

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
June 4, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:37 a.m. on Monday, June 4, 2007, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Assemblywoman Debbie Smith, Washoe County Assembly District No. 30

STAFF MEMBERS PRESENT:

Bob Atkinson, Senior Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Melinda Martini, Program Analyst
Joe McCoy, Senior Research Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Tracy Raxter, Senior Program Analyst
Carol M. Stonefield, Principal Research Analyst
H. Pepper Sturm, Chief Deputy Research Director
Cynthia Clampitt, Committee Secretary

OTHERS PRESENT:

Samuel P. McMullen, Las Vegas Chamber of Commerce
Julie Whitacre, Nevada State Education Association
Keith Rheault, Ph.D, Superintendent of Public Instruction, Department of Education
Michael R. Alastuey, Nevada Association of School Superintendents
Susan Martinovich, P.E., Director, Nevada Department of Transportation
Mark H. Fiorentino, The Focus Property Group
Andrew Clinger, Director, Department of Administration
Keith Wells, Administrator, State Motor Pool, Department of Administration
Lonnie Shields, Clark County Association of School Administrators and Professional Technical Employees
Tim Crowley, The Grow Network
Ronald P. Dreher, Peace Officers Research Association of Nevada
Rusty McAllister, Professional Firefighters of Nevada
Michael Fischer, D.D.S., Director, Department of Cultural Affairs
Robert A. Ostrovsky, State Board of Museums and History

CHAIR RAGGIO:

We will begin this hearing with Senate Bill (S.B.) 341.

SENATE BILL 341 (2nd Reprint): Makes supplemental appropriations to the Office of the Attorney General. (BDR S-1243)

This bill requests a supplemental appropriation to the Office of the Attorney General. The Assembly amended this bill. The amount of the appropriation request was changed. These are supplemental appropriations required for a revenue shortfall received from boards and commission.

LARRY L. PERI (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The amendment reduced the supplemental need for the AG-Special Fund from \$200,000 to \$60,000. The other two requests remain unchanged.

CHAIR RAGGIO:

Does that meet with staff's approval?

MR. PERI:

Yes, it does.

SENATOR COFFIN:

What need in the Special Fund was eliminated to reduce the appropriations request by approximately \$150,000?

MR. PERI:

I do not believe any needs of the Special Fund were eliminated. The Assembly did not wish to obligate expenditures without the authority in place. The agency curtailed costs, and staff recently received an e-mail revising the projection of the appropriation needed.

SENATOR CEGAVSKE MOVED TO CONCUR WITH ASSEMBLY AMENDMENT NO. 1130 TO S.B. 341.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The Committee will next consider S.B. 331.

SENATE BILL 331 (2nd Reprint): Makes various changes concerning research and other activities concerning solid waste. (BDR 40-318)

This bill pertains to a solid waste management proposal. Senator Coffin introduced this measure. A demonstration was provided to the Committee. The bill provides for grants to the Nevada System of Higher Education (NSHE) for research of methods to address solid waste products. The Assembly amended the bill, removed the language concerning grants and changed it to language stating, "The Department of Natural Resources and Conservation should

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encourage the Nevada System of Higher Education to research and develop methods for reduction, reclamation and conservation of solid waste;"

Senator Coffin, have you reviewed the changes and do you have a recommendation on this measure?

SENATOR COFFIN:

The language change was minor. The change was made to help the agency feel comfortable no funds would be lost from its budget.

SENATOR COFFIN MOVED TO CONCUR WITH THE ASSEMBLY AMENDMENT NO. 1117 TO S.B. 331.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The Committee will now consider Assembly Bill (A.B.) 246.

ASSEMBLY BILL 246 (2nd Reprint): Makes various changes concerning district judges. (BDR 1-654)

This bill would change the number of district judges in the appropriate Judicial Districts. The changes affect the Second and Eighth Judicial Districts. The Senate amended the bill to add a Tenth Judicial District and one judge. The Assembly has not concurred in the Senate amendment. The Chair believes it would be appropriate that the Senate Committee on Finance not recede from our amendment.

SENATOR BEERS MOVED TO NOT RECEDE FROM SENATE AMENDMENT NO. 1120 TO A.B. 246.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The Committee will recommend we not recede and request a conference committee. I will recommend we appoint Senators Rhoads, Coffin and Cegavske to the conference committee.

I hereby open the hearing on A.B. 280.

ASSEMBLY BILL 280 (2nd Reprint): Revises provisions governing licensed teachers and makes an appropriation. (BDR S-1051)

ASSEMBLYWOMAN DEBBIE SMITH (Washoe County Assembly District No. 30):

This bill was discussed yesterday regarding a pay-for-performance fund. A mock-up amendment has been provided ([Exhibit C](#)). All the parties involved

worked diligently discussing the mock-up amendment and developing language we hope will be acceptable. Unfortunately, because of the late hour, not all changes were incorporated into the latest mock-up amendments and have been provided separately ([Exhibit D](#)).

CHAIR RAGGIO:

Which staff person was assisting the interested parties on this bill?

ASSEMBLYWOMAN SMITH:

Ms. Carol M. Stonefield, Principal Research Analyst, Research Division, Legislative Counsel Bureau (LCB), was present. She is present today.

The school districts, teachers associations and north and south chambers of commerce worked on the language for A.B. 280. Perhaps Messrs. Samuel P. McMullen and Al Bellister could present the amendments.

CHAIR RAGGIO:

For those listening on the Internet, we are discussing a pay-for-performance fund of \$5 million each year that would be created for teachers and other school district personnel. We are considering the guidelines and criteria that would be involved. The Committee is currently reviewing proposed Amendment No. 4322 to A.B. 280. It is my understanding this version may still need further modification.

ASSEMBLYWOMAN SMITH:

If [Exhibit D](#) could be merged with the further amendment language in proposed Amendment No. 4322 ([Exhibit E](#)), the amendments would be agreeable to all parties.

SAMUEL P. McMULLEN (Las Vegas Chamber of Commerce):

The working group made it clear on page 2 of [Exhibit D](#) that Washoe and Clark County School Districts "shall," but other school districts with a county population less than 100,000 "may apply," to address Senator Rhoads' concern that the program be made available to all school districts who filed an application.

SENATOR CEGAVSKE:

Where are you reading from?

MR. McMULLEN:

I am talking about mock-up Amendment No. 4322, page 2, line 16 and forward in ([Exhibit D](#)).

Major changes include submission of the application to the Legislative Bureau of Educational Accountability and Program Evaluation and providing a summary of the applications.

At line 33, page 2, in [Exhibit C](#), the application must have, as its primary focus, improvement in the academic achievement of pupils.

In [Exhibit E](#), minor modifications were made to [Exhibit D](#) to emphasize a few points we considered as a group. At line 34, in [Exhibit D](#), [Exhibit E](#) adds "The pilot program must give appropriate consideration to implementation in at-risk schools." [Exhibit E](#) continues, with the fact the pilot program may include, but

not be limited to, the following components and lists four potential components. They comprise a summary put forward in the amendment by staff, which we all felt were valuable.

Page 3 of [Exhibit C](#), beginning at line 22, makes changes in terms of giving the indication of an additional level of information that needs to be submitted. The mock-up in [Exhibit C](#) makes it clear, in lines 39 and forward, additional recipients who must receive the report.

Section 2, subsection 8 was further amended. There is some legal question of the exact way to refer to at-risk schools. Returning to [Exhibit E](#), we referred to *Nevada Revised Statutes* (NRS) 391.165. There is some issue about it being currently amended to legally make reference. The preference of the teachers' unions and others is that the definition in NRS 391.165 be used in this amendment.

The most important part is the work on these amendments indicates the collaboration and interest in this bill by all parties. We appreciate the opportunity to present the bill and the requested appropriation.

