

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 18, 1977

The meeting was called to order at 9:00 A.M.

PRESENT: Senator Floyd R. Lamb, Chairman
Senator James I. Gibson, Vice-Chairman
Senator Eugene V. Echols
Senator Norman D. Glaser
Senator Norman Ty Hilbrecht
Senator Thomas R. C. Wilson
Senator C. Clifton Young

OTHERS: Ronald W. Sparks, Chief Deputy, Fiscal Analyst
Cy Ryan, UPI

Senator Lamb called the meeting to order at 9:00 a.m. and asked Mr. Sparks to present the Legislative Fiscal Report.

Mr. Sparks: Since tomorrow morning we have a Joint Meeting with the Ways and Means Committee on Revenue Projections, which would be a detailed presentation of both the budget office and our office, I will not attempt this morning to go into detail on the revenue projections. I will however briefly go over it. If we could turn to page 1 in our report I would start off by indicating that for our current fiscal year, fiscal '77, the budget office is projecting a \$56.5 million unappropriated balance. Based on our revenue projections, we project it to be \$57.7 million which is a \$1.2 million difference, so that you can see that we start off the base year, which is the current fiscal year, \$1.2 million higher. Generally we disagree in the sales and use tax for this current fiscal year and year to date in sales and use tax the collections are running 13.7% greater than last year. Barrett is projecting that they will be 12% greater by the end of the year. Our projection is 12.4% by the end of the year. The reason that they drop a little is because the next two quarters will be measured against somewhat stronger quarters a year ago and we feel it will go down to no less than 12.4%. We do disagree somewhat in the state gaming taxes and here again it starts from the base and when you're off now by a percentage in total general fund revenue, the difference is in excess of \$2 million. For next year we project \$222.6 million in general fund revenue collections and reversions. The budget division, however, projects \$218.8 million; there is a \$3.8 million difference. And then for for the last year of the next biennium we project \$244.4 million in revenues and reversions and the budget office projects \$240 million; so that's a \$4.4 million difference. The cumulative difference from this fiscal year to the end of the next biennium in our revenue projections is \$9.4 million.

Sen Wilson: Are those percentages within normal tolerances? There is a difference with Howard Barrett's office. Are those percentages material or are they within what's defined as normal tolerances?

Mr. Sparks: Senator, if you would turn to page 3 and go to the bottom you'll see the line that says "% Change". Last years' actual revenues increased 9.9% from the year before. Barrett is projecting 9.6% for this year; our projection is 10.1%. That's only 1/2 of 1% difference but it does mean a big chunk of money. The next year he projects 10.5% and we project 10.6%, 1/10 of 1% difference. It also means a big chunk of money particularly when you add in reversions. The year after the projections are 10.1% and 10.9%. So really the bottom line percentage changes are not that significant.

Sen Hilbrecht: Mr. Chairman, I wonder if you could go back to the approved budget projections and indicate what Barrett's revenue projections were.

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Mr. Sparks: For the projections that were made in 1975, and keep in mind our projections on the bottom line were very, very close to Barrett's, so we are both off cumulative from the 1975 projections some \$15 million and that's just in revenue. That will give you some kind of an idea. Now remember when we made those projections in 1975 we were right in the middle of an economic downturn nationally and Nevada was reflecting it also. Sales and use taxes at that time were running at about 5% increase. I think it ended up that year increasing almost 8%, which wasn't all that good, but it was certainly greater than we were projecting. So those were some of the reasons why we projected low last time.

Sen Lamb: I don't think that they purposely or anybody purposely projected this income low but I think it's a safe place to be, to have more income than you project.

Sen Hilbrecht: Mr. Chairman, the only thing I was interested in knowing is whether these are unusual differences or whether they are about characteristic.

Sen Lamb: I don't think so, they are about normal.

Mr. Sparks: One other point I'd like to make: of the \$9.4 million difference, about half of it comes from revenues, the other half comes from reversions and we are projecting higher reversions than the budget office and, as I said, tomorrow we'll go into the details.

Sen Lamb: Why should there be any difference in the reversions?

Mr. Sparks: Well, if you put yourself in the budget office position, they are just now constructing a budget; they assume it is a tight budget and that everything in there is necessary and will be spent. But if you look back at the history of our operating appropriations, we haven't been under \$5 million in reversions since 1969 and I think the budget office is projecting \$2.2 million in reversions next year and only \$1.6 million a year after and, as I said, if I were in their position perhaps I would as well.

