

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1977

Senator Lamb called the meeting to order at 9:15 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
Howard Barrett, Budget Director
Ernest Newton, Secretary Nevada Taxpapers Assoc.

Senator Lamb asked for the introduction of any bills.

Senator Gibson moved to approve for introduction BDRS469;
Sen.Young seconded and the motion was approved.

Senator Gibson moved to approve for introduction the supplemental appropriation for the prison. Senator Hilbrecht seconded and the motion was passed.

Senator Lamb then brought up for discussion BDRS528, a bill making an appropriation for the Nevada State Prison to equip the Southern Nevada Correctional Center and to pay employees who might transfer to this facility. The amount involved was \$294,233.

Senator Gibson inquired as to whether this was on the supplemental list. Mr. Barrett advised it was a one shot appropriation, mainly for equipment for the new prison. Senator Hilbrecht moved that it be introduced. It was seconded by Senator Young.

Senator Gibson moved to amend BDRS528. It was seconded by Sen. Hilbrecht and the motion carried. The amendment will reduce the appropriation by \$5,000 for an automobile which has already been purchased.

Senator Lamb presented BDR 14507. Mr. Barrett explained the intent of the bill. Senator Young moved for its introduction. it was seconded by Senator Hilbrecht and the motion carried.

Senator Lamb introduced BDRS592 regarding an appropriation to the Interim Finance Fund. Senator Young moved to introduce and Senator Hilbrecht seconded. The motion carried.

BDR23614, an administration bill regarding an increase in per diem, was discussed. Senator Lamb reported that the bill had already been introduced.

There being no further bills, Senator Lamb asked Mr. Sparks to continue the discussion of the budget.

Mr. Sparks: In going through Human Resources we had reached page 62 on Aid to Dependent Children. The Governor is recommending that the average ADC grant be increased by 11% over the currently authorized level (\$54 to \$60). The average number of recipients per month is estimated to be 14,500. During the past 4 years, the monthly average number of recipients has been 14,148.

The average case load this year to date is running around 13,000. The case load of ADC has dramatically dropped since the beginning of this current fiscal year.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1977
PAGE TWO

Senator Gibson: I was wondering, what does our experience look like in the biennium compared to our projection. The case load as I understand it is below what we projected.

Mr. Sparks: Last year was just about right on. But beginning July of this current year it took a dramatic drop and it has now dropped down to as low as 12,281 and now it is going back up. We have a schedule in the Budget on page 408 that will show you exactly. The budget division had projected that the case load would drop beginning this current fiscal year and magically it did start dropping on that date.

Senator Gibson: Is there some basis for this drop, like Social Security payments?

Mr. Barrett: Our projection two years ago was based on the fact of our revenues. We were saying the economy was going to come back, so conversely we had to say that in Welfare there should be a drop.

Mr. Sparks: Under the Assistance to the Aged and Blind, the Governor's budget recommends that the state's supplement for the program be increased for aged and blind recipients to the extent that the increased supplement plus increases in the anticipated federal payments' level, plus an assumed average bonus value of food stamps will provide the aged and blind an 11% increase for the biennium.

An increase of 11% over existing levels is recommended for the first year of the biennium for adult group care facilities. A 5 1/2% increase is recommended for fiscal year 1978-79.

In the Food Stamp Program a net decrease of 10 authorized positions is being recommended during the biennium for the Food Stamp program. This decrease is based on caseloads smaller than anticipated and results from creating 6 new positions and deleting 16 existing positions. The new positions are in the quality control area

An average of 12,000 cases per month was budgeted for fiscal year 1975-76. The actual average was 10,012 cases per month for fiscal year 1975-76. For the first 5 months of fiscal year 1976-77, the actual average was 7,727 cases even with SSI recipients in the aged and blind categories becoming eligible for food stamps for the first time as of July 1, 1976.

Under the Child Support Enforcement: this program was initiated with an Interim Finance allocation on May 13, 1976 in the amount of \$206,961. This sum provided a 25% match to initiate the federally required unit to locate parents who are delinquent on child support payments. Once located by the Child Support unit, the parents are pressed for collections by local district attorneys.

