

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Third Session  
February 18, 2005**

The Committee on Ways and Means was called to order at 8:42 a.m., on Friday, February 18, 2005. Chairman Morse Arberry Jr. presided in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Mr. Morse Arberry Jr., Chairman  
Ms. Chris Giunchigliani, Vice Chairwoman  
Mr. Mo Denis  
Mrs. Heidi S. Gansert  
Mr. Lynn Hettrick  
Mr. Joseph M. Hogan  
Mrs. Ellen Koivisto  
Ms. Sheila Leslie  
Mr. John Marvel  
Ms. Kathy McClain  
Mr. Bob Seale  
Mrs. Debbie Smith  
Ms. Valerie Weber

**COMMITTEE MEMBERS ABSENT:**

Mr. Richard Perkins (excused)

**STAFF MEMBERS PRESENT:**

Mark Stevens, Assembly Fiscal Analyst  
Steve Abba, Principal Deputy Fiscal Analyst  
Mindy Braun, Education Program Analyst  
Susan Cherpeski, Committee Secretary  
Lila Clark, Committee Secretary

**ELECTED OFFICIALS**

**ETHICS COMMISSION (101-1343)—BUDGET PAGE ELECTED-162**

Stacy M. Jennings, Executive Director, Nevada Commission on Ethics, indicated that she had provided a handout ([Exhibit B](#)) to the Committee. She said the Commission performed five functions under statute:

- Interpreted and provided guidance on ethics in government law
- Adjudicated ethics complaints and campaign practices complaints
- Provided advisory opinions to public officers on their past, present, or future conduct
- Provided training on ethics law around the state to public officers and employees
- Accepted financial disclosure statements of appointed public officers

Ms. Jennings referred the Committee to the copy of the Ethics Commission's organization chart on page 1 of [Exhibit B](#) and explained that the Commission was comprised of eight members, four members appointed by the Legislature and four members appointed by the Governor's Office, and the members served four-year terms. Of the membership, at least two of the four members appointed by the Legislature must be former public officers and one must be an attorney. Additionally, not more than four members could be from the same political party, and not more than four could be from the same county in the state. The Commission was designed thus to provide a fair balance between the political parties and the different population centers in the state.

Ms. Jennings said the Commission currently had a staff of four: the executive director, executive assistant, legal counsel, and a legal research assistant, a position funded during the interim and starting February 28, 2005. She indicated that the budget also proposed a full-time investigator position to be staffed in the new Las Vegas office. She explained that prior to the 2003 Legislative Session, the Commission had been funded from the General Fund; however, in 2003 a policy decision had been made that city and county governments would share in the cost of the Commission and its operations, as approximately two-thirds of the caseload stemmed from local governments.

Ms. Jennings continued and referred the Committee to the work performance measures ([Exhibit B](#)) submitted with the budget. She noted that there had been a sharp increase in the "requests for opinion" caseload, and although the FY2005 numbers did not appear to be greatly increased over the FY2004 numbers, the FY2004 numbers were skewed because on the last day of FY2004, the Commission had received the same complaint against 30 people, none of whom the Commission had jurisdiction over. Therefore, the FY2004 number would more accurately be 37 "requests for opinion," making the FY2005 projection of 90 a substantial increase.

Ms. Jennings said the Commission investigated approximately 50 percent of all complaints received, and of those, approximately 80 percent were dismissed through the panel process, which meant the findings were that there was nothing to substantiate the allegations. Due to the increase in investigations and the lack of additional investigators, the time frame of 45 days determined by statute was not being met. Ms. Jennings remarked that the time frame was realistic, but more staff was needed. The time frame was an important part of due process for the public officer or employee being investigated. She opined that 45 days was an appropriate amount of time, and with the addition of the full-time investigator requested in the budget, that would be an achievable time frame.

Ms. Jennings indicated that approximately 20 percent of the "request for opinions" received were from public officers asking for advice on issues. She noted that the percentage of cases under judicial review was small, which indicated the Commission was doing a good job interpreting the statutes. The Commission also provided, upon request, an educational program on ethics laws. Most often that training was done on a city or county government level, and that program was requested quite often.

Ms. Jennings pointed out the pie chart in [Exhibit B](#), which showed the current operating budget. She noted that 70 percent of the budget went to salaries, and the total operating budget was approximately \$419,000.

Ms. Jennings outlined the new budget and noted that approximately \$3,000 was requested for travel costs. The Commission had always funded travel for

the Commission members and their staff to attend the meetings. In addition, the ethics training program required travel and it appeared that there would be at least 20 programs done throughout the state. The other enhancement decision units were, as mentioned earlier, a request for a full-time investigator position in the Las Vegas office, a request for replacement equipment in the Carson City office and new equipment for the Las Vegas office, and a request for funding of salary adjustments necessitated by the Governor's proposed plan for reclassification of positions.

