

SENATE FINANCE COMMITTEE
MINUTES OF MEETINGS
MARCH 30, 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

Earl Oliver, LCB Fiscal Analyst
Bob Tripp, LCB Deputy Legislative Auditor
Howard Barrett, Budget Director
Cy Ryan, UPI

Les Gray, Storey County
James Freeland, Carson River Water Compact
John Sparbel, Planning Board
Mike Mirabelli, State Treasurer
Dick Morgan, NSEA

CONTROLLERS OFFICE:

Senator Raggio moved to adopt budget #3, of \$1,648,602. Mr. Barrett said, "We still recommend the amount in the governor's executive budget. We would prefer to see the two separate budgets for the controller's office and the implementation of FERMS because the costs for the work being done with the computer hopefully won't always be there, and these costs should be separate so they can be cut when the need is no longer there. There is also a recommendation by Mr. McGowan concerning the amount for the preaudit. He asked for staff for this purpose six years ago and received the staff but did not do this."

The committee discussed the fact that Mr. McGowan had already gone out and hired a man at a salary of \$19,000 when he was only in the budget for \$17,000. Senator Lamb said, "But to go out and hire him when he knows that the legislature sets salaries."

In response to a question Mr. Barrett said, "When we were debating the budget we came to the conclusion that it would have been a great deal easier and saved a lot of headaches and a lot of problems if we said okay take your men and go, give him what he wants, cut the cord and let him go. We felt it would not be responsible because we felt that he cannot supervise his own data processing people, and if he were set adrift without a compact with central data processing

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that they stand a lesser chance of succeeding, and right now they need all the help they can get. I would agree it would be easier and would save us a lot of headaches and arguments, but I don't think it will work, and I did not feel we should take the easy way out. Senator Young asked if that was because he doesn't have the capability--doesn't the highway department have their own data processing people.

Mr. Barrett said, "They have some data processing people who supervise those positions who know on a day to day basis what the problems are."

Senator Gibson said he was impressed with the two people who came in and testified--the consultants.

Senator Young said, "It seems to me they are always going to have the problems and he would be able to say, well I don't have the personnel that's why I can't make the system work. Maybe if we give him the personnel then he's got nobody to blame but himself."

Mr. Barrett said, "We followed the same line of thinking, and that it would be the easiest way and would save a lot of arguments and would get it over with, but we don't think it would work, so I tell you this for what its worth. It would be too risky. If you don't give him his own he would come back to us and say if it weren't for you I could have made it work."

Senator Raggio said, "The thing that impresses me is, I don't care who's in that office, it is a constitutional office with constitutional duties and authorities, and I just don't like to not fund somebody with that kind of responsibility. I am trying to keep it off a personality basis. I am impressed with this double entry bookkeeping system. I would like to see that get going. I wouldn't like to have some excuses in here two years from now as to why it didn't get going."

Senator Monroe said, "I don't think we can turn this guy loose and let him go like he's been going. He costs us more damn money. Look at all the accounting firms he's hired to try to tell him how to run that office and the money he's spent outside his budget. And he just demonstrated that he isn't capable of doing a good job and I think we have to put all the brakes on him we can put and keep him under as much control as we can." Senator Raggio asked if he was talking about the bookkeeping system and Senator Monroe replied, "I'm talking about the whole office."

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Senator Young said, "I don't know that you can fairly say that, Snowey. I admired Ernst & Ernst whom they hired on a contract basis for a quarter of a million dollars--\$400,000, and I would presume if you hired a prestigious firm like that that you could expect to get some worthwhile products, but it apparently turned out to be fairly unusual. I talked to Coombs and he indicated that the material that came from Ernst and Ernst just simply was not suitable. I understand there is now the possibility that there might be a lawsuit for a quarter of a million dollars against them." Mr. Barrett said there was one pending against Ernst and Ernst. Senator Young went on, "Now Wilson was funded with \$500,000 I recall when it was done three or four years ago, and I had some reservations about whether we needed this kind of accounting at the time. Whenever you question anything about data processing it shows how unsophisticated you really are, and I don't think anybody really felt \$500,000 was really going to do this job in an uncharted field like this. I understand there have been numerous states that have tried this and its a pretty damn tough thing to put on. Now Wilson probably isn't the greatest data processing man, I'm not saying he is, but I don't think you can throw all the blame on him for what has happened."

Senator Gibson said he would like to amend Senator Raggio's motion and move to approve the second budget, the one without the accountants--the one funding from \$605,311 and \$614,799. Senator Raggio withdrew his motion. Senator Raggio seconded Senator Gibson's motion, and it passed unanimously. The committee agreed this would give him his own data processing people.

PERSONNEL DIVISION - Pages 33-36:

Senator Raggio said, "There are four Emergency Employment Act positions in this budget and I had some question about the hearing officer who is listed as one of the contractual expenses. Is it necessary to continue the EEA positions and the nine new positions they have requested. I had some questions about whether we needed to process any more applications."

