

MINUTES OF THE JANUARY 31, 2018,
MEETING OF THE COMMITTEE TO STUDY
THE SALARIES OF CERTAIN POSITIONS IN THE
UNCLASSIFIED AND NONCLASSIFIED SERVICE OF THE STATE
(SCR 6, 2017 LEGISLATIVE SESSION)

The first meeting of the Committee to Study the Salaries of Certain Positions in the Unclassified and Nonclassified Service of the State (SCR 6, 2017 Legislative Session) was held at 1:00 p.m. on Wednesday, January 31, 2018, in Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada with videoconference to Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator David Parks, Chair
Assemblywoman Maggie Carlton, Vice Chair
Senator Joyce Woodhouse
Assemblyman Chris Brooks

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Pete Goicoechea
Assemblyman Al Kramer
Peter Long, Administrator, Division of Human Resource Management, Department of Administration

COMMITTEE MEMBERS EXCUSED:

None

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Jeff Ferguson, Senior Program Analyst
Mark Krmpotic, Fiscal Analyst, Senate
Cindy Jones, Fiscal Analyst, Assembly
Brenda Erdoes, Legislative Counsel
Becky Lowe, Fiscal Analysis Division Secretary

EXHIBITS:

Exhibit A: Agenda
Exhibit B: SCR 6, 2017 Legislative Session
Exhibit C: Classified and Unclassified Employment, Division of Human Resource Management, Department of Administration
Exhibit D: Unclassified Levels Pay Difference, Division of Human Resource Management, Department of Administration
Exhibit E: Unclassified Levels Sorted by Tier, Division of Human Resource Management, Department of Administration
Exhibit F: Letter from the Nevada Faculty Alliance, Dr. Kent M. Ervin, Ph.D.

Exhibit G: 2016 Salary and Benefits Study, Division of Human Resource Management,
Department of Administration
Exhibit H: CY 2015 Unclassified/Nonclassified Turnover by Title
Exhibit I: CY 2016 Unclassified/Nonclassified Turnover by Title
Exhibit J: CY 2017 Unclassified/Nonclassified Turnover by Title

I. ROLL CALL.

Senator David Parks, Chair, called the meeting to order at 1:04 p.m. The secretary called roll and all members were present.

II. PUBLIC COMMENT.

Elizabeth “Betsy” Gonzales, District Judge, Department XI, Eighth Judicial District Court, testified as president of the Nevada District Judges Association. She said the District Judges were very happy to be included in the study. She offered to provide any information requested by the Committee.

III. ELECTION OF VICE CHAIR

SENATOR WOODHOUSE MOVED TO NOMINATE
ASSEMBLYWOMAN CARLTON TO SERVE AS VICE
CHAIR OF THE COMMITTEE. THE MOTION WAS
SECONDED BY ASSEMBLYMAN BROOKS.

THE MOTION CARRIED UNANIMOUSLY.

IV. OPENING REMARKS BY THE CHAIR AND INTRODUCTIONS

Chair Parks said an in-depth look at salaries within the unclassified and nonclassified service was long overdue. He recalled the rigors of balancing the budget during the recent deep recession, and said now was a good time to look at how state employees were compensated. More importantly, the compensation system must be such that qualified employees were retained. He said the state did not want to be a training ground for employees to pursue opportunities elsewhere.

Chair Parks introduced himself as the state senator from Senate District 7. He said he had been a Nevada legislator for 22 years. His background was in public finance, but he had experience dealing with classification and compensation studies at the local government level. He asked the Committee members to introduce themselves.

Vice Chair Carlton said she had served in the Nevada Senate for 12 years and had been in the Nevada Legislature since 1999. She looked forward to working with the Committee on this issue, which needed to be addressed, but had been lying dormant.

Assemblyman Brooks, who represented Assembly District 10, said it was his second year in the Nevada Legislature. He looked forward to working on this important subject.

Senator Woodhouse said she represented Senate District 5, which was a large portion of Henderson and unincorporated Clark County. She served as chair of the Senate Committee on Finance during the 2017 Legislative Session, and had served on that committee in previous sessions. She said it was very apparent that state employees were carrying the brunt of the budget cuts made during the recession. She said during the 2017 Legislative Session, it became clear to her that there were a number of inequities within the salary structure for state employees, so she was glad that the study was moving forward.

Senator Goicoechea said he represented Senate District 19, the eastern half of the state, including five rural counties, and a part of rural Clark County as well. He had been a member of the Nevada Assembly for ten years, and was in his sixth year in the Nevada Senate. He was involved in local government prior to serving in the Legislature, and had experience with salary bills for classified and unclassified staff, and elected officials, over the last 32 years. He looked forward to working on the salary survey, which was the key to retaining quality employees.