Sen Wilson: The reversions I assume is money unspent that was budgeted and appropriated for the last budget but not spent at all and returned to general fund.

Sen Gibson: It is also revenue sources which affect the distributive school fund. The reason it is higher is because of the performance of the sales tax, the 1¢ sales tax is local and is credited to local support and reduces the amount that comes out of the general school fund, so I would suggest that the money we spend also ties in with the fact the revenues are higher.

Mr. Sparks: This directly does affect, as Senator Gibson says, the school fund and even with the triggering device that the '75 legislature approved, there still should be a reversion from the school fund at the end of this fiscal year of over \$6 million.

On page 2, I would like to point out a couple of items in the revenue statement. The 3rd line down you'll see an item called a University of Nevada General Fund Repayment. This is a repayment from the higher education capital construction fund to the general fund for a loan approved in May by the 1973 legislature for Phase 3 of the Clark County Community College. The legislation that appropriated this

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Mr. Sparks (con): money calls for a repayment back to the general fund on and after July 1, 1977, and that item you see is programmed for the repayment to the general fund. The next item below it is the Hoover Dam Settlement. The State of Nevada receives from the federal government an in-lieu payment for Hoover Dam in Clark County and the annual payment has been \$300,000 a year. The last time we received that full amount was in the 1970 fiscal year. Since that time the federal government has reduced that in-lieu payment; they reduced it to \$82,000 for a couple of years, then they reduced it down further to \$46,000. The state won a settlement and now we have in back payments due from the federal government \$1,060,000. We expect to receive that payment this fiscal year.

Sen Gibson: Let me explain further what happened. The local assessor began assessing the dam, the fact is that the federal government wants to reduce the federal payment to the state by the amount the local assessor assessed them. In the meantime they went to court and actually we get the local government's share so this is the amount of money the local governments are having to pay back in Clark County.

Sen Gibson: They are trying to establish the authority of the assessor that assessed the Los Angeles Power, Southern Nevada and Southern California Water System.

Mr. Sparks: We did receive last year the full \$300,000 and are projecting \$300,000 for each of the next two years.

Down in the middle of the schedule you'll see the unappropriated balance before legislative action, the \$56.5 million, and across you'll see our estimate at \$57.7. A couple of lines down further the total income and reversions estimated by the budget division is \$218.8 and ours of \$222.6 for the '78 fiscal year. Income and reversions estimated by the budget division for the '79 fiscal year is just a little over \$240 million and ours \$244.4. If you'd go to the bottom half of that page, we list the Governor's recommendations. First we list the recommendations that would come from this years' estimated general fund unappropriated surplus. The first item is supplemental appropriations of \$2.6 million, one shot appropriations of \$6.9 million, \$1.5 million for park improvements and \$22.9 million in general funds for public works capital improvement projects. The next item shows the recommended operating appropriations for next fiscal year of \$218.8 million which matches exactly the estimated income and reversions for that year, so it's balanced. The second year including a reserve for the 1979 legislature shows \$240 million in appropriations which exactly matches again the estimated income and reversions for that year, leaving an estimated unappropriated balance on July 1, 1979 of \$22.5539 million.

Sen Gibson: We do show the reserve for the '79 appropriations for the '79 legislature. What about the '77 legislature?

Mr. Sparks: Yes, it is included to come from this years' unappropriated balance.

Sen Lamb: How much did the last session cost?

Mr. Sparks: Last time \$1.5 million was appropriated.

If you turn to page 3 again, there is a comparison sheet of the budget division projections listed by the tax sources

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Mr. Sparks(cont): and other revenue sources for the general fund and our projections which show the percentages for each of the fiscal years. We also show you or provide you with the 1976 actual year collections and their percentage increase over the previous years. When you get to the bottom line the percentage differences are not that great, but the general fund is growing so rapidly it is now a lot of money when you have different percentage increases.

On Page 4 is merely a summary schedule of the total revenues and total reversions estimated by both the budget division, our office, and then what the difference is. On page 5 is a detailed comparison showing the actual general fund revenues collected by source.

