

MEMBERS PRESENT:

Chairman Bremner
 Vice Chairman Hickey
 Mr. Bergevin
 Mr. Brady
 Mr. Coulter
 Mr. Glover
 Mrs. Hayes
 Mr. Horn
 Mr. Marvel
 Mr. Rhoads
 Mr. Robinson
 Mr. Vergiels

MEMBERS ABSENT:

Mrs. Westall (Excused)

ALSO PRESENT:

Bill Bible, Fiscal Analyst; Judy Matteucci,
 Deputy Fiscal Analyst; Mike Alastuey, Deputy
 Budget Director (SEE ATTACHED GUEST LIST)

Chairman Bremner called the meeting to order at 7:00 a.m.

AB 552 Provides early retirement for regular members of public employees' retirement system and increases contribution rate.

Ms. Joyce Woodhouse, representing the Nevada State Education Association, stated that this legislation has been requested by an increasing number of teachers. She stated that alternative methods have been considered; however, it is felt that the provision of AB 552, retirement at age 55 with 20 years of service, is the most popular choice of the teachers.

Ms. Woodhouse pointed out some technical errors in the Bill, stating that the cost of 55 with 20 would be an additional percent and a half and the bill does not indicate this. She added that the teachers have indicated they are willing to pay for the benefit.

Mr. Glover asked why this approach was taken instead of some of the other alternatives. Ms. Woodhouse stated that it boils down to economics, 55 with 20 costs a percent and half, while 30 years at any age costs more. Mr. Bennett stated that it would cost between 2½ and 3 percent for the 30 years at any age method.

Mr. Vernon Bennett, Executive Officer of the Public Employees Retirement System, pointed out that the Retirement System has no position on AB 552. He handed out a copy of his statements to the committee. (EXHIBIT A). He stated that the Board adopted a policy several years ago that they would favor any improved benefit which the employers and employees were willing to pay for.

Mr. Ross Culbertson, representing Nevada Public Employees Action Coalition, stated that his group is in support of this legislation and indicated that many of the members of the coalition have indicated that stress, both physical and mental are a factor in many retirements.

AB 573 Transfers responsibility for licensing certain postsecondary educational institutions to Board of Regents.

Mr. Frank Daykin, Legislative Counsel, stated that this bill would require that all post secondary education licensing for academic or professional degrees be regulated by the Board of Regents of the University of Nevada.

Chairman Bremner stated that a question had arisen regarding possible constitutional conflicts with this particular bill. Mr. Daykin stated that in his opinion no such conflicts exist.

Mr. Horn asked just what degrees would be affected. Mr. Daykin stated that degrees affected would be AA, BA, Masters, law, medicine and education in the graduate curriculum area. He added that the vocational degrees would remain under the Post Secondary Education Commission.

Mr. Jim Morrison, owner of Reno Business College, testified that he is opposed to the passage of AB 573. He stated that the Board of Regents would stand in conflict of interest if they were granted regulatory powers over private industry. He stated that if the Board of Regents is given such power he will get an injunction against it. He indicated that conferences have been held with a district judge who informed him that he would issue such an injunction on either a conflict of interest or unconstitutional basis pursuant to Article 11, Section 7 of the Constitution of the State of Nevada.

Mr. Morrison further stated that his school feels that there is a need for a regulatory body but they feel it is needed at the state department level. He stated that the State Department of Education would be a proper agency to perform the regulatory tasks or in the event the committee does not wish to entertain this alternative then he requests a no pass recommendation with a maintenance of the current status.

Mr. Horn asked if there would be any problems if the State Department of Education took on the responsibilities of the Commission on Post Secondary Education. Mr. Morrison stated that he could foresee no problems.

Mr. Rhoads asked if Reno Business College has had any problems with the Commission on Post Secondary Education in the past. Mr. Morrison stated that they have had no problems. He added that there are areas that the University just does not cover and to impose the \$50,000 bond requirement on private institutions would literally prohibit some of them from staying in business. He stated that his bonding agent had told him that insurance companies would refuse bonding because the small schools just would not be able to qualify.

Merlin Anderson, Administrator for the Commission on Post Secondary Education, stated that he has resigned his position, and his comments to the committee do not reflect any personal interest of his in furthering his particular situation. Mr. Anderson stated that the State of Nevada has the most stringent oversight in the area of degree granting institutions and ranks among the top six states in the area of non-degree granting oversight as far as regulations are concerned. Mr. Anderson stressed the importance of his agency in the regulation of the private and community schools which are currently serving veterans.

