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MEMBERS PRESENT: Chairman Bremner
Vice Chairman Hickey
Mr. Bergevin
Mr. Brady
Mr. Coulter
Mr. Glover
Mrs. Hayes
Mr. Horn
Mr. Marvel
Mr. Rhoads
Mr. Robinson
Mr. Vergiels
Mrs. Westall

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Deputy Budget Director; Dr. Driggs, WICHE; Larry McCracken, Employment Security Department; Will Keating, Public Employees Retirement System; Ann Silver, State Comprehensive Employment and Training Office; Jim Wittenberg, State Personnel.

Chairman Bremner called the meeting to order at 8:00 a.m.

Western Interstate Commission for Higher Education (WICHE)

Dr. Driggs, WICHE, said that the requested appropriation in this budget will cover the costs of administering this program. As recommended in an audit performed by the Legislative Counsel Bureau, the funds for stipend payments are to be paid out of the Higher Education Loan Fund account. He explained that the WICHE loan fund allows students to repay those loans made to them for their schooling after they have completed school and have practiced the required 3 years in the State of Nevada.

Dr. Driggs noted that the requested allocations for WICHE and the WICHE loan fund for the upcoming biennium are actually lower than the current work program because there are fewer continuing dental students and a reduction in the WICHE fee is calculated.

Western Interstate Commission for Higher Education Loan Fund

Mr. Rhoads asked if the implementation of the University Medical School has resulted in a decrease in funds necessary to operate the WICHE office. Dr. Driggs said there has been a decrease in funds for the WICHE program since Nevada has its own Medical School. He added, however, that the 1977 Legislature passed legislation that established a program whereby students receiving WICHE funds were required to pay one-quarter of the fee which has resulted in an increased bookkeeping work load for the program.

Mr. Hickey asked if the one-quarter fee stipulation paid by students decreased the number of students involved in the program. Dr. Driggs said the number has not decreased because there has always been many more applicants than there have been positions to fill.

In response to a question from Mr. Hickey on the number of loans that have been repaid, Dr. Driggs said that the first results will not be available until after 1983.

Mr. Glover asked what provisions are made to notify loan recipients of the amount they have to repay and the time frame involved. Dr. Driggs said that statements are sent to students annually in terms of the amount to be repaid. Additionally, Mr. Glover asked if much resentment is experienced by the students in having to pay one-quarter of the WICHE loan. Dr. Driggs said most resentment occurs when students realize that Nevada is the only state that requires the students to pay this fee.

Mr. Hickey recalled that when the loan program was started, the Legislature contemplated reducing the number of WICHE positions, however, many letters from students were received stating that they would be willing to pay part of the fee as opposed to cutting program slots. Dr. Driggs pointed out that 4 years ago, 15 students had been notified of the continuation of funds, but due to the Governor's budget cuts, 5 students were to be eliminated. The students at that time said they would rather pay a portion of the money and continue their schooling. Mr. Hickey said all efforts should be made to explain how the loan situation came about to WICHE students. Chairman Bremner commented that due to funding constraints, the Legislature made the decision to implement the one-quarter fee for students as an alternative to cutting positions from the WICHE budget.

Mr. Robinson commented that students who are receiving their 2 years of "premed" training in Nevada and are not Nevada residents, attend the Medical School at a cost of $98,000 to the taxpayer, and then leave the state. He stated that it would be beneficial for every entrant into the Medical School to sign a pledge that they will remain in the State of Nevada or else pay back the $98,000. He said there is a shortage of doctors, veterinarians, and dentists in Nevada and it is distressing for the taxpayers of the state to support the Medical School program, help train the students, and then have them relocate outside of the state, while the shortage grows more serious in Nevada for these professionals.

Mr. Robinson asked if a dentistry student would have to pay back the loan if he failed to pass the board examination for dentistry and could not get licensed in Nevada. Dr. Driggs stated that the student would owe the money and would have to pay it back. He stated that this has happened.

Mr. Robinson additionally asked if a medical student who is not in the University of Nevada Medical School could apply and get admitted to another WICHE state medical school and qualify for the WICHE program. Dr. Driggs said that if a student transferred from UNR to another state that had a WICHE program, he would not be covered under the WICHE program.

Mr. Robinson asked how much time is allowed to pay back WICHE loans. Dr. Driggs said that for loan amounts under $10,000, it is 5 years; $10,000 to $20,000 is 8 years; and over $20,000 is 10 years. He said it will be a few years still before they begin to receive paybacks.

In response to Mr. Robinson's earlier remarks, Dr. Driggs stated that the number of professionals returning to the State of Nevada to practice medicine has increased in the past few years.

Chairman Bremner asked if anyone had begun repaying their loans yet. Dr. Driggs said that at the present time, two people are paying $50 per month. He stated most people are still not repaying the loans.

Mr. Robinson asked if restricting WICHE applicants to graduates of Nevada high schools had been considered. Mr. Vergiels said they are open to any suggestions from the committee on the possible solutions to restricting WICHE loans to Nevada residents.

Dr. Driggs stated that they have checked with the Attorney General and were informed that many problems exist in trying to set limits and enforce residency requirements.

Dr. Driggs explained the recommended one-shot appropriation of $1,018,443. He said, at the current rate of withdrawal, loan funds will be depleted in fiscal year 1982-83. He explained the recommended one shot will be sufficient to fund the current number of students through the 1983-85 biennium unless current inflationary trends are exceeded.

<u>Unemployment Compensation Administration</u>

Mr. Larry McCracken, Director of the Employment Security Department of the State of Nevada, addressed the committee and introduced Mr. Steve Watson, Chief of Financial Management for the agency. Mr. McCracken distributed a handout to the committee. (<u>EXHIBIT A</u>)

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Mr. McCracken pointed out the 6 grant sources of the agency. He stated that none are state general funds, but are all federal funds.

He indicated that the basic premise for the entire department is the administration of the unemployment insurance program and the employment service. He said this program encompases 395 positions and the rest have been added, required now by federal programs. He stated the Department has a total of 625 positions. Mr. McCracken pointed out that the agency is showing a 75.95 position decrease from April of 1980 to July 1, 1981.

