

MINUTES

WAYS AND MEANS COMMITTEE
NEVADA STATE LEGISLATURE - 59TH SESSION

April 7, 1977

The meeting was called to order by Chairman Mello at 8:00 a.m.

PRESENT: Chairman Mello, Mr. Bremner, Mrs. Brookman, Mr. Glover, Mr. Hickey, Mr. Howard, Mr. Kosinski, Mr. Rhoads, Mr. Serpa, and Mr. Vergiels.

ALSO PRESENT: Jim Lillard, Mayor of Sparks; Assemblyman Danny Demers; Noel Clark and Kelly Jackson, Public Works Board; Assemblyman Bob Robinson; Bob Gagnier, State of Nevada Employees Association; Jim Wittenburg, State Personnel Administrator; Bill Swackhamer; Dr. William Edwards, Chief of TB Control Program; Assemblyman Bill Kissam; Senator Wilbur Faiss; Norman Hall, Director of Conservation and Natural Resources; Roy Young; Mike Dyer of the Private Detective Licensing Board; Jim Costa of the Department of Education; Jim Shields and Joyce Woodhouse representing NSEA; John Dolan; and Bill Bible.

A.B. 591

Mayor Lillard spoke in favor of the bill which pertains to the city of Sparks receiving some \$70,000 reimbursement for monies that were spent on Stempeck Park in Sparks for a period of time from 1970 to 1979. Mr. Mello asked him to explain what happened, and Mr. Lillard said the city of Sparks entered into an agreement with the State of Nevada for the leasing of approximately eight acres of land near the Nevada State Hospital in Sparks in 1970. It was a 99 year lease with a six months cancellation clause. The city of Sparks over the next two or three years expended the minimum of \$70,000 in developing the park site as an adult recreational area, softball fields, etc. Then, the state found it necessary in early 1975 to make a trade of that particular property for some property location by the University of Nevada Reno. The change of property was for the proposed new construction of a facility for retarded children. The property was requested to be changed from a parks site to industrial property on a straight land change. So therefore, the state exercised their rights of the lease arrangement and cancelled the lease for the city of Sparks on the Stempeck Park property. The city of Sparks has been working on relocating that particular facility on a 52 acre park site which is northeast near Reed High School. The city has documents that verify the expenditure of a minimum of \$70,000 that was expended on Stempeck Park, and A.B. 591 is to help reimburse the city for relocating the park. The land is taken care of, but it will take years to develop the new 50 acre park site. Attached is a copy of calculations on what facilities will cost.

A.B. 28

Assemblyman Demers explained that he was the Chairman of the Interim Subcommittee studying the Public Service Commission and the utilities in the state of Nevada during the last two years. He said A.B. 28 imposes duties on the Public Service Commission in regards to energy management. During the Committee's investigation, they discovered that this law had been put on the books in 1970, and in the 1975 Session not much was done with it. There seemed to be some misunderstanding with the Public Service Commission. They felt that it had been put on primarily to give them the authority to do this, but they didn't have to do it, and the Committee felt they should be a little more aggressive in the area. Mr. Demers said the fiscal note would reveal the fiscal impact. He pointed out that there is another bill pending that is dividing the Department of Conservation and Natural Resources and it is possible that an energy management agency will be created using the Colorado River Resources Department as the nucleus that that. He said the reason they went this way rather than creating a new energy management agency was simply because of cost.

Chairman Mello asked Noel Clark where the money was to come from because it didn't say in the fiscal note. Mr. Clark said the money under A.B. 28 would come out of the General Fund. They have performed considerable activity under this particular act during the previous biennium. One of those activities was an energy study of all the past and present energy usage in Nevada called Energy in Nevada. They did this under contract from HUD for \$15,000. The new language makes all of the activities mandatory. He said at this time they really don't know what the federal government's role is going to be in the energy business and don't think they will know until after April 20th. But with this amount of money and the number of people involved, they feel an adequate job can be done providing the state with the necessary tools to maintain an appropriate energy office.