It is recommended that this program be funded for the 1977-79 biennium with \$50,000 in general funds each year and \$120,000 from support collections. These sums will be matched 3 to 1 with federal dollars.

It has been estimated that the program will be self supporting by 1979-81 biennium.

On Page 63, Office of Community Services. The name of the Office of Economic Opportunity has been changed to the Office of Community Services. The budget request includes an operating item, New Careers, in the amount of \$75,000 for each year

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1977
PAGE THREE

of the biennium. This is a continuation of a program which was started with a one-shot appropriation by the 1975 legislature to provide job training and placement for young job seekers. The one shot appropriation approved last session was \$268,000.

Senator Gibson: I assume we will have some statistical data on the performance of this program.

Mr. Sparks: We have a report from the Office of Community Services that was just delivered to our office, Senator. It goes from October, 1975, to December, 1976.

Senator Gibson: I want to ask that you analyze that yourself. It seems to me that some of the statistics there are not really meaningful for what the purpose of the program is and we need to be sure it is being accomplished.

While we are on this, I want to ask about the totally and permanently disabled. Have you entertained any suggestions on that program such as a subsistence grant in addition to the Title 19 responsibility?

Mr. Barrett: Any assistance grant we could give to them would have drastic results on Title 19. We did not consider it.

Mr. Sparks: Next we turn to page 67. This area of Public Safety includes the prison system. Yesterday we did go over the Capital Improvements being recommended for the system so I will not go over that again, but I would indicate that the Governor is also stressing, as in the previous biennium, a substantial increase in the prison programs and the primary reasons provided for these increases is No. 1: the new Jean prison of 250 inmates which is a Southern Nevada facility. No. 2: The disturbances at the Nevada State Prison which have resulted in the deaths of inmates and injuries to others. No. 3: The current and anticipated growth of adult felons being committed to the prison by the judicial system.

We provide on this page a table of the year end populations for the institutions.

On Page 68 we provide a schedule showing where the Governor recommends 170 new positions are anticipated to be housed or allocated. For the Northern Nevada Correctional Center which is a medium facility, there are 28 new positions being recommended; for the maximum facility out here, there are 6 new positions recommended; for the Nevada Womens Center there are 8, and for the Southern Nevada facility there are 116. This is the Jean facility and 12 other positions are for the Warden's Prison and the office of the Director of the Prison.

Gene also covered this morning two supplementals which are being requested for the prison.

On page 69 under Investigation and Narcotics Division. The Governor is requesting that the level of narcotic law enforcement be increased in the 1977-79 biennium. To accomplish this, the Governor is recommending 5 new narcotics agents. Additionally, it is recommended that the Diversion Investigative Unit, federally funded to September 1978, be continued through fiscal 1979 with general funds. This unit's objective is to reduce the amount of drugs being diverted from retail outlets to illegal activities.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1977
PAGE FOUR

Mr. Sparks: (con.) Narcotic law enforcement does not lend itself to a 40-hour week, thus requiring agents to work excessive overtime. The overtime earned is taken off as compensatory time which at times results in improper manpower staffing. The Governor is recommending that agents be paid for a fixed amount of overtime during each quarter. This plan of compensation for overtime is similar to the plan used by the federal narcotic agency.

On Page 70 the Parole and Probation: The Governor is recommending a full time Parole Board. The Governor is also recommending an increase in parole and probation officers of 13 in fiscal 1978 and 8 more in fiscal 1979. Additional clerical positions are also recommended to support the new officers.

On page 76, the Gaming Control Board: A 39% increase in general fund authorization for the 1977-79 biennium is being recommended for the combined operation of the Gaming Commission and the Control Board. This compares to a 40% increase approved by the 1975 legislature for the current biennium.

Twenty-four new positions are being recommended for the 1978 fiscal year with 12 additional for the 1979 fiscal year.

We have provided you with a schedule as to where these positions are to be allocated.

Senator Lamb: What kind of an increase - what was the total?

Mr. Sparks. The total budget recommended is \$7.7 million for the biennium. That compares to a current biennium general fund authorization of \$5.4 million.

