

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING  
MARCH 31, 1977

The meeting was called to order at 8:00 A.M.

Senator Floyd R. Lamb was in the chair.

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 Analysis  
Howard Barrett, Budget Director  
Cy Ryan, UPI  
Art Palmer, Director, Legislative Counsel Bureau  
Dr. Neal Vancilo, Dean of University of Arizona  
College of Medicine

LEGISLATIVE COUNSEL BUREAU COMBINED BUDGET: Mr. Palmer spoke on this budget. Each member of the Committee had a tabbed memo on the budget, with each section listed. He explained that the budget did not include any salary adjustments that may be made or authorized by the Commission in view of changes that may take place in the classified and unclassified employees in the Counsel Bureau. He covered the increases in the budget, part of which were the result of the full occupancy of the building for the first time. He detailed the budget and answered questions by the Committee.

Senator Young raised the question as to whether more attorneys were needed in order to get bills out more promptly. Reasons for the delays were discussed and suggestions to remedy the situation were made. It was agreed that it was too late in the session to make changes in this session, but the problem would be reviewed. There were no more questions and Senator Lamb thanked him for appearing.

Senator Lamb advised the Committee that Dr. Vancilo, Dean of the University of Arizona College of Medicine was going to appear to outline to the Committee some of the costs and problems of a medical school. Senator Lamb introduced Dr. Neil Vancilo and said that the Committee's big concern was how good the school was going to be and what it was going to cost.

Dr. Vancilo said he would make a brief presentation and then answer any questions the Committee might have. He stated that he was an internist and allergist and had been in medical schools in one capacity or another since 1954. Most of his time had been spent at the University of Michigan where he was Chairman of a Department which was involved in a number of aspects of medical education, some of which he felt were pertinent to the things to be discussed at the meeting, particularly with regard to relations between the medical school and the various community hospitals that are used for teaching programs. He had held the position of Dean at the Arizona College of Medicine for about three years. He listed some of the information which he had already about the medical school at UNR. As a neighboring state, he had followed the progress made in Nevada with great interest. Arizona had accepted 13 students from the Nevada school who had transferred, which had given him some direct experience with Nevada medical students. He said he had read the proposal for the development

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of a degree granting school in Nevada, but he had not visited the school in Nevada. He said he would speak from a number of assumptions which he had, and if he were incorrect the Committee could discuss this with him later.

1. There apparently is a need in Nevada for physicians and the need is greater in rural areas than in urban areas, especially in the area of general practitioners and pediatricians. The national trend would indicate that two-year medical schools are a thing of the past. Generally the conversion to a four-year school has happened except in this state.
2. It is going to be increasingly difficult to find transfer positions for students from 2-year schools. The average around the country is about 3 applicants for every position available and many of these applicants are highly qualified. In every state, including Arizona, there is tremendous pressure to accept just state residents.
3. There is a very low attrition rate among students. He said in Arizona if they accepted 88 in a class they have only about 2% drop out for personal reasons.
4. Also, recent federal legislation which requires medical schools in the United States, as a condition of receiving capitation payments from the federal government to reserve places for American citizens who have started in foreign medical schools.
5. Medical schools can offer a full four year curriculum leading to the M.D. degree without having to have a university hospital.
6. Residency programs are essential components of a medical school program. For accreditation purposes you really need to have a residency program because they greatly improve the quality of instruction.
7. There is definitely a relationship between where you receive your medical school training and your residency training and where you end up practicing. He said, keeping the assumptions which he had just listed in mind, he wanted to say that he felt the proposal for a four-year school in Nevada was a good one because:
  1. The timing is right: Mainly because of the increasing difficulties in finding transfer slots.
  2. The federal conversion dollars are available now, and that is approximately \$2.4 million for Nevada now, which would not be available in the future. He thought it very unlikely that a two-year school could be continued in the future.