Mr. Kosinski commented that this would require an appropriation, and Mr. Mello interjected that it is not in the Governor's budget, asking Mr. Clark again how they would get the money. Mr. Clark said in previous years they used a method where this is an authorized expense from the Public Service Commission's revolving fund, and at the end of the year, starting the new biennium, a request would be made for reimbursement to the Commission for those monies spent. However, he added, it would be appropriate to go the appropriation route rather than the supplemental route with reimbursement.

Mr. Mello commented that it could be put in the General Appropriation Act, but that he would much rather see it placed in the bill, and then the bill would have to stand on its own merits. Mr. Demers said there is some consideration being given in the Senate Government Affairs Committee as well as the bill previously mentioned which would split the Department of Conservation and Natural Resources to create an energy management agency. He suggested the Ways and Means Committee might want to hold up on this to see what happens.

A.B. 29

Danny Demers said that the bill is a result of the Interim study. It gives the Commission an authority to order management audits in certain specified utilities. The Commission feels that they have had the inherent power to do this all along, but there was always the question. Last Session it was introduced in the Committee on Commerce in two different bills. It was lost in the Committee on split votes twice because the bill at the time read that the money for these management audits would come out of the stockholders' expense. During the Interim Committee, they sat with the utilities involved and with the Public Service Commission and came up with A.B. 29 which provides for an orderly method and manner by which the utilities and the Commission can agree to conducting a management audit. The cost for this program to the Public Service Commission for the fiscal year 1977-78 would be \$47,045; and in fiscal year 1978-79, it would be \$45,512. These amounts would be an authorized expenditure borne by the utilities and not a general fund appropriation.

Mr. Kosinski asked Mr. Clark...under the provision in Section 3, Subsection 2, where the Commission and public utilities shall establish and revise annually a list of not less than 20 qualified persons to conduct such examination...does the agreement on the 20 persons represent a problem. Mr. Clark said there are some very reputable firms throughout the U.S., and it should not be a problem to choose one to do the job. Mr. Kosinski asked if he recommended putting the appropriation section in the bill, and Mr. Clark said it would not be required. He said in this particular instance, it would only be added to their authorization to spend. This would not be an appropriation through general fund. But in their budget, they do not have an appropriation. They have authorization to spend, and this would be increasing it.

Mr. Demers said that he wanted Mr. Clark to explain page 2, line 8 of Subsection 5, the cost of an examination are allowable expenses of the public utility. He said he thought some of the utilities were

going to come up and ask if the word "rate allowable expenses" was in there; that they were going to try to put the word "rate" in someplace. Mr. Clark said he felt that the language in line 6, of paragraph 3 on page 2 was adequately strong. ("the cost of examinations approved by the Commission before they are incurred are allowable expenses of the public utility"). He said that it is a requirement or mandate to the Commission, that if the Commission enters into an agreement for an examination of a utility, then the Commission must allow those expenses as operating expenses in the right case.

Mr. Mello said he had some amendments that were delivered to him. They have Committee on Ways and Means on both of them, and they are not the Committee's amendments. He said he believed they are Mr. Prices' amendments, and he did not wish to talk about any amendments to this bill, unless the Committee chose to amend the bill. Mr. Demers added that he wanted it on record that the utilities have expressed concern about the word "rate" not being in there, and it may have solved the problem.

A.B. 184

Bob Robinson said the fiscal note on this bill is probably of most interest to the Ways and Means Committee. The 1977-78 fiscal note is \$627,000; the 1978-79 fiscal note is \$634,000, and it is continuing thereafter estimated \$650,000. This is based on \$6 per employee per month. He commented that it was common knowledge that state employees have been trying to get this insurance for a number of years.

Bob Gagnier of SNEA began by saying that state employees do not have social security disability insurance as do public employees. When a state employee becomes disabled, as soon as his sick leave runs out, that's it. He said the problem with an optional disability insurance program where the employees can choose to pay for themselves or not, the premiums are quite expensive. The insurance company assumes that the only people who take it generally are those people who will probably need it and use it. If the program is a group insurance program for everyone and is not optional, the premiums can be at a much lower rate.