On Page 84, Park Bonds: The 1975 Legislature approved a \$1.2 million bond issue for the 1975-77 Parks Acquisition program. The \$1.2 million was the remaining balance of the \$5. million in General Obligation Bonds approved by the voters in 1970 for parks acquisition.

The Parks Division came before the Interim Finance Committee in November, 1976, and because of the elapsed time since the program was first approved, the committee directed the Parks Division to re-submit the lands it wanted to acquire in priority order to the 1977 legislature.

They are scheduled to come in, I believe, the third week of the session. It will be a week from Monday. I have provided a schedule here indicating what was approved and what the unspent balances are. Out of the \$5. million total issued, \$1.4 million still remains for expenditure.

Senator Lamb: I would like to deviate a little bit here. For several years I have talked about the park at Tulle Springs. The City of Las Vegas owns this land and the water, and it is about 700 acres. The other day I had a meeting with the City Council and it appears that they would deed or grant to the State Park System that land and the water. We could take that and do something toward starting a state park. I have no axe to grind but I feel that as long as half the people live in this area of the state it would be desirable to have this land. The kids have little or nothing to do when they get out of school and I think this would be a great thing for us to take over. There is already a zoo there, the State has a Forest Nursery there. What's going to happen is that we are going to lose it, I'm afraid.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1977
PAGE FIVE

Sen. Lamb (cont): If they would give it to us, we would be getting about \$2 or \$2 1/2 million worth of property. I think we have to recognize its value and take a look at it. We need to get a commitment from them in writing that they would transfer ownership if we would do certain things. It's a beautiful piece of land and actually they could go ahead and develop it themselves through a builder. They would probably make \$5. or \$6. million that way. There is no question in my mind about it.

The land is about 15 minutes or so from Las Vegas. If we acquired it, the whole thing would be run by the State Park System, it is the only way it would work. This is city land, not the county.

John Meder is going to come here with a presentation to us. He met with me and the City Council and their park people the other day and we made a tentative program for the use of about 75 acres for a starter. If they are serious about giving this property to the State of Nevada, then it behooves us to take a second look at it and do something.

I would like for you all to see it. Jim knows all about it. It is absolutely a shame to let it get away, especially with all that water.

Senator Glaser: What does it take to get the ball rolling, a resolution?

Senator Lamb: A resolution from them to the State Park System saying this is yours if you will do certain things. Jim, how do you feel about it?

Senator Gibson: I'd like to look at it.

Senator Lamb: This is the way it was left. They would have a meeting and adopt a resolution that is contingent upon the State Park System doing certain things. We would have to fulfill our obligations too. They bought this land ten or more years ago for about \$850,000, so if you appreciate the value of land you can realize it has to be worth at least a couple of million of dollars on today's market.

Everybody is serious about it. They have to do something about it because it is getting away, they are piecemealing it out; they have a gun shooting club and other things which they have had to cancel; I believe one is up in July. The surrounding acreage is pretty much oak and there is a lot of federal land out there. It was an old hay ranch, the water used to just gush out, but I think they have to pump some of it now.

Anyway, it's a thought now. It's up to these gentlemen on the Commission to fulfill what they said they would do the other day. Meder told them what they had to have and we will see if they take it up at the next meeting. The mayor is in on this discussion; everybody seemed to be in accordance with the program. Finally if it's left up to us, it would be a fine thing for us to do.

It's not that I am trying to be selfish for Southern Nevada; but I think if we get enough kids out there, and I'm sure we can, you'd be surprised the figure that I could present to you of just those who went out to see that little old zoo - over 300,000 in one year.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1977
PAGE SIX

Senator Lamb(cont): I know if you have a place to picnic and get away from campgrounds, you would have to establish the controls, you can picture the whole thing finally complete with the picnic grounds and swimming pool and other things, as we are able. I believe that the money we would spend on this to help keep kids out of trouble is worth it, particularly when you think of the emotional trauma a family goes through. I ask you to think about it and when we get more information, we will talk some more about it.

