

APRIL 17, 1969

- SENATE FINANCE COMMITTEE - 55th SESSION

A joint meeting of the Senate Finance Committee and the Assembly Ways and Means Committee was held.

Senators Present:

Senator Lamb
Senator Slattery
Senator Fransway
Senator Titlow
Senator Pozzi
Senator Gibson
Senator Brown

Assemblymen Present:

Assemblyman Ashworth
Assemblyman Bowler
Assemblyman Howard
Assemblyman R. Young
Assemblyman Jacobsen
Assemblyman F. Young
Assemblyman Glaser

Others Present:

Representatives of
Anderson Dairy, Medowgold
and Model Dairy
Senator Dodge, Elmo DeRicco,
Senator Young, Eric Cronkhite
Mr. Russ McDonald, Robert
Bruce, Earl Oliver, Howard
Barrett, Assemblyman Getto
and Mr. Al Ferrari

The joint meeting was called to order.

Mr. Al Ferrari indicated he represented the Nevada Milk Association and felt the expenditures at the Nevada State Prison were unwarranted and felt the State could get milk processed in private enterprise cheaper than what the State would be able to do itself when trucking and other expenses were considered. He also indicated they were strongly opposed to this expenditure.

Senator Slattery questioned how much it would cost to process it. Mr. Ferrari indicated 8¢ was for package cost and the cost would be less than the 50¢ a quart he thought it might cost at the prison. Senator Lamb questioned this and Mr. Ferrari stated this was because of the small volume. Senator Pozzi felt this was a part of the rehabilitation program and felt it was better than letting prison lay around and suggested a trade school might be better. Assemblyman Glaser noted that much of this total was for other improvements than just the processing plant.

Senate Finance

April 17, 1969

Mr. Canterbury stated he understood this milk would also be supplied to the State Hospital and he thought this might create a problem with delivery costs and indicated this type of costs were not included in the original budget.

Assemblyman R. Young wondered if they realized the prison was milking the cows now. Assemblyman Glaser stated there were 600 inmates at the prison now and he felt this was good business to continue to produce milk for these two institutions but not necessarily for the outside. He also wondered if the other gentlemen were aware of a study the University made. Mr. Ferrari felt this was quite a high cost of milk over the years and that this amounted to dollars and cents since money was limited he wondered if this was not a good place and a sensible way to save some.

Assemblyman Getto indicated he was opposed to any state or government getting into free enterprise and felt another important factor was the dairy business itself. He indicated the prison dairy had a new manager but felt in six months they might not, and felt dairy cows didn't keep and that this was not like other types of business and thought they could lose a dairy herd shortly. He said this had been tried at Stewart Indian School and registered cattle had been brought in from the midwest and in four or five years they were all gone. He indicated the Orphan Dairy had had cattle and just felt the state should not compete with free enterprise.

Mr. Ferrari felt the Committee was talking about processing milk for 100 cows, whereas they processed for thousands of cows and felt it should be thought about carefully. Assemblyman R. Young questioned if they were opposed to operation as it was going on now. The objection seemed to be spending \$167,000 for processing of milk.

A producer from Fallon stated that according to his cost study it would cost about 50¢ a gallon to produce. This had nothing to do with the processing and felt he could produce it cheaper than the prison.

Mr. Hicks who represented the Farm Bureau stated that processing plant required grade A milk. Mr. Herr stated that looking over last years' figures it cost 48¢ from 75 cows and he felt he was up against trying to decide whether he wanted to expand but felt this was hard to justify \$20,000 in view of the market conditions and felt when you talked about 500-1000 cows you were talking about something else again, and felt with an expenditure of the size of the Capital Improvement Project the State would have to think about a herd size of 200-300 cows. He indicated

Senate Finance

April 17, 1969

He was farming 600 acres and he put his own hay into it and felt he was making money on this part.

Senator Brown stated this program was advocated two years ago and was held up because of the study. He wondered if the people made their objections known at that time, but felt this was the first he had known of it.

The Farm Bureau representative stated the organization has been against it for a number of years and indicated a resolution had been prepared by the Farm Bureau indicating this position and they were told they would have a chance to appear and just recently found out this was in the Capital Improvement Program. Senator Brown wondered if Administration or the Governor had been approached on this matter.

Assemblyman Glaser indicated this processing was necessary because the prison was serving raw milk and the Health Dept. insisted it be pasturized. He wondered if the processors could foresee that the dairy industry would make a special price for the prison and mental hospital.

Mr. Witt felt that as a producer he could not produce it any cheaper for the prison than for the consumer and thought perhaps the state should upgrade the facilities.

Mr. Ferrari felt perhaps the milk might be taken to one of the closer plants and processed specifically for the prison and redistributed. When questioned on the cost he indicated a cost of 74¢ per gallon.