The bill provides that an employee who is off work for 90 calendar days or more, and is disabled and so stated by a doctor, will be eligible for the benefits of this program which would provide 2/3 of his salary, and no more than 2/3. However, if he had other insurance or if his disability was due to NIC, the program would be coordinate so that insurance benefits would be reduced so that he would make no more than 3/4. The one thing that is not in the bill is the length of time the individual would be on this insurance or how long it would pay out. The reason for that is that in putting in the \$6 limit, they are confining themselves and would have to put it to bid with that understanding. So, the \$6 would determine how long the benefits would actually be paid, whether they be two years, or three years, or whatever the insurance company felt their underwriting could provide. That is why there is no upper limit on the length of time it could be paid off. They feel that they could get the program for an upper limit of two years maximum.

Mr. Kosinski asked if he were in favor of the temporary disability for all employees insurance bills which were introduced in the 1973 and 1975 legislatures, or did he prefer to restrict it to state employees, and Mr. Robinson answered that they are concerned only with state employees and are not in favor of this insurance for all employees.

Mr. Bremner asked about the average salary for a state employee, and Mr. Gagnier said the average salary is \$12,450. Mr. Bremner then said they would be paying roughly \$72.00 a year for about \$9,000 in benefits. Mr. Gagnier said one of the difficulties they had in arriving at this is that most insurance companies would prefer to

charge a premium as a percentage of payroll. They couldn't do that in the bill because they felt it would be an impossible determining factor to budget for. So they had to come up with a dollar figure. And that has caused concern with those insurance companies they have contacted to get an estimate of what they would charge. Mr. Gagnier added that temporary disability laws that have been introduced in past session were intended for private industry to take up the slack when the individual went off the job and when social security picked him up. It was a totally temporary thing for that six months period of time, but they are more concerned with the longer range thing because they don't have that social security benefit. They picked the 90 calendar days as a deductible because the average employee currently has 80 days of accumulated sick leave.

Jim Wittenberg appeared in opposition to the bill. He said the bill has merit, but that it is an issue of priorities in looking at all the salary levels and fringe benefits for state employees. He said it was not included because it is really a costly item, and it was an issue of priority and prevailing practice among public jurisdictions in Nevada, most of which do not have such coverage.

A.B. 551

Bill Swackhamer appeared before the committee and said they did have a cost overrun on their computer program two years ago. They were given permission to put their annual lists on the computer and at the start of the project had no idea how the costs would develop. They asked the CDP to come in and estimate the cost which is about \$300 a month. This was taken out by the budget division which is part of the reason for the cost overrun, but the principal reason was because of an advertising program they developed with the Department of Economic Development. They had a lot more corporations filings, and this money is to replace what they owe CDP.

A.B. 552

Dr. Edwards said the state TB control program is entirely state funded and involves only state dollars. They are faced with a shortage this fiscal year; physician's fees of about \$1,500; anti-TB drugs of about \$12,000; and hospital care of about \$10,000. He said this was their estimate of the shortage, but they could be wrong since they never know how many cases to anticipate.

A.B. 555

Assemblyman Kissam spoke representing AASK, which stands for Aid to Adopt Special Kids. This is a non-profit organization operating in Las Vegas since December of 1974. AASK serves as an intermediary service bringing adoptive parents and adoption agencies together, placing hard to place children such as older ones, sibling groups, minority groups, and those with physical, mental and emotional handicaps. At present AASK employs eight social workers and one administrative secretary who works as the social worker supervisor, all paid through contributions and their own fund raising activities. The funds requested in this bill would be funneled through the Department of Human Resources to their Welfare Division to be used by any of the three organizations including AASK that are qualified to place these children. The \$30,000 being requested would specifically be used for the home placement and studies services. Mr. Mello asked if this is passed, will the legislature have to anticipate a request every session, and Mr. Kissam answered that he did not know but the hope was that more attention would be drawn to needs in this area.

A.B. 619

Roger Bremner explained that the state or any agency that has the money available in its budget may pay for longevity awards for state employees if this bill is passed. These awards are usually given in increments of five, ten, twenty and thirty years, and the bill also limits these awards to non-monetary type awards. The fiscal impact of this bill is less than \$2,000. Bob Gagnier added that two years

ago a bill was introduced and killed in this committee which would have made an appropriation to cover the cost of these awards. The amount was very minor, and the committee didn't think it should be bothered with such a small issue. The State Budget Division took that as a mandate and told the agencies they could not pay for these awards, even though they cost a very small amount. This is just to authorize them to do what they had been doing for years.