Mr. Sparks: Mr. Barrett has already covered the sale of the bond issue. The Governor is recommending a sale of \$5. of the \$10. million bond issue approved by the 1976 voters. But I point out that the budget does not make any recommendations on how the \$5. million will be allocated. These bonds would be matchable with federal land and water funds and various other federal monies.

In park improvements the recommendation for \$1.5 million in general funds for park improvements has been mentioned before. In addition there is a request to authorize \$454,000 from the motor boat fuel tax money for marina development. These funds also would generate additional federal money which could be as much as \$1.82 million.

The schedule in the Executive Budget will detail the improvements and developments recommended by the Governor. We have provided a chart comparing the availability of resources for park improvements for the current biennium and the 1977-1979 projection.

The next item I refer to is on page 89.

Senator Lamb: May I ask a question. What have you done on the V&T site out here that \$300,000 was appropriated for?

Mr. Barrett: The Public Works Board has let the contract, I think, for the building. I have not been out there, so I really can't report on the progress.

Senator Lamb: I saw it. It looks as though they had moved a little dirt or something like that. Okay, go ahead.

Mr. Sparks: As Mr. Barrett pointed out, there is \$103,000 for the restoration of some of the V&T equipment. In discussing the Highway Department we provide a schedule which shows the revenues including federal aid expected to be available with projected distributions and expenditures. The schedule also indicates that on June 30, 1976 they had \$17.9 million. That balance is projected to decrease to \$1.8 million by June 30, 1979.

Senator Lamb: What is the reason.

Mr. Sparks: Well, this is what I would like to go into. The expenditures by the department and the appropriations to other agencies are projected to be approximately \$4.7 million greater in fiscal 1978 than the projected revenue collections. In other words they are spending more in any one fiscal year than they are collecting so therefore they are drawing down that collection balance. For fiscal 1979 they are projecting to have spent \$6.7 million more in that one fiscal year than they are projecting to collect.

I might also point out; I think the '75 budget projected much worse than this. As a matter of fact the original schedule, as I recall, projected it to be, by the end of this fiscal year, about \$500,000 in the hole. And it is now projected

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1977
PAGE SEVEN

Mr. Sparks (cont): that they will have about \$18. million available to them.

On page 97 is an outline for Governor's salary package for the next biennium. He has recommended a 5.5% salary increase for all classified state employees except correctional officers retroactive to January 1, 1977. The recommendations are based upon an occupational wage and salary survey and the change in the Consumer Price Index from the end of the measurement period for the raise effective January 1, 1976. We provide you with information on what their percentage change is from September 1975 to September 1976. The index has changed 5.5%.

Mr. Barrett: The classified will get 5 1/2%, they also get a merit increase. However only half of them qualify for a merit increase so in effect that is 2 1/2% so the 2 1/2% plus 5 1/2% comes to 8%. So they will have sufficient money to do exactly the same with the professionals. Now that is not the way they do it, I don't know how they do it. That's the way their schedule is built, because their merit increases are 3% apart, not 5% apart. But if we give them 5 1/2% plus 1 1/2%, that is 7% increase, then they would not be getting the same amount of money to treat the professionals the same as we recommend treating the classified. This way it is the same amount of money.

Mr. Sparks: The Governor recommends a maximum up to 4.5% classified salary adjustment, effective January 1978, based on the percentage change in the CPI from September 1976 through September 1977. On the unclassified salary raise, with few exceptions, the Governor recommends a 5.5% with a 4.5% cost of living, but there are some instances and areas in this budget where there have been greater increases recommended.

Mr. Barrett: The University can pay anything they want to up to \$38,000. We are just calling their attention to the fact we did not feel some of these positions should be above \$35,000.

Senator Wilson: Is that to say we may appropriate and provide for that increase but they may not pay?

Mr. Barrett: The appropriation to the university is one lump sum. They can use it almost any way they want. They can't pay beyond \$38,000 because there is another law that says no public employee may make more than 95% of the Governor's salary. So they can't go beyond the \$38,000. But they can move 100 people, if they choose, up to \$38,000, or they can hold them back.

Senator Hilbrecht: There is some exception to that 95%.

Mr. Barrett: Well, they had to have been doing it before the law went into effect and, I think, that was July 1, 1975. Of course, they can always hire them on contract.

