

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
May 30, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:14 a.m. on Monday, May 30, 2005, 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 at 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:

Assemblyman Marcus Conklin, Assembly District No. 37
Assemblywoman Chris Giunchigliani, Assembly District No. 9
Assemblywoman Sheila Leslie, Assembly District No. 27
Assemblywoman Kathy A. McClain, Assembly District No. 15
Assemblyman Harry Mortensen, Assembly District No. 42
Assemblywoman Bonnie Parnell, Assembly District No. 40
Assemblyman Richard D. Perkins, Assembly District No. 23
Assemblywoman Debbie Smith, Assembly District No. 30

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Sandra Small, Committee Secretary

OTHERS PRESENT:

Robin Keith, Nevada Rural Hospital Partners Foundation
Caryll Batt Dziedziak, Assistant Director, Women's Research Institute of Nevada, University of Nevada Las Vegas, University and Community College System of Nevada
Julianna L. Ormsby, Program Manager, NEW Leadership Nevada, University of Nevada Las Vegas, University and Community College System of Nevada
Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services, Department of Human Resources
Nancy M. Saitta, Eighth Judicial District Court, Judicial Branch
Dan Musgrove, Clark County and University Medical Center
Joyce Haldeman, Clark County School District
Julie Whitacre, Nevada State Education Association
Ronald M. James, State Historic Preservation Officer, Office of Historic Preservation, Department of Cultural Affairs
Mary Liveratti, Deputy Director, Department of Human Resources
Anne Cory, United Way of Northern Nevada and the Sierra

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Adjutant General E. Giles Vanderhoof, Special Advisor on Homeland Security,
Office of the Governor
Miles Celio, Administrative Services Officer, Office of the Military
Doug Busselman, Nevada Farm Bureau
Don Henderson, Director, State Department of Agriculture
James T. Richardson, Nevada Faculty Alliance
Brian K. Krolicki, State Treasurer, Office of the State Treasurer

CHAIR RAGGIO:

We have a bill draft request from the Department of Administration. This is the rebate bill the Governor has requested providing a onetime issuance of a check to certain persons who registered one or more motor vehicles in Nevada during calendar year 2004. With the understanding that there may be changes to this request, we should have the bill drafted.

BILL DRAFT REQUEST S-1204: Makes appropriation to provide for a rebate of 2004 vehicle registration fees to a maximum of \$300 per vehicle. (Later introduced as [Senate Bill 519](#).)

SENATOR CEGAVSKE MOVED TO INTRODUCE BDR S-1204 AS A COMMITTEE BILL.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

This Committee will be discussing the issue, amount and method of rebate if any.

Senate Bill (S.B.) 122 provides public employees with military service the opportunity to purchase additional years of service. Assemblyman Mark A. Manendo testified before the Committee about a similar bill which does not include Operation Desert Storm. The Assembly, by agreement, in Amendment 904, amended into S.B. 122 Operation Desert Storm and added the names of Assembly members as cosponsors of S.B. 122. I suggest the Committee concur in Amendment 904 to S.B. 122.

SENATE BILL 122 (3rd Reprint): Authorizes certain public employees with active military service to purchase additional years of service in Public Employees' Retirement System. (BDR 23-630)

SENATOR COFFIN MOVED TO CONCUR WITH THE ASSEMBLY ON AMENDMENT 904 TO S.B. 122.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will open the hearing on Assembly Bill (A.B.) 103.

ASSEMBLY BILL 103 (1st Reprint): Makes appropriation to Department of Administration for allocation to Nevada Rural Hospital Partners for establishment of pool for loans for rural health care providers. (BDR S-1216)

ROBIN KEITH (Nevada Rural Hospital Partners Foundation):

This bill includes a \$1 million appropriation to Nevada Rural Hospital Partners.

CHAIR RAGGIO:

Is this appropriation in the budget?

MS. KEITH:

The appropriation is in the one-shot budget. This bill is a response to the rural health care strategic plan ordered and paid for by the 71st Legislative Session and was adopted by the 72nd Legislative Session. The bill establishes a revolving loan pool for rural health care providers to encourage and support rural professional practices and services. The bill is intended to enhance access to health care services for approximately 350,000 people living in rural Nevada.

CHAIR RAGGIO:

What was the nature of the bill amendment?

MS. KEITH:

There were three pieces to the amendment. The original bill talked about a pool to provide grants and loans. The word "grants" was eliminated from the bill. A definition of rural, counties less than 100,000 and rural parts of urban counties as designated by the Office of Rural Health, was added. The third portion of the amendment was the deletion of reversion language. Normally one-shot funds revert to the General Fund if not used within the biennium. This bill creates a permanent revolving pool.

CHAIR RAGGIO:

Does rural apply only to counties of less than 100,000 population?

MS. KEITH:

It also applies to rural parts of urban counties as designated by Rural Health.

CHAIR RAGGIO:

We will close the hearing on A.B. 103 and open the hearing on A.B. 172.

ASSEMBLY BILL 172 (1st Reprint): Makes appropriation to Women's Research Institute of Nevada at University of Nevada, Las Vegas. (BDR S-349)

ASSEMBLYWOMAN KATHY A. MCCLAIN (Clark County District No. 15):

I am here in support of A.B. 172.

CARYLL BATT DZIEDZIAK (Assistant Director, Women's Research Institute of Nevada, University of Nevada Las Vegas, University and Community College System of Nevada):

I am here today in support of A.B. 172. The Committee has received a brochure titled The Women's Research Institute of Nevada ([Exhibit C](#)). The Institute

received its official approval by the Board of Regents in May 1999 as a statewide research facility. We have collaborated with numerous partners across the state and nation as shown in [Exhibit C](#). The findings from the Institute's research provide Legislators with key information needed to address critical issues facing women and their families. One of our most visible education programs, the NEW Leadership Nevada is entering its third year. The Institute has operated without a state-funded budget. The University and Community College System of Nevada (UCCSN) has provided assistance for space, utilities, course reassignments and graduate assistantships. The Institute has raised all of the funding for projects, programs and personnel. We have accomplished this through grant writings, soliciting corporate and personal donations and building public and private partnerships. The annual budget for the NEW Leadership project is \$75,000. We have no full-time staff, no development officer and we rely on individuals willing to work, often without pay, to further the Institute's goals. Education is the great leveler of society. Our research is nonpartisan and statewide. It informs policy makers, educators and the community at large not only of women's historical contributions to our state but also of vital statistical indicators relating to women's political participation, social and economic autonomy, health and well-being. Our programs educate Nevada's citizens. We are now asking for funding to ensure long-term viability of our research and educational programs.