Ms. Jennings said that the adjusted base budget included full-time funding of the legal research position approved by the Interim Finance Committee in September 2004, as well as the funding for additional items for the Las Vegas office, such as rent, various pieces of equipment, and a telephone system. She referred the Committee to a pie chart in [Exhibit B](#) outlining the recommendations in The Executive Budget, and she reiterated that 70 percent of the budget would still be used for salaries. In the first year, there were requests for equipment needed with the additional staff position. She noted that there was a 43 percent increase in the budget which was recommended to total \$602,000.

Ms. Jennings reiterated that the percentage of caseload from local governments determined the apportionment of funding, which meant that 65 percent of the budget would be funded by cities and counties with a population of more than 10,000, and the remaining 35 percent would be supported by the General Fund. She indicated that the budget had been based upon the caseload numbers in previous years, which were provided in [Exhibit B](#) along with a breakdown by city and county of what they would be required to pay under statute.

Ms. Jennings said she had worked with the Nevada Association of Counties and the Nevada League of Cities to generate that breakdown, which had then been further revised once the Governor's recommendations had become known. She noted that the FY2007 numbers were similar to FY2006 because the equipment funding was being removed and the investigator position was being funded for an entire year. She pointed out that the investigator position was funded to start October 1, 2005.

Ms. Jennings noted that several proposed bills were ethics-related and said the Committee would be hearing more on those issues at a later time. She remarked that the bill proposed by the Commission on Ethics was primarily technical, but there were other bills that would cause "healthy discussion."

Ms. Jennings completed her presentation by saying the Commission had relocated the day before to a new office in Carson City and noted that the budget included funding for that. Ms. Jennings directed the attention of the Committee to page 6 of [Exhibit B](#) and pointed out her office was now located in Suite 10 and the website address had changed. The Las Vegas location was temporary and would be changing at a later date as well.

Ms. Jennings indicated that she had finished her presentation and would be willing to answer questions from the Committee. Vice Chairwoman Giunchigliani referred to a previous Interim Finance Committee decision in which the Commission had been given an investigator position and requested additional details on the request for \$13,000 in the Commission's budget.

Ms. Jennings clarified that it had been a legal research assistant position and then explained that the \$13,000 in the budget was used for investigative costs to purchase records.

Vice Chairwoman Giunchigliani requested a breakdown of how the funds would be used. Ms. Jennings indicated that in the previous year there had been \$532 in freight charges for using Federal Express to send investigative materials to a hearing location, \$1,000 to purchase public records from local governments, \$575 in legal and court fees, \$335 in witness fees, which meant subpoena service, and \$4,695 for access to the LexisNexis Total Research System. She pointed out that \$6,568 had inadvertently been left in the budget request and said that would be removed.

Vice Chairwoman Giunchigliani asked whether that would cover the cost of legal fees with the increase in caseload. Ms. Jennings said yes.

Vice Chairwoman Giunchigliani requested clarification regarding \$4,450 in salary savings and a possible supplemental appropriation. Ms. Jennings explained that the rent for the Las Vegas office had not been included in the appropriation made by the IFC in September 2004. The cost of rent for the space, which the Commission had been occupying since October 1, 2004, was approximately \$4,500. Initially, the Commission was going to request a supplemental appropriation; however, because she had been unable to hire an individual to fill the legal research assistant position, there were approximately two months of salary savings, which could be used to pay the rent, and a supplemental appropriation was no longer needed.

Vice Chairwoman Giunchigliani asked if Ms. Jennings was aware of any impact proposed legislation could have on the Ethics Commission. Ms. Jennings replied that she would need to review the proposed legislation to make a determination, but she thought the bill draft request with the most potential impact had been proposed by Clark County, which would permit the Commission to enforce a separate stricter ethics code in certain areas. She did not, however, see a need for additional staff or resources.

Vice Chairwoman Giunchigliani asked if the Clark County proposal would apply statewide. Ms. Jennings explained that some of the provisions would apply statewide, but there was one provision in the bill that would authorize local governments to ask the Commission to enforce the local government's own ethics code if it contained more restrictive provisions than the state law. She indicated that the Commission would be willing to enforce those provisions.

Assemblyman Marvel commended the Ethics Commission for receiving a clean audit and expressed his appreciation for the job that Ms. Jennings had done.

Assemblyman Denis asked if the Commission received technical support from the Department of Information Technology (DoIT). Ms. Jennings indicated that was correct; however, the Commission required very little technical support. She maintained the website for the Commission, and only used DoIT if there was a problem with the computers. The DoIT technicians had helped with the relocation of the office, and they had been needed very few times in the past year.

