

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
April 6, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:06 a.m. on Friday, April 6, 2007, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

GUEST LEGISLATORS PRESENT:

Senator Terry Care, Clark County Senatorial District No. 7
Senator John J. Lee, Clark County Senatorial District No. 1
Senator Maurice E. Washington, Washoe Senatorial District No. 2

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Jo Greenslate, Committee Secretary

OTHERS PRESENT:

James W. Manning, Budget Analyst, Budget Division, Department of Administration
Michelle Chino, Ph.D., Director, University of Nevada, Las Vegas Center for Health Disparities Research
Daniel J. Klaich, Executive Vice Chancellor and Chief Operating Officer, System Administration Office, Nevada System of Higher Education
Doug Busselman, Executive Vice President, Nevada Farm Bureau
Debra Rae Drew, Executive Director, Nevada Landscape Association
Scott Gescheider, Nevada Landscape Association
John Toth, Green Capital Network of California
David K. Shintani, Ph.D., Assistant Professor, University of Nevada, Reno
Jason Perry, President, Nevada Landscape Association
John C. Cushman, Ph.D., Professor of Biochemistry, University of Nevada, Reno
Michael Little
Joseph Anderson, President and Chief Executive Officer, Comprehensive Resources, Recovery and Reuse, Inc.
Daniel J. Neverett, Vice President, Finance, Western Nevada Community College
Rand W. Key, J.D., Executive Vice President, Community College of Southern Nevada

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James Richardson, Nevada Faculty Alliance
Crystal Abba, Assistant Vice Chancellor for Academic and Student Affairs,
Nevada System of Higher Education

Bill Hanlon, Director, Southern Nevada Regional Professional Development
Program
Darrel Rexwinkle, Deputy Director, Operations, Department of Corrections

CHAIR RAGGIO:
Staff, we will review Senate Bill (S.B.) 282.

SENATE BILL 282: Makes supplemental appropriations to the Department of
Corrections for increased costs at various facilities. (BDR S-1258)

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative
Counsel Bureau):

This is a supplemental appropriation to the Department of Corrections (DOC). This legislation was heard in the Senate Committee on Finance on March 19 and again on March 26, 2007. The legislation, as recommended by the Governor, would provide a supplemental appropriation of \$5,697,616. Budget Amendment No. 66 was submitted by the Department of Administration (DOA) which would increase the amount to \$6,873,534. Following the review of the legislation in the Committee, a subsequent budget amendment was submitted by the DOA reducing the amount of this appropriation to \$6,473,243. This is \$775,627 more than the amount recommended by the Governor. Staff has reviewed the calculations for this supplemental request and recommends the Committee amend and do pass the bill.

CHAIR RAGGIO:
The purposes of the expenditure remain as indicated although the amounts have changed. Is that correct?

MR. GHIGGERI:
I have distributed a suggested amendment ([Exhibit C](#)) to the Committee which indicates this is for increased utility costs and inmate-driven costs due to the increase in inmate population at the DOC facilities.

CHAIR RAGGIO:
Is anyone here from the Budget Division? We are talking about S.B. 282 and Budget Amendment No. 80 submitted to this Committee. Are you familiar with this?

JAMES W. MANNING (Budget Analyst, Budget Division, Department of
Administration):
No, actually I am not familiar with this.

CHAIR RAGGIO:
We were going to act on it. Can you quickly determine whether or not this is acceptable?

MR. MANNING:
Yes, I will.

SENATOR COFFIN:

On page 2 of the bill, line 29, on the amended version ([Exhibit C](#)), mentions payment for Casa Grande Transitional Housing for fiscal year (FY) 2006-2007 in the amount of \$400,000. Why was that not forecasted in advance and appropriated in the 2005 Session?

MR. GHIGGERI:

When the Casa Grande facility was brought to the Legislature for funding and construction to house inmates, it was based on a certain number of inmates being housed with a portion of the debt on that facility being paid by the room and board payments received from the inmates. The projected number of inmates to be housed there has not reached the number projected by the DOC. Therefore, sufficient funding is not available to pay the debt.

SENATOR COFFIN:

Are we going to have the same problem in the next fiscal year following up on the supplemental appropriation?

MR. GHIGGERI:

That issue is being reviewed by the Subcommittee on Public Safety, Natural Resources and Transportation. We are reviewing that carefully; we are concerned it will continue. The limitations placed on the types of inmates that can be housed at Casa Grande may preclude the DOC from housing up to 400 inmates in that facility. They are looking at the possibility of using the facility to house parole violators; however, that may not result in the collection of sufficient room and board fees.

SENATOR COFFIN:

There is no provision for reversion. Is that correct?

MR. GHIGGERI:

This is a supplemental request from legislation approved by the 2005 Legislature, and reversion is included in that legislation. This merely changes the amounts included in the Appropriations Act from last session.

SENATOR MATHEWS:

On line 31 of the proposed amendment to S.B. 282, it refers to the salaries and support costs of senior staff. Should this be under classified?

MR. GHIGGERI:

I believe in June or September, the DOC came to the Interim Finance Committee (IFC) providing an information item concerning problems they were having with gangs in the prisons. They established what they called the disruptive housing unit at the Lovelock Correctional Center where they relocated a number of those gang members. The IFC did not provide funding for the operation, and this will provide funding for the positions that were hired.

CHAIR RAGGIO:

At this point, we will hold off. Please find out immediately whether this has been approved.

MR. MANNING:

Yes, I will.

CHAIR RAGGIO:

We will open the hearing on S.B. 347.

SENATE BILL 347: Makes an appropriation to UNLV's Center for Health Disparities Research for a health education and promotion pilot program. (BDR S-721)

SENATOR TERRY CARE (Clark County Senatorial District No. 7):

I have provided the Committee with an explanation of S.B. 347 ([Exhibit D](#)). The only proponent present on this bill is Dr. Michelle Chino. We have already heard, and will hear more this Session, about the uninsured, the underinsured and the burden they can ultimately become on the taxpayers. There are a couple of ways in which to prevent or alleviate the problem. One is to locate the uninsured and to educate them about programs that might be available for which they may be eligible. The other is to create a program in which screenings are conducted, at low or no cost, of uninsured individuals to detect certain conditions, diseases and so forth, and then consider the options from that point. The idea of prevention is to save a lot in medical care costs later. I was approached approximately one year ago on this idea from representatives of the University of Nevada, Las Vegas (UNLV) Center for Health Disparity Research (CHDR); thus, S.B. 347 and the request for the appropriation.

With me this morning is Dr. Michelle Chino who, for the last three years, has been the Executive Director of the CHDR at the UNLV.

MICHELLE CHINO, PH.D. (Director, University of Nevada, Las Vegas Center for Health Disparities Research):

I am also an associate professor in the School of Public Health. My Center conducts research and provides outreach to the community to address issues of health disparity which are differences in health outcomes among our populations. An important component understands the need for health education, screening, early intervention and, ultimately, to understand how people navigate the health care system.

CHAIR RAGGIO:

What is the issue and necessity for funding we are dealing with in S.B. 347? How are you currently funded?

DR. CHINO:

Our Center is funded through federal grants and contracts, totally on soft money. We have funding from the National Institutes of Health and are continually submitting proposals to the Centers for Disease Control and the National Institutes of Health and foundations such as the Robert Wood Johnson Foundation. We operate on small pots of money.

CHAIR RAGGIO:

What would you like to tell us about this program?

DR. CHINO:

We created this concept and the idea for this program because of the growing number of uninsured people in Nevada. It has become such a problem that two days ago when Senator Harry Reid spoke at the opening of our Environmental Health Laboratory, the first thing he mentioned was the issue of the uninsured and how it has become a major concern for the State and the nation. We have

found uninsured and underinsured individuals from all races and backgrounds are more likely to be low-income and working class. The problem is the people without insurance, or who do not use their insurance, delay treatment for serious health problems. They do not get preventive treatment, screening and early intervention services which increases their risk for disease, disability, complications and even premature death.

Additionally, the uninsured and underinsured fail to use available resources for which they may be eligible, and they misuse critical-health resources such as hospital emergency rooms. We are also finding there is a growing number of people who have insurance but do not use it. This was an issue brought to our attention by the Culinary Workers Union where people are well insured but fail to use their insurance resources.