Assemblyman Kramer said he represented Assembly District 40, which included Carson City and southeast Washoe County. He was looking forward to learning and contributing to the Committee.

Mr. Peter Long, Administrator, Division of Human Resource Management (DHRM), Department of Administration, said he was available to provide any assistance the Committee required in performing the review.

Jeff Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), said he would be providing support to the Committee. He introduced Mark Krmpotic, Senate Fiscal Analyst, Cindy Jones, Assembly Fiscal Analyst, and Brenda Erdoes, Legislative Counsel.

V. REVIEW OF THE DUTIES AND RESPONSIBILITIES OF THE COMMITTEE TO STUDY THE SALARIES OF CERTAIN POSITIONS IN THE UNCLASSIFIED AND NONCLASSIFIED SERVICE OF THE STATE

Jeff Ferguson, Senior Program Analyst Fiscal Analysis Division, LCB, said the Committee was formed pursuant to Senate Concurrent Resolution 6 (SCR 6) ([Exhibit B](#)), 2017 Legislative Session. He said SCR 6 recognized that there was a Commission to Review the Compensation of Constitutional Officers, Legislators, Supreme Court Justices, Judges of the Court of Appeals, District Judges and Elected

County Officers created by NRS 281.1571. That committee made recommendations concerning the appropriate salaries to be paid to elected officers. In addition, NRS 284.175 directed the Administrator of the DHRM to make recommendations to the Legislature concerning the appropriate salaries to be paid to employees in the classified service of the state. He said there was not a vehicle for unclassified and nonclassified positions to be reviewed, and that was the purpose of this Committee. He noted Peter Long, Administrator, DHRM, would present information outlining the difference between classified, unclassified and nonclassified positions.

Mr. Ferguson said the resolution directed the Committee to conduct an interim study concerning the appropriate salaries for certain positions in the unclassified and nonclassified service of the state. The study must include the following:

1. A review of any position within the Judicial Department of the State Government, the Commission on Ethics, the Nevada Gaming Control Board, the Public Utilities Commission of Nevada and any other department, commission or agency of the State of Nevada as determined by the Committee;
2. A selection of the positions in the unclassified and nonclassified service of the state in each department, commission or agency of the State of Nevada which were to be included in the interim study;
3. A review of the salary paid to the state officer or employee in each position selected for review by the Committee; and
4. A market salary analysis for each position selected for review by the Committee to be performed in a manner determined by the Committee.

Mr. Ferguson said SCR 6 required that, in conducting the interim study, the Committee may consider whether any position currently designated as within the classified, unclassified or nonclassified service of the state should be redesignated. In addition, any recommended legislation proposed by the Committee must be approved by a majority of the members of the Senate and a majority of the members of the Assembly appointed to the Committee. The Legislative Commission shall submit a report of the results of the study and any recommendations for legislation to the Director of the Legislative Counsel Bureau for transmittal to the 80th Session of the Nevada Legislature.

Mr. Ferguson said the meeting would include presentations on what kinds of positions might be studied; there would be a discussion of agencies that were performing their own studies, such as the Courts; and, there would be a discussion about positions within the Nevada System of Higher Education (NSHE).

Mr. Ferguson said the Committee could select positions to start a review of a market salary analysis. He noted the DHRM, in its regular course of business in performing a market analysis survey of classified positions, could concurrently perform an analysis of unclassified and nonclassified positions.

Chair Parks recalled discussion during the budget hearings of the 2017 Legislative Session about a review of unclassified and nonclassified positions in other state agencies. He asked if some of those positions might be included in the analysis.

Mr. Ferguson said some of the positions discussed during the 2017 Legislative Session may be included in the meeting material, but, ultimately, the Committee may select any positions that it wishes for review. He noted that the Committee was limited to four meetings. In addition, there was no budget for surveys or analysis, but the DHRM agreed to take on that role. There was not a broad capacity to survey lots of positions. The Committee would select the positions that needed consideration at this point in time.

Chair Parks agreed that no funding had been provided to the Committee to contract for services to perform the review. The Committee would rely upon services that could be provided by other agencies.

VI. PRESENTATION ON UNCLASSIFIED AND NONCLASSIFIED POSITIONS WITHIN THE STATE

Cassie Moir, Deputy Administrator, DHRM, Department of Administration, provided a brief overview of classified, unclassified and nonclassified service to the state.