CHAIR RAGGIO:

There is still something lacking in the Chair's estimation. How are you going to measure performance for personnel such as librarians, school counselors and the other staff? This is a small pilot program and I wonder whether or not this is the right time to add staff beyond the teachers. I have discussed this concern with Assemblywoman Smith.

MR. McMULLEN:

I can show you what the language says.

CHAIR RAGGIO:

I am aware of the language, but as a practical matter, how will other licensed staffs' performance be measured?

MR. McMULLEN:

There was a feeling these individuals could be measured by individual pupil improvement and growth in academic achievement. There were other methods discussed by the group. We settled on the fact that this bill would authorize, not so much a pilot program, but an exercise in each district, trying to discern appropriate measurements. There would be an advisory group assisting the districts. In addition, they would have the expertise of individuals and teachers within a district who would have an opportunity to ensure a meaningful evaluative system is established. The theory was each district would establish guidelines for evaluation. There are many people responsible for the performance of students in an academic year. Teachers are preeminent, but there was a proposal to allow some flexibility.

CHAIR RAGGIO:

I am concerned at this stage, because this is a limited program, whether or not it should be limited to the teachers and psychologists.

There is a bigger issue here. In the amendment being discussed there was a cap on the amount of money of approximately \$3,000 which has been removed. The current proposal sets no limit. An additional concern I have is there would

be three or four different districts involved in the pilot program with no consistency. There has to be some uniformity.

ASSEMBLYWOMAN SMITH:

This is exactly the type of issue the working group feels the individual groups need to work through. The fact this is a pilot program gives us an opportunity to solve those issues we feel are not able to be solved at the State level because conditions are different in the 17 school districts.

CHAIR RAGGIO:

Under the existing merit award system, there is an individual cap. There needs to be a uniform cap across the pilot program. A maximum of \$3,000, individually, was suggested.

ASSEMBLYWOMAN SMITH:

The group had discussed a cap of \$2,000, but the working group felt that would be better solved at the district level.

CHAIR RAGGIO:

Is it your suggestion a cap of not more than \$2,000, individually, be placed in A.B. 280?

ASSEMBLYWOMAN SMITH:

I would concur in the pilot program. The one thing we do know is the award must be substantial enough to truly incentivize the teachers. An award of \$2,000 is sufficient for that purpose. We did not want the award watered down to \$500 or \$750.

CHAIR RAGGIO:

My other concern would be, since this is onetime funding, rather than creating a separate fund, this should be an appropriation from the General Fund. Any unexpended amount would revert to the General Fund at the end of the biennium.

ASSEMBLYWOMAN SMITH:

The participants in the process hope this will be a successful pilot program and future legislators would consider the program in the next Legislative Session. There is no commitment if the fund is empty. It made sense to me, creating a fund, expecting the pilot program to be successful and having a fund in place should future legislation be considered.

CHAIR RAGGIO:

The Committee will defer to staff concerning the establishment of a separate fund for this program.

SENATOR CEGAVSKE:

I agree with the Chair concerning a cap on individual awards. I also agree the pilot program should be limited to teachers.

I have a question concerning the mock-up language. Explain the rationale for "portfolios of instruction, leadership and professional growth, and other appropriate measures of teacher performance, without limitation, must also be considered," as found on page 2, line 42, of [Exhibit D](#) and [Exhibit E](#), 3(d) . What does that mean?

JULIE WHITACRE (Nevada State Education Association):

That language came from the mock-up in [Exhibit C](#), presented by staff yesterday. The working group retained the language. The idea is that one criterion to be used in awarding an incentive would be multiple assessments. There can be multiple ways to assess a licensed person and reward them for their efforts. The intent of the language is to provide examples of what could be utilized. We obviously want the primary emphasis to be on academic achievement. This is not limiting language.

SENATOR CEGAVSKE:

Considering "portfolios of instruction," such as are done for special education students, is that portfolio what is specified in this language? Will it consider all the testing, work and all elements that can be used to help assess a classroom of children when considering an award for an instructor?

CAROL M. STONEFIELD (Principal Research Analyst, Research Division, Legislative Counsel Bureau):

The draft amendment in [Exhibit C](#) incorporated components that are in existence in the Denver Professional Compensation Plan and the Minnesota Quality Compensation Plan. They recommend there are other assessments that can be made besides student test scores. Also, the plans indicate there should be multiple evaluations to ensure teachers and others are not dependent upon the opinion of one person or that their evaluations are not strictly related to student test scores because of the concept of value-added measures. A teacher might add a great deal to the growth of a student's academic performance, and yet the student might not achieve proficiency as measured by test scores. A portfolio, especially for special education teachers, is one example.

CHAIR RAGGIO:

Does the most recent amendment include this language?

MS. STONEFIELD:

Yes, it does.

SENATOR CEGAVSKE:

What, exactly, does the term "portfolios of instruction" designate?

MS. STONEFIELD:

It would be a compilation of the kinds of work performance the teacher has exhibited.

SENATOR CEGAVSKE:

Is that a portfolio of the teacher, kept by the school district, or the portfolio of instruction for a child?

MS. STONEFIELD:

I interpret the term "portfolio of instruction" as a portfolio of the teacher's performance; however, student performance would be incorporated into the teacher's performance.

CHAIR RAGGIO:

I am going to ask staff to take all the proposed written amendments and add a cap of a single award of not more than \$2,000; ensure unused funding will

revert at the end of the biennium; and make the provision as a General Fund appropriation. I see a reference here to language "negotiated pursuant to Chapter 288 (NRS)." That has been discussed. We understand that is a negotiation pertaining to the flexibility and usage of funds in this measure. For the record, it is not money available for collective bargaining or use in salaries otherwise.

ASSEMBLYWOMAN SMITH:
I concur.

CHAIR RAGGIO:
Staff, as soon as a mock-up amendment is prepared, please see that the Committee and members of the working group receive copies to review.

ASSEMBLYWOMAN SMITH:
The working group was more inclined to the Chair's proposal for a \$3,000 cap if that could be considered.

CHAIR RAGGIO:
The purpose of the legislation is not to provide a bonus. That is what A.B. No. 580 of the 73rd Legislative Session became.

ASSEMBLYWOMAN SMITH:
This is a very different pilot program.

SENATOR CEGAVSKE:
Will the revised amendment include limiting the benefit solely to teachers?

ASSEMBLYWOMAN SMITH:
The working group's proposal was for licensed personnel.

CHAIR RAGGIO:
We will leave it as it is, limited to teachers. I hereby close the hearing on A.B. 280 and open the hearing on A.B. 565.

ASSEMBLY BILL 565 (3rd Reprint): Revises provisions governing educational finance. (BDR 34-1371)

ASSEMBLYWOMAN SMITH:
This bill proposes the teachers' incentive program, known as the one-fifth retirement program. Much discussion has ensued about the need to change the program to make it more flexible. The intent is to provide the kind of incentives that will achieve benefits in the various school districts to recruit and retain teachers to address the teacher shortage in Nevada.

Assembly Bill 565, as presented, would keep the one-fifth retirement program intact for those teachers currently in the system.

CHAIR RAGGIO:
For purposes of the record, we are now looking at a proposed amendment ([Exhibit F](#)) to A.B. 565 (3rd Reprint).

ASSEMBLYWOMAN SMITH:

This measure would "grandfather" the people in the one-fifth retirement program. It would be developed in individual school districts to collectively determine those incentives they believe will achieve the goals of recruitment and retention of teachers. Mr. H. Pepper Sturm, Chief Deputy Research Director, Research Division, LCB, will discuss the amendment mock-up in [Exhibit F](#).

There is one other piece to this legislation which others will discuss regarding the budget preparation.

CHAIR RAGGIO:

We will wait to discuss the budget provisions of the bill. Please, first discuss the existing program where licensed teachers and school psychologists can earn the retirement stipend. What changes are being suggested and where do they appear in A.B. 565?

H. PEPPER STURM (Chief Deputy Research Director, Research Division, Legislative Counsel Bureau):

As a staff member, I cannot testify for or against this or any other measure. I am present at the request of the Chair and Assemblywoman Smith.