We are proposing a pilot program that will accomplish three things. We will educate people who are uninsured and underinsured about the importance of screening, prevention, early intervention and early detection for preventable and controllable conditions such as diabetes, human immunodeficiency virus or AIDS, hypertension and many others. Secondly, we will link people to resources, we will connect people with low- and no-cost screening programs that may exist; we will connect people to insurers programs for which they or their family members may be eligible such as Nevada Check up; and to critical resources such as mammogram services through the Women's Health Connection. The third part of the program will build the capacity of people to navigate the health care system and, particularly for those who are eligible for insurance or who have insurance and do not use it, help them understand the terminology, the paperwork and break down some of the barriers existing between them and insurance. We will do this through a series of workshops in the community located in places such as community centers, churches and family resource centers.

In each workshop we would present a health problem, such as diabetes, talk about risks for the disease and what the disease is about. We will discuss terminology, resources that may exist for screening and prevention in the community and work with people who come to each workshop on issues of insurance and navigating the system. This funding will allow us to develop and produce informational materials, to hire a diverse group of health educators to conduct a minimum of 25 workshops a year and provide a minimal amount for workshop support such as space use, water for participants and other incidentals.

In the second year of the program, we are hoping to work with the University of Nevada, Reno (UNR) School of Public Health to bring the program to the north and to the rural communities. Currently, we are building a good working relationship between the two schools of public health, and we see that as a natural next step. We need short-term solutions to address this growing problem while we work together on long-term solutions. Therefore, we are pleased to present this program and respectfully ask for your support.

CHAIR RAGGIO:

We currently have programs within the State system, the Department of Health and Human Services, for bringing public awareness of available programs and facilities to those uninsured or underinsured. In supporting your program, are we replicating something for which we already provide service?

DR. CHINO:

We do not believe so, because in our work within communities, we realize people are not accessing or receiving messages that may be out there. We have built relationships with communities in southern Nevada where we can bring this information into the community. This is a unique opportunity and piece of the larger pie that needs to be disseminated into communities. We are not just raising awareness about resources; we are also raising awareness about critical health issues that are becoming epidemic in this country and in our State.

CHAIR RAGGIO:

There is no question; it is a worthy program, and your goals are well stated. The lack of capability to fund this Session is looming larger as we go along. Are you able to otherwise fund these programs if the State does not provide this funding?

DR. CHINO:

We are hoping some of the funding sources we are currently pursuing could perhaps fund parts of it. The problem is, because we are on soft money that is contractual, we would have to build this into other grants and contracts. We are always looking for ways to do things we believe effective. We are currently at a stalemate with our funding because funding at all levels is limited and restricted.

CHAIR RAGGIO:

You are proposing 25 workshops a year. Is that correct?

DR. CHINO:

A minimum of 25; we are hoping to conduct at least one a week.

CHAIR RAGGIO:

Is the cost of the workshop the fees of those conducting the workshop?

DR. CHINO:

The primary cost is the time of the health educators and the development of materials: pamphlets, fact sheets and training materials we can disseminate into the community.

SENATOR RHOADS:

Do you go into the rural areas?

DR. CHINO:

We have when we had funding and support to conduct that type of outreach. Right now we are limited because of funding shortages. Our plan is to connect with the UNR School of Public Health and find a way to bring this kind of health education both to the north and the rural areas. I have people who are good at working in rural communities. However, we do not have the funds to get out into the communities the way we would like.

DANIEL J. KLAICH (Executive Vice Chancellor and Chief Operating Officer, System Administration Office, Nevada System of Higher Education):

I would like to note S.B. 347, as well as two other bills on your agenda today, make appropriations to the Nevada System of Higher Education (NSHE). They are not bills requested by the Board of Regents. I will not be testifying on any of these, but I do not want my testimony to be inferred to denigrate the quality or the worthiness of the programs. You are going to hear wonderful things, but we

are mindful of the economic realities, and we will be testifying in favor of the Regents' priorities.

CHAIR RAGGIO:

I would think this is a program the Regents would consider worthy, and perhaps they can find funding. They have offline funding for many purposes. Perhaps some of that could be directed to these types of situations.

MR. KLAICH:

I will certainly carry that message to the Board.

CHAIR RAGGIO:

We will close the hearing on S.B. 347, and we will accommodate Senator Lee on S.B. 418.

SENATE BILL 418: Makes a contingent appropriation to the Board of Regents of the University of Nevada to fund a program of agronomy, horticulture, landscape ecology, and design and plant sciences. (BDR 34-46)

SENATOR JOHN J. LEE (Clark County Senatorial District No. 1):

I provided the Committee a handout entitled "Senate Bill N. 418 – Senator Lee" ([Exhibit E](#)). For several years leading up to and since the passage of S.B. No. 156 of the 73rd Session, a number of groups interested in developing a two-plus-two program involving the Community College of Southern Nevada (CCSN) and the UNR have been working to make this educational opportunity possible. Estimates from last session indicate, should this educational program be established, 100 to 150 students would be involved in receiving training in horticulture, landscape ecology and design and plant sciences. To pursue this type of four-year degree, Nevada students now must leave the State to complete their education. The green industry expanding these disciplines and areas of study generates over \$750 million in direct sales as well as supporting approximately 15,000 jobs.

CHAIR RAGGIO:

There is an appropriation of \$600,000 each year for this purpose if such a course is created. What would the \$600,000 each year cover?

SENATOR LEE:

That would cover five faculty members. The students would take the classes at the CCSN, and then the faculty from the UNR would go to the CCSN and instruct courses for the final two years of their four-year program. This money would jump-start the program and allow for hiring the faculty. At that point, the NSHE would pick up the program.

CHAIR RAGGIO:

What is the procedure in place whereby the Board of Regents authorizes programs of this nature?

MR. KLAICH:

Typically, programs go into the academic planning process at the institutional level to respond to a defined need. They come up through the Student and Academic Affairs Committee of the Board of Regents. When they are brought to the Board, they are costed out. The Board looks at the proposal, the need, checks for duplication and, ultimately, passes or does not pass the programs.

These programs have been brought through the planning process and have been approved. We just do not have the funding to get it started.

CHAIR RAGGIO:

According to the report given to us in late February from the NSHE, the Board of Regents approved establishment of the following horticulture-related programs: at the CCSN, an Associate of Science in Horticulture, at the UNLV, a Bachelor of Science in Urban and Environmental Horticulture; at the UNR, a Bachelor of Science in Horticulture; and at the UNR, a Bachelor of Science in Plant and Horticultural Sciences. That is the response we were given by the NSHE as to what they were doing pursuant to the requirements of S.B. No. 156 of the 73rd Session. What is the status of those programs?

MR. KLAICH:

Those programs are approved, but they are not yet funded.

CHAIR RAGGIO:

When you say they are not funded, what do you mean? If they established the programs, how did they intend to fund them?

MR. KLAICH:

For every program we establish, because of the way instructional programs are funded at the NSHE, it takes three years to build funding before the positions are included in our Base Budget. If we wish to move them more quickly, there are options, such as Senator Lee has proposed, or we allocate instructional funds from elsewhere in the budget to get the programs funded.

CHAIR RAGGIO:

That is why I asked the question. Certainly, they did not have this bill in mind when they established the program. How did they intend to fund the programs if they established them?

MR. KLAICH:

They did have this bill in mind. As I indicated, these programs were worked during the interim with Senator Lee and the program proponents. We worked with them to establish the curriculum, costs and so forth.

CHAIR RAGGIO:

Was this a part of the bill passed last session?

MR. KLAICH:

It came up but was not recommended for funding.

CHAIR RAGGIO:

Was it brought up by the Board of Regents?

MR. KLAICH:

Yes. There is a small recommendation in our statewide programs for this, but it did not get to the level where it was recommended for funding by the Board.

SENATOR MATHEWS:

It seems, from the literature I have in front of me, the landscape program has just begun in southern Nevada. However, I know it has been there for quite a while, especially at the Community College of Southern Nevada at Henderson.

The two-year program has been in place for a long time. Do you know how long?

SENATOR LEE:

I do not know, but I can tell you certain classes are offered for other types of degrees. To earn the complete horticulture degree, there was nothing that tied everything together. The students would have to take whatever classes they could and then go to California for the last two years. After graduation, students would come home, or possibly not come home. Once again, our citizens in southern Nevada do not have the degree, and the jobs would go to people from out of state.

CHAIR RAGGIO:

Were you aware the Board had established those Bachelor of Science and Associate of Science programs?

SENATOR LEE:

Yes, and we have been working hard. What you are hearing today is phase 2 of S.B. No. 156 of the 73rd Session. We did all the work and are now back to show you we have come together in agreement to prepare to teach these students. We need this quick cash infusion to get everything going.

