

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

**Seventy-Fourth Session
April 9, 2007**

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 9:12 a.m., on Monday, April 9, 2007, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chair
Assemblywoman Sheila Leslie, Vice Chair
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblyman John W. Marvel
Assemblywoman Kathy McClain
Assemblyman David R. Parks
Assemblywoman Debbie Smith
Assemblywoman Valerie E. Weber

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Barbara E. Buckley

GUEST LEGISLATORS PRESENT:

Assemblyman Tick Segerblom, Clark County Assembly District No. 9
Assemblyman John C. Carpenter, Assembly District No. 34

STAFF MEMBERS PRESENT:

Mark W. Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Christine Bashaw, Committee Secretary
Patricia Adams, Committee Assistant



Chairman Arberry opened the hearing on Assembly Bill 70 and recognized Assemblyman Tick Segerblom.

Assembly Bill 70: Revises provisions governing the compensation of the members and certain officers of the boards of trustees of school districts. (BDR 34-878)

Assemblyman Tick Segerblom testified in support of Assembly Bill 70. The bill proposes to revise provisions governing monthly salaries for school board trustees throughout the State. Mr. Segerblom referred the Committee to Exhibit C which showed:

- Comparisons to other school districts in other states.
- Salaries of Mayors and Council Members of other municipalities.
- Enrollment for the 2006-2007 school year for selected cities.

Mr. Segerblom stated that a Clark County school board trustee made approximately \$6,000 per year to supervise a \$2 billion budget, smaller counties make approximately \$2,000 per year. Mr. Segerblom referred to Exhibit C and the salary comparisons with different school district positions.

Mr. Segerblom referred to Exhibit D which was a newspaper article that indicated Clark County School District had bid a \$33 million computer system that went \$17 million over budget. A lot of time was spent in the Legislature trying to provide money for schools, but the people who supervise the spending of the money were not paid enough. Mr. Segerblom concluded that this bill was timely and overdue. Assemblywoman Debbie Smith had an amendment to A.B. 70 which Mr. Segerblom approved.

Chairman Arberry asked and Mrs. Smith answered that 1992 was the last raise from \$80 to \$85 per meeting and in 1999, for large districts, the number of paid meetings were increased, but the pay was not.

Mrs. Smith stated she was from Assembly District 30 and supported A.B. 70 and was submitting an amendment. Mrs. Smith said she appreciated the vocal way in which Chairman Arberry had talked about the need to focus on K-12 education in this legislative session. Mrs. Smith said that part of the need was better compensation for the school board members. Mrs. Smith quoted from page 1 of Exhibit E that pupil enrollment had increased in Nevada schools from 211,810 in 1991 to 413,252 in 2006, a growth of 95 percent. The magnitude of problems that come with the growth had burdened the school board members. Mrs. Smith stated she was a school board member for 25 years and thought the job had become more serious. Mrs. Smith said that the elective officials work should be acknowledged and adequately compensated. Mrs. Smith continued and said that Exhibit E included the proposed amendment. The difference between the amendment and the original bill was the amendment required the district to provide the raises. Mrs. Smith stated the amendment allowed one year for the districts to enact the pay provisions. Mrs. Smith struggled with including a two-tier compensation system because the time spent by board members in the rural districts was difficult because of travel.

Assemblyman Grady asked whether he understood that the school districts would not have a choice. Mr. Grady felt he could not support the amendment because smaller school districts were struggling. Many people served on school districts because they were dedicated to education and not for the money.

Mr. Grady concluded that if the amendment read may, he would support it, but if the pay increase was mandatory he could not support the amendment.

Mrs. Smith responded that it was a struggle for her to reach this conclusion; however, she worried about attracting the quality candidates for a job that had become much more than a part-time job. Mr. Segerblom referred to page 3 of [Exhibit E](#) which stated a member of the board of trustees may choose to donate back the salary.

Assemblyman Hardy read the amendment and referred to page 3 of [Exhibit E](#) and said the first word was "may" receive and continued to read the word "may" several more times instead of shall or musts. Mrs. Smith thought this was typical bill language where "may" was used in that regard, even though the provision clearly states it would be enacted, but she would check with bill drafting. Assemblyman Hardy referred to [A.B. 70](#), page 2, line 7, which said was "entitled to receive." Dr. Hardy wanted a literal phrase that stated "this person will be paid this much" and did not see it in the bill or amendment.

Dr. Bryn Lapenta, Interim Assistant Superintendent, Washoe County School District, said that the Washoe County School District Board of Trustees appreciated the attention of the Legislature on this important bill and supported [A.B. 70](#).

Mary Jo Parise-Malloy, Nevadans for Quality Education, was supportive of [A.B. 70](#), but was concerned funding was not attached.

Lonnie Shields, Nevada Association of School Administrators, supported [A.B. 70](#).