3. There is a quality program in Nevada in the basic sciences, so the new school is building on a solid base. He said he would be very uneasy about going to four years if there was evidence that the two year program was not a quality program. He based his opinion on quality applicants in sufficient numbers and that assumption is based upon the grade point average in pre-medical school, and the medical college admission tests scores which are competitive with those anywhere in the country.
4. It is clear that once the students are admitted they are provided with a good quality education in the first two years, based upon the scores of Part I of the National Board Exam which is a standardized exam for medical students all over the country and the Nevada students have done very well. And after they transfer to other schools they continue to do very well and this was based on direct experience with 13 of the students that were accepted in Arizona in 1975. They have been outstanding in their performance.
5. There are plenty of hospital beds available between Reno and Las Vegas and, if anything, that is too many. The problem may be not that there are not enough hospital beds, the problem may be in limiting the hospitals used in the two cities so that the students are not spread out too thinly. The right types of facilities are available. Dr. Vancilo said he believed that every medical student early in his training should be exposed to a referral type hospital, one that takes fairly complicated cases; a good community hospital; a city/county hospital where there is exposure to patients who have had no previous medical care for the problems they are suffering from. Also out-patient facilities where primary care is practiced, particularly if the state needs doctors to go into primary care. He felt the state was fortunate to have a Veteran's Administration Hospital that can be used as a major teaching base, because there the federal government picks up some of the costs through the salaries it pays to physicians who are based there.
6. The plan to develop residency programs in family practice, internal medicine and pediatrics, all primary care disciplines, along with the last two years in medical schools is crucial. He said he didn't believe he could support the proposal if the residency program did not go along with it. The presence of residency programs will greatly increase the retention rate of Nevada students.

7. He agreed with the time table of development and thought it was realistic. The cost per medical student is reasonable and is below the cost in other medical schools. The reason is that the type of school being proposed will provide a quality educational program to students, but does not put great emphasis on research. The cost per residency is also reasonable. He would suggest that these programs are not being started fast enough and perhaps the time table should be speeded up a little.

Dr. Vancilo said he wanted to list a couple of cautions:

1. Care should be taken not to spread the students too thinly amongst the various hospitals.
2. More rapid activation of the residency programs.
3. Salary limitations in this state, if continued, are very unrealistic. He said that Arizona salaries were not high, they are much higher in the East and in the mid-West. In Arizona in certain disciplines, such as a residency in surgery or radiology, they start above the \$38,000 which is the limit in Nevada. The lower paying disciplines in academic medicine, an associate professor, someone who is tenured and a relatively senior faculty member, makes about \$40,000 or \$41,000. He felt if there were not some way to relieve the problem, it would be most difficult to recruit and retain faculty.

Summarizing he said, within the limitations of the type of review he could do in the time allotted, he felt the program proposed was at the right time, built on a solid educational base, the last two years as put together are sound educationally; the costs are reasonable and from what he knew of the needs of Nevada, the school would meet these needs.

Senator Lamb asked what they could expect in the way of yearly increasing costs of a medical school, say, in four or five years.

Dr. Vancilo said he did not know that he could project costs anymore in medicine than in other fields. There would be a cost of living increase, but the costs should not accelerate if you keep the same type of school. He answered questions relative to getting doctors in the rural areas; the costs of the medical school in Arizona and other related programs.

In answer to a question relative to graduate programs, he said that he would never say not to have any graduate programs in the basic sciences or not to have any research, but with the particular model

which is planned here, steps can be taken by the University not to build a Harvard type model which would not be appropriate to the state. He felt that some graduate courses in the basic sciences would be important to accreditation and to the quality of teaching.

Senator Lamb asked him to look at the projected budget for the new medical school and tell him if, in his opinion, the project could be carried out for the amount of money listed.

Dr. Vancilo said the budget looked realistic to him. He answered other questions from the Committee and when there were no further questions, Senator Lamb thanked him for appearing.

A.C.R. 18: Memorializes board of regents of University of Nevada to extend medical school to 4-year school.

Senator Lamb asked the Committee if they would like to ask any questions of the doctors from the UNR medical school, who were present, to stay to discuss this resolution.