DOUG BUSSELMAN (Executive Vice President, Nevada Farm Bureau):

We are here to speak in favor of the program embodied in S.B. 418. Our primary purpose in seeking the establishment of the program, outlined in the bill, is the need for enhancing our NSHE's educational and research capacity in this critical area. Nevada agriculture, specifically, and Nevada citizens, as a whole, will benefit from the establishment of this educational program. We fully appreciate the challenges facing this Committee and your fellow Legislators in allocating resources to cover the variety of important areas of need. Whatever you are able to do to assist in launching this program will be helpful. We support the objectives of S.B. 418 and seek your assistance in implementing a two-plus-two program that partners the CCSN and the UNR College of Agriculture, Biotechnology and Natural Resources.

SENATOR COFFIN:

I am glad you brought this forward. I did not realize we did not have a unified approach to agronomy. The importance I see is the State's concern regarding drought. We must have drought-resistant grasses, plants, bushes and trees. There is no shortage of jobs for good agronomists in southern Nevada, particularly in the golf course industry which has approximately 50 golf courses, and the need is growing throughout the State. There is training outside the State, but trainees must travel quite a distance to obtain it. It is time we had a unifying idea.

DEBRA RAE DREW (Executive Director, Nevada Landscape Association):

I distributed a copy of my testimony ([Exhibit F](#)). We represent 375 member companies in the State of Nevada. We strongly support S.B. 418, and we are excited about the prospect of reestablishing an accredited four-year program in both applied horticulture and plant science at the UNR. The green industry has continued to grow at a rapid pace over the past two decades and has a large impact on the State's economy. The green industry has an economic impact of over \$1.5 billion a year. This contribution includes over \$650 million in personal income that supports over 25,000 jobs for the State of Nevada. As prominent

members of the green industry, our organization recognizes the imperative need to create a center for higher learning within our industry that focuses on the unique requirements of the State. The UNR is the land-grant university. The Nevada Agricultural Experiment Station is also located here. It is time to bring back a four-year program to benefit our youth and the plant and horticultural industry. In an effort to show our support for this program, the Nevada Landscape Association has pledged \$100,000 to the UNR College of Agriculture for the establishment of this program. These funds will be raised over the calendar years 2007 and 2008. We are already well on our way with \$35,000 raised.

CHAIR RAGGIO:

That is a strong commitment which we appreciate.

SCOTT GESCHIEDER (Nevada Landscape Association):

The Nevada Landscape Association has pledged \$100,000 to this program, as Ms. Drew stated. In addition to the \$100,000, the members of our association have committed to participating on the academic advisory committees, assisting the NSHE in fund-raising activities, whether in holding events or meeting people one-on-one and explaining the values and proponents of the program. Additionally, organizations similar to the Moana Nursery in Reno have pledged well over \$100,000 in-kind assistance to get this program up and running. On a separate note, from an economic standpoint, organizations like our own are going outside of the State to hire individuals. As a prime example, within the last 30 days, we have hired three individuals from Colorado State University in landscape design, horticulture and plant sciences. Our organization has over 450 individuals, and not one of them has a landscape, horticulture or applied plant science degree from the State of Nevada.

JOHN TOTH (Green Capital Network of California):

I would like to add my support to S.B. 418. My affiliations are with the Green Capital Network of California and also a group of associates in Nevada. Our mission is to help sustain agriculture and mitigate greenhouse gases by integrating waste management and renewal energy technologies. One of my credentials is an accreditation with the U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) Rating System. Many Nevadans are looking for better ways of utilizing local and natural resources; NevadaGrown and Solar Generations are two of many programs. Solar Generations is helping address local production of utilization of energy, and NevadaGrown is a marketing initiative to assist Nevada agriculture producers by bringing communities and people together to support the growth and use of local products. We also need a local, relevant technical know-how, experienced knowledge base to assist agriculture in Nevada. Whether it is a seasonal vegetable garden in the backyard or a greenhouse project to extend the growing season; whatever can help us develop local agriculture in Nevada. The current UNR Cooperative Extension Master Gardener Program is stretched too thinly, and as a result, the program proposed in S.B. 418 is vital to living in Nevada. My associates and I are willing to partner with this program in providing technology and know-how for energy efficiency and production.

CHAIR RAGGIO:

Where do you reside, Mr. Toth?

MR. TOTH:

I have been a resident of Reno for ten years.

DAVID K. SHINTANI, PH.D. (Assistant Professor, University of Nevada, Reno):

I am one of the 13 plant-related faculty at the UNR. The horticulture programs described earlier are essential to the development and training of a workforce in support of this growing industry in Nevada which contributes over \$1.2 billion and over 20,000 jobs to the State economy. Unfortunately, there is a shortage of qualified workers to support this industry, as others have stated. Due to our unique environment both in northern and southern Nevada, the expertise required to support these industries cannot simply be imported from other regions of the country. Implementation of this program will allow us to develop a program specifically designed to train urban agriculturalists to address the unique needs of the Nevada environment.

CHAIR RAGGIO:

How long have you been with the program?

DR. SHINTANI:

I have been a faculty member for seven years. We had a plant sciences department that was dissolved in the mid to late 1980s. We currently have over 13 faculty members at the UNR who participate in various areas of plant research. We could better serve our stakeholders in the State green industries by developing this program.

CHAIR RAGGIO:

What is the Master Gardener program Mr. Toth referenced?

DR. SHINTANI:

It is part of the UNR Cooperative Extension program.

JASON PERRY (President, Nevada Landscape Association):

I am a third-generation farmer. We worked a small family farm into the largest turf operation in Nevada. We learned most of the business by trial and error and hard work. Even though the Department of Agriculture is a wonderful asset, they do not move at the speed of business. Sometimes we cannot wait for them to help us make our decisions because we have to make the decisions now. We need experienced people with knowledge and know-how that will help us grow the future. It would be helpful to have employees with degrees in horticulture and agronomy. I go outside the industry to the U.S. Golf Association for answers to most of my questions. It is not optimal, but it works. With your help, we could make our State stronger in the future.

CHAIR RAGGIO:

As indicated before, our problem is not a lack of support, but one of finding funding for all of these requests, particularly in the NSHE where they are being asked to make cuts.

JOHN C. CUSHMAN, PH.D. (Professor of Biochemistry, University of Nevada, Reno):

We conduct research in drought, salt and heat. Our research focus within the College of Agriculture is on abiotic stresses which are critical to this State. I would like to add that investment in this program will be a wise investment because it will allow us to leverage the expertise we have on campus to

springboard this program forward and capitalize on getting the basic research into a horticultural area and into an applied area. This will have a great economic impact. We will be able to train students in the manner in which they need to be trained for the local environment and economy.

SENATOR MATHEWS:

Would this fit into the Millennium Scholarship?

DR. CUSHMAN:

Yes.

CHAIR RAGGIO:

We will close the hearing on S.B. 418 and open the hearing on S.B. 192.

SENATE BILL 192: Makes an appropriation to the Nevada System of Higher Education to fund the integration of computing resources. (BDR S-1209)

MR. KLAICH:

Senate Bill 192 requests an appropriation of \$10 million which will be matched with \$15 million of additional institutional funds to revamp the way we do business and provide the technology for it. Enterprise resource planning is a method of replacing our latest electronic systems in computing that are bordering on 20 years old and nearing the end of their life. This also integrates all of the system institutions in data collection and processing, allowing us to be more timely and accountable to information requests from both the Board of Regents and the State Legislature.

CHAIR RAGGIO:

This is a first phase and is called "integrate"?

MR. KLAICH:

That is the name we have given to the project internally. We have a planning committee made up of chief financial officers, chief information officers and student affairs officers from throughout the system based on recommendations of the presidents. There are multiple modules of this particular type of planning, and they typically fall into student information services, human resources and finance. While they are related when fully implemented, they are separate in the implementation processes. The presidents have requested we implement the student information services module first. As Dr. Milton Glick, President of the UNR, says, that is his retail system and he wishes to serve the students first and then move on to the finance and human resources modules.

This will allow efficient, 24-hour-a-day, 7-day-a-week access to Web-based services for students, permitting access to all course materials online. Students will be able to expedite their transactions and perform online course audits. This means if they change their majors, they can see what impact that will have on the courses they have taken. It will also assist in our transfer in articulation between institutions. The system is designed to be interactive with the System of Accountability Information for Nevada (SAIN) network from Kindergarten through Grade 12 (K-12) and provide data that will allow us to track students. In addition, the system has a data warehouse which will standardize all data elements throughout the system for all of our campuses. This is a best-practices process. It will allow us to act more efficiently as a system of higher education rather than eight related institutions.

CHAIR RAGGIO:

We talked about this in a subcommittee meeting. This is the first phase, and as you indicated, it is a long process that will take eight to ten years. Is that correct?

