

SENATE FINANCE COMMITTEE
MINUTES OF MEETINGS
MARCH 28, 1973

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

PRESENT: Floyd R. Lamb, Chairman
Warren L. Monroe
B. Mahlon Brown
James I. Gibson
William J. Raggio
Clifton Young
Archie Pozzi

Bill Knabe, OARC
Dorothy Todd, Carson City Schools
Karen Wagner, "
Muriel Keehn, "
John F. Blaikie, "
Acel R. Martelle, Employment Security Division
Albert M. Linnen, "
James Oliver, "
Jack Lay, NIC
Robert Haly, NIC
Gerald E. Weis, NIC
Lincoln Liston, Dept. of Education
Dr. Kenny Guinn, Clark County School Administrator
Dr. Marvin Picollo, Washoe County School Administrator
John Gamble, Dept. of Education
Dr. Kenneth Hansen, Administrator, Dept. of Education

Earl Oliver, LCB Fiscal Analyst
Bob Tripp, LCB Deputy Legislative Auditor
John Dolan, Chief Deputy Fiscal Analyst
Howard Barrett, Budget Director
Cy Ryan, UPI
William Bible, Chief Assistant, Budget Division

S.B. 353:

SUMMARY: Revises provisions relating to data processing and computer facility.

Mr. Archie said, "Employment Security opposes this bill and asks that it be killed because the conversion cost arrived at in a state study by the computer facility, ESD, and IBM which was completed last fall was in excess of \$278,000, and ESD cannot pay any conversion cost because it is federally funded. Therefore, ESD needs a guarantee that state general funds would pay conversion costs, which could exceed one half million dollars if exotic computer equipment is selected to do Nevada's work under a request for bids that has just been issued to vendors.

Senate Finance Committee
March 28, 1973
Page Two

"Increased federal funding is not available for increased costs over what is now being paid by ESD for computer rental.

"In the executive budget for the computer facility there is an item for ESD which amounts to \$322,265. What is included in the operating cost of \$322,265 listed as ESD's proportional amount of FY 74-75 operating funds? We don't know."

ESD rental today is \$26,000 per month or \$312,000 per year. The executive budget lists \$322,265 for one year, plus \$50,000 for one year for additional ESD equipment needed for terminals plus an RJE station, for a total of \$372,265. This cost of \$372,265 minus the cost they are currently paying of \$312,000 would leave \$60,265 as the increase above what they are currently paying.

If SB 353 is passed it will become effective on passage or perhaps on July 1, and the computer facility is currently operating at 40% of utilization so could not do ESD's job and will not be able to do ESD's job even after new planned equipment is acquired. There are related bills (SB 354, 355, 356) also introduced which also increase the cost to ESD which cannot be paid for by ESD.

Mr. Archie of Employment Security concluded, "This bill is in conflict with Mr. Swackhamer's study on efficiency in state government which recommended computer centralization be considered but not forced upon using agencies by legislation. ESD would also have a loss of control of ESD performance and priorities, and there would be no backup in the advent the computer is disabled."

Mr. Barrett said, "We feel ESD can come into the system at no additional cost to ESD and at a savings to the state due to increased volume of work. They would have to come in gradually. This wouldn't be done overnight."

The Chairman of the Nevada Industrial Commission said, "We don't see where an entirely employer funded state agency could be forced into this system if we don't have control over priorities. Without this bill we have the opportunity to participate, and we do, but this bill would take away our authority to negotiate and would say you will participate without any cost benefit to the agency."

Senate Finance Committee
March 28, 1973
Page Three

Senator Lamb said, "I resent having to sit here and referee. I thought this was an agreement among agencies, and now agencies are coming in at this late date to object."

Senator Brown asked if they had had any input into this bill, and NIC told them, "No, this came in without our studying it. I also feel we should be singled out along with ESD to have cost benefit basis for this." Mr. Barrett said, "I was not aware that they were concerned about this bill at all. We haven't had any word from them on this."

S.B. 245:

SUMMARY: Provides for planning and implementation of programs to assure free public education for all handicapped children of this state.

Dr. Hansen stated that they support this bill in its entirety.