Ms. Moir said, pursuant to NRS 284.150, the classified service of the State of Nevada was comprised of all positions in the public service now existing or hereafter created that were lawfully designated as being in the classified service, and filled according to merit and fitness from eligible lists prepared upon the basis of examination. She explained that compensation for classified positions was based on a grade and step system, which was classified according to the following factors: nature and complexity of work; required knowledge, skills, and abilities; supervisory/managerial responsibility; independence/supervision received; scope of responsibility/consequence of error; authority to take action/decision making; and personal contacts. Classes similar in scope and complexity, etc., warranted similar compensation.

Ms. Moir explained that pursuant to NRS 284.140, the unclassified service of the state consisted of the following state officers or employees in the Executive Department of the State Government who received annual salaries for their services:

1. Members of boards and commissions, and heads of departments, agencies and institutions required by law to be appointed.

2. Except as otherwise provided in NRS 223.085, 223.570 and 223.600, all persons required by law to be appointed by the Governor or heads of departments or agencies appointed by the Governor or by boards. For example, Deputy Directors, Administrators, Deputy Administrators, attorneys, executive assistants, and professionals with specialized skills.
3. All employees other than clerical in the Office of the Attorney General and the State Public Defender required by law to be appointed by the Attorney General or the State Public Defender.

Ms. Moir explained that nonclassified staff was comprised of employees in the Office of the Governor, or the Judicial or Legislative Branch. Pay was not set by the Legislature or DHRM, but rather a pool of money was granted for salaries and pay was determined by the appointing authority.

Chair Parks recalled a discussion about how the positions in the boards and commissions fit into position classifications. Ms. Moir said several board chairs were in the unclassified service.

VII. PRESENTATION ON SALARY STRUCTURES WITHIN THE UNCLASSIFIED SERVICE OF THE STATE

Cassie Moir, Deputy Administrator, DHRM, Department of Administration, explained that compensation for unclassified service was handled differently from classified service. Maximum salaries for the unclassified positions were set by the Legislature in the pay bill. Over the past three to four legislative sessions the agencies have contacted the DHRM prior to the legislative session for compensation recommendations for their requested unclassified positions so that they could be included in the budgeting process. Prior to that, the agencies would plug a number into their budget calculations, the request would go through the budget process, and would be either approved or disapproved by the Legislature.

Ms. Moir explained, once approved by the Legislature, unclassified positions were assigned to a tier within the existing tier structure; for example, Director was assigned to tier 1, Deputy Director was assigned to tier 2. She said there were 13 tiers within the unclassified tier structure, as well as an additional section for professionals with specialized skills that did not meet the criteria an existing tier.

Ms. Moir said that some professional positions with specialized skills did not fit neatly into the tier structure; for example, a power facility communications technician.

Ms. Moir said, for the classified services, the current market salary survey process involved choosing a representative sample of 25 to 30 “benchmark” positions in the classified service, and surveying other public and private employers for wage ranges for positions for which there was a match. Over the last 5 to 6 biennia, the DHRM surveyed for positions whose salaries were identified as being 25 to 30 percent below

market; for example, firefighters, administrative assistants, accounting assistants, professional engineers, personnel analysts, IT professionals, social workers, registered nurses, compliance investigators and Department of Public Safety officers. For that process, the DHRM Compensations Analyst included a brief description of the benchmark positions and the responding parties provided compensation information for positions in their agencies they thought were comparable. The responses were aggregated to compare the state's current compensation structure for the benchmark positions with the responses from the public and private employers in Nevada and other states.

Ms. Moir reported that the response rate from both private and public employers had steadily decreased over the last decade due to lack of manpower or other factors. The market surveys were not conducted for unclassified positions as job descriptions and class specifications were not maintained by the DHRM. She noted the statute related to surveys was specific to classified positions only.

In response to a question from Senator Goicoechea, Ms. Moir explained that tier levels for new unclassified positions were determined by DHRM staff, which used the position's title and pay to determine the appropriate tier. Senator Goicoechea asked if there was an appeal process. Ms. Moir replied that there was no appeal process for that decision.

Chair Parks noted that the Committee members received a handout showing the current pay policy for unclassified service sorted by tier and description ([Exhibit E](#)).

Mr. Ferguson said the handout, which was provided by the DHRM, showed the positions and the associated salaries in each of the 13 tiers ([Exhibit E](#), pages 1 through 8). He noted those salaries were approved in the unclassified pay bill. He said on the bottom of page 8 began a list of professionals either with specialized skills, or currently unclassified. He said that list was a mish-mash of different positions that did not fit nicely into one of the tiers. He believed these positions were most in question in terms of how the salaries were set and whether the salaries were equitable. He noted there were quite a few different positions. He said the Committee may want to focus on those positions.