Mr. Denis questioned the budget request for new computer equipment. Ms. Jennings explained that a new network printer was needed. She said she was unsure whether a new server would be needed in the next biennium, as she had been informed by DoIT that the current server for the Commission was running on low-grade software, which could not be upgraded.

Mr. Denis asked Ms. Jennings to provide a technology plan detailing types of software, the network the Commission currently used, and what would be used in the future. Ms. Jennings said she would provide that information.

Mr. Denis expressed confusion regarding the allocation of funding to the local governments. Ms. Jennings explained that the 65 percent of the budget charged to local governments was determined by a formula devised by the Legislature in the 2003 Legislative Session and it was based on a population of 10,000 or more. She used Clark County as an example and said to determine the percentage charged to each city within the county and the county itself, the cities, such as Las Vegas and North Las Vegas, which had a population greater than 10,000, were subtracted from the total and the remaining population was allocated to the county itself. Those numbers were used to allocate the charges, then the local governments were billed twice a year, pursuant to statute. The first bill was issued at the end of June and payment was due August 1; the second bill was issued at the end of December and payment was due February 1.

In response to Mr. Denis's request for clarification of the complaint totals contained within [Exhibit B](#), Ms. Jennings explained that the Commission monitored every telephone complaint received, but once a written complaint was filed, that number was moved into the total requests for opinion column, which showed 160 in Attachment 1 of [Exhibit B](#). She indicated that the number of telephone complaints was included as an indicator of the potential number of written complaints, which meant the 139 telephone complaints could move into the total requests for opinion column if a written complaint was filed.

Mr. Denis asked how many of the complaints required action by the Commission. Ms. Jennings said approximately 50 percent of the complaints fell under the jurisdiction of the Commission. Mr. Denis asked if that was 50 percent of the called and written complaints, and Ms. Jennings said that it was 50 percent of the written complaints.

Ms. Jennings remarked that as far as the issue of jurisdiction was concerned the Commission relied on the definition of a "public officer." She said the Commission had proposed a bill draft that would address that issue because the Commission received many complaints against individuals who did not meet the strict definition of a public officer because they were not spending public money. She used the example of planning commissioners as seemingly public officers who did not fall under the jurisdiction of the Commission. Mr. Denis asked what was the "other" source of complaints on the list ([Exhibit B](#)), and Ms. Jennings explained that "other" meant those complaints filed that did not concern public officers or public employees at all.

Vice Chairwoman Giunchigliani requested additional details on the example of the planning commissions. She opined that there should not be planning commissions since "elected officials should be the ones making the decisions." Ms. Jennings explained that the Commission did not have jurisdiction because a public officer was defined as an individual elected or appointed to a position established by the *Nevada Constitution*, a statute, or an ordinance of the city or county, and the individual must exercise a public power, trust, or duty. That definition had been strictly interpreted and meant the individual must enforce laws, make policy, and expend money to be considered a public officer. She noted that there were positions, such as the planning commission in Clark County, on commissions or boards that were not purely advisory in nature and the Ethics Commission had no jurisdiction over those positions. Ms. Jennings indicated that there had been complaints filed against various state boards, but

while the board was making policy and enforcing laws, there was no budget because the board was staffed with a division in state government which meant the Commission had no jurisdiction.

Vice Chairwoman Giunchigliani agreed that jurisdiction was a problem and said she thought those issues would be something that the Assembly Committee on Elections, Procedures, and Ethics might be interested in examining more closely. She advised Ms. Jennings to bring those issues before that committee for discussion. Ms. Jennings indicated that those issues were included in the Commission's bill draft request.

Vice Chairwoman Giunchigliani said she had spoken with the Secretary of State's Office regarding the posting of financial disclosure forms on the website. Ms. Jennings said that the Secretary of State's Office had added a link to that website, but the Commission's website did not have the financial disclosure forms in electronic files that could be accessed. She indicated that she would look into converting the files scanned on CD-ROM into an HTML format. She said she had spoken with Renee Parker, Deputy Secretary of State, and Ms. Parker had offered to help the Commission place those documents on the website.

Vice Chairwoman Giunchigliani encouraged Ms. Jennings to find a way to place that information on the website. She thanked Mr. Marvel for reminding the Committee of the Ethics Commission's audit results and she expressed appreciation for the work that Ms. Jennings had done.

Assemblyman Hettrick interjected that he had served on the audit subcommittee that had reviewed the Ethics Commission and he said it was nice to have the Ethics Commission get a clean audit when the Commission was charged with ensuring that other entities be ethical. He said he knew that Ms. Jennings was proud of the results, and the Legislature was proud of the work the Commission had done.

