The meeting was called to order at 8:00 a.m. Senator Gibson was in the Chair.

PRESENT: Senator James I. Gibson, Vice Chairman
Senator Eugene V. Echols
Senator Thomas R.C. Wilson
Senator Lawrence E. Jacobsen
Senator Norman D. Glaser
Senator Clifford E. McCorkle

ABSENT: Senator Floyd R. Lamb, Chairman

OTHERS PRESENT: Mr. Ronald W. Sparks, Chief Fiscal Analyst
Mr. Eugene Pieretti, Deputy Fiscal Analyst
Mr. Howard Barrett, Budget Director
Mr. Tony Palazollo, Nevada Employees Association
Mr. Sam Palazollo, Nevada Employees Association
Mr. Roger Laird, Nevada Employees Association
Mr. Jim Wittenberg, Director of State Personnel
Mr. John Palmer, Budget Division
Mr. Marvin Leavitt, City of Las Vegas
Mr. Julius Conigliaro, Federated Firefighters of Nv.
Mr. Tom Huddleston, State Fire Marshal
Mr. Don Heath, State Insurance Division
Mr. Jim Wadhams, Commerce Department
Mr. Scott Baker, State Insurance Division
Mr. Les Groth, Nevada Fire Chiefs
Mr. Paul Delorey, Federated Firefighters of Nevada
Mr. Lester O. Goddard, State Savings & Loan Division
Mr. Wayne Tetrault, State Mobile Home Agency
Ms. Susan Simmons, Real Estate Division

STATE EMPLOYEES SALARY RECOMMENDATIONS

Senator Gibson introduced Mr. Wittenberg who in turn presented Mr. Roger Laird and others.

Mr. Wittenberg passed out a review of fringe benefits (see Attachment A) which had been requested by one of the Senators.

Mr. Wittenberg announced that the recommendation before the Committee represents the first negotiated settlement between the Employees Association and the Administration. He reviewed factors involved in making the salary and benefits recommendations. He reported that 81 positions had been surveyed, comparing them to similar positions in the public and private sectors. This survey identified average rates of pay for these positions.

Mr. Wittenberg stressed that since the early 1970's the Consumer Price Index has been an important variable in making salary recommendations. He presented a chart which compared salary increases to the Consumer Price Index (see Attachment B). Mr. Wittenberg said that their 8 percent pay raise recommendation represents a .3 percent belt-tightening when compared to the CPI. He stressed that they had not tried to keep up with the CPI but have kept below that in support of anti-inflationary measures.

Mr. Wittenberg presented a second chart (see Attachment C) which compared state employees' salaries and fringe benefits to Presidential Guidelines for inflation. He stressed that the State of Nevada salary increases were well under the levels suggested in the Presidential Guidelines. Mr. Wittenberg said the average state salary differed from the base annual salary (see Attachment C) because 1380 positions which are paid less than $4.00 an hour have been eliminated from the base salary. He explained the eliminiation of these positions are provided for in the Presidential Guidelines. He added that the fringe benefits have been added to the base annual salary.

Senator Wilson asked why the 1380 positions have been left out of the base annual salary. Mr. Wittenberg said he was not sure of the rationale; it was in the Guidelines. Mr. Laird said that the federal government felt that inflation has its biggest impact on those who make the smallest amount of money. They used $4.00 an hour as the cutoff and said that Wage and Price Control could not be applied to those who made $4.00 an hour or under.

Mr. Wittenberg said that according to the Guidelines, 7 percent of an increase in an existing benefit is charged against the Guidelines, therefore $26.00 (insurance) is that amount per employee per year that has to be charged against the Guidelines.

Senator Gibson asked if insurance doubled or tripled, would it still be 7 percent. Mr. Wittenberg said he thought the Guidelines assumed there would be no increases in benefits and the percentage applies to the increase in the benefit due to inflation. You would then only be charged the first 7 percent of that amount.

Mr. Wittenberg described how he arrived at figures pertaining to paid sick leave and longevity increases. He explained that the minus figures represented a reduction in an existing benefit. He said they had eliminated the optional two holidays which the law now provides for. They had also adjusted sick leave so that it would begin accruing after the first 6 months for new employees, instead of after the first month which has been the practice. Also, annual leave has been reduced from 15 days to 12 days for the first three years of employment.

Senator Wilson asked how many new employees did Mr. Wittenberg anticipate hiring in the first year of the biennium under the budget levels projected in the budget. Mr. Wittenberg replied that about 1000 to 1200 employees are hired as a result of turnover and there are about 400 new positions recommended in the budget, therefore approximately 1500 employees.

Mr. Wittenberg said they had calculated the savings in dollars and productive hours given the cutbacks in holidays, sick leave and annual leave. He estimated that loss of the two holidays amounts to $1,800,000 for 170 staff positions over the two years, and amounts to 136,000 productive hours, a considerable productivity gain. Regarding sick leave, there are three or four hundred summer, temporary employees, primarily students, who use an average of two days sick leave which will be eliminated. About three days of sick leave are used by new employees during the first six months. In two years the savings in sick leave is about $383,000 based on the average hourly salary of $6.65 an hour. The productivity gain is 28,800 staff hours. Annual leave is calculated over a 3-year period because employees will not get 15 days until after 3 years of employment. The savings is $144,000. The total savings in these three areas is over $2-1/2 million.

Senator Glaser asked if the pay raise was 8 percent the first year and 5-1/2 percent the second and averages less than 7 percent over 2 years. Mr. Wittenberg explained that in the second year there is an insurance increase from $54 to $67 which is the $96 and then the sick leave and annual leave gains are subtracted. He stated that the average pay raise over two years would be 6.2 percent (see Attachment C), which is under the 7 percent Guidelines. But he said there are other items chargeable against the Guidelines: Merit Salary Increases, Promotions, any reclassification that causes an increase in the level of the payrolls. Mr. Wittenberg said they are not sure of some of these variables, such as Promotions, and for this reason they have left latitude in their recommendations for pay raises so they would not exceed the Guidelines. They have left at least .5 percent to allow for the unknown variables.

Senator Glaser asked what was the rationale for applying the 8 percent raise against Retirement. Mr. Laird said because Retirement will go up 8 percent. If you increase the base by 8 percent, retirement will automatically balloon by 8 percent, so the cost is there. Mr. Laird said he had calculated this a number of ways and the numbers on the bottom of the chart change less than 1/10 of a percent. Mr. Laird explained that any benefit tied to the Base Salary automatically increases the same amount if the Base Salary is increased.

Senator Gibson asked what the actual increase in Insurance was the first year. Mr. Laird explained that Insurance goes from $54 to $67 and was the result of a complex formula. Right now we are at $42.32. On July 1 it is projected we will go to $54 and one year later to $67. But only the first 7 percent of the increase is counted here. Dollars over the 7 percent of the $42.32 will not be counted unless it buys an increased benefit.

