

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
June 3, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:13 a.m. on Friday, June 3, 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 Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

GUEST LEGISLATORS PRESENT:

Assemblyman Bernie Anderson, Assembly District No. 31
Assemblywoman Chris Giunchigliani, Assembly District No. 9
Assemblyman Joe Hardy, Assembly District No. 20
Assemblywoman Bonnie Parnell, Assembly District No. 40

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Jo Greenslate, Committee Secretary

OTHERS PRESENT:

Ronald P. Dreher, Peace Officers Research Association of Nevada
Jim Fry, Deputy Risk Manager, Risk Management Division, Department of Administration
Lucille Lusk, Nevada Concerned Citizens
Keith Wells, Administrator, State Motor Pool, Department of Administration
John P. Comeaux, Director, Department of Administration
Al Bellister, Nevada State Education Association
Joyce Haldeman, Clark County School District
Randall C. Robison, Nevada Association of School Boards
Anne K. Loring, Washoe County School District
Lorne J. Malkiewich, Director, Legislative Counsel Bureau
Theresa Anderson, Deputy Administrator, Division of Child and Family Services, Department of Human Resources
Daniel J. Klaich, Vice Chancellor of Legal Affairs, System Administrative Office, Nevada System of Higher Education
Dan Miles, Consultant to the Chancellor, Nevada System of Higher Education
Marcia L. Turner, University of Nevada, Las Vegas
Mendy Elliott, Wells Fargo Bank

CHAIR RAGGIO:

I will open the hearing on Senate Bill (S.B.) 203. Our concern was with the fiscal note on this measure.

SENATE BILL 203: Revises various provisions relating to industrial injuries and occupational diseases of certain police officers and firefighters. (BDR 53-1078)

RONALD P. DREHER (Peace Officers Research Association of Nevada):

This morning I distributed the proposed amendment to S.B. 203 ([Exhibit C](#)) that would eliminate hepatitis A coverage, or at least the screening mechanisms, and request onetime funding. The amendment reduces coverage to baseline screening for hepatitis C for the number of officers listed at the bottom of the first page of [Exhibit C](#) which is 2,437. I would like to point out the Nevada Highway Patrol already screens for hepatitis A, B and C, as noted on page 2 of [Exhibit C](#). The Department of Motor Vehicles already screens for hepatitis A and B. All state law enforcement officers already screen for hepatitis B. We are requesting the Committee to consider the baseline screening to, at least, get the screening period started. The other two provisions of the bill remain as stated. There is a liability upon termination, and there is no fiscal note on that portion. The other part of the bill includes 37 officers in the Department of Wildlife for heart and lung screening. The fiscal note already stated they would be included in the current budget.

JIM FRY (Deputy Risk Manager, Risk Management Division, Department of Administration):

Senate Bill 203 has three parts. The first is for game wardens to be included in heart and lung screening. I previously testified the fiscal note from the Risk Management Division concerning that coverage could be absorbed in the current budget. The second part of the bill is regarding post-termination testing for contagious diseases. The current law was adopted in 1999. However, there are two opposing legal opinions. One opinion is from the Office of the Attorney General and one is from Division of Industrial Relations which is the regulatory agency. They are opposed as to when to test which places state agencies in a precarious situation. The agencies do not know to which opinion to adhere. Senate Bill 203 would clarify that.

The last part of the bill regards hepatitis coverage. Last session, all the peace officers in Nevada were provided with hepatitis coverage except the state peace officers. The problem I foresee is if we have a case in which a Nevada Highway Patrol trooper or a correctional officer would discover he had hepatitis and file a claim, we would initially deny it, because there is no coverage. However, if it resulted in litigation, there could possibly be a constitutionality issue, and we would probably be forced to accept the claim. A hepatitis C claim would cost approximately \$700,000. The \$600,000 fiscal note on the baseline examinations is an insurance policy against a hepatitis C claim that may have existed prior to employment.

CHAIR RAGGIO:

I am not clear how this amendment changes the original fiscal note.

MR. FRY:

The amendment eliminates most of the hepatitis coverage except for the hepatitis C baseline screening for existing officers in Nevada.

CHAIR RAGGIO:
Is the cost of that \$219,338?

MR. FRY:
Yes, that is correct.

CHAIR RAGGIO:
Would this be mandatory testing?

MR. FRY:
No, we cannot force someone to take a test. However, if they refuse to take the test, their coverage would be denied.

CHAIR RAGGIO:
There were fiscal notes from the various agencies, but you said you could accommodate the first one in your budget. Which issue is that?

MR. FRY:
That is the heart and lung screening.

CHAIR RAGGIO:
Would passing this bill add continuing cost to that program?

MR. FRY:
Yes, there is a continuing cost, but we believe it could be absorbed in our current budget. The game wardens have been performing heart/lung physicals for 20 years, and they have not been provided coverage. They are probably the healthiest group of individuals we have.

MR. DREHER:
The note on the second page of [Exhibit C](#) states:

The amendment for hepatitis C baseline screening would be for those certain state law enforcement agencies only. It is not to eliminate the current statutory language that covers local government police and fire agencies.

CHAIR RAGGIO:
Where is the actual amendment?

MR. DREHER:
I drafted the copy you have in [Exhibit C](#). The Legislative Counsel Bureau has not formalized it.

CHAIR RAGGIO:
I would accept a motion to amend and do pass based upon the amendment contained in [Exhibit C](#).

SENATOR MATHEWS MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 203.

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

I would like to give Mr. Bob Guernsey time this morning to review the amendment. If it is approved, we are going to have to split the appropriations between the different funding sources. If I understand this, there will be no cost incurred in fiscal year (FY) 2006 or FY 2007 for this legislation. You will not test any new employees. Is that correct?

MR. FRY:

There would be a cost for the testing in FY 2006 for the baseline on hepatitis C.

MR. GHIGGERI:

Where is that? That is not in these numbers. Do you mean if the prison hires a new employee?

MR. FRY:

The way the bill is currently drafted, new employees would not receive hepatitis C testing.

MR. GHIGGERI:

Are you only going to test existing employees and not new employees?

MR. FRY:

That is correct.

CHAIR RAGGIO:

We will wait until Mr. Guernsey has a chance to review S.B. 203 before we take action.

SENATOR COFFIN:

Mr. Mark Krmpotic is here, and we are providing figures to follow up on the discussion we had a couple of weeks ago on the fire bombing and bombing in Las Vegas and the general overall weak security in the Department of Public Safety as far as the perimeters of its buildings. We have had several serious incidents with the potential of being life threatening. We do not know if it is a serial person or a group. I told Mr. George Togliatti, Director of the Department of Public Safety, we would consider the issue. Therefore, over the last ten days, he has prepared a list of what they would need to protect their buildings and personnel. The buildings contain the records of all Nevada's prisoners and parolees. The figure for security of \$250,000 is as low as we can go to offer protection in the form of cameras to record perpetrators of crime.

MARK KRMPOTIC (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Department of Public Safety provided figures to staff for both the Division of Parole and Probation (P and P) and the Parole Board. They indicate a cost of approximately \$250,000. This would provide exterior and interior cameras at each P and P office and Parole Board office throughout the state. It would also include recorders, monitors and ancillary equipment as well. This was in response to a request from Senator Coffin relating to security. To staff's knowledge, cameras do not exist at any of these offices currently, and staff has performed a cursory review of this request but has not reviewed the details as to the accuracy of the expenditures or costs. Approximately \$189,000 at

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P and P offices throughout the state totaled approximately \$67,000 at the two existing Parole Board offices.