The cost for this bill would be \$6-1/2 million for 400 programs (classroom units) for 1973-74, and \$7-1/4 million for 500 programs for 1974-75. Education is currently spending \$4,080,000 for the programs assisting the handicapped, and if this bill expanded these services they would cost \$6,525,000. Dr. Guinn of Clark County said that if they had 250 units costing \$14,500 apiece they would spend \$3.5 million and they are now spending \$4.8 million for handicapped programs now, so there would be a savings. He said they now have 207 units for handicapped children and would expect to go to 230 or 225 units. Dr. Picollo of Washoe County said they now have 81 such units and would expect an additional 15 units from this bill, not including units for gifted children. He said they have space limitations which would affect their operation in this area also. Senator Brown pointed out that this bill would call for \$2-1/2 million more than is being spent now.

Dr. Hansen said, "Our judgment in this would be that if anything has to be done to this bill the best thing would be to cut down the number of units (this would raise the teacher/student ratios) in the first year and not tamper with the bill." (To leave the bill as is as far as the number of children covered but require the higher student/teacher ratio.)

The committee discussed the difficulty with definitions of children covered in this bill and Dr. Liston stated that a handicapped child by definition is one who deviates

Senate Finance Committee
March 28, 1973
Page Four

very far from the normal, either high or low. Dr. Picollo said that there are only 2% of the school population who are gifted and didn't think there was a very good definition of this. He said, "I think you can tell the academically talented child if ten teachers say he is." Senator Monroe said, "If you don't take care of the academically talented child he goofs off and you are wasting this talent." Dr. Liston stated that there are about 2,500 to 2,600 gifted children in this state.

Dr. Gamble said that the model legislation was drawn up for this bill by a task force group looking at legislation throughout the country and fitting it to our situation and was done under the direction of the Department of Education but not directly by that office.

Dr. Hansen said, "This bill describes the handicapped and does not say specifically that they must be given priority over typical children. Priorities could be set to take care of the most urgent needs in terms of amounts of money you are able to appropriate." Senator Gibson said, "That isn't what the bill presently states. Section 6 states 'the timely implementation of this policy to the end that all handicapped children of this state actually receive the special education necessary to their proper development...' and section 8 stating, 'The legislature declares that there shall be guaranteed financial resources sufficient to assure each handicapped child residing in this state a free public education commensurate with his needs.'"

Senator Raggio said, "I think this language means that it is mandatory for the state to provide it. You can say if we buy the concept that we will do it according to priorities, but you are already facing a law suit and will face more. Maybe you can define a gifted child as the top 2%, etc." Senator Lamb said, "What if we funded this \$5 million and you take it from there." Senator Gibson said, "Do you remember the trouble we had with the broad terms of the welfare law? It said we should provide for their needs compatible with health and decency." He stated he was called to testify when the welfare law came to court and although he testified that legislative intent was that they only intended to fund a certain amount of dollars, the courts didn't find that logical and they were forced to fund more due to the broad terms in the law. Senator Gibson said, "Everyone here wants to take care of these children. The problem is that we want the resources available to take care of this. We want to be sure that we control what's done and don't want to get into the problems we got into with welfare."

Dr. Guinn said that without identification criteria the

Senate Finance Committee
March 28, 1973
Page Five

school districts would have problems. He said that there would be parents who would want their children included in these programs after they were already filled. He said they would need very fine lines of delineation.

Senator Lamb said the key to this bill is the units allowed. Dr. Guinn agreed, and Senator Gibson said the key was units and you would have to go throughout the bill to make it conform to any final decision about them. Dr. Picollo said the legislature would have to indicate to them whether they wanted emphasis on handicapped children or gifted children, etc. He said, "We would like to follow your guidelines, but you have to spell them out."

Dr. Guinn said, "Everybody in Clark County supports this bill, but I don't think we could support it if money had to come out of our regular operating fund for this purpose." Dick Morgan said, "We presently have three or four counties who have no special education programs. These children are being discriminated against because even if you only have a few in a school district they are disruptive upon the class and this hurts the other kids also. This bill should provide the same programs for rural counties, too, and this should be spelled out in the bill." Dr. Guinn said, "We would go along with that."

Dr. Gamble said, "We are taking care of the seriously handicapped at this time, and once this bill expands this service, we won't have increases except the increases in population." Dr. Picollo said, "There are currently 16% to 18% of the population who by definition have some sort of handicap. You could never afford to take care of this percentage now with this funding unless you wanted to take away from the typical child." However, the Department of Education does not expect to provide these special classes for all that 18%.