Vice Chairwoman Giunchigliani indicated that the hearing on the Ethics Commission budget was finished and the Committee would hear the next budgets on the agenda.

Ron Sparks, Executive Director, Western Interstate Commission for Higher Education (WICHE), introduced Carl Shaff, Executive Commissioner, WICHE, and Jeannine Sherrick, Program Officer, WICHE. He began his presentation by describing the WICHE program. He stated:

The mission of the Western Interstate Commission for Higher Education is to carry out the goals, objectives, and programs as provided for in the WICHE multi-state regional compact. In keeping with the mission, the agency has continued to reduce the amount of delinquent debt owed and collaboration methods have been put into place. The WICHE program has taken strides to market and enhance the profile of the program throughout the state by placing emphasis on civic organizations, college fairs, and high school career days. Site relationships have been developed in the underserved portions of the state and training sessions have been implemented. For increased exposure and information, an expanded interactive website has been posted.

Mr. Sparks said he wanted to review some of the locations where students in the WICHE program were actually practicing. In the past, WICHE was a



program that gave money to students and required them to return to their state upon graduation. Since that first concept, the program had been changed and now required students who accepted the funds to return to the states upon graduation and work in underserved communities.

Mr. Sparks said there were WICHE program graduates in the towns of Battle Mountain, Carson City, Dayton, Elko, Ely, Fallon, Gardnerville, Las Vegas, Minden, Reno, Sparks, Tuscarora, Winnemucca, and Yerington, and in the counties of Churchill, Clark, Douglas, Elko, Humboldt, Lyon, Washoe, and White Pine. He said the program was doing its job as far as getting people into all the areas of the state.

Mr. Sparks referred the Committee to [Exhibit C](#) and said he had good news and bad news for the Committee regarding loan collections. The good news: The agency had collected approximately \$108,000 more than what had been projected to this point. The WICHE students had been repaying the loans much more quickly than had been anticipated. The bad news: An adjustment would have to be made to the base budget as the funds that would have been collected in the future were already being collected. Mr. Sparks indicated that he would be working with staff of the Legislative Counsel Bureau (LCB) and the State Budget Division to make the necessary adjustments. He reiterated that the good news was that students were repaying the loans quickly, and he noted that as of the meeting date, February 18, his agency had collected \$100,698 in February alone. That was far beyond the average of \$40,000 per month in loan repayment, but Mr. Sparks felt it was an indication that the collections process was effective. He repeated that an adjustment to the base budget would be forthcoming.

Assemblywoman Giunchigliani reminded Mr. Sparks to discuss the Health Care Access Program (HCAP) in detail during his budget presentation and explain the difference between HCAP and the WICHE loan and stipend program. Mr. Sparks agreed to do so.

## **EDUCATION**

### **W.I.C.H.E. ADMINISTRATION (101-2995)—BUDGET PAGE WICHE-5**

Mr. Sparks indicated that he would start his review of Budget Account 101-2995. He said it was essentially an adjusted base budget with a few exceptions. Decision Unit E-400 was a request for the return of in-state travel funds. The agency had not expended the FY2004 travel funds because the program officer position had been vacant and training had been done in-house. The enhancement request would return the agency to a funding level slightly above that of FY2005. Mr. Sparks indicated that he had provided LCB staff with a breakdown of travel expenses to justify the request.

Mr. Sparks said that Decision Unit E-401 was a request to continue the Volunteers in Service to America (VISTA) program volunteer position in Las Vegas. The position had been established the previous year to give WICHE a presence in the Las Vegas area. The position had been shared between WICHE and the Great Basin Primary Care Association ([Exhibit D](#)). He indicated that in E-401 the position would be exclusive to WICHE. The cost would be \$6,000 in personnel costs; \$1,300 in travel costs at 20 miles per day for 156 days at \$0.40 per mile as dictated by the VISTA program; \$1,200 for operating costs and the cost of purchasing a liquid crystal display (LCD) projector, since the volunteer would be doing professional presentations in the Las Vegas area. The total cost would be \$10,499 in FY2006 and \$8,500 in FY2007. Mr. Sparks noted that was an adjustment of \$3,878 in each year of

the biennium from the higher amounts recommended in The Executive Budget, which was \$14,377 in FY2006 and \$12,378 in FY2007.

Assemblywoman Leslie questioned the need for the LCD projector, as one had been funded previously. Mr. Sparks indicated that during FY2001-02 the Legislature had funded a projector, but because of budget cuts, those funds had been removed from the budget and the projector had not been purchased. He added that the projector would be used not only by the VISTA volunteer but by others in the office as well.

