

MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 60th SESSION

April 3, 1979

Verbatim Testimony

Chairman Mello called the meeting to order at 7:35 a.m.

PRESENT: Chairman Mello, Vice-Chairman Bremner, Mr. Barengo, Mrs. Cavnar, Mr. Glover, Mr. Hickey, Mr. Mann, Mr. Rhoads, Mr. Vergiels, Mrs. Wagner, and Mr. Webb.

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Deputy Budget Director, John Reiser, NIC; Bob Haley, NIC; J. R. Clark, NIC; Leroy Bergstrom, CPA, Kafoury, Armstrong, Turner & Co.; Milt Manoukian, Attorney; Blackie Evans, AFL-CIO; Patty Becker, State Industrial Attorney; James S. Lorigan, Commissioner, NIC; Frank King, Attorney, NIC; Scott Baker, Attorney, NIC; Ward Sutcliffe, Attorney, NIC; Frank Daykin, Legislative Counsel; Art Palmer, Director, Legislative Council Bureau; Don Bailey, State Printer; Paul Vierling, Computer Salesman.

Chairman Mello brought the meeting to order; declared there was a quorum present after the secretary called roll.

Chairman Mello stated that the purpose of this meeting called for 7:30 is to hear statements from Mr. Reiser and members of the NIC. First of all, I'll start with some brief comments from Milt Manoukian.

Mr. Manoukian:

Mr. Chairman and members of the Committee perhaps uncharacteristically for attorneys I'll be mercifully brief this early in your deliberations this morning. I'll briefly thank the Chairman for permitting me the opportunity to speak to you preliminarily by way of an explanation. Yesterday, I had attempted to reach two members of the Committee in order to explain my involvement in this matter and feel an explanation to Mr. Chairman and the Committee is in order. On Friday of last week, Mr. Reiser had contacted me at my office and asked if I would be amenable to representing him individually in these proceedings arising out of the two or three prior appearances of Mr. Reiser before this Committee. I agreed to do so and conferred with him at length on Saturday and Sunday over the weekend. In addition, I talked to Lee Bergstrom, a Certified Public Accountant, who has for many years both personally and through his firm been intimately acquainted with the financial affairs and administrative management of the Nevada Industrial Commission. Succinctly stated it seems to me and I would not presume to tell you that I have become intimately acquainted with the management of your affairs and those of the Nevada Industrial Commission in the last two or three appearances of Mr. Reiser and Mr. Haley and others. It seems to me nevertheless that an atmosphere of cooperation has been created whether voluntarily or not between this Committee and the Nevada Industrial Commission. As is, well-stated in the March 29, 1979 letter from Mr. Bergstrom to Mr. Bible, and I believe that was a result of some liaison affected between those two gentlemen at the urging and insistence of this Committee. Succinctly stated I would commend to you if I may that if you're satisfied after your questioning of Mr. Reiser and Mr. Haley this morning I do not intend to involve myself with that area of your investigation this morning. I think that much might be gained and too little has been

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said for the involvement and effect of the people particularly Mr. Bible and perhaps Mr. Crossley from your side of the fence, and Mr. Bergstrom in so far as the Commission is concerned. I would depart by telling you that I think a lot can be gained by acting in accordance with the correspondence of Mr. Bergstrom and Mr. Bible after you talk to Mr. Reiser and Mr. Haley would agree by instructing and authorizing Mr. Bible and Mr. Crossley or anybody else that you want to conduct their own liaison and investigation of the Nevada Industrial Commission to make an independent judgment as to whether or not the Commission . . .

Chairman Mello:

Well, Counsel, I'd like to stop you. You're counseling Mr. Reiser not this Committee.

Mr. Manoukian:

I merely offer that as a suggestion . . .

Chairman Mello:

Well, we're way ahead of you.

Mr. Manoukian:

Oh, well very well then. I will stand here and assure you that I do not intend to involve myself with your investigative process this morning and I appreciate the opportunity to make that explanation of my presence to you.

Mr. Barengo:

Mr. Chairman, I'm really glad to hear that Mr. Manoukian does not intend to involve himself in that process anyway. While I hold Mr. Manoukian in the utmost for his legal skills, I do not feel that he is involved in the process anyway. The status of an attorney is not to become involved in this process until after such time as there is maybe, and I say maybe, where there would be a situation where contempt proceedings would be issued. At that point, he is entitled to assistance of counsel and not before.

Mr. Manoukian:

I understand if that way too, Mr. Barengo, I just wanted to explain that I had attempted to reach a couple of members of the Committee yesterday and I wanted to be sure that I understood the ground rules that way as well. Thank you, Mr. Chairman.

Chairman Mello:

All right, now everyone who wishes to testify in behalf or against NIC will you please stand. We're going to swear you in. Everyone that wishes to testify--now if you're going to say one word in here I want you to stand now.

Mr. Barengo:

Mr. Chairman, I would make the suggestion that the entire room be sworn. There are several people in here that I want to know why they are here today.

Chairman Mello:

All right, then, will everyone stand. Everyone other than the Committee. I hope that the Committee would realize they're not part of the people who wish to testify.

Mr. Barengo:

Mr. Chairman, may I clarify that--I dcn't mean members of just the general public who want to observe--the NIC staff . . .

Chairman Mello:

I know what you're concerned with and I think that those people who are here know that at least I would hope so.

Mr. Bible:

Would all individuals who intend to provide testimony please stand and raise your right hand. Do you solemnly affirm that the evidence

you shall give in matters pending before the Assembly Ways and Means Committee shall be the truth, the whole truth and nothing but the truth.

NIC Staff (in unison):
I do.

Chairman Mello:
All right, Bill will you read from the transcript from the last meeting we had. The date of that meeting--the 24th.

Mr. Bible:
the 29th

Chairman Mello:
29th--O.K. the 29th

Mr. Bible:
The meeting minutes of March 29th are in the meeting minute books-- on page 13 of the minutes there is a rather lengthy discussion which the Chairman has requested that I read to the Committee. It begins at the bottom of the page--page 13. The question initiated with Mrs. Wagner.

"Mrs. Wagner:
I'd also like to ask another question if I may. Do you notify all the people involved in--have you notified them by last week that they were suppose to submit the information from their own separate agency division-- whatever you want to call it--on terms of preparing this line-item budget.

Mr. Reiser:
The answer to that question is yes. I asked that Bob and J.R. Clark help them gather this information, and help them as they were . . .

Mrs. Wagner:
When were they notified?

Mr. Haley:
I believe it was Monday.

Mrs. Wagner:
What Monday?

Mr. Haley:
A week ago Monday.

Mrs. Wagner:
What was the date of that--what would be the number . .

Mr. Haley:
I don't have a calendar with me.

Chairman Mello:
You notified them two days after you appeared before this Committee?

Mr. Haley:
That's right.

Chairman Mello:
You're certain of that--you notified everyone that would be working on these documents.

Mrs. Wagner:
Mr. Bible, would you read the list again this morning that you read of the people that would be notified.

Mr. Bible:

Well, it's not really a list. In my discussions with Mr. Bergstrom he indicated that you would prepare four budgets: one for the administrative section of NIC; one for the Las Vegas Rehabilitation Center; one for the State Industrial attorney; and one for the appeals officer division.

Chairman Mello:

Just a moment. I don't want--were you here when we first started.

Mr. Haley:

No.

Chairman Mello:

Well, then I want you to stand. We're going to swear you in.

Mrs. Wagner:

I'd like to ask Mr. Reiser to answer the question.

Chairman Mello:

Then we'll ask some of the same questions again then that we've already asked.

Mr. Bible:

Do you solemnly affirm that the evidence you shall give on matters pending before the Assembly Ways and Means Committee shall be the truth, the whole truth, and nothing but the truth.

Mr. Haley:

Yes.

Chairman Mello:

Now, you've notified all these people have you.

Mr. Haley:

Yes.

Chairman Mello:

You notified them two days after we met.

Mr. Haley:

Yes.

Chairman Mello:

That was--that will be the 17th.

Mr. Haley:

Yes.

Mrs. Wagner:

Thank you, I just want it for the record."

Chairman Mello:

All right, will Mrs. Patty Becker please step forward. You heard Mr. Bible read from the transcripts--will you tell us when you were informed to prepare a budget.

Mrs. Becker:

Yes sir. My office was notified at 9:35 last Friday morning.

Chairman Mello:

Last Friday morning?

Mrs. Becker:

Yes sir.

Chairman Mello:

Let's see last Friday morning would have been the--that would be the 30th.

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Mrs. Becker:

Yes sir, and that was by Kathy Wooster of the Nevada Industrial Commission.

Chairman Mello:

O.K. Are there any questions of Mrs. Becker?

Mr. Hickey:

Mr. Chairman, my question had you been notified--were you informed before that time. Before the 30th--that there was a need of a budget.

Mrs. Becker:

Within the last month, do you mean? No, sir.

Mr. Hickey:

You had no inkling that this Committee was interested in the NIC budget.

Mrs. Becker:

Oh yes sir, I mean I read the papers if that is what you mean. I was not notified by Mr. Reiser, Mr. Haley or anyone from the Nevada Industrial Commission that I should submit a budget to their office.

Mr. Mann:

Are you aware of any of any attempt to notify your office. Has anyone said there was an attempt to notify your office.

Mrs. Becker:

No sir, I have a tape machine when either my secretary or I are out of the office--so there could have been a message left on the tape machine if they wanted to. I also have a phone log of every phone call that comes into the office.

Mr. Mann:

To the best of your knowledge, no attempt was made until last Friday to notify you to prepare a budget.

Mrs. Becker:

Yes sir, that's correct.

Chairman Mello:

I identified you, but for the record will you identify yourself and what association you have with the NIC.

Mrs. Becker:

Yes, I am the State Industrial attorney and I'm appointed by the Governor. My opinion, is that I have no association.

Chairman Mello:

O.K. all right.

Mrs. Wagner:

Patty, were you notified by memo or by phone.

Mrs. Becker:

I received a phone call from Kathy Wooster at 9:35 on last Friday morning.

Chairman Mello:

Mr. Haley.

Mr. Haley:

Yes sir.

Chairman Mello:

Is this one of the individuals that you said was notified by the 17th to prepare a budget for this Committee?

Mr. Haley:

The 17th was your date, Mr. Chairman.

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Chairman Mello:
You agreed to it, did you not?

Mr. Haley:
I said I notified the department heads of NIC. Patty Becker has long ago declared her independence from NIC. My instructions to J. R. was we would put in a line-item for her directly out of our expenditures from our accounting records. Those are my instructions. They contacted her well after that point.

Mrs. Wagner:
I think there was a reason that I asked a series of questions that have just been read. The series of questions included a listing of those people to whom you had asked to prepare a budget. The answer to that question was "yes, all of those people had been notified on the following Monday" which we determined on the record was the 17th, I believe . . .the . . . That was the question put to you, sir.

Mr. Haley:
I misunderstood the question then, Mrs. Wagner.

Mrs. Wagner:
It was said twice. It was gone over very clearly.

Chairman Mello:
How could you misunderstand that question when it was asked of you by Mrs. Wagner and by myself.

Mr. Haley:
I did.

Chairman Mello:
You do not feel you perjured yourself with this Committee?

Mr. Haley:
No--no way--as a matter of fact . . .

Chairman Mello:
Then how do we know if anything you say is true because you may misunderstand the questions we ask.

Mr. Haley:
It's quite possible, Mr. Chairman.

Mr. Hickey:
Mr. Chairman my question is did you misunderstand that this material was suppose to be here by March 17th.

Mr. Haley:
No. Not by March 17th--it was March 14th, I believe. March the 14th was a hearing. March 17th doesn't even enter the picture because March 17th was a Saturday. I called the Department heads together on Tuesday --I misspoke myself on Monday also. Coming back we checked it. I lost the Monday because there was a SRI meeting that day and a Labor Management meeting. Coming back we found that I had written my instructions on that day--on Tuesday. I want to correct that date. That was the 20th of March.

Chairman Mello:
You said you misunderstood the question, is that correct?

Mr. Haley:
I didn't know that you were looking to set me up with Patty Becker.

Chairman Mello:
We weren't trying to set you up with anybody. We asked you a question; we asked you who was notified to prepare the line-item budgets that

we requested of you. Is that correct? Is that what we asked you?

Mr. Haley:
I don't know what you asked me.

Chairman Mello:
It was just read.

Mr. Haley:
Well would you read it again.

Mr. Barengo:
Mr. Chairman, is it absolutely necessary that the lights are so bright in here that he has to wear dark glasses?

Chairman Mello:
I don't know. I don't know what's wrong with his eyes. I want to ask you further then, if you misunderstood the question--if you misunderstood the question--let's see that you don't misunderstand this one. Why did you notify Mrs. Becker on the 30th?

Mr. Haley:
I did not notify her.

Chairman Mello:
Who did then?

Mr. Haley:
One of the employees in the Fiscal office.

Chairman Mello:
No one instructed that employee to notify her? If you misunderstood the question why was she notified?