Mr. Wittenberg said that a recent U. S. Chamber of Commerce study on fringe benefits provided to approximately 400 larger firms in the U. S., put fringe benefits at more than 36 percent in the private sector. He found that within Nevada, among cities and counties surveyed, the average fringe benefit is 31 percent. Within State agencies in Nevada, the average fringe benefit is 27.1 percent and some fringe benefits are being reduced, therefore the percentage Nevada pays toward fringe benefits at the State level is below the average. The private sector in Nevada, based on a survey of about 14 larger employers in the State, pays 28.3 percent. He said that though his recommendations represented a belt-tightening effort, salaries at the State level would remain competitive.

Senator Gibson asked Mr. Wittenberg how he arrived at the $96 for Insurance in the second year; he said it seemed more than 7 percent. Mr. Laird replied that $96 was a combination of 7 percent which equaled $45.18 and then took 7 percent of $45.18, so the increase was about $3.00. The Insurance Company said it would take another 25 percent to maintain benefits in 1980. Mr. Laird said he thought they had overestimated inflation in medicine so he allowed an additional 15 percent to maintain benefits; the difference, which was another $5.00, would really be available to buy increased benefits in 1980 and that is how $96 was arrived at. If the Insurance Company is correct about inflation in medicine, the $96 will drop to $36. Mr. Laird said he has been "sweet" on that end. He said the increased benefit they would want in the future is a decrease in the amount of the deductible, which is now $250.

Senator McCorkle asked if Mr. Laird would make a copy of his chart and make a summary for the Committee. He and Senator Wilson said they were confused by these calculations.

Senator Gibson said he would like Mr. Wittenberg to supply the Committee with a copy of the Guidelines and also a report on what is being spent for Merit Salary Increases and Promotions and Reclassifications. Senator Gibson said they had indicated it was about .2 percent of the overall salary costs. Mr. Wittenberg said they had anticipated that question and had prepared a chart (see Attachment D).

Senator Wilson asked what the difference was in applying the 8 percent to the Average Salary compared to applying it to the Base salary. Mr. Wittenberg said about .2 percent. Mr. Wittenberg pointed out that about 58 percent of the employees were eligible for Merit Salary Increases which meant about 2.5 percent needed to be budgeted for this purpose. He said that they have found that a combination of Merit Salary Increases and Promotions probably costs about .2 percent rather than nearly 3 percent. He said the reason the percentage is so low is because turnover is 18 percent and the average change in salary when a position turns over is about 15 percent. More than 18 percent is saved because we are hiring people on the average of 15 percent less than they were making and it sets off a domino effect; a person is promoted into a position at a lesser salary than the person who left and so on which gains a lot of salary savings.

Senator Gibson said there is a fallacy here because it appears that all the turnover is in the 15th step. He asked if it was. Mr. Wittenberg said no, not all of it. He said his calculations are not perfect but that they had also not figured in the chain reaction effect either. He said while many of the 18 percent were not at the 15th step, the chain reaction from promotions represented savings. He said he thought his figures were fairly accurate and showed they were not spending as much as they thought at all in this area. He said they were not sure of these variables, for example, 18 percent turnover could drop to 12 percent next year.

Senator Wilson asked if they had a way of projecting this figure. Mr. Wittenberg said they anticipated the turnover figure would be reduced. He said turnover has been 12, 15 and 18 percent in the last 3 years so it has been rising but he felt belt-tightening efforts will reduce the number of new positions and lower the turnover. Mr. Wittenberg said they could safely conclude the amount was nowhere near 3 percent, but was considerably less than that. Mr. Wittenberg stressed that they remained well under the Guidelines due to the latitude they have allowed.

Senator McCorkle said it seemed that they were trying to use the Guidelines to fit as a total cost of government rather than using them on an individual basis. He said when you take away reduced savings because you are replacing someone who made more money, you are making a net savings of the 8 percent for all government employees, but you are making a net gain on the individual employee. If you have a 6.2 percent net gain per employee, based on your first chart, and you add 2.9 for that one employee, even though to the system it is a net savings, for each employee who remains within the system you exceed the Guidelines of 8 percent. Mr. Wittenberg said that was correct..

Senator McCorkle said that 6.9 plus 2.9 percent is really 9.8 percent and isn't that percentage more accurate on an employee by employee basis. Mr. Laird said this may be true for Promotions but is not true for Merit Salary Increases which are granted on an annual basis. He added that the Guidelines are not based on individual employees but on the group.

Senator McCorkle pointed that the 5 percent Merit Increase which applied to 58 percent of the work force was treated as an automatic pay raise and should be applied to the Base figure and was not being counted that way. Mr. Wittenberg said that an individual employee could get a 5 percent raise and an 8 percent raise. He also said they were trying to turn the Merit Salary Increase system around so it was a performance-based increase and not an automatic increase which is what it is now and has been for 20 years. Mr. Wittenberg said they had proposals to change the way the Merit Salary Increase now operates.

Senator Wilson asked when they are going to present those proposals. Mr. Wittenberg said he could discuss them now. He said they do not require legislation. He said that within the money budgeted by the legislature they were going to consider utilizing the Merit Increase money better by providing a $300 bonus for outstanding performance, determined by a supervisor. From a cost benefit standpoint the bonus, being one-shot, is good. The $300 is derived from 2-1/2 percent of the average salary. It is a greater percentage of the lower wage earner's salary which is also positive. Mr. Wittenberg said that for every $300 bonus, there has to be an equal 2-1/2 percent increase rather than 5 percent to stay within the Budget. He said that will cause Supervisors to really look at employees that now get 5 percent, which is 98 percent of those who are eligible, and decide which are better producers: the better employees will get 5 percent, and less good employees will get 2-1/2 percent, which will allow outstanding performance to be rewarded.

Senator Wilson asked if this was a policy decision which has been made. Mr. Wittenberg said he was now finalizing that decision.

Senator Wilson asked when he was going to finalize it and when would the Committee know if it was going to be done or not. Mr. Wittenberg said it would be done well before the end of the legislative session. He added that it will have no impact on the Budget.

Senator Echols asked, regarding the 18 percent turnover, if there was a breakdown of terminations and resignations. Mr. Wittenberg said yes. He did not have it with him but he could prepare that and get it to Senator Echols. He said there were approximately a dozen reasons for leaving State employment in addition to retirements, deaths, promotions and transfers.

Senator Gibson asked when they figure the average impact of the fringe benefits, are they calculated on the basis of these benefits now included in the Base Annual Salary or are the 1380 positions which were moved in getting the higher base figured in these categories (see Attachment C). Mr. Laird replied that he had taken the cost of a new program, such as Insurance which we thought would cost $150,000 a year and divided $150,000 by 7434 employees, which is a smaller number than the 8439 full time equivalents. 8439 FTE's is the total number of classified employees and the 7434 FTE's is the number after those who earn $4.00 or less per hour are removed.

Senator McCorkle asked Mr. Wittenberg to get the Committee a summary of the benefits requested by the Employees Association that were approved in the last biennium.

Senator Glaser said the Merit Increase has been an issue each legislative session and he would like to see changes made in this system during this session. Mr. Wittenberg said he expected his program to be finalized within two weeks. He said he can suggest changes but the Administrators have to administer it. He said he will monitor this program so there is information on the results of this program for the next Legislative Session. He said one problem in dealing with the Employees' Association is that an attitude prevails that earning under 5 percent indicates an employee that is about to be fired. He said this thinking has to be changed. The person who gets 2 percent now is not as good a performer as the person who gets 5 percent, but the former employee is not going to be fired.