Ms. Leslie commented that the state had not funded any other VISTA positions in state government and she was concerned about the precedent of funding a VISTA volunteer for WICHE because other agencies would then make the same request. She opined that it was inappropriate, as VISTA positions were supposed to be "community-based positions supported by community agencies." Mr. Sparks said the position was supported by the Great Basin Primary Care Association and WICHE, and was a cost-effective way to have a presence in the Las Vegas area. He pointed out that the agency needed a presence in the Las Vegas area and if the VISTA position were not funded, then an additional state employee position would be needed.

Ms. Leslie asserted that VISTA positions were not meant to replace state positions or be permanent, as that would be contrary to VISTA's philosophy. Mr. Sparks pointed out that there were other state agencies utilizing VISTA volunteers, and Ms. Leslie countered that the state was not funding those positions. Mr. Sparks conceded that other agencies might receive grant funding.

Vice Chairwoman Giunchigliani requested that Mr. Sparks provide information to justify the need for a position in southern Nevada or even the need for an office in southern Nevada. She pointed out that the primary reason for a position in Las Vegas was for recruiting and administrative duties. She said the agency should examine the possibility of either relocating to Las Vegas or working without a presence in the Las Vegas area. Mr. Sparks agreed to provide information and said that there were different possibilities that should be examined, including establishing an office in Las Vegas. He indicated that the VISTA position not only was being used for administrative duties, but also was functioning as an outreach person, attending meetings in the Las Vegas area for the dental school or other events. Mr. Sparks said he would be happy to return with additional information for the Committee. He indicated that he had finished his presentation of the enhancement requests for Budget Account 101-2995.

## **EDUCATION**

### **W.I.C.H.E. LOAN & STIPEND (614-2681)—BUDGET PAGE WICHE-1**

Mr. Sparks explained that Budget Account 614-2681 contained the money to fund the student loan programs. He explained that there were different programs within the budget: the Professional Student Exchange Program (PSEP) and the Health Care Access Program (HCAP). When students received funds from the PSEP they were required to return to the state upon graduation and work in the state for the equivalent number of years for which they received support. Under that program, the recipients were not required to work in underserved areas; the only requirement was that they return to the state. They were then required to repay 25 percent of what was given with an additional 8 percent interest.



Mr. Sparks remarked that in past audits of the agency, the agency had been commended for bringing professionals back to the state; however, the agency had been less successful in getting them into underserved areas. Because of that, the Health Care Access Program (HCAP) had been developed. The HCAP had different requirements: students received money, returned to the state upon graduation, then worked in underserved communities. The people who received HCAP funds currently were not required to repay the state. He opined that HCAP was a great way to meet the needs of the rural and underserved areas in the state. He pointed out that the majority of the WICHE program had become HCAP-oriented, which would need to be addressed in the future, funding-wise.

Mr. Sparks said there was also a loan repayment program for the dental school. He said it was a matching program between WICHE and the National Health Services Corps (NHSC). Participants in that program received money after they had graduated from school, were licensed, and were ready to work in an underserved community.

Mr. Sparks said the HCAP, the PSEP, and the loan repayment were the three areas that needed to be funded, with the goal of the agency being to take as much pressure off the General Fund as possible.

Mr. Sparks directed the attention of the Committee to Decision Unit E-400, a request for the funding necessary to continue and enhance WICHE's participation in the National Health Services Corps' federal loan repayment program. He explained that although the funds would fit within the base, the funds had been moved out of the base per a Letter of Intent from the Legislature asking that he not include any new or continued professional slots for the program in the base. He said the enhancement request would allow for two continuing dental slots in each year of the biennium as well as the addition of two per year. The other part of the request was that funding for the mental health positions, currently funded at 100 percent by the state, move to the loan repayment program. Those positions would then be required to work in state-run mental health clinics. Mr. Sparks explained that including the mental health positions in the program would help the state-run clinics with recruitment and retention. He noted that some of those positions were revenue-producing positions and the agency wanted to help the Health Division fill those positions.

Vice Chairwoman Giunchigliani asked why student fees were expected to decrease by approximately 30 percent. Mr. Sparks said that the fees had not decreased and explained that the decrease Vice Chairwoman Giunchigliani was referring to was in "up-front payments." If students wanted to accept PSEP funds, but did not want to pay interest, they had the option of paying the 25 percent as soon as they received the money, thus avoiding paying the interest that would have accrued on the loan over time.

Vice Chairwoman Giunchigliani requested clarification. Mr. Sparks said that the PSEP students were required to repay 25 percent of the loan. The line item showing a decrease was a result of the students repaying that amount right away without allowing interest to accrue. He added that the WICHE program had moved toward more students being funded under the HCAP than the PSEP. With fewer students using PSEP funds, there were not going to be as many up-front loan repayments.