CHAIR RAGGIO:

Do you have a copy of the Institute's budget?

MS. DZIEDZIAK:

We have a yearly budget of \$250,000. The operations' cost is less than \$25,000 each year. Each project is self funded.

CHAIR RAGGIO:

Why is state funding needed at this time?

MS. DZIEDZIAK:

During the past six years, our programs have grown and the scope of research has expanded. We now operate statewide.

CHAIR RAGGIO:

Have you submitted a proposal for the use of the \$150,000?

ASSEMBLYWOMAN MCCLAIN:

The Institute has submitted a budget every year for the past six years in order to be in the statewide allotment. I have requested an appropriation for the last three sessions.

CHAIR RAGGIO:

I suggest you submit a full budget showing how the \$150,000 will be utilized.

JULIANNA L. ORMSBY (Program Manager, NEW Leadership Nevada, University of Nevada Las Vegas, University and Community College System of Nevada):

I have provided the Committee with a brochure entitled NEW Leadership Nevada ([Exhibit D](#)) which provides you with information about this program. National Education for Women's (NEW) Leadership Nevada was created in response to studies showing women are less likely to become civically engaged than men

particularly in the areas of voting and running for elected office. Nevada is the only state in the Southwest to host this program. NEW Leadership puts students on the fast track to becoming the next generation of leaders by connecting them with successful Nevada leaders and providing them with tools to develop leadership skills. Three of our graduates are interning for Governor Guinn, another is working for Senator Reid and two are working for this Legislative Session. Students develop programs such as a domestic violence awareness summit in Elko, the first League of Women Voters in Elko, a community service organization in Reno and a teen pregnancy prevention program in Las Vegas. If you invest in NEW Leadership Nevada, you are investing in Nevada's future leaders. Our students come from your communities and take what they learn back to your communities where they put their skills to work in local businesses, government and community organizations. Students come to NEW Leadership with a vision for their communities and leave with the tools they need to make the vision a reality.

SENATOR TITUS:

This great project deserves funding. It is similar to the Oral History project at the University of Nevada, Reno. The bipartisan nature of the group is shown on [Exhibit D](#) where there is a photograph of Congresswoman Shelley Berkley and Marilyn Gubler, former head of the state republican party. If there are any republican women who want to join in sponsoring this bill, we can add their names.

CHAIR RAGGIO:

We will close the hearing on [A.B. 172](#) and open the hearing on [A.B. 175](#).

[ASSEMBLY BILL 175 \(2nd Reprint\)](#): Makes appropriations for various improvements to mental health services, mental health courts and community triage centers. (BDR S-1359)

ASSEMBLYWOMAN SHEILA LESLIE (Assembly District No. 27):

This bill is designed to provide additional funding in the mental health budget. We closed the mental health budget with a healthy increase across the state. Until the new hospital is built in Las Vegas, we feel more funds are needed. The bill requests funds for community residential placements, acute psychiatric crisis placements, support for the Mental Health Courts in Clark County, Washoe County, Carson City and triage centers in northern and southern Nevada.

I want to disclose that I work for the Washoe County District Court in the area of specialty courts. None of the funds requested affect me personally.

CARLOS BRANDENBURG, Ph.D. (Administrator, Division of Mental Health and Developmental Services, Department of Human Resources):

Section 1 of [A.B. 175](#) is a mirror image of what is in the Governor's budget. It phases in 45 placements in FY 2006 and 45 placements in FY 2007. It usually costs about \$12,000 each month to place someone in the hospital. It costs about one-third of that if we can keep that person in the community.

Section 2 addresses the community placement shortage. We need additional community placement in Clark County. We recently received a Request for Proposal on the 50-bed facility, with a medical clearance facility, for \$8.6 million or, without the medical clearance, it will be about \$7 million. The

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\$5 million requested will provide between 30 and 40 crisis beds in the community in Las Vegas. The new 190-bed hospital will come online in May.

The Mental Health Court in Washoe County has been successful.

CHAIR RAGGIO:

What has the funding been for the Mental Health Courts in Clark and Washoe Counties?

DR. BRANDENBURG:

Washoe County has been in the Governor's budget for one biennium. This is the proposal for Clark County and Carson City.

CHAIR RAGGIO:

How has the Mental Health Court in Clark County been funded?

DR. BRANDENBURG:

Currently, there is a grant funding three positions. They also receive in-kind contributions.

CHAIR RAGGIO:

Will those continue?

DR. BRANDENBURG:

The grants expire in September for the three positions. There is no funding for community placements which is the core of this system.

CHAIR RAGGIO:

Why are the grants going away?

ASSEMBLYWOMAN LESLIE:

It is a two-year Department of Justice grant.

SENATOR CEGAVSKE:

I visited the courts of Judge John S. McGroaty and Judge Jackie Glass, spending time watching the court and people going through it. I was impressed with what is happening. It is probably one of the most beneficial programs we have. I urge the Committee to fund some of this. It saves so much money on the institutional phase. I am happy to say the walls are up on the psychiatric hospital.

CHAIR RAGGIO:

Are the items in this bill on the joint subcommittee's high priority list?

ASSEMBLYWOMAN LESLIE:

I do not believe so because we have this bill and one in the Senate with many of the same things.

I would like to introduce the people in the audience who are here in support of A.B. 175. From Clark County we have Judge Nancy M. Saitta, Mr. Dan Musgrove and Mr. Michael Ware; from Reno we have Ms. Anne Cory, United Way of Northern Nevada, Patrick O'Brien, Reno Police Department, and Ms. Nicole J. Lamboly, City of Reno.

NANCY M. SAITTA (Eighth Judicial District Court, Judicial Branch):

The Committee has received a comprehensive Executive Summary from the Eighth Judicial District Court, Mental Health Court ([Exhibit E](#)).

DAN MUSGROVE (Clark County and University Medical Center):

This program will save lives. We have an incredible crisis in southern Nevada. The components of this bill will get people out of the emergency wards into treatment and the facilities they need. It will provide community placements and acute psychiatric beds that will take us from now to when the new hospital opens.

SENATOR CEGAVSKE:

How many additional people will be helped?

JUDGE SAITTA:

We will add 90 additional consumers. When we add consumers to the Mental Health Court program, we are alleviating the number of people crowding our detention centers and the streets of Las Vegas.

SENATOR CEGAVSKE:

How long do people remain in the program?

JUDGE SAITTA:

The length of time in the program is based upon the progress of their participation and whether or not they are able to maintain the requirements of the program.