Senator Jacobsen said people continue to say public employees are paid less compared to private enterprise. Yet industry in this area tells us that employees are leaving to work for the State. You said earlier that private enterprise was in a higher bracket. Can you substantiate that? Mr. Wittenberg said that some small private employers are not able to compete with the State but when private employers of comparable size existing within the State are looked at, the State is average or lower than average. He said, within the State itself, some salaries are higher and some lower. Mr. Wittenberg said he had material from private employers in Nevada that show they are ahead of the State and he knows of others with positions that are comparable. He said when the average of the public jurisdiction in the State is looked at it is about $14,144. We are at $13,885 and the 8 percent takes us to about $15,000. Those private employers at $14,000 are negotiating now and will have salary increases in July of this year and will probably exceed the $15,000.

Senator Jacobsen asked if the percentage of job applications has been about the same over the years and how many did they have now. Mr. Wittenberg said last year they had about 27,000 applications. They changed the application system two years ago. A few years ago they had about 90,000 applications because they used to accept applications at any time for all agencies, whether or not there were openings. Now they accept applications only when they are recruiting for a position. They had 23,000 applications in 1977 and 27,000 applications last year.

Senator Jacobsen asked if applications were processed in Carson City. Mr. Wittenberg answered in Carson City and the Las Vegas office.

Senator Gibson asked how many positions were they recruiting for. Mr. Wittenberg answered 1200 positions in fiscal 1977 and about 1500 positions he thought in the first fiscal period of this biennium.

Senator McCorkle asked how Nevada employees ranked nationally. Mr. Wittenberg said 5th. Senator McCorkle said his information showed Nevada 3rd, behind California and Alaska. Mr. Wittenberg said he has not seen the latest data but Nevada has been 3rd to 5th the last five years.

Senator McCorkle asked why Nevada ranked so high. Mr. Wittenberg said the cost of living was high and western states were usually high nationally. He said Nevada was in the top 3rd when compared to western states and in the top 10 or 15 nationally. Mr. Wittenberg said that 10 years ago when salaries were not competitive, Nevada had a 40 percent employee turnover.

Senator McCorkle, after remarking Nevada ranked 2nd in 49 states if Alaska was excluded, asked if Mr. Wittenberg thought this high ranking was necessary. Mr. Wittenberg answered that being in the top 15 percent nationally was important to be competitive.

Senator McCorkle said, how about dollars and cents and cost avoidance, that seems to be the goal of being 2nd. Has that been shown to be the result? Mr. Wittenberg said yes, that one indicator is the rate of growth in State government in the last eight or ten years compared to the population growth. Over 15 years regarding the growth of State government and growth of population, we have been increasing at a decreasing rate. Mr. Wittenberg emphasized the value of increased productivity in a decreasing State work force (relative to increases in the State work force in previous years) to serve a growing population. Related to productivity, he mentioned that about 3 percent of State employees are fired for not performing, which contradicts the prevailing attitude that State employees are not ever dismissed.

Senator Jacobsen asked what percentage of applicants are out-of-state. Mr. Wittenberg said he did not know about applicants, perhaps 10 percent, but that less than 1 percent were actually hired. He said it was Governor O'Callahan's policy to only hire out-of-state applicants when a qualified Nevadan could not be found. Prior to this policy, 20 percent of the people who were hired were out-of-state.

Senator Echols said people complained about the complexity of hiring procedures and he felt that the State lost good people because of this complexity. Mr. Wittenberg said there are unavoidable delays notifying people and examining them. He said they were trying to simplify the exam process but there were improtant mandates regarding the examination process.

Senator Gibson, referring to the chart (see Attachement C), asked for information on how many of the 8439 State employees made less than $13,885 Average Salary. He also asked if Mr. Wittenberg has ever considered anything other than a percentage increase. He said it seemed that employees in the lower pay range suffered more from inflation and maybe the raise should be distributed other than on a straight percentage basis, the lower paid people being paid more. Mr. Wittenberg said they considered this, not in terms of dollars across the board because this causes complications that have to be corrected in the future, but they have not recommended differential percentages because they thought it was not the best way to go.

Senator Gibson said he noticed the federal government froze their top salaries and gave more to the lower range employees. He said that the 58 percent of core employees over two years would actually realize an increase of almost 25 percent and they are probably in the upper part of the pay ranges. He said he did not know how inflation was controlled with this approach. He said, though it may average out, there were a lot of sad stories hidden beneath. He asked Mr. Wittenberg for a breakdown of employees at various salary levels to see what the impact would be on each pay category.

Senator Wilson asked Mr. Wittenberg to explain why he did not go with differential raises. Mr. Wittenberg said the primary problem is compacting salaries. Mr. Wittenberg said he had the number of employees in each Grade and Step and therefore at each level of compensation. He said if the Committee wanted to take this approach they had to stratify the compensation levels and go at least a differential percentage to minimize the problem of compaction. He said they could get the Committee the compensation distribution of all the employees, but Grade and Step, as a start and then if they wanted they could work some differential percentage recommendation or whatever.

Senator Jacobsen expressed concern over the bonus plan. He asked if Mr. Wittenberg planned to apply this evenly over all the Grades. Mr. Wittenberg replied, yes. He said one of the reasons for doing this was because of the larger amount of lower paid employees. He said, this is an area we can do it without impacting the classification plan and we suggested a one-shot bonus which does not create the compaction problem.

Senator Jacobsen asked if the one-shot bonus for Merit Salary Increases would be a certain time of the year and would be the same each year. Mr. Wittenberg said they needed specific regulations so that an employee could not receive more than one of those each year.

Senator McCorkle asked why a one-shot bonus was needed which tended to equalize across all employees. He pointed out that in private business no one gets the same increase, increases being based on performance. He said that Supervisors in State government seem to hesitate to evaluate their subordinates. Mr. Wittenberg said people want the system the way it is and do not want changes. He said the majority of managers do want the system changed. He said that Merit Salary Increases were introduced into State government at a time when State salaries were down and managers had to use these increases to keep turnover down. The managers are simply using the system the way it has always been used and the course of least resistance is to give everyone the increase. He said the Employees' Association is completely opposed to changing present policy because they feel this was part of the contract for working for the State, that standard performance was guaranteed a 5 percent increase.

Senator McCorkle asked if the 5 percent raise for standard performance was actually written somewhere. Mr. Wittenberg said it was written in the rules which say if performance is standard or better, you will receive a 5 percent Merit Salary Increase.

Senator McCorkle asked who changes these rules. Mr. Wittenberg replied, we do. He said they were proposing to change this through the Administrators.

Senator Gibson said that a few years ago (1970) the legislature gave a flat increase. He asked what was the effect of that on Mr. Wittenberg's schedule and morale. Mr. Wittenberg said that it had only a 1 percent impact at certain Grades and about an overall 1/2 to 1 percent reduction. This was a $50 across the board raise and it created some compression. If we were to do that again at $100 across the board, a 2-1/2 percent compression would occur and he argued against it at the time because it was compressing salaries.