Dr. Milam referred to Senator Wilson's comments on maintaining a check on the growth and costs of the medical school and said that the University does follow a type of process where, when new monies are involved, the state budget office and the Legislature do have an opportunity to express themselves before any changes are made. This would provide something of a check that the Senator had expressed concern about.

Senator Hilbrecht said he was concerned about research programs and he would like to get some kind of handle on this so that they could keep tabs on the program. He did not feel that presently there was this safeguard.

Senator Wilson said his concern was that the Committee know when they were crossing these thresholds. He felt if this could be definitive it would be a reassurance to the Committee.

Dr. Smith said he understood what the Committee was talking about. They would like the UNR Medical School to submit some kind of proposal that would allow the Committee to look at the research programs that are being developed.

Senator Wilson said what he wanted to know was how much state general fund money, in the future, was going to be committed to developing a research program. He said he was not concerned about the outside money that was obtained for research, he was only concerned with the general fund money that would be required to maintain the research program. This problem was discussed and Dr. Milam outlined the federal monies and grants that UNR receives. These grants vary in amounts and in required matching funds.

Senator Gibson asked Dr. Smith to furnish the Committee with copies of the agreements that have been made on the residency programs. He said this was one area that he felt uneasy about because of the experience of other states who have found that they had to go to a university hospital. He said he would like to know the nature of the agreements and what kind of a commitment had been received from Washoe Medical or the Veterans's Hospital.

Dr. Smith said there were copies of these agreements in the Appendices of the book the Committee had on the proposal for the four-year hospital. Dr. Smith said the hospitals want the residents and are willing to contribute to the costs. In this program the hospitals and the medical school need each other. In the residency program, 1/3 of the cost comes from the state budget, the other 2/3 from hospitals and patient-generated fees because the residents will be caring for patients 1/3 of their time. The state is responsible for the cost of education to the resident which takes up about 1/3 of his time. The hospital and the patients who are receiving the care, are responsible for the other 2/3 of the cost.

Senator Gibson said he had another problem with the four-year medical school, in that they were subsidizing doctors, but the state had other professions from whom they required repayment on certain amounts of subsidies. He asked how they justified the inequities.

Dr. Milam said he supposed there were many approaches. He said the only areas in which repayments were required, that he could think of, was under the new guide lines for the WICHE program.

The theory is that the student during his lifetime, through his earning capacity, his contribution to the direct economy of the state, will pay back the costs of the benefits derived from the state, hopefully many times over. He referred to the studies made on the earning capacities of the college trained citizen as opposed to the non-college person. There was a general exchange of thoughts on the whole program.

Senator Gibson asked the Committee to consider BDR 1-1375. Senator Gibson said this was an administration bill which followed the outlines of a study. He read from the bill listing the salaries for public officials.

Senator Gibson had a study that had been made by Andy Grose listing the percentage of increase that had been received by public officials. He gave all the percentages and the increase received by legislators percentage-wise was substantially lower than the others.

Senator Echols said he did not disagree with the legislative salary as listed. But he felt they were going to get just as much heat for increasing it a little as a lot. He felt that the Legislators were entitled to pay for their services. He said he felt if they were increasing it they should go to \$100 a day or just leave it where it is at \$60. The rate of increase was generally discussed and it was pointed out that the ten senators who were just elected would receive no increase. Senator Glaser said with that understanding he could vote for the increase.

Senator Gibson moved that the bill be introduced; Senator Young seconded and the motion carried with Senator Echols dissenting.

Senator Gibson said there was another man he would recommend that the Committee hear from on A.C.R. 18.

Senator Hilbrecht said if they got someone else the university personnel would talk to him and prime him on the questions.

Senator Lamb and Senator Wilson express their confidence in the statements made by Dr. Vancilo earlier and said they were glad he had come.

Senator Gibson said he wanted the record to reflect that the Committee had examined the potential developments so that it would be clear that they went into it with their eyes open. It was agreed that another medical school dean would be asked to speak to the Committee and that Drs. Smith, Scully, Milam and Humphrey be asked to come from the University so if there were any misunderstandings at that time they could be cleared up and action could then be taken on the resolution.