Dotty Merrill, Nevada Association of School Boards, was appreciative of the efforts of Mr. Segerblom and Mrs. Smith recognizing school board members, but the association had a position to not support unfunded mandates.

There being no further public comment, Vice Chairwoman Leslie closed the hearing on [A.B. 70](#) and opened the hearing on [A.B. 540](#).

[Assembly Bill 540](#): Makes a supplemental appropriation to the Department of Health and Human Services for expenses relating to foster care. (BDR S 1257)

Diane Comeaux, Division of Child and Family Services, stated that [Assembly Bill 540](#) made supplemental appropriations to the Division of Child and Family Services in the amount of \$3,696,791 to cover unanticipated shortfalls in the Clark County Integration budget that were due to increases in the foster care subsidies and adoption subsidies. Ms. Comeaux said the bill also requested funding for 14 full-time positions needed for the increase in foster care caseloads.

Vice Chairwoman Leslie questioned whether the amount needed to be amended. Ms. Comeaux answered that when projections were completed, it was assumed that the new positions would start July 1; however, because of delays in position start dates, the appropriation should be reduced by \$307,427. Vice Chairwoman Leslie asked whether there were any materials available. Ms. Comeaux said she had spoken with staff and would provide a spreadsheet.

Jim Dolian, Clark County Department of Family Services, noted the bill was needed because of higher growth rates in foster care and subsidized adoptions in Clark County.

There being no public comment, Vice Chairwoman Leslie closed the hearing on A.B. 540, opened the hearing on A.B. 467, and turned the meeting back to Chairman Arberry.

Assembly Bill 467: Makes an appropriation to the Department of Transportation to fund public transportation in rural areas. (BDR S-891)

Assemblyman John Carpenter, Assembly District 33, presented Assembly Bill 467 which appropriates matching funds to the Department of Transportation (DOT) to fund public transportation in rural areas. The need for public transportation for the handicapped and the elderly, as well as those who can no longer drive, was essential. Mr. Carpenter said near his place of business in Elko, there was a facility for the elderly who use the Northeastern Area Transit (NEAT) bus. Mr. Carpenter concluded and asked the Committee to favorably consider A.B. 467.

Debbie Dauenhauer, Executive Director of Southern Nevada Transit Coalition (SNTC), provided written testimony (Exhibit F) and a handout (Exhibit G) in support of A.B. 467. Ms. Dauenhauer stated the lack of matching funds had affected every rural community in Nevada. The attempts to bring public transit to the community of Pahrump had been ongoing since 2005. Ms. Dauenhauer continued that the reason Pahrump continued to wait was insufficient matching funds. Passage of A.B. 467 would help ensure successful continuation of expansion of transit service in rural Nevada communities.

Assemblyman Denis asked whether there was sufficient ridership in the ten communities for SNTC to be successful. Ms. Dauenhauer answered that even though Laughlin had a population of 8,000, there was an average over 40,000 rides per month.

Ernie Maguire, Operations Manager for Churchill Area Regional Transportation (CART) in Fallon and Churchill counties provided written testimony (Exhibit H) in support of A.B. 467. Lyon and Mineral counties needed help with matching funds to restart programs they had lost. Mr. Maguire stressed the need for matching funds and asked for the Committee's consideration.

Steve Russell, Board Director, Northern Nevada Transit Coalition (NNTC) provided written testimony (Exhibit I) in support of A.B. 467. Mr. Russell stated that the NNTC provided transit service in Elko and White Pine counties and had tried to meet the matching fund requirement set by the Federal Government, but local funds were dwindling. Mr. Russell noted there had been a loss of service between Fallon, Fernley, Reno, and Carson City; and service between rural communities along highway 95 between Las Vegas and Reno had been discontinued.

Chairman Arberry requested public comments. Bjorn Selinder, Board of Directors member, Churchill Coalition for Senior Citizens, and Board of Directors member, CART; Vivian Crabtree, CART; Cathy Lucero, CART; Patrick Sanderson, labor union representative; Jackie Hettinger, CART; Patrick Pittenger, Transportation Program Manager, Public Works Department; Stephanie Schoen, Governor's Council on Developmental Disabilities; Richard Dentino, CART; Bob Lapham, private citizen, all testified in support of A.B. 467.

Chairman Arberry closed the hearing on A.B. 467 and opened the hearing on A.B. 542.