On Page 10 is what the Governor is recommending for the balance of this fiscal year and for the next two years. The total recommended new spending from all sources, this would include general fund, federal, and all others for the current year and each of the next two years is expected to be slightly over \$1 billion, which is an increase of 25% over the \$800.4 million approved by the '75 legislature. For the '77 - '79 biennium, the recommended general fund appropriations, including the estimated cost for the '79 legislature, is \$458.8 million which is an increase of approximately 22% in general funds over the \$376.7 million that was appropriated by the '75 legislature. And the table, in the middle of page 10 on the right, indicates the distribution of the general fund appropriations by government functions, with the most dramatic change being the increase recommended for public safety and human resources. Currently the amount of general funds allocated for human resource functions is 20.9%; the Governor is recommending that that be increased to 22.3%. In the public safety function, the amount of general funds currently is 4.6% of the total general fund appropriations, the Governor is recommending they be increased to 6.1% and most of it has to do with the new Jean Prison which calls for 116 new staff, as I recall.

Sen Lamb: Have they changed the plans of that prison to a maximum security facility?

Mr. Sparks: Well, they did have on the original design a Maximum Security Receiving Section and it was my understanding and I think it was the committee's understanding that once the inmates were processed, if they were maximum security type they would be sent to Carson. I'm not positive of this, Senator, and this is a question that we certainly want to ask the prison or Bill Hancock when they come in.

Sen Gibson: One of the reasons for the increasing cost is that they raised the level of security.

Mr. Sparks: I believe that was the indication at the Interim Finance Meeting.

Sen Lamb: Simon indicated that they had changed that whole concept.

Mr. Sparks: Originally there were no outside perimeter fences and no electronic locks; when the new warden came on, Warden Wolf, he did change it and added more security enhancements into the design. But originally it was intended for youthful offenders.

Sen Wilson: Did legislative appropriations outline the intent of what the prison would be used for?

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Mr. Sparks: No, the appropriations bill did not contain intent for the use of the facility.

On Page 13 we provide a listing mainly by governmental function of the capital improvement recommendations and I'd like to refer to a couple of them on this schedule, one of them being the Capitol Building Rehabilitation, \$5.9 million. This is to be funded by general obligation bonds. I should mention there is no money included in this budget for the redemption of these capitol improvement bonds. It is my understanding the Governor is proposing this issue be submitted to the voters and if they approve it, then the \$5.9 million in bonds will be issued in the '79 - '81 biennium at which time the '79 legislature would have to put money in to redeem those bonds.

Sen Glaser: How much latitude do we have on our general obligation bonds state-wide?

Mr. Sparks: We have an unbonded capacity of over \$31 million.

Sen Glaser: What is our constitutional bond limit?

Mr. Sparks: One percent of assessed valuation is the constitutional limit for bonding.

I would like to point out under the university system there is money recommended for the Henderson Community College for \$2 million, Carson City addition to the Community College here at \$1.3 million and a Community College facility in Fallon of \$846,000. These funds would be from university funds and not general funds. They are changing the concept from that approved by the '73 legislature from a four year construction plan out of the higher education fund and the recommendation contained here is for a five year program; in other words they are recommending \$25 million for the next 5 years from the higher education capital construction fund. This is a change from the old four year construction plan.

Sen Glaser: Are we in danger somewhere down the road of getting over saturated on university building, to put in \$5 million a year? I know it's been a catch up process up to now.

Sen Lamb: That's something we'll get into when reviewing capital improvements. These are just recommendations and that's why we are here to review them.

Mr. Sparks: The legislature must approve these projects even though the money is dedicated for construction.

Sen Echols: I think one thing we must realize is that the phasing out of the GI Benefits is probably going to have a significant effect on higher education at all levels. It will happen unless we do something about it.

Sen Hilbrecht: We may want to revise the dedication of this money. I know one of the problems we have that I think is implied in Norm's statement is when the university builds a new building it becomes an orphan child, since frequently they don't have the furniture, equipment, or laboratory equipment.

Sen Gibson: In our appearances before Congress, the commitment was that the money would go into education; we did it specifically and that's why we have put it into the capital

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Sen Gibson (con): program and into the distributive school fund. But I think as long as it was all used for some form of education, it would be all right.