Senator Gibson requested Mr. Wittenberg to get the Committee the information requested.

<u>DEPARTMENT OF COMMERCE</u> - Page 562

Senator Gibson introduced Mr. Jim Wadhams, Director of the Commerce Department.

Mr. Wadhams said the Director's office is asking for an increase of 5.75 percent, a small increase, essentially for increases in payroll. He referred to the description in the narrative which names the responsibilities of the Office of Director. Mr. Wadhams pointed out that the difference between what the Agency requested and what the Governor has recommended is largely attributable to salary differentials for unclassified positions.

Senator Gibson asked if Mr. Wadhams was suggesting a change in his office location. Mr. Barrett said he would like to make a correction. He said there should be some other building rent. The Governor recommends $1770 be asked the first year (the third line from the bottom in Operating) and $2167 the second year. Mr. Barrett explained that the Commerce Department had recorded their Las Vegas office, a private office, as if it were state-owned. The error was not caught until after the Budget was printed. Mr. Barrett added that the Agency requests are usually the requests of previous department heads, not the present department heads. The request for additional space to move into a privately owned building in Carson City was made by the previous administrator and the administration was not recommending this.

Mr. Wadhams remarked that the previous Director had contemplated moving to a new office building and a similar difference in Agency requests exists throughout all the Divisions.

<u>INSURANCE DIVISION</u> - Page 564

Mr. Wadhams introduced the Insurance Commissioner, Mr. Don Heath. Mr. Heath read the narrative describing his responsibilities. He said his bottom line percentage increase is approximately 6.79 percent when it is adjusted for an addition to the Budget regarding (see Page 566) the Fire Support item at the top of the page.

Senator Wilson asked Mr. Heath to explain the Fire Support item. Mr. Heath said it was the former office of Fire Marshall and the last legislature recommended that it be put in this Division and that is why the Agency did not request it.

Senator Gibson said the Fire Support figure in the Work Program at the bottom of the page covers that same function. Mr. Sparks said to Senator Gibson that this should be clarified. Mr. Barrett said that is available from the last quarter this year. We have to get a clarification as to whether that can be used the last quarter of this year or must it revert to the General Fund as required by the legislation passed at the conclusion of the 1977 Session.

Senator McCorkle asked what was the purpose of having an Actuary in the Department. Mr. Heath answered there were many reasons, primarily to redo the filing as well as evaluate the policies of various companies to include both property and health insurance. They are both technical fields, both mathmatically and linguistically. Also, they handle special complaints which require technical expertise. Mr. Wadhams stated that under the current Nevada rating laws, insurance companies must file all their rates and forms for review with the Commissioner of Insurance who has the power to disapprove them. He said Mr. Heath's predecessor did not have the technical expertise to analyze them and probably Mr. Heath does not either. The Actuary specializes in reviewing those rate items.

Senator Gibson asked Mr. Heath to explain the litigation items. Mr. Heath said we are involved in three major legal actions and potential litigation with the Nevada Medical Liability Insurance Association and Guarantee Funds, both Life, Health, Property and Casualty. Cases range from potential libel and slander to future liability under certain items.

Senator Gibson said he understood that Life and Health Insurance Guarantee is set up to protect the policyholder in case the Insurer cannot produce, for example, in the event of bankruptcy. He said he wondered what kind of suits they were involved in. Have the companies not been able to satisfy obligations? Mr. Wadhams said usually there is not a lot of litigation unless there is a dispute as to the claim that should be paid. The mechanism that was established by the legislature works fairly well. He said they do have problems in the Property Casualty Guarantee Fund. There was a Medical Malpractice Insurance Company which recently did go bankrupt, creating a substantial amount of activity in the Insurance Commissioners's office.

Senator Gibson asked how the Guaranteed Funds built up. Was that a percentage of the premiums paid? Mr. Heath answered it was by assessment. As a company gets into financial trouble, there is an assessment effectively made back to the companies operating in the State and they are assessed on a proportional basis from the premiums they write in the State.

Senator Gibson asked if there was a figure in this Budget on rent. Mr. Heath said there was and to his knowledge it was correct (see Page 566).

Senator Gibson asked Mr. Heath to comment on the new position. Mr. Heath said they have had an increase in consumer complaints to their Division and this had caused staff, assigned to other areas, to have to help take care of complaints. They have asked for new positions under a para-technical type so that, for example, a secretary with skills in communications could help by taking some if the load off the Complaint Officers. Mr. Heath said to his knowledge there has not been an increase in Complaint Officers for many years.

INSURANCE RECOVERY FUND - Page 567

There were no questions on this section.

INSURANCE EDUCATION AND RESEARCH - Page 568

Senator Gibson asked if this was a new fund since it was not shown in the Work Program. Mr. Palmer, from the Budget Division, said no. It was approved by legislation in 1977. It goes with the Insurance Recovery Fund; it is the same fund. He said this budget is set aside for Educational Research, any amounts over $40,000 in the Insurance Recovery Fund are transferred to the Insurance Education Research Fund. Mr. Barrett added that in the actual year there was nothing above $40,000 that went into this fund so it does not become active until next year.

Senator Gibson asked if all these monies are fee monies. Mr. Barrett said yes, there are no General Fund monies.

UNCLAIMED LIFE INSURANCE FUNDS - Page 569

Mr. Heath explained that there are often monies for whom the beneficiaries cannot be located. Those monies return back to the State and ultimately back to the General Fund.

Senator Echols asked what would happen if a beneficiary was located after funds had been returned and the claim exceeded the fund balance. Would they get the entire amount? Mr. Heath said that the 25 percent that remains is to pay for people who unexpectedly appear. If the Fund were inadequate, the beneficiary could make a claim against the State.

Senator Echols asked what efforts are made to locate people. Mr. Wadhams replied the insurance companies are required to try to find them at their last known address and the insurance companies do not benefit if people are not found. This Fund is to prevent them from receiving a profit. The insurance companies are required to file annually with the Insurance Commissioner to report their efforts in locating people. Senator Echols expressed concern that many people were not located and therefore not paid what they are rightfully due.

Senator Echols asked if the State made efforts to locate people. Mr. Wadhams replied that the State was not responsible. Senator Gibson said it was the responsibility of the private company, not the State, and since the company does not benefit it gives them a little more incentive to try to find people.

Senator Echols said he does not understand why there is not a procedure mandated by law that must be followed to locate beneficiaries. Senator Glaser said there would be legislation introduced this year which is the result of a study of the Subcommittee of the Legislative Commission on Unclaimed Property. It did not relate directly to unclaimed Life Insurance but this bill will call for the State to dedicate a portion of that to attempt to find beneficiaries. He said when the bill comes over we can remember this item and amalgamate the two.

INSURANCE EXAMINERS REVOLVING FUND - Page 570

Mr. Heath briefly described the function of this Fund.

Senator Gibson asked is whatever is listed here spent. Mr. Barrett said with respect to exams, that $362,674 was what was spent last year. Senator Gibson said, so it was an in and out fund, a revolving fund.