Mr. Rhoads asked if there was a need for state funded programs such as displaced homemaker when the Employment Security agency actually provides the same services. He further commented that it appear as though several departments in the state overlapped in provision of the same services provided by the Employment Security Department. Mr. McCracken said they do work with the disadvantaged, including the displaced homemakers but that the displaced homemakers have no job skills and the Employment Security Department has no training funds to teach them needed skills.

Mr. Glover asked if it would be possible for this agency to take over the functions of State Personnel since it appears many of the functions of the two are identical. Mr. McCracken stated that it is probably possible but there are a great number of different services provided by Personnel that would be difficult to combine. Mr. McCracken noted that the Governor's Task Force recommended that the Employment Security Department and Personnel Department work closely together so that the Department receives job orders from State Personnel.

Mr. Glover asked if there was a law that would preclude the two departments from combining. Mr. McCracken stated he did not know of such a law. Mr. Glover noted that it might be a way to have the Federal Government fund the State Personnel function. Mr. McCracken replied that the state would have to fund the portion that pertained to the whole state. Mr. Alastuey agreed that this could not be done.

Mr. Hickey asked what effect there is on the budget from phasing out funds, such as CETA, as well as changes in unemployment benefits, as recommended by the current administration. Mr. McCracken noted that Nevada is currently .8% under the national average for unemployment. He said the state average was 6.6% while the national average was 7.4%. Mr. Hickey asked what the percentage was for Clark County. Mr. McCracken said it had gone down this month to 7.7%. In relation to other federal cuts, he said there were some changes being recommended at the federal level that would change the extended benefits program. He said Washington is considering eliminating the federal trigger whereby extended benefits are paid in all states when the national average reaches a certain percentage. By eliminating this trigger, it would reduce the amount of extended benefits paid. He said a new provision is also coming that would require someone on extended benefits to accept a "suitable" position that pays at least minimum wage. Mr. McCracken continued, as to the CETA program, that the goal is to abolish public service employment not the training functions of the program. He noted that as of April, 1979, no further employees had been hired on the CETA program, and as of September, 1980, there were no public service employees in state service.

Mr. McCracken continued that the Employment Security Department administers the CETA programs for 15 of the 17 counties, excluding Clark and Washoe Counties. He said that the public service employment portion of CETA will be eliminated by September at the latest due to the President's latest directives, however, the training component of CETA will continue.

Mr. Hickey asked about the Youth Adult Conservation Corps. Mr. McCracken replied that they should have 20 people in the Youth Employment Training Program next year. Mr. Hickey commented that he thought this program was being phased out. Mr. McCracken said that the Youth Community Conservation Employment Program would be cut.

Mr. Hickey asked if this office provided Social Security payments for dependents going to school aged 18-21. Mr. McCracken said no. Mr. Hickey asked if the trade adjustment program would be cut under the President's proposal. Mr. McCracken said this had been a major program in the past, however, the Federal Government was proposing to preclude the payment of trade readjustment allowances to those who have exhausted their unemployment insurance benefits. He said currently both can be drawn, and if this bill passes, it will reduce the amount of money paid out.

Mr. Hickey asked why the budget did not reflect a reduction due to these phased out programs. Mr. McCracken said the payments were not reflected in the budget, only the administrative costs of the programs. Mr. Hickey asked if the administrative costs reflected in this budget should be reduced in accordance with the proposed program reduction. Mr. McCracken replied that although some programs were being reduced, there are 64 programs currently operating within the Department. He said that there would be significant cuts coming, but that at this point, he had heard nothing specific.

Steve Watson, Chief of Financial Management for Employment Security Department, said that the Department is funded on a production basis, funds decreasing or increasing with the number of clients. He pointed out a section for seasonal employees of about 90 people in the budget. He said by using this approach, the Department can gear up or down quickly depending on specific need such as for the MGM problem.

Mr. Robinson asked for clarification of sources of revenue. Mr. McCracken replied that the Department's funds are passed down from the Department of Labor through Region IX in San Francisco. Mr. Robinson asked if this budget was funded through an assessment in the FICA tax. Mr. McCracken said it was based on the Federal Unemployment Tax Act. He said the assessment amounted to .7% of the first $6,000 in wages and that this assessment funds about 97% of this Department.

Mr. Robinson asked if all of this money from Nevada employers went into a fund for unemployed Nevadans. Mr. McCracken said no, this went for administering the program only. He said a separate employer-based tax ranging from .6% to 3% is used solely for the payment of benefits in Nevada.

Mr. Robinson asked what portion of extended benefits are federal funds. Mr. McCracken replied that extended benefits are 50% state and 50% federal for an extended period of 13 weeks after the original unemployment benefit period is up. Mr. Robinson asked if this was the area being cut by the Reagan Administration. Mr. McCracken responded that they would be asked to "tighten up" on the payments being made rather than the benefits being cut off. He said Nevada is not currently paying any extended benefits and will not start until about May 2, 1981.

Mr. Robinson asked if the fund was solvent without any increase in tax, Mr. McCracken replied due to the action of the 1975 Legislature, that it was for the first time in seven years.

Mr. McCracken continued with his presentation, noting that this is the first time the Department has presented a line item budget. He added that the Department has a new detailed federally-imposed accounting system to coincide with the state system.

Mr. McCracken said the out-of-state travel request is decreased by 10% over the 1980-81 revised work program amount, and since travel costs have increased by 15%, real out-of-state travel will decrease by 25% over the next biennium. He stated that 95% of this travel is necessitated by the centralization of Department locations and the need for Department employees to travel to all parts of the state with information relating to new Department of Labor regulations.

Chairman Bremner asked why the Department had trouble in accurately projecting budgets. Mr. McCracken stated there is a lack of ability to correctly project needs with the fluctuation in federal money

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over the biennium. He said that the Department has also taken on a couple of federal projects that have augmented the travel considerably.