Mr. Sparks: The next item I would like to point out is the Sierra Development Center in Washoe County. There is a recommendation of \$1.6 million in general funds for construction of a mental retardation facility, similar to the one that is being constructed in Clark County, entitled Desert Developmental Center. It is proposed that once this Sierra Developmental Center is constructed that the mentally retarded children on the ward at the institute be transferred to the facility in Southern Nevada. The Mental Retardation Ward which receives so much criticism and has not been accredited for the last several years, would be eliminated at the institute and the mental health institute would be just that, a mental health institute.

The next item I'd like to point out is under the prison system and the first one is the Nevada State Prison which is our maximum security facility. There is a recommendation contained in here for \$8.5 million for rehabilitation or construction of a new maximum security facility out here. It would either be a rehabilitation project of the current facility or construction of Phase 1 of the new facility. This is something that the legislature is going to have to wrestle with. It's my understanding that this budget recommends either of the two. On the left side of page 14 you will see a housing unit #4 and this is for the medium security prison for \$1.7 million in general funds monies.

Mr. Sparks: The next item of consequence is under the Southern Nevada facility which is the Jean Prison. They are proposing expansion here of the Jean facility for 100 additional inmates; currently the facility is being constructed for 250 inmates.

Sen Lamb: Does it look like they are talking minimum security to you or medium or maximum.

Sparks: The Jean expansion would provide for a fifth housing unit for 50 men. I don't know whether that means maximum security inmates or medium or what. Then there would be a second diagnostic close security unit which would be a diagnostic unit for maximum security inmates.

Sen Wilson: Doesn't it follow if you have a diagnostic unit for maximum inmates, it would have to be a maximum security facility?

Mr. Sparks: It seems to be, Senator. As I said, these are the things that we must verify with Bill Hancock, the Public Works Board and the Prison Administration.

The only other thing I would like to point out is that the total capital improvements being recommended is some \$71.5 million, \$23 million which comes from the general fund and \$48.5 million from bonds, university funds, federal funds and highway funds.

On page 15, we have a listing of special one shot appropriations and the supplemental appropriations that are being recommended. There are a couple I'd like to call your attention to: One is the \$1.5 Million for a classified salary increase proposed at 5.5% retroactive to January 1st. This amount would cover the cost of that raise with general funded employees for the balance of this fiscal year. Another item

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Mr. Sparks: (cont): you'll see is \$2.37 million for the Interim Finance Committee. This is a recommendation to increase the amount for the Interim Finance Committee from the historic \$2.5 million to \$3. million.

There is a supplemental appropriation recommended for Title 19. The Interim Finance Committee did allocate \$3. million to the Title 19 program last fiscal year. The general fund need in the supplemental is \$1.4 million which would be used with a little over \$1. million in federal anti-recession money to meet a total estimated deficit of \$2.5 million. The anti-recession money is federal money tied to the unemployment rate and may be used to supplement anything that state funds are normally used for. It can also be used to match federal funds and the Governor is recommending that it be placed in Title 19 to meet part of the deficit.

The schedule on page 60 shows that for the 1978 fiscal year the Governor has recommended 569 new positions. However, he is also recommending the elimination of 144 existing positions for a net increase of 425 total positions. For 1979, an additional 188 new positions are recommended, 10 existing are recommended for deletion for a new increase of 178. For the biennium, the total increase is 603 new positions. Most of these new positions come in the areas of education, human resources, and public safety.

Sen Lamb: Would this include the University?

Mr. Sparks: Yes, this would include the University, except for those positions that are contained in the estimated budgets.

Sen Lamb: Ron, do you know, or have you any information as to why they think they need so many more people at this time at the University?

Mr. Sparks: Most of it, Senator, is enrollment which generates the student/faculty ratio concept.

Senator Lamb: Do you know how much that enrollment has increased?

Mr. Sparks: Actually at the University of Nevada-Reno the enrollment has declined and that is where most of the screaming is coming from. As a matter of fact, the budget would recommend a decrease of 4 to 6 teaching positions, but they do have vacancies so that does not mean any reduction of any existing teaching people. UNLV is continuing to grow, we do have a projection chart here on the University enrollments and it is on pages 39 and 40.

Sen Lamb: I don't mean to be jumping around ahead of you, Ron, but turn to page 41, the third paragraph. The University is requesting a 10% raise each year. I'm wondering if anything ever happened to our income, how we'd ever fund this kind of an increase. What I fear we are doing is building in something that's tough to take away from them. I think we have to proceed with a lot of caution here.