SENATOR CEGAVSKE:

The length of time the 33 individuals who have been in the program for a year and remain in the program depends upon their program progress. Will the county be able to absorb the cost of the judges and court time necessary to the program?

JUDGE SAITTA:

Yes, in fact there are judges willing to volunteer in the Mental Health Court program in addition to their regular caseload because it is so important to the system.

CHAIR RAGGIO:

The total request in A.B. 175 is approximately \$15 million not included in the *Executive Budget*. We will not act on this bill today. We will open the hearing on A.B. 222.

ASSEMBLY BILL 222 (2nd Reprint): Requires periodic review of school districts to evaluate compliance with certain financial management principles. (BDR 34-10)

ASSEMBLYWOMAN BONNIE PARNELL (Assembly District No. 40):

This legislation has a return on the dollars invested. The auditing of school districts, in some cases, has a return of three to four times the cost of the initial audit. This bill requires school districts to undergo a review of its financial management principals every six years. The audit is performed by an independent consultant unlike the audit legislation passed in the 72nd Legislative Session. The auditors look for ways the school district can be

more efficient and save money. The bill requests an appropriation of \$300,000 to assess cost-effective operations, improve services, safeguard resources, provide efficiency in staff structure, establish benchmarks for productivity and performance, evaluate financial decisions linked to district priorities and review debt financing.

CHAIR RAGGIO:
Who does the audit?

ASSEMBLYWOMAN PARNELL:
There would be a contract with an outside, independent firm. Certain audit firms specialize in school district efficiency.

CHAIR RAGGIO:
What is the purpose of the oversight committee?

ASSEMBLYWOMAN PARNELL:
The committee makeup is in section 5 of A.B. 222 and would include members of the public, legislators, school board representatives and a parent-teacher association member.

CHAIR RAGGIO:
What does it mean to monitor the progress of the consultant?

ASSEMBLYWOMAN PARNELL:
The oversight committee would make sure that suggestions made by the consultant are acted upon.

SENATOR CEGAVSKE:
Section 5 includes a parent-teacher association member. Why not include all parent councils or groups? There are other groups in middle and high schools. I have other concerns with the makeup of this oversight committee.

ASSEMBLYWOMAN PARNELL:
The intent is an organized parent school group. We could amend this wording.

SENATOR CEGAVSKE:
Is there a fiscal note with this bill? The appropriation is only \$300,000 which would not begin to cover Clark County school districts.

ASSEMBLYWOMAN PARNELL:
The two largest school districts were addressed in the 72nd Legislative Session. Some of the rural school districts have had financial problems. The \$300,000 might address three of the rural school districts or Carson City.

SENATOR CEGAVSKE:
The biggest concerns should be the largest school districts. The legislative auditors could do the small school districts.

CHAIR RAGGIO:
What is the purpose for the confidentiality language on page 8 of the bill?

ASSEMBLYMAN MARCUS CONKLIN (Assembly District No. 37):

Personnel records and wage information may be confidential. There is also language about public access to the information. This looks like standard language when dealing with a consultant. The numbers will be provided in aggregate rather than individually.

CHAIR RAGGIO:

An audit of this kind would be required every six years with the legislative auditor preparing a list of proposed school districts for each biennium.

ASSEMBLYMAN CONKLIN:

That is correct. Schools that do well in the audit, or in implementation of audit recommendations, may not require the subsequent audit.

SENATOR CEGAVSKE:

There is confidentiality for the employee, but we should be able to extract information, such as discipline, in order to have a thorough audit.

ASSEMBLYMAN CONKLIN:

If there are suggestions to make this bill stronger, I welcome that information. I want the audit to be thorough in order to do better for our children.

SENATOR CEGAVSKE:

Why is the appropriation only \$300,000?

ASSEMBLYMAN CONKLIN:

The Assembly Committee on Ways and Means could answer that question. I had hoped the bill would fund, at least the first year, \$850,000 to include an audit position in order to have cohesion between each county and the Department of Education and to audit school districts in Washoe and Clark Counties.

SENATOR CEGAVSKE:

Will there be an audit every 12 years for the same school?

ASSEMBLYMAN CONKLIN:

The schools would be audited every six years. The schools that do well, at the option of the Legislature, could skip the second audit which would occur in the 12th year. The school would then be audited again in the 18th year.

CHAIR RAGGIO:

How would this audit differ from the audits recently performed by the Legislative Auditor on Clark and Washoe County school districts?

ASSEMBLYMAN CONKLIN:

I brought some examples of audits. The legislative audit report is much smaller than the audit required in A.B. 222. As you can see, this copy of Broward County's 1999 audit is extensive. Broward County is slightly smaller than Clark County.

CHAIR RAGGIO:

Is that a financial audit or a performance audit?

ASSEMBLYMAN CONKLIN:

The Broward County audit is a performance audit. Mr. Paul V. Townsend, Legislative Auditor, said he does not have the staff to do an audit of this caliber. There is no comparison between the two types of audits. I can get you an outline of the differences between the types of audits.

SENATOR BEERS:

Could you get news coverage from 2000 about the results of the Broward County audit? You can go on the web, type in your school district and ask for a list of peers. The last time I requested peers for Clark County, it said there were none. Broward County comes up as having some similarities.

ASSEMBLYMAN CONKLIN:

I will see what I can do. I saw a report from Florida's oversight group. They reported savings of \$48 million in their first round of audits without all of the counties audited and without all of the suggestions implemented. The audits in Florida are over a five-year term. In Nevada, we are suggesting six years.

CHAIR RAGGIO:

You indicated the Broward County school district audit saved considerable funding.

ASSEMBLYMAN CONKLIN:

The Broward County audit cost about \$500,000. It was completed in April 1999. It recommended \$100 million in net savings over a five-year period. I have not seen a report of what was implemented. Every school district was different.

CHAIR RAGGIO:

Does that mean the funding for that school district was reduced?

ASSEMBLYMAN CONKLIN:

They were not able to reduce the funding. They created net savings which were used in other areas such as more teachers or smaller classrooms. It would be my desire that any net savings go to the school.

CHAIR RAGGIO:

Is there a report showing the net savings over the five-year period and how it was utilized?

ASSEMBLYMAN CONKLIN:

I am not aware of such a report. I have seen a 2001 report, but it covers multiple counties. We would like to see exactly what is implemented, what is saved and what was done with the savings.

CHAIR RAGGIO:

It sounds like you are saying they had savings which were used for other purposes, so it did not save the taxpayers anything. Were the savings used for collective bargaining or other purposes?

ASSEMBLYMAN CONKLIN:

I cannot answer that question.

CHAIR RAGGIO:

This Committee would like to see what is available as soon as possible.