Mr. Haley:
I don't know if someone instructed that employee to notify her. I didn't. As a matter of fact I was surprise when I heard that she had been notified because I knew the response we would get. She refused--she advised us that she was independent of NIC and she was going to submit her budget through the budget director. And she sent us a letter very much to that effect.

Chairman Mello:
What letter are you referring to that she sent to you?

Mr. Haley:
We have it here, I believe.

Mrs. Becker:
Sir, it was not a letter. It was an Attorney General's opinion that they sent someone over to my office to pick up Friday afternoon.

Chairman Mello:
Friday afternoon.

Mrs. Becker:
Yes, sir.

Chairman Mello:
That's right. You did not know about that letter. Mrs. Becker and I had the letter dated the 23rd. We are the only two that had that letter. You received the letter much later than that date.

Mr. Haley:
There has been no . . .

Chairman Mello:
So don't use this as a "cop-out" here now.

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Mr. Haley:

I'm not "copping-out." There's been no argument that Mrs. Becker is totally independent of NIC. We have not attempted to exercise any controls over her and there was no reason to begin at this point because we knew what the response would be and we agree with that response. She is independent of us.

Mr. Barengo:

Mr. Chairman, my understanding is that there has been an on-going battle about whether or not she is independent. As a matter of fact a letter was issued--her opinion was given some time ago that she was and they refused or denied that that was the state of the law.

Chairman Mello:

Do you have anything to say to that?

Mr. Haley:

I say I'm unaware of that statement. .

Chairman Mello:

You're unaware of a lot of things. Mr. Reiser would you step forward please.

Mr. Mann:

I'm just wondering Mr. Haley before we go on to Mr. Reiser. Are you now aware and do you understand how serious we plan on pursuing this entire argument, and where you may end up if you don't stop playing games with us.

Mr. Haley:

Don't try to intimidate me.

Mr. Mann:

I'm going to intimidate you. We want the truth out of you for a change. See you sitting there smirking through the entire hearing.

Mr. Haley:

Listen, you can't intimidate an Irishman; the British found that out a long time ago.

Mr. Mann:

You may be an Irishman with a ball and chain around his ankles.

Mr. Reiser:

Mr. Chairman, I think that we came over here in a spirit of cooperation . .

Chairman Mello:

Mr. Reiser, I'll call on you when I want to hear from you.

Mr. Reiser:

Fine.

Chairman Mello:

Are there any other questions?

Mrs. Wagner:

Yes, I'd like to make some comment about Mr. Haley being "set-up." The question was extremely clear, sir. The names of the people were read; now, if at that time you felt Mrs. Becker was indeed independent you should have said that then. You should have said you did not expect her to submit a line-item budget. It was never stated. The names were clearly mentioned and you responded affirmatively.

Chairman Mello:

You have no comments to . . .

Mr. Haley:

Perhaps, I should have responded that way, I didn't.

Chairman Mello:
Are you going to start telling the truth in here from now on.

Mr. Haley:
I've been telling the truth, Mr. Chairman.

Chairman Mello:
I don't think so.

Mr. Haley:
You're entitled . . .

Chairman Mello:
You're like Mr. Reiser you have a very convenient memory.

Mr. Hickey:
Mr. Chairman, what concerns me and I think the point is well taken that is there is a question of honesty here, but also, we had this meeting on March 29th with Mr. Reiser and then all of a sudden there is concern about getting a line-item budget on the 30th. Now, we have asked for this kind of information long before this time and I'm real concerned about the quality of the management within this organization or whether there is a delay or really a contempt of this organization because of what has been going on at least on the dates. I got my calendar out by the way to check on those dates, and you are talking to an Irishman and we are ready for battle.

Chairman Mello:
Mr. Haley, if you do believe this is serious then I would recommend that you not sit there with a smile on your face through these proceedings because you irritate the Committee. Mr. Reiser, do you have anything to say. We called--this was the day you were to be here to build a case for not having the information that we asked for on the 14th of last month, is that correct?

Mr. Reiser:
Mr. Chairman, I did come prepared to do exactly that. To explain to you what we have done and you asked that Lee Bergstrom and people that are working with us, Bill Bible, too, to get this task accomplished we believe, I think, that really is the best and most cooperative approach to take to ask a CPA, Lee Bergstrom to explain what has been done . . .

Chairman Mello:
Why don't you first explain before we get to Mr. Bergstrom of why you retained an attorney.

Mr. Reiser:
I retained an attorney when the newspaper articles came out indicating that there was consideration of contempt or charges. I consider my personal freedom and my integrity extremely important and I believe it was my best advantage to retain him.

Chairman Mello:
This was the opportunity you were to have to build your case.

Mr. Reiser:
I understand that.

Chairman Mello:
. . and obviously you feel that you have something to hide or you wouldn't have retained an attorney.

Mr. Reiser:
Not at all--not at all. And as I say I hope we can as Judge Mowbray indicated--get together today . . .

Chairman Mello:
Judge Mowbray.

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Mr. Reiser:

Yes, I think Judge Mowbray made the statement earlier that we are working together and I believe a cooperative attitude and logical approach that we hope to achieve today will reach the objective and time-frame that meets your objectives. I've asked Mr. Bergstrom to explain what we've done; what our problems have been, and I believe he has explained that briefly to you and Mr. Bible, and I hope the rest of the Committee would give us a chance for Mr. Bergstrom to explain it to the full Committee.

Chairman Mello:

Is he going to explain to this Committee how the NIC differs from any other governmental agency?

Mr. Reiser:

Yes, he is.

Chairman Mello:

He better build a good case on that one.

Mr. Reiser:

That's exactly what we've asked Mr. Bergstrom to do.

Mrs. Becker:

Mr. Chairman, may I be excused?

Chairman Mello:

Yes, you may be excused.

Mrs. Becker:

May I make a statement that I was here because the Committee asked me to be here and I was not

Chairman Mello:

That's right. We realize that. I have a feeling that there's some people at NIC that are being to feel like we're "setting" them up. And obviously they must have reasons to think that, I don't know.

Mr. Mann:

Before we get started on the testimony, I was just wondering--this new mood of cooperation that you're exhibiting this morning would that carry over to your staff.

Mr. Reiser:

This is not a new . . .

Mr. Mann:

This cooperation will that carry over to your staff.

Mr. Reiser:

Yes.

Mr. Mann:

Well, I for one on this Committee do not feel that Mr. Haley has been anything but hostile towards this Committee. Since you're his employer and number one boss, could we assume then that you will instruct him to knock-off hostility and start cooperating for a change.

Mr. Reiser:

Yes, Mr. Haley is one of the most competent employees in the State . . .

Mr. Mann:

Will you instruct him to start cooperating?

Mr. Reiser:

He has been cooperating and I will instruct him to continue to cooperate.

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Chairman Mello:

Do you feel that after what we have heard today from the transcripts and the explanations coming from Mr. Haley to the questions asked that he is cooperating with this Committee or is he cooperating with your orders?

Mr. Reiser:

I believe he is cooperating with getting the job done. He has tried to answer questions. I try to suggest to the Committee that I come back with the answers rather than try to answer them from the top of my head. You called me in from home prior to 8:00 in the morning on the last Thursday, the 29th. I called Bob and asked him if he would come over and be and help answer.

Chairman Mello:

Did you believe . .

Mr. Reiser:

We are prepared today . .

Chairman Mello:

Did you believe--I'm the who set the date and I'm the one who called you back. It was not your suggestion. So let's get that straight right now. The 14th of last month we asked for this information is that true?

Mr. Reiser:

That's right . .

Chairman Mello:

Did you believe we were serious at that time?

Mr. Reiser:

We did.

Chairman Mello:

Did you believe that you should obey the wishes of this Committee?

Mr. Reiser:

We certainly did.

Chairman Mello:

Then why did it take you so long to notify people and why is your memory so convenient not to remember the dates after this Committee asked?

Mr. Reiser:

. . it is a detailed process involved in order to try to meet this objective in the shortest possible time. We'd like to be given a chance . .

Chairman Mello:

Your're going to be given the chance.

Mr. Reiser:

Thank you.

Chairman Mello:

Let's move along then. Mr. Bergstrom. Mr. Bergstrom did you take the oath?

Mr. Bergstrom:

Yes, Mr. Chairman, I did.

Chairman Mello:

You may proceed. I can hear you while I'm standing.

Mr. Bergstrom:

I would like to address first the question of the time that is being required for the Commission to prepare a budget in response to this Committee's questions. I'm sure you all appreciate that you are at

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the end of the nine month process and for some agencies it's even longer than that. State agencies of a similar size typically begin the budget process in late spring for September's submission to the budget director and the mechanics of the process that they go through are substantially State agencies employ the State's financial management and information system--the recording system, commonly known as FMIRS, is designed to report on budgetary operations. It is designed to assist in the budget-making process. The Industrial Commission uses the State's computer system but it uses its own accounting and recording system which is designed to report on insurance operations, and facilitate the administration of b. . . . benefits payments, and other insurance operations. In short, it is the system you would expect to find in an insurance company. Now, this system is not designed as it is presently structured to measure expenses in categories common to State government. I believe an easy example to come up with that in that regard is in-state; out-of-state travel. It is not designed to use in tracking a line-item budget or particularly to assist in the budget-making process common to an insurance company. Therefore, the assembly of the requested biennial budget, well certainly possible, is essentially a hand-process with the Commission. And to a degree is naturally hampered by the timing because the Commission is also involved as you know in the rate-making process and in that responding to fiscal note requests from this Legislature.

Chairman Mello:

Are you going to be prepared to back up some of your statements here or do you want to do it while you are going through your statements?

Mr. Bergstrom:

Whichever you prefer, sir.

Chairman Mello:

All right. How many fiscal notes have they prepared to date and how many are outstanding?

Mr. Bergstrom:

Sir, I do not have those numbers with me they are available. . .

Chairman Mello:

Well, why you don't have them with you? Doesn't anybody from NIC bring anything with them when they appear before this Committee?

Mr. Reiser:

I believe, as I indicated last time, we do have copies of the fiscal notes that have been prepared and submitted to

Chairman Mello:

But you did not give them to Leroy Bergstrom who is trying to build a case for you?

Mr. Reiser:

Mr. Bergstrom brought them over when he discussed this situation with Mr. Bible, and I believe Mr. Bible will confirm that. He brought them back with him after the meeting with Mr. Bible.

Chairman Mello:

Well, this is certainly not the appropriate place to have them when you're talking about them is it?

Mr. Reiser:

We'll supply you with a copy of a thick file

Chairman Mello:

Every time you appear before us, you are going to supply us with something. You think we're going stay here for a hundred days because of you.

Mr. Reiser:

We are prepared to discuss the budget and to cooperate fully with you. We would like to have your technical

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Mr. Bremner:

Mr. Reiser is this a typical copy of the very detailed and explanatory fiscal notes you give--it's on AB 55-59.

Mr. Reiser:

Yes sir, that is . . .

Mr. Bremner:

How long did it take you to prepare it thirty minutes?

Mr. Reiser:

No--it takes much longer then that. We have been working on that type of a fiscal note for a considerable amount of time.

Mr. Bremner:

If this is a typical fiscal note, it's not worth the paper it's written on.

Mr. Reiser:

. . both our individual and the research center have developed that fiscal note.

Chairman Mello:

Let's now--let's talk . .

Mr. Barengo:

Mr. Chairman, I may be jumping the gun, but I'm anticipating what Mr. Bergstrom is saying what he's going to do and assuming this is your opening remarks the general trend would be to explain how budgets are made and why they couldn't. Why didn't we get it back on the 14th or 15th--certainly somebody over at NIC is intimately familiar enough with the NIC budget to come back and say it. Wait a minute where's all that rather than wait until we come down the line and we have another What it is Leroy I think you're being "suckered" into this thing; it's a typical NIC ploy that pays off they push it off and push it off. Now, I'll ask you this question, Leroy, being intimately familiar why in your letter dated March 29th, say it "occurred to me this week." That's a significant time afterwards. We are prepared . . . process; what a difficult kind of process it is. Why didn't we hear about it?

Mr. Bergstrom:

All right, sir, I can only answer from what I know. I was asked on Friday, I mean Thursday. I got the information to come over and review the process they were going through in attempting to respond to this Committee's requests. To look at what they were doing; to see whether or not I perceived any particular problems that could be worked out in advance; I did that in the afternoon. I did identify some problems because of the difference in the character of a business operation as to a government operation and the following Monday, which was the first opportunity that I had, I called your Chairman. He was unable to spend much time with me that afternoon having problems of his own, but he did make an appointment with me with Bill Bible. I sat down with Bill and went over the problems that I perceived at that point in time, and as soon as I could, given the time from here. I created the letter of which you have a copy. That's my answer to your question.

Mr. Barengo:

I'm not casting any dispersion on Leroy but I think what's happening here is the typical let's push-down the line; push-down the line --somebody else involved. Certainly, somebody in NIC has the expertise and knowledge to come back the day afterwards and say "wait a minute, you guys, this is what kind of agency we are; this is the kind of problems we got. Rather than pushing and shuffling and doing theall over us.

