

337

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
MARCH 25, 1975

The meeting was called to order at 8:30 a.m.

Senator Floyd R. Lamb was in the Chair.

PRESENT: Senator Floyd R. Lamb, Chairman
 Senator James I. Gibson, Vice-Chairman
 Senator Lee E. Walker (arrived 9:10 a.m.)
 Senator Warren L. Monroe
 Senator B. Mahlon Brown
 Senator William Raggio
 Senator C. Clifton Young

OTHERS: Ken Hansen, Department of Education
 Lincoln Liston, Department of Education
 Richard L. Morgan, Nevada State Education Assc.
 Marvin Killfoil, Supt. of Pershing County
 Tod Carlini, Supt. of Lyon County
 John Hawkins, Supt. of Carson City
 Marvin Picollo, Supt. of Washoe County
 Robert Zandler, Supt. of Elko County
 Preston Price, Supt. of Esmeralda County
 Carl Shaff, Supt. of Eureka County
 Rosemary Clark, Distributive School Fund
 Pat Shank, Distributive School Fund
 Richard Cutbirth, Joint Apprenticeship Committee
 Howard Barrett, Budget Division
 Ron Sparks, Fiscal Analyst
 Cy Ryan, UPI

SB 151

Senator Lamb asked if this money had been wasted before. Mr. Liston said not in his opinion. Mr. Barrett said that this should be amended to read, "makes appropriation to state department of education". Mr. Liston said that this is distributed on a flat per pupil value, and that most of the money was spent in acquiring capital assets in 1974, and this year was spent for capital acquisition. Senator Lamb asked if a surplus affected this. Mr. Barrett said yes.

DISTRIBUTIVE SCHOOL FUND

Senator Gibson asked Ken Hansen if the Department was supporting the Governor's figures. Mr. Hansen said that he supports the department's budget. Mr. Barrett said that basic support was increased for this budget by 17% for the first year, and 7% for the second year.

Mr. Richard L. Morgan submitted a testimony to the Committee (see attached). Mr. Hansen asked that the teachers, administrators, and school board members made the decision on the percentage increases requested, and asked if they could speak to their own districts. Senator Lamb asked what percent will go to the teachers for a pay raise. Mr. Morgan said 6% for the first year, and 2 1/2% for the second year. Mr. Barrett said that he could repeat what the Governor had said,

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
MARCH 25, 1975

PAGE TWO

that if the State employees get 15%, and the teachers get 6%, then they don't have a very effective bargaining unit.

Mr. Marvin Picollo said that this will mean 11.9% increase for Washoe County.

Mr. Barrett said that the 17% is derived from the Basic Support formula.

Mr. Killfoil from Pershing County said that they would receive 8.7%.

Mr. Carlini from Lyon County said that they would receive 7.1%.

Mr. Hawkins from Carson City said this would mean 7%.

Mr. Zandler from Elko County said that an Interim Committee conducted a study to determine the Department's 18% and 14% request. Mr. Shaff said that 3% was for inflation, 5% for roll-up costs, and 10% for total salaries.

Mr. Preston Price from Esmeralda County said that for his district this would mean a 17% decrease, and recommended that the Committee look at how the money is apportioned. Senator Lamb said that Esmeralda County receives the highest basic support, and that SB 237 had been killed in Committee.

Senator Gibson asked Mr. Morgan if salary increments are to be given on a time basis. Mr. Morgan said that he was discussing experience increments, and that the increments would be more expensive if based on actual cost.

Mr. Shaff from Eureka County said that this would be a 5.9% increase for them.

Senator Lamb asked what was being done to help Esmeralda County. Mr. Hansen said that the Department is attempting to attain an equalization formula, and that they believe that Esmeralda is short \$40,000 and perhaps this can be solved with tuition. Senator Lamb said that regardless of where a student lives, he should receive the same treatment.

Senator Lamb asked how much jurisdiction the Department expresses in the Counties. Mr. Hansen said that the Department does not mandate at the local level, unless this is specified in the State Law, but they do provide services to the County.

Senator Lamb asked Mr. Hansen if he felt that the Department did enough to help with Lund High School. Mr. Hansen said that the Department felt as though they contributed some useful input, however, this is really a local problem.

Mr. Zandler from Elko County, and Mr. Shaff from Eureka County stood and said that they receive helpful expertise from the State DEpartment.

PAGE THREE

Senator Brown asked what increase they expect for the Biennium in students. Mr. Liston said that for the last Biennium, the enrollments increased by 4,700, and they predict 4,000.