Most of your questions are answered in section 4 of A.B. 565. There are two proposed amendments in [Exhibit F](#), section 4, page 3. I would direct the Committee's attention to section 4, subsection 2. The current language reads, "The board of trustees of each school district shall establish a program of incentive pay for licensed teachers and school psychologists." The mock-up amendment ([Exhibit F](#)) adds school librarians, school counselors and school-level administrators.

CHAIR RAGGIO:

Does the term "school-level administrator" refer to principals?

MR. STURM:

That is correct.

CHAIR RAGGIO:

Does it apply to any other administrative staff?

ASSEMBLYWOMAN SMITH:

The intent was to include principals in the program. The discussion was that a great principal, in an at-risk setting, would have the ability to retain other staff.

CHAIR RAGGIO:

Is a principal not covered under the term "licensed teacher"?

ASSEMBLYWOMAN SMITH:

Apparently not.

CHAIR RAGGIO:

What does the reference to negotiations pursuant to NRS 288 mean in this context?

MR. STURM:

That language was restored from the second reprint of the A.B. 565.

ASSEMBLYWOMAN SMITH:

This is the same issue discussed in A.B. 280 giving the opportunity in this bill for teachers to participate with school districts in development of the program.

CHAIR RAGGIO:

This funding is not available for collective bargaining or salary purposes, correct?

ASSEMBLYWOMAN SMITH:

That is correct.

SENATOR BEERS:

Would "school-level administrators" also include vice-principals and deans?

ASSEMBLYWOMAN SMITH:

I would think that would be the case. I will defer to someone with legal expertise.

MR. STURM:

I suspect only the principal is addressed in elementary schools. Middle schools and high schools would also include vice principals and deans.

The Committee will note on page 4 of [Exhibit F](#), the program must include, without limitation, the attraction and retention of licensed teachers who have been employed for at least five years in this State or another. The Committee may recall, the original one-fifth retirement program was to attract experienced teachers to low-performance schools as an effort to increase student achievement.

The program in A.B. 565 would apply to schools in which at least 65 percent of the pupils are eligible for free and reduced lunches. That is another holdover from the sections of NRS 391.165 being deleted as noted on pages 6 and 7 of [Exhibit F](#).

ASSEMBLYWOMAN SMITH:

I have some concern over the provision of using the standard of 65 percent of students eligible for free and reduced lunches. If it is not changed, it would considerably expand the program because there are so many schools at that level. Our intent is not to dilute the language to where we cannot focus on those schools truly in need. Other language should be considered.

CHAIR RAGGIO:

What are you suggesting?

ASSEMBLYWOMAN SMITH:

There is language currently in statute, used by the Department of Education. Dr. Keith Rheault, Superintendent of Public Instruction, could better address that language. It would keep the level to the schools truly in need and keep the stipend high enough it will be of value.

The language of the bill clearly addresses the concern expressed by the Chair, that experienced teachers are those who receive the benefit.

CHAIR RAGGIO:
What language is suggested?

KEITH RHEULT, PH.D. (Superintendent of Public Instruction, Department of Education):

Currently, the program is for at-risk schools determined by the standard that 65 percent of students qualify for free and reduced lunches. This year, 45 percent of payments made were for teachers at those schools. I would suggest we have sufficient funding for the definition of free- and reduced-lunch schools.

ASSEMBLYWOMAN SMITH:
I am confused. I thought there was an existing statute with different language.

DR. RHEULT:
I will review the wording. It appears to be similar to what is currently in statute.

CHAIR RAGGIO:
Thus far, we have discussed the purpose of the amendment is to broaden the provision from teachers to other personnel. What other changes are being made?

MR. STURM:
Teachers who hold endorsements in math, science, special education, English as a second language, or other special needs are included.

CHAIR RAGGIO:
Is that not consistent with current law?

MR. STURM:
That is correct. School psychologists are included under section 3, subsection 2(c) on page 3 of [Exhibit F](#). My conceptual amendment will add the other school staff previously mentioned into this section as well.

The Committee may wish to review section 3, subsection 5, line 21, of [Exhibit F](#). The next provision states, "The superintendent of public instruction shall compile a list of financial incentives recommended by each school district which submitted an application for this program; and on or before December 1 of each year the superintendent shall submit the list to the Interim Finance Committee, for its approval, the recommended incentives."

CHAIR RAGGIO:
At this point, the superintendent, may submit to the Interim Finance Committee (IFC), incentives other than receipt of one-fifth retirement benefits?

MR. STURM:
You are correct. It is found in section 4, subsection 5 on page 4 of [Exhibit F](#).

CHAIR RAGGIO:

The IFC may choose to approve or deny other incentive suggestions. Once approval is received, the Department of Education (DOE) will provide grants to schools that make applications consistent with approved incentive programs.

MR. STURM:

That is correct. The IFC will consider the incentives proposed. Then section 4, subsection 6, makes the provisions as stated by the Chair.

CHAIR RAGGIO:

What does it mean when the amendment ([Exhibit F](#)) specifies "The amount of money available must be distributed pro rata, based upon the number of licensed employees who are estimated to be eligible ... in each school district that submitted an application"?

DR. RHEULT:

In the previous years of this program, the DOE has sometimes run short of funding and the amount has been reduced as in the pro rata piece. In the current biennium, funding was sufficient, thus, this provision did not apply.

CHAIR RAGGIO:

Section 4, subsection 7 sets a cap, that if the award is other than a retirement credit, it cannot be more than the equivalent of what the value of the person's retirement would have been.

ASSEMBLYWOMAN SMITH:

That is correct. It might be better to place a specific amount in this section. As the Committee knows, the retirement credit can vary for different individuals. We could include the average amount which is approximately \$3,300.

CHAIR RAGGIO:

Reports are made to the Governor, the State Board of Education, the IFC and to the Legislative Committee on Education.

Please provide a specific amount to staff, as they must work on the amendments immediately. What happens if section 4, subsection 7 were deleted?

MR. STURM:

That is one of the sections of the NRS concerning the old one-fifth retirement credit that will be deleted. Deletions can be found beginning on page 6 of [Exhibit F](#). It is stricken from the statute because the entire NRS 391.165 is being deleted.

CHAIR RAGGIO:

We will now consider the portion of A.B. 565 concerning the budget.

ASSEMBLYWOMAN SMITH:

If I may, can we return to the at-risk issue at the top of page 4(a) in [Exhibit F](#)? I just clarified with Dr. Rheault what I was trying to specify. In the current language, found in the repealed statutes at the back of [Exhibit F](#), it talks about the designation of at least 65 percent of students enrolled must qualify for free or reduced lunch to define at-risk schools. That language allows us to go to the methodology used by the DOE because the current language in the bill would

not incorporate middle schools and high schools when speaking to free and reduced lunches. We need to utilize the at-risk definition used by the DOE.

CHAIR RAGGIO:

We do not want to depart too far from the original language of the statute.

ASSEMBLYWOMAN SMITH:

My proposal is to return to the previous language for this provision.

CHAIR RAGGIO:

If the changes are not made quickly, there will not be sufficient time to process the legislation and the statute will remain the same.

ASSEMBLYWOMAN SMITH:

I understand.

MICHAEL L. ALASTUEY (Nevada Association of School Superintendents):

We are looking at section 3, subsection 3 of [Exhibit F](#). I am addressing the third reprint, not [Exhibit F](#). The mock-up in [Exhibit F](#) does not affect section 3.

CHAIR RAGGIO:

What is the purpose of the budget language in this section?

MR. ALASTUEY:

The purpose of the budget provision in the bill is to address the increasing complexity in the presentation of the Kindergarten through Grade 12 (K-12) budget which consists of a wide variety of individual budgets. These include the Distributive School Account (DSA), education State programs, the trust fund and many others.