Mr. Reiser:

Mr. J. R. Clark will explain the process we followed, Mr. Barengo. It is detailed to the best of his recollection included in your package

and he would be happy to go through that with you. Mr. Clark is the one . . .

Chairman Mello:

You haven't answered the question as yet.

Mr. Reiser:

Let's ask Mr. Clark . . .

Chairman Mello:

Can he answer the question and first of all does he understand the question? Where is he?

Mr. Reiser:

Right here.

Chairman Mello:

Do you understand the question? We don't want anyone to answer questions in here from now on unless they understand the questions. The last time you were here, I believe, you did not answer a question that was directed to you by Mr. Barengo.

Mr. Reiser:

Mr. Chairman, would you repeat the question for Mr. Clark, please.

Chairman Mello:

I'll have Mr. Barengo repeat the question.

Mr. Barengo:

My question is, I assume members of the Nevada Industrial Commission possess sufficient expertise to know, as Mr. Bergstrom has set out, that they are a different kind of agency than other State agencies. They use a different process to put together a budget. Why, then, did someone not come before the Committee shortly after the March 14th date and tell us this problem. Rather than waiting til the very last minute and coming in saying--we don't have it; we need six more weeks. If you're talking about a spirit of cooperation and giving of items of information that would have been done rather than the old put-off down the line; put-off down the line as we get from NIC constantly. Do you understand that question?

Mr. Clark:

Yes, sir. I believe that there was no hesitance on the part of the NIC staff to indicate both to Bob Haley and to John Reiser that the budget request was in fact an impossibility. We have made, and I'm the one that is responsible for that, every effort possible to comply with that request and I have in front of me to the best of my recollection the following sequence of events that has taken place since the Committee requested the NIC budget.

Mr. Barengo:

Let me stop you there. You made an effort to get the budget.

Mr. Clark:

Yes, sir.

Mr. Barengo:

All right. The budget was unable to be presented, if it was suppose to be presented last week, is that correct?

Mr. Clark:

I beg your pardon.

Mr. Barengo:

Unable to be presented when we wanted it last week. Why didn't you come before last week and tell us that? That's what I'm trying to get you to admit to. You knew it would take longer; it was more complicated than what you prepared. Why didn't you come over here; make one phone call; one walk--a little courtesy; a little showing of cooperation as you're suppose to have. Why didn't you do it?

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Mr. Reiser:
Mr. Barengo, may I answer that question

Mr. Barengo:
That's what I've been trying to get you to answer all morning.

Mr. Reiser:
We did. . . .

Chairman Mello:
No, you will not answer the question, because you didn't understand it just a moment ago and you called this gentleman up here to answer it, so let him answer it.

Mr. Clark:
I really can't answer why the Committee wasn't informed that we couldn't meet the budget deadline. I've been instructing our or notifying both Bob and John and they've both been aware that it is a virtual impossibility to complete the budget as requested.

Chairman Mello:
After the request of the 14th, when did you start notifying people that you wanted a line-item budget for this Committee?

Mr. Clark:
Ah

Chairman Mello:
Do you have any dates with you or did you leave yours at home, too.

Mr. Clark:
No, sir, I have those here in front of me.

Chairman Mello:
Let's hear them.

Mr. Clark:
I think we have enough here for a handout rather than me just read them.

Chairman Mello:
No, I think we'll let you read them.

Mr. Clark:
All right.

Chairman Mello:
Who did you notify; the dates you notified them; and what you asked of them?

Mr. Clark:
Before we can attack the budget process, we first had to define the parameters of the budget that was going to be done. This is the first year that the Nevada Industrial Commission has ever been requested for a line-item budget plus it's the first year we've ever had to do a budget in the State format. With those assumptions then it was necessary for me to establish a plan to attack the budget, and in order to do that, in the afternoon, I contacted other State agencies about the time they required to do the budget. I sent a memo summarizing this to Bob Haley indicating the findings and most of the findings

Chairman Mello:
Your memo was dated what date? While you go through this, we want the dates.

Mr. Clark:
The memo is dated March 30

Chairman Mello:
March 30 and you appeared before here on the 14th.

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Mr. Clark:
Yes sir, the memo is dated March 30.

Chairman Mello:
Obviously you thought we were not serious.

Mr. Clark:
No sir, I talked to Bob Haley about this. I did not feel it was necessary to put in writing at that time.

Chairman Mello:
That's after we had them in. We'd already had Mr. Reiser and Mr. Haley in here for the second time by the time you sent that memo out.

Mr. Clark:
Yes sir, but I believe . . .

Chairman Mello:
You were here the 14th were you not?

Mr. Clark:
Yes I was.

Chairman Mello:
Did you understand the questions at that time?

Mr. Clark:
Yes. I had contacts with Bob . .

Chairman Mello:
Were you told at that time if you had any questions in regard to a line-item budget and how it was to be prepared to contact Mr. Bible?

Mr. Clark:
I don't recall that, sir.

Chairman Mello:
Do you recall that, Mr. Reiser. You cited that to me yourself.

Mr. Reiser:
I had Mr. Bergstrom contact Mr. Bible . . .

Chairman Mello:
Now just a moment--that's not the question.

Mr. Reiser:
Yes.

Chairman Mello:
It is "yes"--your answer to the question. You understand the question. You were here, it's in the transcripts that you have, perhaps you should go back and read them when you leave here. Just a moment--let him continue.

Mr. Clark:
As I was saying, I summarized to Bob the information that I found from those phone calls on the evening and also on the morning of March 14th and 15th which was the day of the request. I didn't feel it necessary at that point to put it in memo form; later I was requested to put that in memo form; the information was transmitted . . .

Chairman Mello:
Who requested you later to put it in memo form?

Mr. Clark:
I'm not sure, sir, if it was from John Reiser or Bob Haley.

Chairman Mello:
Do you have a lack of communication in your office that you never know who is directing you to do something?

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Mr. Clark:

No sir, it's just that since the budget request we've been in perpetual meetings and there's been a vast amount of information coming from both myself and from John and Bob. It's virtually impossible to remember at any given point what information was transmitted.

Chairman Mello:

I would think that if you realize that this is a serious matter then that everyone would put it in memo form; sign it; and date it. Then you could bring those before this Committee.

Mr. Clark:

I think that's a good idea.

Chairman Mello:

Go ahead, continue.

Mr. Clark:

O.K. Requested--I requested on the evening of the 14th I requested a copy of the Executive Budget from the department of administration. I believe I contacted Mike Alastuey on that. I sent the mail clerk over for a copy of the Executive Budget. On the evening of the 14th I was informed that Mr. Barrett had called Bob Haley and offered assistance later while I was present; Bob Haley returned the call to Mr. Barrett. He learned then that Mr. Barrett was out of the office until Tuesday, March 20th. On the morning of March 15th, I continued to contact other State agencies about the time required to do the budget and I also had a meeting with Bob Haley and John Reiser discussing the request in general and how best to comply with it. In the afternoon of the 15th, there was a meeting with my staff: Kathy Wooster, Senior Accountant; Rosemary Schar, Senior Account Clerk; Judy Macarthy, Principal Account Clerk, and Lynn Wostenburg, Senior Account Clerk to discuss the questions that had been asked by the Committee, and also at that point I assigned the responsibility for gathering the information at this point we were discussing answering the questions that required an extensive amount of my staff time going back through the files summarizing the information that was transferred to you. Now, not all of the questions did I answer. One of the questions that dealt with fiscal. I again contacted Mike Alastuey at the department of administration to find out how other agencies had submitted their budgets. I also requested salary assumptions and fringe benefits information for fiscal 80 and 81. At that point, I was actually beginning to prepare the documentation to project the salaries for the biennium

Chairman Mello:

What date was this now?

Mr. Clark:

This was on the evening of the 15th.

Chairman Mello:

the 15th. O.K.

Mr. Clark:

On March 16th, the staff was busy gathering information to answer questions and I was meeting with staff about how to fulfill the requirements of completing the budget on time. I talked with Mike Alastuey, department of administration, again to verify the unclassified salary costs for fiscal 80 and 81. On the morning of March 19th which was the following Monday after the 14th, I assigned Marcia Evans, Workers Comp. Tech I, to the mechanics of the budget preparation. At this point what we had to do was cost out all existing staff positions assuming merit salary increases and we also needed to know the cost-of-living increases for the assumption. This I really have to stress is a very, very time-consuming process. We are not computerized in this area as the rest of the State is. So this is a manual calculation. It is very time-consuming. I discussed what steps should be taken for Marcia to calculate that, and I also instructed her on the assumptions

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to be made for salary costs and fringe benefits. Marcia, then, set up work sheets for salary projections and reviewed the budget control list to identify authorized positions and compared that list to the employer ledgers in the payroll section to determine current grade and step and departmental/geographical locations of the employees. Monday or Tuesday, she continued the same as Monday. At mid-morning additional staff was assigned for clerical listings of names of employee, grade and step and class codes. Account Clerks Katherine Radliff and Carol Piccolo and Irene Bart were used for this phase of the budget. Tuesday afternoon, Judy Urban from the NIC personnel department determined the merit salary increase dates and under-fill situations, and there are quite a few of those. The phase took all afternoon Tuesday and most of Wednesday morning. While this was going on, I was attending a staff meeting in Bob Haley's office which started at 2 o'clock and ended shortly after 4 o'clock p.m. Present were most department heads and Bob Haley and at this staff meeting, Bob discussed the Committee request and how best to comply with that request and also discuss the budget information he would need from the department managers for fiscal 80 and 81. At that time, we also discussed a new internal auditor position which has no bearing on the budget. In the morning of March 21st, I had more meetings with Bob and John discussing the request and status of the budget at various times during the day. I conducted training of staff from other departments to assist in the salary preparations for the budget. Marcia finished working with Judy Urban and organized the work sheets to enable us to use people not familiar with salary projections. In the afternoon we began using staff from other departments for salary projections and I also assigned more internal staff. The staff used was: Sharon Davis from the Safety Department; Katherine from Fiscal; Laura from Safety; and Lynn from Fiscal also Pat from Word Processing. On March 22nd, I was not at the office until 11:00 because of family illness. Marcia had spent the morning projecting the salary figures and the merit salary increases using any available staff--or using the available staff from the previous day. She used Katherine, Lynn, Laura, Jean, and Linda. The entire day was spent on salary projections. I also had several meetings with Bob to discuss what material had been prepared to date in answer to the questions.

Chairman Mello:
Bob, who, now?

Mr. Clark:
Bob Haley.

Chairman Mello:
O.K.

Mr. Clark:
On March 23rd we continued the same as March the 22nd using the same staff but added Carol and Irene at 1 o'clock. I had more meetings with Bob and John discussing what had been prepared and where we were in the process. On March 24th, continued salary projections using Marcia from 10:00 til 5:00--I'd like to note that this is on Saturday. I used Susanne from the fiscal department from 10:00 to 4:00. I used Rosemary Schar from fiscal from 10:00 until 1:00; Lynn Wostenburg from 1:00 until 4:00. That was the total availability of the staff that I could round up to work on that Saturday. We began summarizing the existing positions by late . .

Chairman Mello:
Now, what do you mean that was the total number of staff you could round up on Saturday? Were you calling them on Saturday?

Mr. Clark:
No sir, I made the arrangements on Friday and those were the people who expressed that they did not have any plans and would be available to work on Saturday.

Chairman Mello:
What do you mean the people expressed they had nothing else to do? This Committee requested something of you. Why didn't you demand

that these people work on this so that it could be presented to
Committee? Is that unheard of at NIC?

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Mr. Clark:
No sir, that's not unheard of.

Chairman Mello:
Is the only overtime that you have spent on this? Is what you have
just stated to us?

Mr. Clark:
No sir, last weekend three of us spend virtually all day Saturday.
Plus there was a crew from Word Processing.

Chairman Mello:
What do you do just have a show of hands of all those that wish to
work on tonight or Saturday to follow the requests of the Ways and
Means Committee? Is that what you do?

Mr. Clark:
No it isn't. . . . if there had been any other plans by the staff
and to see if they would be interested in working on the weekend.

Chairman Mello:
How can you really work that way. What if the people you worked with
last week-end on this budget are not going to work with you next week-
end. Are you going to pick two others out of the crowd and let them
work with you.

Mr. Clark:
At this stage of the budget preparation, clerical preparation, does
not require a vast amount of technical expertise.

Chairman Mello:
Now I asked the other day when you were in here and you said it did
involve expertise and that expertise was working on the rate-making
and fiscal notes. Is that correct, Mr. Reiser?

Mr. Reiser:
Mr. Bergstrom will explain the sequential process in the budget pre-
paration.

Chairman Mello:
Is Mr. Bergstrom's testimony going to differ from his testimony?

Mr. Reiser:
It will build on his testimony.

Chairman Mello:
Are you saying that when you entered that question to the fact that it
did take expertise to work on the budgets that you were not telling us
the truth.

Mr. Reiser:
It does take it and Mr. Bergstrom will explain it in detail how it
takes the expertise to follow the initial preparation.

Chairman Mello:
He said right now all he is working with is clerical.

Mr. Reiser:
He is in the initial preparation stage which he will explain.