Mr. Watson said part of this problem was caused by the quarterly review process with Region IX. He said that if money is available at the end of each quarter, it is taken back by the Federal Government.

Mr. Horn asked if there were 625 positions presently in the Department. Mr. McCracken stated there were 612 positions at the present time. Mr. Horn asked if there would be 573 positions for the coming year. Mr. Watson responded that the difference between 625.5 positions and 573.5 positions is due to transfers to other programs.

Mr. Horn asked if travel allowance was budgeted per person. Mr. McCracken responded that it was per program requirement, not per person.

Mr. McCracken was asked by Chairman Bremner to clarify the line item, Seasonal. Mr. McCracken said this item was for hiring intermittent employees on an hourly basis rather than hiring and laying off permanent positions as justified by changes in work load.

Mr. Robinson asked why the requested appropriation for contract services is considerably less than the 1979-80 actual. Mr. McCracken responded that in the actual year the contract services line item contained numerous items that have, in the projected 1981-83 budget, been redistributed among other budgets and line items. He responded that, for example, the CETA contracts totaling $5.8 million was reflected there in actual year.

Mr. Horn asked for an explanation of the Training category. Mr. McCracken explained this amount had been lumped in with operating figures in actual work program years. He said the requested amount is for training Department staff as to federal and state regulations to achieve uniformity in computer operation, auditing, adjudication and other such areas. Mr. Horn asked who did the training. Mr. McCracken responded that the department staff conducted most of the training.

Mr. Horn asked if travel allowance was the biggest expenditure in the training budget. Mr. McCracken said that per diem was the greatest expenditure while employees are in a training mode, with actual travel costs being a smaller part of it.

Mr. Horn asked if this was prior training vs. upgrading. Mr. McCracken stated it was primarily upgrading training to keep pace with the requirements that are changing all the time.

Chairman Bremner asked how much of the training budget is for out-of-state travel. Mr. Watson responded that it was less than 15%, with most of the out-of-state training involving the data processing staff.

Chairman Bremner asked if this 15% was part of the reduced travel allowance discussed earlier. Mr. Watson said in prior years the training has been part of the operating budget and was separate. He added that Mr. McCracken's previous statement that the out-of-state travel was being reduced 15% did not include any training in prior years. Mr. Vergiels asked if travel could legally be charged to an operating budget. Mr. Alastuey said the category allotment system that most agencies have been operating under is slightly different from that utilized by the Employment Security Department.

Mr. Vergiels asked if it was proper to travel out of state under an operating budget category. Mr. McCracken stated he was not sure of this, but that all requests for out-of-state travel, no matter what category it comes out of, are requested through the Budget Office.

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Mr. Vergiels stated he would like to see the training category figures broken down into per diem, in-state and out-of-state travel. Mr. McCracken stated he would do so.

O.A.S.I. Administration

Mr. McCracken stated this is a small program operated at the request of the Governor since 1953 for the administration of the federal Old Age and Survivor's Insurance Program for qualified subdivisions of the state. He said it was for employees who do not qualify under the Retirement System.

Las Vegas/Clark County Consortium Contract

Mr. McCracken noted the Employment Security Department is a sub-contractor to operate the CETA program for Las Vegas/Clark County. He said his budget shows a 10.5 position reduction from the prior year and more cuts probably will be made. Mr. McCracken said that since the budget had been prepared, the Participant Allowances category has already been eliminated. Mr. Vergiels asked if the whole program was being eliminated. Mr. McCracken responded no, the administrative costs were cut; subsequently the responsibility of administering this contract was given back to the prime sponsor which is Las Vegas.

Washoe County Comprehensive Employment and Training Act Contract

Mr. McCracken said this budget contains the sub-contract with Washoe County whereby the Employment Service Division of the Employment Security Department performs a variety of services (job development for persons trained under CETA) under contract to the Washoe County Prime Sponsor. He added there are two positions in this budget for a total budget of $109,000.

Comprehensive Employment and Training Act

Mr. McCracken said this budget reflects previous expenditures under the Comprehensive Employment and Training Act, and pointed out that no new participants were hired by the state after April, 1979. He further indicated that no new money is available for public service employees under this program.

Comprehensive Employment and Training Act/Nevada Balance of State

Mr. McCracken said this program will emphasize youth summer employment, youth assistance in schools and CETA training programs. He said the program has already been reduced from the $5.7 million shown in fiscal year 1982 to approximately $3.5 million. Mr. McCracken noted that when this budget was originally prepared, 28 positions were requested, but prior to the convening of the Legislature, the number of positions was reduced to 23 and, to date, that number had additionally been reduced to 17 with more lay-offs anticipated for the future.

Mr. McCracken noted that in training and placing applicants in unsubsidized jobs, the Department has been 50% successful so that the applicant is no longer a "burden" on the taxpayer. In transitioning employees from public service positions, they have been 58% and 64% successful in the two different programs.

Chairman Bremner asked if the travel figures included those discussed earlier in the Unemployment Compensation out-of-state travel category. Mr. Watson said this was separate. Chairman Bremner further asked if adding these two figures together, there was still a 10% reduction in overall Department travel. Mr. Watson responded there was.

Work Incentive Program

Mr. McCracken noted that this budget has been cut from 35 to 18 subsidized positions. He said the program places individuals with little or no work experience in federally funded jobs in an effort to acquire the needed experience. He noted that previously $264,000 allocated to subsidize the 35 positions has been cut to $99,000 to cover the anticipated 18 positions.

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Employment Security Fund

Mr. McCracken said this fund is used as a revolving fund to cover expenditures for which federal funds have been requested but not yet received, subject to repayment to the fund when received. In the event of considerable lay-offs in the Employment Security Department, it may be very difficult within the budgetary constraints imposed by the Department of Labor to lay-off those individuals within the time frame that the state statutes allow. Consequently, this fund is used to cover that shortfall.

Chairman Bremner asked how the lawsuit concerning the Employment Security Department's conformity with federal audit requirements is proceeding. Mr. McCracken said that the case is being heard by the Supreme Court as initiated by the Secretary of Labor.