MR. KLAICH:

It could easily take eight to ten years.

CHAIR RAGGIO:

The total cost is almost \$100 million.

MR. KLAICH:

That is correct.

CHAIR RAGGIO:

This first phase that is suggested is \$10 million from the State, and NSHE is committing \$15 million. Is that correct? Where is it coming from?

MR. KLAICH:

Yes. It is coming from undistributed investment income from the operating pool.

CHAIR RAGGIO:

Is that the only other source you plan to utilize for this project?

MR. KLAICH:

That is the only source we have identified at this time.

CHAIR RAGGIO:

I thought there were student fees involved.

MR. KLAICH:

We have not included student fees yet. We are in the midst of vendor negotiations with the main providers of software in this area, and our goal is to negotiate a \$25 million system.

CHAIR RAGGIO:

In the report you gave to the Subcommittee, there are three major components. The first was software modules including financial, human resources and student application; the second was a Web portal that gives improved access from a single-entry point.

MR. KLAICH:

It allows students to easily navigate and find the services they need.

CHAIR RAGGIO:

It establishes the Web portal and data warehouse that does not now exist which will have greater capability to provide and quantify this information. Is that the first phase, or is that the overall goal?

MR. KLAICH:

It is the overall goal.

CHAIR RAGGIO:

If this \$10 million in funding is provided, as included in the budget, together with the other \$15 million you are committing from offline sources, for a total of \$25 million, will that be enough to complete the student module, the data warehouse and the Web portal?

MR. KLAICH:

Yes. That is our goal.

CHAIR RAGGIO:

I know, but is the \$10 million from the General Fund plus your \$15 million going to accomplish that at this point in time?

MR. KLAICH:

As I sit here today, I cannot assure you of that because we have not finished negotiations with the vendors. However, we are approaching those negotiations with this cap on them. We have been in discussions also with our counterparts at the California State University System, who have implemented a similar plan, and they are advising us with respect to the negotiations.

CHAIR RAGGIO:

How soon will we receive that assurance? Otherwise, you will have to adjust the amount, it seems, to accomplish that.

MR. KLAICH:

I do not understand the question.

CHAIR RAGGIO:

This is supposed to fund three components. We do not want to fund it and find out we did not fund it adequately to complete the three components. That is what you said it was going to be used for.

MR. KLAICH:

I understand. This is a situation in which the mutual discipline between the Legislature and the NSHE is extremely helpful. You can build these programs, just like buying a car, and end up with every bell, whistle and accessory on it, and I could easily tell you it is going to cost much more than \$25 million. By the same token, with a fixed budget, you can negotiate this in a plain vanilla system.

CHAIR RAGGIO:

Let us not waste time. I am following up on a subcommittee report, and the indication was this funding would provide those components. If we fund the program, we need to know if this is going to happen as soon as possible.

MR. KLAICH:

As best we can tell today, Senator, the answer is yes.

CHAIR RAGGIO:

What about the ongoing cost? The report indicated the functional staffing assistance would be a one-time cost, but \$6.8 million in project staffing becomes an ongoing cost. Is that correct?

MR. KLAICH:

There is an ongoing cost. We have a system computing services budget and staff at this point.

CHAIR RAGGIO:

Will you budget for the ongoing cost down the road?

MR. KLAICH:

When we go live, we would expect those individuals would assist in long-term staffing.

CHAIR RAGGIO:

Would that also be funded cooperatively with State appropriations as well as your other funding sources?

MR. KLAICH:

It could.

CHAIR RAGGIO:

Is it likely?

MR. KLAICH:

Yes, it is likely. The reality is we have a system now. We have people who may need retraining. We may have to retrain them, but they are working, and they are online. They are also going to have to work a lot harder during the implementation period because we are not necessarily going to have two people for every job: one performing the job they are doing now and another for the turnover.

CHAIR RAGGIO:

Does any of the funding you are suggesting from NSHE come from the pool we discussed at the subcommittee about the interest on State appropriations?

MR. KLAICH:

It is coming from that pool. None of it is coming from any amount allocated to the State dollars.

CHAIR RAGGIO:

This is the hearing on the funding, and these are issues that were discussed and raised at the subcommittee. I just wanted to ensure we are still on the same page.

SENATOR BEERS:

Our integrated financial system has been an ongoing project in that into every budget we put more dollars for a new component. For example, we now have a travel reservation system that has resulted in efficiencies in the DOA budgets as well as throughout all the agencies. We are proposing, in the next budget, to add a tie-in to the State Motor Pool for car rentals, a module that helps us calculate the Distributive School Account and a module that will help process work program changes. I want to confirm the \$25 million is essentially for this next biennium, but it was mentioned this is an eight-year, long-term project with vision. I am assuming you will return in future biennia seeking additional funding for more pieces of the big picture.

MR. KLAICH:
That is a fair assumption.

SENATOR BEERS:
This is not the full eight-year cost?

MR. KLAICH:
No. This is the cost of the first implementation for student services. They are modules but, when done, are fully integrated. We realize we will have to defend additional modules in future sessions.

SENATOR BEERS:
Do you anticipate concluding your negotiations and signing a contract for less than \$25 million?

MR. KLAICH:
It is unlikely that we will be able to complete this phase for less than \$25 million. My best guess, after conferring with people, is the implementation will cost the full \$25 million.

SENATOR BEERS:
This is problematic, because typically we have a specific dollar figure, developed through the request-for-proposal process, that we are going to fund. This has too many zeros at the end.

MR. KLAICH:
Are there too many zeros for this entire project?

SENATOR BEERS:
Yes. You are coming to us saying we want to do this project for \$25 million. Typically, when we authorize a project, the dollar value is determined.

MR. KLAICH:
Correct. I am here telling you that if this appropriation is made, we will complete this project. If the costs exceed \$25 million, it is our responsibility to find funding without coming back to you.

SENATOR BEERS:
We might want to contemplate ensuring the NSHE's \$15 million is spent before the State's \$10 million.

CHAIR RAGGIO:
That is agreeable.

MR. KLAICH:
That is consistent.

SENATOR COFFIN:
This is about the third time we have appropriated money for this project, is it not?

MR. KLAICH:
I am personally aware of two times. We requested funding once when I was on the Board. We proposed one project in the early to mid 1980s, and I am not

sure if there has been one in between or not. Between then and now, we have been patching, Band-Aiding and upgrading.

SENATOR COFFIN:

I am familiar with the early 1980's project, and to those on the Committee who will succeed me, you should remember this is a perpetual project. This project will always be here, and we will always be spending a lot of money. We should learn to live with this as a high-expenditure item. At the end of eight years, you will want a new system, and you will probably need a new system.

MR. KLAICH:

That is exactly the message the individuals I mentioned from the California State System gave us. In talking to the presidents of their institutions, they indicated a mind-set change and a way of doing business and allocating expenditures in which the presidents had to be committed to exactly what you are saying.

SENATOR COFFIN:

My point is, never make a statement that it will only cost so much and/or our contribution will only be so much or it will last for x number of years, because this project is going to go on forever. Your successors should always be briefed on that issue.

CHAIR RAGGIO:

Please note Regent Ron Knecht is here. We will close the hearing on S.B. 192 and open the hearing on S.B. 331.

SENATE BILL 331: Makes an appropriation to the Nevada System of Higher Education for the support of research and other activities concerning energy. (BDR S-318)

SENATOR COFFIN:

A handout has been distributed to the Committee with a copy of S.B. 331 on the cover ([Exhibit G](#), original is on file in the Research Library). In 1985, I served with Assemblywoman Pat Little. Her son, Mr. Michael Little, is sitting to my right. The bill before you, S.B. 331, is the second iteration of a bill, even though it is the first printing. The first iteration of this bill was to create a waste management process, and to fund the Desert Research Institute (DRI) to research that process and geothermal processing. For six months, Mr. Little worked with our bill drafters and produced a thoughtful concept to match the science. Two and one-half weeks ago, Mr. Little and the bill drafter who was working with him ran into a roadblock called the *Constitution of the United States* and the commerce clause. The original method of funding was going to be by fee, per ton, on waste brought into Nevada from other states. The proposal, at that time, was to charge a fee higher than that charged to waste producers in Nevada.

I had no choice but to remove the fee aspect until further research could be done and attach an appropriation to keep it alive. This project would be extremely beneficial to the NSHE. We have changed the bill to make it an appropriation to the NSHE for the establishment and installation of a geothermal system, using waste from either out-of-state or instate. This project needs illumination. Mr. Little has built a model of a proposed facility and prepared a presentation recorded on a compact disk (CD).