Mr. Clark:
The area of the budget that I am talking specifically about is the
mechanical projections that uses a calculator and a set to given
assumptions to project merit salary increases and also cost of living
increases. At this phase we can use clerical, non-technical type
people. This is only one phase of the budget.

Chairman Mello:
What technical people have you been working with since the 14th.

Mr. Clark:
What technical people?

Chairman Mello:
Yes.

Mr. Clark:
Kathy Worster, the Senior Accountant; Marsha Evans, Workers Comp Tech II;
Marsha is the person that I put in charge of coordinating the composition
of the budget.

Chairman Mello:

How much over-time do they have in working on the budget.

Mr. Clark:

I don't know.

Chairman Mello:

You don't know.

Mr. Clark:

I could look it up and get back to you on it.

Chairman Mello:

When you leave here we will have two people go across with you. They will go through your records to find out who has been working on it and how much over-time has been spent on it and whether or not they have been available to work on it more than what they have been working on it.

Mr. Clark:

Okay. I would also like to add that the expertise was also coming from Bob Haley and the department heads.

Chairman Mello:

Bob Haley is part of your expertise is he?

Mr. Clark:

Yes.

Chairman Mello:

Does he understand the questions when he is in the NIC building. He does not seem to understand them when he is in this room.

Mr. Hickey:

Mr. Chairman, I would like this information - I would like to know the number of staff man-hours that have been involved in this and also the technical man-hours involved in this.

Chairman Mello:

We're going to find that out, Mr. Hickey. As I said two individuals will be sent over there. They will walk right across the street with them.

Mr. Hickey:

Fine.

Mr. Clark:

On March 24th we continued salary projections - I'm sorry I just read that one. On the 26th we began summarizing the positions by listing them in the same format as the executive budget shows them which is title, number of positions and salary. We used Marsha and Jean Frost from Employer Accounts, Lynn, Laura and Linda from Work Processing. I also attended a meeting with John, Bob and Lee Bergstrom from Kafoury, Armstrong, Turner & Co. discussing where we were and how much longer it would take. On March 27th, budget packages containing budget information for fiscal 1980-81 began coming in from the department managers. We finished a summary of the existing positions using Marsha, Lynn, Laura and Linda at various times during the day. On March 28th, I received the minutes from the March 14th meeting. Bob Haley and I reviewed the minutes and in an attempt to find specific questions asked by the Committee members, Bob and I gathered the completed answers to these questions and went to John's office. John had also compiled a list from his review of the minutes. Bob, John and I began to insert the answers to the questions into file folders and referenced what page the information was requested. This process took until approximately 4:00 p.m. By then we had copies of the information that was being sent over to Bible's office so if there were questions we would have an exact copy of what we had provided him and could respond rapidly to any questions.

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Chairman Mello:

Is this when Leroy came into the picture?

Mr. Clark:

Sir, my first contact with Mr. Bergstrom was on March 26th and at that point he reviewed the salary work sheets that I had been working on to that point.

Mr. Reiser:

Chairman, I asked Mr. Bergstrom to use the NIC work to date and March 23rd.

Chairman Mello:

Are you finished with your testimony?

Mr. Clark:

Yes.

Chairman Mello:

Leroy, do you want to give some back-up to that, please. I have one other question before you get into that - something about rate-making. You brought that up - would you try to explain to the Committee exactly what that means.

Mr. Bergstrom:

This Legislature establishes benefits to be paid to injured workmen. As we are all aware, this process is continual one and there are a number of proposals for changes in benefits that are in this Legislature now.

Chairman Mello:

Are they working on the rate-making that pertains to the Legislation that is in this house or the house across the way.

Mr. Bergstrom:

Sir, I can't speak from my own knowledge, but I would expect them to be working on the rate-making that would occur in both houses.

Chairman Mello:

Maybe Mr. Reiser can answer that question.

Mr. Reiser:

Mr. Haley can answer any questions that you like - he is the in-house expert that works with Peat, Marowick and Mitchell in development of the rates.

Chairman Mello:

Mr. Haley is going to answer this question? Mr. Haley would you step forward, please. And before you answer the question, will you please tell us whether you understand the question.

Mr. Haley:

You asked if the rate-making was developed with Legislation that was initiated in this house or the other or both - is that right?

Chairman Mello:

That's right - but has not passed as yet.

Mr. Haley:

The rate-making deals with both the Legislation pending as well as the experience that has taken place in the past 5 years.

Chairman Mello:

The rate-making is going on then on a continual basis, is that it. From past Legislation.

Mr. Bergstrom:

It is based on past Legislation, changes in experience, change in the cost of medical care. All things that would affect any insurance company in establishing the kinds of rates used in accident insurance.

Chairman Mello:

Yes, but is there a date when that is due?

Mr. Bergstrom:

There was a time when the Committee would establish it's rates at a time different from when you would establish, you - meaning the Legislature - changes in benefit levels. It was very highly criticized by the Committee of this Legislature that studied the NIC in 1971-72, as some of you recall. Since that time the Commission has expended every effort in order to put changes in rates into affect at the same time that changes in benefits normally apply. And as we all appreciate, changes in benefits normally go into affect July 1st of the year immediately following the affective close of the Legislature. Therefore, in order to conform with the Administrative Procedures Act, which requires a 60 day notice period, the Commission publishes it's rates on or before the first of May to go into affect the first of July. That is the process they are beginning to get into at this point and it becomes very intensive during the month of April which is obviously when the mechanics have to be put together. I think normally Peat, Marowick is out here working with Bob Haley and the results of the work that these people have developed the last week or perhaps the last two weeks in April so that the rates can be published in time to meet the 60 day requirement. Does that help, sir?

Chairman Mello:

It sure does, but you answered one question is the fact that they did have time to really start working on the budget requests and the other requests before April arrived.

Mr. Bergstrom:

Yes, sir.

Chairman Mello:

April seems to be the real touchy month for them as far as the rate-making is concerned. Obviously, March was taken up by fiscal notes. Because little has really been done to comply with what we have asked for as far as the line item budget.

Mr. Bergstrom:

Sir, the Chair and the Committee may not be pleased with the amount of time....

Chairman Mello:

I'm going to tell you right now - we're not pleased.

Mr. Bergstrom:

Very well, sir. Nevertheless, the time required to assemble a budget of this complexity is not a two-week process. I don't know why you weren't told that - but you weren't. It's a fact of life, nevertheless. Mr. Barengo is quite correct about that. You've already heard the explanation of what has been done so far. I think you have come to understand the budget making process is a multifaceted thing - it's a planning process and an accumulation of data process and an analysis process and last but not least, the completion, the putting together, the review and the decision making process. It's the same thing you go through everyday in deciding what will stay in the budget and what won't stay in the budget. All of those things have to be accomplished before this document can be brought before this Committee today.

Chairman Mello:

I think not - I think you're wrong. I think if you're looking at the biennium budget then I think correct - but for the work program and the actual which we also asked for that is not correct. Did they throw all their records away? It would be very simple to go back through those records to find out what monies they spent, what salaries they spent. All of the information should be on hand. In the day of computers, it should be very simple to get that data for us. We could have at least had that data. I know it's very funny, Mr. Haley. I realize that because you are sitting there laughing.

Mr. Haley:
Am I?

Chairman Mello:
You sure are.

Mr. Bergstrom:
The information that you are speaking of is the actual if you will -...

Chairman Mello:
Are in some kind of pain, Mr. Haley? You seem to think this whole procedure is funny.

Mr. Haley:
I don't think anything is funny.

Mr. Bergstrom:
I was not aware that it was the Committee's intent that the material be submitted piecemeal.

Chairman Mello:
Did you know the request? Did you know what this Committee requested?

Mr. Bergstrom:
I understood, sir, that you wanted a biennial budget in the same form that other agencies of the state government submit to you.

Chairman Mello:
And an actual and a work program and you and I discussed that over the telephone.

Mr. Bergstrom:
I think these are part of a total package that most agencies bring in at one time.

Chairman Mello:
We'll accept the work program and the actual and then we'll give them time to work on the other. Is it difficult to come up with a work program and an actual. As a CPA would you tell us if that is difficult with the records they should have on hand.

Mr. Bergstrom:
In the existing work program and the actual year to date, sir.

Chairman Mello:
That's right.

Mr. Bergstrom:
I would not anticipate that would be a major problem so long as they can employ the format they use for an NIC budget, which basically would give you the kind of information you are normally looking for.

Chairman Mello:
You don't think they could do this with the format that is presented to this Committee by any other agency.

Mr. Bergstrom:
Oh, of course, they can. But it's going to take time to break the pieces down.

Chairman Mello:
It's going to take a lot of time if they keep dragging their feet, Leroy. This Committee is not going to sine die until we receive that information.

Mr. Bergstrom:
I understand that.

Chairman Mello:
Do they understand that?

Mr. Bergstrom:
Sir, they certainly have convinced me of the fact that they understand that.

Chairman Mello:
Well, they haven't convinced me that they understand much of what this Committee has asked of them, at least one member hasn't.

Mr. Bremner:
Doesn't rate-making take into consideration your salaries and your operating costs.

Mr. Bergstrom:
Yes, sir. But they are only very modest effect in the rate-making process.

Mr. Bremner:
But, don't you know what they are?

Mr. Bergstrom:
They're estimated, sir. As you recognize the rate-making process is actually is an estimation process, therefore, the precision that you consider in respect to a convention budget operation is not required nor will it affect the rate.

Mr. Bremner:
I understand. But you still build those into your rates. You have to cover your over-head, don't you. You have salaries, travel and everything else, right? Don't you break those down some way, or are they just lumped together in one big fat sum and you just operate how ever you want. Why can't we get those figures?

Mr. Clark:
May I respond to that. When we were here on, I believe the 14th, there was a result of a subpoena for the financial records. At that point we left the fiscal 1979 year budget. That was the thrust of the subpoena, at least that was my understanding. You presently have our current work program - it's not in the State format. At that point we had not been requested to put it in a format.

Chairman Mello:
At what point, now?

Mr. Clark:
The material we brought with us on the 14th.

Chairman Mello:
Okay. But you were requested on the 14th to do that?

Mr. Clark:
Yes, very definitely we were. That's the thrust of everything we have been trying to accomplish. As I understand Mr. Bremner's question is requesting about the current work program.

Mr. Bremner:
You were requested to do a projected budget - you were also requested to do an actual and a work program in our format. I don't think you have even considered the actual and the work program. It sounds like all of your emphasis has been trying to project a budget for the next two years. It seems it would have been much easier to go back and do the actual and the work program and give us those figures and then go ahead.

Chairman Mello:
Wouldn't that help you build the next biennium. It does every other State agency.

Mr. Bremner:

If you had done that - you could have done the other much easier.

Chairman Mello:

Why are you starting with the "cart before the horse."

Mr. Clark:

I don't believe we are starting with the "cart before the horse." The process we're in right now is we already have the information for fiscal 1978, projected information for fiscal 1979 in our format. What we are in the process of trying to compile is a fiscal 1980-81 budget in our format. After that is in our format, then we will convert the total budgets to the State format.

Mr. Bremner:

I don't have anything else to say. It just seems like it would have been easier to comply with that part of our request and go from there and put it in some form that we could understand.

Mr. Clark:

Sir, I wasn't aware that you would accept it piecemeal. I'm sorry if that's my misunderstanding. I was working toward a total budget package.

Mr. Bremner:

Well, some part is better than nothing. That's what we've got right now - nothing.

Chairman Mello:

You should start with the actual and the work program anyway. If you know anything about budgets - you would know that.

Mrs. Wagner:

I would like to say that since they have made a point of cooperation, I would suggest that if they had some of their work done they may have called and inquired just to inquire if that was acceptable to present.

Chairman Mello:

They are not accustomed to following orders or directions from the Legislature. They have a past history of not following orders or directions from the Legislature.

Mr. Glover:

Mr. Reiser, once this budget is prepared in this format, what do you plan on doing with it.

Mr. Reiser:

Which format are you talking about?

Mr. Glover:

The legislative format.

Mr. Reiser:

I plan to provide that to you for the information you requested.

Mr. Glover:

When we sine die and go home and you take your legislative budget back over to your building what will you do with it at that point?

Mr. Reiser:

I will ask Mr. Bergstrom to answer that in conformance with the generally accepted accounting principals.

Mr. Bergstrom:

I think it would depend on the purpose to which it were to be put. I would not advise this client or any insurance agency to attempt to administer business operations using that document, sir. On the other hand, if it were obvious to evidence as it well may be that this Committee would wish to look two years from now - to be able to track - what had occurred at the Commission as far as administrative costs are concerned and what had been presented to you then I would recommend to

Mr. Bergstrom:
my client that he modify his data processing system to be able to simultaneously capture both kinds of data; that which would fit into your format and that which would fit into his operating format.

Chairman Mello:
Who is your client exactly?

Mr. Bergstrom:
Nevada Industrial Commission.

Chairman Mello:
Does that have anything to do with the State of Nevada?

Mr. Bergstrom:
Indeed it does, sir.

Chairman Mello:
So do we.