Mr. Anderson stated that a conflict of interest exists in transferring this responsibility to the Board of Regents, adding that the people who comprise the Board of Regents do not have greater expertise or knowledge than those who are in the Commission on Post Secondary Education. He stated that the University being a reviewing body would have a restrictive process in reducing any innovative type programs which would be in conflict with their own operation. He stated that it would appear that the University would be approving their own programs.

Mr. Anderson voiced two points of concern with regard to the bill in its present form; one being the requirement of the \$50,000 bond. He stated that the Attorney General has previously determined that this bond requirement constitutes defacto denial of a license inasmuch as an institution cannot produce liquid assets to the point of satisfying a \$50,000 bond as cheaply as they could produce the \$50,000 to put on deposit. He added the other aspect indicates section 22 would require each post secondary education institution which grants an academic or professional degree and is licensed by the Commission on Post Secondary Education pursuant to NRS 394.460, on July 1, 1981 to apply to the Board of Regents of the University of

1571

Nevada for a license not less than six months before the license expires. He said this is an obvious attempt to have everything that the Commission has done rereviewed, a redetermination made, in essence to declare any action by the commission null and void, subject to their own investigation.

Mr. Vergiels and Mr. Horn asked Mr. Anderson for clarification of statements appearing in the Las Vegas Sun regarding the conflict of interests that possibly exists. Mr. Vergiels stated that committees previously receiving testimony and requests from Mr. Anderson have always had favorable results in granting requests made by Mr. Anderson. Mr. Anderson stated that the agency was generated by request of several legislators and the State Board of Education and the inference that the agency is or was personally created by Mr. Anderson is incorrect, and he in no way intended in his letter to accuse anyone of a conflict of interest.

Mr. Daykin pointed out that in Chapter 100 of NRS there is a general provision that wherever a surety bond is required, this requirement may be satisfied by posting cash, therefore any institution solvent to the degree of \$50,000 can meet the requirements and continue to derive income from the money posted.

Mr. Benjamin Soloman, President of Sierra Nevada College, stated that Sierra Nevada College is a licensed four year accredited degree granting institution with Bachelor of Arts and Bachelor of Science Degrees being granted. He stated that they are self supporting and are governed by a Board of Trustees. He pointed out that the \$50,000 bond requirement would jeopardize the financial stability of the school. He stated that a conflict of interest would exist if the University of Nevada had any control over the courses offered at their institution.

Mr. John McEnenny, Veterans Administration, stated that there would be no position taken with regard to conflict of interest on the part of Veterans Administration. He added that the only conflict of interest language in their contract forms relates to ownership or part ownership of any approving agent of any school seeking approval for VA purposes. He said there is precedent for separating contracts for agencies involved in the licensure of degree versus post secondary education vocational courses.

Mr. Ted Sanders, State Superintendent of Public Instruction, stated that he did not think that moving the CPE responsibilities from the Department of Education would be in the best interest of education and the state. He indicated that the State Board of Education suggests that in Chapter 394, substitute for commission, State Board of Education; and for Administrator, State Superintendent of Public Instruction; and NRS 394.383 and Section 385 be deleted in its entirety.

Dr. Bersi, Chancellor of the University of Nevada, stated that the University stands ready to cooperate fully in delivering the duties requested of them by the bill if it is passed. He added that the University would be happy to submit biennial written reports to the Legislature or any other appropriate body in review of the degree programs submitted for licensure and would use outside experts and every other method to insure that there would be no conflict of interest or a suspicion of it.

Mr. Robinson asked if any savings would be realized by transferring this to the University. Dr. Bersi stated that this has not been determined as yet because the costs related to this portion of the bill, the licensure and review of academic degrees and professional degrees, is quite minimal. Mr. Sanders added there are presently 109 schools under the present act and at most 13 would fall in the academic category. He stated that the bulk of the activity would go to the State Department of Education.

Mr. Horn asked if any of the programs would be affected on the military bases. Dr. Bersi stated that none of these programs would be jeopardized and as the population grows the educational system of the state will be under tremendous pressure to deliver programs to the populous, adding that the effect on programs offered on military bases would be little, if any.

Mr. Robinson asked if the University would be in a conflict of interest because they would be regulating their competition, in effect, because some of the programs offered by the University are the same as those offered by the private institutions. Dr. Bersi stated that the expert reviews to establish licensure for hotel management, for example, would certainly not come from the faculty or administration of the hotel management program of the University of Nevada system. He stated that economic competition is very healthy and is completely acceptable and this will deliver the highest quality program at the most reasonable cost.

Mr. Robinson asked if the University would experience any difficulty in licensure and review of a private law school that is proposed in Reno. Dr. Bersi stated that this would be an exercise in discipline, adding that he thinks the University staff could do a proper job.