SENATOR COFFIN:

If you wish to proceed, and I urge you to, I am not sure which way you would want to proceed. Would you want to change the appropriation to the agencies involved or make a onetime appropriation?

CHAIR RAGGIO:

Staff, if there were approval, how would it be handled? The budget is closed. Would we need a bill?

MR. GHIGGERI:

If the Committee wishes to fund this, a bill draft request (BDR) containing an appropriation would have to be introduced. If it were for P and P, it would be 100-percent General Funded.

CHAIR RAGGIO:

Senator Coffin, if you wish to request a BDR, we will add it to the list of pending bills.

SENATOR COFFIN MOVED TO INTRODUCE A BDR FOR APPROXIMATELY \$250,000 FOR THE PURCHASE OF DETECTION EQUIPMENT AT THE DIVISION OF PAROLE AND PROBATION AND PAROLE BOARD OFFICES.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We have three Assembly bills on the agenda this morning. I will open the hearing on Assembly Bill (A.B.) 50. This measure was brought before this Committee for the fiscal impact.

ASSEMBLY BILL 50 (1st Reprint): Makes various changes relating to adoptions of children. (BDR 11-674)

LUCILLE LUSK (Nevada Concerned Citizens):

I am in favor of A.B. 50; however, I am not prepared to address the fiscal impact. This is a bill on which my organization has worked hard on policy matters and we strongly support. There are two aspects to the bill relating to adoption. The bill creates a method to share medical information voluntarily and confidentially through the State Register for Adoptions from a birth parent to an adoptive family for the first 18 years of the adopted child's life. After that, medical information could be shared with an adult adopted child.

The second part is a bill we initially opposed, but a great deal of work was put into developing a balanced approach to postadoptive contract agreements that would work primarily for the adoptive child, and also for birth parents and adoptive families. The agreement provides a mechanism to enforce postadoptive contact agreements, prevent unwarranted court challenges and eliminate the

possibility of a birth parent using such agreements to try to undermine an adoption.

The bill, as now written, is good for protecting the essential rights of adoptive parents to make decisions they believe are in the best interest of their children, and it does not require or pressure any agency to utilize postadoptive contact agreements if it does not wish to do so.

CHAIR RAGGIO:

The language in section 4, subsection 1, of A.B. 50, indicates:

Before a court may enter an order or decree of adoption of a child, the court must address in person:

(a) Each prospective adoptive parent of the child to be adopted ...

(c) ... and inquire whether the person has actual knowledge that the prospective ... postadoptive ... agreement

We do not want to pass something that mandates or otherwise indicates a postadoptive agreement would be necessary for an adoption to occur.

Ms. LUSK:

Absolutely, and it creates a survey by the court of those still involved in the adoption process at the point it goes before the court. It is designed to ensure if there is a postadoptive contact agreement, it is incorporated into the adoption decree.

CHAIR RAGGIO:

It does require, in any event, medical history information be released.

Ms. LUSK:

The medical history information portion is a separate piece. It does not require the medical history information be released, but provides a method through the State Register for Adoptions where medical history information can be submitted to the State Register for Adoptions at any time after an adoption. If a birth parent discovers she has an unexpected genetic condition and wants that information passed on, it provides a confidential method for doing so, but it is not required.

CHAIR RAGGIO:

We will request a representative from the Division of Child and Family Services (DCFS) address the Committee regarding the fiscal impact of A.B. 50. I will close the hearing on A.B. 50 and open the hearing on A.B. 98.

ASSEMBLY BILL 98 (1st Reprint): Makes appropriation to Motor Pool Division of Department of Administration for additional vehicles. (BDR S-1209)

KEITH WELLS (Administrator, State Motor Pool, Department of Administration): Assembly Bill 98 would provide \$1,213,174 to fund additional vehicles for the Motor Pool Division. The primary recipient of those vehicles will be P and P.

CHAIR RAGGIO:

Was this amount included in the budget, Mr. Comeaux?

JOHN P. COMEAUX (Director, Department of Administration):

It appears the amount was increased by approximately \$113,000 in the Assembly after the budgets were closed. We did have \$1.1 million included in the budget.

CHAIR RAGGIO:

What was the addition in the Assembly?

MR. WELLS:

The amendment was added to the bill in the last few days, and I was not informed of the amount of the increase.

CHAIR RAGGIO:

We will ask staff to verify the necessity of the increase.

MR. GHIGGERI:

The funding, included in the bill of \$1,213,174, results from fiscal staff going through the bill and adjusting the number of vehicles based on the manner in which the budgets were closed. The cost in the first year of the biennium is approximately \$1,149,503, and that will provide for replacement of 60 vehicles, and \$61,470 in the second year for acquisition of three vehicles.

CHAIR RAGGIO:

I would accept a motion for do pass of A.B. 98.

SENATOR RHOADS MOVED TO DO PASS A.B. 98.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS WAS ABSENT FOR THE VOTE).

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CHAIR RAGGIO:

I will open the hearing on A.B. 461.

ASSEMBLY BILL 461 (1st Reprint): Makes appropriation to Department of Education for programs of performance pay and enhanced compensation for recruitment, retention and mentoring of licensed personnel. (BDR S-1391)

ASSEMBLYMAN JOE HARDY (Assembly District No. 20):

Assembly Bill 461 was debated in a bipartisan manner that will allow for recruitment and retention of teachers, particularly looking at skills-based pay. Hence, the fiscal issue before you. The bill also recognized longevity can be rewarded through career laddering, particularly with the mentoring process offered by experienced teachers to young teachers. It acknowledges expertise pay in a market-based pay manner and addresses the critical needs for mathematics, science, special education and at-risk schools and the reward-for-performance mechanism for student improvement. That is the gist of the bill, and I will turn it over to our Chair of the Assembly Committee on Education.

CHAIR RAGGIO:

Who determines the entitlement in this type of program?

ASSEMBLYMAN HARDY:

The General Fund is looked at for grants that would be allocated in a way that would be worked out through the educational system. I do not have that expertise.

CHAIR RAGGIO:

Section 1, subsection 3 of A.B. 461 states, to the extent money is available, the Department of Education provides grants to school districts with approved application to carry out a program. Do these go to individual teachers?

AL BELLISTER (Nevada State Education Association):

If I understand your question, section 1 of the bill provides a two-step process to access the money. Step one is plans of pay-for-performance or skills-based-pay systems would first be negotiated by the local associations of teachers with the school district. Upon conclusion of those negotiations and the creation of these plans, there is then an application to the State Department of Education for funding of the plan. That is set out in section 1, subsection 2, paragraph (a). The balance of section 2 delineates the types of plans that could be negotiated by the parties.

CHAIR RAGGIO:

Are the grants for school districts or for schools?

MR. BELLISTER:

It is my understanding it could be both. It could be a district-wide system, or on page 2, lines 26 and 27, it could be a school-based system if that is what the parties negotiate. Lines 26 and 27 are the Lyon County model where teachers at various schools would be eligible for bonuses based on the achievement of their pupils on whatever standardized test they would adopt to measure that achievement.

ASSEMBLYWOMAN BONNIE PARNELL (Assembly District No. 40):

This morning I am representing the Assembly Committee on Education. We heard three bills in the Assembly Committee on Education. They were A.B. 5, A.B. 60 and Assembly Concurrent Resolution (A.C.R.) 10.