JOYCE HALDEMAN (Clark County School District):

The Clark County School District supports A.B. 222. It is good for the taxpayers to have this reassurance. The first reprint of this bill did not have a dollar amount allocated but listed several counties to be audited in the first round. The second reprint has \$300,000 but omits the names of the counties to be audited. During this discussion, I heard one person say the rural counties would be audited first and another person say Washoe and Clark Counties would be audited first. If Clark County is going to be audited, I want to be sure enough money is set aside to do the audit accurately. The audit performed by the Legislative Counsel Bureau during the interim was a good audit. We worked closely with those auditors and tried to be sure they had access to everything they needed to evaluate the school district. I have provided the Committee with a copy of Audits in Place ([Exhibit F](#)). I hope we can avoid duplicating audits.

CHAIR RAGGIO:

Do you have a proposed amendment for this bill?

MS. HALDEMAN:

No, I do not.

CHAIR RAGGIO:

You can submit an amendment covering what you are talking about, such as utilization and limitation of the audit based upon the information in [Exhibit F](#).

SENATOR BEERS:

Did you develop [Exhibit F](#) after talking with Broward County? Have you talked to Broward County about how the audit proceeded?

MS. HALDEMAN:

I did not talk to anyone in Broward County. The section I like about the bill is the one that allows the trustees to adopt or not adopt the recommendations made by the auditor. If the recommendations made by the auditor include something like increasing the class size by five students or by extending the bus zone to four miles, the trustees need to have the option of adopting the suggestion. It is necessary to weigh the service and the cost of each recommendation.

JULIE WHITACRE (Nevada State Education Association):

We support A.B. 222.

SENATOR CEGAVSKE:

Do you have an opinion regarding what should be confidential or making information available if it does not include the individual's name?

MS. WHITACRE:

I do not believe we would have a problem with releasing information when it does not reveal the individual's name.

SENATOR BEERS:

We will close the hearing on A.B. 222 and open the hearing on A.B. 289.

ASSEMBLY BILL 289 (1st Reprint): Requires Administrator of Office of Historic Preservation of Department of Cultural Affairs to establish stewardship program for protection of cultural resources. (BDR 33-554)

ASSEMBLYMAN HARRY MORTENSEN (Assembly District No. 42):

The genesis of this bill was over six years ago when over 40 people met at the Desert Research Institute to craft this bill. The group consisted of Native Americans, archaeologists, paleontologists, Nevada Mining Association, Nevada State Museum, Bureau of Land Management, U.S. Forest Service and many others. Everyone was happy with the bill when we finished. This is the third session I have tried to get this bill approved. We are putting a small amount of money into the preservation of cultural resources. We get back 600 times that because we are training volunteers. The stewardship program in Arizona has been successful in reducing the vandalism and desecration of various cultural resources.

This bill has the support of the mining companies. This bill was heard in the Senate Committee on Natural Resources and the Assembly Committee on Ways and Means with no negative testimony.

RONALD M. JAMES (State Historic Preservation Officer, Office of Historic Preservation, Department of Cultural Affairs):

This is an admirable program which has been successful in Arizona. When urban centers grow, we see more recreation in rural areas. This bill will coordinate volunteer efforts to monitor archaeological sites and encourage education causing these resources to be protected.

CHAIR RAGGIO:

The bill talks about establishing a stewardship program and selecting volunteers. Will the volunteers be selected by your office?

MR. JAMES:

The coordinator would work with the volunteers. We would encourage volunteers to come forward.

CHAIR RAGGIO:

The bill says the volunteers will be selected and serve without compensation. Will that be an advisory group of some kind?

MR. JAMES:

The volunteers do the work after receiving training.

CHAIR RAGGIO:

Is your office responsible for the training?

MR. JAMES:

Yes, it is. This bill requires an additional staff person.

CHAIR RAGGIO:

The bill says you will select, train and certify volunteers to serve in the stewardship program based upon requirements you establish. What duties will the volunteers perform? Will they select the sites to be preserved?

MR. JAMES:

Volunteers will conduct an inventory of existing sites. They will also monitor sites to identify any degradation. The land managers can then focus on sites suffering the most. This is important with petroglyph sites that are discovered and vandalized.

CHAIR RAGGIO:

The Assembly version of the measure would appropriate \$63,000 in FY 2006 and \$77,000 in FY 2007 transferred from the Commission on Tourism.

MR. JAMES:

That is correct. This program is not part of the Governor's budget.

SENATOR COFFIN:

This program parallels what I think we could do in the fire-prone areas.

MR. JAMES:

This could be a statewide program. The bill opens an office in southern Nevada to coordinate a statewide program.

CHAIR RAGGIO:

We will close the hearing on A.B. 289 and open the hearing on A.B. 310.

ASSEMBLY BILL 310 (1st Reprint): Provides for establishment of statewide nonemergency information and referral telephone system concerning health, welfare, human and social services. (BDR 18-829)

ASSEMBLYWOMAN DEBBIE SMITH (Assembly District No. 30):

This bill provides \$200,000 to set up Nevada's first 2-1-1 line which is a toll-free telephone number that will connect the callers to a Crisis Call Center in northern Nevada and HELP of southern Nevada. You have received a copy of my comments in Testimony A.B. 310 which includes a schedule of how the funds will be expended ([Exhibit G](#)).

MARY LIVERATTI (Deputy Director, Department of Human Resources):

The strategic plan for people with disabilities and the strategic plan for seniors support this initiative.

ANNE CORY (United Way of Northern Nevada and the Sierra):

The 2-1-1 Coalition is a gathering of the three United Ways in Nevada, the telecommunications companies and association, state agencies and representatives from the disabilities community. This is an important bill. The United Way of Northern Nevada has invested \$160,000 in system development. We hold the statewide license for the database and continue to support this effort.

CHAIR RAGGIO:

What is the status with the backing of the 2-1-1 Coalition? Is it ready to be activated?

MS. LIVERATTI:

The statewide coalition, in the last year, was able to get a grant from the tobacco settlement and has been developing a business plan. We hope to have the business plan ready in June. This will be a statewide system that eventually

will go twenty-four hours a day, seven days a week. The funds requested in A.B. 310 will allow us to begin the program Monday through Friday up to 12 hours each day.

CHAIR RAGGIO:

What does the telecommunications industry have to do to get this going?

ASSEMBLYWOMAN SMITH:

I have been told, by the two major companies we have been working with, that they can have the system operational this summer. The work needed is minimal.

CHAIR RAGGIO:

How do they recover their costs?

ASSEMBLYWOMAN SMITH:

There are funds in this budget to recover their costs.