Senator McCorkle asked if this money is reimbursed, how long does it take to reimburse and why should it be kept in the Fund. Mr. Heath said that to keep the Fund to properly account for it.

PREPAID FUNERAL AND CEMETERY FUND - Page 571

Mr. Heath said this account reflects the revenue received from and the expense paid out in support of the regulation of this industry.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS - Page 572

Mr. Heath explained that this Fund defrayed travel and other expenses for the Insurance Commission, associated with the National Association of Insurance Commissioners. It is funded by a yearly assessment of $15 against those authorized insurers operating in this State.

Senator Gibson asked when this Fund was set up. Mr. Barrett replied when the legislature passed the new Insurance Law in 1971.

Senator Glaser asked if this precludes Travel in the Main Budget on Page 1. Mr. Heath replied it was in addition to that Travel item.

FIRE MARSHALL - Page 574

Mr. Tom Huddleston, the State Fire Marshall, was introduced. Mr. Huddleston said by mandate under the last Session the State Fire Marshall's Office is due for abolition as of March 1, 1979. As a result he is not funded for the final quarter of this fiscal year. He said there has been money set aside in the Insurance Division and he had no budget recommended for the next two years.

Senator Gibson said the Governor has included in the Budget the interpretation of what the legislature wanted. Mr. Barrett said that was correct.

Senator Gibson said Mr. Huddleston should prepare a case for what he thinks should be done and bring it to the Committee. He added that this is a perennial problem with the Committee. Mr. Huddleston said he thought a bill had been drafted by a coalition of Fire Chiefs and the Firemen's Association which would re-establish his office and redefine its duties. He said there are a great number of programs in existence and he feels the Office has a vital function in all areas of the State, especially in the rural areas. His primary concern is to reestablish the Office as it is presently. He said in the last 15 months he has held this Office he has made every effort to operate it the way it was originally designed to function. He said he thought he had been successful and his workload has increased tremendously since people know that assistance is available.

Senator Wilson asked if the workload increase was in the rural or urban communities. Mr. Huddleston said it was a combination of both because his Office controls functions in both urban and rural areas. Mr. Huddleston said he has thrown out all the laws that were on the books when he entered office and completely rewrote them and in doing so picked up two laws, mandated by the legislature, that had never been addressed--control and regulation of the fire sprinkler industry and control and regulation of fire alarms. This alone had created additional workload.

Senator Wilson said a major question is what responsibility should the Fire Marshall have in urban areas where there are well-funded fire departments and what responsibilities in rural areas where there may be need for State help. Mr. Huddleston said in the urban areas he functions mainly as Chief Deputy to the Insurance Commissioner and provides the service of ultimate code authority on the State level when there is a conflict of understanding of code. He said he has stopped the duplication of effort in these areas. His department no longer goes into these areas on a continuous basis, but only goes into these areas when requested.

Senator Wilson asked Mr. Huddleston if he could quantify how he spends his time in the different areas and present these figures at the next budget hearing. Mr. Huddleston said he could.

Senator Glaser referred to Mr. Huddleston's not being funded for the last quarter of this year, asked if that was from March to June 31. Mr. Huddleston said yes. Senator Glaser said Mr. Huddleston would need a supplemental appropriation to get through. Mr. Huddleston said when he submitted his original budget, he made an additional supplemental appropriation request but there was no Government recommendation.

Senator Glaser said Mr. Huddleston's support shows up under the Division of Insurance (Page 566) under Chief Deputy and one aide for a total of approximately $43,000 the first year and $43,900 the second year. He asked if Mr. Huddleston's Travel was worked into the In-State Travel section of the Insurance Division budget. Mr. Huddleston said it was worked into his budget recommendations. He said what they have attempted to do there is fund one professional and one clerical position under the Insurance Division to handle everything his office handles now.

Senator Glaser asked if Mr. Wadhams had all the related costs worked into the insurance budget. Mr. Wadhams said no. The appropriation for 1979-80 is about $33,100 which includes a Chief Deputy and one Secretary. There is no provision for office furniture, communications expense, travel or floor space (see Page 566, Governor Recommends column).

Senator Glaser asked if the Division of Insurance needed more money. Mr. Wadhams replied that if the legislature wants the Fire Marshall to be incorporated into the Insurance Division, there would be a fiscal impact beyond what is shown in the Insurance Division's budget.

Senator Jacobsen said he was one of the Assemblymen responsible for saving the Fire Marshall's office up until March. He said that the rural fire department could not exist without this service. Senator Jacobsen suggested setting aside a day and inviting the Fire Chiefs' Association, State Firemen's Association to come and justify this position. Senator Jacobsen said that the expertise of this office was indispensable to rural volunteer fire departments. He also requested information on all the fire organizations. Senator Glaser said that would be up to Chairman Lamb and he would make a note of it. He said he also felt the Committee needed more time to discuss this issue.

Senator Gibson said there was a function of the Fire Marshall's office that remains in the Insurance Division. Senator Jacobsen said he thought the function would be too curtailed, prohibiting the Marshall from serving the volunteer fire departments. He added that he would like something to be done before the expiration date in March.

Mr. Sparks asked what was the status of the bill Mr. Huddleston referred to. Mr. Huddleston said it was ready but waiting for a sponsor and did not think it had been introduced yet.

Senator Glaser suggested he get the draft to Senator Jacobsen for sponsorship.

Senator Gibson wondered if the hearing Senator Jacobsen requested should be set up in conjunction with the bill. He said that the Committee could not do anything without legislation.

DIVISION OF SAVINGS AND LOAN - Page 578

Mr. Lester Goddard, Commissioner of the Savings and Loan Division, was introduced. Mr. Goddard emphasized that his workload has increased tremendously and his staff has not increased to keep pace with the growth Nevada is experiencing. He reviewed where these areas of growth were occurring in his Division and to what extent they affected his Division (see Attachment G).

Senator McCorkle asked if fees or revenues received by a department were reflected in the Budget. Mr. Barrett replied that in this case they are not reflected here. They are deposited in the General Fund.

Senator McCorkle asked if Mr. Goddard would explain his fee structure. Mr. Goddard said it was based on a flat percentage of total assets. He said it directly reflects the growth of the associations. He pointed out that every two or three months he has to raise the estimate on fees because the associations keep growing so much. He started in September estimating about

$438,000, which was revised about two months later to $465,000 and now he has the final figures and finds that it is $480,000. Mr. Goddard added that the larger the associations get the more problems his Division has keeping up with demands.

Senator Wilson asked if the Governor's Savings and Loan Budget was adequate. Mr. Goddard said no. Senator Wilson noted that in the second year of the biennium it was $20,000 less than the Agency requests and $18,000 less than the Agency requests in the first year. Mr. Goddard said his requests were based on an exploding industry.

Senator Wilson asked what Mr. Goddard wanted the Committee to do. Mr. Goddard said he felt his budget request reflected what he really needed.

Senator Wilson asked him if he was referring to positions requested that were not granted. Mr. Goddard justified the need for a half time stenographer to relieve the burden on the Secretary. Mr. Goddard said he only requested one position because he thought he would not get more but he did need more staff. He said he was concerned that he would not be able to hire a Savings and Loan Examiner at that price (see Page 579) that has had experience. Probably this position should be elevated to Senior Examiner, due to growth, to avoid having to train someone.