ASSEMBLY BILL 5: Provides for development and implementation of pilot program for mentor teachers. (BDR S-478)

ASSEMBLY BILL 60: Requires certain provisions regarding school personnel. (BDR 34-477)

ASSEMBLY CONCURRENT RESOLUTION 10: Directs Legislative Commission to conduct interim study on adequacy of school finance in Nevada. (BDR R-1199)

They all dealt with retention of teachers. We recognize we are losing teachers at a fast rate. Many teachers are retiring, and we need to find creative ways to keep teachers in the profession. Assembly Bill 461 is an exciting bill that is a compilation of A.B. 5, A.B. 60 and A.C.R. 10. We found in testimony that school districts differ in how best to retain their teachers when we look at

incentives. We also recognize we have been “incentifying” teachers at needs-improvement schools and continuing to pay them incentive pay as long as the school needed improvement which is contrary to what we want to do. We want all of our schools to achieve, and we want to recognize those teachers at schools that are achieving.

Page 2 of A.B. 461 looks at an assortment of ways to offer progressive incentives. These ideas were embraced by the Assembly Committee on Education. We are looking at skills-based pay for performance, signing bonuses for new teachers, market-based pay and mentoring of teachers that was supported by all of our members. The Assembly Committee on Education believes it is time to look at these ideas and offer local control in what works best for each district.

ASSEMBLYWOMAN CHRIS GIUNCHIGLIANI (Assembly District No. 9):

Assembly Bill 461 is an embarkment into a new arena for the Legislature as well as the policy for bringing teachers and school districts into partnership regarding the issue of performance and market-based pay. It is modeled somewhat after the Denver, Colorado model, but with modifications, because we have moved, as a Legislature, into dealing with areas such as stipends and attracting and retaining teachers. We had much discussion in our Committee hearings this session regarding what could be done to attract and retain teachers. This allows us the flexibility to see what may be tailored to a particular district. We can no longer use a cookie cutter method for all districts. This makes everyone a partner. Two years ago, we asked the districts to look at this type of approach. Lyon County took the initiative, and they negotiated an agreement, but we never provided funding for it. The reality is it costs money. If we want to tie the job duties to what teachers are being paid, this provides the perfect opportunity to move in that direction. I urge your support.

SENATOR RHOADS:

What is the school districts’ position on this bill?

ASSEMBLYWOMAN GIUNCHIGLIANI:

They did not oppose this legislation.

JOYCE HALDEMAN (Clark County School District):

We were invited by the Assembly Committee on Education to propose some of the ideas brought forth in A.B. 461. We are in favor of the bill and believe it will help attract and retain teachers who will make a difference for our students.

CHAIR RAGGIO:

How was the amount of \$10 million in appropriations determined?

ASSEMBLYWOMAN GIUNCHIGLIANI:

I had a similar piece of legislation last session and it had a \$20 million appropriation. I agreed to cut it in half. We anticipated not being able to get every district off the ground immediately. We decided to anticipate the needs for performance-based pay based on the population potential.

CHAIR RAGGIO:

What types of grants would go to school districts or schools? The testimony was this could go to either school districts or schools. How do you determine the amount and how it would be used by a school district or a school?

ASSEMBLYWOMAN GIUNCHIGLIANI:

It would be determined by what they bargained with the district.

MR. BELLISTER:

Lyon County gives \$2,000 per teacher to the school that successfully meets their student achievement targets. Assuming a faculty of 40, that would be \$80,000.

CHAIR RAGGIO:

If a school achieved a certain level, there would be a bonus paid to the teachers. Is that correct?

MR. BELLISTER:

That is correct.

SENATOR CEGAVSKE:

I talked to Assemblywoman Giunchigliani about the Denver program, and I know she indicated some of that program is in this bill. The exciting thing for me is that we are talking about an incentive for the teachers who are doing a great job, because we have many fabulous teachers, and we need to compensate those who are going beyond. I am concerned about how the plan is going to be structured. Are we going to leave that up to the school district where a school can bring a plan, apply for a certain amount of dollars and explain how that is going to be spent? Once you do that, will the pay be ongoing or would it be a onetime bonus?

ASSEMBLYWOMAN GIUNCHIGLIANI:

It would eventually be ongoing.

SENATOR CEGAVSKE:

Are there any onetime bonuses?

ASSEMBLYWOMAN GIUNCHIGLIANI:

Yes, both would be available. We tailored it toward different types of needs that may come into play. I envision the district would apply. A school would then make sure they implemented it. The district would still have control over how the money would be distributed. A school could not directly request the grant.

SENATOR BEERS:

You just clarified that schools cannot apply. Is that correct?

ASSEMBLYWOMAN GIUNCHIGLIANI:

It was intended that school boards and trustees would apply.

SENATOR BEERS:

It is a good idea. My only question is whether it is a mistake to make the list of things you can do a closed list.

MR. BELLISTER:

I do not see this as a closed list. On page 2 of A.B. 461, the first choice is a skills-based pay which is broadly defined. I think it is up to the creativity of the parties and the school districts to determine what that means. What comes to my mind is a teacher who has acquired national board certification. School districts could design their own plan based on their evaluation systems. The

Nevada State Education Association (NSEA) supports this bill wholeheartedly. The only career path in the teaching profession is by moving into administration. This bill allows a teacher to stay in the profession through the design of a career ladder. Again, it would be up to the local school districts to design the qualifications to move onto the ladder and decide what additional responsibilities would be assigned to the teacher to earn additional pay.

The example provided is mentoring. Beyond that, it is up to the parties through their collective bargaining process and final approval by the State Department of Education. Section 1, subsection 3, of A.B. 461 is a mentoring program. The NSEA heartily supports mentoring programs. They have been proven successful in the retention of new teachers in particular, and we would hope they would also be successful in retention of veteran teachers as they see mentoring as an additional career opportunity.

We are experimenting with market-based pay in Nevada already. With the retirement service credit program for mathematics and science teachers, we know we have shortages in those areas, and we are trying to develop ways to attract more of those teachers. We could allow local school districts to decide how we can best attract teachers.

SENATOR BEERS:

What would you think about, on page 2, lines 1 and 2, changing "which includes one or more of the following components," to "such as." Someone may create something novel and new that may be a worthy contender.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Absolutely, that was the intent. I have no problem with "such as" or "may include" or anything along those lines. This is an opportunity to empower people to think outside the box.

MR. BELLISTER:

I would like to point out, on page 3, lines 25 through 32 of A.B. 461, what is important is there is an evaluation component built into the bill so we can determine how successful these programs are in either attracting and retaining teachers in the profession or the effect of these programs on student achievement.

RANDALL C. ROBISON (Nevada Association of School Boards):

I would like to indicate our support of the bill.

ANNE K. LORING (Washoe County School District):

I would also like to indicate our support of A.B. 461.

CHAIR RAGGIO:

I will close the hearing on A.B. 461. We can look at A.B. 109 which was heard in this Committee on May 31, 2005. Staff indicates this bill could be processed.

ASSEMBLY BILL 109 (2nd Reprint): Revises provisions governing statewide system of accountability and regional training programs for professional development of teachers and administrators. (BDR 34-479)

SENATOR CEGAVSKE MOVED TO DO PASS A.B. 109.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

I will reopen the hearing on A.B. 50. Could you address the fiscal impact of this bill?

ASSEMBLYMAN BERNIE ANDERSON (Assembly District No. 31):

Assembly Bill 50 had become a vehicle for carrying forth the intent of another piece of legislation dealing with adoption and for clarifying the bill. The section of the bill that carries the fiscal impact is section 11. For the exchange of information and the information concerning the medical history, the Division indicated it would take additional personnel to provide that particular part of the service. We hoped the part dealing with the postadoptive agreements would go through on this particular legislation.

CHAIR RAGGIO:

We will request the DCFS to explain the fiscal impact to us.

SENATOR BEERS:

Is the State Register for Adoptions a computerized database?