Mr. Robinson asked what other states have the Board of Regents supervising organizations such as CPE. Mr. Sanders stated that no research of this type has been done but that the information will be provided to the committee.

Chairman Bremner asked if the Board would make changes in the curriculum at some of the private schools such as addressed by Mr. Soloman. Dr. Bersi stated that the only limitation on curriculum is demonstrated need for the program, capacity to deliver it at a level to meet recognized national standards.

Mary Morrison, Reno Business College, stated that services received in licensing and review from the CPE have been exceptional and expeditiously carried out by the staff. She expressed concern over the imposition of the \$50,000 bonding requirement, stating that it could put some small private schools out of business. Mrs. Morrison stated that the State Department of Education in her opinion is a poor second choice to the University, but would be preferred over the University.

Mr. Rhoads asked why she felt that the State Board of Education was a poor second choice. Mrs. Morrison stated that it is because of the type of inspection received in the past. Mr. Bergevin stated that Reno Business College was a strong objector to the inspections being conducted by the Board of Education at that time, adding that the school was uncooperative and felt that the Board was interfering with the school's business.

Mr. Hickey asked what the purpose of the \$50,000 bond is. Mrs. Morrison stated that it is to protect students in case the schools were to go out of business, etc. She added that the cost of the bond is not the problem, but qualifying for the bond is a major problem and will become impossible for some schools if it is raised to \$50,000.

Chairman Bremner directed a question to Mr. McEnney, Veteran's Administration, asking if any budgetary cuts are anticipated in federal funds. Mr. McEnney stated that they have received indications of some cuts, but nothing definite.

Mr. John White, Education Officer at Nellis Air Force Base, stated that programs have been built up over the past ten years, and are now degree granting institutions, adding that some are out of state schools operating on the base facility. Mr. White indicated that a waiver should be granted to degree granting institutions which are located on a military installation, and that the VA approval and coordination be located within the Department of Education.

Mr. Robinson asked if the students on the military base pay the same tuition as the Clark County Community College non-military students pay. Mr. White stated that they do pay the same tuition. He added that the University of Nevada sends all of its regular faculty on base and some faculty come from Clark County Community College.

Mr. Robinson asked how many students are enrolled at Nellis Air Force Base. Mr. White stated that in January there were 400 enrollments on the campus at Cheyenne, 250 on the base, 200 with the University of Nevada on base, 100 on the campus and the other schools brought the total to about 1,600 individual course enrollments in January. He added that dependents of the military are entitled to the same programs, but they receive no tuition assistance from the Air Force.

Mr. Horn questioned whether the schools on campus are subject to the same regulations as off campus schools. Mr. White stated that the DOD Directors require that the on-base schools comply with and cooperate with the state approving agency and the CPE forwards the requirements to the VA.

Dr. Harry Hess, Psychologist from Las Vegas and a member of the faculty of the University of Nevada, Las Vegas, stated that it is his opinion that the CPE has done a poor job with respect to the licensing of a private university in Las Vegas which grants doctoral degrees in clinical psychology. Dr. Hess stated that he could see no conflict of interest in the Board of Regents handling the CPE duties.

Mr. Ben Knolls, Resident Agent for Nova University of Florida, stated that he is opposed to the Board of Regents controlling the licensing of the private schools. He also expressed concern over the \$50,000 bond requirement, adding that the bonding companies have stated that it is difficult to qualify for this type of bond.

Mrs. Hayes asked if the rumor was true that Nova University was going to withdraw its programs from Las Vegas. Mr. Knolls stated that this is not true, that the program is being redesigned and the University will operate under a new format in Las Vegas.

Mrs. Morrison, responding to statements made by Dr. Hess, stated that licensing is one process and accreditation is something entirely different.

AB 586: Provides for payment of members of sanity commission from reserve for statutory contingency fund under certain circumstances.

Mr. Ken Sherrigan of the Division of Mental Hygiene and Mental Retardation stated that AB 586 adds to the statutory contingency fund the option to pay for the sanity commission's requirement to determine a person's competency for standing trial.

AB 437: Requires payment by state of premiums for group insurance for retired state employees.

Mr. Alan Glover stated that the bill is based on two premises; one, the need for health insurance regardless of age; and two, the rising cost in health care services. He said as the bill is written, it proposes that the State of Nevada, through the General Fund, pay an amount of money for the group health insurance as is presently done for active public employees.