Vice Chairwoman Giunchigliani asked why the decline was so drastic—the amount went from \$45,000 in the first year of the biennium to \$18,800 in the second. Mr. Sparks explained that it was difficult to accurately project whether

a student who accepted funds would pay up front or if he would make loan payments at a later time.

Vice Chairwoman Giunchigliani questioned the basis of the \$45,000 and the \$18,800 projections. Mr. Sparks said the \$18,800 in the second year was based on the actual amount of money that was received in up-front payments, while the \$45,000 was an estimate of what could be received in up-front payments.

Vice Chairwoman Giunchigliani pointed out that the agency had received \$64,763 in FY2004 and \$54,000 in FY2005. She questioned the substantial reduction from \$45,000 in FY2006 to \$18,800 in FY2007. Mr. Sparks explained that more students were using HCAP funds, which did not require the students to repay the state.

In response to Vice Chairwoman Giunchigliani's question regarding the first year total, Mr. Sparks said he thought the \$45,000 projection was accurate, and the second year total was a reflection of the uncertainty surrounding the number of students who would take PSEP funds or HCAP funds.

Vice Chairwoman Giunchigliani asked if there were any student fees associated with the HCAP. Mr. Sparks said those students were not required to repay the state. Vice Chairwoman Giunchigliani asked if any administrative fees were collected, and if not, whether other WICHE states collected administrative fees. Mr. Sparks indicated that administrative fees were not collected, and he added that Nevada's program was different from the other states' programs. Vice Chairwoman Giunchigliani commented that Nevada could be the first to collect fees and asked Mr. Sparks to look at implementing an administrative fee for the HCAP.

Assemblyman Denis asked if the Millennium Scholarship program had affected the WICHE program. Mr. Sparks indicated that there had been no effect. Mr. Denis asked if the dental program had affected the WICHE program. Mr. Sparks indicated that the two major in-state programs, the dental program and the physical therapy program, had allowed the agency to reduce the amount of money given to students. Those students were still required to work in underserved areas. Mr. Denis commented that it was good to spend less and still provide help where it was needed in the underserved areas.

Assemblywoman Gansert requested clarification regarding the number of slots in the dental program, and Mr. Sparks explained that there were already two positions that would continue and then two new positions would be added each year of the biennium.

Assemblyman Marvel asked how long a commitment the WICHE program required as far as working in underserved areas. Mr. Sparks indicated that the graduates had five years to complete a two-year commitment in an underserved area.

Mr. Denis inquired if those who served in underserved areas stayed once their commitment was completed. Mr. Sparks replied that a study was currently being conducted, but he believed some of those people chose to stay in underserved areas. He pointed out that even if they did not stay, there were other people in the program to replace them.

Mrs. Gansert asked how money was repaid if the two-year obligation was not fulfilled. Mr. Sparks said that if a student did not fulfill his obligation under the

HCAP, he was required to repay three times the principal plus interest. If a student did not fulfill his obligation under the PSEP, he was required to repay 100 percent of the loan given him with an additional 8 percent interest.

Mrs. Gansert clarified that the original intention of the HCAP had been to provide aid to the rurals and underserved communities of Nevada, and while the PSEP had been the first program, more students were taking advantage of the HCAP now. Mr. Sparks indicated that was an accurate summation.

Mr. Sparks continued his presentation of the budget and directed the attention of the Committee to Decision Unit E-402. He indicated E-402 was a request for the funds necessary to give the in-state students, which included those in the mental health, nursing, and dental programs, an increase of 1.5 percent in support fees. The students who had been attending out-of-state programs were receiving an increase of approximately 2.5 percent each year, and the 1.5 percent increase was an attempt to maintain pace with the out-of-state increase. The agency was requesting \$17,809 in the first year and \$571 in the second year of the biennium.

Mr. Sparks explained that Decision Unit E-403 was actually a reduction in the General Fund rather than a request for additional funds. He explained that it was a pilot program between WICHE and the University Medical Center (UMC) that would reduce the amount of money needed to fund five of the WICHE positions in the nursing program. Half of the cost would be paid by UMC, and when students accepted those funds, they would be required to work at UMC. Mr. Sparks said it would be the first time nurses from the WICHE program would be required to work in an underserved hospital and he thought it was a great opportunity. He emphasized that it would save General Fund money and would be a positive collaboration between WICHE and UMC. He remarked that if the program was successful, he might return to the Legislature in the future and ask for more slots to be added or for a similar program in the northern part of the state.