Chairman Bremner referred to the Governor's Task Force recommendation to eliminate the print shop in the Employment Security Department. Mr. McCracken said that due to many changes that occur from the various programs, the inhouse print shop is necessary as the State Printer cannot guarantee timelines. He added that at the present time the State Printer does approximately half of the printing work needed by the Department and if time constraints could be dealt with, he would have no objection in the elimination of the print shop. He said he only requests assurances that the Printer can do the job.

Mr. Glover asked if there would be a reduction of federal funds available to the Employment Security Department by the elimination of the inhouse print shop. Mr. McCracken said a reduction could be experienced across the board throughout the whole department.

Mr. Steve Cerstvik, Appeals Referee employed by the Employment Security Department, requested that the Ways and Means Committee consider the restructuring of the compensation of the appeals referees in the state to correct what the referees consider inequities in their compensation levels. He said the referees are proposing that the Appeals Referee level be a grade 38 as opposed to the present grade 36, a Senior Appeals Referee grade 39 rather than 37 and a Chief Appeals Referee be moved to a grade 40. Chairman Bremner asked Mr. Cerstvik to provide the Salary Subcommittee with information in this regard.

Mr. Bob Felton, State of Nevada Employees Association, said that the association is in support of the position taken by the Appeals Referees and noted that it has been shown that there is a 10% lag in the state's salary surveys.

Public Employees Retirement System

Mr. Will Keating, Assistant Executive Officer of the Public Employees Retirement System, introduced Trina Harris, Chief Accountant, and distributed a handout to the committee, EXHIBIT C. He noted that currently the system has an investment portfolio valued at $800 million. He said that during the past year the average annual yield increased from 8.96% to 10.08% and investment income increased from $50 to $67 million. He added that due to the Governor's austerity budget for state agencies, the Retirement System is proposing a reduction of 5 employees by attrition.

Under the contract services line item, Mr. Keating pointed out that the Retirement System is requesting the fee for the actuary be increased from $27,000 to $35,000 and the allocation for the biennial audit be increased from $30,000 to $50,000.

Mr. Hickey asked for an explanation for the increase of a Retirement Tech II position in the Benefit's section. Mr. Keating noted that at the present time, the position of Career Aide IV is performing the duties at the Retirement Technician level and this budget is requesting the upgrading of the Career Aide position to the Retirement Tech position. Mr. Alastuey added that as contained in the budget, the Career Aide IV authorization does not continue but one additional Retirement Tech II is recommended.

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In response to Mr. Hickey's question on the positions being deleted Mr. Keating noted that there is a total of 5 positions being eliminated, with a net reduction of from 44 employees to 39.

Mr. Glover asked for justification for the requested salary increase for the Executive Officer from $42,962 to $57,000. Mr. Keating said the budget request for the unclassified positions of Executive Officer, Assistant Executive Officer, and the Administrative Assistant is for $100 per month plus 10% increase the first year of the biennium and 12% increase the second year.

Mr. Glover asked what the predictions are for the mandatory Social Security laws that are pending at the federal level. Mr. Keating noted that at the present time, no bills have been introduced in Congress which would mandate the Retirement System to incorporate with the Social Security System. Additionally, Mr. Keating indicated that President Reagan has gone on record stating that he feels that mandating Social Security on individual state's retirement systems is a violation of the sovereignty of state's rights.

Mr. Robinson asked for an explanation of the increase in Contract Services, Host Expenses and Taxes and Assessments line items. Mr. Keating stated that the primary expenditure under Contract Services is for the CPA auditor and the actuary; other contract services are for equipment, rent and repair, including a word processor. Additionally, he said the host expenses are reflective of the costs incurred at meetings and lobbying efforts in Washington, D.C. Mr. Keating went on to say that taxes and assessments expenditures are for notary public fees required to ascertain the validity of some retiree's requests for benefits.

Mr. Glover asked for an explanation of the new data processing system proposed by the Retirement System. Mr. Keating said at the present time, the Retirement System utilizes the computer capability at Central Data Processing. However, due to the increased work load in the accounting system, a new proposal for a mini computer is being considered. After implementation of the accounting system on the new equipment, he said the data from the membership and benefits sections of the Retirement System will be also transferred from CDP to be merged into the new system. Mr. Keating noted that the projections are that over a period of time, the costs for the new system will be no greater than the costs incurred in the utilization of computer capability at CDP.

Mr. Glover additionally asked if this approach taken by the Retirement System in implementing their own data processing system is contrary to the recomendations by the Governor's Task Force. Mr. Keating said that the accounting system is growing to the point that it cannot be handled manually without increasing the personnel. He said it was the opinion of the Retirement System that implementation of the new mini computer will be more economical and increase the system's reporting capability.

Mr. Glover questioned if the Retirement System is satisfied with the service provided by CDP. Mr. Keating said they have received satisfactory service from CDP.

In addition, Mr. Glover asked for further explanation of the difference between implementing a new data processing system and the continuance of the use of computer capability at CDP. Mr. Keating noted that cost and flexibility are the major concerns of the Retirement System. Mr. Glover asked for detailed figures on the projections of cost differences between the two alternatives. Mr. Keating said he would provide the committee with that information.

Mr. Horn questioned the annual increases in salary requested for the Executive Officer and Assistant Executive Officer, $14,000 and $10,000 respectively, as being excessive. Mr. Keating said these increases of $100 per month plus 10% represent no greater increases then the requested 14% for classified personnel.

Mr. Horn asked for an explanation of the line item Purchase of Service. Mr. Keating stated that line item is reflective of set-aside funds for the employer's share of the cost of employees who choose to purchase service credit in the system.

State Comprehensive Employment and Training Office

Ms. Ann Silver, Executive Director of the State Comprehensive Employment and Training Office, told the committee that the intentions on the federal level are not to eliminate the CETA program but to eliminate only public service employment funding and to maintain an emphasis of employment training for the private sector. She noted that all ongoing programs will continue to be fully funded by the Department of Labor. Ms. Silver went on to say that with the potential deployment of MX in the State of Nevada, it is crucial that employment training and coordination with MX contractors be continued in order to maximize job opportunities for Nevadans. She added that this program is 100% federally funded. Her comments are contained in EXHIBIT B.