CHAIR RAGGIO:

Does this apply to all types of telephones, wireless and landline?

ASSEMBLYWOMAN SMITH:

It is my understanding that it does.

SENATOR TITUS:

I support A.B. 310. This was a top priority of the Interim Committee on Persons with Disabilities. We heard repeatedly that there are so many resources available that one-stop shopping would be very helpful.

CHAIR RAGGIO:

We will close the hearing on A.B. 310 and open the hearing on A.B. 376.

ASSEMBLY BILL 376 (2nd Reprint): Provides for various benefits for members of Nevada National Guard who are called into active service. (BDR 36-1072)

ASSEMBLYMAN RICHARD D. PERKINS (Assembly District No. 23):

I am here to speak in support of A.B. 376. The Remarks of Speaker Richard D. Perkins are attached ([Exhibit H](#)). This bill seeks to help Nevada National Guard members on active duty by exempting them from sales tax; create a Patriot Relief Account to pay life insurance for those deployed; provide textbooks for those enrolled in college; help with bill payment while mobilized; and adjust the differential pay for state employees so that it does not include hazard pay.

General Giles E. Vanderhoof has brought to my attention we may need to make a correction so that the life insurance is only for those mobilized.

CHAIR RAGGIO:

Could you explain the change in the life insurance?

ADJUTANT GENERAL GILES E. VANDERHOOF (Special Advisor on Homeland Security, Office of the Governor):

The *Legislative Digest* of the bill indicates the bill is for mobilized people. Section 1, paragraph 4(a)(1) does not specify that. We should make it clear this

bill is for mobilized guardsmen. This bill lets the mobilized members know how much Nevada cares about them.

CHAIR RAGGIO:

Can you explain the sales tax exemption portion of this bill, sections 4, 5, 6, 7 and 8? Would those sections apply to mobilized guardsmen?

GENERAL VANDERHOOF:

Textbooks apply to all guardsmen.

CHAIR RAGGIO:

Do you mean all guardsmen presently entitled to waivers of tuition?

GENERAL VANDERHOOF:

That is correct. The sales tax exemption is for mobilized guardsmen.

ASSEMBLYMAN PERKINS:

Section 4, subsection 1, defines a mobilized member of the National Guard.

CHAIR RAGGIO:

How will it work for the close family member? Would they receive a letter of exemption from the Department of Taxation?

ASSEMBLYMAN PERKINS:

That is the way we have envisioned the process. The family member becomes an arm of the state and will receive a letter of exemption similar to nonprofit and charitable organizations.

CHAIR RAGGIO:

The family member would be able to go to any merchandiser, show the letter and not have to pay sales tax. Can we do anything about the 2 percent?

ASSEMBLYMAN PERKINS:

The Legal Division, Legislative Counsel Bureau (LCB), has stated that by defining the family member as an arm of the state, they become an extension of state government. That way we can waive the 2 percent.

CHAIR RAGGIO:

Can the entire sales tax be waived?

ASSEMBLYMAN PERKINS:

That is correct.

SENATOR CEGAVSKE:

Members of the military can go to the base in Las Vegas to purchase tax-exempt items. Is that service available to guardsmen?

GENERAL VANDERHOOF:

Where there is an active installation, the guardsmen can go to a military PX or commissary where there is no sales tax. Today it is less expensive to shop in town rather than on a base. It used to be the opposite.

SENATOR CEGAVSKE:

Why is this limited to the National Guard rather than all servicemen?

ASSEMBLYMAN PERKINS:

Nevada is responsible for our guardsmen and women. The federal government is responsible for army, air force, navy, marines and other military people.

CHAIR RAGGIO:

What is the situation with mobilized members of the guard employed by the state with respect to their wages?

GENERAL VANDERHOOF:

When a state employee is a member of the guard and is mobilized, they draw the pay and allowances of the grade they hold. One of the purposes of this bill is to make up the difference and to help them with losses in salary.

CHAIR RAGGIO:

I understand the purpose of the bill. When guardsmen are mobilized, do they receive the same pay they would while in state service?

GENERAL VANDERHOOF:

Yes, they do. Most guardsmen are not state employees and do not get differential pay. The difference between what they make downtown and what they make in the military is significant.

CHAIR RAGGIO:

If you are a state employee and mobilized, you continue to receive the state salary differential under existing law. Would the bill apply as well to those in the private sector?

GENERAL VANDERHOOF:

That is correct.

CHAIR RAGGIO:

Who pays the differential if the employer is a local government?

GENERAL VANDERHOOF:

There is no differential in local governments.

ASSEMBLYMAN PERKINS:

Most local governments pay a differential.

CHAIR RAGGIO:

If we process this bill, I do not think the state should pay what the local governments are paying in differential pay.

ASSEMBLYMAN PERKINS:

I agree. This will primarily affect those in the private sector. It does not make up the guardsmen's lost pay, it allows them to make application to the General's Office if they have a hardship.

CHAIR RAGGIO:

Is this bill for hardship situations to be subsidized by the state?

GENERAL VANDERHOOF:

The local governments have different procedures. The City of Reno, for instance, pays activated police their salary for the first three months. The police

officer makes double pay for those three months, but the remaining time they only have the military pay.

SENATOR COFFIN:

Are you including the reserves when you say the federal government should take care of the federal troops?

ASSEMBLYMAN PERKINS:

My point is that those in the federal active military are the responsibility of the federal government. Our guardsmen and women are in Nevada and have private or public-sector jobs. They work for the state when we have emergencies. We are responsible for them.

SENATOR COFFIN:

Reservists have jobs and families. How many of the guard are in state service?

GENERAL VANDERHOOF:

I do not have that number. The National Guard is the only group available to call up for state emergencies whether they are natural disasters or terrorist events. The reserves and active duty components are prohibited from doing that. The National Guard is part of the state and the only ones allowed, under *posse comitatus*, to respond to state emergencies. The other services are allowed if it is a federally-declared emergency.

MILES CELIO (Administrative Services Officer, Office of the Military):

I do not have the exact number of guardsmen who work for the state. The Department of Personnel did a survey and has those numbers. In our agency, 18 of the 76 are participating members of the Guard. Some of our positions require a guard member.

SENATOR COFFIN:

Is it less than 100 state employees who are members of the Guard?

MR. CELIO:

I would say about one- to two-hundred people.

SENATOR COFFIN:

How many would be in public service?

GENERAL VANDERHOOF:

We have, in the Army and Air National Guard, about 300 people in public-sector employment.

SENATOR COFFIN:

This bill would address those 300 individuals.