ASSEMBLYMAN ANDERSON:

It is my understanding that it is. I am not familiar enough with the technical side of the their operation to say for sure. However, this section of the bill came from an interim study by the Senate, chaired by Senator Raymond D. Rawson. This is one of the pieces of legislation they pursued, and they were the most knowledgeable group. I was more concerned about the other part of the bill.

CHAIR RAGGIO:

I will close the hearing on A.B. 50. Staff is indicating we can take action on A.B. 249 which was heard on May 31, 2005.

ASSEMBLY BILL 249 (3rd Reprint): Makes various changes relating to vehicles.
(BDR 43-136)

SENATOR CEGAVSKE MOVED TO DO PASS A.B. 249.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will be in recess at 8:59 a.m. until the call of the Chair.

CHAIR RAGGIO:

The meeting will come to order at 10:05 a.m.

We are here for the purpose of hearing the Legislative Counsel Bureau (LCB) budget. This budget and the adjustments to the budget were also discussed in the Leadership group meeting.

LEGISLATIVE BRANCH

Legislative Counsel Bureau – Budget Page LCB-1

Budget Account 327-2631

LORNE J. MALKIEWICH (Director, Legislative Counsel Bureau):

The adjustments I will present were just approved in the Assembly Committee on Ways and Means. If the Committee approves these, the budgets of the LCB and the Interim Nevada Legislature will be closed.

CHAIR RAGGIO:

We previously had a hearing on the budget as proposed and these are adjustments to the budget.

MR. MALKIEWICH:

That is correct. The adjustments to the budget of the LCB are listed on [Exhibit D](#). The first proposal reduced the amount set aside for the impact of retirement on budgets. We proposed \$100,000 a year. I would like to delete \$50,000 in each year. The second adjustment is to add full-time equivalent (FTE) secretaries for the Research Division for interim studies. I believe these are necessary, not just to cover the interim studies, but to accommodate the statutory committees' expanding workload. If additional committees are created, we would need additional funding.

The third item is to add a new team for the Fiscal Analysis Division, two analysts and one team leader. This Committee knows well the workload of the Fiscal Analysis Division employees during Session. We are hoping this will spread the workload out a bit and make it easier for them. Item 4 is for upgrades in the Fiscal Analysis Division to make them comparable to positions in other divisions as well as to positions in the Executive Branch.

Item 5 is not an addition; it is moving money for education technology into the LCB budget along with the education technology money that is already in the budget. Item 6, the Legislative Police have always been set at the same level as the Capitol Police in the Department of Public Safety closings. The Capitol Police received upgrades. This is to give the same upgrades to the Legislative Police. We proposed adding two new positions for the Legislative Police. To generate savings, we will only add one new position.

Item 7 is to increase salaries for division chiefs, the director and the Legal Division that correspond to increases approved for the Executive Branch. Item 8 includes an increase for the attorney positions in the Legal Division and an increase for the legislative counsel to correspond to the level 7 attorney position. Item 9 is to add contract money to the Research Division to develop legislative archives. This is a small project for the Research Library. Item 10 is to add a document/records manager in the Legal Division to assist during busy

times in the Technical Services Unit. Item 11 reduces all budgets to reflect the reduction in insurance contributions in closing.

The net impact of the adjustments is \$441,310 in FY 2006 and \$383,619 in FY 2007. I know these look like large numbers, but it is approximately 1 percent per year of the LCB budget.

Regarding the Highway Fund appropriation, last Session we budgeted \$7,500 and only spent a small amount, but that was because the chairs of the transportation committees did not fully utilize that amount. We believe we will need the full amounts next biennium, so I am asking to restore the fund to the previous level of funding of \$7,500 a year by adding \$5,000 a year.

Nevada Legislature Interim – Budget Page LCB-6
Budget Account 327-2626

Adjustments to the Nevada Legislature Interim budget consist of increasing the salaries of the Secretary of the Senate and the Chief Clerk of the Assembly to achieve parity with comparable positions.

SENATOR MATHEWS:

Does this include overtime provisions or just base salary?

MR. MALKIEWICH:

The agreement reached was to increase the salaries but not approve overtime pay. Reclassification of the technical assistant to technical specialist is also a compromise. The change was to raise that one grade instead of two. Again, there is a small reduction to reflect reduction in insurance contributions. For this budget, the net impact is \$24,103 for FY 2006 and \$48,682 for FY 2007. As I indicated, the Assembly Committee on Ways and Means just approved these proposals.

SENATOR MATHEWS:

I do not recall whether LCB's budget included the salary for a secretary during the interim for whoever needs it. Does that include me?

MR. MALKIEWICH:

We discussed this at length.

SENATOR MATHEWS:

With whom?

MR. MALKIEWICH:

We discussed the position with the leadership group, the people who had discussed closing this budget and the needed adjustments. I would like to provide some history. When we first discussed adding assistance for leadership, the concern was there are duties the Majority Leader and Speaker have that other legislators do not have. That was our intent in adding this staff person. I contact Senator Mathews or Senator Cegavske on occasion during the interim to deal with various issues. I contact Senator Raggio and Speaker Perkins every week during the interim. Senator Raggio declined the offer of leadership assistance, because he is able to use staff in his office. That is why we only have one position being proposed, and that funding is continuing in the budget.

SENATOR MATHEWS:

It would be nice if I had someone who could prepare correspondence for me during the interim. My duties here do not stop, just as the Majority Leader's duties do not stop when he leaves after Session. My concern is there appears to be no oversight over the interim secretary. The reason I mentioned this is because there are documented rumors that the interim secretary has no oversight, is often not here and when she is here, she does not do much. Why pay someone for that when you could spread the duties of the secretary to include all of our needs.

MR. MALKIEWICH:

I would like to point out there are two different kinds of service. One is assistance to leadership for the additional duties required of leadership. The other is the issue of providing clerical assistance to legislators during the interim which we have not been doing. As far as the existing employee, one reason the position came in under budget is that the position was only used 20 hours a week. We budgeted for a full-time position, but it was only utilized 20 hours a week, answering to the Speaker and also working carefully with the Legal Division to ensure the duties are those appropriate to staff of the LCB.

SENATOR MATHEWS:

My concern is we are trying to save money, and only one person is using the interim secretary. It does not look right, especially when you gave me the line item information. If the dollar amount of the line item you gave me is what is paid for a 20-hour week, I will come to work for you during the interim. If not all of us receive that benefit, I think we need to reevaluate it.

CHAIR RAGGIO:

When the position was first offered, I indicated I did not need the position. Perhaps the next majority leader will need the position. I, fortunately, have the capability within my own office to do without that assistance. Is that position in the LCB budget or the Nevada Legislature Interim budget?

MR. MALKIEWICH:

The position is in the LCB budget.

SENATOR MATHEWS:

If we find we do not need the position, would it be appropriate to move to amend it out?

CHAIR RAGGIO:

Any motion is appropriate. The situation is that unless we close together on these budgets, we will not be able to move forward with the General Appropriations and Authorizations Acts.

SENATOR BEERS:

Did Senator Mathews just make a motion? When you look at the relative size of the lobbying corps of the city of Henderson and Jones Vargas, I think the city of Henderson has the much larger one.

SENATOR MATHEWS:

I will make that motion and let it die somewhere else.

SENATOR MATHEWS MOVED TO DELETE THE ADMINISTRATIVE ASSISTANT FOR THE LEADERSHIP POSITION FROM THE LCB BUDGET.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS RHOADS AND RAGGIO VOTED NO.)

* * * * *

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 327-2631 AND BUDGET ACCOUNT 327-2626 WITH THE ADJUSTMENTS IN [EXHIBIT D](#) AND DELETION OF THE ADMINISTRATIVE ASSISTANT TO LEADERSHIP POSITION.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. GHIGGERI:

Does that leave us at a difference with the Assembly?