Mr. Barrett said, "The contract services is for the hearing officer and you passed the bill concerning the hearing officer. We tried to assign EEA positions where they would have a job and where we had a need. It is easy to say they cut off applications but it is difficult to say sorry we have enough and leave him standing there. They are taxpayers and are paying our salaries."

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Senator Raggio said, "Why should we take applications when you don't need them?" Mr. Barrett said, "The difference is what we are dealing with is taxpayers and they can go to you or the governor. We have to give them review. We can't deny them application for a job. We have to test them if they feel they are qualified. We will have to process them unless you give us some legal way of not processing them, and without these positions we will have more irrate citizens and complaints because they feel they are not being processed well."

Senator Raggio said, "What's the use of accepting applications when you don't have openings?" Mr. Barrett said, "We aren't really our own bosses. We can't say you can't apply. We don't recuit unless we have a vacancy and don't unless we have a position that is hard to fill."

Senator Lamb said, "Everybody is afraid to fire somebody because of Personnel." Mr. Barrett said that they needed these people because employees were more militant and NSEA had more contacts with them. Senator Lamb said, "I will be frank. I would like to cut about \$100,000 from this budget."

Mr. Barrett said applications are not considered if they have a full list, they are reviewed and filed. Then when there are less than five on the list, if they are qualified they are called in and examined. Some will have moved and some are not qualified. He said they had sixty some applications for a pilot's position who were all examined. He also said that increases in the budget were partly due to the 6% salary increases proposed and 1% retirement.

Senator Lamb said that in his bank if all the positions are filled they just don't take applications.

Senator Gibson moved they cut \$50,000 each year from this budget. Senator Raggio seconded the motion and it passed.

yes - 5

no - Senators Monroe and Brown

MARLETTE LAKE - Page 55:

Senator Gibson moved they approve the governor's recommendation. Senator Brown seconded the motion, and it passed unanimously.

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SECRETARY OF STATE:

Senator Monroe read the attached letter from the secretary of state. Senator Lamb said, "Why don't they stop payment on the check." The committee felt that Mr. Koontz was a tremendous public servant but that he was not entitled to the \$50,000 for leave and requested Mr. Barrett to inform the controller to retrieve the check or stop payment.

Senator Gibson moved they add \$3,000 a year to the archives budget under other building rent to assist them because the fire marshall ordered them to clear away papers which were stacked in front of windows, etc. Senator Brown seconded the motion and it passed unanimously.

Senator Lamb said, "I think some way we should write Wilson McGowan a letter that this committee is not going to approve the request for \$50,000 for Mr. Koontz. Senator Gibson said, "I so move."

CENTRAL DATA PROCESSING - Page 77:

Senator Lamb left the meeting at 8:43 a.m. Senator Brown moved to approve the governor's recommendation subject to changes in the controller's budget. Senator Young seconded the motion, and it passed.

yes - 6
absent - Senator Lamb

COMPUTER FACILITY - Page 82:

Senator Brown moved they approve the governor's recommendation. Senator Monroe seconded the motion, and it passed unanimously, Senator Lamb was absent however.

ECONOMIC DEVELOPMENT:

Senator Brown moved to accept the governor's recommendation. Senator Monroe seconded the motion. Senator Lamb returned at 8:45. Senator Young said, "They are just supplementing the work that Nevada's resorts are doing. This has got to be the greatest boondoggle in government. I move to cut the budget to \$325,000." This died for lack of a second. Senator Raggio moved to cut it to \$350,000. Senator Young seconded the motion, and it failed with Senator Raggio and Young voting for, and the other five voting no. Senator Brown's motion was voted on, and it passed with only Senator Young voting no, and the other six voting yes.

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WESTERN NEVADA COMMUNITY COLLEGE - Page 213:

Senator Pozzi moved to approve the governor's recommendation. Senator Brown seconded the motion, and it passed, unanimously.

Senator Lamb said, "I don't agree with the athletic program has any place here." Senator Raggio said, "I don't think the emphasis should be on it, but I don't think you can tell them that they can't have a team." Senator Monroe said, "We have a team in Elko supported by private donations entirely, and they have a good program." Senator Young said, "It may not be in the budget now but it will be later."

MEAT INSPECTION SERVICE - HEALTH DIVISION - Page 231:

Mr. Barrett said if the state doesn't fund this the federal people will take this over." Senator Gibson moved they not fund this at all. Senator Brown seconded the motion, and it passed unanimously.

ADC - Page 299:

Senator Brown said, "I can't see where they can use that much money in early screening. Isn't there any possibility of putting that somewhere else?" Mr. Barrett said, "I would prefer that the money be too high than too low. If the money is too high in early screening the old age and disabled needs are extremely doubtful. We don't want to take money out of there because of all the uncertainties."

Senator Raggio left at 9:30 a.m.

S.B. 460 & S.B. 471:

These bills would help small counties with planning. Senator Dodge said, "There is enormous opposition in small counties toward planning. I don't think the proper planning has been taking place. Counties feel they can't afford to do a real good job because of the cost of professional services. This bill will encourage small counties to get involved in planning."