Sen Gibson: One of our continuing interests is in the federal programs. Are the CETA positions shown in the budget this year?

Mr. Sparks: The CETA positions, Senator, as I recall, are not included in this budget.

Sen Gibson: Could we have a separate schedule on the CETA positions and one on expansion of or new federal funds received since our action of the '75 session. I know that in every state this is becoming a big problem. Some states

Sen Gibson (cont): have taken action to assure that this doesn't occur without legislative approval so they know where they are.

Mr. Sparks: Both schedules can be developed and will be provided to the committee as soon as possible.

On Page 25 I'd like to point out a few areas in the general government function where there are some major items of interest. On the left hand side in the middle of the page is an item called Elected Officials Salary Survey and Recommendations. The judicial planning agency in the Supreme Court and our State Personnel Division collaborated on a report to the Governor on salaries of elected officials. The report updates the report done in 1970 of Elected Officials. Generally the report recommends that the 1977 Legislature provide adequate compensation to elected officials which minimizes the effect of inflation during the term of such officials. The increases would be effective January, 1979, since the law restricts most of these individuals from receiving a raise until that time. The Governor's salary would be \$51,000; the Supreme Court Justices, \$49,500; the Attorney General, \$44,000; the district judges, \$44,000; Secretary of State, Controller and Treasurer, \$35,000; and the Lieutenant Governor, \$15,000.

Sen Gibson: Was the study done by an employee of the Supreme Court and by Jim Wittenberg?

Mr. Sparks: Those were the two principals involved. I think they did do a survey of all other states, Senator, or at least they did of the 13 Western States.

Sen Gibson: I was amused at their logic in the report. They look at the Western States and then they disregard Idaho, Wyoming, New Mexico and Arizona and say we should only look at California, Oregon and Washington for comparable salaries.
Sen Lamb: I think we could go a step further and do our own study.

Sen Gibson: Is there any place where we have available salary figures on attorneys, for instance. I know they do them on engineers. The reason I ask this is that when you talk to people they always emphasize how much more money he would be making on the outside. We don't have any way of knowing. Maybe this is so or maybe this isn't so, I don't know. I have noticed in our area that there are a lot of law school graduates right now that are working as clerks because there aren't opportunities for them. Sometimes it's hard to get the right information and know whether you are looking at it objectively.

Sen Lamb: The Valley Times Article recommended higher salaries.

Sen Gibson: Wasn't there a study a few years ago on federal salaries, government salaries in general which showed, as I recall, that public employees were receiving better compensation than the private sector?

Sen Hilbrecht: I believe there was.

Sen Young: I can tell you from personal experience, anyone in the market can't afford to hire a stenographer at wages today or a secretary.

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Mr. Sparks: Continuing on page 28. The Supreme Court has requested a significant increase in 1977-1979 over the 1975-1977 biennium, from \$1.4 million to \$2.4 million, or approximately a 65% increase. This requested increase is in response to workload and increased responsibilities with the passage of the "judicial" amendments in the 1976 general election. Six judicial planning positions currently funded from an LEAA grant are requested to be transferred to the general fund to staff the Office of Court Administrator. Eight and one-half new positions are requested in 1977-1978 and an additional 3.50 new positions are requested in 1978-79 to fully staff the Office of Court Administrator and provide new staff to meet an expanded court workload. The Governor does not make recommendations on the Judiciary, he merely accepts their requests and incorporates them into the budget.

On Page 35 we are talking about state support for education. The Governor's projections and assumptions on enrollments and resources develop a recommendation for an increase in total financial resources per pupil of 10.5% in 1977-78 and an additional 8.3% in 1978-79. Average basic support is recommended to increase by 12% in 1977-78 over the "triggered" 1976-77 average basic support and an additional 8.9% in 1978-79. Special education is recommended to increase in both the number of units funded and the dollar support per unit. In 1976-77, 550 units are budgeted at \$16,000 per unit. The Governor recommends 600 units in 1977-78 and 630 units in 1978-79 at a rate of \$17,600 per unit. The Governor again recommends that "trigger" procedure be established for 1978-79 to increase basic support guarantees if local support exceeds projections and if the Interim Finance Committee determines that sufficient monies are available in the Distributive School Fund.