Mr. Vergiels:
That material that you left here the last time you were here - that stack of printouts. What did that include? All the claims, all your salaries - what was in that? Do you know what I'm talking about?

Chairman Mello:
The material that you brought to us on the 14th. Surely you have not forgotten that already.

Mr. Reiser:
Those were answers to the questions...

Chairman Mello:
Now did you answer all the questions?

Mr. Vergiels:
I have a problem with that. I thought that was your records for a year or two period.

Chairman Mello:
We're talking about when you appeared on the 14th. J.R. has already spoke to those.

Mr. Vergiels:
Do you know what I'm talking about - they were thick. They looked like printouts.

Mr. Reiser:
The budget and the Kafoury, Armstrong audit reports and so on were presented.

Mr. Vergiels:
Did that include all of your pay-outs for claims, salaries, what was in that? It was very impressive. Can I go in there and find out how much claims you had that year and how much you paid out, how much your staff salaries were and what you paid - were your fringe benefits paid properly. Was that all in there.

Mr. Reiser:
What you are referring to is the budget that Mr. Clark referred to. We also brought the audit that gave the actual expenditures that had been audited by Kafoury, Armstrong.

Mr. Vergiels:
Actually everything that we want to know would be included in that stack of documents.

Mr. Vergiels:

Does that include your budget set up on the format that is recommended for a business rather than a governmental entity.

Chairman Mello:

Not necessarily a business - an insurance company.

Mr. Vergiels:

Did it include all claims and how they were paid? An audit would have to cover the claims.

Mr. Bergstrom:

It would, sir. But speaking only for the audit, itself, the details of those claims would not be there.

Mr. Vergiels:

I'm talking about at least - if I had a claim, though, and had been paid so much for medical or whatever - that would be broken down and I would be able to tell how much had been paid under different categories.

Mr. Bergstrom:

That information is available through Commission records, but whether it was presented to you in the package....

Mr. Vergiels:

Mr. Haley may have the answer to that. What was in that?

Mr. Haley:

That was an operating budget. The list of claims was not in that.

Mr. Vergiels:

So if I went in there I could track down every staff member, their salary, fringe benefits, and office costs...all of that would be there.

Mr. Haley:

1979 budget - yes.

Mr. Vergiels:

I'm satisfied that you presented material from the past couple years. I thought I saw it there and I'm surprised you're having difficulty identifying because there must have been more than one item in that stack of documents. I'm still concerned about the future - and not what about you had because I think you would probably make a good case if you come back to Mr. Bible's office or wherever and point out those stacks. I suppose since we subpoenaed those that they are still here. We have all of your documents so if there had to be a case made - you could go back and open a page and actually show us a staff member and how much that staff member made, how much sick-leave they had, and how much vacation time they accrued that kind of stuff would all be in there.

Mr. Haley:

Not the leave data.

Chairman Mello:

We don't have time to go through those documents. That's the reason for asking for the line-item budget. If that was the case. We would have to do that with every governmental agency. We don't have the time for that. That's why we requested a line-item budget. It should not be that difficult for them to go through the same documents they presented to this Committee and give us a line-item budget for the actual and the work program. It should not be difficult at all.

Mr. Bergstrom:

It could be done relatively rapidly, I suspect.

Chairman Mello:

Here we are still talking about it since the 14th. And I'm not sure we're any further ahead today as we are the 14th.

Mr. Bergstrom:

I understand that, Mr. Chairman, but they have been concentrating a great deal of effort in trying to get the process begun to accumulate the data for the biennial information.

Chairman Mello:

As a CPA, where would you have started if you knew exactly what we asked for? Would you have started the last year?

Mr. Bergstrom:

Yes, sir, I understood that you wanted them as a package. I would start the process simultaneously. That information which I have I would begin to analyze. I would start with my plan if I'm going to do it. It has already been pointed out to you and you are all aware of it. Then I would collect the information from department heads in respect what they anticipate what will happen over the next biennium. Simultaneously, to the limit of what staff I have available, I'm going to begin to analyze the information I already have and have it converted when I've got the additional information.

Chairman Mello:

Exactly, and that's not what they have been doing.

Mrs. Wagner:

Thank you, Mr. Chairman. I assume that you are hired by the Nevada Industrial Commission to help them prepare a budget.

Mr. Bergstrom:

Not entirely, Mrs. Wagner. If I may look to my engagement memorandum, is to act as liaison with the Chairman or his representative to identify specific budget recording problems with financial structures that would impact a response to the Committee and hopefully affect compromises in a line-item budget. Approach the Committee with a reasonable overview of the operation in the form that would be submitted later. Assist in the assessment of time requirements to complete the task. Our responsibilities are not intended to include the systems compilation although we may be expected to review the completed document to conform it with any expectations prior to this Commission. The reason I went through this is simple so that it is very clear. I understand there was some misunderstanding in the press. It is not the purpose of our engagement to put the budget together for the Commission or to assist it materially in the mechanics of assembling; only to offer it some guidance to be able to present something to you that will be effective.

Mrs. Wagner:

In answer to Mr. Glover's question that what would be done with the line-item budget after we all go to our respective homes this summer, I think you suggested something to the effect that, at least your part of the answer, was that next time you would be prepared to give them advise or something of that sort.

Mr. Bergstrom:

Yes, maam. I believe I said that I...in the first place, I would expect them to operate their institution with their normal operating budget essentially and I would expect them to modify their add accumulation systems so they could publish, if you will, either format. Either their operating format or that which this Committee has requested.

Mrs. Wagner:

I guess my concern is that indeed this has been somewhat of a difficult procedure to get this information together so quickly but once that is accomplished I would really see no need for your services from that point. I would think that they then would know what was expected and how to continue that procedure.

Mr. Bergstrom:

I wasn't suggesting that our services would be required in the future to assist them to put that package together. That wasn't my point at all.

Mr. Bergstrom:

I think I made the observation that I advise my client that they ought to structure their data system so they could produce both sets of information.

Mrs. Wagner:

I guess my question is how long do you expect to have them as your client?

Mr. Bergstrom:

I have no idea. I would like to trust that they continue to be our client so long as we continue to perform properly. As long as we do an effective job of auditing the institution, offer them the consulting services that they require...

Mrs. Wagner:

That's a little bit different in terms of auditing. Now you are getting into something more specific and not in terms of this agreement.

Mr. Bergstrom:

Oh, yes. This is a separate engagement entirely. I expect it to terminate at the completion of their satisfaction of your requirements.

Mrs. Wagner:

When will that be?

Mr. Bergstrom:

I believe the plan they have is to have the entire program completed by the end of this month.

Mrs. Wagner:

By the first of May or the middle of May.

Mr. Bergstrom:

That is my understanding. Mr. Reiser would have to speak to that.

Mrs. Wagner:

Mr. Reiser, do you have a projected date?

Mr. Reiser:

May 1st is our projected date for everything. Mr. Mello has given us the direction that he would like to have an actual work program sooner.

Chairman Mello:

Now if you say it won't take long - I want you to set a date that that can be prepared for this Committee.

Mr. Bergstrom:

Sir, I cannot set a date for that which I will not be doing. I will if I may....

Chairman Mello:

How can you say it won't take long then.

Mr. Reiser:

I think he is talking about next week as a reasonable time period. We would like to give you in writing after we've evaluated it a date next week that it can be provided.

Chairman Mello:

Now you know exactly what we're looking for? That's why I told you to talk to Mr. Bible. Obviously you chose to go to counsel, you chose to go to a CPA and not use the staff that we had. The staff that we had was at your disposal. I told you that.

Mr. Reiser:

Our judgement was that Mr. Bergstrom should look over the work that had been done up to that point.

Chairman Mello:
Who would be better than a Fiscal Analyst?

Mr. Reiser:
I will speak to Mr. Bible - we would like to have a Fiscal Analyst come over and work with us on this and make sure that what we are preparing is exactly what the Committee wants.

Chairman Mello:
That's what I told you the 14th...that one would be available to help you.

Mr. Reiser:
That would be most helpful to us.

Chairman Mello:
That will be now - but it wasn't the 14th.

Mr. Reiser:
I believe I asked Mr. Bible after that meeting if he had time and he said he did have a lot of work to do over here. At that point we went back and evaluated our program as Mr. Clark has outlined and asked Mr. Bergstrom to come in.

Chairman Mello:
Up to date how many hours has Kafoury, Armstrong charged to NIC.

Mr. Bergstrom:
How many hours do I estimate for this particular project thus far, sir?

Chairman Mello:
Yes.

Mr. Bergstrom:
I would suppose including the review and preparation of testimony for this particular hearing, probably 12 to 15 hours.

Chairman Mello:
And how many more hours are you going to have to spend on this project.

Mr. Bergstrom:
That would depend on the resolution of the directions here. I would anticipate presuming that the schedule goes forward as Mr. Reiser has indicated, I will probably spend time with Bill this morning looking at material over at the NIC...

Chairman Mello:
It will be Judy that you will be spending time with over at the NIC.

Mr. Bergstrom:
Very well, my guess would be 10 to 12 hours more. It depends on the requirements....

Chairman Mello:
What do you estimate the total costs to be to the NIC for your services.

Mr. Bergstrom:
The total cost to the NIC for my services for the total of the project would run somewhere between \$1,000 and \$1,500.

Chairman Mello:
For something that could be done in-house. We have someone here that could advise them, and I'm not taking anything away from you, Leroy, but the people we have work on budgets all the time. Mr. Barrett has already said and his representative is right here, Mike, that they has someone that would help them. At least that is what I thought I heard.

Mr. Alastuey:

There has been contact between our offices.

Chairman Mello:

You know this is the whole problem with NIC and this is what we're trying to get down to. We think that NIC spends money unnecessarily. Here's proof of it right here. There is no reason for you to go out and bring in an accounting firm, particularly during your busiest time, income tax time, and pay \$1,500 for something the tax payers are already paying for. The staff was available and you did not choose to take advantage of what this Committee offered you.

Mr. Hickey:

Along the same vein - Mr. Reiser, who is paying for your attorney's fees?

Mr. Reiser:

That is a personal matter between my attorney and myself, Mr. Hickey.

Mr. Mann:

Since we're on costs, Mr. Chairman, I would like to bring up this letter that you placed on our desks this morning. Mr. Reiser, are you familiar with this particular letter?

Mr. Reiser:

Would you read the letter, please.

Mr. Mann:

It's from James S. Lorigan - Dear Employer, Assembly Bill 559 will add at least \$25,000,000 to employers costs....

Mr. Reiser:

I believe, Mr. Mann, that is 25 million. I have read that letter and I would ask Mr. Lorigan to answer that question.

Mr. Mann:

How many copies of that letter did you send out?

Mr. Lorigan:

There are approximately 23,000 employers in this State.

Mr. Mann:

What is the cost of that - do you have any idea?

Mr. Lorigan:

I can give you a rough - about \$3,400 and the man-hours about \$600.

Mr. Mann:

So we are looking at around \$4,000. Do you feel it is in the privy of NIC to lobby against Legislation pending before this body at public expense?

Mr. Lorigan:

I don't consider that lobbying, Mr. Mann.

Mr. Mann:

As assembly bill before the Legislature affecting workers' compensation is being lobbied by special interest. AB 559 has an excellent chance of passage if employers do not express opposition to their assemblyman and senators. That is not lobbying?

Mr. Lorigan:

The word "lobbying" can be taken two or three ways. I was placed on the Nevada Industrial Commission to watch out for the employers interest and I don't think that AB 559 is in their interest primarily from a financial standpoint and many others. I believe this was my moral as well as my fiduciary obligation to them to bring this matter to their attention, give them my recommendations and let them make their decision.

Mr. Mann:

Well, there are still funds that are provided for different purposes. I would like to follow up on this. I can't understand giving all the industry representatives running in our halls, why you didn't contact one of those people and save \$4,000. They have more lobbyists over there than anyone else.

Mr. Lorigan:

When you say industry....

Mr. Mann:

That's what this letter says - you represent industry.

Mr. Lorigan:

I would hazard a guess, sir, that the representatives you mention in the hall represent maybe one-tenth of the employers in the State of Nevada.

Mr. Mann:

How often do you do this kind of thing?

Mr. Lorigan:

I think in the 5 years that I've been there, this type, referring to a specific bill, I have never done it before. I believe I've written two letters prior to this. I do send out a newsletter every quarter.

Mr. Mann:

NIC picks up the cost.

Mr. Lorigan:

Yes, sir.

Mr. Mann:

Mr. Evans, when you were on the Board as a labor representative, did you ever send out a bulk mailing to 23,000 to labor challenging any of industry's bills at NIC expense.

Mr. Evans:

Mr. Mann, first of all, we don't have 23,000 unions in the State, but I did send out to all the locals in the State on a periodic basis, more often than Mr. Lorigan.

Mr. Mann:

What was the cost?

Mr. Evans:

I don't know.

Mr. Mann:

Well, maybe I'm off base on this, but I really resent NIC spending \$4,000 to lobby this Legislature on one bill. I think it's a waste of money.