At one time, when things were conducted in far fewer accounts, the accounts presented a relatively reasonable and easy-to-review document for consideration by the Legislature. Today, in the *Executive Budget*, all State agency budgets are broken into a variety of tiered-decision units for the Base Budget, maintenance units and enhancement units. That is the case for the DSA as well. However, because of the multiple accounts and increasing prominence of specially-targeted programs, it is sometimes difficult for the K-12 community to address in a clear consolidated comparison, what was requested, what is recommended, what is in the past, present and future. One example is in the first few days of hearings for the DSA it was not completely known, and the answers were not all that clear, as to what was to be included in the final budget and what had been deleted. It was unknown which amounts previously appropriated were combined or rolled into other kinds of programs in the *Executive Budget*.

Section 3 of [A.B. 565](#) would require the superintendent of public instruction to make a compilation of information already available in the existing reporting structure, including increasing line items of expenditure and revenue; based on recognized indices, adjusting revenues and expenditures pursuant, in subparagraph (b), for any remaining year.

A report containing that information must be compiled, approved by the Board of Education and must consider the cost of enhancements. The most important provision is in the later part of section 3, that the compilation must be presented

by the superintendent of public instruction to such standing committees of the Legislature the superintendent determines appropriate for the purpose of developing educational programs. This tool, drawn from information in statistics already available in the existing reporting process, would help focus the information for use of the Legislature and the K-12 community. It will allow deliberations to begin with enhanced data.

CHAIR RAGGIO:

The language, beginning in section 3, subsection 3, page 2, on line 43, makes it mandatory that the superintendent, in preparing an agency budget and submitting it to the Budget Division, "shall do the following things." Going down the list, some provisions should be stated as empirical statements using "shall" and others should be optional with use of "may."

For example, section 3, subsection 3(a) "Compile information" should include the mandatory term "shall."

"Increase the line items of expenditure or revenue based on merit salary increases and cost of living adjustments or inflation, as deemed credible and reliable based upon published indexes" and so forth, should also contain the mandatory term "shall."

"Adjust expenditures and revenues pursuant to paragraph (b) for any year remaining before the biennium for which the budget is being prepared ... to project the cost of expenditures or the receipt of revenues" should contain mandatory language.

Section 3, subsection 3(d) should contain the permissive term "may." That subsection appears to make reference to the iNVest Program.

I suggest, if it is agreeable with the Committee, to process the measure. In section 3, subsections 3(a) through 3(e), some items should be mandatory and a few should be permissive language.

BOB ATKINSON (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I understand the Chair's reasoning.

CHAIR RAGGIO:

Is there anything further in the budget process the Committee needs to consider in A.B. 565?

MR. ATKINSON:

The only thing I would suggest is in section 3, subsection 5, where it states, "the superintendent will present this information to such standing committees of the Legislature as the superintendent deems appropriate" should be changed.

CHAIR RAGGIO:

That reference should be changed to "such standing committees as required by the Legislature."

Also, for the record, in A.B. 565, section 4, subsection 2, where it states pursuant to NRS 288, that is not opening the provisions to collective bargaining

for salary or otherwise for decisions as to amounts of money but to the manner in which the pilot program is developed.

ASSEMBLYWOMAN SMITH:

The Chair's intent is shared by the working group on this measure.

CHAIR RAGGIO:

If there is nothing further to be amended or discussed at this time, the Chair will direct staff to place the recommendations made in this hearing into a new mock-up of A.B. 565 and the Committee will consider the legislation at that time.

ASSEMBLYWOMAN SMITH:

Which staff member would you like me to work with in development of the new mock-up?

CHAIR RAGGIO:

Please work with Messrs. Sturm and Atkinson.

What education bills are currently under consideration in the Assembly? There is one that funds the Grow Program. Can we expect that measure to be transmitted to the Senate today? Please check on the legislation for this House. Also check on the Millennium Scholarship bill.

ASSEMBLYWOMAN SMITH:

I will check the status of the education bills still in the Assembly.

CHAIR RAGGIO:

I hereby close the hearing on A.B. 565 and open the hearing on S.B. 238.

SENATE BILL 238 (1st Reprint): Provides for a program of empowerment schools. (BDR 34-112)

The Committee has received proposed Amendment No. 1142 to S.B. 238 ([Exhibit G](#)).

JOE MCCOY (Senior Research Analyst, Research Division, Legislative Counsel Bureau):

Three amendments were proposed to S.B. 238. One substantive amendment is found in section 5, subsection 2, which changes the number of 5,000-county population to under 100,000-county population.

CHAIR RAGGIO:

I hereby yield the gavel to Vice Chair Beers. I believe that amendment was made to address Senator Rhoads' concerns.

MR. MCCOY:

That is correct. The change will give the rural counties more flexibility and opportunity to apply and participate in the plan.

The second amendment is in section 6.7, subsection 5, which forwards the reports and evaluations of the performance audits for the empowerment schools to the Office of the Governor, the DOE and the Legislative Committee on Education.

The third proposed amendment is in section 19, adding a statement, the amount of money available in the 2007-2009 biennium to begin empowerment school programs will be within the limits of the appropriation in A.B. 627.

ASSEMBLY BILL 627: Ensures sufficient funding for K-12 public education for the 2007-2009 biennium. (BDR S-1523)

VICE CHAIR BEERS:

Seeing no further discussion, I hereby close the hearing on S.B. 238 and open the hearing on A.B. 544.

ASSEMBLY BILL 544 (1st Reprint): Makes an appropriation to the Department of Transportation for highway improvements. (BDR S-1225)

SUSAN MARTINOVICH, P.E. (Director, Nevada Department of Transportation):
Assembly Bill 544 proposes to remove \$170 million from the General Fund and allocate it to a highway project on Interstate Highway 15 (I-15) in the Las Vegas area. This was one of the priority projects identified in the Blue Ribbon Task Force Committee. An amendment was proposed and approved through the Assembly that added another project on State Route 160 (SR-160), the Blue Diamond Highway. The appropriation to the Blue Diamond project was \$16 million which reduced the amount of the I-15 project funding to \$154 million. As a representative of the Nevada Department of Transportation (NDOT), I would propose a further amendment. Throughout this Legislative Session, there has been discussion of how the NDOT should prioritize projects in an open format. Assembly Bill 595, approved on June 3, 2007, contains provisions concerning cost benefit analysis (CBA).

ASSEMBLY BILL 595 (3rd Reprint): Makes various changes relating to taxes on fuels and the provision of funding for highway projects. (BDR 32-643)

VICE CHAIR BEERS:

Do we have a written copy of your proposed amendment?

MS. MARTINOVICH:

I have one copy I will provide to the Committee ([Exhibit H](#)). I would like to insert the statement, "Before these projects are included in the local Metropolitan Planning Organization's Regional Transportation Improvement Plan for subsequent adoption by the Department, a written analysis of the costs and benefits of the project shall be completed in a format that allows for comparison of proposed highway projects." This is language taken from the A.B. 595 legislation that specifies the CBA process.

I would also like to add, "The developer would be responsible for all costs exceeding \$16 million for the work on SR-160."

VICE CHAIR BEERS:

Is there a way the State could order the Clark County Regional Transportation Commission (RTC) to expedite putting this on their short list of projects for funding and implementation? It is my understanding it is on the long-term list, but it is not on the short-term list.

MS. MARTINOVICH:

That is correct. The NDOT cannot order the RTC; we can strongly suggest an action. To have an item placed in the RTC's three-year plan, it must be fiscally constrained. Funding must be identified for that purpose.

VICE CHAIR BEERS:

By placing funding into A.B. 544, do we accomplish that goal?

MS. MARTINOVICH:

That is correct. The NDOT still suggests it go through the CBA process because the funding is one resource for many projects. All projects currently in the one-to-three-year plan are in the queue. When the \$170 million is taken away from the I-15 project, that means another project, already in the queue, will not be done. There are more projects than there is funding available.