In response to a question from Chair Parks, Ms. Moir explained that the term "pay policy" was used historically to describe the different pay schedules.

Peter Long, Administrator, DHRM, Department of Administration, explained further that pay policy 10 was for unclassified service on the employee/employer retirement plan, and pay policy 11 was for unclassified employees on the employer paid retirement plan. He noted that the employee/employer retirement plan differed in that 13 percent was deducted from the employee's pay for retirement. Under the employer paid retirement, the employee did not contribute anything directly from their paycheck, but instead received a reduced salary in order for the state to make that contribution.

VIII. PRESENTATION ON CURRENT MARKET SALARY ANALYSIS FOR THE SUPREME COURT FUNDED BY THE 2017 LEGISLATURE

Nevada Supreme Court Justice Mark Gibbons said Chief Justice Michael Douglas and Robin Sweet, Court Administrator, were not available to attend the Committee meeting, because the Nevada Supreme Court was hosting a conference of chief justices throughout the United States and its territories being held at Lake Las Vegas in Henderson.

Justice Gibbons said the Nevada Supreme Court had started its market salary survey as previously discussed by the Committee and representatives of LCB. He said McKenna McCormack, Personnel Officer, Nevada Supreme Court would give a status report.

McKenna McCormack, Personnel Officer, Nevada Supreme Court, said the market salary survey was in the final stages. She said the Nevada Supreme Court hired a human resources contractor to perform the survey. Fifteen classified and nonclassified staff positions throughout the court were selected for the survey. The positions were compared to similar positions in six counties. In addition, the contractor had a database comprised of aggregated salary information that included factors like the size of the organization, industry, and organization affiliations. Ms. McCormack said she was working with the contractor to finish the survey, and she hoped it would be completed in February 2018, after which it would be presented to the Committee.

Assemblywoman Carlton asked how the salary survey would be incorporated with the survey being performed for the Committee by the DHRM.

Ms. McCormack explained that the Nevada Supreme Court started its market salary survey in the fall of 2017, before they knew the Committee would be formed.

Assemblywoman Carlton said she would hate for the work to be performed twice. She asked if outside verification would be needed if that information were to be incorporated into the Committee's report.

Chair Parks agreed that there was neither the time nor the resources to replicate the work.

Mr. Ferguson said, during the 2017 Legislative Session, there was a decision unit in the Nevada Supreme Court's budget to provide some funding to perform its own market salary analysis. That was the study referenced by Ms. McCormack. He said the Nevada Supreme Court could present its findings to the Committee at a subsequent meeting, at which time the Committee could ask questions about the study. If the Committee wished, the recommendations of the Nevada Supreme Court study may be included in the recommendations of the Committee. He noted that the report would be presented by the Nevada Supreme Court to the Nevada Legislature as well.

Senator Woodhouse asked for the timeline for the completion of the Nevada Supreme Court's market salary analysis. Ms. McCormack said most of the data had been received from the vendor. After the final touches were made, the analysis must go to the Court for its review. She said that the Court was very near to completion of its analysis.

Justice Gibbons said the Nevada Supreme Courts goal was initially to have the analysis ready for today's Committee meeting. He had reviewed the data with Ms. Sweet and Ms. McCormack, but the information had not yet been submitted to the Justices for their review. He noted that some of the Nevada Supreme Court staff members were relieved from their normal job activities to participate in the host activities for the conference of chief justices.

Assemblyman Kramer said he understood that the Nevada Supreme Court's market salary analysis was comparing other public and private sector legal organizations of similar size. He asked how the private sector salaries and job descriptions would be used to compare to a judge's position.

Ms. McCormack noted that the City of Carson, City of Sparks, Clark County, Elko County, Washoe County and Sonoma County, California were selected for comparison. She did not have information as to the entities that comprised the vendor's database, other than they were "like entities," but the entities could be courts in other cities.

Assemblyman Kramer asked how private sector salaries were compared to public sector salaries. Ms. McCormack clarified that private sector salaries were not used for comparison in the market salary analysis.

IX. DISCUSSION OF UNCLASSIFIED POSITIONS AND SALARY STRUCTURES WITHIN THE NEVADA SYSTEM OF HIGHER EDUCATION

Jeff Ferguson, Senior Program Analyst Fiscal Analysis Division, LCB, said NRS 284.140 defined the composition of unclassified service. Subsection 4 indicated that, except as otherwise provided by the Board of Regents of the University of Nevada pursuant to NRS 396.251, officers and members of the teaching staff and the staff of the Agricultural Extension Department and Experiment Station of the Nevada System of Higher Education, or any other state institution of learning, and student employees of these institutions would be unclassified positions.