GENERAL VANDERHOOF:

This bill applies to every guardsman mobilized with the exception of the one portion on the differential pay that excludes the combat-hazard pay.

SENATOR COFFIN:

If I work for Bill Jones Plumbing, making \$50,000 each year, and will be paid \$20,000 if mobilized, how does this bill help me?

GENERAL VANDERHOOF:

Your scenario applies to the fund for emergencies and to sales-tax exemption. The differential pay is strictly for state employees.

SENATOR COFFIN:

How do you calculate the cost to state government?

MR. CELIO:

We have looked at the required funds. By limiting insurance premiums to only mobilized guardsmen, we estimate the cost to be about \$100,000 each year assuming 400 to 500 guardsmen are mobilized. The annualized premium for life insurance is about \$200 each year. We estimate textbooks would cost between \$80,000 and \$100,000. The \$500,000 funding is adequate.

SENATOR COFFIN:

This bill does not help many people. Would you be willing to amend into this bill the provisions of my S.B. 355 which provides financial help to guard members and reservists who live in Nevada?

SENATE BILL 355: Provides for bonus to be paid to certain members of Nevada National Guard and Reserves called to active duty to combat terrorism. (BDR 36-704)

ASSEMBLYMAN PERKINS:

I am in support of anything we can do for our Guard men and women to the extent that this legislature can afford it.

SENATOR COFFIN:

Would you mind amending S.B. 355 into your bill?

ASSEMBLYMAN PERKINS:

If what you are talking about would be the demise of this bill, yes, I would mind.

SENATOR COFFIN:

I would not want to kill A.B. 376 because it does things S.B. 355 does not do. My bill addresses the cost to the family of being mobilized.

SENATOR BEERS:

Is the emergency fund you refer to the Patriot Relief Account described in section 1?

ASSEMBLYMAN PERKINS:

That is correct.

SENATOR BEERS:

Did you say earlier the bill provides some benefit for Guard members who are mobilized and are not public-sector employees? The economic hardships referred to on page 3, lines 8 through 10, would be hard to quantify.

ASSEMBLYMAN PERKINS:

Section 2 is the only section of the bill that applies to people in public employment. The economic hardship is hard to quantify because we do not know how many people would apply for it. The Adjutant General is charged

with adopting the necessary regulations to address the economic hardship. Those who leave a \$50,000-a-year job and are activated at \$18,000 a year can apply to receive relief from that hardship.

SENATOR BEERS:

Would it be reasonable to assume that if 10 percent of the Guard members were mobilized and received the state's differential equal to \$300,000 each year, then it would be \$2.7 million for the other 90 percent for a total of \$3 million each year for the private and public sector. Do you follow my math?

ASSEMBLYMAN PERKINS:

You lost me completely.

SENATOR BEERS:

You said the expected pay differential for the people described in section 2 would be about \$300,000 based on the textbook and life insurance totaling \$200,000. Therefore, \$300,000 of the \$500,000 we are appropriating each year is to pay the differential for state employees.

ASSEMBLYMAN PERKINS:

We are talking about two different things. The differential is paid by the state General Fund. The Patriot Relief Fund would be for the hardship applications, reimbursement for textbooks and premiums on life insurance.

SENATOR BEERS:

Is there a fiscal note in addition to the appropriation in this bill?

MR. CELIO:

No, there is not. Initially there was \$2.5 million per year in this bill. We have become confused about the differential pay in section 2. The state computes differential pay by subtracting the military pay, including hazardous-duty pay and family-separation pay, from the normal state pay. This bill will not include hazardous duty or separation pay when calculating the differential pay. The differential pay comes from an agency's budget. Not every activated state employee is eligible for differential pay. About one-third of the state employees activated make more money when activated than in their state jobs. Another one-third make about the same and the other one-third make less. The \$300,000 has nothing to do with differential pay. It has to do with the fact that this bill is funded with \$500,000 each year. Estimating the insurance at \$100,000 and textbooks at \$100,000, that leaves \$300,000 for the economic hardship fund.

SENATOR BEERS:

I am still having a problem quantifying the fiscal impact. Can the state's accounting system tell us the amount of the differential pay cost?

MR. CELIO:

I do not have that information. The accounting system, through the Department of Personnel, could give us that information. For the last two years, agencies have paid the differential pay to those activated. The differential pay varies from person to person. For example, we have a gentleman activated in our agency who makes more on active duty than he makes at our agency. There is no differential pay to that man. The payroll system tracks which agencies are making differential payments.

SENATOR BEERS:

If we had that information and could attribute that cost on average to any 10-percent segment of Guard members that have been mobilized, we could extrapolate that through our civilian mobilized Guard members to get the fiscal impact on the Patriot Relief Fund. If I understand page 3, lines 8 through 10, correctly, the plumber Senator Coffin alluded to could apply for a \$30,000-per-year subsidy.

MR. CELIO:

The plumber's family has an economic hardship because he has been mobilized and his annual income has been reduced by \$30,000 each year. The family does not request differential pay, but applies, for example, for funds to make car payments. It is hard to define hardships. There are federal protections in place about not losing your home. The hardship is not to make up the differential for all those people who have lost income when activated.

CHAIR RAGGIO:

The applications for hardship funds would have to be reviewed. Will there be a cap based upon the funds available?

GENERAL VANDERHOOF:

That is true. My recommendation is to form a committee to evaluate the hardship and make a recommendation to the Adjutant General.

SENATOR TITUS:

Would the fund pay the life insurance while the individual is deployed?

GENERAL VANDERHOOF:

Every member of the Guard can purchase a \$250,000 life insurance policy. We pay approximately \$16 each month for that insurance. This bill would pay the life insurance during mobilization only. Depending upon how the regulation is written, the Guardsman would probably be reimbursed for the expense. That amount will go up to about \$18 each month if the policy limit goes up to \$400,000.

CHAIR RAGGIO:

We will close the hearing on A.B. 376. Mr. Comeaux, would you please let us know the Governor's position on A.B. 175? We will open the hearing on A.B. 413.

ASSEMBLY BILL 413 (1st Reprint): Creates Account for the Control of Weeds.
(BDR 49-1120)

DOUG BUSSELMAN (Nevada Farm Bureau):

We support A.B. 413. The \$100,000 appropriation is an investment for control of weeds in the state. The bill facilitates the Department of Agriculture's ability to carry out the abatement authority they have under state law. It is essential for the Department of Agriculture to move forward with their abatement authority holding landowners responsible for weed control on private lands. The \$100,000 would go into a revolving fund which the Department of Agriculture can use for payment of services rendered for abatement activities. If a landowner does not take care of weeds, the Department of Agriculture can put a lien on the landowner's property for the cost of weed abatement.