VICE CHAIR BEERS:

I would like to get the opinion of staff and the Committee. Thirty million dollars was saved in the Real ID Act Program by not implementing sketchy federal regulations. Is the Committee in favor of utilizing \$16 million of the \$30 million saved on the Real ID Act implementation and allocating it into A.B. 544 to fill the "hole" created by the Assembly's amendment?

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

The Department of Motor Vehicles (DMV) was allowed access to the \$30 million during the interim. If it is placed in this bill, they would no longer have access. Depending on what happens with the Real ID Act, the DMV is currently allowed to approach the IFC to request the funding as needed.

VICE CHAIR BEERS:

Having sat on the Public Safety, Natural Resources and Transportation Subcommittee, I was under the impression the proposal, for the Real ID Act, was in excess for the implementation cost of even the temporary regulations. The DMV could probably not spend the entire \$30 million for the Real ID Act.

I do not object to assisting Clark County in placing this project in the higher priority category. We create a risk if funding is removed from the I-15 project.

SENATOR TITUS:

I was under the impression SR-160 was a targeted project already. Every time I drive to Pahrump on the Blue Diamond Highway, I hear this is a priority project. I do not believe it would upset the funding stream that significantly. The SR-160 is the most dangerous road in the State. There is potential for private matching funds if A.B. 544 is passed as amended.

MS. MARTINOVICH:

The SR-160 project has been a priority. The NDOT is advertising a project in July 2007, to work on the section up to Durango Drive in Las Vegas. There has been subsequent work to Rainbow Drive and from Rainbow Drive to Durango Drive. We are advertising another project in a few months to take the project to SR-159. We are systematically addressing this project. My only indication was this particular segment would need to fall through and be prioritized with other segments to move forward. This is probably a segment that would have been

completed because it is in the long-range plan. When funding was identified, because the funding is currently encumbered in other sources, it would be moved up in the project list or evaluated on its merits.

SENATOR TITUS:

The funding of \$16 million, as amended into A.B. 544, is not being taken from existing funding. It is being taken from new funding?

MS. MARTINOVICH:

That is correct; however, the \$170 million was allocated toward the I-15 design-build project identified as one of the Blue Ribbon Task Force priorities.

SENATOR TITUS:

Since the State has ignored most of what the Blue Ribbon Task Force has recommended already, I do not believe that is an issue.

If the \$170 million had not been allocated to the I-15 project, how would that priority project have been funded?

MS. MARTINOVICH:

The project would not have been completed.

SENATOR TITUS:

That is my point. The NDOT is still receiving an allocation of \$154 million for the I-15 project, so placing \$16 million in the SR-160 project does not create a hole in the funding process.

VICE CHAIR BEERS:

Are you advocating retaining the entire \$30 million in the IFC Contingency Fund for access as needed for the Real ID Act by the DMV?

SENATOR TITUS:

I do not recall if the Joint Subcommittee on Public Safety, Natural Resources and Transportation action was to place the entire \$30 million in the IFC Contingency Fund for the DMV to access. What was the actual figure?

MR. GHIGGERI:

There was \$100,000 approved in the first year and \$200,000 in the second year of the 2007-2009 biennium. There is language in the Authorizations Act that would allow the DMV direct access to the Highway Fund, should the need arise in the interim for additional funding with no amount specified.

VICE CHAIR BEERS:

The *Executive Budget* contains a recommendation of \$30 million for expenses related to the Real ID Act. That was not approved by the Legislature.

SENATOR TITUS:

Yes; however, that \$30 million is a pot of funding that has since been allocated to other projects. Is that not correct?

MR. GHIGGERI:

At this point the \$30 million is not allocated. It is funding saved in the budget.

SENATOR TITUS:

Is it a savings in the Highway Fund?

MR. GHIGGERI:

That is correct.

SENATOR TITUS:

In other words, those funds could be allocated to these other projects as part of the Highway Fund. It is not in a separate fund waiting for the Real ID Act.

VICE CHAIR BEERS:

That is correct. It is in the Highway Fund savings. The total \$170 million requested by the NDOT in the original S.B. 544 could still be allocated through these savings and still accommodate the \$16 million for the SR-160 project.

SENATOR COFFIN:

Ms. Martinovich's testimony indicates there are more projects in the pipeline than the amount of funding available. That has been a subject of great debate recently. Many individuals have indicated the entire funding requested for Clark County could not be spent and here is a classic example of that situation.

I will oppose the requested amendment to require projects to first go through the CBA process because those of us who live and drive in Clark County know the benefit will be in saved lives. Statistical analysis might slow the projects by months or even a year. There is also a cost to the benefit analysis process. There are many steps in the analysis process.

VICE CHAIR BEERS:

How long have you been employed by the NDOT?

MS. MARTINOVICH:

I have worked for the NDOT for 23 years.

VICE CHAIR BEERS:

Can you remember a time when there were not more projects in the pipeline than available funding?

MS. MARTINOVICH:

No, I cannot.

VICE CHAIR BEERS:

Please state your amendment again.

MS. MARTINOVICH:

The intent of the proposed amendment was to maintain consistency with the efforts of the NDOT in evaluation of projects. The amendment would require, before a project is moved forward and adopted by the RTC, that a CBA would be required to be on file. With respect to Senator Coffin, the analysis can be completed quickly. It may only take a couple of weeks for the analysis to be completed. We request the traffic numbers and evaluate the safety and number of accidents.

The amendment also included the developer would be responsible for any additional costs in excess of the \$16 million. Our estimates indicate the project

would cost more than \$16 million. We have heard a number of estimates for costs of projects in that corridor. The intent is to ensure the State will not be responsible for any additional costs, although the NDOT has agreed to participate and assist in the design of the project.

VICE CHAIR BEERS:

Mr. Fiorentino, are you representing the developer?

MARK H. FIORENTINO (The Focus Property Group):

The Focus Property Group owns land in Pahrump and has been working with the Nye County Commission on development plans for that property. To expedite this portion of the highway project, which is entirely within Nye County miles away from land owned by the Focus Property Group, we would contribute \$2 million to the cost of the project to help expedite the design and get the project moving.

We are not the developer of the State highway that runs through Clark County, but we have offered to make the \$2 million contribution. We have no objection to the amendment to add "must complete a CBA." Our company has already completed a preliminary analysis we shared with the NDOT several months ago. It identifies possible actions and capacities of the roadway. We are confident that report will be accepted. If it is not, a section in A.B. 544 provides funding to revert to other projects if the project does not meet the criteria.

We cannot today guarantee the total cost of the project. The Focus Group stands by the \$2 million. We offer \$2 million to either the design or construction of this project. We are fairly confident of the total cost figure, but we cannot guarantee that figure.

VICE CHAIR BEERS:

When will the Focus Group be prepared to write the check for \$2 million?

MR. FIORENTINO:

It depends on how fast the CBA can be done. The NDOT testimony today indicates the plan must formally enter the CBA process now that a revenue source has been identified by modifying the Transportation Improvement Plan. The check would be written within that process; that takes approximately six months to one year.

SENATOR TITUS:

Has a CBA been completed for the proposed project on I-15?

MS. MARTINOVICH:

Yes, it has been done.

SENATOR TITUS:

The NDOT does not believe the project can be completed for \$154 million?

MS. MARTINOVICH:

The entire project estimate is \$210 million.

SENATOR TITUS:

What is your total cost estimate for the SR-160 project?

MS. MARTINOVICH:

The NDOT estimates approximately \$25 million. The roadway goes through mountainous terrain. The development has reviewed other alternatives that are not as extensive. We are still evaluating what the scope of work would be through that area.

SENATOR COFFIN:

Would the funding proposed in A.B. 544 only be spent in Clark County? Is the Mountain Springs development right at the county line?

MS. MARTINOVICH:

The development is in that area. A portion of that roadway is in Clark County.

SENATOR COFFIN:

Is the plan to extend four lanes as far as possible? There are passing lanes in some areas.