Chairman Mello:

Particularly, when most of them have the lobbyists up here already paid by management organizations...we have labor organizations.

Mr. Mann:

I just wonder what we can multiply this by. To me this is what this NIC mess was about...the waste of money. I will follow that up with another question to Mr. Clark, if I can. I would like you to think very clearly about this because I've done some extensive investigation about this. At this time or in the last two years have you ever over-paid any of your doctors and put them on a pay-back schedule?

Mr. J.R. Clark:

I would have to go back and research that.

Mr. Mann:

J.R., I have from a very good source close to you that you had this problem in the Rehab center down south. Now I would challenge that you do know the answer.

Mr. J.R. Clark:

Is that from Dr. Knolls?

Mr. Mann:

You know damn well it's from Dr. Knolls - now do you have the answer or not? Did you put him on a pay-back?

Mr. J.R. Clark:

Without knowing the specific area....

Mr. Mann:

Did you pay him while he was on vacation?

Mr. J.R. Clark:

I would really be uncomfortable answering that question without being sure of my facts.

Mr. Mann:

Did you put him on a pay-back because you over-paid him while he was on vacation? You know the answer.

Mr. J.R. Clark:

I don't know that that exact situation occurred, sir.

Mr. Mann:

Did you over-pay him while he was on vacation? I understand that from one of the people very close to you, that you work with everyday, that you were irate over the fact that he was paid while on vacation and went personally to make arrangements to collect the money back.

Mr. Reiser:

Mr. Mann, I think you are entitled to a written explanation to that...

Mr. Mann:

Mr. Reiser, with all due respect, I am so damn tired of hearing "we'll come back to you." I know and can prove to this Committee that he knows the answer. And if I have to I will bring in the person out of his office that will say it. All I want is an honest and sincere answer because anyone can make a mistake.

Mr. J.R. Clark:

The reason that I'm reluctant to answer that is the same situation that Mr. Haley was in earlier...

Chairman Mello:

Answer it to the best of your ability.

Mr. J.R. Clark:

To the best of my recollection that that situation occurred we did in fact advance, I'm not sure which doctor and I'm not sure of the amount of money - I believe it's about \$800.00, but we did advance him some money and later we found that he was not in the office and then we did take steps to get that back.

Mr. Mann:

The reason I bring this up, J.R., if you remember when we first started this hearing process I asked the question if any doctor had ever been paid while on vacation and you gave me an emphatic "no." So I went down and did a little research at the Rehab Center and found out that wasn't true. I'm not going to put you on the spot because you could have forgot. I think it points out what this Committee is concerned with right down the line. You know I have been in this Legislature 6 years now and we've had every game played on us by the since I've been in the Legislature. This is the worst I've ever seen. I'm not going to sit here for the next month and argue with you people.

Mr. Mann:

I think it's a matter of fact as far as I'm concerned I want the cooperation, I want the fighting to stop and I want Mr. Reiser and the entire staff of NIC to know that if I have anything to say about it, you're going to be presenting line-item budgets every Legislative session. That's where I'm at on this thing. I think we also have an obligation to protect the employers and employees who are involved with NIC. I think you're going to see the Legislature take that role from now on. Because NIC has had a free ball game for too long. You haven't had to be accountable to anybody and I think Mr. Mello has proved that this last month.

Mr. Barengo:

I'd like to ask, Mr. Lorigan, what was the date of the document . . . that you gave to the Committee.

Mr. Lorigan:

23rd of March, 1979

Mr. Barengo:

March 23rd--that is your initial by NIC?

Mr. Lorigan:

For the present, yes sir.

Mr. Barengo:

How many attorneys are there in the audience that are here representing the NIC?

Chairman Mello:

Please stand.

Mr. Barengo:

Give your names and where you practice from.

Audience Standee:

Ward Sutcliffe, Las Vegas

Audience Standee:

Frank King, Las Vegas

Audience Standee:

Scott Baker, Carson City

Mr. Barengo:

Why are you here today?

Mr. Baker:

Honestly? Because Mr. Reiser is my boss and I think he is a good man, and I'm just here, if I can help out.

Mr. Barengo:

Did he ask you to come?

Mr. Baker:

No. He did, my partner . .

Mr. Barengo:

Why are you here?

Mr. Sutcliffe:

Same reason--to help Mr. Reiser and to help the staff give this Committee what they want.

Mr. Barengo:

Do you have any direct testimony to give us or did you just come here to watch the proceedings?

Mr. Sutcliffe:

I don't have any direct testimony.

Mr. Barengo:
Why are you here?

Mr. Sutcliffe:
I came to gather information in case further requests were made by the Committee so I can assist Mr. Reiser in preparing the . . .

Mr. Barengo:
Wouldn't you say this is a waste of employee's time to be up here for those reasons . . . Is it necessary--is there a reason--for being here?

Mr. Sutcliffe:
Yes, there is. We want to be sure that we respond fully and as rapidly as possible.

Mr. Barengo:
You got three lawyers, here.

Mr. _____: (voice from audience)
Four.

Mr. Barengo:
Four lawyers here, plus I see another one back there . .

Mr. King:
We're here to provide total cooperation and we'd appreciate it if the Committee would suggest we send some people over to work with the Committee, so we can be absolutely sure that we can respond to your requests.

Chairman Mello:
John, is it really that you just now realize that this Committee is not going to give up like committees have given up on you in the past. Is that why is taking you so long to get your act together?

Mr. Reiser:
We began on the date that we had the request to try to meet this requirement and we'd be glad to go over this with your people.

Chairman Mello:
Oh, you're always glad to go over everything with us. The only problem is you just don't have anything to go over with us. We want a line-item budget. That's exactly what we asked for and that's exactly what we want. And you didn't even start with the right years.

Mrs. Wagner:
I just want to know for my own information what attorneys have to do with this. When the meeting was called to discuss the budget and including people from Las Vegas, what kind of input did you have in preparing the budget.

Mr. King:
Mrs. Wagner . .

Chairman Mello:
Would you state your name again for the record?

Mr. King:
My name is Frank King, Las Vegas. We had no input in preparing the budget. We were here--we came up for many reasons; other reasons. We have other legislation we are working on and discussing claims that we discuss. At a point like this it's hard to reach the Commission unless we're up here because their time is so limited. So when we say we're here attending this meeting for the reasons that we have already stated, that's not the sole reason we are up here in Carson City. We will have been up here approximately 24 hours by the time we leave so it's not as if . .

Mrs. Wagner:

That does not give me the answer to my question. You originally said you are here to support Mr. Reiser and are concerned. I understand that, but I don't understand what your role is this morning in this hearing. The question has been asked about your time, and I believe if you have other functions to perform, I would assume you would be doing those now. I don't quite understand what your presence--why is it so important here--in terms of the subject matter we're discussing at this point.

Mr. King:

I'm sorry if I didn't answer your question. We are not here to offer testimony and we have had very little input in the preparation of the budget. The hearing was set to begin at 7:30. We were here to attend the hearing with the anticipation of spending the full work day on other business.

Mrs. Wagner:

Why are you here at the hearing?

Mr. King:

Because it involves NIC and involves the entire operation of our . .

Mrs. Wagner:

So, should everyone from NIC be here because it involves the entire operation? I don't quite understand in your role why you felt it necessary to be here at this particular point.

Mr. Reiser:

Mr. King has helped in the preparation of the answers to some of your questions and we are here to be fully cooperative as possible.

Mrs. Wagner:

The answers to what questions?

Mr. Reiser:

The questions that you asked prior to this hearing.

Mrs. Wagner:

That I asked you?

Mr. Reiser:

Mr. Barengo asked them.

Mrs. Wagner:

Do I have the answers to all my questions. Why could he not have said that although I still don't see why Mr. King needs to be here at this hearing. Why couldn't you have said you prepared some of the answers to some of our questions?

Mr. King:

I could have, I said that I had not been preparing the budget. There is a certain question as to whether or not we can coerce the private physicians in Las Vegas to divulge their private income to the Committee. That's a sensitive area. I've been asked to sit in on the consideration of the budget. I was asked to assist the Commission so we can get that information for the Committee without any undue resistance from the doctors.

Mrs. Wagner:

What kind of questions have you answered for the Committee. Specifically, what responses have you been involved in with some of the questions asked by members of this Committee.

Mr. King:

That's hard to say because you've covered a vast spectrum.

Mrs. Wagner:

Just pick out a couple.

Mr. King:

There's one--the one I just gave you--the private earnings of physicians in Las Vegas. I've been discussing with John Reiser all along, but I haven't been discussing preparation of the specific requirements of the budget. It's hard to pick out any items of particular significance.

Mrs. Wagner:

I don't want to dwell on this too long, but Mr. Reiser, did say you had prepared or had been involving in preparing to some of the answers to the questions of the Committee members. But today you can't come up with one specific thing. If you need his presence this morning at this hearing, I still do not know why, and I don't have sufficient answer in my own mind as to what he's done in preparing the answers to questions of Committee members.

Mr. Reiser:

We are trying to answer your question--trying to . . .

Chairman Mello:

Have you advised--any of you three attorneys--advised Mr. Reiser that maybe he should have legal counsel?

Mr. King:_____

Yes, Mr. Mello.

Chairman Mello:

For what reasons?

Mr. King:_____

After reading articles in the newspaper and hearing the comments by people that there was some of the people who wanted to have them thrown in jail. I did, I advised him that he should be represented by personal counsel if it ever came to that.

Chairman Mello:

You read where someone said they wanted him thrown him in jail?

Mr. King:

I heard that, yes.

Chairman Mello:

You have heard that.

Mr. King:_____

Yes.

Chairman Mello:

Do you have any idea what contempt means--and what the penalty for contempt is?

Mr. King:

Yes, I do.

Chairman Mello:

Do you realize that we have to go to the floor of the assembly--and there's forty people down there who would make that decision.

Mr. King:

Yes sir, we advised Mr. Reiser the procedures so he can take whatever action he feels is in his best interests to retain personal counsel.

Chairman Mello:

Well, I'll tell you what the best thing that would take care of his best interests is to comply with the wishes of this Committee. He wouldn't need legal counsel if he did comply with the wishes of this Committee.

Mr. King:

Mr. Mello, that's what we're here to do today. To review, explain for the record

Chairman Mello:

I'll explain to you in just a moment--but I'm tired of explaining to you what we want.

Mr. Reiser:

The work program is something that you assigned to Mr. Bible to work with . . .

Chairman Mello:

No, you will have some people who will walk across the street with you in just a moment and they're going to find out how much time has been spent on the requests to date--particularly your overtime. We do want the work program, the actual. You said that you will give us a letter--and we want the letter typed out and handed to one of our staff members and delivered to us. And you said it would be within a week.

Mr. Reiser:

Have you assigned the detail of what is meant by "work program?"

Chairman Mello:

They will tell you as we told you on the 14th. Mr. Bible would work with you at that particular time telling you what a work program was and the formulas and the formats for it. You chose not to use it. You do have a CPA now; he can talk to our staff and then he can tell you--meaning you brought him into the picture.

Mr. Bremner:

Mr. Bergstrom, have you ever worked on any fiscal notes at NIC.

Mr. Bergstrom:

No, sir. I have not.

Mr. Bremner:

You never have.

Mr. Bergstrom:

No sir.

Mr. Bremner:

Are you familiar with their staff--do you think they have enough staff available. This is your personal opinion--now it's just your opinion--to do the fiscal notes and do this budget work too?

Mr. Bergstrom:

It depends on the time constraints, sir. I'm sorry that's a bad answer.

Mr. Bremner:

It is bad.

Mr. Bremner:

Bills keep getting introduced in April that have fiscal notes--is that going to disrupt your rate-making process? Are you going to be unable to function?

Mr. Bergstrom:

Something will have to give, sir, and it will depend upon the time of the introduction as to what gets priority as it does in all of our bills.

Mr. Bremner:

Well, I would assume the fiscal notes would get priority--at least I hope they would. You think then if we keep introducing bills that have fiscal notes that NIC will not be able to do both processes?

Mr. Bergstrom:

I would suggest, sir, that it is entirely possible, but I would not think probable that the legislature could introduce sufficient bills to cause need for sufficient notes

Mr. Bremner:

This is just your opinion, thought, isn't it probable that they could do the fiscal notes and do the rate-making process at the same time.

Mr. Bergstrom:
Yes, sir.

Mr. Bremner:
Then isn't it probable that they could do the fiscal notes and the budgetary work that we asked for at the same time.

Mr. Bergstrom:
There's no question about that . . .

Mr. Bremner:
Because . .

Mr. Bergstrom:
The problem I think is how long does it take . . .

Mr. Bremner:
Because like Rosemary Schar, Judy Macarthy, Linda, and Margie and those people. They don't work on fiscal notes, do they?

Mr. Bergstrom:
I can't speak to what those people do specifically.

Mr. Bremner:
J. R., they don't work on fiscal notes, do they?

Mr. Clark:
No sir, generally they don't but they do have other functions which do have to be carried on. For example, Rosemary Schar is the Payroll Clerk without her involvement obviously there would be no paychecks issued.

Mr. Bremner:
But really the fiscal note excuse, really has no basis does it?