CHAIR RAGGIO:

Is this for weed control on private property?

MR. BUSSELMAN:

It could be private property, but the abatement authority also applies to federal lands.

CHAIR RAGGIO:

The original bill was to provide grants to counties for the purpose of weed abatement. This reprint creates an account for the abatement of weeds.

MR. BUSSELMAN:

The intention of the legislation is for the appropriation to be used for abatement activities. The bill draft incorrectly described the use of the funds for grants to counties. The first reprint better describes the intention of the request.

DON HENDERSON (Director, State Department of Agriculture):

This appropriation is not in the *Executive Budget*. The Department of Agriculture has authority to do weed abatement for landowners who do not take care of their weeds and are not seeking assistance through the state. The problem has been that there is no funding at the state or county level to do the abatement. The mechanism to recover the cost is that the county places a lien on the property owner.

CHAIR RAGGIO:

Is there authority for the state to impose a lien?

MR. HENDERSON:

Yes, there is.

SENATOR BEERS:

I need more information on the lien process. Are you saying some counties have the funds to do the weed abatement and then the county places a lien on the property?

MR. HENDERSON:

Some counties may have the necessary funds, but most rural counties do not. The abatement authority is in *Nevada Revised Statute 555*. The state does not have the authority to place the lien. The county can place the lien. The state works with the counties. The Department sends out abatement notices to the landowner, but there is no funding for the state or county to pay for weed abatement if the landowner does not respond. This bill will set up a revolving account to provide the funding to either the state or county to do the abatement. The county would place a lien on the property for reimbursement to the state or county for the cost of abatement.

CHAIR RAGGIO:

That is why I asked. Why not put in the bill that the state has the right to place a lien?

MR. HENDERSON:

This has been a cooperative program with the counties. We have not had a problem with the counties.

CHAIR RAGGIO:

I asked if the state has a right to impose a lien and was told yes.

MR. HENDERSON:

I do not believe the Department of Agriculture has the right to place a lien.

SENATOR BEERS:

Do you anticipate the counties reimbursing the weed abatement account for abatement activities and the counties placing the liens on properties treated?

MR. HENDERSON:

The Department of Agriculture notifies the landowner to abate noxious weeds according to state law; if the weeds are not abated in a reasonable amount of time, we tell the county. The county notifies the landowner to abate the weeds or the county will. The county will hire a weed control specialist or use their staff to do the abatement. A lien would then be placed on the property for the cost of the abatement. We have not done an abatement or a lien in probably 20 years because the funds are not available to do an abatement.

SENATOR BEERS:

You anticipate that when the land is sold, the county and state will be reimbursed for the abatement costs? You are talking about a high level of project accounting.

MR. BUSSELMAN:

The abatement laws we have now are idle threats. Once the Department is able to enforce the law and has the funds to carry out the abatement, people will begin to follow the law.

CHAIR RAGGIO:

We will close the hearing on A.B. 413 and open the hearing on A.B. 560. Who is the proper person to speak on behalf of this bill? Who can give us an understanding of what this bill does and how it differs from the proposed solution to the millennium scholarship funding announced by joint leadership and the Governor?

ASSEMBLY BILL 560 (1st Reprint): Revises provisions governing millennium scholarships. (BDR 34-1424)

JAMES T. RICHARDSON (Nevada Faculty Alliance):

I assumed someone from the Assembly Committee on Ways and Means would discuss this bill. The bill changes the administration of the program. The program has been working well so I do not understand the change to the Department of Administration.

BRIAN K. KROLICKI (State Treasurer, Office of the State Treasurer):

Portions of this bill resemble the February agreement which died. This bill agrees on the revenue side by transferring \$35 million from Unclaimed Property.

CHAIR RAGGIO:

We need to know how this bill differs from the solution to the millennium scholarship announced by leadership and the Governor some months ago.

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ASSEMBLYWOMAN CHRIS GIUNCHIGLIANI (Assembly District No. 9):

This bill parallels the intent of that agreement by reducing the one-shot to \$35 million; utilizes Unclaimed Property; establishes the two-strikes criteria and summer school counts because the cap is still \$10,000. We did not include summer school in the grade point average (GPA) requirement. With respect to the funding, it matches what was discussed earlier this session.

CHAIR RAGGIO:

Does this bill allow summer school funding?

ASSEMBLYWOMAN GIUNCHIGLIANI:

Yes, it does.

CHAIR RAGGIO:

I thought the announced proposal eliminated summer school funding.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Summer school was not eliminated in this bill or in the proposal. The proposal dealt with Unclaimed Property and \$35 million in one-shot funds.

CHAIR RAGGIO:

Does this bill have \$8 million out of Unclaimed Property?

ASSEMBLYWOMAN GIUNCHIGLIANI:

Yes, it does.

CHAIR RAGGIO:

We need to go through this bill item by item.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Section 1 changes the administration of the scholarship to the Department of Administration. Originally, we had the Board of Regents administering the scholarship because they do the policy side of the program.

CHAIR RAGGIO:

What is the reason for changing the administration of the scholarship from the Treasurer's Office?

ASSEMBLYWOMAN GIUNCHIGLIANI:

The Governor suggested the Department of Administration rather than the Board of Regents.

CHAIR RAGGIO:

Why are we changing from the Treasurer's Office?

ASSEMBLYWOMAN GIUNCHIGLIANI:

The Treasurer will continue to do the investment and monitoring of the scholarship. The Assembly felt the Regents should handle the administration since they set the policy and grade levels.

Sections 2 and 3 contain transitory language.

Section 4, page 4, has a change. The GPA increase we agreed to is in this section.

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CHAIR RAGGIO:

Section 3 eliminates the 2 percent for the cost of administering the fund.

ASSEMBLYWOMAN GIUNCHIGLIANI:

The Treasurer continues to do the investment, but because they would not be administering the fund, they would not collect the administrative rate.

SENATOR BEERS:

Page 4, lines 26 and 28, does not change the GPA.

CHAIR RAGGIO:

Is there a change in the required GPA?

MR. KROLICKI:

The change in section 4 is for rounding purposes.

CHAIR RAGGIO:

Is there any requirement for a higher GPA in this bill?

MR. KROLICKI:

No, there is not. The GPA is increasing over time as determined in the 72nd Legislative Session.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Section 4, page 5, codifies the federal requirement to exempt students who have a documented physical or mental disability from the six-year limitation and the number of credits required.

MR. KROLICKI:

The Treasurer's Office agrees with that change.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Section 5, page 5, provides for not including summer school in the two strikes and you are out criteria.