Senator Monroe said, "Our most valuable child is the academically gifted but the least is the handicapped, because they might not amount to anything after you spend all this money on them."

Dr. Hansen said, "In changing the language of this bill can you leave all the categories in but make sure that if there is a shortage of funds that first priority be defined whether it is for handicapped or gifted students. Then you would have them all in but we would have priorities."

Senate Finance Committee
March 28, 1973
Page Six

RETIREMENT:

Dr. Guinn said he had received numerous calls in the last few days and teachers wanted the fund to be solvent but did not want to pay for additional increases without additional benefits.

Senator Monroe said, "The 1% increase is to keep the fund from going broke so it won't keep going down hill. One of the reasons its going broke is because in the past a lot of freeloaders got into the system. One of the things that happened to the system is when the school teachers came into the system in 1948. They took the money from their previous fund and instead of putting it into the system they put the money in their pocket and all got a refund. So teachers should be the last ones to gripe."

Dr. Guinn said that the people were more concerned about the retirement bill than he has ever seen them. Senator Lamb said, "Let's don't lose the concept that this fund is in trouble. If you don't do something with this fund at this time and change a lot of things even though its painful you will see this fund completely wiped out. We spent \$100,000 to have experts to tell us what to do but we can blow that \$100,000 by ignoring this." Senator Raggio said, "But those experts recommended that the state should make this actuarially sound not the employees." Senator Brown said, "But he said that that was a philosophical question."

Dr. Guinn discussed the fact that the employees were willing to pay more for any additional benefits, but the committee pointed out to him that they didn't know at this time how high they would have to increase the contributions in later years, and that they might find themselves contributing as high as 10% including those higher payments for more benefits. The committee wondered if the employees would be willing to buy higher benefits in view of this and felt it would be better if they waited a few years to see what would happen to the fund.

Senator Lamb said, "There is an unknown factor here, and that is our investment return. Perhaps this would increase and we wouldn't have so much problem with the need for additional contributions. (It would lessen the problem.) You have to put some faith in the wisdom of this committee. We have worked long and hard on this, and there are many people who don't understand all the ramifications."

Senate Finance Committee
March 28, 1973
Page Seven

S.B. 525:

SUMMARY: Requires certain moneys of Spring Mountain youth camp to be expended for recreational purposes.

Senator Brown said that they could reduce the percentage to one half percent and this would then cost \$4,000 for this bill. He said the other two agencies (Caliente and Elko) are receiving funds for recreational purposes, but not the Spring Mountain youth camp, and that this money could be used for purchasing art and shop supplies, trips for travel, and other recreational activities. He said, "It would be doing something in this area that I think would be necessary. You used to have private donations, but you don't have so much of this now." Senators Pozzi and Raggio left at 10:15 a.m.

Senator Lamb said, "Mr. Cohen has spent \$300,000 to \$400,000 over the years for this either out of his own pocket or through his solicitations. However, I think you should do this in the budget some way. You have experts in this field and you are telling them how to spend their money."

S.B. 469:

SUMMARY: Provides for biennial report of fiscal analyst.

Senator Gibson moved they recommend do pass. Senator Young seconded the motion, and it carried.

yes - 5
absent - Senators Raggio and Pozzi

S.B. 476:

SUMMARY: Eliminates requirement that independent contractors' contracts be filed with legislative commission.

Senator Young moved they recommend do pass. Senator Gibson seconded the motion, and it carried.

yes - 5
absent - Senators Raggio and Pozzi

Senate Finance Committee
March 28, 1973
Page Eight

S.B. 478:

SUMMARY: Provides for reversion of appropriations to the general fund.

Earl Oliver said this would cover those appropriations which do not specifically provide for reversion, and that this would allow the legislature to take a look at those funds to review them. Mr. Barrett said, "I am not aware of any particular problem with the existing law." Presently the board of examiners reviews these funds and this would involve 200 or 300 budgets. Mr. Barrett said it would be just one more item for them to work on and bring before the legislature.


Senator Pozzi returned at 10:25 a.m.

Senator Young moved to kill this bill. Senator Gibson seconded the motion, and it passed.


yes - 6
absent - Senator Raggio

The meeting adjourned at 10:45 a.m.

Respectfully submitted,


Ellen Hocker, Secretary

APPROVED:


Floyd R. Lamb, Chairman