Mr. Warren Fowler, representing the retired public employees of Nevada, stated that the fiscal impact presents a minor exception to the bill as it is presently drafted. He said the group does not wish to pay two classes of insurance, adding that the fiscal impact would be decreased by \$300,000 the first year and \$350,000 the second year.

Mr. Fowler stated as an alternative certain benefits would be extended to employees staying with the state for an extended number of years; he added that another proposal is that the state pay half; or, another alternative is that the slated premium increase be paid by the state, which is estimated to be approximately 20 percent.

Chairman Bremner asked what the premium is for a retired person over the age of 65. Mr. Fowler stated that at this time it is \$36.00. He added that the premium for an individual who is retired and under 65 is the same as other state employees, \$67.00.

Mr. Glover stated that he would provide an updated fiscal note to the committee on the proposals of AB 437.

AB 618: Removes governor's discretion to close public offices on holidays.

Mr. Glenn Rock, Chief of Resource Development and Training for the State Personnel Division, stated that this proposal is part of the overall administration package, specifically deleting the current law which provides for the governor to declare two legal holidays per year and substitute in its place the provision for two holidays for state employees, one of which is the day after Thanksgiving, and the other being a floater day, to be taken at the employee's discretion.

Mr. Bob Gagnier stated that SNEA is not in agreement with AB 618. He pointed out that SNEA has an alternative version that will be introduced in the Senate. He indicated that the SNEA proposal is that the Governor still have his power to declare two holidays; however, he would do so in January of each year.

Mr. Glover asked if this proposal would require that the Governor do this. Mr. Gagnier stated that the legislation would require the Governor to declare the two holidays in January.

AB 502: Allows limited free distribution and makes appropriation for promotion of state aerial navigational chart.

Mr. Bob Price, stated that this bill has two provisions, one would be to allow the maps to be sold at a price of \$2.00, and the other would be to furnish a copy of the maps to other state agencies at no charge.

Mr. Rhoads asked if any thought had been given to soliciting advertisement to pay for the cost of the maps. Mr. Price indicated that this had been considered but was not built into the bill during the last session. He stated that it would be a good bit of language to have in the bill, to allow the solicitation of advertising.

Mr. Marvel asked how many maps are sold each year. Mr. Price stated that 10,000 maps were made and it is planned to sell the full 10,000 before the maps are updated again.

Mr. Horn commented that perhaps it would be more efficient to leave out the specific fee language and state instead that the department shall charge a fee.

Mr. Marvel asked who prints the sectional maps. Mr. Price stated that Jeppsen prints these and the same fee of \$2.00 is charged.

ACR 35: Authorizes expenditure by state public works board of additional federal money for capital improvement project at Army Aviation Support Facility at Stead.

Mr. Howard Barrett stated that this would allow the State Public Works Board to accept the \$850,624 that is available from the guard bureau for the construction of the aviation support facility and the armory at Stead. He added that this would bring the spending level to \$2,743,483, which the Federal Government has available and would allow bidding of the job sometime in December of this year.

Chairman Bremner asked what is proposed to be done with the extra moneys. Mr. Barrett stated it is the money they have authorized to expand the facility to meet their requirements.

Chairman Bremner asked what it will cost in terms of ongoing operating expenses. Mr. Barrett stated for the armory facility the state pays 100 percent of the maintenance cost and on the aviation support facility, which is the larger project of the \$2,000,000 aspect of it, the state pays 25 percent and the Federal Government pays 75 percent.

Mr. Stuart McRitchie, Facilities Officer for the Army National Guard, stated they are currently paying for the upkeep and maintenance of a rented facility at Stead.

Chairman Bremner asked when the project will come on and how long will construction take. Mr. Barrett stated that it will probably take one year.

AB 478: Provides salary for members of state health coordinating council.

Meryl Nygren, from the office of Health Planning and Resources, stated that the bill was submitted at the request of volunteer members of the council who do not receive any compensation for participating in the State Health Coordinating Council meetings and committee activities. She added that this bill will compensate for approximately 50 percent of the members of the council who are volunteers and do not receive any salary for being in attendance at these meetings.

Chairman Bremner asked how many members are on the council and how many meetings are held. Ms. Nygren stated there are approximately 22 members now and they are required to have four meetings per year. She added that attendance is 62 to 65 percent but over 50 percent of the membership has to be volunteers.

Mr. Marvel asked if the other 50 percent are state employees. Ms. Nygren stated not all of them are state employees, and some of them represent professional organizations such as the Nevada Hospital Association.

SB 480: Makes special provision for service charges in law on unclaimed property.

Mr. Jim Wadhams, Director of the Department of Commerce, and Mr. Dave Shaffer, Administrator of the unclaimed property section of the Department testified in opposition to the bill.