Senator Gibson asked where his Secretary position was listed. Mr. Goddard said it was "Management Assistant II" (Page 578).

Senator McCorkle asked why Mr. Goddard did not ask for more people. Mr. Goddard said that when he requested positions last Setpember he did not know he was going to have three big new associations. Mr. Goddard said he would be satisfied if he had this Savings and Loan Examiner and a Senior Examiner. Mr. Wadhams commented that the Savings and Loan Division budget, more than any other in the Commerce Department, created a serious concern because there are legislative mandates that must be met and if the Division does not have the manpower to meet those it exposes the State to a liability; this has not happened yet.

Senator Wilson asked what specifically was needed. Mr. Wadhams said the additional Examiner Mr. Goddard requested.

Senator Wilson asked if the request for Savings and Loan Examiner on page 579 ought to be a Senior Examiner or did Mr. Goddard need another Examiner in addition to the one recommended here. Mr. Goddard said he needed the one recommended and an additional Senior Examiner.

Senator Jacobsen said he noticed a Reversion in 1977-78 of $14,000 and asked if this was a Salary Reversion. Mr. Goddard said he was without an Examiner for six months.

Senator McCorkle said he was interested in the regulations passed in 1973 over Mortgage Companies. He said he thought Mortgage Bankers were covered and that if they are not, are Mortgage Brokers covered. Mr. Goddard answered yes, that these were the ones he attempted to regulate. Mr. Goddard said he was told the original legislation was designed to regulate Mortgage Bankers but the end result was that only the brokers were regulated.

Senator McCorkle asked if Mr. Goddard's predecessor got an increase in staff in 1973 when the Mortgage legislation passed. Mr. Goddard replied no.

Senator McCorkle asked how Mr. Goddard was regulating Mortgage Brokers with his present staff. Mr. Goddard said that all he could do is require a monthly statement from them and he tries to spot anything that looks unusual or if a complaint comes in about them, he investigates.

Senator McCorkle asked how many people Mr. Goddard needed to properly regulate Mortgage Brokers. Mr. Goddard said he thought he could do it with just one full-time person assigned to that.

Senator McCorkle asked if he had such a person now. Mr. Goddard replied no, he only did it as he could find time.

Senator Gibson adjourned the meeting at 10:30 a.m.

Respectfully submitted,

Carolyn Y. Mann

Carolyn Y. Mann, Secretary

APPROVED:

Floyd R. Lamb

Floyd R. Lamb, Chairman

Department of Administration
Personnel Division
January 22, 1979

ATTACHMENT A

FRINGE BENEFIT COST ANALYSIS - NEVADA STATE GOVERNMENT

Average State classified salary (annual): $13,885

Holidays (10)	$ 527.63	3.8%
Annual Leave	846.98	6.1
Sick Leave	472.09	3.4
Sick Leave/Payoff	13.89	.1
Longevity	106.29	.8
Insurance	507.84	3.6
Retirement	1,110.80	8.0
NIC	180.51	1.3
FRINGE BENEFIT TOTAL COST:	$3,766.03	27.1%

/sm

ATTACHMENT B

SALARY AND CPI

Year		% Raise	%CPI	Difference
1977		5.5%	6.8%	- 1.3%
1978		5.5%	6.5%	- 1.0%
1979		8.0%	8.3%	- 0.3%
1980	Min.	5.5%	7.5%	- 1.0 Min.
	Max.	6.5%	8.8	- 3.3 Max.
				- 3.6 Min.
				- 5.9 Max.

Biennium Fringe Benefits
No Additional Holidays (short term)
Reduced Annual Leave (long term)
No sick Leave During First 6 Months (long term)
NO NEW PROGRAMS

ATTACHMENT C

	$13,885	Ave. State Salary
	14,834	Base Annual Salary
	+141	Pay for Unused Sick and Longevity
	1,198	Retirement
	+508	Insurance
	$16,681	First Year Base
	1,284	8% Payraise
	+ 26	Insurance
	+ 20	Paid Sick
First	+ 10	Long. Increase
Year	-157	Holidays
	- 20	Sick Leave Gain
	- 16	Annual Leave
	$17,828=6.88%	First Year
	+955	5.5% Payraise
	+ 96	Insurance
Second	- 17	Sick Gain Second Year
Year	- 50	Annual
	$18,812=5.52%	Second Year

Guidelines=7.0% versus 6.2% Over Two Years

ATTACHMENT D

Why MSI's and Promotions Wash Out

MSI

40% in 15th step
2-3% demoted or MSI withheld
18% turnover
58% eligible X 5% MSI = 2.9% budgeted
18% turnover replaced by ave. 15% savings =
18% X 15% = -2.7%
+0.2%

% = percent of State employees

MSI = Merit Salary Increase

Department of Administration
Personnel Division
January 1979

ATTACHMENT E

SUMMARY
PRODUCTIVITY GAINS
THROUGH FRINGE BENEFIT REDUCTION

Productivity gains over two-year period 7/1/79-6/30/81 through reduction of paid leave benefits.

Holidays:

Loss of two holidays granted by Governor

8496 F.T.E. x 16 hrs. = 135,936 staff hours

135,936 staff hrs. x $6.65 per hr. (average hourly salary) x 2 yrs. = $1,807,948

Sick Leave:

No sick leave use during first six months of employment. (Under current law employees may use sick leave immediately upon earning of the leave on a monthly basis.)

1,000 new employees hired per year.

Average use of sick leave during first six months of employment = 3 days

300 summer and temporary employees hired per year. Average use of sick = 2 days

3,600 days x 8 hrs. = 28,800 staff hours

28,800 staff hours x $6.65 x 2 yrs. = $383,040

Annual Leave:

Reduction of earnings of annual leave from 15 days per year to 12 days per year for first three years of employment.

1,000 new employees hired per year.

1st year = 1,000 employees x 24 hrs. = 24,000 staff hours

2nd year = 1,000 new employees x 24 hrs. + 24,000 staff hrs. from employees hired in 1st year =	48,000 staff hours
Total staff hrs. savings	72,000 staff hours

72,000 staff hrs. x $6.65 = $478,800

Note: Productivity gain for the annual leave reduction will gain another 72,000 staff hours the third year for a total of 144,000 staff hours in that year and every year thereafter.

Total Savings 1979-81 Biennium as a Result of Productivity Gains = $2,669,788 equal approximately 6.4% savings of proposed salary and fringe benefit increases.