SENATOR MATHEWS:

Why is the bill including a dollar amount per credit when the tuition is increasing?

ASSEMBLYWOMAN GIUNCHIGLIANI:

A student can never receive more than \$10,000 in millennium scholarship funds, but will receive the cost per credit charged by the college.

Section 5, page 6, makes it clear that remedial classes will not be paid for and has the two strikes and you are out language.

SENATOR TITUS:

I thought the 2.60 GPA to retain the scholarship was going to be raised to at least 2.75.

MR. KROLICKI:

Increasing the college GPA to retain the scholarship was discussed but was not changed. The high school GPA increase is in current law.

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SENATOR TITUS:

I thought we were increasing the college level GPA because it should be tougher to keep the scholarship. A GPA of 2.6 out of a possible 4.0 is not a high GPA.

MR. KROLICKI:

I agree with Senator Titus, but that change is not part of this bill.

SENATOR COFFIN:

We have received information about grade inflation in the high schools. I had hoped we would get away from relying on GPA. I think the 2.6 GPA is too low. This should be a scholarship for scholarly people, not just anyone.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Nothing came up in the Assembly on that subject.

SENATOR BEERS:

Page 6, lines 22 through 36, refer to the two-strike provision. A student who completes a semester with less than a 2.60 GPA, regardless of the number of credits taken, takes the next semester at his/her own expense. If in that next semester the student does not attain at least a 2.60 GPA for that semester, that is two strikes and the student no longer qualifies for the millennium scholarship. Do I understand that correctly?

ASSEMBLYWOMAN GIUNCHIGLIANI:

That is correct.

SENATOR BEERS:

Is there no provision to address the possibility of the student dropping classes to avoid the low GPA?

ASSEMBLYWOMAN GIUNCHIGLIANI:

There was no discussion about that possibility. We would welcome language to tighten that section.

CHAIR RAGGIO:

What are we doing to raise the required college level GPA?

MR. RICHARDSON:

It was a proposal.

MR. KROLICKI:

I have a problem with what is not in A.B. 560 on the expense side. We had a one strike and you are out, not the two strikes. We did not recommend funding summer school for cash flow purposes and we did recommend a flat rate. The flat rate would mean we would fund no more than 12 credits at the university level and either 12 or 6 credits at the community college level. We had about \$10 million in annual deductions. Going to the flat rate would save approximately \$5 million each year. The recommendations we made to keep this program going did not make it through the Assembly. We need to solve the problem. As we calculate the cost of A.B. 560, the millennium scholarship would not extend beyond the fall of 2008. The LCB may not agree with our calculations. The Committee has received the State Treasurer's requests for changes to Assembly Bill 560 ([Exhibit I](#)). Included in [Exhibit I](#) are analyses of the scholarship fund and its projected life.

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CHAIR RAGGIO:

Do your projections include one based on an increased GPA?

MR. KROLICKI:

No, it does not.

CHAIR RAGGIO:

That is a proposal in which this Committee is interested.

SENATOR CEGAVSKE:

Another provision I do not see in A.B. 560 is funds going directly to students. Students do drop classes and the schools send a check to the student. If a student fails a class, we should require repayment. There should be a contract that says if the student does not perform at a certain level, the scholarship fund is to be paid back.

ASSEMBLYWOMAN GIUNCHIGLIANI:

The Assembly was told that funds do not go directly to the student. On the issue of summer school, we considered the fast-track students in nursing school and physical therapy. Since the student is limited to \$10,000, we did not want to prevent students from getting their degrees sooner. Summer school students are reimbursed at the end of the semester so should not have an impact on cash flow.

SENATOR CEGAVSKE:

I know it happens because my son received a refund check.

CHAIR RAGGIO:

We can clean up that language.

MR. KROLICKI:

If you adopt the flat rate, 12 credits, and the student drops a credit, the student would lose the millennium scholarship.

ASSEMBLYWOMAN GIUNCHIGLIANI:

The Assembly felt we should not discriminate between the number of credits taken at a university or a community college. Some students go through the community college to get into the university.

MR. RICHARDSON:

I support payment for summer school because it is an indication of motivation.

CHAIR RAGGIO:

The bigger question is are we going to fund this program in a manner to survive until 2008 or do we want it to survive longer?

ASSEMBLYWOMAN GIUNCHIGLIANI:

The Assembly predicted the year 2013 under A.B. 560. I will get you those numbers.

SENATOR BEERS:

Page 8, lines 3 through 10, gives the State Board of Examiners the ability to transfer General Funds if the Abandoned Property Trust Fund is insufficient. Is there precedent for this without Interim Finance Committee (IFC) approval?

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

There is precedent in the appropriations act and in statute for agencies who receive federal funds. The chief of the Budget Division is required to notify the Fiscal Analysis Division and the IFC when it occurs.

SENATOR BEERS:

Would that be appropriate language to add to A.B. 560?

MR. GHIGGERI:

It probably would be.

ASSEMBLYWOMAN GIUNCHIGLIANI:

The same language is in S.B. 463 which the Senate passed. We would need to tighten the language in both bills.

SENATE BILL 463 (1st Reprint): Makes various changes concerning use of revenues from disposition of unclaimed property. (BDR 30-578)

CHAIR RAGGIO:

I am appointing a subcommittee of Senator Beers, Senator Cegavske and Senator Titus to work on amendments to A.B. 560.

MR. KROLICKI:

There is an \$8 million dollar transfer in S.B. 463 rather than the \$7.6 million in A.B. 560. There is an administrative cost to run this program. We need to change the bill to 3 percent of the revenues rather than the existing language stating 2 percent of the amount in the trust fund.

CHAIR RAGGIO:

Will you work with the subcommittee as quickly as possible?

MR. KROLICKI:

Yes, I will.

CHAIR RAGGIO:

We will close the hearing on A.B. 560. We can process A.B. 103 which we heard this morning.

SENATOR MATHEWS MOVED TO DO PASS A.B. 103.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. GHIGGERI:

There were questions earlier about the number of state employees who are National Guard members. There are currently 133 state employees in the Guard. The state paid \$6,920 in FY 2005 and \$34,747 in FY 2004 for differential pay.

SENATOR BEERS:

That amount does not take into account the hazard pay or the separation pay.

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MR. GHIGGERI:

The testimony we heard earlier said the differential pay is reduced by hazard and separation pay.

CHAIR RAGGIO:

This Committee is in recess at 10:50 a.m. until the call of the Chair. At the call of the Chair, at 4:55 p.m., the Committee was adjourned

RESPECTFULLY SUBMITTED:

Sandra Small,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____