MS. MARTINOVICH:

A portion of that highway has been four lanes. There is still a segment that is a two-lane highway. That is part of the scope of work the NDOT would review.

SENATOR COFFIN:

Have the bulk of highway deaths occurred on the downhill slope rather than on the uphill slope?

MS. MARTINOVICH:

Deaths have occurred throughout that corridor for many reasons. People have run off the roadway or tried to pass another vehicle. I do not know the specific area where the fatalities have occurred. A number have occurred closer to the I-15 in an area of growth and new traffic signals around Durango Road and Buffalo Drive.

MR. FIORENTINO:

The proposed project is entirely within Clark County. The reason the Focus Group felt it made so much sense is because it connects various roadways. There is already a project to the SR-159 that widens the roadway to four lanes. The current roadway is four lanes again on the other side of the pass. The SR-160 project would connect the two points. Instead of going from four lanes to two lanes with a passing lane to four lanes again, it would be four lanes the entire length of the highway.

VICE CHAIR BEERS:

Assembly Bill 544 has a four-year reversion date. Is that how long the NDOT expects to take to spend the \$170 million originally planned for the I-15 project?

MS. MARTINOVICH:

The NDOT has currently solicited and is reviewing bids. The intent of the NDOT was to award the contract and have construction begin in the next two months. We do not anticipate this being a four-year contract.

VICE CHAIR BEERS:

Are the contractors paid as work is completed?

MS. MARTINOVICH:

Yes, that is our procedure.

VICE CHAIR BEERS:

One problem is the \$30 million the Legislature did not spend on the Real ID Act is future cash flow over the two-year time period. There are not funds on hand to pay the \$16 million. We presume the \$16 million would be available halfway through the biennium.

MS. MARTINOVICH:

That is the process used by the NDOT in similar projects. We do not have all funding in hand before we advertise a project. We evaluate our cash flow and that is how we would spend the \$170 million.

VICE CHAIR BEERS:

What is the proper wording to state we wish to use \$16 million of the \$30 million saved from the Real ID Act and apply it to these projects so that the NDOT is in the same contractual position it was before this event?

MR. GHIGGERI:

The funding could be authorized over the two-year time period. I do not know what the necessary time period is for the NDOT cash flow process. It could be allocated at \$8 million each year. It would simply change the effective date of the legislation.

SENATOR RAGGIO:

I am trying not to impact these decisions because it is not an area I represent. However, I am hearing a couple of disturbing things. It would be inappropriate to deduct funding from the \$170 million contemplated for a project of which the total cost is \$240 million. Secondly, concerning the Blue Diamond project, testimony was the entire cost of that project would be \$24 million.

MS. MARTINOVICH:

Those are the total costs of both projects as estimated by the NDOT engineers.

SENATOR RAGGIO:

If \$16 million is taken from a project that already appears to be underfunded on the I-15 freeway and added to the SR-160 Blue Diamond Highway Project, even adding the \$2 million, from the developer, the Blue Diamond project would still only be funded at \$18 million. This seems like an imprudent approach.

VICE CHAIR BEERS:

Is it correct, the \$140-million gap on the I-15 project was planned to be funded from the allocations within A.B. 595?

MS. MARTINOVICH:

That is correct.

VICE CHAIR BEERS:

Will the NDOT also be able to close the \$4-million gap on the SR-160 project with A.B. 595 funds, assuming the project passes the CBA and is placed onto the RTC short-term plan?

MS. MARTINOVICH:

The A.B. 595 language specified the super-mega projects, and SR-160 is not included as one of the super-mega projects.

VICE CHAIR BEERS:

In other words, there would still be a \$4-million gap?

MS. MARTINOVICH:

That is correct.

VICE CHAIR BEERS:

However, if we increase from \$8 million a year to \$10 million a year, of the funding originally allocated for the Real ID Act, the SR-160 authorization would complete those funding needs.

MS. MARTINOVICH:

The bottom line is we have many projects. We will spend money on the projects as it is authorized. The projects have already been identified through the Clark and Washoe County RTCs and prioritized. That is the funding we use.

CHAIR RAGGIO:

I am going to resume the gavel and close the hearing on A.B. 544 at this time. Senators and others may meet with Ms. Martinovich for a workable solution after this hearing.

The Committee will now consider the proposed legislation for the Capital Improvement Program (CIP) projects.

We have been provided Bill Draft Request (BDR) S-1531 ([Exhibit I](#), original is on file in the Research Library).

BILL DRAFT REQUEST S-1531: Joint Requester: Assembly Committee on Ways and Means Authorizes and provides funding for certain projects of capital improvement. (Later introduced as [Senate Bill 578](#).)

This BDR incorporates the projects that have been approved, otherwise, for capital improvements.

TRACY RAXTER (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

At the pleasure of the Committee, I will present the sections of the bill draft request.

CHAIR RAGGIO:

The Committee is aware of and has approved the projects and the amounts of funding involved.

MR. RAXTER:

Section 1 provides General Funds of \$192.4 million for the CIP program.

Section 3 provides \$520.5 million in General Obligation Bonds to fund the 2007 CIP.

Section 6 provides \$19.4 million in Highway Funds for five projects.

CHAIR RAGGIO:

Please provide the page numbers of each section you reference.

MR. RAXTER:

Yes, sir. The General Obligation Bonds are on page 9 of BDR S-1531.

CHAIR RAGGIO:

Are all the projects funded by each section listed within that section?

MR. RAXTER:

That is correct. Page 16 of BDR S-1531 lists the Highway Fund projects. Those are standard sections within every CIP bill. There are new sections in this particular CIP funding bill draft.

They begin with section 9 on page 17. This section provides a transfer of approximately \$3.4 million of funding included in A.B. No. 494 of the 70th Legislative Session. This is tobacco settlement monies being used to fund a portion of the project for the University of Nevada, Health Sciences System (UNHSS).

Section 10, on page 17, is approximately \$1.4 million of a reallocation of funds from CIP project 01-M5, improvements to the Clear Creek Youth Center. This funding is being transferred to project 07-C85 which is the demolition of the Clear Creek Youth Center.

Section 12, on page 18, is another transfer for the UNHSS of approximately \$1.1 million. This is from project 03-C99L which was the study and design of a heart-transplant facility.

CHAIR RAGGIO:

Are these sections you are covering allocations made in previous biennia now being transferred because they were no longer needed?

MR. RAXTER:

That is correct. They are now being transferred to a specific UNHSS project. In the case of section 12, the allocation is being transferred from project 03-C99L to 07-C89.

Likewise, section 13 provides a transfer of approximately \$1.3 million for that same purpose.

Section 14 is the total of funds being transferred to project 07-C89, the Shadow Lane Biomedical Research Building for the UNHSS of \$5.7 million.

Section 16, on page 19, is the authorization of other funds for the CIP projects. This includes federal funds, donated funds for the NSHE projects, and court assessments.

On page 18 is a new section, specifically regarding project 07-C25 for the Veterans' Nursing Home central dining room. There is a possibility of receiving an additional \$244,000 in federal funds. Those funds have not been designated for this project at this point in time. This section would be used, if those additional funds become available, to offset State funds in that amount and those State funds would revert to the General Fund.

Section 19, on page 21, provides a clause for project 07-C27 which is the Civil Support Team Weapons of Mass Destruction Facility in Las Vegas. This clause states, a contract for the design of the facility and a separate contract for the construction cannot be executed until it is determined federal funds are available for this project.

Section 20 provides for an exemption from the competitive building requirements and consultant selection requirements of design-build teams for project 07-C86B which is the pre-engineered housing units for the Department of Corrections. The purpose of the exemption is to expedite this project. Staff would note, the current timeline reflects an opening date of January 2008 for the first of two housing units.

Section 21 provides an exemption for the automated storage and retrieval system from the competitive bidding requirements. The State Public Works Board (SPWB) has indicated there is one vendor in the country that has done installation of these systems in multiple university libraries. That vendor has also been utilized in the design phase of this project.