Mr. Clark:
Not for these people, but these people . . .

Mr. Bremner:
Not for the work in March that you could have been doing the budgets.

Mr. Clark:
On the clerical preparation of the budget that has been accomplished so far these people--those people will have no impact on the fiscal notes, but there is involvement by John and Bob that would require them working on the fiscal notes.

Chairman Mello:
How many fiscal notes so far are outstanding that you have to work on?

Mr. Clark:
I have one back in my office and I'm going to put . . on that one this afternoon.

Chairman Mello:
Don't you work on the fiscal notes yourself?

Mr. Clark:
I review them after they're prepared by our staff.

Chairman Mello:
Are you an actuary?

Mr. Clark:
I have had actuarial work in my background, but I'm not an actuary, no. My speciality is insurance . . .

Chairman Mello:
Isn't there a statute that you have to be an actuary to have your position?

Mr. Clark:

You have to have actuarial experience which I do have, yes sir.

Chairman Mello:

I think then that you should have the experience, the expertise and the know-how to work on fiscal notes. And I would think that now that you know what this Committee wants that's exactly what you'd start doing so the others can work on our requests.

Mr. Bremner:

Mr. Chairman, I still would like a copy of all those fiscal notes that they've prepared.

Mr. Reiser:

We'll make copies and send those to you.

Mr. Hickey:

Mr. Bergstrom, I didn't ask you at the time. You mentioned--you mentioned here you put approximately 30 hours in on review and testimony for this hearing. Then you mentioned that you had other duties as an employee of NIC. Could you give me a break-out on how much time you prepared for this testimony?

Mr. Bergstrom:

First of all, sir, I don't believe I said I put in 30 hours but to this point in time. I thought I said 15 hours.

Mr. Hickey:

All right, more or less. Let's use 15 whatever the figure is.

Mr. Bergstrom:

How much time have I put in on testimony? I suppose specifically, sir, probably about three hours of that but as you appreciate --it's kind of an evolutionary process--preparing for testimony is like--someone what like building a budget--to think about as you're going along with what you're doing. Directly, in terms of putting my notes together, accumulating accounting authority information for presentation to you this morning. The mechanics of it if you will . . .

Chairman Mello:

Well, the whole thing, Leroy though is to come in here to give us excuses why they couldn't comply, and I appreciate that. Go ahead.

Mr. Bergstrom:

I didn't mean to come here and I don't think I have come here to give you an excuse why they cannot comply--only why they could not comply in the period of time originally referred to, and I also came as I'm sure you appreciate, to talk to the other subjects that one of you eluded to earlier today and that is why the NIC doesn't normally work a line-item budget like other agencies.

Chairman Mello:

But you have said though that they could have complied by now as far as giving us the actual for 75-76 and the work program for 76-77. We requested that along with the coming biennium budget as of the 14th of last month.

Mr. Bergstrom:

I believe that they could have done that between the 14th of last month and today had that been their focus of concentration.

Chairman Mello:

All right. Now, and you also believe, I guess Mr. Reiser you said it would take a very short period of time to give us a line-item budget as far as the actual and the work program. And then it was also said that they should be able to give us the full request--the line-item budgets by the end of the month or was it by the first of next month. Somebody said that.

Mr. Reiser:

Our estimate was the first of May as the completion date of the work that you asked for.

Chairman Mello:

All right. If you do not have that prepared for this Committee by the first and that's not the actual and the work program. Do you believe this Committee should hold you in contempt.

Mr. Reiser:

No.

Chairman Mello:

Why?

Mr. Reiser:

We will do our best to meet that deadline.

Chairman Mello:

You just told us that you felt that you could have it prepared for us by the first of next month.

Mr. Reiser:

Our estimate--our best estimates are the first of next month it will be ready . . .

Chairman Mello:

Well, I'm going to tell you--we're going to send some people over with you from our staff and they're going to do a little research over there and if we find when they come back that you could have it prepared for us by the end of the month and we want in approximately a week the other requests for the actual and work program line-item--then I'm going to ask the Committee to move to hold you in contempt and we'll go to the floor. Do you understand that? Do your attorneys understand that?

Mr. Reiser:

Yes.

Chairman Mello:

All right, are there any further questions?

Mr. Barengo:

Yes, Mr. Chairman, Mr. King quoted from Rabello and from some other places and he has listed some other state records as being an attorney for the Inspector of Mines. How do you account for that?

Chairman Mello:

Don't all answer at once, gentlemen. Does anyone know the answer to that question? Is the Director here? Oh, Mr. Reiser, can you answer that question?

Mr. Reiser:

Mr. King advises the Commission and our staff including the State mine inspector if he requests it.

Mr. Barengo:

Is this the attorney for the salary for the Inspector of Mines. I'm looking at the salary and I would assume that that was the entire salary for the Inspector of Mines . . . in other State documents. We have no reason how that got there.

Chairman Mello:

Maybe the attorney can answer that.

Mr. King:

I don't know how it got there. I do know that I represented the Commission for the past five years approximately up until about two years ago I was the Commission's only attorney in Las Vegas so I represented all departments of the Commission up until two

years ago. I've represented the Department of Occupational Safety and Health. I've represented the Commission in lawyer accounts benefits and claims, appeals, and in various other matters involving the Commission including court representation, administrative hearings, and also advise to the Commission and advise to the departments. I have spoken with Bill DuBois in the mining inspector's office on occasion. I can't recall any specific legal advice that I have given him. I would imagine I have. I don't know how many . . .

Mr. Barengo:
You are a State employee, are you not?

Mr. King:
That's correct.

Mr. Barengo:
And in other areas of the State government you are listed as a State employee under the Inspector of Mines.

Mr. King:
I'm not sure I understand.

Mr. Barengo:
You are listed as a State employee--a classified member . . .

Mr. King:
I don't know that.

Mr. Barengo:
I want to know why they put that NIC put you over there.

Mr. King:
I don't have the answer.

Mr. Clark:
Would you share with us that document, sir, I'm not

Mr. Barengo:
Let me ask a few other things budget--that's how we find our--where the people are

Chairman Mello:
You had a question here Mr. Mann. Do you have a question or a speech?

Mr. Mann:
A question--speeches I save for special times. Does NIC authorized to carry out the OASH requirements for the State?

Mr. Reiser:
We administer the State plan, yes sir.

Mr. Mann:
Do you enforce that in private industry?

Mr. Reiser:
Yes . . .

Mr. Mann:
You have someone go out and make sure that private industry is following those recommendations?

Mr. Reiser:
Yes, sir.

Mr. Mann:
You had a swimming pool accident last week.

Mr. Reiser:
Yes.

Mr. Mann:
That would be in violation of OASH recommendations.

Mr. Reiser:
That's being investigated, Mr. Mann.

Mr. Mann:
Can you give us a report on that, when you find that out, please.

Mr. Reiser:
Yes.

Mr. Mann:
Thank you. See, no speeches.

Chairman Mello:
O.K. Thank you, and thank you for the Committee. Mr. Daykin would you please step up here.

Mr. Daykin:
Yes, sir.

Chairman Mello:
Do you have some comments that you'd like--there's a vacant chair here-- We asked you to review some contracts. Have you reviewed the contracts and if so, do you have any comments that you would like to make in regard to those contracts?

Mr. Daykin:
Yes, sir, I have reviewed the contracts and I find them to be a curious type. They are cast in the form of an employment contract but they specify that they create the relationship of an employer and employee between the contracting party and the Nevada Industrial Commission. Yet, each also contains a provision that the employee is not to be in the classified service or subject to the rules thereof. And I find that impossible to reconcile with the statutes. Quite frankly, I do not know how they are handling the people under those contracts.

Chairman Mello:
You're saying that you believe they're in violation of the NRS?

Mr. Daykin:
They appear to be.

Chairman Mello:
You had some legal opinions that we asked you for to prove to this Committee that the contracts and what he has eluded to are legal. Were we given those?

Mr. Reiser:
That's correct.

Chairman Mello:
We were given those.

Mr. Reiser:
The citation is in the contract that it is so--the statutory authority for this particular contract.

Chairman Mello:
It's in the information in the contracts then. Obviously that was something you had to read when you were reading the contract, Frank.

Mr. Daykin:
Let me put it this way. I did not find any citation or authority which would support the contracts as they were written.

Mr. Reiser:
I would suggest Mr. Mello that we ask Mr. Daykin to meet with the NIC legal staff to resolve these differences because these type of contracts

have been prepared for a long number of years . . .

Chairman Mello:

That doesn't mean they're right.

Mr. Bremner:

That's right.

Chairman Mello:

You people do a lot of things that I'm not sure is right.

Mr. Reiser:

Let's get our legal staff together with you and resolve the issue.

Chairman Mello:

I'll tell you the problem we have--is one that's very similar to what you have. We're very busy over here ourselves and our legal staff does not have a lot of time to fool around with phony contracts. And I believe that they're not good contracts. Now is you have one attorney that thinks that those contracts are legitimate contracts and abide by the NRSs--the NRSs of the State of Nevada and not by anything that you--NIC have thrumped up then we will find or he will find time, Mr. Daykin, to sit down with them. I hope you can do that Mr. Daykin.

Mr. Daykin:

Yes, I will do so.

Mr. Webb:

I would like to ask the members of NIC that when they do in fact return with their current budget where they have contract services. I don't want a line-item that says contract services. I want to know who is being hired; for how much; and under what circumstances they are being hired; I don't want a bunch of salaries buried under contract service headings.

Chairman Mello:

The people that you have on contract are being treated as classified employees is that correct?

Mr. Reiser:

No, sir.

Chairman Mello:

They do not receive any health benefits--the same ones that we provide for the classified people.

Mr. Reiser:

They do receive those but they don't have the other protections that the classified service system . . .

Chairman Mello:

Can you justify by your legal counsel to our legal counsel why they even receive any benefits that classified employees receive?

Mr. Reiser:

That's what we intend to do.

Mr. Barengo:

Mr. Chairman, my understanding of that in addition to providing a contract to each of the individuals and they're also going to provide us with their legal opinion as to why you can do that or the citation, not the citation included in the contract, because it's almost like looking at the citation it came from how you got it. Apparently that has not been done, only the contract is involved in the contract.

Mr. Reiser:

The contract including the citation has been provided and you will have . . .

Mr. Barengo:
The contract includes the citation.

Mr. Reiser:
And at your request we will also ask for a legal opinion that explains that . . .

Mr. Barengo:
You lead us to believe that you already had a legal opinion.

Chairman Mello:
Yes, that's right.

Mr. Reiser:
I said that we would provide you with the citation that is included in the contract and that has been provided.

Mr. Barengo:
I happen to have interpreted the language that you did have those opinions other than the contract.

Mr. Reiser:
I said I would try . . .

Mr. Barengo:
We also specifically asked questions about contract employees . . . about contract employees. Apparently it seems to me that by looking at all these things I don't understand how you can do it.

Mr. Reiser:
We will explain that to your legal counsel as directed.

Mr. Barengo:
Do you have the specific statute that allows you to do this, I want to know it right now.

Mrs. Wagner:
What is it?

Chairman Mello:
You have legal counsel right here hopefully they can answer some questions.

Mr. King:
616.185, I believe. 616.185 empowers the Commission to acquire various types of employees. I don't have that statute in front of me right now.

Chairman Mello:
Frank, would you like to cite that to us.

Mr. Daykin:
Bob, would you assist in the Chapter 616.185. That's the one I was working with.

Mr. Barengo:
It is a broad enabling statute that says for specific purposes you can go outside your area of needs and hire people to meet these needs for a one-time shot like Leroy here. It is a general empowering statute.

Mr. Daykin:
I will read you 616.185: "The Commission may employ a secretary, actuary, accountants, examiners, experts, clerks, stenographers, and other assistants, and fix their compensation." It then goes on "compensation shall be first approved by the governor . . ." Now, there is a difference in my mind between employ and enter into independent contracts. These contracts do not purport to be independent contracts

within the meaning of NRS P84.173, but precisely for the reason that they are employment contracts the other party to each the other party to each is simply an employee just as if there were no written contract. Just as my secretary is an employee of this State and I perceive no legal authority for any difference in those treatments in respect to that statute.

Chairman Mello:
Do you have anything to say, Mr. King.

Mr. King:
Just to say that we have a different interpretation. We can talk about it now or we can get together with Mr. Daykin as you indicated whichever the Committee desires. I think it would be more precise if we were to get together with Mr. Daykin.

Mr. Daykin:
I concur with Mr. King and I do not think we would want to spend . .

Chairman Mello:
All right. Let me re-state these dates I was looking at another budget that someone put in front of me. I want the actual of 77,78; the work program of 78,79; and you said you can have that probably within a week. And I will assume as of maybe next Monday, is that right, Mr. Reiser?

Mr. Reiser:
I would like to go back with your staff and our staff . .

Chairman Mello:
Now you thought it within a week, now . . .

Mr. Reiser:
I want to be sure we understand exactly what you are asking for, Mr. Mello. I think we need to sit down with Mr. Bible and say this is exactly what the Committee wants and this . .