MICHAEL LITTLE:

The technology depicted by the model has been developed in cooperation with the former owners of Reno Disposal, Mr. Ben Caramella and Mr. Jack Caramella, with the UNR, and you can find supporting documents of this facility in chapter 6 of [Exhibit G](#). This has been a seven-year operation in due diligence to locate the technology and develop an overall project. The technology was always the shortcoming of how you can take a municipal solid waste (MSW) stream and convert it into a profitable and economically-viable resource. We are currently in competition with 30 other states for the dubious fifty-first position for recycling. Recycling is not working. There is a section on recycling in chapter 2 of [Exhibit G](#). It shows all the other states are having a problem with recycling also; the curbside programs are not successful. It is a symptomatic problem; it is not that Nevada does not care. I will start the CD showing the technology. The inventor, Mr. Joseph Anderson, started working on the project in 1993 with the Caramellas. It is narrated and will go through three phases. The presentation is on a disk and has been given to the secretary for the record ([Exhibit H](#), original is on file in the Research Library).

In phase one, the MSW is taken directly from the packer trucks. It is not sorted, eliminating the expense and inconvenience of household separation. The MSW is taken directly into the plant. It is dumped into the hopper and conveyed into the autoclave. As it is conveyed into the autoclave, it is sprayed with water. However, sewage sludge can be used in place of water as the liquid needed in this steam process. The MSW is cooked for 30 minutes at 270 degrees. During the cooking process, the paper wastes are re-pulped; the food wastes are solubilized and the metal cans and plastic bottles are de-labeled and cleansed of food wastes. Using a vacuum-flushing mode, the contents of the autoclave are dried and the steam is reclaimed for further use. The MSW is now reduced by 70 percent in volume. It is dumped onto a conveyor and sent through a trammel. The screens in the trammel separate the fiber from the recyclables.

Phase two reclaims the paper fiber. The fiber is conveyed into water tanks containing a temperature of 170 degrees. It is washed, run through a shaker, re-washed and sent over a screw press. It is then sent back into the washing tanks and over to the screw press again. It is now ready to be recycled by the paper plants. Waste water is then treated to an anaerobic digester process creating methane gas which can be used to generate electricity to run the plant and provide additional power to power plants. It also recycles the water for further use in the plant. This completes the MSW steam technology.

Phase three turns the material into recycled paper. The film shows wet sheets of paper coming off drums. The sheets go into the first press drum and then into the dryer section. The sheets wrap around drums in a convection oven and eventually exit the oven, pass through to after dryers and ultimately wind up on a roll. The sheet is approximately 11 inches wide when it comes off the end of the roll.

MR. LITTLE:

In addition to recycling the waste stream and removing 70 percent of the waste without the recycling program, because everything is thrown in together, the biomass is what we are looking to recover. It is technology of the future. Mr. Joseph Anderson will discuss cellulosic ethanol and what we can gain from it. The part of the project I am interested in is building a science laboratory on the Redfield Campus of the UNR Renewable Energy Center. Those are

numbers 1 and 2 at the bottom of the second page of the pamphlet you received entitled "Nevada Senate Bill 331 Alternative Energy, Environment, Education" ([Exhibit I](#)). Number 1 is the research laboratory which would house and facilitate the autoclaving equipment for research and development in all the bioenergetics Number 2 is a geothermal sprinkler system to the Redfield Campus. The third part is the funding for research and development of emerging technologies to move Nevada forward. We have three landfills within 80 miles of California that are class 1 and can take millions of tons of trash. They are earmarked for the western United States and the San Francisco Bay Area marketplace. We do not collect a fee on any of the waste that comes into Nevada, but we do have the duty and long-term liability to manage and handle it.

JOSEPH ANDERSON (President and Chief Executive Officer, Comprehensive Resources, Recovery and Reuse, Inc.):

I spent 35 years headquartered in California for the Bechtel Corporation. I was invited to Nevada by the Caramellas approximately nine years ago. At that time, I was looking at new technology to do something to help the environment. The most obvious area that needed help was the handling of solid waste and waste water sludge. Through using the systems of the Caramellas, I built the pilot plant that was operated in Reno for seven or eight years. During that time, I was associated with the UNR. The UNR helped me mainly with anaerobic digestion which is a way of changing food waste into a biogas that can be used as a fuel. Everything we did was related to providing green energy.

Currently, if you look at the political scene, Mr. Al Gore is emphasizing the effects of global warming. A lot of that is caused by gases from landfills. Landfills emit gas. The EPA says you collect the gas, and at least you flare it so that the methane, which is the most harmful, is converted to carbon monoxide. However, the amount of carbon monoxide being released greatly exceeds the amount being recaptured in the trees and vegetables we grow. That is affecting the balance which is affecting the global climate. At the other end of the spectrum, we hear the President talking about cellulosic ethanol. Cellulosic ethanol is created when you convert cellulose to glucose and then convert it to ethanol which is alcohol. It is a replacement for gasoline. Our company is working with the Department of Agriculture in Albany, California, near the University of California, Berkeley. We are studying enzymatic hydrolysis, which is a way to convert straw (cellulose) into glucose (sugar) and ferment it into ethanol. You will read many articles about what this would do to reduce our dependency upon fossil fuels, particularly gasoline.

We have developed a technology, and I have four patents. I license a number of different people including Mr. Little. He hopes to get funding and perform enough research and development, with the support of the Redfield Campus, to demonstrate to his investors that this works. This is a new and emerging technology. I have bid work in the last three or four years to New York. I have a job working currently in the United Kingdom. Like all things, people resist change even though the results are much sought after. The Redfield Campus has most of the resources we need, but as usual, they will always need money. They need a building in which to house a couple of steam autoclaves that will allow students to study this new technology in a program to be established. The larger model was a unit module for New York. We proposed building 12 of these in New York. It is an unproven technology. We still have a level of movement to go forward to prove the technology. Independent evaluation of the technology is

needed. That is usually accomplished by universities. That is why this is a good fit for the UNR Redfield Campus.

CHAIR RAGGIO:

This is extremely interesting. Do the appropriation amounts have any significance at the moment? Has there been a costing out of what is being proposed otherwise?

SENATOR COFFIN:

I asked Mr. Little how much he would need to get started based upon the fees you hoped to get. He said around \$8 million. I was compelled to step in and bring this proposal to a practical conclusion which means keeping it alive. I suggested to Mr. Little to bring the two large existing waste management companies in this State to the table to involve them because of their contacts in the municipal waste industry. So far, around the country, it is either burn it or bury it. We cannot do that much longer. Waste is coming into the State for free and filling up abandoned mine pits. I would ask you to consider S.B. 331 when we have some time later during the Session and allow negotiation and the legislative process to work outside the hearing room.

CHAIR RAGGIO:

Is there ongoing discussion with the waste management companies regarding funding that might be available?

MR. LITTLE:

Not at this time. Five years ago, I contacted Republic Services, Inc. and tried to start dialogue then and recently. I thought I had to come to the Legislature to draw attention to the project.

CHAIR RAGGIO:

As I understood your presentation, it would do away with the curbside recycling effort, and money would probably be saved in that respect. That may be worth examining.

MR. ANDERSON:

The real advantage is you do not eliminate curbside collection. You do away with it having to be precise. Most of the sorting is done in the machine after it is collected. It is a matter of reducing the effort.

SENATOR COFFIN:

I will manage this outside the hearing room to ensure those who have a lock on MSW understand there is a public interest. I see there is some Committee interest to bring people together to approach waste management a little differently. The State has no money at the moment, but there is money out there being collected from our taxpayers in the form of garbage collection fees, some of which is directly for recycling. There may be an opportunity to talk to those who have funding and do this at no cost to the State.

CHAIR RAGGIO:

We will close the hearing on S.B. 331 and open the hearing on S.B. 455.

SENATE BILL 455: Increases revenue bonding authority of the Nevada System of Higher Education. (BDR S-273)

MR. KLAICH:

I would note there is an amendment to this bill drafted by Mr. John Swendseid that has been provided to Mr. Ghiggeri. We are mindful there are certain facilities for which the State will not provide financing. We are requesting the authority to issue bonds for those facilities. They include parking facilities, dormitories and other buildings on the UNLV and the UNR campuses. We have representatives of the campuses here to discuss any of the projects if you have questions. With respect to the amendment, we have two types of financing vehicles. We have the University Securities law and smaller bank loans. Statute allows the delegation of executing the final documents in university securities to the Chancellor or the Vice Chancellor for Finance. There is no similar statutory authority for our smaller bank loans. We must always schedule these transactions around Board of Regents' meetings which sometimes makes us miss the optimum time for issuance.