Senator Young said, "Small county planning is very bad. They are just lambs being led to the slaughter as far as developers go. I feel John Sparbel in the planning board has the capability to do this much better than Elmo Dericco in conservation because they won't have this capability for awhile.

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Les Gray said a large developer in Virginia City doesn't even pay taxes because usually people buy the lots and when they realize they've been taken they stop purchase and lose the lot, which the developer then resells. They have 1,500 lots, have sold 900, and have recorded only 18. He said he had told the assessor to assess them and he had replied that he didn't know how. He said there were lots up there that had no water, but the county was forced to accept their map by the courts.

Senator Lamb said, "What's wrong with the counties showing a little initiative." Mr. Gray said, "They are just overwhelmed." Senator Lamb said, "Maybe they ought to be overwhelmed at the polls."

Senator Young said, "They don't have a master plan and have no ordinances. Some of these problems come back to haunt us at a state level because they create environmental problems."

Mr. Gray said, "It's bad when a judge calls them all in and in one day reverses himself. The judge ruled they would only have to put up a \$5,000 bond."

Senator Young said, "Many times the counties can't do anything unless we give them enabling legislation." Mr. Freeland said, "Many of these counties would do the job if they only had the expertise to do it. With Virginia City with only 700 residents they don't exactly have a large pool of experts there." Mr. Gray said, "We had an ordinance but we gave them to Russ McDonald to codify and he lost them, so they said they are unconstitutional."

Senator Monroe said, "We have no good state law in this area and need one. There is no law now that says developers have to have water resources." Senator Young mentioned they were developing one. Senator Young said, "Would there be any heart to consolidating these bills and putting them under John Sparbel instead of Elmo Dericco because he doesn't have any capability to do this at this time." The committee agreed, and he will do this.

STATE BOARD OF FINANCE - Page 41:

Mr. Mirabelli stated that he would like the secretary to the state board of finance put in his office and would require legislation to do this. He said that the secretary's job is to construct cash flow studies and to do this he has to be in his office or contact his office each day. He said that both the governor and the controller agreed that this position should be in the state treasurer's office.

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Mr. Mirabelli said, "Now we don't have fund balances because 15 years ago we were told that with computerization we didn't need to do this because it could be done by computer. But we have had trouble with the computer as you know, and now we don't have fund balances." He said the counsellor in this budget wasn't necessary at this time because for a few years they will not have fund balances. He also said there was a need for travel money for the board of finance for the people who live in Las Vegas. He said the travel had been low during the last biennium because the bankers on the board had not billed them for their travel, but that this money should be available in the event that they did.

Senator Monroe moved the committee introduce the bill, and Senator Brown seconded the motion, and it passed.

SPRING MOUNTAIN - S.B. 525:

Senator Pozzi moved they recommend do pass on this bill which would allow \$4,000 for recreation at that facility. Senator Brown seconded the motion, and it passed.

yes - 5

no - Senator Gibson

absent - Senator Raggio

Senator Raggio returned at 10:05 a.m.

BOARD OF FINANCE - Page 41:

Senator Gibson moved they restore the travel to \$8,660 each year, cut out or delete the \$25,000 each year for contract services (which would be the investment position), and \$478 each year for board salaries. Senator Pozzi seconded the motion and it passed.

yes - 6

absent - Senator Raggio

RETIREMENT:

Senator Lamb suggested enlarging the retirement board and letting the governor select members which had been suggested or endorsed by employee groups. Senator Gibson said, "I am really worried about the fragmentation of the board with one member from this employee group and another from that one. I don't like their getting rid of the old board, and also the taxpayer isn't represented anywhere."

Senator Lamb said that he didn't feel a 7-man board was too large for a system that large. He asked Mr. Richard Morgan of NSEA what they thought about a 7-man board. Mr. Morgan said, "We don't object to that, we just wanted to get some employee representation. With regard to the present board

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we do feel something should be done because we would have to wait three years for their terms to run out, and I am worried about the new investment counselor working with them. They have four year terms on the current board and you would have to wait for three years, I believe."

Senator Lamb said, "If we leave the present members on the board we wouldn't hurt their feelings, but we could put a few new members on the board to get it stirred up." Mr. Morgan said, "My biggest concern is vigor on there and vigorous leadership."

Senator Raggio said, "I think we should keep somebody on there that represents the public."

AID TO DEPENDENT CHILDREN:


Senator Gibson said, "If you revised your budget and took half of that out of the early screening, leaving \$500,000, and put the other \$500,000 toward \$1 on each ADC grant. Mr. Barrett said there were 14,000 recipients now and they expect this to go to \$19,000 if the grant is raised to the proposed \$42. He said if this was raised an additional dollar it would put another 1,000 on the rolls maybe.

The meeting adjourned at 10:10 a.m.

Respectfully submitted,


Ellen Hocker, Secretary

APPROVED:


Floyd R. Lamb, Chairman