CHAIR RAGGIO:

It leaves us at a difference of one position in the LCB budget.

MR. GHIGGERI:

At this point, unless you pull the LCB budget out of the General Appropriations and Authorization Acts, it is now at a standstill.

CHAIR RAGGIO:

Can you put that into a separate budget?

SENATOR BEERS:

Perhaps if the Assembly Committee on Ways and Means is meeting, they could agree with the Senate at this time.

CHAIR RAGGIO:

Is anyone here from DCFS who can discuss the fiscal impact of [A.B. 50](#)? I will reopen the hearing on [A.B. 50](#).

THERESA ANDERSON (Deputy Administrator, Division of Child and Family Services, Department of Human Resources):

We are requesting one social services program specialist III and a program assistant. That is to assist us in collecting, maintaining and releasing medical information which is highly sensitive. We will also be required to develop regulations and adhere to the Health Insurance Portability and Accountability Act known as HIPAA. It will now not only apply to adoptees in the registry, but will also require us, when an adoptee or adoptive parents contact us, first to try to find the other party which we do not do currently. We need a licensed social worker to perform this function.

CHAIR RAGGIO:

Would that be covered by the fiscal note currently on the bill prepared on February 24, 2005? What is the total amount required?

Ms. ANDERSON:

The total amount in FY 2006 is \$249,342.

CHAIR RAGGIO:

What is the amount for FY 2007?

Ms. ANDERSON:

I am sorry. I am looking at the March 16 date printed.

CHAIR RAGGIO:

Would you provide staff the current fiscal note sometime today?

Ms. ANDERSON:

Yes, I will.

CHAIR RAGGIO:

We now have a fiscal note, and the amounts are approximately those about which we talked. The issue is, if we were going to process the bill, it would need an appropriation added to it. We will have to ask the Assembly Committee on Ways and Means if they wish to fund the bill. It is \$249,342 the first year and approximately \$161,000 the second year of the biennium.

The Committee will be in recess at 10:28 a.m. until the call of the Chair.

The meeting will come back to order at 5:11 p.m. I will open the hearing on A.B. 534.

ASSEMBLY BILL 534: Expands authority of Board of Regents of University of Nevada to issue revenue bonds. (BDR S-162)

DANIEL J. KLAICH (Vice Chancellor of Legal Affairs, System Administrative Office, Nevada System of Higher Education):

You have before you a bill requesting the increase of revenue bonding capacity on behalf of the Nevada System of Higher Education (NSHE). We distributed a handout entitled UNR Projected Future Revenue Bonds/Legislation Bond Authorization, April 30, 2004 ([Exhibit E](#)). I would also note there has been discussion with respect to the amendment of the amount of this bond authorization for a project for the National Council in Reno. This project appears preliminary at this point, and we would like to take the time between this session and the next to identify federal revenue sources or other sources of funding.

CHAIR RAGGIO:

Is that in this bill?

MR. KLAICH:

We will not be asking the Committee for an amendment to this bond authorization at this time.

CHAIR RAGGIO:

Are you asking that the revenue bond bill be recommended for do pass in the manner it is before us?

MR. KLAICH:

That is correct.

CHAIR RAGGIO:

For the record, what is the thrust of the bill? Section 10 of A.B. 534 increases the authority from the present authority to \$276,855,000 at the University of Nevada, Reno (UNR) and up to \$339,055,000 for facilities at the University of Nevada, Las Vegas (UNLV). What, specifically, are the projects contemplated?

DAN MILES (Consultant to the Chancellor, Nevada System of Higher Education):

I will cover all the sections of A.B. 534 that apply to bond authority. On page 3, sections 4 and 5, are new sections within our normal bonding authority bill. Section 4 describes projects at Community College of Southern Nevada (CCSN) for parking facilities and a potential residence hall at Western Nevada Community College (WNCC). This bill would authorize up to \$20 million in bonds for CCSN for the purpose of constructing two parking facilities, one at the Cheyenne campus and one at the Charleston campus. In addition, it authorizes up to \$10 million for student housing at WNCC if that project can be perfected in the next several years.

Section 10 of A.B. 534 amends the authority for bonding at both UNR and UNLV. In the first case, it moves the total authority from \$176 million to \$276,855,000 at UNR. That is an increase of \$100,855,000. At UNLV, it changes the authority from \$199 million to \$339,055,000. That is an increase of \$140,055,000. [Exhibit E](#) lists the potential projects in line at both UNR and UNLV. The first page indicates bonds under current authority that sold, and that sale closed on May 24, 2005.

CHAIR RAGGIO:

Are these the revenue bond portion?

MR. MILES:

Yes, these are the revenue bond portion. You may recall the Knowledge Center was initially envisioned as a \$22 million revenue bond. It turned out, because of the increased cost and the absorption of some of those costs by the institution, those bonds sold for \$31.9 million for that purpose. Some of the existing bond authority has already been used. These are the projects that were in line as of last fall when we compiled these schedules to justify the number being requested in the bill. At the top of page 1, of [Exhibit E](#), is shown the total pending projects for \$181,550,000. As of last fall, UNR had \$80.6 million in existing authority. Therefore, the requested increase is \$100.8 million.

On the second page is a list of projects envisioned at UNLV totaling the need for \$140,055,000 of additional authority. You can see that toward the bottom of the page the projects included on this list are \$215.8 million. Their current authorization is \$75 million; hence the calculation for \$140,055,000 of additional bond authority.

CHAIR RAGGIO:

Why are these listed? Are these the revenue facilities?

MR. MILES:

These are potential projects to be funded or built by revenue bonds. On the UNR list on page 1, under the comments column headed Revenue Source for Bond Payments, it describes the different sources to be used for bond payments. On the UNLV list, on page 2, the projects are spelled out on the matrix on the right-hand side. Some are student-fee supported, some are capital-improvement-fee supported and so forth.

SENATOR BEERS:

In 1999, we authorized \$20 million. In 2001, we authorized another \$85.5 million. Did we not sell bonds for capital projects prior to 1999?

MR. MILES:

I am certain we did, but that was prior to my time at NSHE. This is the modern accounting for the revenue bonds. The bill drafter's style is to go back and amend the old authorization rather than issue a new one. The purpose of the listing on page 1 of [Exhibit E](#) is to determine the remaining obligated balance as of this point in time.

SENATOR BEERS:

We authorized \$25 million in 1999, another \$85.5 million in 2001, \$65.5 in 2003, and we are now looking at \$101 million. Is that correct?

MR. MILES:

Yes, approximately \$101 million at UNR, and the projects listed on page 1 are the ones for which the funds would be used.

SENATOR BEERS:

For UNLV, you do not have the same breakout. There is \$75,745,000 in current unsold, but authorized, bond capacity.

MR. MILES:

That is correct.

SENATOR BEERS:

Is there a ratio that is considered in arriving at what would be a reasonable limit? Is there a percentage of total assets of the campus?

MR. MILES:

There is not a percentage of total assets at the campus, but there is an entire array of sections of *Nevada Revised Statutes* (NRS) and chapter 396 of NRS called the University System Securities Laws that parallel the laws under which the State Treasurer operates for his revenue and general obligation bonds. Contained in those statute sections is a required statutory test on each individual project. When a project is brought forward, the revenue streams must be perfected that will redeem those bonds. Those have to become part of pledged revenues.