On Page 39 under the University of Nevada System the 1977-1979 general fund recommendation is an 18.5% increase over the 1975-1977 appropriations. When student fees, federal funds, interest income and miscellaneous receipts are added to the recommended general fund appropriations, the total recommended UNS budget for 1977-79 is \$119.7 million, a 20% increase over the \$99.7 million budgeted for 1975-77.

Sen Gibson: I notice on page 39 under Medical School, you indicate two year medical students only. Have you verified their projections on what their proposal to go to a 4-year school is really going to cost?

Mr. Sparks: No.

Sen Gibson: We are going to need some other information. I wonder if you could have, for example, some comparable school experiences for a 4 year program accredited for the number of students that they project.

Mr. Sparks: On page 41 on the University of Nevada System salaries, classified employees in the UNS are recommended for salary raises identical with classified employees generally - a 5.5% increase retroactive to January 1, 1977 and up to a 4.5% cost of living increase in January 1978.

Teaching faculty in the instruction and departmental research function are recommended for an 8% increase in 1977-78 and a 7% increase in 1978-79. These increases include 2.5% each year for merit increases. The University requests a 10% raise each year.

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Mr. Sparks (con): Non-teaching professions, including librarians are recommended for the 5.5% and 4.5% raises. "Where practical, professional administrative salaries were limited to \$35,000 or placed at a retained rate, if above \$35,000." The University requests a 10% raise each year.

Another thing I would like to point out is that the current non-resident tuition which was established in 1972 at \$1200 is being recommended to increase to \$1500 per year for non-resident students. On page 42 we do provide you with the student/faculty ratios. The University of Nevada System requested differentiated ratios. The Governor has, however, recommended an overall 19 1/2 to 1 student/faculty ratio except for nursing. He has recommended that it be a 7 1/2 to 1 ratio for nursing.

In the Community College, the Governor has recommended that the Community College Administrative budget be abolished. Here the president and his secretary would be transferred to the Chancellor's office and an accountant and three account clerks would be transferred to Western Nevada Community College and the other 10 existing positions would be eliminated.

Sen Gibson: Is there any justification for that?

Mr. Sparks: The justification, as we understand it, Senator, is that there is an unneeded and unnecessary level of administrative supervision.

Sen Hilbrecht: In the University system they have separate levels of administration, certainly in both the campuses, but also don't they in the DRI?

Sen Gibson: It's a separate division.

Sen Hilbrecht: Well, so is the Community College a separate division.

Mr. Sparks: What they are effectively doing is abolishing the separate division.

Sen Gibson: Were there any reasons expressed beyond that conclusion?

Mr. Sparks: There is another basic problem, I guess, and it has to do with an increased enrollment projected toward the end of the 1975 Legislature. I think they projected another 200 enrollment for Clark County Community College and the Legislature agreed with that and they provided two or three hundred thousand dollars in additional general fund money to provide the staff necessary to meet that projected increase in enrollment. This occurred towards the end of the '75 session. The enrollment did not fully materialize. They, however, chose to use those funds appropriated for the staff necessary to meet the enrollment for other purposes.

I think as far as the budget office is concerned that they are trying to show good faith to the Legislature. They can't come back and say the money the Legislature appropriated for a particular activity, which didn't happen, was spent for other things.

Sen Lamb: I think the University is having troubles in handling the Community College program. I think it has run away from some of the administrators of the University or even the Board of Regents for that matter. They don't know how to keep a handle on it. It's growing like Topsy Turvy. At any time they tell me they are teaching 625 courses out there, I just can't imagine what they are teaching. We all want the Community College to do the things that we meant for it to do.

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Sen Wilson: I assume there is some administrative relationship between the Chancellor's office and the Division Administration of the Community College. This simply moving one to the other really does not look to the cause and effect of what the problem is.

Sen Lamb: We can ask some embarrassing questions when they all get in here but we want them in here so we can get to the bottom of it and make up our own minds at that point.

We want to do what is best for Community College because I don't think there is anyone sitting here that does not appreciate the good of this school. But I think they are trying to do too many things.

Sen Hilbrecht: Mr. Chairman, it seems to me, I think some of us have come away thinking that maybe there is a little weak management here or something. But this isn't the way you deal with it - you get strong management.

Sen Lamb: I can appreciate the fact that this is a form of the University, that there should be a titular head of the whole program whether it's Carson City or UNLV. I don't think you should just let this run away by itself and there is getting to be a lot of professional jealousy about these two schools.