By virtue of the amendment before you, we ask you to allow the same latitude to the Chancellor or Vice Chancellor for Finance as you already have in statute for the university securities laws and a number of other State and local governments.

CHAIR RAGGIO:

I have the explanation of the proposed amendment ([Exhibit J](#)) and the actual amendment ([Exhibit K](#)). Is that correct?

MR. KLAICH:

That is correct.

SENATOR CEGAVSKE:

Is this bonding authority?

CHAIR RAGGIO:

It is for other borrowing, not necessarily revenue bonding. Is that correct?

MR. KLAICH:

The amendment is specific to other borrowing. The bill covers a broader subject of revenue bonding.

SENATOR CEGAVSKE:

Has this ever gone to a vote of the people to see if they want to issue these bonds?

MR. KLAICH:

No.

CHAIR RAGGIO:

This is strictly revenue bonding. There is no obligation other than the revenue provided to the facility to service the bond. This is how they build dormitories, parking facilities, anything that has a fee or income connected to it.

SENATOR CEGAVSKE:

What are we changing in the proposed amendment?

CHAIR RAGGIO:

They are asking for authority, when they engage in bank loans or other transactions, to be able to act at the time the interest rate is most favorable to the NSHE.

MR. KLAICH:

I apologize, Senator Cegavske, for not making that clear. Currently, all the final documentation has to be executed at a Board of Regents meeting. We are asking for authority to have the Board delegate the execution of final documentation to the Chancellor to allow us to take advantage of the optimum market conditions. That delegation would only occur after the transaction had been subject to a full public hearing and approval by the Board.

CHAIR RAGGIO:

You can choose the most favorable day when the interest rate is the best for the NSHE without having to wait for a formal Board action. Is that correct?

MR. KLAICH:

Actually, the second meeting would be eliminated. At the first meeting, the transaction comes forward, is described and the terms are indicated. Under current law, you must return to a second meeting when you have the exact figures. We do not have to do that under the university securities laws, nor do a number of State and local governments. We are asking for authority to delegate the signature in lieu of the second meeting to the Chancellor or Vice Chancellor for Finance.

CHAIR RAGGIO:

Are we using S.B. 455 as a vehicle?

MR. KLAICH:

That is correct.

CHAIR RAGGIO:

If there is nothing further on the amendment, let us speak to the necessity for increasing the revenue bonding authority.

MR. KLAICH:

With respect to the CCSN, Western Nevada Community College (WNCC) and Nevada State College (NSC), the authority is requested primarily for parking and residence hall facilities. Those are facilities not funded with State dollars. With respect to the UNR and the UNLV, we have specific projects, and I am not sure we provided them all to Mr. Ghiggeri. We can provide a complete list of the projects to Mr. Ghiggeri and, through him, to the Committee.

CHAIR RAGGIO:

Before we act on the bill, we would want that information. Was there an increase in the amount since the bill was printed or is it the same?

MR. KLAICH:

The amount is the same.

CHAIR RAGGIO:

According to staff, \$15 million in revenue bonding is for student housing and \$5 million is for parking facilities at the NSC. Is that correct?

MR. KLAICH:
Yes, that is correct.

CHAIR RAGGIO:
The bond authority was increased at each institution: in excess of \$44 million at the UNR and \$83 million at the UNLV. Is that for dormitories?

MR. KLAICH:
Those amounts are correct. At the UNR, additional bonding capacity for the biomedical research building including the furniture, fixtures and equipment is included within that number. A phase of the academic center at the Program Advisory Committee (PAC)-Village is also included. It may be deleted because private fund-raising efforts have been successful.

CHAIR RAGGIO:
This just gives you the authority, but does not commit you to perform the project.

MR. KLAICH:
Correct. The final project at the UNR is authority with respect to a building for the National Council of Juvenile and Family Court Judges. We are pursuing federal funding for that as well. At the UNLV, there is an athletic academic building, student health service renovations, an academic building for the College of Hotel Administration, campus acquisitions, parking and a large lecture auditorium.

CHAIR RAGGIO:
Each of these has a potential revenue source. Is that correct?

MR. KLAICH:
Each of these would have to have a revenue source before we could issue the bonds.

CHAIR RAGGIO:
Is the authority for parking at the CCSN? The one that may be an issue is at the WNCC for a potential residence hall. Why would they have a residence hall at a community college?

MR. KLAICH:
I will defer to Mr. Daniel Neverett. With respect to the CCSN, I spoke with Dr. Richard Carpenter, President of the CCSN this morning. Unfortunately, he is ill and could not be here. He asked me to relay to the Committee that for him, it is parking, parking, parking, particularly on the West Charleston Campus.

DANIEL J. NEVERETT (Vice President, Finance, Western Nevada Community College):
Last Legislative Session, there was bonding authority for \$10 million for a residence hall at the WNCC. In consultation with our facilities teams and contractors in the area, they said that was insufficient to fund such a residence hall.

CHAIR RAGGIO:
I understand that. Why do you need a residence hall at a community college?

MR. NEVERETT:

Part of the reason is our 18,000 square-mile service area. Many of our programs are only provided on the Carson City campus, and we have an increasing demand and request from people in the service area to relocate to the Carson City area to take course work such as nursing and some of the other courses housed on that campus. This is especially true for females whose families feel insecure about letting them live in the community in an apartment situation.

SENATOR BEERS:

If the CCSN issue is parking, why are we eliminating references to parking for the CCSN in S.B. 455?

MR. KLAICH:

The Chancellor has stressed, over the past two years, the need for innovative financing on all our buildings. The CCSN came to the Board and requested authority to be able to look at this type of financing for any projects approved by the Board within the scope of its master plan. Dr. Carpenter has at least three or four of these transactions in various stages of planning, and he wanted the authority and flexibility to be able to fund those projects.

SENATOR BEERS:

At the UNLV, we built an athletic facility, and there is a mandatory fee for all students. Would that qualify for revenue-bond financing?

MR. KLAICH:

That particular facility?

SENATOR BEERS:

Yes. Could you impose a mandatory fee and have that qualify for revenue-bonding authority?

MR. KLAICH:

In that particular case, a fee was imposed on all students after student participation in the process of the fee. The answer to your question is yes.

SENATOR BEERS:

What is the difference between that and a property-tax guaranteed bond?

MR. KLAICH:

Do you mean the difference between the student recreation fees, which were mandatory, and a property tax?

SENATOR BEERS:

No. I am referring to charging a fee to use any facility you build. For example, suppose you built a recycling facility and charged a \$15-a-semester fee to the student body to finance it. Does that qualify as revenue financing? Could you borrow money on that revenue?

MR. KLAICH:

You could, yes.

SENATOR BEERS:

Then people who never go there, or use that facility, or go home and scrupulously bury their solid waste in their backyard could be paying for this facility they would never use. It is one thing to build a facility citizens can optionally go to and pay money to use. When you make it a mandate that everyone pay for it, you are essentially increasing taxes to finance the bond. In any other circumstance, we would require a vote of the people.

MR. KLAICH:

You would have to take this project to the Board of Regents and have a full public airing before anything like this could occur.

SENATOR BEERS:

That has not stopped it from occurring.

MR. KLAICH:

That has not stopped it from occurring in at least the one case we have previously spoken about. That is correct.

SENATOR BEERS:

Senator Raggio, you disagree with the interpretation.

CHAIR RAGGIO:

This is something we do every session for the NSHE, authorize revenue-bonding authority, and it is only utilized when the revenues received from parking or from dormitory use, or something of that nature, supports the debt service for construction of the project. You are going a little far when you suggest they will build a recycling facility for which only those who use the facilities will provide revenue for the debt service on the bonding. Historically, it has been used to build a project and authorize, for bonding purposes, a revenue stream that is stable and sufficient to pay the cost of the project.

SENATOR BEERS:

We just heard this legislation the CCSN would remove the restriction on what kind of facility is built.

CHAIR RAGGIO:

The project you are referring to was adopted in 2005, and at that time, the usage was strictly for a parking facility. All they are doing is taking that out to indicate it will be available for other facilities that meet those criteria. What you are saying, Mr. Klaich, is that the CCSN wants primarily parking, but there may be an opportunity at some time for something else.

MR. KLAICH:

There may be, and the language would then parallel the language for the two universities in prior sections of the proposed bill.

SENATOR BEERS:

All of the dollar figures in this bill are attached to specific projects, generally for dormitories or parking facilities. For the CCSN, we are eliminating any specificity at all.

CHAIR RAGGIO:

How does that differ from the other facilities?