Assemblyman Ashworth again noted all of the cost was not for the processing but included stalls, storage facilities, personnel facilities, etc. and felt we should determine the amount of money being talked about and that the state was not putting \$167,000 in processing. Assemblyman Getto also stated he thought he would be called in on Capital Improvements and he was not aware of what was going on until Capital Improvements had been closed.

Another gentleman indicated Mr. Earl Oliver was familiar with the auditing and could perhaps give some figures on this project to prove it was uneconomical project.

The gentlemen were thanked for their presentation and Assemblyman Jacobsen thought they might be interested in his remarks. Assemblyman Jacobsen stated he became aware of the situation last session and as Chairman of Capital Improvements of Ways and Means their Committee went out and he knew what he was going to find and felt this was not the fault of the prison and felt the prison had deteriorated lately until the last session. Mr. Jacobsen stated when the report of the University came out he was the only one that disagreed with it, but never knew if it was presented to the Governor or not. He stated he visited that place weekly and had gone into all avenues on this matter and

the decision was that the first real need was a dairy manager and a boy from Fallon now had this position and had upgraded this considerably. He felt some of the equipment at the Mental Hospital was still being utilized and stated at the Hospital everybody complained about one thing or another and yet this dairy facility, according to the Dept. of Health had the lowest bacteria count and finally complaints were made that urban areas was moving too close and this portion was taken out to the prison. He stated the Prison was no longer serving raw milk and that milk was being supplied to the Mental Hospital every other day. Assemblyman Jacobsen felt the State was not competing with private enterprise and was just doing what it had been doing for years. The barn, he indicated was old farm barn and converted. One thing that disturbed Assemblyman Jacobsen was that some of these men had never been out to the prison to look for themselves and he felt this was a selfish motive.

He stated during the past year the State Board of Health stopped delivery only once because of high bacteria. Assemblyman Jacobsen felt it was a real necessity that this continue and hoped that the people like the producers would try to help rather than knock this program. He felt the prison was there and would continue to grow for many years whether this program rehabilitated 1, 2, or 12. He indicated the cost was 47¢ per gallon and did not think this was unreasonable when many things had to be purchased and felt it was a real benefit to the State.

Assemblyman Jacobsen felt many questions were answered in the study made, but he did not think it was a good study, but was an educated guess and thought you had to be practical and that was the simple answer to most things and felt this was an important area to the State. He also felt attempts should be made to upgrade it rather than to degrade it.

The gentlemen left the meeting and Senator Lamb requested the Joint Committees to stay for a few minutes to discuss his matter. Senator Lamb asked the Senate Finance Committee for their thoughts on this matter and it was agreed to hold to the previous action of approving this improvement. Senator Slattery voted no however.

The joint Committees then considered the Legislative Counsel Budget. Senator Dodge indicated consideration had been given, over and above the original budget to increases over the 5% raise each year and they went back through the Budget and Mr. Bruce had been asked to compare salaries of the others with the Attorney General's Office, and the Committees reviewed this matter. It was noted on the Legislative Commission the Budget was submitted on the basis of 8 people and if it was decided to increase the membership to 12 members allowances would have to be made for per diem and travel, etc. and these increases were also included.

April 17, 1969

Senator Lamb stated Senate Finance had reviewed some of this previously and felt this was the recommendation of the Commission and that the Budget was increased due to the policy created on the Unclassified and Classified and noted this was about \$744,000 being considered.

Senator Brown moved the Committee accept the recommendation.

Mr. Bob Bruce was requested to leave the Committee and Assemblyman Ashworth felt Mr. Bruce had not been taken care of adequately. He stated the Fiscal Analyst had a practice going for himself on the side and felt Mr. Bruce had straightened out a lot of things and felt there were a lot of demands made on him. Senator Lamb stated this was what Mr. Bruce had asked for and Senator Gibson noted the statute says the Legislative Commission shall set these salaries. Senator Dodge did not elaborate but felt this salary had been considered and this was the decision of the Commission. Assemblyman Ashworth indicated he had it from a good reliable source that Mr. Bruce was unhappy and he was afraid the Legislative Counsel might loose him. Senator Lamb indicated Mr. Bruce felt he should get what Terra got when he left. Assemblyman Howard questioned the salary of Mrs. Slade and it was decided to have Mr. McDonald look into this matter as Senator Dodge had no explanation for it.

The Joint Committees then turned to Equal Rights. The motion to approved the Equal Rights Budget as recommended by the Governor was made by Senator Brown. It was seconded by Senator Fransway and carried.

Mr. McDonald explained the matter of Mrs. Slade's position to the satisfaction of the Committee and Senator Brown moved the Committee go along with the recommendations made. It was seconded by Senator Pozzi and carried.

Meeting adjourned.