The test is the pledged revenues must exceed 110 percent of any year's obligation for the duration of that bond. Our bond consultant calculates the redemption requirements, principle and interest for all existing bonds, adds this bond to it and extends it to the 20- or 30-year bond period. The revenue stream available last year to redeem those bonds has to be 110 percent of any one of

those years going forward. It is a conservative approach to guaranteeing the pledged revenues will be available to redeem those bonds.

The due diligence process is quite rigid. You have to convince the bond counsel, because they are going to put their stamp of approval on this, that these are viable bonds and redeemable by the state of the revenue streams. We have a bond consultant that does the same thing for us. The individual institution has to sign that they will conform to this procedure. The real test comes when the rating agencies look at it. The commercial institutions that plan to buy the bonds and market them to others carefully scrutinize them as well.

SENATOR BEERS:

The monorail system was funded by bonds based on a projected revenue from ridership, and presumably, the revenue from ridership was over projected. Rather than a list of revenue sources on the UNR sheet, page 1 of [Exhibit E](#), the UNLV sheet has Xs in categories, page 2 of [Exhibit E](#).

MR. MILES:

The Xs depict the types of revenue that would be used to redeem the bonds.

SENATOR BEERS:

The category "Donor Opportunities" on UNLV's sheet would be considered risky by the bond buyers. Would it not?

MR. MILES:

It would be, but normally donor opportunities would be used to reduce the amount of bond that needs to be sold.

SENATOR BEERS:

It is not ongoing pledges with which to pay bonds?

MR. MILES:

Not normally, it is not ongoing pledges. I can give you an example. The first project listed for UNLV is the student union. It should be ready to go, and those bonds will be funded by a special student fee approved by the student body at UNLV two years ago. This is now getting to the point where they can move forward with the project. It is to rebuild a new student union on that campus. There is a similar situation at UNR.

SENATOR BEERS:

Did the students vote?

MR. MILES:

Yes.

SENATOR BEERS:

Did they vote for the recreation center as well?

MR. MILES:

I believe it is a package, but they separated it into two different things and surveyed the students on both buildings.

MR. KLAICH:

Senator Beers, those were votes.

SENATOR BEERS:

Did the students vote on the recreation center as well?

MR. KLAICH:

I do not know about the recreation center. I know about both student unions.

SENATOR BEERS:

Fifty-two million dollars for a recreation center? There must be a 24-Hour Fitness Center within five miles of campus. How many students attend UNLV?

MR. KLAICH:

I would say, not FTE, but headcount, probably in excess of 20,000 currently.

SENATOR BEERS:

That would be \$2,600 per student to build the recreation center.

MR. KLAICH:

That is correct.

SENATOR BEERS:

What is the proposed fee?

MR. MILES:

The fee was already calculated and set at a level sufficient to redeem the bonds based upon an assumed interest rate.

SENATOR BEERS:

Would that be charged to every student or just to those who use the facility?

MR. MILES:

The fee would be charged to every student.

SENATOR BEERS:

With all the pressing needs for educational buildings, you are going to spend \$52 million on a recreation center?

MR. KLAICH:

Yes, if the students approve the fee and agree to pay for it which is the only basis upon which we brought it forward to them. This is a self-imposed tax the students voted to put on themselves.

SENATOR TITUS:

I am curious why A.B. 534 singles out the dental school.

MR. MILES:

That is old language from 2001 when the Legislature authorized revenue bonds for UNLV and specified that a certain portion of those could be used for a dental school.

SENATOR TITUS:

Do you still need to single out the dental school? You do not single out any of the other projects.

MR. MILES:

That goes back to describe the style in which the bill drafter chooses to amend these statutes. They have chosen, instead of amending the current NRS statute, to go back to last Session's bill and amend it. If you go back to 2003 and look at the bill we had processed then, it did the same thing. It went back and amended the 2001 bill. I cannot answer the question of why bills are drafted in that manner.

SENATOR TITUS:

Did something happen to this to change procedure in some way in the Assembly that was controversial? Was this bill amended in any way?

CHAIR RAGGIO:

This is the first bill. We do not have a first reprint. I believe you are referring to a request considered by the Assembly to add funding for proposed construction of the new master plan to accommodate the family court facility. The Assembly did not add that, and it is not being requested, as I understand it, at this time.

MR. KLAICH:

That is correct. The only other question asked was staff requested additional information to back up these various sources of income similar to the questions being asked today, and with respect to current leases, student fees and so forth. We provided that information, and this is the original format.

CHAIR RAGGIO:

The Chair understands this does not require additional General Funds. With respect to the projects indicated, this revenue bond deals with some portions of those projects or housing facilities where the revenue bond is paid solely by the revenue bonds. In most cases, those are student fees or what students pay for housing for something of that nature.

MR. KLAICH:

That is correct.

SENATOR BEERS:

It appears the fee for the student union and recreation center is \$173 a semester. Is that charged to full- and part-time students?

SENATOR CEGAVSKE:

I believe it is charged to all full- and part-time students.

SENATOR BEERS:

I imagine they voted on that before we implemented the 25-percent increase in tuition that becomes effective next fall.

MR. MILES:

Yes, they did.

SENATOR BEERS:

Do you think the Regents are interested in taking another look at this and checking with the students again now that their tuition is going up and the fees are increasing?

MR. KLAICH:

As Mr. Miles indicated, we are asking for authorization. If authorization is given, each of these individual projects has to go back to the board before the bonds can be issued. Each project has to be rereviewed and go through the board process again. At that time, I suspect the questions you are asking would have to be answered again by the board, priorities would have to be weighed and the determination made again with the authorization in place of whether the priority was the same and whether or not they should go forward.

SENATOR COFFIN:

I am familiar with UNLV and am concerned about the size of their fees. I am dubious about the value of the recreation center project. I know we need the student union and the students' services addition. We do not have enough parking at UNLV. Parking is being reduced every time we build a building there. The Greenspun College needs parking.

MR. KLAICH:

Actually, the Greenspun building, in the manner in which you approved it, will add parking. With the expanded version of the Greenspun building, there will be parking included within that structure.

SENATOR COFFIN:

Do you mean underneath the rooms? That is good. I know we are losing parking toward the west end of the campus, and buildings are built that infringe on the Thomas and Mack Center parking. What else are we doing to help the parking situation besides what is going to be self-contained parking in the Greenspun building?

MR. MILES:

If you look at the list supplied by UNLV ([Exhibit E](#)), the fourth and fifth items on the list are both parking related. There are current plans in process. I do not know what stage the planning is in, but additional parking is being planned.

SENATOR COFFIN:

What would the fees be if only the student union building is approved and the recreation center is not?

MR. KLAICH:

We believe those fees are about the \$173 indicated for the student union building.

SENATOR COFFIN:

Are those just for the student union building? I need to know what the fees are in conjunction with the existing fee structure.

SENATOR BEERS:

Based on looking at UNLV's estimated cost for the student union building of \$44 million and the recreation center at \$52 million, that is roughly 60 percent for the recreation center and 40 percent for the student union. The LCB and NSHE developed an answer for questions Senator Cegavske asked in an earlier Senate Committee on Finance meeting that indicates the full fee, \$173 a semester, would be charged beginning in fall of 2006. Therefore, if the recreation center was not built, I presume it would be 40 percent of \$173 a semester.

What is the revenue that is paying back the \$31 million in revenue bonds on the Fire Science Academy?

MR. KLAICH:
A student fee assessment.

SENATOR BEERS:
Is the fee assessment across all students, regardless of whether they attend the Fire Science Academy?

MR. KLAICH:
Yes, that is correct.

SENATOR COFFIN:
I would still like to know what the current fees are so that I have a feeling of what the total fee each semester would be. The fees are currently approximately \$300 a semester. We would be increasing them to approximately \$500 a semester which is \$1,000 a year.