Senator Lamb asked how the Department arrives at its percentage requests. Mr. Liston said that they look at the taxes and estimate the increases, and the State makes up the difference. Mr. Barrett said that in late October it was found that tax figures were not increasing with the inflation, and now if he revised his figures it would only change about 1%.

Senator Lamb asked that each entity go back and revise their figures in accord with the most recent tax figures.

Mr. Shaff of Eureka County said that the Tax Commission figures are approximately \$27 million for 1975-76, and \$29 million for 1976-77 for support tax that the counties are to receive. Mr. Barrett said that the Tax Commission figures are higher estimates than those of the Budget Office.

Mrs. Rosemary Clark spoke on Special Education. Mrs. Clark said that the Governor is recommending 433 units, and last year with 434 units only 3.8% of the pupils received care. Mrs. Clark said that a 9 unit increase is unrealistic, and they were asking for a 4.1% need satisfaction for 1975-76, and 4.5% for 1976-77.

Senator Raggio stated that it is difficult to define the limit of need. Mr. Marvin Picollo said that the U.S. Department of Education states that 16% of any population are handicapped. Mr. Picollo said that for \$16,000 the districts take good care of the Special Education individuals, and that this would be much more expensive, if handled in an institution. Mr. Picollo said that Washoe County provides 6 of the units available.

Mrs. Pat Shank said that in Clark County, 208 units could be used to fulfill the need, so 60 is not at all unrealistic. Mr. Hansen said that the Department did not endorse the 208 number because they felt that this was too unrealistic to present to a budget committee.

Senator Young asked why the districts aren't making alterations to aid these pupils who are not receiving Special Education. Mr. Picollo said that he feels this is a State responsibility since the State has the taxing power. Mr. Hansen said that the Department "prods" the local districts to aid in Special Education, and feels that 60 units are a reasonable request.

Senator Lamb still questioned that extra money outside of Basic Support was actually needed. Mr. Hansen said that these figures on Special Education were arrived at from two different surveys that decided on the need, and then the Department adapted the ratio..

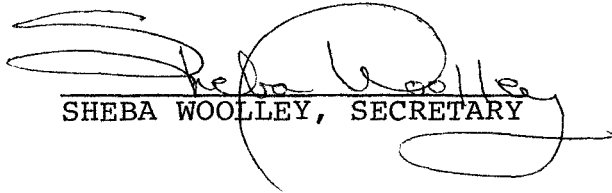
PAGE FOUR

Mr. Richard Cutbirth presented a handout to the Committee on the program and the program needs for apprentices. Mr. Cutbirth said that this program would like to be a line-item under the State Department. Mr. Hansen said that the Department realizes that there isn't enough money to meet vocational needs.

The Senate Finance Committee asked that the Budget Office, the Fiscal Office, and the Department of Education make a presentation at the next meeting of the Committee submitting revised and updated figures for the Distributive School Fund request.

There being no further business, the meeting adjourned at 10:45 a.m.

RESPECTFULLY SUBMITTED:


SHEBA WOOLLEY, SECRETARY

APPROVED BY:


FLOYD R. LAMB, CHAIRMAN

TESTIMONY

391

RICHARD L. MORGAN
TO
SENATE FINANCE COMMITTEE

March 25, 1975

Senator Lamb, members of the Committee.

I will be as brief as possible. However, the budget before you is vitally important to 136,000 students, about 200,000 parents and 8000 employees in the K-12 industry. I can't think of a budget which touches the present and future life of more Nevadans. It deserves again the deliberative treatment this Committee has extended in the past.

The Executive recommendation is for 17 and 7% increase. This Committee appreciates the following facts -- now stated for record purposes only:

1. The school fund formula contains or controls all school expenditures.
2. The 17 and 7% increases are not projected salary increases for education employees.
3. School costs, books, fuel oil, everything needed for school operations, have followed the inflationary spiral.
4. School employees, as all other wage earners, have significantly less purchasing power. Personnel Director Jim Wittenberg, testifying in support of the 21% increase for state employees, presented cost of living data which is appropriate to school employees.
5. Historically, teachers receive approximately 55% of the school formula increase.

Much is made of the fact that state employees received but 11% increase at the last session. Please examine the attached chart. On the statewide average, in the same period, teachers received 11% also.

Finally, the recommended increase permits, at best, a 5-7% salary increase for 75-76 and a 2-3% salary increase for the second year.