Sen Glaser: I assume we are going to discuss this in great detail a little later, but as long as we've opened up the subject, I'd like to put in my two bits worth because we are talking about the girl I love. I think when the Legislature set this up, we set the Community College Division up with as much autonomy as the other divisions of the University, UNR and UNLV, reportable to the Board of Regents and under the Chancellor. I look at it as weakening the Community College structure and I suspect that somewhere among the professionals there is a great deal of jealousy and they look upon these increased enrollments and increasing success as arch rivals or something. And somebody has gotten to somebody who has gotten to the Governor and they are emasculating the Community College program through the administrative process. Now if they don't like Donnelly, that is something else. But to change the structure, I deeply resent this and if we are going to eliminate a layer of administrative expense in the college structure, we ought to look at Humphrey's office.

Sen Lamb: That's true. Maybe we will. But who do you think Donnelly should report to? Who should he be responsible to?

Sen Glaser: He would be subject to the Board of Regents just like everybody else. And this body is subject to legislative scrutiny.

Sen Lamb: How can he go ahead and use two or three hundred thousand dollars for something that was not budgeted.

Sen Gibson: He didn't, Floyd. The money was approved by the Regents, every cent of it.

Sen Lamb: All right, that's what I wanted to know.

Sen Gibson: You're getting at the wrong horse.

Let me ask another question. On page 43, in the WICHE program, new dental hygiene students are not recommended in

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Sen Gibson (con): the 1978-79 budget because of the anticipated opening of the dental hygiene program at Clark County Community College. But it is my understanding that the money to open that program is not in the budget.

Also, new medical students are not recommended in 1978-79 in anticipation of the third year of medical school opening at the School of Medical Sciences - UNR.

Mr. Sparks: I understand through the budget office from information provided by the University that there would be a dental hygiene program initiated and the budget office thought the money was available to start it in 1979 fiscal year. They now have come back and, in fact, gone to the Board of Regents at their last meeting, requesting money to implement and start up this dental hygiene program. So I think you are correct in that the University feels there is not money in this budget to start out the dental hygiene program. The Governor is not recommending WICHE money to continue dental hygiene. From what I understand, there is either misinformation or poor communication. This recommendation that the Governor has here was based on the fact that there was supposedly money available to start the dental hygiene program in the Clark County community College.

Under the School of Medical Sciences you will see the estimated cost for the second year of the biennium for general funds support to go to a 4-year school.

Sen Lamb: Can I ask a question here. I am not trying to kid you and I don't think they had better try to kid us, but they have run out and hustled a lot of outside money to add to this figure.

Mr. Sparks: Senator, what you don't see here is the federal capitation and conversion money which is over \$1. million. The contributions and donations are not shown in the budget either.

Sen Lamb: What we have to look at one of these days is what this is going to cost us, \$4. million, \$3. million, whatever.

Mr. Sparks: In the WICHE program, there is a request by the receiving schools for increases in fees. Rather than provide total state support which is presently being provided for these compact fees, the Governor is recommending that the state now will only provide 75%, with students themselves providing the other 25%.

If we can go to page 55. The Division of Mental Hygiene and Mental Retardation is an area in which the Governor has again placed a high priority for new programs and expansion of existing programs. The 1976 legislature approved an increase in general fund support for mental health and mental retardation programs for this current biennium of over \$6. million and the Governor is recommending that another \$6. million be added for the next biennium.

A total of 257.5 new positions were requested by the various agencies in the division. The Governor is recommending 141 new positions, but is also recommending the deletion of 13 for a net increase of 128 new positions. The Governor is also proposing that 2 additional administrative units be established. One is to be located in Washoe County to administer all Northern Nevada mental health services and one in Clark County to administer the Southern Nevada mental health services.

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Mr. Sparks (con): On page 56 is the Children's Behavioral Services. This is a new program approved by the 1975 legislature to provide mental health services for children in Washoe County. A new facility is now being constructed and scheduled for completion in October of 1977. Twenty-six new positions are being recommended to provide inpatient (there will be 4 residential units with a capacity of 4 children per unit) and outpatient clinical services, educational services and support services.