Vice Chairwoman Giunchigliani asked if the dental slots had been decreased by two. Mr. Sparks explained that WICHE was no longer funding students to attend out-of-state dental schools, and the agency was requesting five positions at UNLV; two of those positions would be under the loan repayment program.

Vice Chairwoman Giunchigliani questioned the effect of eliminating the in-state dental school. Mr. Sparks pointed out that the cost of funding a student at UNLV was approximately \$13,500; however, the cost of funding a student at an out-of-state college was at least \$20,000. He said the students would receive less money overall because they would have to pay out-of-state tuition costs; they were getting more "bang for the buck" by attending UNLV and paying less in tuition.

Vice Chairwoman Giunchigliani pointed out that there was a reduced rate for attending an out-of-state college in the WICHE program. Mr. Sparks clarified that the student did not receive a reduced rate, the out-of-state tuition costs were the same, but the money received from the WICHE program covered part of that cost.

Vice Chairwoman Giunchigliani asserted that she had not supported the creation of the dental school and she felt more discussion was needed regarding the situation.

Vice Chairwoman Giunchigliani requested additional detail on the mental health slots in the budget. Mr. Sparks explained that there were five positions currently funded under the HCAP program, but those positions would be moved into the loan repayment program. The number of slots would remain the same. Vice Chairwoman Giunchigliani questioned the reasoning behind the change, and Mr. Sparks explained that the students under HCAP had been required to work in any underserved community, but with the change, the students would be required to work in state-run mental health clinics. Vice Chairwoman Giunchigliani asked if the students would switch to the loan program because of the cost factor. Mr. Sparks indicated that was correct.

Vice Chairwoman Giunchigliani asked if there were any other slots that would be switching from the HCAP to the loan repayment program. Mr. Sparks said that the five nursing positions mentioned in E-403 would be in the loan repayment program. Vice Chairwoman Giunchigliani asked if that would only apply to nursing programs at four-year institutions, and Mr. Sparks indicated that it would apply to all nursing programs.

Assemblywoman Smith asked if the HCAP would be used if the pilot nursing program were instituted in the north as well. Mr. Sparks explained that the students would be under the same agreement as with HCAP, but the nursing program would be under the loan repayment program because UMC would be paying part of the cost. Mrs. Smith asked if a northern program would require the students to work in an underserved hospital as well. Mr. Sparks indicated that would be a factor. UMC had been chosen because UMC had expressed an interest and it served a large population that was underserved. He said that Washoe Medical Center would be a possibility if there were a northern program. Mrs. Smith remarked that she would be interested in looking at a similar program for northern Nevada.

Mr. Denis referred to his earlier question on the Millennium Scholarship and clarified that he wanted to know if the Millennium Scholarship program, which had given a more diverse group of students an opportunity to attend college, had affected the diversity of the applicant pool for the WICHE program. Mr. Sparks said the WICHE program had been established to give students an opportunity to attend professional programs and diversity was not necessarily a factor. He noted that the agency did like to fund students from rural areas or from ethnic backgrounds, and he believed the Millennium Scholarship program had increased the diversification of the applicants, although no study had been conducted. Mr. Denis commented that it would be an interesting study to see if the Millennium Scholarship program, by increasing the number of college graduates and thereby the number of students who could apply to the WICHE program, was creating more diversity in professional programs.

Vice Chairwoman Giunchigliani agreed that tracking those statistics would be worthwhile and might be used as a performance indicator for the agency.

Assemblywoman Weber commented that in the past there had been waiting lists for the nursing schools in Nevada, and she asked if students on the waiting lists were given the opportunity to attend an out-of-state program. Mr. Sparks said that question had been, and would be, considered if there were a significant amount of students on the waiting list, but few students had taken advantage of the program and gone to out-of-state colleges. He noted that the in-state program cost approximately \$2,600, while the out-of-state programs cost approximately \$5,200, so keeping the students in-state allowed the agency to fund more students.

Ms. Weber pointed out that it might be easier for students living in border communities to attend out-of-state programs, but perhaps the students were unaware of that option. She asked if the enrollment being doubled had eliminated the waiting lists. Mr. Sparks said there were not any significant waiting lists and added that his agency was interested in helping any student who wished to attend nursing school, whether at an in-state or out-of-state program.

Mr. Sparks continued his presentation and said the only other item he wished to address was a one-shot appropriation recommended by the Department of Administration for an upgrade of the agency's software program. He indicated that the current program was Microsoft DOS-based and needed to be converted to a Windows-based program. The recommendation was for \$40,250 in FY2006 and \$27,650 in FY2007. He said that \$6,840 would be used to purchase computer hardware, a server system for security purposes; \$27,649 would be used for programming costs to rebuild the system; and \$5,761 would be used to implement the new server. In FY2007, \$27,650 would be the continuing cost for the maintenance of the program.