Assembly Bill 542: Makes supplemental appropriations to the Department of Health and Human Services for payment of stale Medicaid claims. (BDR S-1255)

Darrel L. Hanson, Administrative Services Officer (ASO) 3, Desert Regional Center (DRC), Division of Mental Health Developmental Services, provided testimony regarding Assembly Bill 542 which included requests from DRC for a supplemental appropriation of \$439,365 and from the Rural Regional Center (RRC) for a supplemental appropriation of \$95,229. Mr. Hanson explained that in April 2005, DRC and RRC received payments from First Health for retroactive targeted case management rate adjustments for the fiscal year (FY) 2003 and FY 2004. These payments should have included only the federal portion of the rate adjustment, but mistakenly included the State share as well. Mr. Hanson continued that this resulted in overpayments to DRC and RRC and this supplemental request was submitted because the two centers did not revert sufficient funds in FY 2005 to cover the overpayments. The reason agencies did not have sufficient reversions, was due to payment problems with First Health in FY 2005. Mr. Hanson concluded that he was pleased to report that these payment problems had been corrected, and both agencies were collecting regularly from First Health.

Chairman Arberry asked whether the amounts in the bill were sufficient and Mr. Hanson said yes, and there was no reason to amend the bill.

Chairman Arberry closed the hearing on A.B. 542 and opened the hearing on A.B. 554.

Assembly Bill 554: Makes various changes relating to bonds. (BDR 34-497)

Kate Marshall, State Treasurer, introduced Robin Reedy, Deputy Treasurer-Debt Management, and stated Assembly Bill 554 saved the State money. Ms. Marshall explained that the first section of A.B. 554 increased the limit for bonding through the State Permanent School Fund Guarantee Program. The second section extended the deadline for the sale of general obligation bonds which were already approved by voters.

Ms. Marshall said section 1 of A.B. 554 increased the ability of school districts in Nevada to use the State Permanent School Fund to guarantee their bonded indebtedness. This could increase a district's credit rating, thereby saving money for the district. The Permanent Fund was created in 1956, and there was now enough money in the Fund to increase the amount of bonds that could be guaranteed for each school district from \$25 million to \$40 million. Ms. Marshall referred to Exhibit J, a spreadsheet that showed how each district was currently using the Fund guarantee. The spreadsheet showed the amounts of each debt issue, the guaranteed debt outstanding, and the remaining debt availability. The table also highlighted how much borrowing ability there would be if the guarantee was raised to \$40 million. Ms. Marshall reiterated that the guarantee increase would cost Nevada nothing.

Chairman Arberry asked how Ms. Marshall arrived at the \$40 million figure, and she answered that various scenarios were considered and analyzed on the spreadsheet. Ms. Marshall said that based on the amount of money in the Permanent School Fund, the analysis determined the highest amount of

guarantee that would allow the Fund to remain solvent in the event that every school district borrowed to the maximum guarantee amount and failed to repay the debt for one month.

Assemblywoman Gansert commented that according to [Exhibit J](#), most districts did not have much outstanding debt. So were the districts using other sources for funding, or was this all the debt the district had in school bonds? Ms. Marshall answered that the district could have other bond debts.

Assemblywoman Gansert stated that the amount on the exhibit was probably just a portion.

Assemblywoman Weber asked how the State Permanent School Fund could be increased long-term besides interest. Ms. Marshall identified the revenue sources of the Fund:

- Escheated estates.
- Fines collected under penal laws.
- Fines imposed by courts-martial.
- Fines and penalties for violations of criminal provisions of the Unemployment Compensation Act.
- Penalties imposed on banks for failure to make certain reports.
- Surplus on sale of unclaimed freight after charges of common carriers and warehousemen.
- Surplus on sale of property after charges of bailees for hire.

Assemblywoman Weber had compared Nevada to other states and found Nevada had one of the lowest permanent fund balances.

Assemblyman Marvel asked for the balance of the State Permanent School Fund. Ms. Marshall referred the Committee to [Exhibit J](#) and quoted as of June 30, 2006, the balance was \$258,534,807.57. Assemblyman Marvel asked and Ms. Marshall answered that only the interest could be used, not the fund balance.

Ms. Marshall moved to section 2 to of the bill and stated in November 2002, the voters approved a \$200 million bond to be issued under general obligation for the purpose of conservation projects. To date, \$127,620,000 had been spent of the money authorized. Ms. Marshall stated there was a provision in the Nevada Revised Statutes (NRS) that said if the voters approve a bond issuance the authority sunsets in six years, and the State is now approaching that point. Ms. Marshall continued that the bonding authority had not been completely used, so the timeframe could be extended to allow the bonds to be issued over a longer period. If the deadline was not extended, the Treasurer's Office could issue the bonds before the deadline. Mr. Marvel asked whether there could be arbitrage issues related to the bond money. Ms. Marshall explained that there were certain applicable tax laws, so if the affected agencies received the money today, there would be an opportunity for arbitrage [which incurs federal charges] because there were no projects to spend the bond proceeds on at the present time.

Allen Biaggi, Director, Department of Conservation and Natural Resources read a prepared statement:

Good morning Mr. Chairman and Committee members, my name is Allen Biaggi and I am the Director of the Department of

Conservation and Natural Resources. With me this morning is Jim Lawrence, Deputy Administrator of Division of State Lands.