CHAIR RAGGIO:

Was that the same vendor that completed the project at the University of Nevada, Las Vegas?

MR. RAXTER:

That is correct.

Section 22 provides an exemption from competitive bidding for two projects. These are two projects at the High Desert State Prison. One is a continuation of Phase IV and the other, the beginning of Phase V. One is an ongoing project and the other is located next to the existing project. The SPWB has requested use of the existing contractor.

Section 23, on page 22, provides an exemption for change-order limits for the same two projects, for the same reason. There are two additional projects, 07-M01B, the heating, ventilation and air-conditioning repairs at the Ely State Prison and 07-M02B which is the Grant Sawyer Building project. The Committee may recall these are two projects that were split into two funding requests. The first part was an approval of early funding by the 2007 Legislature, and this allocation is the remaining funding request. The SPWB is requesting they be able to have a change order for the existing contracts on those two projects.

Section 24 would authorize the use of construction manager at risk services for project 07-M04, which is the Truckee Meadows Community College, Red Mountain Building, fire code deficiencies. The purpose of the request is to expedite completion of the project.

Section 27, on page 23, is standard language. This section provides for a tax levy for repayment of the General Obligation Bonds for the CIP program and the Question 1, Natural Resources bonds. The two provisions total 17 cents each year of the biennium. Of that number, 15.85 cents would be directed to capitol improvement bonds and 1.15 cents would be directed to Question 1 bonds. Staff would note, that is the same ratio currently in place.

Section 30, on page 25, is standard language providing authorization in the Consolidated Bond Interest and Redemption Fund for repayment of the principal and interest costs on the bonds.

Section 31, on page 26, is a new section regarding the UNHSS. The Committee may recall the proposal, as approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means, for the five projects provides a 70-30 funding split; in other words, 70-percent State funds and 30-percent donated funds. This section provides, if funding is transferred between projects as approved by the IFC during the interim, the transfers of funding must maintain the same 70-30 funding split.

Sections 34, 35, 36, 38 and 39, beginning on page 27, are strictly extensions of the reversion dates for existing projects approved in previous biennia.

Section 37, on page 33 is language added regarding the General Fund advance for a 2001 project. This is project 01-C07, the Veterans' Cemetery expansion, Phase IV. That project received a \$300,000 advance. This language states the advance must be repaid by the end of FY 2006-2007.

Section 40, on page 36, is the last of the four sections related to transfers of funding previously appropriated. These are transfers related to the UNHSS projects. This section is related to a bill of the 2005 Legislative Session that appropriated \$4 million to the IFC for the NSHE to fund an academic medical center. These funds will be appropriated to the SPWB for project 07-C89, the Shadow Lane Biomedical Research Building.

CHAIR RAGGIO:

Those were funds allocated but not used?

MR. RAXTER:

That is correct.

Section 41, on page 37, repeals certain sections of the NRS and certain sections of the *Statutes of Nevada 2003* and *2005*, NRS 338.190 and NRS 701.217.

CHAIR RAGGIO:

Does that take the LEED requirements out of statute in the 2007 CIP?

MR. RAXTER:

That is correct. The other application is subsection 3, section 3 of chapter 2, *Statutes of Nevada 2005*, with regard to standards for energy and environmental design.

There is a separate section, subsection 2 in section 41, which repeals a statute in 2003 regarding a repayment to the General Fund for a roofing project at the Purchasing Division warehouse in Reno. The repayment to the General Fund will be accomplished through the Statewide Cost Allocation Plan.

SENATOR MATHEWS:

I notice a number of projects had allocations that were not utilized. It is too late for this Legislative Session, but is it ever possible to allow the system to utilize the allocation differently until specified projects are ready to go online? I was

thinking about the Spanish Springs project for the Truckee Meadows Community College as an example. Can we authorize such transfers of funds?

MR. GHIGGERI:
That cannot be done.

CHAIR RAGGIO:
If there are no further questions, we need a motion to introduce BDR S-1531 as a Committee bill and have it re-referred to the Senate Committee on Finance; then the Committee will have a meeting at the Bar of the Senate to take a do pass motion on this measure.

SENATOR RHOADS MOVED FOR COMMITTEE INTRODUCTION OF BILL
DRAFT REQUEST S-1531.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

SENATOR COFFIN:
I reserve the right to change my vote if further study reveals an issue.

CHAIR RAGGIO:
If anyone wishes to do so, they may call it to the attention of staff and the Chair.

I will now open the hearing on A.B. 617 (1st Reprint). This is the bill to authorize the Fund to Stabilize the Operation of State Government (commonly known as the rainy-day fund).

ASSEMBLY BILL 617 (1st Reprint): Makes an appropriation to the Interim Finance Committee for certain contingencies and potential transfer to the Fund to Stabilize the Operation of the State Government. (BDR S-1228)

ANDREW CLINGER (Director, Department of Administration):
Assembly Bill 617 contains an appropriation approved within the *Executive Budget*. The bill appropriates \$36 million to the IFC. Subsection 2, page 1, line 4 states, "If the State Board of Examiners finds that circumstances for which the Legislature has made no other provision require substantial expenditure that exceeds the amount appropriated by the Legislature for that purpose, it may request an allocation from the Interim Finance Committee for an allocation from the amount appropriated for that purpose." That is the \$36 million. The IFC can then take separate action on the request.

Subsection 3, page 2, line 12, states, "If the projected ending fund balance for Fiscal Year 2008-2009 exceeds the amount estimated by the 2007 Legislature" The balance remaining of the \$36 million will transfer to the rainy-day fund.

SENATOR BEERS:
If there are no questions, are we ready for a motion?

SENATOR CEGAVSKE MOVED TO DO PASS A.B. 617.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR BEERS:

We will now open the hearing on A.B. 205. Has the State Motor Pool moved into the new complex in Las Vegas?

ASSEMBLY BILL 205 (1st Reprint): Makes an appropriation to the Department of Administration for the purchase of motor pool vehicles. (BDR S-1208)

KEITH WELLS (Administrator, State Motor Pool, Department of Administration):
The Las Vegas office has moved and is fully operational.

Assembly Bill 205 would fund the purchase of 54 additional vehicles for the State Motor Pool Division.

SENATOR MATHEWS:

Where is the new location in Las Vegas?

MR. WELLS:

We moved to 7060 La Cienega Drive, directly east of the McCarran International Airport's newly consolidated rental car facility. It is one block east of that facility.

SENATOR BEERS:

Is a bus available to your facility?

MR. WELLS:

Yes, we have a shuttle bus.

The primary recipients of the bill are the Division of Parole and Probation and the Division of Child and Family Services.

SENATOR BEERS:

Is this in accordance with the budget actions of the Committees?

MR. GHIGGERI:

The provision is in the *Executive Budget*. It has been reduced by the limited number of cars. The appropriation has been reduced from the amount originally recommended. Staff has no concerns with this measure.

SENATOR CEGAVSKE MOVED TO DO PASS A.B. 205.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

At this point, we will receive the appropriations bill. We will have to approve that measure and act as quickly as possible.

SENATOR TITUS:

I appreciate the need to flow as quickly as possible, but we spent considerable time asking questions on the education bill. That is appropriate. We would appreciate it if it would not always be our fault for holding up the Session.

CHAIR RAGGIO:

I am not pointing fingers. We both know there are a limited number of hours for the Legislature to adjourn on time. I am asking all parties to please cooperate, and if something must be considered, we will do it as efficiently as possible.

There is another amendment that must be approved. We will consider Amendment No. 1114 ([Exhibit J](#)) to S.B. 434.

SENATE BILL 434 (1st Reprint): Revises provisions governing off-highway vehicles. (BDR 43-400)

SENATOR RHOADS:

This is the bill regarding off-highway vehicles (OHV) that has been worked on for probably six years or more. It is far from perfect, but it is a beginning. Nevada is the only State that does not require registration or titling of OHVs. We can return in two years and perhaps complete the process.