Chairman Bremner asked what percentage of funds in this budget would be used for the MX missile project. Ms. Silver said that the State Comprehensive Employment and Training Council composed of members of private industry, labor, agriculture, Nevada Employment Security, and the Department of Education has designated 100% of the funds for the MX project.

Mr. Hickey said that it was his understanding that 4 large corporations in Nevada were working with CETA in developing job categories with regard to the MX project and stressed the importance of the state making the effort to train the citizens of Nevada for job opportunities in this area.

Mr. Brady referred to the $24,000 requested for both in-state and out-of-state travel and questioned how such a small staff (6 people) could expend that amount for travel. Ms. Silver responded that the 6 personnel in the office serve as the "arm" of the State Comprehensive Employment and Training Council which consists of 27 members from throughout Nevada and they travel to meetings approximately twice a year. She added that the in-state travel is reflected in the monitoring activities necessary to prevent the fraud and abuse that has been attached to the CETA program in the past.

Chairman Bremner asked if the council is federally mandated to be 27 members. Ms. Silver said that it is mandated that the council be proportioned in terms of the representation. In response to Chairman Bremner's question about the possibility of eliminating the council, Ms. Silver said that a council of at least 6 members is mandated. Additionally, Ms. Silver noted that efforts have been made through the Department of Labor to reduce the size of the council.

Mr. Hickey asked to be notified of any changes in the council. Ms. Silver said that she would provide the committee with a listing of all the representative categories and individuals on the council. She additionally noted that at the present time, the majority of the council is from southern Nevada.

Mr. Robinson asked if the five employees in this budget would be eliminated if the federal funds are not forthcoming. Ms. Silver said they would and if, in fact, the State Comprehensive Employment and Training Office is abolished by decree of the Legislature, this will affect the prime sponsor CETA operations statewide which will also be abolished. This in total is approximately 16,000 Nevadans and 350 employees.

State Personnel Division

Mr. Jim Wittenberg, Director for the State Personnel Division, said a major responsibility of the agency is to develop and maintain a uniform compensation system to provide every citizen a fair and equal opportunity for employment in state government, to recruit and examine to fill the various vacancies in the agencies, to provide conditions of employment that attract and retain the best employees and to assist in establishing and maintaining the most efficient and effective operation. He said income for the Division is based on .83% assessment of the payroll

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budgets of the various agencies and a .23% assessment for payroll administration. Mr. Wittenberg said last year the Division received 28,000 applications, examined 18,000 applicants and filled 3,000 jobs.

Mr. Wittenberg said that the recommendations by the Governor's Management Task Force have been included in proposed legislation and when implemented, should bring about a productivity increase by the Personnel Division.

Mr. Wittenberg pointed out 5 clerical positions have been eliminated over the past year and one-half as a result of CETA positions being eliminated. In addition, one of the 4 Division chiefs is being recommended for reclassification to a Senior Personnel Analyst. He noted that the budget request is for 1 1/2 new clerical positions.

Mr. Wittenberg went on to say that the Factor Ranking Study was initiated approximately 2 1/2 years ago and involves 4,500 positions (1/2 of state employees) and is an effort to determine equity in classification and pay. The remaining state employees will be covered over the next year. The motivation for the study was that the new classification process is more definitive, efficient, better understood by employees and supervisors and will stand court tests on equal pay litigation.

Mr. Alastuey pointed out that the 1 1/2 clerical positions requested by the Personnel Division is only reflected in the budget under new positions as 1 new position; the additional 1/2 position is listed under Management Assistant I under the existing positions category.

Mr. Glover asked why the Factor Ranking Study is taking so long to complete and asked the time span originally predicted for completion. Mr. Wittenberg said that at the outset of the study, it was predicted factor ranking would be complete in 1 to 1 1/2 years. He said due to turnover in the classification area and a delay in the employees completing the necessary documentation, the result has been a greater time necessary to complete than was originally estimated.

Mr. Glover asked Mr. Wittenberg if, during the time the study was being conducted, he refused to reclassify employees involved in the Factor Ranking Study. Mr. Wittenberg said there are a number of people involved in the factor ranking process that have been reclassified. Mr. Glover asked that the committee be provided with information on the number of employees (of the 4,500 involved in the study) that requested and were granted reclassification. Additionally, he asked how the process will be handled in the future. Mr. Wittenberg said that reclassification requests will be processed through the normal administrative procedure which means that an individual affected by the factor ranking process will have the same recourse as any employee would under the present system.

Mr. Glover referred to the reclassification requests by the Highway Patrol and asked what steps have been taken in this regard. Mr. Wittenberg noted that the Highway Patrol has requested a salary increase through any process, whether it be reclassification or differential adjustment. He further noted that the Highway Patrol was not included in the initial group in the Factor Ranking Study. Mr. Glover asked Mr. Wittenberg if the State Personnel Division has informed the Highway Patrol that no reclassification process will be initiated until the Factor Ranking Study is completed. Mr. Wittenberg said that was not the case.

Mr. Glover referred to the average completion time for a reclassification as being 90 days but pointed out that according to information he has received, it actually takes much longer. Mr. Wittenberg said that, in the last 12 months, the average reclassification process has been 22 working days. Mr. Glover pointed out one case where the reclassification process took 1 1/2 years. Mr. Wittenberg responded that in such cases where an extended period of time exists, it is a result of several denials and then the employee will resubmit a request with new information.

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Mr. Glover asked how many editions of the Personnel Division's newsletter, Personnel News, are published each year. Mr. Wittenberg said that the average publication is 6 times a year. During a legislative year, however, there are on the average 8 publications. In addition, Mr. Glover asked how many are distributed to employees. Mr. Wittenberg said there were approximately 9,800 employees to whom copies are distributed. Mr. Glover asked the cost for this publication and where it is reflected in the budget. Mr. Wittenberg said that it is reflected under the Printing and Duplication line item in the Operating category at a cost of $2,400 per year. Mr. Glover asked if the newsletter was used to promote the viewpoint of the Personnel Division. Mr. Wittenberg said that the newsletter is an informational document for state employees and provides a viewpoint different than that of SNEA.