MR. KLAICH:
That is correct.

SENATOR COFFIN:
That is huge. I know the votes on issues on campus are cast by only a small percentage of the student body.

MR. KLAICH:
I understand the votes are not necessarily by huge numbers of students, but it does not detract from whether those who turned out could just have easily voted yes or no. In response to Senator Beers' questions, there are multiple needs on the campus, and we understand we cannot come back to the state for general obligation bonds or surplus funds for all of these. We cannot build them for free. We understand there is pain involved for students and parents to help build some of these facilities. We just do not know of another way to do it. We believe there is a shared obligation among the state and students to help build this infrastructure. This is a difficult discussion at the Board of Regents. They voice the same concerns you are hearing from your colleagues.

SENATOR COFFIN:
They voice their concerns; they feel terrible about it; then they vote for it.

SENATOR TITUS:
Regarding the Fire Science Academy, I remember that it was a financial disaster. Has that been straightened out and is it now making money?

MR. KLAICH:
I would agree with your characterization. It was a financial disaster, and it is not yet making money. It is losing money at a lesser rate than it had been. It was the subject of significant litigation which has been resolved. The last piece of litigation was resolved in a favorable fashion to the university, but it has not been a positive project. We have worked with many people, including our Congressional delegation, to try to obtain block grants to reduce a portion of the financial obligation. It is an ugly, heavy burden on students.

SENATOR TITUS:

Why do we not just close it?

MR. KLAICH:

We could close it, but we have an obligation as a result of the ugly financial situation you described that is a fixed obligation that will come due. We could close the academy, but the bank would still demand their \$31 million in principle that we owe.

SENATOR BEERS:

To put it another way, every dollar of revenue, even if it is only \$1-a-year the Fire Academy makes, is less we have to obtain from our students. It should stand as a testament to the Regents to proceed carefully when engaging large construction projects. I would ask you to relay to the Chancellor and the Regents that when I attended UNLV, the year I graduated is the year they implemented the first system-wide fee which was the technology fee.

In my mind, one of the great strengths of our state is that people move here from all over with varying backgrounds. As long as they wanted to work hard, in a matter of years, they could own a home. If they wanted to get out of the manual-labor job that had gotten them that far, we presented them with a university system that was quite affordable and, in that manner, provided an almost unparalleled opportunity for people in the western United States who wanted to make something of themselves through hard work and diligence.

The piece of the fee for the recreation center costs a student more than a membership with any of the multi-location gymnasiums in the Las Vegas Valley. We are charging more for 1 facility than the private sector charges for 15 facilities, and it is not an option. When we add fees for something like that, I worry that we will lose people who are putting themselves into a better place in life.

MR. KLAICH:

I appreciate that, Senator Beers, and for the Committee and with respect to yours, Senator Titus's and Senator Coffin's concerns, I would note for the record we have seriously made an effort throughout the Session to hear all of those concerns and compile them. We will be presenting them to the board at its June meeting.

CHAIR RAGGIO:

As a result, however, as I recall, the proposed fees, including these fees earmarked for revenue bonding, the fees for both the Nevada universities, are still consistent with similar institutions. Did we go through that discussion?

MR. KLAICH:

We have and we perform a fairly rigorous study every two years. Fees are a moving target. We are not trying to price our students out of the market. I doubt that is entirely satisfactory. We try to keep college affordable, but it is difficult.

SENATOR TITUS:

Ms. Marsha Turner is here from UNLV. Perhaps she can answer some questions about fees, how the vote was taken on those fees, if they were rolled in together and that type of thing.

MARCIA L. TURNER (University of Nevada, Las Vegas):

What I was told is that for the student union building and the recreation center there is a \$156 fee each semester per student, and it is a combined fee that pays for both of these facilities. The fee is in proportion to the cost of the two facilities.

CHAIR RAGGIO:

Actually, it pays for that portion of the construction project cost, which was not funded otherwise, that was approved as needing university funding of some kind. My understanding is they are not all fully funded by student fees.

MR. MILES:

These two projects are 100-percent-student-fee funded. The state does not put money into student unions.

CHAIR RAGGIO:

I was under the impression that in approving the University Capital Improvement Program projects, we had authorized either some general obligation bonding or state funding for the student union buildings.

MR. MILES:

You provided funding for the student services building which is the building that houses staffing.

SENATOR BEERS:

In what amount?

MS. TURNER:

It is \$156 a semester, and it is my understanding the concept of having student fees fund both of these facilities was brought forth to the Regents by the students approximately 1.5 years ago.

SENATOR BEERS:

For the year after that, it is going to go up to \$173.

MS. TURNER:

My understanding is that it is phased in, and the highest amount is \$156.

SENATOR BEERS:

The answer NSHE gave Senator Cegavske earlier this Session was it would be \$156 for the next two semesters, and in fall of 2006, the full fee of \$173 a semester would be charged. That is the year both facilities will be open.

SENATOR CEGAVSKE:

I have the paper I had requested in our Subcommittee when I asked about the fees my son was being charged. You received a copy and I was presented with a letter.

MS. TURNER:

I am sorry, I misspoke. That letter is from the finance office, so I defer to that letter.

SENATOR COFFIN:

What are the current fees a student is paying in total?

MS. TURNER:

I do not have that information right now, but I can obtain it.

SENATOR CEGAVSKE:

If Senator Coffin would like to see it, I have the information here and he is more than welcome to look at it.

SENATOR BEERS:

This is a copy of the bill for Senator Cegavske's son from UNLV for the January 2005 semester. The student facility fee is \$130, health charge is \$47, recycling charge is \$1, special fees is \$7, study abroad scholarship fund is \$2, technology is \$64. I came up with a total of \$251. The special fees are to cover extraordinary instruction costs.

SENATOR TITUS:

It is \$251 now and in the fall semester, you will add \$156 to that. Is that how it works?

MR. KLAICH:

That is correct, until the full fee is phased in at the \$173 level.

SENATOR TITUS:

How long will it take to pay for the building at that rate?

MR. KLAICH:

The bonds are either 20- or 30-year term bonds.

SENATOR BEERS:

We do not have the time line for the new projects for UNLV on the sheet, but the ones for the UNR campus are listed on page 1 of [Exhibit E](#). The tentative issue date on one is spring 2007, and we will be back in Session by then. We do not have that information on the others nor do we have the history. When I look at the history, the 1999 authorization was \$25 million, the 2001 authorization was \$85.5 million, 2003 was \$65.5 million and we are now looking at going to \$101 million. That is on the UNR campus. I do not have a similar breakdown for UNLV. Page 2 of [Exhibit E](#) indicates a beginning bonding authorization balance of \$32 million and a current bond authorization balance of \$76 million, but nothing that gets us there, and they want another \$140 million. I am wondering if it might be appropriate to approve some of this and request that the Regents prioritize.

CHAIR RAGGIO:

Time is short, but we will hold the bill over. If there is additional information the Committee wants, we will hold it over until tomorrow.

SENATOR MATHEWS:

In light of the students already been polled and the Regents, who are their elected governing body, have brought forth this bill, I am prepared to make a motion that we do pass.

SENATOR MATHEWS MOVED TO DO PASS [A.B. 534](#).

SENATOR RHOADS SECONDED THE MOTION.

CHAIR RAGGIO:

Is this the sole funding for the recreation center?

MR. KLAICH:

Yes. Student fee sources are the sole funds for the recreation center. As indicated by Ms. Turner, these were brought to the board by the students as their priority.

SENATOR TITUS:

Is this project so far along that the fees are in place and the plans have been drawn? If you put the recreation center off until next Session and worked on the other projects on the list, what kind of havoc would that wreck?