From a program standpoint, Q1 has been a huge success in preserving the open space of this state, improving and constructing recreation trails, preserving wildlife habitat and protecting and enhancing Nevada's natural resource. To date 14 of Nevada's 17 counties have received grant funds through Q1 and we are working with the other three counties to secure projects. I have provided you a summary ([Exhibit K](#)) of Q1 projects as well as an overview of bond and project expenditures.

Q1 was a new program to Nevada, our Department, and those receiving grants. A delicate balance had to be struck between fiscal accountability, and getting dollars to the recipients and projects on the ground. While great progress had been made and we are well on our way in expending the entire public and legislatively authorized \$200 million, we are concerned that if all bonds must be sold by the statutory deadline, the State could incur arbitrage charges. To avoid these unnecessary fees, A.B. 554 proposes to extend the sales of bonds to December 31, 2011. This will allow the time needed to secure eligible projects, sell bonds and not incur unnecessary fees. It should be noted that the bond amount remains unchanged. The only modification is the date in which the bonds must sold.

We urge your passage of A.B. 554.

Chairman Arberry requested public comments. Dan Musgrove, Associate Administrator, University Medical Center; Martin Johnson, President, JNA Consulting Group; Juan Guzman, Open Space Manager, Carson City; Alicia Reban, Executive Director, Nevada Land Conservancy; Dotty Merrill, Nevada Association of School Boards; and Randy Robison, Nevada Association of School Superintendents, testified in support of A.B. 554.

Chairman Arberry closed the hearing on A.B. 544 and opened the hearing on A.B. 590.

**Assembly Bill 590: Revises provisions governing educational personnel.
(BDR 34-434)**

Dr. Craig Kadlub, Director, Government Affairs, Clark County School District (CCSD) explained the original intent of the one-fifth retirement credit was to attract and retain highly qualified staff in hard-to-staff schools; unfortunately, the incentive had not worked as hoped. Mr. Kadlub continued that the Superintendents did not ask to have incentive funding abandoned, but asked whether the funding could be used in a different way. This bill was one example of how the existing incentive funds could be used. Mr. Kadlub stated that the intent of section 1 was to change the one-fifth year to a cash incentive of comparable value. Mr. Kadlub stated there was language the he would like deleted and expanded to make all employees eligible who work at schools that serve at-risk populations.

Chairman Arberry asked whether Mr. Kadlub had his amendments in writing and would he provide the information to staff. Mr. Kadlub said he would provide the information.

Lonnie Shields, Assistant Executive Director, Nevada Association of School Administrators, stated he supported Assembly Bill 590 with the amendments.

Al Bellister, Nevada State Education Association, approved of the ideas proposed in the bill but had two concerns and would draft some amendments for the Committees consideration. The first concern was in section 1 of the bill, which ignored the value of collective bargaining, and the statute should contain a reference to chapter 288 of the NRS. The second concern was the deletion of the benefit for teachers who work in schools designated in need of improvement. Mr. Bellister thought that teachers currently at those schools should remain eligible for the incentive.

Tina Leiss, Operations Officer, Public Employee' Retirement System (PERS) of Nevada read a prepared statement ([Exhibit L](#)) which stated the PERS board took a neutral position on the legislation.

Chairman Arberry closed the hearing on A.B. 590.

Chairman Arberry asked the Committee to consider introduction of the following bill draft request:

- **BDR S-1259**—Makes supplemental appropriations to the Department of Business and Industry (Later introduced as [Assembly Bill 608.](#))

ASSEMBLYWOMAN LESLIE MOVED FOR COMMITTEE
INTRODUCTION OF THE BILL DRAFT REQUEST.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

Chairman Arberry adjourned the meeting at 10:34 a.m.

RESPECTFULLY SUBMITTED:

Christine Bashaw
Committee Secretary

APPROVED BY:

Assemblyman Morse Arberry Jr., Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>April 9, 2007</u>		Time of Meeting: <u>9:12 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
AB 70	C	Assemblyman Tick Segerblom	AB 70 slides
AB 70	D	Assemblyman Tick Segerblom	Las Vegas Review-Journal Article 04/06/2007
AB 70	E	Assemblywoman Debbie Smith	AB 70 amendment
AB 467	F	Debbie Dauenhauer, SNTC	Prepared Statement
AB 467	G	Debbie Dauenhauer, SNTC	Presentation
AB 467	H	Ernie Maguire, CART	Prepared Statement
AB 467	I	Steve Russell, NNTC	Prepared Statement
AB 554	J	Kate Marshall, State Treasurer	State Permanent School Fund spreadsheet
AB 554	K	Allen Biaggi, Department of Conservation and Natural Resources	Q1 summary-statistics report
AB 590	L	Tina Leiss, PERS of Nevada	Prepared statement