Mr. Glover referred to Nationwide Insurance Company applications that were distributed to state employees by the Personnel Division and asked for the cost in that regard. Mr. Wittenberg said that the cost was approximately $100. Mr. Glover asked if the Nationwide Insurance Company requests had been selected as the best office as a result of competitive bidding.

Mr. Wittenberg pointed out that Nationwide is well established in state service with approximately 2,000 to 3,000 members. The purpose by State Personnel in providing payroll deduction to non-SNEA members was simply to allow some 5,500 employees an opportunity for payroll deduction for insurance. Mr. Glover questioned the equity of "pushing" a single insurance company by utilizing taxpayers money. Mr. Wittenberg stated that at the present time there are approximately 19 different deductions available to state employees including a number of other insurance companies. In addition, Mr. Glover noted that the issue is not payroll deduction but rather the Personnel Division providing applications for an insurance company whose service request has not gone to bid. Mr. Wittenberg said that the criteria for payroll deduction is that at least 250 state employees request the deduction.

Mr. Glover referred to the "discount packages" that are provided by State Personnel to non-SNEA members and asked what expenses have been incurred with the program. Mr. Wittenberg said that, according to a Task Force recommendation, the Personnel Division elected to provide this service to state employees at a minimal cost in dollars and time involved as much of the package is put together by the companies providing the "discounts."

Chairman Bremner noted that due to time constraints, Mr. Wittenberg is requested to return at a later date. The meeting was adjourned at 11:00 a.m.

Nevada Employment Security Department

Legislative Budget Proposal

Presented to the

Assembly Ways and Means

March 2, 1981

By

Lawrence O. McCracken
Executive Director

Steven J. Watson
Chief of Financial Management

Rose Mary Stroup
CETA/BOS Manager

EXHIBIT A

Nevada Employment Security Department
Proposed FY 1982 Legislative Budgets

	Payroll	Out-of-Travel	In-State Travel	Operating	Capital Outlay	Training	Program	Total	Positions
Unemployment Compensation Administration Fund	14,310,608.	109,505.	305,403.	3,665,131.	202,104.	107,547.	-0-	18,700,298.	573.50
OASI Administration	9,331.	800.	280.	804.	-0-	-0-	-0-	11,215.	-0-
Las Vegas/Clark Consortia Contract	674,171.	-0-	26,800.	42,237.	-0-	-0-	204,398.	947,606.	27.00
Washoe CETA Contract	50,904.	-0-	295.	287.	-0-	-0-	57,675.	109,161.	2.00
CETA Balance of State Prime Sponsor	525,173.	7,642.	29,145.	219,903.	-0-	6,000.	4,985,613.	5,773,476.	23.00
WIN Client Payroll	-0-	-0-	-0-	-0-	-0-	-0-	99,000.	99,000.	-0-
Total	15,570,187.	117,947.	361,923.	3,928,362.	202,104.	113,547.	5,346,686.	25,640,756.	625.50

Nevada Employment Security Department
Major Staffing Allocations
State Budget through FY 1983

	Positions	Ratio
Unemployment Compensation Administration	395.66	68%
Seasonal Hires	90.05	16%
Other Programs	61.15	11%
Contracts with ESD	20.64	4%
Supplemental Federal Programs	6.00	1%
Total	573.50	91%
CETA Balance of State	23.00	4%
CETA Las Vegas Contract	27.00	5%
CETA Washoe Contract	2.00	
Department Total	625.50	

Nevada Employment Security Department
Position Reduction Analysis
From Fiscal Year 1980

	Position Change	Percentage of Change
Unemployment Compensation Administration	- 3.64	- 1%
Seasonal Hours	- 61.40	- 30%
Other Programs	+ 4.20	+ 7%
Contracts with ESD	+ 4.39	+ 27%
Supplemental Federal Programs	- 4.00	- 40%
Sub-Total	- 60.45	9%
CETA Balance of State	- 5.00	- 18%
CETA Las Vegas Contract	- 10.50	- 28%
CETA Washoe Contract	-0-	-0-
Department Total	- 75.95	- 10%

Nevada Employment Security Department
Analysis of Base Grants

	Positions	Position Change	Percentage of Change
FY 1975	392.00		
FY 1976	406.13	+ 14.13	+ 4%
FY 1977	391.30	- 14.83	- 4%
FY 1978	402.80	+ 11.50	+ 3%
FY 1979	403.80	+ 1.00	-
FY 1980	399.30	- 4.50	- 1%
FY 1981	395.66	- 3.64	- 1%
From FY 1975		+ 3.66	+ 1%

MEMORANDUM

State of Nevada

STATE COMPREHENSIVE EMPLOYMENT AND TRAINING OFFICE
Carson City, Nevada 89710

Date: March 2, 1981

For: Assembly Ways and Means Committee

From: Ann Silver, Executive Director

Subject: Biennial Budget

On February 26, 1981 the Senate Finance Committee decided to reject the biennial budget for State Comprehensive Employment and Training Office. It is my understanding that this decision was based upon President Reagan's recent announcement regarding CETA cutbacks. The administration's policy is to eliminate only Public Service Employment funding, but to maintain an emphasis on employment training for the private sector. This is consistent with the emphasis exerted by the State Comprehensive Employment and Training Office. No public service employment funds are utilized by our office and we anticipate no reduction in funding by the Department of Labor.

M-X employment training programs for the residents of Nevada will be a major focus on our 1982 - 1983 projects. Approximately $1,177,000 of Department of Labor funds will be allocated to contractors throughout Nevada to train and to employ Nevadans in unsubsidized employment opportunities.

The following budget catagories indicate funds available for private sector training contracts for the biennium period:

- Special Services................$213,000.00
  - funds available to local and community-based training programs for job opportunity development in the private sector.