Grant Bastian of the State Highway Department also spoke in support of the bill.

S.B. 17

Senator Wilbur Faiss spoke in favor of the bill stressing the good it would do for the senior citizen with a lower income.

S.B. 141

Norman Hall said this bill updates the old Cary Act which has been on the books for many years. He said they are beginning to get some activities, people requesting land under the Cary Act. Explaining the background on this law, he said that back in about 1911, the federal government authorized about two million acres for the state of Nevada which could be acquired by private ownership through the Cary Act. There were about 2,000 acres in the early 1900's selected by the state under the Cary Act. About 900 acres in Elko County went into private ownership. They are getting some more activities on it, about 72,000 acres, so they are asking for \$5,000 for the revolving fund.

Mr. Rhoads asked if there would be any reimbursement from the federal government to a particular rancher who has strict grazing rights in an area where he might have 20 or 30 head of cattle for three or four months during the year, and Mr. Hall said he doubted it. Under the BLM, it would not preclude the rancher.

S.B. 312

As Chairman of the Bicentennial Congressional Committee, Roy Young spoke on this bill which extends the Bicentennial Commission for thirty days so all contracts awarded can be closed out.

S.B. 294

Mike Dyer, Deputy Attorney General for the Private Detective Licensing Board addressed this bill. He said the thrust of S.B. 294 revolves around the fact that the Private Detective License Board needs a reclassification of a part time secretarial position to a full time position. As a result, licensees have agreed to have their fees increased by \$25 per year. That increase should help meet operating expenses with a carry over of \$100 a year.

A.B. 498

Mr. Bremner said this bill would establish what is called the pupil/teacher ratio assistance fund. Another word for this would be the Classroom Size Fund. This fund would only be established under the Section 3, Subsection 2, which says that on June 30th of each year, any money used for general fund monies that would revert to the general fund from the school fund, half of that amount would be set in what is called the Pupil/Teacher Ratio Incentive Fund. Once this fund was established, the school districts could then apply for monetary grants to be used only in reducing classroom size. These grants would be submitted to the Department of Education prior to May 1st of each year. The State Board of Education would review these plans and if they approve the plans, could allocate up to 50% of the cost of the plan from this fund. In other words, the districts would have to supply half the money and the other half of the money could conceivably come from this fund. However, in no case could a district receive more allocation than the ratio of their student population to these total state student population. If the school district had 10% of the total school population, they could receive no more than 10% of the total amount of this fund.

Jim Costa of the Department of Education said the proposal set out in A.B. 498 is innovative, but if the Department of Education is to administer the program before the State Board, there are some matters in the bill that call for regulations. He said they have a problem with the timing of the bill, which is May 1st, near the end of the school year. After the budgets have been finalized and before the closing balances are known for the current year, it may be difficult to know how much matching money would be available to school districts for that purpose. He said they have a question on enrollments. The enrollment for 1976-77 as compared with enrollment the year before at the same time shows that 10 counties, 10 school districts have declining enrollment, and 7 are increasing. If a school district has declining enrollment, is it the wish of the committee that they continue to be eligible for reduction of pupil/teacher ratio. They have a question on local effort. If a district is not using all the local tax rates to support public education, does that district become eligible for benefits under this plan? They have questions about the loss of revenue, which is facing many of their school districts after a budget year has begun. They want to know what happens to the districts that are experiencing loss of revenue during the year of a grant and not being able to make the match. They want to get an idea of the regulations desired by the Committee.

Mr. Bremmer commented that there were a couple of things he thought that require consideration, and one that is very important is the local effort. He said he didn't believe the districts who were not utilizing the entire local effort should be eligible.

Mr. Howard said that in studying both the bill and the statement which Mr. Costa had prepared, it was evident to him this was only structured for rich school districts that can come up with the matching money and have the space available. The other school districts involved would lose revenue, and it would be a loss of revenue to the distributive school fund. He said he couldn't follow the plan, because it appeared to be designed for the more lucrative school districts.