Mr. Ferguson noted, in speaking with LCB Legal Division staff, and Christine Casey, NSHE's Director of Human Resources, it was determined that the Board of Regents of the University of Nevada had taken responsibility for setting the salaries for certain NSHE positions. The DHRM did not consider those positions to be unclassified, nor did the DHRM have data on those positions, as that information was kept internally within NSHE.

Mr. Ferguson added that A.B. 202 (2017 Legislative Session) required the Legislative Commission to appoint a committee to conduct an interim study concerning the cost and affordability of higher education in the state. There was a provision within A.B. 202 that directed that committee formed by the bill to examine whether the system of compensation for faculty of each NSHE institution was appropriate in order to recruit and retain quality faculty to further programs of higher education and research. He said it appeared that a study of faculty salaries would be under the purview of A.B. 202 (2017 Legislative Session).

Mr. Ferguson said the NSHE positions did not fall under the definition of an unclassified or a nonclassified position. There was a means to study those positions in the interim committee associated with A.B. 202. It was staff's opinion that the Committee did not need to concern itself with the salaries of NSHE positions at this time. Mr. Ferguson noted that the chair of the Nevada Faculty Alliance was present to make comments.

In response to a question from Chair Parks, who asked if the results of the A.B. 202 and S.C.R. 6 interim studies would be reviewed together for comparison, Mr. Ferguson said the two studies were separate and unrelated at this point. Mr. Ferguson was not sure of the progress of the A.B. 202 interim study. If there was data available from both interim studies, the Legislature could utilize that information together.

Dr. Kent M. Ervin, Ph.D., Legislative Liaison, Nevada Faculty Alliance (NFA), described the NFA as an independent statewide association of faculty of all eight NSHE institutions. He said, based on the comments from Mr. Ferguson that the Committee would not review NSHE positions, his remarks would be brief.

Dr. Ervin said there had been confusion in the Legislature as to whether faculty were in the unclassified, nonclassified or classified service. He noted NRS 396.110 authorized the Board of Regents to create its own regulations for the government of the Nevada System of Higher Education. These regulations were embodied in the Board of Regents Handbook.

Dr. Ervin said NSHE staff was comprised of about 5,800 academic and administrative faculty, 2,600 classified employees, and a little over 200 executives and administrators comparable to nonclassified employees. He provided a table comparing the conditions of employment for the state employee groups in Nevada ([Exhibit F](#)).

Dr. Ervin said he appreciated that A.B. 202 was formed to study faculty salaries. He noted that NSHE was cooperating fully with that committee, and he believed that committee was the appropriate venue for consideration of faculty salaries.

X. DISCUSSION OF CURRENT MARKET SALARY ANALYSES PERFORMED BY THE DIVISION OF HUMAN RESOURCE MANAGEMENT FOR CLASSIFIED POSITIONS

Cassie Moir, Deputy Administrator, DHRM, Department of Administration, said that a market salary analysis for the classified service began with the selection of a representative sample of job classes. Ms. Moir referred to the 2016 Salary and Benefits Study, Division of Human Resource Management, Department of Administration ([Exhibit G](#)) as an example of a completed market salary analysis. Ms. Moir said class descriptions for the benchmarked positions were included in the report, as well as the responses from the survey.

Ms. Moir said the DHRM would do something very similar for the unclassified positions that were selected for review. The DHRM would reach out to get information from other public employers and some private employers with similar positions. That data would be aggregated to show the minimum and maximum salaries for the positions being reviewed.

Senator Goicoechea noted only one private employer responded out of 16 requests.

Ms. Moir said the survey response rate had dropped significantly over the last decade. Many organizations either did not want to share the data, or did not want to take the time, or may not have staff within the organization to provide the data. She said it could be difficult to get data from the entities. In response to a question from Senator Goicoechea, she said the State of California declined to provide data for the survey.

Referring to a graph showing the State of Nevada Eight Year Average Pay Comparison with Nevada Municipalities on page 8 of the 2016 Salary and Benefits Study, Division of Human Resource Management, Department of Administration ([Exhibit G](#)), Assemblywoman Carlton noted that for FY 2010 through FY 2013, the State of Nevada pay comparison was much lower than other Nevada municipalities and the Consumer Price Index (CPI). She asked if that reflected the pay cuts and furloughs to the state employees' pay in that period. Ms. Moir said that was correct.

