legislature seemed mostly concerned with claimants who concurrently drew both UI benefits and payments from private pension plans supported in whole or in major part by their base period employer(s).

Forty-two states do not reduce benefits because of Social Security payments. By way of further example, thirty-two states similarly take no notice of military pensions. AB 242 would decrease benefits by virtue of such payments and presumably such others as military disability pensions, since there are no exceptions in the proposal. This bill would also appear to require an offset reduction even in the case of a payment for a private income protection plan, the cost of which had been wholly contributed by the employee.

There is a problem on the last line of this bill in its proposal to substitute "nearest multiple of \$1" for "next higher multiple of \$1." This is in conflict with the manner in which the weekly benefit amount is normally computed in 612.340, that is, to the "nearest higher multiple of \$1." Certainly it would seem unreasonable to knowingly incur the additional expense and administrative complexity inherent in having two different formulas for computing this amount.

Feb. 13, 1979

PLEASE PRINT

A.B. 240
A.B. 242
A.B. 243

GUEST LIST

IF YOU
WISH TO SPEAK

NAME

REPRESENTING

(Please print)

Pro Con

(Please print)	<u>REPRESENTING</u>	Pro	Con
<u>N.C. ANTHONISEN</u>	<u>SUMMA</u>	X	
<u>Gay Kuri</u>	<u>Carpenter 1280</u>		
<u>Mike Swanson</u>	<u>Bally Dist Co.</u>		
<u>John Young</u>	<u>Truckee Dist</u>		
<u>Ed Decker</u>	<u>Boothcraft Mart</u>		
<u>CHUCK KING</u>	<u>CENTRAL TELEPHONE CO</u>		
<u>Jan Barker</u>	<u>LABOR IBEW 357</u>		
<u>Bob Barker</u>	<u>LABOR IBEW 357</u>		
<u>Larry Mcracken</u>	<u>Employment Security</u>		
<u>Eric Camp</u>	<u>Open Eng. Local 43</u>		
<u>Mike Lugin</u>	<u>Operating Engineers #3</u>		
<u>Gene McNeet</u>	<u>LABOR COMMISSIONER</u>		
<u>Carey Harris</u>	<u>LU 2001 LABOR</u>		
<u>Jerry Berry</u>	<u>OPCMIA LOCAL 797</u>		
<u>Harold S. Kity</u>	<u>IATSE LOCAL 720 LV NEW</u>		
<u>Pete Kelly</u>			

GUEST LIST

<u>NAME</u> (Please print)	<u>REPRESENTING</u>	IF YOU WISH TO SPEAK	
		PRO	CON
BILL BOHANE	I. U. O. E. LOCAL # 12		
Jerry Berry	OPCMA LOCAL 797		
DON GURD	NEW STATE COUNCIL of LABORERS		
Claude Evans	AFL-CIO		X
	LC 2001		
FRANK BYRNE	N. Nev. BUILDING TRADES		
Robert L. Harrison	S. Nev. Building trades		
WALTER HENDERSON	L.I.N.A. LOCAL 109		
DARREL MITCHELL	IBEW, LOCAL 1245		
Ed Erickson	Local 109		
Jim Arnold	SO. NV. CENTRAL LABOR		
Jack McHitt	PLUMBERS LOCAL 525		
Robert L. Harrison	C.W.A.		
Gray Foster	Plumbers local 350		
Robert F. Quinn	NEW-MOTOR TRANSPORT ASSN NEW FRANCHISE AUTO LESSEE	-	-
WALLIE WARREN			
ERNEST NEWTON	NV TAXPAYERS	✓	

BOB HARRISON - Building & Trades Council - L. U.
 LEO HENDRICKSON - JOINSTON'S L. U. L. U.
 JIM ARNOLD - CENTRAL LABOR COUNCIL - L. U.
 JACK Mc Ginty PLUMBERS # 525 L. U.
 DON Gurd. NEVADA STATE COUNCIL of LABORERS - RENO
 GEORGE FOSTER - PLUMBERS 350 RENO.
 BRUCE BARLETT - QUARRY ENGINEERS - # 507 L. U.
 DON MARYIAN ~~229~~ ROYUS # 229
 DON CRUAS. LABORERS. 169 RENO
 JERRY BRADFELD - JOINSTON 533 RENO
 BOB BAIKEN ELECT. 357 L. U.
 JERRY BURY - PLASTER - # 797 L. U.
 HAL REITZEL - STAGE HANDS L. U.
 CARY HAVIS ~~LABORERS~~ # 201 FLOOR COVERS - L. U.
 WALT HENLUSON # 169 LAB. RENO
 FRANK BURNS - NORTHVA NCA. BUILDING TRADES
 BILL BOONE - OPERATING ENGINEERS # 12 L. U.
 BOB BAFOSIN - COMMUNICATING WORKERS RENO
 DALE BLECH OPERATING ENGINEERS # 3 RENO
 ROBERTA KETTER - COMM. WORKERS RENO
 HARRY KESER - CARPENTERS # 1780 L. U.
 DARRELL MITCHELL. ELECT. - CARSON CITY
 HARRY KNUDSEN - STEEL METALS # RENO
 ED PARKS . WOOD. # 501
 ED PIERCE . PAINTERS RENO
 JERRY BRADFELD . JOINSTON RENO
 ED Mc GARDNER . MUSICIANS # RENO
 CHARLES PERKINS CEILING # 86 RENO
 TOMA SEUREL - STAGE HANDS L. U.