EXHIBIT B

- Educational Coordination..............$136,000.00
funds available to coordinate employment training with high schools, the universities, and community colleges.

- Youth Projects........................$158,000.00
funds available to prepare Nevada youth for employment in the private sector and opportunities relative to the potential deployment of M-X.

- Vocational Education..................$670,000.00
funds allocated to Department of Education for technical vocational training for employment in the private sector. These funds are distributed statewide.

I urge you to reconsider your decision. With the potential deployment of M-X in our state, it is crucial that employment training and coordination with the private sector be continued in order to maximize job opportunities for Nevadans. As the state agency given this assignment, continued funding is necessary to maintain this effort.

AS/im

NEWS RELEASE

Senator Dan Quayle
359 Russell Senate Office Bldg.
Washington, DC 20510

FOR RELEASE: 2/20/81
Contact: Rich Galen
202/224-5623

WASHINGTON -- Sen. Dan Quayle, Chairman of the Employment and Productivity Subcommittee of the Committee on Labor and Human Resources today released the following statement regarding the Comprehensive Employment and Training Act (CETA):

As Chairman of the Subcommittee which has jurisdiction over the CETA program, I want to state firmly that I am in complete agreement with the President's proposal to reduce the budget of that program by something over $3.6 billion for Fiscal Year 1982.

I think the following points are essential for a proper understanding of the President's proposal:

1. The President has proposed the abolition of the public service employment programs under CETA. He has NOT proposed the abolition of CETA.

2. ~~Our commitment to the training and employment of the disadvantaged remains substantial. After the cuts the CETA program will still be operating at a level of more than $5.7 billion a year -- a figure 80% greater than in the first year of the program, Fiscal Year 1975.~~ Put another way, outlays for employment and training programs (budget function 504) will be .22% of Gross National Product, while in the heyday of the Great Society (1968) only .19% of GNP was spent on the equivalent programs.

3. The cuts in CETA are justifiably concentrated on public service employment programs. The record of these programs before the 1978 amendments was filled with instances of fraud, abuse, make-work programs, and the use of Federal funds for jobs that would have been funded by State or local governments in any event. While the record since the amendments has improved, we still lack adequate evidence that the jobs created with Federal dollars are truely additional jobs that would not otherwise exist. Further, on the basis of the cost of preparing a person to enter regular private employment, training programs are clearly more cost effective than public service employment. In this period of careful scrutiny of Federal expenditures, it only makes sense to fund the most efficient programs we have.

In the review of employment and training programs that I expect the Subcommittee to make, we will take a careful look at the question of whether subsidized wage programs, in the public or private sector, have an appropriate place in an employment and training system.

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VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA

PUBLIC EMPLOYEES RETIREMENT SYSTEM

693 WEST NYE LANE
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

BUDGET TESTIMONY BEFORE ASSEMBLY WAYS & MEANS COMMITTEE
MARCH 2, 1981

I am Will Keating, Assistant Executive Officer of the Public Employees Retirement System of Nevada. As of December 31, 1980, the System had 56,513 members, 127 participating public agencies and 6,296 benefit recipients. We currently have an investment portfolio valued at $800 million. During the past year our average annual yield increased from 8.96% to 10.08% and our investment income increased from $50 to $67 million. Our major functions are to enroll members, receive their employee and employer contributions on a monthly basis, credit their service, explain the program to members and benefit recipients, process retirement applications and invest funds until needed.

Retirement Board Chairman Darrel Daines and Executive Officer Vernon Bennett discussed the System's budget with Governor Robert List. Governor List advised that he felt the System should be under the same austerity program as State agencies. The Retirement Board and Staff concur in this. Therefore, we are submitting a bare bones budget which represents a 17.3% increase over actual expenditures as of June 30, 1980. Our budget request represents a reduction of 8.89% from our 1981 budget as approved by the Legislature. This entails a reduction in staff of 11% or 5 employee positions, by attrition. It will also involve curtailment of many services currently provided to members, benefit recipients and taxpayers. The System conducted a poll of members and benefit recipients to determine which of these services are most needed. We will be eliminating services, in reverse priority, beginning July 1, 1981. We are attaching a report on the results of the survey for your information and assistance.

POSITIONS: Our requested budget reflects the deletion of six positions and the addition of a new Key Punch Operator for a net reduction of five employees. This is equivalent to a 11% reduction in staff. We have already eliminated two positions. Four additional positions will be deleted by attrition during the biennium. We are requesting that ten positions be upgraded because of increased responsibilities and complex duties.

SALARIES: We are requesting unclassified salary increases equivalent to the SNEA proposal which is $100 per month, plus a 10% increase January 1, 1981, and an additional 12% increase January 1, 1982. The Administrative Assistant's salary request includes an additional 5% to maintain her salary comparable to equivalent classified employee positions. The current budget request includes merit increases for classified employees in accordance with the pay plan proposed by the Governor.

BOARD FEES: The current budget request for Retirement Board fees is based on $40 per day limited to actual meeting days and conference days. The Retirement Board has proposed an amendment to AB 168 to increase the daily rate from $40 to $60 and to authorize payment for travel status and work projects. Most of the work projects will involve mortgage and real estate loans. At their meeting held February 18 and 19, 1981, the Retirement Board passed a motion requesting that the budget request for Board fees be increased to $22,140 to fund the proposed legislative changes. AB 168 is currently being heard by the Assembly Government Affairs Committee and will then be forwarded to the Ways and Mean Committee for hearings on the fiscal portions of the bill, to include this amendment.

BOARD IN-STATE TRAVEL: This category includes funds for members of the Retirement Board to attend nine two-day and three three-day meetings each year.

BOARD OUT-OF-STATE TRAVEL: This request includes funds for each Retirement Board member to attend one national retirement seminar or conference. We find this is the only training on retirement available for members of the Retirement Board.

STAFF IN-STATE TRAVEL: The funds requested cover bi-monthly member couselling in Las Vegas, quarterly state-wide counselling in rural areas, one executive staff trip to Las Vegas per month, seven Las Vegas field audit trips and nine state-wide audit trips. The travel rates are based on an overall 50% inflation factor for air fare and 25% for mileage, meals and lodging.