MR. KLAICH:

It differs from the other institutions in that the only identified use at the CCSN is for parking. We have not provided a list of other projects that could be available because those projects have not been identified.

CHAIR RAGGIO:

If it will ease any concern, if you left strictly parking in the bill at this point in time, would that be a problem?

MR. KLAICH:

I would prefer not, but as I indicated, Dr. Carpenter has stated his primary concern is for parking. Dr. Rand Key is here. He is the Executive Vice President of the CCSN.

RAND W. KEY, J.D. (Executive Vice President, Community College of Southern Nevada):

I can give you one more specific example, Senator Beers. Not only is parking a major problem on the West Charleston campus, some of our properties, especially the Cheyenne campus, are aging. The student affairs area could use a remodeling. This would enable us to charge the students a fee for perhaps something in the student services area. We have to be careful about the fees we assess students. If it is something the student will be able to walk into and utilize, it makes it a good sale on a college campus politically. If you would like a future projected list, we could provide that.

MR. KLAICH:

With respect to the WNCC, Dr. Carol Lucey has made a concerted effort to make the campus a full-service campus, because she is getting a greater full-time participation by students. This is a further implementation of that plan.

CHAIR RAGGIO:

As you know, there is some concern about the role of the community colleges, now to be known as colleges, and whether we will have five universities, rather than two universities and some colleges. We need to be mindful of the role, function and the reason for the establishment of the community college system.

MR. KLAICH:

Absolutely, Senator.

JAMES RICHARDSON (Nevada Faculty Alliance):

I would like to register our strong support for S.B. 455. It represents a method for getting buildings on our campus that we badly need, and the State will not be funding them. I would appreciate your support.

CHAIR RAGGIO:

We will close the hearing on S.B. 455 and open the hearing on S.B. 526.

SENATE BILL 526: Makes appropriations to the Nevada System of Higher Education and the Orvis Nursing Clinic of the University of Nevada, Reno, for the expansion of nursing programs and health care services. (BDR S-769)

SENATOR MAURICE E. WASHINGTON (Washoe Senatorial District No. 2):

This bill was requested on behalf of the NSHE. There are several reasons the Senate Committee on Human Resources and Education is sponsoring the bill. First, we did not have enough bills in our Interim Committee on Health Care to sponsor this particular bill. It addresses two issues: one, the increased number of students able to participate in the nursing program. During the Interim Committee on Health Care, as we were compiling the Strategic Health Care Plan for the State of Nevada, it was indicated there were approximately 1,400 qualified recipients to be enrolled in the nursing program. Of those 1,400, we only had slots for 546 applicants. It became apparent to the Committee we need to double the capacity. We have passed legislation in the past to increase nursing student enrollments to meet the ongoing need of nurses within the State. I understand there are adjustments to the bill that will be presented by Ms. Crystal Abba and Mr. Klaich.

The second part of the bill, in section 2, addresses another need: the Orvis Nursing Clinic of the UNR is located in the old Reno Gazette building off Second Street. They are performing an admirable task in addressing the needs of the indigent. They accept Medicaid patients, provide primary care and service clients needing vaccinations referred by the county. They are the only service with a direct nursing clinic. This request for \$250,000 each year of the biennium is to augment their budget. They are a fee-for-service clinic, but by the end of the year, they run out of funds and turn away quite a few clients. The \$500,000 is only a drop in the bucket to continue to service a small portion of our population that has a large impact on our health care delivery system. If these individuals do not go to the Orvis Nursing Clinic, they will either go to Hawk-I or if that facility is over crowded, end up in our emergency rooms.

MR. KLAICH:

We developed this plan in connection with Senator Washington's interim committee. It is intimately associated with the planning we have done for the University of Nevada Health Sciences System. Please note Interim Vice Chancellor Marcia Turner is here if there are questions of her with respect to that plan. Part of the revisions you will hear from Ms. Crystal Abba concern a requested decrease in the amount of the appropriation. The original plan was predicated on early funding to get recruiting going so we could increase class size as quickly as possible. Obviously, that has not occurred and is not likely. Therefore, we have pushed back the original cost estimates somewhat. We have reduced costs for space. We had originally requested campuses to give us cost estimates for the space they needed.

We quickly determined some estimated costs; however, we were not completely comfortable with the methodology employed. We determined there was an insufficient basis for bringing forward the request for space included in the original bill. Together with commitments made by our partners in nursing education in the Nevada Hospital Association (NHA), we determined that, in all likelihood, we could move forward with the plan without significant requests for space. We have included in the bill \$1 million to lease space if circumstances can be proven to the Board of Regents it is required; otherwise, that will revert. There is likelihood for a limited need for space at the WNCC and possibly the NSC, but certainly we could not go any further than that.

CRYSTAL ABBA (Assistant Vice Chancellor for Academic and Student Affairs, Nevada System of Higher Education):

You have two documents before you. One is entitled "2006 Nursing Plan" ([Exhibit L](#), original is on file in the Research Library). The second is entitled "Senate Bill 526 2006 Revised Nursing Plan" ([Exhibit M](#)). As Senator Washington indicated, the NSHE was requested to price out the cost of doubling the capacity of our nursing programs. During the course of eight weeks, we met with our nursing directors, worked closely with the campuses and the NHA and developed the original plan. Under that plan, we realized we could not double as quickly as we had under the original plan which happened during the 2003 Legislative Session. We decided the only way in which we could accomplish this was over the course of three biennia. We have developed a plan originally predicated on early funding, because the plan recognizes enrollment increases in the year they occur, as opposed to waiting for the formula to take effect three years later.

There are three pieces to this plan that are critical, because they are above and beyond normal formula funding which was used to develop the rest of the plan. The first is funding for special operating, special equipment and the space indicated by Mr. Klaich. For space, we have requested \$1 million we would use for campuses unable to meet the space demands needed for the program. Specifically, we are concerned about the NSC and the WNCC. There is free space at the WNCC currently, but it will be unavailable in the second year of the biennium. Therefore, to the extent they are unable to meet the commitment under the plan, we want an option to enable us to provide funding to lease space. In addition, there are dollars for special equipment. For example, the equipment necessary for these programs is often expensive; simulation mannequins the students use before they get into a clinical setting are often upwards of \$40,000. To meet the demands of the program with more students, they will need more mannequins and other kinds of specialized equipment. There is also money for special operating which includes tutoring and other recruiting services necessary to ensure the success of the program and make sure when students get in, they get out of the program as well.

The dollar amount of the original plan was \$21.3 million. When we push back the enrollments, we are still meeting the doubling goal by the end of the third biennium. Because the plan was predicated on early funding we did not receive, we needed ample time to recruit and hire the faculty so we could start this plan in the fall of 2007. That did not occur; therefore, we pushed those enrollments back. By pushing the enrollments back and adjusting the space, the new price is \$13.1 million.

SENATOR CEGAVSKE:

Can you tell us what the waiting lists are at the different facilities?

MS. ABBA:

The programs do not have formalized waiting lists. However, there is significant demand. Increasingly, we are having difficulty finding prospective students who are adequately prepared. That is why part of the special operating dollars are so critical, because they will include funding for greater recruiting efforts. We are having to dig deeper to recruit new students. We no longer go to high schools and talk to seniors about becoming nurses; we are going to eighth graders and high school freshmen to encourage them to consider a career in nursing.

SENATOR CEGAVSKE:

Once they get into the program, they have a problem getting the classes. We put them into a system where they are given a number and placed on a waiting list. There is a case in point with a student right now who will hopefully be able to graduate. She was one of the lucky ones. At first, she was denied and would have had to wait another year before she could finish because of the wait and the increased number of enrollees who are accepted. My other concern is when I look at the current enrollment for FY 2005-2006, and I look at the CCSN where there are 533 enrolled, they are producing the most for an affordable amount for the students. I would like to see the cost difference in all the facilities that offer the nursing program and the length of time the programs have been offered. I am not prejudiced because the school happens to be in my district. From what I have seen over the years, the program that provides the highest quality for the most reasonable cost is the CCSN program. Why would we keep trying to put programs into other facilities when we have one that is working so well? Why not just enhance that program and increase the size of the program at CCSN?

MR. KLAICH:

We have received a request from the Legislative Counsel Bureau (LCB) with respect to costing all of the nursing programs. If we have not already provided that information, we will provide it.

MS. ABBA:

In response to Senator Cegavske, you are right. The cost of educating a nurse at a community college is less than at other institutions. However, because this plan is so aggressive, it is not possible for one institution to assume that burden alone. Further, the NSC was established to meet these kinds of demands. The pass rates at the CCSN are high. For 2005, the pass rate for the CCSN was 87 percent; that is phenomenal. However, the pass rate for the WNCC was 92 percent, and students in the north need an option as well. We considered all of that in the course of developing the plan.