Mr. Denis requested a detailed breakdown of the computer software and hardware request.

Vice Chairwoman Giunchigliani asked where the appropriation was located in the budget. Mr. Sparks explained that as a one-shot appropriation it was in a different section of The Executive Budget (Intro-15).

Vice Chairwoman Giunchigliani questioned the status of the written agreement with UMC. Mr. Sparks said he would obtain a written agreement and provide that to the LCB.

Vice Chairwoman Giunchigliani asked if there had been problems filling the seven dental program slots. Mr. Sparks explained that when the dental slots had moved to the loan repayment program in FY2004, there had been difficulties putting the program together and completing the legal work. Because of the difficulties, students had not been aware of the program and there had not been an applicant pool. Mr. Sparks expected to fill the slots in FY2005 and into the future. He said the agency had been able to collaborate with the health centers in Las Vegas and the rurals and expected good results.

Vice Chairwoman Giunchigliani pointed out that the pharmacy and physician assistant slots had not been filled during the previous biennium. Mr. Sparks explained that there had been an applicant pool for the pharmacy positions; however, the students were not admitted to pharmacy schools, and those slots were left vacant. There had been only one applicant for the physician assistant slot and that applicant had decided not to use the WICHE program. He asserted that would not be a problem in the future as the applicant pool was growing.

In response to Vice Chairwoman Giunchigliani's question regarding the pharmacy school, Mr. Sparks indicated that his agency did not work with the pharmacy school located in southern Nevada. Vice Chairwoman Giunchigliani clarified that it was the physical therapy program that was located at UNLV and requested a breakdown of which specialized programs were in the state and where they were located.

Mr. Sparks continued his presentation and said Bill Draft Request (BDR) S-479 would impact WICHE. The BDR was a recommendation submitted by the Interim Legislative Committee on Education, which would give an additional

appropriation to the WICHE program for ten positions in each year of the biennium for teachers interested in working in at-risk schools or in hard-to-recruit subjects. He opined that, as those teachers would be placed in underserved areas, it would fit with the mission of WICHE. He indicated that it would be a collaboration between the University and Community College System of Nevada (UCCSN) and WICHE, with the funds passing through WICHE.

Vice Chairwoman Giunchigliani remarked that when the BDR was introduced, that would be a matter for consideration. She noted that the Legislature had also considered a loan forgiveness fund for prospective teachers or teachers who wanted to specialize.

Vice Chairwoman Giunchigliani asked if the increase in fee revenue in the current year would impact the budget during the next biennium. She noted that the budget account had a reserve. Mr. Sparks said there had been a request for a reserve, but that had been withdrawn and the base budget would be adjusted to account for the unanticipated level of revenue collections. He said the budget was going to be adjusted to offset the \$108,075 that had been collected sooner than expected. Vice Chairwoman Giunchigliani indicated the Committee would examine the adjusted base and determine the best course of action.

Assemblyman Hettrick said he wanted to make the Committee aware of an issue that had arisen with a constituent. He had received a telephone call from a gentleman whose daughter was attending an accelerated nursing program and was concerned about some of the possible changes to the Millennium Scholarship that had been discussed. In particular, the constituent was concerned about the Governor's proposal to disallow the use of the scholarship for summer school. The constituent explained that the accelerated nursing program his daughter was in required a full course load during the summer semester, but if she could not use the scholarship, she would not be able to finish the program. Mr. Hettrick said the Committee should examine those situations carefully and possibly exempt accelerated programs that required summer school attendance.

Vice Chairwoman Giunchigliani said she had received a similar telephone call from a Carson City woman whose granddaughter was in an accelerated physical therapy program that also required summer school attendance. Vice Chairwoman Giunchigliani indicated that she would try to find out which programs were accelerated.

Vice Chairwoman Giunchigliani added that the woman had mentioned that a friend of the granddaughter had been forced to take summer school classes because some of the credits from the University of Nevada, Reno had not transferred to the University of Nevada, Las Vegas. She commented that the Legislature had tried several times to correct that problem, but it appeared to still be an issue. She cautioned the Committee to be mindful of those situations in order to avoid any unintended consequences as they reworked the Millennium Scholarship program.

Vice Chairwoman Giunchigliani adjourned the meeting at 9:47 a.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Susan Cherpeski  
Committee Attaché

APPROVED BY:

\_\_\_\_\_  
Assemblyman Morse Arberry Jr., Chairman

DATE: \_\_\_\_\_



## EXHIBITS

**Committee Name:** Ways and Means

Date: February 18, 2005 Time of Meeting: 8:00 a.m.

[illegible]