Assemblywoman Carlton noted that the Nevada municipalities' employee pay and the CPI increased between 1.7 percent and 3 percent during the period that the state employee salaries were reduced by 4.8 percent. She said it was important to note for the record that the budget deficits of the recession were paid for by the employees of the state. She asked if there was a method to estimate the buying power lost by state employees over those four years.

Ms. Moir said she was not aware of anyone who had done such a study.

Assemblywoman Carlton said the graphic on page 8 ([Exhibit G](#)) illustrated what happened when the state tried to dig itself out of a hole by making deep cuts in pay, enforcing furloughs, and suspending pay increases.

Assemblywoman Carlton said a number of state employees have reported that, because of the pay cuts and lack of pay increases during the recession, there were supervisors making less than the people they supervised. There was an avenue for those employees to have their pay adjusted, but some of the agencies would not address the issue. She asked if the DHRM knew how many state employees were in that situation. She understood a number of those employees had left state service, but there were still a number of firefighters and law enforcement employees in that position. She noted those positions did not have a private sector equivalent.

Mr. Long explained that there were two circumstances in which a supervisor's pay could be lower than the pay of a subordinate. He recalled that a step 10 was added to the pay structure at the end of the 2005 Legislative Session. That increase was added to the classified pay structure, but not the unclassified pay structure. There were some conditions where an unclassified supervisor made less than a classified subordinate. The second issue was where a supervisor made less than a subordinate in the classified service. He said this would not typically happen for reasons other than longevity. Except for when the step increases were frozen during the recession, step increases are given each year for standard or above performance. Ultimately, the supervisor who was at a higher grade would make more than the subordinate. There was a provision in regulation that allowed for the supervisor's pay to be adjusted. That was at the discretion of the agency. It was also based on an agency's ability to pay for the adjustment in pay.

Assemblywoman Carlton said she had a problem with the supervisor's pay adjustment being at an agency's discretion. An agency could choose not to address that a classified or unclassified supervisor was being paid less than a subordinate, and that there was no recourse for the employee. She said when pay was frozen lots of folks lost ground. She noted that the economy was improving, there were more jobs available, and there were employees leaving state service. She reiterated the comment from Senator Goicoechea that it was important to retain good employees, because it was costly to train them.

XI. SELECTION OF POSITIONS TO REVIEW FOR MARKET SALARY ANALYSIS

Jeff Ferguson, Senior Program Analyst Fiscal Analysis Division, LCB, said the DHRM performed a market salary analysis for classified positions every even numbered year. It was his understanding that the DHRM was embarking on that study for 2018. The DHRM agreed to review the unclassified positions selected by the Committee concurrently with its review of classified positions.

Mr. Ferguson noted that the DHRM did not always get the number of responses it would like. He said if the list of positions on the survey was lengthy, the entities may become overwhelmed and not respond. He asked a representative from the DHRM to talk about the number or classification of positions it would be comfortable including in the survey.

Mr. Ferguson noted that three handouts showing turnover for classified and unclassified positions were provided to the Committee: CY 2015 Unclassified/Nonclassified Turnover by Title ([Exhibit H](#)); CY 2016 Unclassified/Nonclassified Turnover by Title ([Exhibit I](#)); CY 2017 Unclassified/Nonclassified Turnover by Title ([Exhibit J](#)). The DHRM was asked to provide these statistics, because turnover was an indicator that the agencies could be having difficulties hiring or retaining certain positions. Mr. Ferguson cautioned that the gross turnover percentage could be deceiving; for example, if there were two positions, and one employee left, gross turnover would be 50 percent.

Mr. Ferguson said four agencies that testified during the hearing for S.C.R. 6 were the Office of the Attorney General, Commission on Ethics, Gaming Control Board, and Public Utilities Commission. The latter three were specifically mentioned in S.C.R. 6 for the Committee's review. He said the turnover information, in addition to the list of professionals with specialized skills or currently unclassified and did not meet one of the other tier criteria (page 9, [Exhibit E](#)) could be helpful to the Committee members in determining the positions for review.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, LCB, noted that the Public Employees' Retirement System salaries listed on pages 41 and 42 of the CY 2015 Unclassified/Nonclassified Turnover by Title ([Exhibit H](#)) were set by the Interim Retirement and Benefits Committee, and not included in the unclassified pay bill.

Mr. Long pointed out that Section 1 of S.C.R. 6 required that the study *include a review of any position within the Judicial Department of the State Government, the Commission on Ethics, the Nevada Gaming Control Board, the Public Utilities Commission of Nevada and any other department, commission or agency of the State of Nevada as determined by the Committee.* He said, in order to get responses from the other entities, he estimated 30 to 40 job titles would be the maximum number to include in the survey.