Mr. Bremmer added that the fund is created from reversions from the Distributive School Fund. In other words, if local support was higher than anticipated, the general fund need would be reduced accordingly and appropriations would revert to the general fund. Mr. Howard said he understood that perfectly, but those school districts that don't have the matching monies cannot participate, therefore their classroom size is not going to deviate one way or the other.

Joyce Woodhouse and Jim Shields spoke in favor of A.B. 498 representing the Nevada State Education Association. She said NSEA enthusiastically supports the bill which creates the class size incentive fund.

Jim Shields offered the Committee some documentation on the extent to which Nevada needs this sort of program. Part of the documentation is a table of pupil/teacher ratio (attached) which shows the national trend toward smaller class sizes since 1940. He said Nevada ranks 5th and Nevada's teacher/pupil ratio is static.

Dr. Shields said he wanted to point out several amendments they think would improve the bill. They have discussed these amendments with representatives from the State Board of Education and the PTA and have had no opposition from them, however, they are not formally supporting them. The amendments are the three pages that are xeroxed. (These are attached.) There are three purposes to these amendments: (1) to provide direction to the Board of Education that was requested by defining class size. Instead of referring to this as a pupil/teacher ratio, they suggest consideration of this as a class size reduction. The significance of the change is that it would provide a mandate as requested to focus the money precisely where it's needed. A second amendment they recommend is that the Legislature provide additional direction to the Board of Education in how these funds are to be expended. Third, in recognition that these are local funds

these are very likely to be dollars for which teachers could be negotiating. NSEA believes that elected representatives of teacher personnel should participate meaningfully in the local school, with the local school trustees, developing class size reduction plans.

Mr. Serpa commented that he had endorsed the bill in the beginning, but these amendments in his opinion almost turn the bill around to where they are by-passing the local school board again by consulting the elected representatives of the teachers on class size, etc. He said he liked the bill to start with where they were going to leave decisions to the school board and school districts working with the Department of Education, but these amendments are not something he is going to support.

Mr. Howard said he agreed with Mr. Serpa in that after studying the bill, listening to Mr. Costa and then looking at the amendments, he said it was sad to have to use an elected consultant of the teachers' association to tell the school districts how to run their business. He said he too could do without the amendments.

A.B. 591

Mr. Bremner made a motion DO PASS on A.B. 591. The motion was seconded by Mr. Howard and was approved.

A.B. 28

Mr. Howard made a motion to amend the following amounts into the bill: \$93,173 the first year of the biennium, and \$89,463 the second year. The motion was seconded by Mr. Bremner and was approved. Mr. Howard made a motion DO PASS as amended, seconded by Mr. Bremner. Approved.

A.B. 29

Mr. Kosinski made a motion to amend the bill to provide the necessary language for the authorizations (\$47,045 the first year; \$45,512 the second year). The motion was seconded by Mrs. Brookman. Motion approved. Mr. Kosinski made a motion DO PASS as amended, seconded by Mrs. Brookman. The motion was approved.

A.B. 184

A motion was made by Mr. Howard to indefinitely postpone A.B. 184. The motion was seconded by Mr. Rhoads. Mr. Mello pointed out it would be approximately \$300,000 each year (half of this general fund money) and \$300,000 on-going each year. The motion failed to pass. Mr. Glover made a motion to amend this bill by making it go into effect July 1, 1978 to give them a year to gear up for such a program. The motion was seconded by Mrs. Brookman. The motion was approved with four NO votes by Mr. Kosinski, Mr. Hickey, Mr. Bremner and Mr. Vergiels. Mr. Bremner asked if there were some way to get some statistics from private industry and added that he would like to hold the bill for a while. Mr. Glover then made a motion to hold the bill as amended, seconded by Mr. Kosinski. The motion was approved.

A.B. 551

Mr. Howard made a motion DO PASS on A.B. 551. The motion was seconded by Mrs. Brookman and was approved.

A.B. 552

A motion was made by Mrs. Brookman DO PASS on A.B. 552. The motion was seconded by Mr. Hickey and was approved.

A.B. 555

A motion was made by Mrs. Brookman DO PASS on A.B. 555. The motion failed for lack of a second. This bill will be held.