ATTACHMENT F

ESTIMATED GENERAL FUND COST OF RECOMMENDED SALARY INCREASES AND FRINGE BENEFITS

Program	1978-79	1979-80	1980-81	Total 1978-81
Classified Employees (Including University)				
January 1, 1979--8% Increase	$2,453,301	$5,077,426	$ 5,283,618	$12,814,345
January 1, 1980--5.5% Increase		1,903,578	3,895,842	5,799,420
January 1, 1980--1% "Trigger"		347,577	712,532	1,060,109
Less Salary Savings	(588,942)	(1,750,000)	(1,850,000)	(4,188,942)
Subtotal Classified	$1,864,359	$5,578,581	$ 8,041,992	$15,484,932
Unclassified Employees				
January 1, 1979	$ 222,900	$ 445,800 Est.	$ 445,800 Est.	$ 1,114,500 Est.
January 1, 1980--5.5% Increase		195,845	392,398	588,243
Subtotal Unclassified	$ 222,900	$ 641,645	$ 838,198	$ 1,702,743
University Professionals		$2,490,081	$ 4,285,635	$ 6,775,716
Subtotal Salary Increases	$2,087,259	$8,710,307	$13,165,825	$23,963,391
Fringe Benefits				
Group Insurance (Including University)		$ 830,728	$ 1,762,844	$ 2,593,572
Pay for Unused Sick Leave		75,000 Est.	75,000 Est.	150,000 Est.
Longevity Pay Increase to 20 Years*		37,500 Est.	37,500 Est.	75,000 Est.
Subtotal Fringe Benefits		$ 943,228	$ 1,875,344	$ 2,818,572
Total Estimated Costs	$2,087,259	$9,653,535	$15,041,169	$26,781,963

* Funding not included in Executive Budget.

Robert List
Governor

State of Nevada
Commissioner of Savings Associations
Capitol Complex
406 East Second Street
Carson City, Nevada 89710
(702) 885-4259

Lester O. Goddard
Commissioner

ATTACHMENT G

JAN 23 1979

January 22, 1979

TO: Senate Finance Committee

FROM: Lester O. Goddard LOG
Commissioner of Savings Associations

SUBJ: Budget hearing for Tuesday, January 23, 9 AM

I realize the pressure is on for reducing government expenditures at all levels. But two factors are important: 1) public resentment is primarily directed against the Federal octopus; 2) Nevada is the fastest growing state in the union.

In considering my particular budget, please consider the following facts:

1) In 8 years from 1970-1978, Nevada population has increased 35% (U.S. News & World Report 1/22/79)

2) Yet in the past 4 years that I have been Commissioner, total assets of the six savings and loan associations I supervise has jumped 148% (from $646 million to $1,500 million). Savings and loan branches have jumped from 27 to 49.

3) In 1979 it is probable that 4 new savings and loan associations will be open or ready to open (1 in Douglas County already chartered; 1 in Las Vegas, 1 in North Las Vegas, 1 in Reno, all now in stages of organization). I expect the 10 savings and loans will have 63 branches in operation 12-31-79).

4) Mortgage companies (NRS 645B) were added to this Division 7/1/73. In the 4 years I have been Commissioner, licensees have increased from 15 to 89. Loans arranged have jumped from $14 million in 1974 to $81 million in 1978. More applications are now coming in weekly.

5) In these same 4 years, my total staff has increased from 3½ to only 4½ persons. The addition of 1 examiner in the new budget would make this 5½.

If you study the attached chart which I prepared for the Budget Division several months ago, you will note anticipated revenues for the present fiscal year at

EXHIBIT G

$465,000 compared to estimated expenses of $118,000. I can now tell you the revenues will be closer to $480,000, or 4 times expenses. (All these fees go into the State of Nevada general fund.) These fees represent an increase of 134% in 4 years.

Also attached are copies of 2 memos just released to the mortgage licensees showing the growth of this industry (primarily mortgage brokers, as the large mortgage bankers are exempt from 645B.)

Also attached are copies of 2 unsolicited letters, one from General Taylor, Chairman of the Board of First Western Savings, the other from outgoing Director of Commerce Pam Willmore. I hope they speak for themselves, as to what this Division does for the industries supervised.

My point to all the above is that my Division is badly understaffed in terms of not only past explosive growth, but that anticipated for the biennium ahead. Already I am swamped with work, more than double the workload of 4 years ago when I came on board. My two examiners have virtually no time to devote to the mortgage licensees, as their time is now almost entirely devoted to the lengthening annual savings and loan exams and in handling complaints and problems as they arise.

It is my hope you will have time to read and absorb all this before we meet.

P.S. I should add that Congress passed a bill last October requiring the Federal Home Loan Bank Board to set aside x dollars from their budget to train State examiners to take over a larger share of our joint, annual savings loan examinations. This means I will need 3 examiners just to match the 3 federal examiners. (The ratio is presently 4 federal examiners to our 2 state examiners.

LOG:jo

Enclosures - 5

cc James Wadhams, Director, Department of Commerce
Howard Barrett, Budget Director

SAVINGS AND LOAN DIVISION

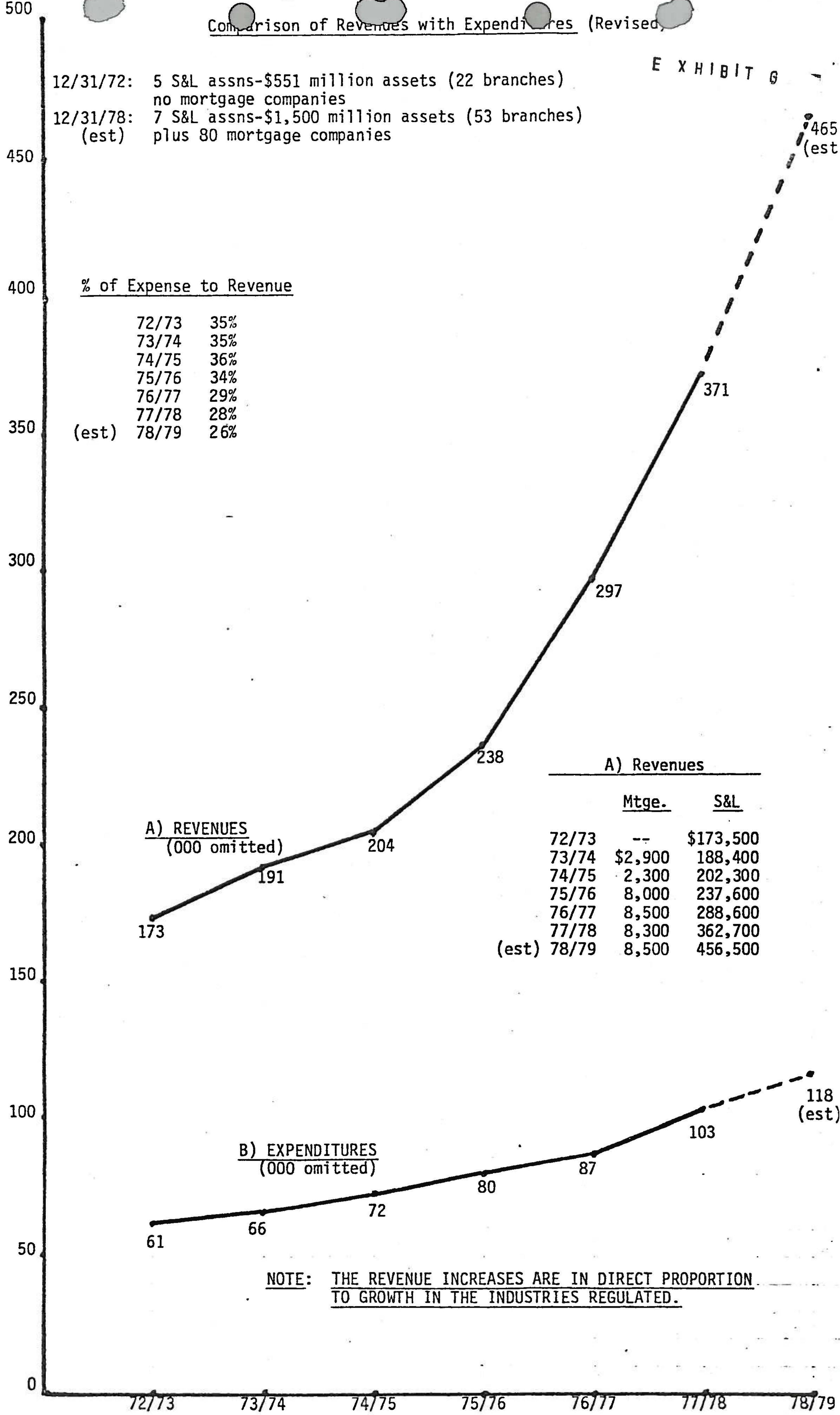
Comparison of Revenues with Expenditures (Revised)