Mr. Shaffer stated that the proposed change will present some problems and have a fiscal impact which is not noted on the bill. He said this change will permit any holder who retained a service charge or other fee from an account before the effective date of the act on January 1, 1980 to only refund those fees to those who show up and lay claim to that fee. He pointed out the change will affect the financial institutions who are backing the bill. He stated that \$62,000 will be excluded from remittance if this bill is passed, and the figure could be larger, but it is not known positively.

Chairman Bremner asked Mr. Wadhams and Mr. Shaffer to return to the committee room at 5:00 p.m. when the proponents of the bill would be present to testify.

AB 619: Requires legislative approval of certain leases of state lands.

Mr. Jac Shaw of State Lands Division was present to answer any questions of the committee.

Mr. Glover asked if any problems had been foreseen if the bill is passed. Mr. Shaw stated that he sees no problems for his division but perhaps there will be some for the legislature to get that involved should they ever receive any lands to lease.

Mr. Robinson asked if this applied to mineral and oil leases on state lands. Mr. Shaw stated that it has no effect on mineral and oil leases.

Chairman Bremner asked how many leases would be affected at this time. Mr. Shaw stated that at this time very few would be affected.

Mr. Marvel asked how many acres of state land there are. Mr. Shaw stated there are approximately 140,000 acres, most of this being in parks and wildlife refuges.

SB 480: Makes special provision for service charges in law on unclaimed property.

Mr. E. G. Newton, representing the Nevada Bankers Association, stated that he too would return at 5:00 p.m. to discuss the bill. He went on to state that the bank's point of view is that service charges on inactive accounts have been done for many, many years and should continue.

The meeting was adjourned at 10:30 a.m.

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

693 WEST NYE LANE
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

RETIREMENT BOARD
DARREL R. DAINES
CHAIRMAN

SAM A. PALAZZOLO
VICE CHAIRMAN

MEMBERS

WILLIS A. DEISS
PEGGY GLOVER
BOYD D. MANNING
MARGIE MEYERS
TOM WIESNER

TESTIMONY PRESENTED TO THE ASSEMBLY WAYS & MEANS COMMITTEE
REGARDING ASSEMBLY BILL 552, MAY 11, 1981

I am Vernon Bennett, Executive Officer of the Public Employees Retirement System. The Retirement System has taken "no position" on AB 552. The Board adopted a policy several years ago that we would favor any improved benefit which the employees and employers were willing to pay for. However, we understand that some employee groups and employers do not favor an increase in contributions for early retirement.

AB 552 reflects an increase in contribution rates equivalent to 1.00% to pay for the new benefit. However, our Actuary has computed the cost to be 1.50%. Therefore, we would request that AB 552 be amended to reflect an increase equivalent to 1.50% if your Committee favors the legislation. The employee and employer contribution rates should be increased from 8.00% to 8.75% as provided in NRS 286.410 and NRS 286.450. The employer pay rate in NRS 286.421 should be increased from 15.00% to 16.50%. We will be pleased to draft the specific amendment if your Committee desires.

VB:bb

EXHIBIT A

DATE: 5/11/81

WAYS AND MEANS COMMITTEE

GUEST LIST

NAME (PLEASE PRINT)

REPRESENTING:

BING OBERCE

DEPT OF HUMAN RESOURCES

VERNA EVANS

CPE

MERLIN ANDERSON

COMM. ON POSTSEC EDUC.

Warren T. Fowler

R.P.E.N (AB437)

Stewart MacRitchie

Military Department

Dave Shaffer

Dept of Commerce

DALE NITZSCHKE

UNLV

HARRIE F. HESS

UNLV

Richard O. Davies

UTR

Robert Bepsi

UN'S

TED SANDERS

DEPT OF EDUC

DAN PAYNE

DMH-MR

Carolyn Mann

Dir MH/MR

MARY MORRISON

Reno Bus. College

JIM MORRISON

" " "

Jac R. Shaw

State Lands

John R. Duarte

Welfare Division

GLENN ROCK

STATE PERSONNEL DIV.

CHARLES J. MERDINGER

SIERRA NEVADA COLLEGE

BEN KNOWLES

NOVA UNIVERSITY

Ken Sharrigan

DMH/MR

Frank Hobbauer

Dept of Human Resources

Myrl Nygren

Health Planning & Resources

Benjamin J. Solomon

Sierra Nevada College

E. G. NEWTON

NEVADA BANKERS ASS'N

Joyce Woodhouse

Nevada State Educ. Assoc

ROSS CULBERTSON

NEV PUBLIC EMPLOYEES ACTION CON.