Chairman Mello:
That's why I asked you on the 14th to sit down with Mr. Bible to find out what we wanted.

Mr. Reiser:
We went back and tried to prepare what was necessary to get the job done and then did have Mr. Bible and Mr. Bergstrom look it over with us to be sure that what we were doing was in conformance . . .

Chairman Mello:
And it wasn't right.

Mr. Reiser:
It was right but it took more time then what

Chairman Mello:
In other words the format was not right. It wasn't the format that we're accustomed to.

Mr. Reiser:
I believe the work that has been done so far is the format that he had.

Chairman Mello:
And then, you said that by the first of the month you should have the year 79-80; years 80-81 for us. We would like something in writing from you in regard to the actual and the work programs that's the 77-78; 78-79. We will have staff to go over it with you. Then we want something in writing from you of the date that you will have prepared the remainder of the request and that is for the 79-80; 80-81. We would like it in writing.

Mr. Barengo:
Mr. Chairman, may I be allowed to follow up on this. Assuming that 616.185 authorizes you to do what you have done would you please

quote to this Committee that requirement . . . and I'd like to listen to his also. "Employment and compensation shall be first approved by the Governor"--I want to know when has this been approved by the Governor.

Chairman Mello:
Now, do you have an advisory board?

Mr. Reiser:
Yes.

Chairman Mello:
Is it established by NRS?

Mr. Reiser:
It is established by Executive Order of the Governor.

Chairman Mello:
Executive Order of the Governor. Can you give us a copy of the Executive Order; can you remember when it was established by Executive Order?

Mr. Reiser:
No, I can't

Chairman Mello:
Was it by O'Callahan?

Mr. Reiser:
Yes, sir.

Chairman Mello:
All right and would you please tell us what the duties of the board consist of--is that in the Executive Order?

Mr. Reiser:
Yes, I believe it is.

Chairman Mello:
Well, if it isn't will you get that to us and how you came up with that as far as their duties if it's not included in the Executive Order. Are there any other questions?

Mr. Mann:
Mr. Reiser, at the last meeting I requested that information on that director that you hired at the Rehab--the one you brought in from Canada and that you indicated you had paid some of his legal expenses, to this point, you may have given it to the staff, and I'd like to know if you have because I haven't received that yet.

Chairman Mello:
Staff does have that.

Mr. Mann:
O.K. Good, thank you.

Chairman Mello:
The problem that we have is that we have a lot of information that has been given to us and I believe those people that asked the questions in particularly in regard to contracts should review that information. It's going to be very difficult to make copies of all that information. The information has to be kept in a safe place and if there is anyone that wishes to review that information I believe at the present time, it's in Mr. Bible's office. Is that correct? If anyone wishes to go up and review that and leave it in the office while you review it because we are in charge of it then I think you should.

Mr. Bremner:
I haven't read the material that you brought over recently, but on the 14th I asked you to supply your investment reference records for the last 7 or 8 years and you said that wasn't long enough. You said

they're dealing in the last 20 to 40 years and I said that would be fine.

Mr. Reiser:

Bob Haley said that and that information is . . .

Mr. Bremner:

That information is here--O.K. that's what I wanted.

Chairman Mello:

Are there any other questions of the Committee?

Mrs. Wagner:

May I just ask one? At the last meeting John I had asked for a break-down of the number of clients that had gone out of state. I have seen some of that material and you said at that point in time last week that not all of it was here. Can I have input that it has come in partially. Is the rest here?

Mr. Reiser:

Yes, we are working on that and will send the information over . .

Mrs. Wagner:

But it is not all here yet?

Mr. Reiser:

Yes, I believe it is. J. R. when did you send that over, can you recall.

Mr. Clark:

I believe it was last Friday.

Mrs. Wagner:

All this. O.K. How about the information

Chairman Mello:

It was after the 5 o'clock deadline too I'd like to . . .

Mr. Reiser:

We are continuing to work on that one item because we have to go through each individual claim

Mrs. Wagner:

I assume you have the information that must have been easy to obtain versus the other because I know that was more difficult. On the question I asked about the trip to British Columbia and who traveled.

Mr. Reiser:

You have that response.

Chairman Mello:

Are there any further questions of the Committee.

Mrs. Cavnar:

Thank you, Mr. Chairman, on the list of people who were sent out of state to clinics for treatment and evaluation, do you have the names of those people or the conditions for which they were sent or the length of stay.

Mr. Reiser:

That information has been provided. The names
On each claim number on the names we are advised that on the name --we should have a release on the individual names of the claimants to release that information.

Chairman Mello:

Are there any other questions of the Committee before we recess? You do have staff that will go with you now. Are there any other questions or comments from anyone in the audience? Anyone who would

like to make a statement in the audience? All right.

Mr. _____: (?)

Is this the appropriate time to talk about why the NIC hasn't used line-item budgets? Or will we talk about this next time?

Chairman Mello:

Well, I think I know why they don't. The question is are they going to?

Mr. _____: (?)

Why they should or why they should not?

Chairman Mello:

Well, we're liable to have legislation in here and I think it has been requested where they will present a line-item budget before the Committee members--the money committee. Whether they use it or not in a day to day operation is one thing; whether it is prepared for this Committee is something else. All right, I'd like to ask that everyone come back in at 10:00 o'clock please because we have some bills to review. So we are recessed until ten.

(Verbatim testimony ends at this point. On the following pages the meeting continues with the other business before it.)

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AB 331

Mr. Art Palmer stated that AB 331 makes an appropriation to the Legislative Commission for continued improvements in the automated system of text processing initiated in 1977. Currently, the text processing system is used for Histories and Journals and as a retrieval aid for bill drafting. The monies requested in AB 331 would extend the system to computer generation of bills in the bill drafting process.

Mr. Palmer commented that a difficulty now would be whether the State computer has the capacity to handle the increased workload. He noted that the Legislature has preferential use of the printing facility.

Mr. Palmer said that now the computer is used in the evening hours for the Journals and Histories; whereas bill drafting purposes would use the computer during day hours when the volume of usage is the greatest.

Mrs. Cavnar asked if the text processing proposal would extend the capability of the CPT 8000 computer.

Mr. Palmer responded that the State computer facility would be used during the 1981 session if the capability was available.

Mr. Frank Daykin, Legislative Counsel, stated that the appropriations of \$325,000 in 1979-80 and \$375,000 in 1980-81 are estimated amounts because of the lack of an established "track record" in operating the system and are predicated upon the Counsel Bureau's use of the State's central computer. He noted that should sufficient computer time not be available through the central computer, it would be more costly to have the work performed elsewhere.

Mr. Webb asked if AB 331 is predicated on the purchase of the new larger computer.

Mr. Daykin remarked that unless the new computer is acquired, there will not be sufficient capacity for the increased usage as well as requirements of the Legislature.

Mr. Vergiels commented that before passage of AB 331, consideration should be given to the additional funding going to Interim Finance. He suggested that the Commission make some kind of judgment upwards or downwards.

Mr. Daykin said that the appropriation is made to the Legislative Commission so that they can distribute the money as needed. He said that if more money was needed, a request would have to be made to the Interim Finance Committee for a contingency fund.

Chairman Mello pointed out that if SB 255, passes more money will be available by request from the Interim Finance Committee.

SB 144

Mr. Art Palmer, Director, Legislative Counsel Bureau, said SB 144 is an appropriation of \$75,000 for the reproduction of Nevada Reports that are now out of print or rapidly becoming out of print.

Mr. Palmer stated that Nevada Reports is not a publication of the Legislative Counsel Bureau and is no way connected with NRS or the Digest. He said that since the Supreme Court does not have a warehouse large enough to house and sell the Nevada Reports, the Counsel Bureau has assumed the responsibility, in place of the Secretary of State on a temporary basis.

Mr. Palmer remarked that SB 144 is an appropriation for the re-printing of 15 titles which are now in very low supply; and, in accordance with NRS bids from both private industry and the State Printing Office

Mr. Palmer said that he received bids from A. Carlisle of Reno, Nevada in the amount of \$68,294 and from the Department of General Services Printing Division for \$137,000. He continued that under the law, which authorizes use of a private printer, it would be prudent to use A. Carlisle for the reproduction needs.

Mr. Palmer noted that the selling price of the Nevada Reports is determined by the Legislative Commission; and at the present selling price of \$12.50, the sale of 300 copies of each of the 15 volumes would generate only \$56,000 while \$68,294 would be expended for the reproduction. He further noted that an increase in the selling price from \$12.50 per copy to \$15.25 per copy would be necessary to recoup the amount spent for reproduction.

Mrs. Wagner commented that the bid by the State Printing Office was considerably higher than the bid by A. Carlisle and noted that previous testimony by the Director of the State Printing Office had revealed his desire to acquire more State printing jobs.

Chairman Mello pointed out that the State Printing Office charges were actually higher than independent printers; and that the Director of the Printing Office had indicated that his costs would be lower if more State agencies did business with him.

Mr. Webb commented that in regard to the difference of bids between the State Printing Office and A. Carlisle, that serious consideration should be given to the request by the State Printing Office for more automation equipment.

Mr. Palmer noted a previous instance when the State Printing Office was used for a reproduction job because their bid had been lower than A. Carlisle. He said that perhaps the workload demand at the Printing Office may cause the variance in price.

Mr. Hickey asked who buys the Nevada Reports publications and how the figure of 300 copies of each of the 15 volumes was determined.

Mr. Palmer responded that most of the publications are bought by legal attorneys; and the production of 300 copies would last for approximately 15 years since about 20 copies a year are sold.

He said that the price difference between reproducing 200 or 300 copies is minimal.

Chairman Mello asked Mr. Palmer is the money that is collected from the sale of the Nevada Reports is deposited in the General Fund. Mr. Palmer said that the money originates in the General Fund and after the sale of the publications it is reverted back to the General Fund.

Mr. Bremner commented that the selling price of \$15.25 should be utilized in order to recoup all of the funds expended for the reproduction.

Mr. Palmer pointed out that in the past, the Commission has set a price that would recoup all of the money.

Mr. Glover asked why the State doesn't make money on the reproduction and sale of the Nevada Reports. Mr. Palmer said that it is not a money-making proposition.

Mr. Glover noted that the appropriation in SB 144 is for \$75,000 and the bid on the reproduction costs is for \$68,294 and asked if the difference would revert to the General Fund.

Mr. Palmer said that only the amount necessary to reproduce the Nevada Reports would be used, and that the difference between the appropriation and the amount expended would revert to the General Fund.

Mr. Palmer pointed out the increase in printing costs noting that the bid submitted in February was \$65,600 and increased to \$68,300 in March.

Chairman Mello reiterated that the bill should be amended to state that the remaining difference in the reproduction costs be reverted to the General Fund.

Mr. Webb commented that the price of the Nevada Reports should be increased to \$15.25 to recoup all the funds expended on the reproduction.

Chairman Mello pointed out that the selling price of the Nevada Reports is set by the Legislative Commission.

Mr. Mann commented that in the past the Commission has been frugal in their spending and said that the Commission should be allowed to set the price of the publications.

AB 557

Chairman Mello stated that AB 557 would amend NRS 218.223 to provide for payment of \$40.00 per day to members of the Legislature for attendance at pre-session orientation conferences. He said that the Legal Division of the Legislative Counsel Bureau has questioned the payment. However, the Audit Division maintains that the payment is allowable under existing statute.

Mr. Barengo noted that previously the Legislature has paid for the pre-session conferences out of Federal funds.

DO PASS motion made by Mr. Mann; seconded by Mr. Vergiels. Motion approved. Mr. Webb, Mr. Bremner, and Mrs. Cavnar voted NO.

Chairman Mello asked Mr. Don Bailey, State Printer, if he was aware of SB 144 which makes an appropriation for \$75,000 for the reproduction of the Nevada Reports.

Chairman Mello pointed out to Mr. Bailey that the State Printer's office bid was \$137,000 and a bid from A. Carlisle was \$68,294; and the Committee was interested in why the bid from the Printer's office was twice as high.

Mr. Bailey said that he would need time to review the bids before he could comment. Chairman Mello asked Mr. Bailey who made out the bid. Mr. Bailey said that he and his top management made the bid.

Chairman Mello stated that if a satisfactory explanation for the difference in bids was not presented to the Committee, that any new equipment for the Printer's office would be re-considered.

AB 331

Mr. Webb commented that he questioned the validity of each agencies request for increased computer services. He noted that utilizing the computer facility for the Legislature for the 4 months in session at the expense of other agencies may not be good judgment.

Mr. Paul Vierling, Computer Salesman, stated to the Committee that a computer is merely a management tool and, if not used wisely, it is not effective.

Mrs. Wagner pointed out that she supports the bill as it will be cost effective during this session and in the future.

Mrs. Cavnar asked who makes the determination of what information will be put into the computer and what information is needed.

Mr. Mann stated that the program was started 2 years ago to meet the increased needs of printing bills and that it is a good tool to use in bill drafting capabilities.

DO PASS made by Mr. Glover; seconded by Mr. Mann. Motion approved.

The meeting was adjourned at 10:50 a.m.