EXHIBIT G

12/31/72: 5 S&L assns-$551 million assets (22 branches)
no mortgage companies
12/31/78: (est) 7 S&L assns-$1,500 million assets (53 branches)
plus 80 mortgage companies

% of Expense to Revenue

	72/73	35%
	73/74	35%
	74/75	36%
	75/76	34%
	76/77	29%
	77/78	28%
(est)	78/79	26%



A) Revenues

		Mtge.	S&L
	72/73	--	$173,500
	73/74	$2,900	188,400
	74/75	2,300	202,300
	75/76	8,000	237,600
	76/77	8,500	288,600
	77/78	8,300	362,700
(est)	78/79	8,500	456,500

NOTE: THE REVENUE INCREASES ARE IN DIRECT PROPORTION TO GROWTH IN THE INDUSTRIES REGULATED.

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Robert List
Governor

Lester O. Goddard
Commissioner

EXHIBIT G

January 19, 1979

TO: All licensed mortgage companies

FROM: Lester O. Goddard, Commissioner LOG

SUBJ: Annual statistical comparisons, 1973-1978

For your information, the growth of the mortgage brokerage business in Nevada over recent years is indicated by the following statistical summary of loans made or arranged by those mortgage companies licensed under NRS 645B since its inception July 1, 1973:

	Number Reporting Loans	Number of Loans	Amount	Average per loan
1973 (6 mos)	6	102	$ 4,594,279	$46,022
1974 (12 mos)	15	689	14,636,875	21,244
1975 (12 mos)	21	970	18,805,130	19,387
1976 (12 mos)	39	1,626	24,397,402	15,004
1977 (12 mos)	39	2,219	35,821,280	16,143
1978 (12 mos)	58	3,499	81,276,922	23,229

A summary by numer of loans arranged over the past two years is as follows:

Number of loans	Number of licensees 1977	Number of licensees 1978
A) 100 or more	7	9
B) 40 to 99	3	7
C) 15 to 39	14	16
D) 1 to 14	24	22
E) None	34	25

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Robert List
Governor

Lester O. Goddard
Commissioner

EXHIBIT 6

January 19, 1979

TO: All licensed mortgage companies

FROM: Lester O. Goddard, Commissioner

SUBJ: Statistical summary, year 1978

	North	South	Out/State	Total
First Quarter				
Number reporting loans	13	25	1	39
Number of loans	256	463	3	722
Amount of loans	$7,219,740	$8,385,089	$55,000	$15,659,829
Average per loan	$28,202	$18,110	$18,333	$21,690
Second Quarter				
Number reporting loans	15	25	1	41
Number of loans	261	577	2	840
Amount of loans	$4,714,360	$12,843,634	$32,000	$17,589,994
Average per loan	$18,063	$22,259	$16,000	$20,940
Third Quarter				
Number reporting loans	21	26	0	47
Number of loans	273	639	0	912
Amount of loans	$7,345,528	$17,094,201	0	$24,439,729
Average per loan	$26,907	$26,751	0	$26,798
Fourth Quarter				
Number reporting loans	22	27	0	49
Number of loans	318	707	0	1,025
Amount of loans	$7,969,948	$15,617,422	0	$23,587,370
Average per loan	$25,063	$22,090	0	$23,012
Combined Total*				
Number of loans	1,108	2,386	5	3,499
Amount of loans	$27,249,576	$53,940,346	$87,000	$81,276,922
Average per loan	$24,593	$22,607	$17,400	$23,229

Note 1: If we exclude a few large commercial loans, the loans would average considerably less.

Note 2: Number of licensees as of 12/31/78: (including 6 branches)

North	42
South	47
Out/State	0
	89

*Cf year 1977:

	North	South	Out/State	Total
Number of loans	703	1,513	3	2,219
Amount of loans	$10,170,862	$24,571,618	$1,078,800	$35,821,280
Average per loan	$14,468	$16,240	$359,600	$16,143

FIRST WESTERN SAVINGS
ASSOCIATION
118 LAS VEGAS BOULEVARD SOUTH · LAS VEGAS, NEVADA
MAILING ADDRESS: P.O. BOX 920 · PHONE 385-1911

EXHIBIT 0 -

Major General R. C. Taylor, USAF (Ret.)
Chairman of the Board

December 29, 1976

Mr. Lester O. Goddard
Commissioner of Savings Associations
Capitol Complex
Nye Building
Carson City, Nevada 89710

Dear Les:

As the year winds down and I read your December 28 letter on net worth ratios, I am again reminded that the industry owes you high compliments and a vote of thanks for your contribution to its progress.

Your informative statistics and analyses have been very helpful to us in our corporate planning. I want to express my personal appreciation for this information and my admiration for the way you have raised the standards and effectiveness of the commissioner's office.

Every Good Wish For a Most Successful New Year!

Warm regards,

Zach

RGT:rl

RECEIVED
DEC 30 1976
SAVINGS & LOAN DIV.

DEPARTMENT OF COMMERCE

NYE BUILDING, ROOM 321
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710
(702) 885-4250

MIKE O'CALLAGHAN
GOVERNOR

PAM WILLMORE
DIRECTOR

DIVISIONS
BANKING
CONSUMER AFFAIRS
CREDIT UNION
FIRE MARSHAL
HOUSING
INSURANCE
MOBILE HOME AGENCY
REAL ESTATE
SAVINGS AND LOAN

December 14, 1978

EXHIBIT 6

Mr. Les Goddard, Commissioner
Savings and Loan Division
Department of Commerce
Capitol Complex
Carson City, NV 89710

Dear Les:

Thank you for the excellent job you have done as the Savings and Loan Commissioner. You always manage to get an enormous amount of work done in spite of an inadequate budget and a too small staff. You are to be congratulated on your good humor and patience.

Good luck to you in the future.

Sincerely,

Pam

Pam Willmore, Director
Department of Commerce

PW:jc