Chair Parks noted that 37 positions were evaluated in the 2016 Salary and Benefits Study ([Exhibit G](#)). He asked Mr. Long how many positions could be included in the review of the unclassified positions.

Mr. Long said the DHRM had performed reviews with 75 and 80 classes. As the number of responses decreased, the DHRM decreased the number of classes included in the survey. He said private sector entities often chose not to respond. For the public sector, DHRM staff obtains the information from the entities' websites. He asked the Committee to keep in mind that the DHRM would be performing its classified study concurrent to the unclassified study requested by the Committee. One classification analyst would conduct the entire study for both the classified and the unclassified

positions. He did not think more than 40 unclassified positions could be included in the study.

Chair Parks asked if the classified positions for the market salary analysis have been identified. Mr. Long said that selection would occur in February 2018. He added that the number of positions would be similar to the number included in the 2016 report.

Senator Goicoechea said over the past two or three sessions, there had been an effort by some agencies to move positions from classified to unclassified. He suggested the surveys include a comparison between the classified and unclassified salaries to determine if that was the best way to retain employees. Chair Parks agreed that was an ongoing concern.

Chair Parks asked the Committee members for their recommendations of specific classifications for review.

Senator Goicoechea recommended that DHRM staff suggest which agencies and position classifications needed review.

Assemblywoman Carlton said that it was difficult for agencies to hire specialists in health care, the legal field and engineering. For example, it was difficult to fill clinical psychologist positions in mental health facilities. It was difficult to compete with the private sector to recruit attorneys. She would like to have more information about the vacancies that existed in the state agencies. She asked if there was a list of vacant positions that would give an idea of the difficult-to-fill positions.

Assemblyman Kramer said turnover and vacancies were a factor, but the length of time a position remained vacant was information the Committee would need as well.

Mr. Long said the DHRM could provide a report showing the number of positions allocated for a job class, as well as how many of those positions were vacant. He could also provide the average length of time positions in a classification remained vacant, which would provide an idea of how long it took to fill a position. He added the caveat that sometimes positions were not filled for other reasons, such as salary savings, or due to large retirement payouts. A position may not be vacant due to a lack of qualified applicants.

Mr. Long said the DHRM had information on the difficult to recruit classified positions. He said Assemblywoman Carlton was correct in that any of the health care positions were difficult to fill, such as nurses, mental health counselors, and social workers. Law enforcement and Correctional Officer positions were also difficult to fill. It was particularly difficult to fill any of these positions in the rural areas.

Mr. Long said, for unclassified positions, it was more difficult to gather data from other entities from which to compare; he explained that the positions were in the unclassified service due to their specialized skills, so there may be only one position with that title.

He noted the DHRM did not recruit for unclassified positions. He suggested that the Committee members look at the turnover for unclassified positions that had more than 5 or 10 positions, with 15 percent or higher turnover, which was above the average turnover for state service.

Chair Parks asked Mr. Long when the DHRM would need the list of unclassified positions to begin the market salary analysis. Mr. Long said as soon as the list was available, the DHRM would begin working on the survey. The survey for classified positions would be completed in August or September. If the DHRM was provided a list at the next meeting of the Committee, it would be able to complete the survey by June or July.

Mr. Ferguson said Fiscal staff would work with DHRM staff to identify classifications with more than 10 to 15 positions with high rates of turnover, as well as a list of positions such as law enforcement and health care services that were hard to fill positions. The Committee would need to meet relatively soon to select the types of classifications the Committee would like to include in the study. That list would be provided to the DHRM to include in its market salary analysis.

Chair Parks said there was work to be done to determine which positions should be included in the survey. He did not think the Committee was ready to select the positions for the survey. He said the Committee may need to request approval to add a fifth meeting.

Assemblywoman Carlton said it was important to include the Gaming Control Board and Public Utilities Commission of Nevada (PUCN) in the survey. She said the Gaming Control Board was the “gold standard” for gaming regulation in the world. She noted the PUCN would be facing lots of work with the changing landscape over the few next years, and should have all of the necessary resources to perform its work. She said a study of the legal staff, engineers and other professionals in those agencies might provide guidance to other positions in the unclassified and nonclassified service in other state agencies.

Chair Parks said the decision as to which positions would be included in the survey would be deferred to the next meeting.

XII. DISCUSSION OF POTENTIAL TOPICS, DATES, AND LOCATIONS FOR FUTURE MEETINGS

Chair Parks recommended that the next meeting be held in the same locations.