SENATOR CEGAVSKE:

I said I agree you need to have programs statewide. What I am talking about is in Las Vegas. I know that was the purpose of the NSC, but the NSC's purpose has not been fulfilled and the program there is encountering having one obstacle after another. We have a system that works, and we could utilize the high schools as we discussed before. There are a lot of ways we could utilize the systems to get more people through the program.

SENATOR RHOADS:

Is there any planned expansion of the nursing program at the Great Basin College (GBC)?

MS. ABBA:

Yes. Part of the problem with the GBC is they are having difficulty recruiting students, because a student is more likely to work for the mine where they can make a considerable wage. That is a challenge they are facing. However, they are included in this plan. Their numbers are smaller because they are serving a smaller area. When you look at the plan, over the course of the six years, there would be 19 additional slots for the program at the GBC.

SENATOR MATHEWS:

I understand in the south, some things that can hinder the program are access to patients, and you need patients to prepare people to enter the nursing field. I heard some of the hospitals in Las Vegas are charging the institutions a fee for students. Is that true?

MR. KLAICH:

I do not know, but I will find the answer to that question.

SENATOR MATHEWS:

I would like to know, because those people are interns, and they are of great service to a hospital. I know they are also a burden, but they observe those students and hire them at the end of their program. Would you check that for me?

MR. KLAICH:

I will. As you know, we could not operate this program without the cooperation of the hospitals, and in particular, the NHA. We will check into that.

SENATOR MATHEWS:

Secondly, we need all of the types of institutions. Four-year institutions prepare a product that the two-year institutions do not. Students from two-year programs are only prepared to go into certain areas of the population. Each area of the population needs a different product. Granted, people trained at two-year institutions can immediately go to work in a bedside setting, and that is where we need a lot of people. However, the four-year institutions are preparing people to do things in the community, and they are also involved in teaching and the teaching faculties are aging. They need all of the institutions, and I do not want us to go away thinking the greatest need is at just one type of institution. We need four-year, two-year and institutions that grant masters and doctorate degrees, because we have all kinds of products.

MS. ABBA:

That is particularly true with respect to this plan, because under the prior plan, we were not including graduate students and graduate programs in the counts for enrollment. We are doing that now, because there is no way we will be able to meet the demand for additional faculty unless we educate more Master of Science in Nursing degree (MSN) students who can then come in and teach these programs.

CHAIR RAGGIO:

We will close the hearing on S.B. 526 and open the hearing on S.B. 521.

SENATE BILL 521: Authorizes the Nevada System of Higher Education to carry forward and use unexpended appropriations for need-based scholarships and financial aid for students. (BDR 31-274)

MR. KLAICH:

I distributed a handout entitled "Amendment SB521 General Fund" ([Exhibit N](#)). This is a bill forwarded by the Board of Regents requesting unused funds be dedicated to need-based financial aid rather than reversion to the General Fund at the end of a fiscal year. We have worked with staff to indicate the amount of the fiscal note that would not otherwise be reverted to the General Fund. We would also note there is a significant need for need-based financial aid in the

State. We appreciate the amounts contributed to this need-based aid by the State. We also note a significant amount of fee increases is dedicated to this point by the Board of Regents. There is, however, a serious unmet financial need, and the Board has designated this as one of its high priorities.

CHAIR RAGGIO:

What is the fiscal impact of the proposed revisions?

MR. GHIGGERI:

There were two fiscal notes provided, one by the NSHE and one by the DOA. The NSHE estimates an expense of approximately \$1.2 million a year. The DOA indicates a loss of General Fund reversions of approximately \$1.4 million a year. The NSHE performed their calculations based on an annual average over a number of years. In any case, it would be a loss of reversions to the General Fund which would remove funds available for appropriation by the Legislature in future years.

CHAIR RAGGIO:

Are we looking at between \$2.5 million and \$3 million that would otherwise go to the General Fund as a reversion specified for use by the NSHE for scholarships?

MR. KLAICH:

That is correct.

BILL HANLON (Director, Southern Nevada Regional Professional Development Program):

Through a partnership of the Clark County School District and the Southern Nevada Regional Professional Development Program (RPDP), the State of Nevada now hosts its own Advanced Placement (AP) training program sanctioned by the College Board. To teach these AP classes in the United States, teachers must receive training sanctioned by the College Board. Prior to 2006, teachers in Nevada had to obtain that training out of state. That required Nevada teachers, school districts or RPDPs to pay registration fees of \$595 a teacher student. By offering this program instate, qualified teachers in Nevada can receive the training at no charge. In addition, the amount of funds needed for airfare, hotels, and so forth, to travel out of state has been dramatically reduced and, in many cases, eliminated. The Southern Nevada RPDP currently budgets approximately \$60,000 a year for this training for certified College Board trainers to offer this program in the State of Nevada. It is a goal of the Southern Nevada RPDP to have out-of-state participants pay a registration fee that would cover the cost of the program including the certified College Board trainers.

Since the AP summer institute is scheduled for the second and third weeks in June, the RPDP set-aside of \$60,000 a year to host this event cannot be used for professional development during the school year. The \$60,000 reverts to the General Fund along with the tuition charged to out-of-state participants because of the event's proximity to the end of the fiscal year. This, in effect, reduces the RPDP's budget by \$60,000 in the second year of each biennium. By allowing the RPDP to keep funds not to exceed \$50,000 for the specific purpose of conducting an annual AP institute, Nevada will be able to maintain its own AP summer institute. The funds allocated by the Legislature for the

RPDP can be used more effectively and eventually make the AP institute not only self funding, but revenue generating to the State.

CHAIR RAGGIO:

You are suggesting an amendment to a bill which may not be processed. This is something that may be considered here, or it may be something to consider when we look at the Distributive School Account budget.

MR. HANLON:

I would appreciate that, Senator.

CHAIR RAGGIO:

Mr. Klaich, would you like to comment on this amendment?

MR. KLAICH:

I just received it and am not prepared to comment at this time.

CHAIR RAGGIO:

We will close the hearing on S.B. 521 and return to S.B. 282. We had a proposed amendment ([Exhibit C](#)), and I asked the Budget Division to determine whether or not the revised amounts in the proposed amendment were acceptable to the DOA.

MR. MANNING:

Since we met this morning, I have reviewed the supplemental bill S.B. 282, and the appropriate documentation and revisions were supplied to our office by the DOC. There was a second amendment which has been provided to staff.

CHAIR RAGGIO:

Are you saying the second amendment is appropriate?

MR. MANNING:

Yes, it is.

DARREL REXWINKLE (Deputy Director, Department of Corrections):

We just reviewed the amendment, and it agrees with what we submitted.

CHAIR RAGGIO:

Do you have any concern with the language of the amendment, the amounts and purposes which are specified?

MR. REXWINKLE:

I have no concerns about the amounts. We are dealing with even higher fuel prices and will do everything we can to ensure we stay within our requested amount. We have one more concern, the State Criminal Alien Assistance Program Grant. We have no word on whether or not it will be received. There is \$1,178,000 in the budget for that grant. Last year we received in excess of \$2 million. We hope that will come in prior to August 15.

CHAIR RAGGIO:

This is a supplemental appropriation for your purposes. Do you want us to process it?

MR. REXWINKLE:
Yes, please.

CHAIR RAGGIO:
Are you indicating there may be some other occurrence before the end of the session?

MR. REXWINKLE:
Actually, we should receive it before the end of August when you close the fiscal year.

CHAIR RAGGIO:
The corrected amount, staff, is \$6,473,243 based on the proposed amendment.

SENATOR COFFIN:
I wanted to clarify one thing. Mr. Ghiggeri explained why there is no mention of reversion in this bill. However, it is possible some of the money will not be spent. I do not want any of these funds put into the 2008 budget if, in fact, they are not spent by June 30. We need to know if there is an overreach.

MR. REXWINKLE:
We have studied these projections carefully, and we continue to re-project on a continuous basis. We believe these are appropriate numbers. We cannot predict what types of incidences we may have in the institutions or what fuel prices will be between now and the end of the year. Last year, we received a sizable amount from the IFC Contingency Fund and we reverted approximately \$361,000 of the amount we received in 2006.

SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 282 PER [EXHIBIT C](#).

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:
There being no further business to come before the Committee, the meeting is adjourned at 10:33 a.m.

RESPECTFULLY SUBMITTED:

Jo Greenslate,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE:_____