We appreciate the dilemma you face about projected revenue. In that same uncertain

light, teachers are willing to shoulder burdens, to tighten belts and do with less. I attach but one provision to that statement -- teachers are willing to do without only if other employees funded from state appropriations share that same burden of uncertain revenues. Fifteen percent salary, plus increment, plus retirement increase, plus 35% increase in group insurance cost does not compare, does not represent common sharing of burden to 9% less increment, less retirement increase.

It is important to touch on the subject of increments.

The teacher salary schedules call for payment of increments for additional educational preparation beyond the minimum degree. To the individual teacher an increment means partial repayment for the expenses of college. These expenses differ. It is only a tuition outlay plus loss of moonlight possibility for some. To others, many other, Elko, White Pine, Lincoln, practically everywhere except our urban areas, summer school means tuition, room, and board. Each county differs, however, it usually takes 12 credit hours to obtain one \$300-400 increment. The teacher makes the expenditure to acquire skills used in his work.

The committee needs to make a judgement about increments. Are they to be counted in salary growth or separately as reimbursement for an expense?

We support the latter proposition. Union contracts in private industry, and the State of Nevada in dealing with its personnel pay increments in addition to salary increase. Clearly, equity would seem to suggest, particularly when the individual had to expend substantial personal funds in order to qualify, that this increment be something in addition rather than a deduction.

It is also necessary to mention certificated employee retirement in the formula.

Prior to 1969, school districts received compensation only for those teachers actually employed.

After the 1969 change, school districts get paid on an allocation basis, and it was no longer necessary for the district to employ a teacher to obtain state funds. Today, for example, for each four allocations, Clark County employs only three

teachers.

Now parents and others question why the student teacher ratio in Clark is one of the worst in the nation.

These same class loads clearly influence student accomplishment.

Private enterprise talks about the necessity of increased productivity. In the name of productivity, the one dollar blackjack bet has disappeared. Squeezing more students in a classroom can be seen as productivity -- until you examine the product. With the increasing loads, Nevada's teachers have done outstanding classroom work in the past five years.

However, the 17-7% increase absolutely precludes any relief for class load and, as employees, certified and classified, seek help with legitimate cost of living problems the load factor may worsen.

Again, on the subject of retirement in the school formula, unlike state employees where retirement cost is added to the salary increase proposal, for certified employees, it is a necessary deduction from the percent increase for schools in the formula.

In August 1974 when the agency budget was before the State Board, I testified that the 18-14% increase was not sufficient. My comments related to class load reduction and added special education needs.

Today, with declining tax revenue projections, we must face the practical fact that school improvement is not going to come this year. Consequently, I am now forced to support the 18-14% increase. No one should be surprised that this type of funding merely represents catch-up, not growth in terms of student needs and services.

This brings me to the subject of "triggering".

We know that state and local government must live with revenue estimates in the months ahead.

In the past five years (through June 30, 1975) approximately \$23 million have been returned to the state's treasury because the estimates were faulty.

The State Distributive School Fund has been an "extra bank" or savings account. The cost of education as a comparison of state expenditures has been calculated in terms of the promise, not the actuality. (This is the formula, not any particular political leader's action.)

An end of the budget year trigger has been recommended. I am not comfortable with what I have heard on this subject.

First, reversions occur for reasons other than the three most common factors, misestimated (a) enrollment (too many); (b) collections under the \$.70 property tax; and (c) the \$.01 school tax. But other misprojections, slot tax rebate to name one, cause money to revert.

Consequently, rather than a trigger limited to higher than estimated sales tax collections, we ask for a trigger from all sources which revert "school" money.

Second, that which can be triggered at the end of the budget year, June 1975, can be triggered one-half way through the year and be put in school budgets in the same proportion as money in the existing budget.

Triggering is one device to supplement the school appropriation. Employer paid retirement is a second means. We question whether government desires to spend \$4-6 million extra dollars so one employee group can maintain a forced savings account. That sum could be used to substantially increase the school appropriation.

I anticipate this committee will use the subcommittee process to finalize action about this budget. We have other suggestions about sources of money and would hope to suggest them at the appropriate time.

In quick summary:

We understand the precarious nature of revenue projections;

We are willing to take fair share of the burden;

Even if increments are part of salary, not an added factor, the best possible salary increase for teachers under the current proposal is about 9-10%;

Retirement and medical cost must still be deducted;

Sources are available.

The committee has been responsive in past years. We ask you to carefully consider and amend upward the recommended in your budget book.