Assemblywoman Carlton noted that most of the Committee members and staff would be at the February 8, 2018, meeting of the Interim Finance Committee (IFC). If the IFC agenda allowed, it may be possible to schedule the Committee meeting after the IFC meeting.

Mr. Krmpotic said the IFC agenda for February 8, 2018, was fairly modest, and was not expected to be a lengthy meeting.

Senator Goicoechea asked if that would allow enough time for LCB and DHRM staff to prepare for the meeting. Mr. Long said that he and Mr. Ferguson could meet and have recommendations available for the Committee by February 8, 2018.

Senator Woodhouse noted that the IFC meeting began at 9 a.m. She suggested that the Committee meet at 1:30 p.m. or 2:00 p.m. on February 8, 2018. She asked if the agenda posting could specify that the Committee meeting would begin 30 minutes after the adjournment of the IFC meeting. Brenda Erdoes, Legislative Counsel, said it would be possible to indicate on the agenda that the meeting would start at a certain time, or 30 minutes after the adjournment of the IFC meeting.

Chair Parks asked the Committee if there were any other topics the Committee members would like to appear on the next agenda, other than the selection of positions for review. There were no suggestions for other topics.

XIII. PUBLIC COMMENT

Stephanie Mullen, Executive Director, PUCN, thanked the Committee for identifying the need for the study. She offered any assistance that the PUCN could provide, including encouraging survey participation, or providing position lists and needs within the PUCN. She said the PUCN was willing and able to provide any assistance.

Yvonne Nevarez-Goodson, Executive Director, Commission on Ethics, said she echoed the comments of her colleague at the PUCN and extended her office as a resource to the Committee. She said the Commission on Ethics was vocal during the 2017 Legislative Session as to its concerns about salaries, and would like to extend its appreciation to the Legislature for addressing compression issues within the Commission on Ethics salaries. She said there was a benefit in a study that compared unclassified to nonclassified service. She said, for many years, the Commission on Ethics had compared its staff positions in terms of duties and responsibilities to the Judicial Discipline Commission. She said there was disparity between what the Commission on Ethics believes to be equivalent positions between the two agencies. She offered the resources of her office to the Committee or its staff that might need information from the Commission on Ethics.

Dr. Kent M. Irvin, Ph.D., Nevada Faculty Alliance (NFA), said Dr. Yvonne Steadman, University of Nevada, Reno, School of Business, was an expert in management compensation systems, and served on the NFA salary and benefits committee. He said Dr. Steadman said there were three types of equity in compensation in large enterprises, corporations and government: external equity, which was relative to the broader market of other employers; internal equity, which was how positions were compensated within the enterprise; and personal equity, which was how one person who had similar responsibilities was compensated in relation to another person. He

said the Committee was discussing external equity, which was very important. However, some of the questions were about internal equity, such as the idea that a supervisor would be paid less than a supervisee. In addition, there was gender equity in male-dominated professions that were paid more than others. He noted that the classified positions for which the pay scale was increased by a grade in the 2017 Legislative Session were male-dominated positions, such as IT and public safety. He said internal equity issues can be difficult, because it was hard to compare diverse positions such as IT staff, program officers, accountants, nurses and student advisors. He said there were methods to make such comparisons.

Dr. Irvin said one of the methods that he was familiar with was called the “Hay System,” which was used by the City of Sparks and Washoe County. The Hay System rated each job based on knowhow requirements, problem-solving skills, and accountability. Knowhow would include technical versus other kinds of knowledge. Accountability would include autonomy, authority and management.

Dr. Irvin said to study the problems of classified, unclassified, faculty, and professional staff equity would require a deeper level of analysis. Performing a Hay System analysis would be more expensive than the budget of the Committee allowed. Therefore, he suggested the Hay System method of analysis be discussed by the 2019 Legislature.

Fran Almaraz, the American Society of Mechanical Engineers (ASME), thanked the Committee for bringing up the topic of salary inequity, as many ASME state employees were underpaid. The difference between the state salaries and salaries in the private sector was quite great in some instances. Retention was important because training employees was expensive. Salary was usually the reason an employee would leave state employment for the private sector. She thanked the Committee members for working on the issue, and looked forward to working with the Committee in the future.

XIV. ADJOURNMENT

The meeting was adjourned at 2:52 p.m.

Respectfully submitted,

Becky Lowe, Committee Secretary

APPROVED:

Senator David Parks, Chair

Date: _____

Copies of exhibits mentioned in these minutes are on file in the Fiscal Analysis Division at the Legislative Counsel Bureau, Carson City, Nevada. The division may be contacted at (775)684-6821.