On page 57, the Las Vegas Comprehensive Mental Health Center provides a broad range of mental health treatment programs in Clark County. "Five Essential Services," as suggested by the Federal Community Mental Health Center's Act of 1963, are provided which include Outpatient, Inpatient, Partial Hospitalization, Emergency Services and Consultation and Education.

In October, 1973, the Center received an eight-year federal staffing grant. The grant paid 75% of the salary costs of eligible positions the first two, 60% the third year, and is paying 45% this year. The grant is supposed to pay 30% for each of the next four years.

Public Law 94-63, Title III of the Community Mental Health Center Amendments of 1975, requires that community mental health centers, in order to continue to qualify for federal funding, must offer 12 essential services instead of the 5 now provided. It further provides that if this is not done, all federal funding will be terminated after September 30, 1977.

In order to add the additional 7 services, the agency requested 48 new positions. The Federal Government would provide a "conversion grant" to assist with this expansion which would run for 2 years terminating on September 30, 1979. There would also be federal funds available for an "operations grant" which would run for 4 years terminating on September 30, 1981.

Now here is the problem: it is doubtful that the full amount of eligible federal funding would be available for the "conversion" and "operations" grants. According to federal regional personnel, however, the only way to continue with our current federal staffing grant is to apply for and have approved a conversion and operations grant for which there is insufficient federal money for funding.

The recommendation in the Executive Budget indicates a continuation of the current federal staffing grant with no provision for receipt of additional federal funding and no expansion of mental health services. Alternatives are listed for the legislature to consider in resolving this complex and ultimately costly problem.

Sen Gibson: I will take a final look at this, but is one of the alternatives to forget about the federal government?

Mr. Sparks: One of the alternatives is to discontinue the federal staffing altogether.

On page 58, the Desert Developmental Center, Clark County. This center is scheduled to open in April of this year and there is \$159,850 being recommended to provide for this early opening. At that time, 35 of the 100 clients currently located in the mental retardation ward at the Mental Health Institute in Sparks are expected to be transferred to the facility. Seventy-three new staff are being recommended to fully staff the Desert Developmental program and

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2 new positions are being recommended for the Southern Nevada Mental Retardation Center. Annual operating costs for the combined programs are projected to be \$1.6 million.

Sen Gibson: Is there a reduction in staff at the Nevada Mental Health Institute when these are moved away from there?

Mr. Sparks: No, nor is there a reduction when the 65 Northern Nevada Mental Retardation patients are moved to the Sierra Developmental Center. The reasoning for this is to provide what the joint hospital accreditation association calls for in staffing for mentally retarded patients. There are 86 employees. These employees will transfer with 65 of the 100 patients to the new center in Washoe County when it is constructed and this would not be a reduction in staffing, the way the Governor's budget is proposed.

I should mention on Page 60 the Title 19 program where we list some of the actions taken by the Welfare Department during the last fiscal year to avoid a projected deficit of \$10. or \$12. million. Each of these cutbacks are recommended to continue except for Item 2 a and b and these are medical vendor payment costs which would be coverage for persons 65 and over in the Institutions for Mental Disease. What this does is require 100% state funding for these services where, if they included it under Title 19, it would be 50% state funding.

Sen Lamb: Before we break up here, I have a bill in front of me dealing with the Interim Finance Committee. At the last meeting I was in a position to kill anything by just one vote, because of the way this law reads today. As soon as the election is over, the members that did not run or who were defeated left no one to fill the vacancy. This bill provides that they will stay on the Interim Finance until they are replaced. Many of you remember this situation. I will introduce this as a committee bill.

Sen Gibson: I have a couple of Joint Resolutions here that I wonder if the committee has any interest in. One of them is for the U. S. Congress to submit an amendment to the U. S. Constitution to limit federal spending, the idea being to try to require that, except for emergencies like a war or something, that they live within their means. There are two resolutions, one of them to introduce a constitutional amendment, the other is to call a constitutional convention, the idea being that it would put enough pressure on that they might consent to the other. About 6 states have passed this so far.

I know Speaker Lawson in Idaho. He is a personal friend of mine. They have passed it there and he was trying to get some of us in the western states to push it.

The motion to introduce the resolutions was seconded by Senator Wilson and passed unanimously.

The meeting adjourned at 10:30 a.m.

RESPECTFULLY SUBMITTED:


MURIEL P. MOONEY, SECRETARY

APPROVED:


FLOYD R. LAMB, CHAIRMAN