A.B. 619

Mr. Bremner commented that it might be wise to put an upper dollar limit on the amount that can be spent on longevity awards. He then suggested the amount of \$10. Mr. Bremner then made a motion to amend A.B. 619 to place a \$10 upper limit in the bill. The motion was

seconded by Mr. Hickey and was approved. A motion was made by Mr. Bremner DO PASS as amended, seconded by Mr. Howard. Motion approved.

S.B. 17
HOLD

S.B. 141
Mr. Rhoads made a motion DO PASS on S.B. 141. The motion was seconded by Mr. Serpa and was approved.

S.B. 312
Mr. Bremner made a motion to amend S.B. 312 by striking 1978 and inserting 1977 in line 21 on page 1. The motion was seconded by Mr. Hickey and was approved. Mr. Bremner then made a motion DO PASS as amended, seconded by Mr. Hickey. The motion was approved.

A.B. 405
Mr. Glover said he met with Assemblyman Barengo from the Judiciary Committee who has a similar bill in their committee. He had some amendments drawn to this bill. Basically, it deletes all of the language out of the bill. Specifically: repeal Section 1 on page 1; amend the bill as a whole by deleting Section 1; amend Section 2, page 1, line 10; delete Section 2 and insert Section 1; on page 2, delete lines 17 through 41 and insert Section 2, Sub-section 1, "until first Monday in January, 1979, the members of the district, the number of district judges in the 1st Judicial District shall remain one unless there occurs a vacancy in the office of district judge in the First Judicial District in which event the number of district judges of the First judicial District shall be two as of the date of such vacancy." Subsection 2: "Whether or not a vacancy occurs in the office of district judge in the First Judicial District before January 1, 1978, the provisions of Section 1 of this act shall become effective on January 1, 1978, for the purposes of nominating and electing a district judge and on the first Monday of January, 1979, for all other purposes." Amend Section 4, page 2, delete lines 42 through 50, page 3; delete lines 1 through 11 and insert Section 3: "This act shall become effective upon passage and approval." Amend the title of the bill.

Mr. Glover said this is taking out all the language about paying for the district judge out of the general fund. It creates another District Judge for Carson City next election, and the committee has the concurrence of the Judiciary Committee who would prefer it didn't come back to them and would be passed directly out of the Ways and Means Committee and go directly to the floor.

Mr. Bremner made a motion to amend the bill to adopt Mr. Glover's amendment. The motion was seconded by Mr. Hickey and was approved.

A motion was made by Mr. Glover DO PASS as amended, seconded by Mr. Bremner. The motion was approved.

The meeting was adjourned at 11:05 a.m.

STEMPECK PARK IMPROVEMENT CALCULATIONS

CONTRACTED:

BALLFIELD LIGHTS	
HARKER & HARKER	\$ 6,295.00
JENSEN ELECTRIC	7,750.00
	<u>\$ 14,045.00</u>
BACKSTOPS	± 2,000.00

CITY OF SPARKS

POLES FOR BALLFIELD LIGHTS	\$ 1,200.00
D.G. FILL	5,000.00
STORM DRAIN	4,200.00
IRRIGATION SYSTEM	12,400.00
TURF PREPARATION & SODDING	17,000.00
HORSESHOE PITS	3,600.00
PARKING AREA & MISC.	10,555.00
	<u>\$ ±70,000.00</u>

SALVAGED

BALLFIELD LIGHTS & POLES	\$ 7,000.00
LESS CITY LABOR TO REMOVE	2,000.00
	<u>\$ 5,000.00</u>
BACKSTOPS	\$ 1,000.00
LESS CITY LABOR TO REMOVE	1,000.00
	<u>-0-</u>

<u>TOTAL LOSS</u>	<u>\$ 65,000.00</u>
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PUPIL-TEACHER RATIO - 1970-74

	1970	1972	1973	1974
National Average	22.3	21.8	21.4	20.9
Nevada	25.7	24.3	24.3	24.4
Nevada rank	2	3	4.5	2
Highest state	26.8	25.3	24.6	24.5

Source: Rankings of the States, National Education Association, various issues. NSEA Research, April, 1977