STAFF OUT-OF-STATE TRAVEL: This category provides for one member of staff to attend each of the three national retirement conferences, nine trips to Washington, D.C. to oppose PERISA and mandatory Social Security and for each Division Supervisor to attend an educational or training seminar on retirement.

POLICE & FIREMEN RETIREMENT FUND ADVISORY COMMITTEE TRAVEL: This request reflects one-day, quarterly meetings.

CONTRACT SERVICES: At their meeting held February 18 and 19, 1981, the Retirement Board passed a motion requesting that our budget request for the Actuary be increased from $27,000 to $35,000 and the biennial audit request from $30,000 to $50,000. Our Actuary normally receives approximately $100,000 per annum for full services for a fund our equivalent. They have performed several functions in the past without charge which is not required by their contract. Our recent CPA audit was performed for $17,000, as budgeted, at an approximate loss of $13,000 to the firm. Several reliable CPA firms have indicated that a fee between $40,000 to $50,000 is more appropriate for a system of our size and complexity.

LEGAL & COURT EXPENSES: This category has been reduced from the previous budget because outside legal counsel fees have been removed. The budget request does increase the time spent with the System by the Deputy Attorney General from 25% to 50%.

ELECTRONIC DATA PROCESSING: This request provides funds to convert our accounting system from manual to in-house computer.

HOST EXPENSE: This provides for a substantial increase to absorb costs for staff to work nationwide and in Washington, D.C. in opposition to PERISA and mandatory Social Security.

DUES & REGISTRATION: This category provides dues necessary for membership in three national retirement organizations; the National Association of State Retirement Administrators, the National Conference on Teacher Retirement and the

National Conference of Public Employee Retirement Systems. It also provides registration fees for staff training budgeted for the Supervisors. These are the only areas available to provide staff training in the specialized field of retirement administration.

SPECIAL REPORTS: This provides for the Springmeyer Legislative Report in 1983 based upon figures supplied by Mr. Springmeyer.

ADDITIONAL COMMENTS: This budget reflects the elimination of lease payments from the Administrative Fund to the Retirement Fund for the office building which the System owns. Should your Committee favor our requested amendments to our budget, this will represent an increase from 17.3% to 19.2% over actual expenditures in 1980 and a change in the reduction from 8.89% to 7.15% from our 1981 approved budget.

We will be pleased to answer any questions which the Committee may have regarding our budget request.

Attch:
VB:bb

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA

PUBLIC EMPLOYEES RETIREMENT SYSTEM

693 WEST NYE LANE
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

February 2, 1981

MEMORANDUM

TO: Vernon Bennett
Executive Officer

FROM: John T. Bibee John T.
Supervisor, Membership

SUBJECT: Quarterly Newsletter

Please find attached informational paragraphs for the quarterly newsletter concerning the results of the Membership Services Survey and Benefit Recipient Services Survey.

Also attached, for your information, is the actual tabulation of the survey results with the total points scored by each service that was presented in the survey.

I am available for discussion of this matter at your convenience.

JTB/emv
attachment

O-207

MEMBERSHIP SERVICES SURVEY - The System conducted a survey to receive input regarding optional additional services which may or may not be retained, depending upon our budget situation after July 1, 1981. The results of that survey are as follows: 1,632 members returned their survey forms to the System. They showed that the following services were ranked in descending order: (1) annual statements, (2) preretirement guide, (3) retirement estimates, (4) contribution information, (5) newsletters, (6) membership documents, (7) monthly payment plans for purchase of service and repayment of refunds, (8) service estimates, (9) counseling sessions, (10) informational programs, (11) Las Vegas counseling sessions, and (12) public service functions.

In summary, the members who responded indicated their desires to be kept well informed through the use of annual statements and retirement estimates and wish to have available to them the preretirement guides in anticipation of their retirement dates. The actual tabulated results of the survey are available upon request at the PERS office.

MEMBERS 1981 SURVEY

		Points
1.	Annual Statements	14,233
2.	Pre-Retirement Guide	12,405
3.	Retirement Estimates	10,554
4.	Contribution Information	9,996
5.	Newsletters	9,774
6.	Membership Documents	9,621
7.	Monthly Payments	9,343
8.	Service Estimates	8,424
9.	Counseling	7,694
10.	Informational Programs	6,604
11.	Las Vegas Counseling	6,492
12.	Public Service	4,918

BENEFIT RECIPIENT SERVICES SURVEY - The System forwarded a survey form to all benefit recipients December 1, 1980. We conducted this survey to receive input regarding optional, additional services which may or may not be retained, depending upon our budget situation after July 1, 1981. No reduction or elimination will be considered for such things as monthly retirement reports, maintaining individual member accounts, maintaining updated contribution and service credit history, providing refunds upon termination and application, providing regular or disability retirement or survivor benefit information, evaluation and initiation of benefits, maintaining updated and balanced accounting records with the necessary internal audits, or making proper investment retirement funds, and maintaining necessary records thereto. The results of the 953 survey forms that were returned to us ranked the eight services listed in the survey in the following order: (1) quarterly newsletters, (2) direct deposit of benefit checks, (3) enclosures with benefit checks, (4) deductions of dues for employee associations, (5) SNEA group insurance premiums and dues deductions, (6) informational programs provided for benefit recipients upon request, (7) the deduction cancer insurance premiums, (8) public service functions performed by staff upon request.

The detailed results, including the total number of points scored by each of the eight listed services are available upon request to the Retirement staff.

RETIRED MEMBERS SURVEY RESULTS

1.	Quarterly Newsletters	4685 points
2.	Direct Deposit of Benefit checks	4306 points
3.	Enclosures with Benefit checks	3678 points
4.	Deductions or Dues	3006 points
5.	SNEA Group Insurance Deduction	2994 points
6.	Informational Programs	2836 points
7.	Deduction of Cancer Insurance Premiums	2092 points
8.	Public Service Functions	1947 points