DISTRIBUTIVE SCHOOL FUND BUDGET: Senator Lamb said he did not want the trigger in the budget. However, he would go along with the Committee if that was their decision. He said he objected to the theory as he did not feel it was good budget control.

Senator Gibson said he believed there was rationale for the trigger because of the fact that it is tied to the locally generated taxes and allows them to be utilized if they develop over and above the projection.

The Basic Support figures were discussed; this amounts to approximately \$2.4 million for the biennium. This would set a basic support figure of \$1,035 for the first year and \$1,131 in the second year.

Senator Glaser moved that these figures be approved; Senator Echols seconded and the motion passed.

Senator Gibson explained that the trigger would come into effect if the locally generated taxes, which are the property tax and the local school support tax, increased at least 13.5%.

Mr. Sparks said what this means is: that the projection for the local school support tax for each of the next two years, as determined by the budget office and the fiscal analysis office, is 12%. Once the 12% need is met, from the budget, it has to go another 1.5% beyond that before any additional money would be triggered.

Senator Gibson asked him to explain the period of comparison.

Mr. Sparks said the measurement dates are from April 1, 1977 through December 31, 1977 and that is a three-quarter period. That would be measured against the same time frame in 1976. The reason they were able to measure only three-quarters is because the data that is needed to make the trigger must be in the hands of the budget planners and the superintendents by December of the year prior to which they go into effect because of contract negotiations, etc. These are actual cash distributions as recorded and distributed to the school fund. The

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State Board of Examiners must approve it first and make a recommendation on it and then it is brought to the Interim Finance Committee.

Senator Gibson said that the only suggestion that he had, in order to avoid a difference of opinion or misunderstanding that occurred last time, is that it be clearly spelled out in the law that the trigger and the funds that result from the trigger are, in fact, tied entirely to the money generated from local support taxes.

Mr. Sparks said he had talked with the bill drafter and it was his understanding that when the bill is drafted it will contain a specific legislative intent section for that purpose. He said this trigger was no different from the trigger used in the school fund for the last several sessions and the only thing that changes are the numbers or percentages at the level at which it will trigger.

Senator Hilbrecht moved that the trigger be adopted; Senator Gibson seconded and the motion carried unanimously.

Senator Gibson moved that the budget be approved as outlined; Senator Hilbrecht seconded and the motion carried.


The meeting adjourned at 10:30 A.M.

RESPECTFULLY SUBMITTED:



MURIEL P. MOONEY, SECRETARY

APPROVED:

  
FLOYD R. LAMB, CHAIRMAN



Name	Organization	Address	Phone
Kim A. Eagle	UNR - School of Medicine		
SHIRLEY HOLBROOK	" " " "		
TRACT L. VENCH	UNR - School & Medicine		
Marilee Chait	" "		
L. K. SCHNEIDER	" "		
Karen Schneider	" "		
Celia Sully	" "		
Gay Winters	interested citizen		
Bill [unclear]	✓		
Joyce Wilson			
MILTON E. BACON	Advisor: SCHOOL OF MED SCIENCES.		
N. C. / JON B. NIFF	UNR - Med.		
Evelyn Heisebeck	interested citizen		
WESLEY W. HALL, Sr. M.D.	UNR - School of MEDICAL SCIENCES		
H. Edward Hancock	adviser - sub. of Med. Sciences		
Robert D. Dunn M.D.	" " " "		
Edna Brigham	School of Med Sciences		
Kathy Lewis	School of Med. Science		
Kathy Pickering	WMC	Reno	
Donald Pickering	"	"	
Peggy Rosch	interested citizen	Las Vegas	
2nd M. Anderson M.D.	U.F.N. Regent	Reno	
Neil D. Humphrey	UNR	Reno	
Owen [unclear]	UNR Med	Reno	
Max Miller	UNR Reno	Reno	
George T. Smith	UNR Reno	Reno	
[unclear]	UNR Medical School	Reno	
Dr. [unclear]	UNR	Reno	
Paul [unclear] MD	UNR	Reno	TEST
Beverly Rowley	UNR Medical School	Reno	