CHAIR RAGGIO:

May I also ask, as part of that question, what the status of this project is at the moment? Has it already been designed?

MR. KLAICH:

It is my understanding, with respect to the two student union buildings, they are fully designed. The student union at UNR is ready for ground breaking if bond authorization goes forward. I am not able to answer your question with respect to the recreation facility site at UNLV.

CHAIR RAGGIO:

I would invite your response to Senator Titus' question, but I am making an observation as we go through this. If it has already been designed, and we defer it for two years, with inflation the projects will cost more.

THE MOTION CARRIED. (SENATORS CEGAVSKE AND BEERS VOTED NO. SENATOR COFFIN ABSTAINED.)

* * * * *

SENATOR BEERS:

I wonder if Senator Mathews would be interested in modifying her motion to eliminate the funding for the recreation center.

CHAIR RAGGIO:

Is there a motion to that effect?

SENATOR MATHEWS:

I hesitate to do that because the designs are already prepared and NSHE cannot give us an answer as to what elimination of the recreation center funding would do to the bond.

MR. KLAICH:

I would indicate, for the record, Ms. Turner checked during our discussion, and the recreation center is, in fact, designed and prepared to commence construction.

CHAIR RAGGIO:

I will open the hearing on A.B. 460.

ASSEMBLY BILL 460 (2nd Reprint): Makes appropriations to Clark County Public Education Foundation and Washoe County School District Educational Foundation, Inc., for new programs and expansion of outreach efforts. (BDR S-826)

MENDY ELLIOTT (Wells Fargo Bank):

I am the treasurer for the Washoe County School District Education Foundation.

CHAIR RAGGIO:

I need to disclose that I also serve on the Washoe County School District Education Foundation.

SENATOR MATHEWS:

I also need to make that disclosure.

Ms. ELLIOTT:

I can speak to the \$150,000 for the Washoe County portion of the Education Foundation in northern Nevada. We have been able to focus our private dollars throughout the community to leverage after-school-reading tutoring to specific students who are at risk and attend one of ten of what we call the bubble schools. The reading capacity of these students has improved. We are hiring teachers at an after-school capacity who are working directly one-on-one with students to ensure their reading capabilities improve.

Another opportunity the Foundation has undertaken is to provide books for the libraries of the same ten bubble schools. A third opportunity is to improve and enhance the technology at all of these schools. We have been able to identify private funding in the north of approximately \$400,000 since the inception of the foundation which has been two years. Wells Fargo has personally provided grants in the total amount of \$40,000.

CHAIR RAGGIO:

Who are the sponsors of A.B. 460 in the Assembly?

Ms. ELLIOTT:

It is my understanding it was Assemblyman Morse Arberry Jr.

CHAIR RAGGIO:

Can anyone speak to the portion of the Clark County Public Education Foundation?

SENATOR CEGAVSKE:

I believe Washoe County School District was a new amendment to this bill. I do not know anything about the Washoe County Education Foundation, but, as a whole, I would request we receive a report regarding whether there has been an audit or budget submitted to us on how the Foundation spends its money. We have a different situation in Las Vegas where the Clark County School District pays for some of the employees for the foundation in the south. I do not know if that is the case for the northern foundation. I always thought foundations were supposed to be self-sufficient and raise their own money. A foundation should not receive public funds. Therefore, without knowing how the money will be spent, I am reluctant to support either foundation.

MS. ELLIOTT:

I can speak to both from an audit perspective. Both organizations have audited financial statements on an annual basis, primarily because of the fact we are applying for multiple grants through foundations throughout the state. That is one of the requirements, whether it is through Wells Fargo's foundation or because it makes sense to be accountable for the funds. Even though we are a private foundation, the ability we have to leverage the dollars for these low-income students, whether private or public dollars, has generated an improvement in the schools and in testing. We, in particular in Washoe County, have provided accountability where we have baseline information on each of the students to ensure the students are improving, at least at a minimum, to grade levels in their reading capacity. We focused all our attention on the reading capability of these students.

CHAIR RAGGIO:

The question is correct. We would require budgets from each of these foundations. Is there someone here to represent Clark County's Education Foundation?

MS. HALDEMAN:

I do not represent the Foundation, but there is no one else here from Clark County. I can perhaps answer some of the questions. I know the Public Education Foundation does present some types of financial reports. I am not personally familiar with what they are. They are independent from the school district in terms of collecting and spending dollars.

CHAIR RAGGIO:

The Chair knows that the Washoe County School District Education Foundation does not have paid positions, and there are no positions paid for by the Washoe County School District. What about the Clark County School District?

MS. HALDEMAN:

The same question was asked in the Assembly Committee on Ways and Means. Although I do not remember the exact answer, I think what I heard was they have 14 employees, and I believe 9 are paid by the Foundation and the other 5 are paid by the school district.

SENATOR BEERS:

The Clark County School District sends out a financial statement in their annual report and I receive a copy. My problem is if we are going to infuse another \$250,000 in Kindergarten through Grade 12 (K-12), I think it would be more efficiently delivered through the Governor's Fund for Innovative Education. My understanding is the function of the Public Education Foundation is to solicit private-sector dollars. They are the conduit for community contributions to the K-12 system. Our money would be better directed to the classroom, which is everyone's goal here, via the funding of the Governor's Fund for Innovative Education.

SENATOR CEGAVSKE:

One of the other foundations we are totally neglecting if this is what is going to be done, is the Nevada Education Foundation. We have one I was appointed to by the Governor and, to date, there has never been money put into this account. They have always been slighted by Clark County because Clark County does not want the state foundation to go after any of the same dollars they do.

If we pass this bill, we will be setting a precedent we may not want to set. This has been brought up almost every year I have been here. We should find out if there have been any audits and review the statements Senator Beers mentioned. There is a difference between the two foundations. The Washoe County foundation is in the school district, and the other is aside of the school district in Clark County. I agree the money, through what the Governor has established, is a great way to seek grants. I do not believe the Clark County foundation could do that, but the Washoe County foundation could through the school district.

MS. ELLIOTT:

I would like to add comments relative to the Clark County Public Education Foundation from Wells Fargo's perspective. Wells Fargo donates space on Sahara Avenue to the Clark County Public Education Foundation and has also invested \$250,000 in the Clark County Reads Program which provides new library books throughout the older schools in Clark County. Wells Fargo has also made investments into the Nevada Education Foundation to help them get started and gain advantage specifically for the rural areas.

CHAIR RAGGIO:

I will close the hearing on A.B. 460 and open the hearing on A.B. 571.

ASSEMBLY BILL 571: Establishes for next biennium amount to be paid to Public Employees' Benefits Program for group insurance for certain active and retired public officers and employees. (BDR S-1468)

MR. COMEAUX:

Assembly Bill 571 is the bill that establishes for the next biennium the rights for the state contribution for the Public Employees' Benefits program (PEBP). Section 1 of the bill establishes the state premium or contribution for active employees, and those rates would be \$481.19 a month for FY 2006 and \$500.20 a month for FY 2007. The section also provides any excess of that contribution, over the cost of providing the coverage to the employee, is to be made available through the fund for the PEBP to subsidize a premium for employee dependents.

Section 2 of A.B. 571 establishes the subsidy for retired public employees, and those rates are \$321.27 a month for FY 2006 and \$336.97 a month for FY 2007. The act would become effective July 1, 2005.

SENATOR BEERS MOVED TO DO PASS A.B. 571.

SENATOR MATHEWS 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 6:14 p.m.

RESPECTFULLY SUBMITTED:

Jo Greenslate,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____