Senator Gibson: At least when they hire them as consultants the burden does not fall on the retirement fund.

Senator Lamb: We get a lot of beef about that. During this last campaign I heard about it everywhere I went.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1977
PAGE EIGHT

Mr. Barrett: There is one place and that is the University Medical School. There is a possibility of higher pay when someone has two jobs. But I am not aware of any state medical people or any state physician people who have another income.

Senator Gibson: I heard of someone in Washoe, it might have been federal who did something at Washoe Med. I heard his total income was somewhere around \$70,000 or something like that.

Mr. Barrett: Regarding the projected costs for the 4-year medical school, they have given us the full figures on what it is going to cost. I'm sure there is no cost next year and there is \$270,000 the next year. But it does increase quite rapidly after that. This will probably lead to some capital improvements in the next biennium.

Senator Lamb: Don't you think that four or five years down the road there will be big increases?

Mr. Barrett: Well, I don't have the figures here but it's going to go up at least a million the next time. They have a federal capitation or conversion or something which is only good for five years.

Senator Young: This budget contains a slight increase for state contributions for employees group health and life insurance. Currently the state is paying \$32 per month per employee, the increase being budgeted is 15%, this gives us \$36.80 and for the following year \$42.32. It is my understanding that the insurance carrier has not guaranteed these rates and these are just estimates.

Mr. Barrett: The insurance carrier has not guaranteed the rates. He would not even give us an estimate. He called us two days after the budget was printed and said, "When did you need that estimate?" But at that time he said between 14 and 15%. We anticipate that cost to go up. Our experience on the thing, so far, this is a new contract as of July 1 so our experience isn't very indicative of anything yet, but in the month of November our payouts were 78% of the premiums, so if that were to continue you would not have an increase. However, if we do reach a position where we are taking out 90 or 95% of these premiums, the insurance company is certainly going to be looking for an increase.

Mr. Sparks: The last item I refer to is on page 98, Unemployment Insurance Coverage. Beginning January 1, 1978 the budget recommends that the state provide unemployment coverage for state employees and they have built in a payroll assessment of .2 of 1%. That will be for half a year for the 1977-78 year, the rate will be .4 of 1% for a full fiscal year.

Senator Gibson: What does that amount to in dollars?

Mr. Sparks: In dollars, I think we projected it would cost \$150,000 the first year and \$300,000 the second year. That is general fund.

On page 99 is a schedule we prepared of the estimated general fund cost of recommended salary increases and fringe benefits. We say "estimated" because we have had to extract

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1977
PAGE NINE

some of them from budgets and it is not always that precise. We think the numbers are very close however. Most of these numbers do come from fixed salary funds such as the Board of Examiner Funds, but others are budgeted within the budgets and are somewhat difficult to extract. That's the end of our report.

Senator Lamb: Any questions?

Senator Young: What percent of the money goes for salaries, about 60%?

Mr. Barrett: Of the regular operating budget, probably 65 or 70%. But then we have the budgets for the distributive school fund which are large amounts of money so I could not give you a figure overall.

Senator Gibson: Is the administration in agreement with the Employees Association on the salary package?

Mr. Barrett: No, we are not. I have not heard their position at this point, but we met with them in December and November and we could not reach an agreement at that time.

Senator Gibson: How wide is the difference in the disagreement?

Mr. Barrett: They are asking for an additional 1% in retroactive cost of living increase because this is the amount that the cost of living raise in January 1976 was short in meeting the actual increase in the C.P.I. They want that to go back and then they want the amount in the second year to go up an additional amount beyond 4 1/2%. They want a special salary adjustment fund to be set aside that we do not have in our budget.

Senator Lamb: Mr. Barrett, starting tomorrow morning at 8:30 a.m., if it is agreeable with you and the committee, will you go over the budgets for Budget, the Governor's Office and the Governor's Mansion.

The meeting adjourned at 10:30 a.m.

RESPECTFULLY SUBMITTED


MURIEL P. MOONEY, SECRETARY

APPROVED:


FLOYD R. LAMB, CHAIRMAN