CHAIR RAGGIO:

This Committee voted to amend and do pass this bill. Amendment No. 1114 is the formal amendment as a result of that action. We want to ensure the Committee is comfortable with the amendment. The primary provision, found in section 1, allows acquisition of a title to an OHV in Nevada.

SENATOR RHOADS:

That is the only provision left in the bill.

SENATOR RHOADS MOVED TO ACCEPT AMENDMENT NO. 1114 TO S.B. 434.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

This Committee is in recess at 10:25 a.m. subject to the call of the Chair.

The Committee is reconvened at 5:52 p.m. We will consider A.B. 553, A.B. 565, A.B. 544 and A.B. 280 which need to have action taken.

We will first discuss S.B. 123.

SENATE BILL 123 (3rd Reprint): Makes various changes to provisions relating to public records. (BDR 19-462)

This bill was introduced by Senator Terry Care, Clark County Senatorial District 7. It makes changes with respect to provisions relating to public records. The Assembly has requested we concur with Amendment No. 1161 to this bill. The bill came to this Committee from the Senate Committee on Government Affairs. I have reviewed this amendment with the Chair of that Committee who has recommended we concur with the Assembly amendment.

SENATOR TITUS:

I can speak to this amendment. The original language applied to a governmental entity or a nongovernmental agency that was related to a governmental function. Senator Care originally said if the government contracted with a private firm, they could not respond. As a private company, they did not have to disclose records.

The Assembly felt that was broad. The amendment narrows the language to apply only to governmental entities.

CHAIR RAGGIO:

I am not aware of any objections from Senator Care to Amendment No. 1161.

SENATOR TITUS:

He has none.

SENATOR TITUS MOVED TO CONCUR IN ASSEMBLY AMENDMENT NO.1161 TO S.B. 123.

SENATOR COFFIN SECONDED THE MOTION.

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

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MR. GHIGGERI:

The next item for consideration is S.B. 73. This was Senator Rhoads' bill that has been amended.

SENATE BILL 73: Provides for allowances for certain travel expenses incurred by Legislators during the legislative interim. (BDR 17-265)

CHAIR RAGGIO:

This was the bill that allows a legislator to travel within his or her legislative district and receive compensation for travel expenses. The Assembly amendment provides a legislator could travel within the State rather than limiting it to their legislative district. Is the Committee willing to concur?

SENATOR RHOADS MOVED TO CONCUR WITH ASSEMBLY AMENDMENT NO. 1159 TO S.B. 73.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR BEERS VOTED NO.)
(SENATOR CEGAVSKE WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

We will now continue the discussion of A.B. 544. The Committee is considering Assembly Amendment No. 1166 (later amended into Amendment No. 1172) as proposed.

MS. MARTINOVICH:

This amendment will place a condition on the developer for the \$2-million contribution they previously offered. That is found in section 1, subsection 2. Section 3 makes the appropriation back to the I-15 freeway project keeping the total appropriation at \$170 million.

For informational purposes only, the NDOT does not currently have the funding in its budget. The funding in Section 3 would be moved from fund savings for the Real ID Act through the IFC in each fiscal year.

I would request an additional amendment, jointly approved through the development in the NDOT, concerning the description of the SR-160 project; it should say, "State Route 160, Blue Diamond," and remove the language, "from the junction of SR-159 to Mountain Springs." We will work with private entities and Clark County to add that project to the Clark County Transportation Improvement Plan and work together to finalize costs and find additional funding sources if that becomes necessary.

CHAIR RAGGIO:

Is your testimony that the proposed Amendment No. 1166 be further amended to delete that language?

MS. MARTINOVICH:

That is correct.

SENATOR TITUS:

I do not understand where the funding saved through no action on the Real ID Act is coming from. There are Highway Funds now being proposed for this project. We have heard the funding is not yet available. Could someone please explain?

MR. GHIGGERI:

The Governor's budget, as submitted, had approximately \$30 million in Highway Funds over the 2007-2009 biennium recommended for use in the Real ID Act implementation. When the joint subcommittees closed the DMV budget, they recommended approval of \$100,000 in FY 2007-2008 and \$200,000 in FY 2008-2009 in Highway Fund authorization to begin implementation of the Real ID Act provisions based upon possible forthcoming regulations.

There is language in the Authorization Act indicating the DMV may approach the IFC to request additional funding in the interim if needed. The funding, originally recommended by the Governor in his budget as the budgets were closed, was not specifically requested for any other budget item. That funding

went back as cash funds in the Highway Fund at this time based on anticipated revenue, similar to the General Fund. The amendment to A.B. 544 provides \$8 million in each year of the biennium for the I-15 project.

There have been discussions that the Real ID Act, as presented in the budget, was probably excessive and could have received reduced funding. That leaves \$14 million, theoretically, that may be requested if needed for the Real ID Act provisions.

SENATOR TITUS:

Does Ms. Martinovich's testimony that the funding is not in the NDOT budget mean the agency will need to appear before the IFC to request each of the \$8 million installments?

MR. GHIGGERI:

The way A.B. 544 is written, the funding would be appropriated to the NDOT. If this legislation is approved, the NDOT would not need to appear before the IFC for authorization to spend the \$8 million annual allocation.

CHAIR RAGGIO:

The proposal before the Committee is to utilize Amendment No. 1166 to A.B. 544 and to delete on line 5, page 1, stating, "from the junction of SR-159 to Mountain Springs."

SENATOR BEERS MOVED TO AMEND AND DO PASS A.B. 544 WITH AMENDMENT NO. 1166 AND THE FURTHER AMENDMENT AS STATED BY THE CHAIR.

SENATOR CEGAVSKE SECONDED THE MOTION.

CHAIR RAGGIO:

The Chair notes the explanation was that the Highway Fund is available inasmuch as the \$30 million was to implement the Real ID Act provisions is not otherwise being utilized in the Highway Fund.

MS. MARTINOVICH:

That is correct.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The Committee will next consider A.B. 280. This is what is known as the "pay-for-performance" proposal discussed earlier today. The Chair has been contacted by representatives stating since the measure has been limited to teachers, they would like to have at least principals added to the qualified recipients. The Chair believes that is appropriate.

MS. STONEFIELD:

The Committee has the Mock-up of Amendment No. 4322 ([Exhibit D](#)) which deletes the permanent fund that would have been created in the State Treasury. Starting with section 2, it provides an appropriation from the General Fund to the DOE for a pilot program. The language in the mock-up states, for the

performance pay and enhanced compensation for teachers. We will advise the Legal Division, at your direction, to include "school-site principals."

CHAIR RAGGIO:
That would be correct.

MS. STONEFIELD:
The amendment provides that Clark and Washoe County School Districts must participate and any other school district may submit an application to participate. A copy of the application will be provided to the Legislative Bureau of Educational Accountability and Program Evaluation. The DOE will provide a summary of these proposals to the Legislative Committee on Education. The proposals, the applications and the DOE's report must specify exactly how the funds are to be used.

Section 1, subsection 3, is the language submitted earlier today as a separate amendment ([Exhibit E](#)). It includes the reference to "at-risk schools" and a definition of "at-risk schools" on page 4 of [Exhibit D](#).

CHAIR RAGGIO:
For purposes of understanding, on page 3, the mock-up specifies a single award would not exceed \$3,000.

MS. STONEFIELD:
That is correct.

The definition of "at-risk schools" is copied from language in A.B. No. 80 of the 73rd Legislative Session.

Subsection 9 provides the funds shall not be used to negotiate salaries of teachers who participate in the program.

Subsection 10 provides the funds remaining will revert to the General Fund at the end of FY 2008-2009.

CHAIR RAGGIO:
That seems to cover the concerns of earlier today.

SENATOR TITUS:
I question adding principals to this measure. I speak from experience within the NSHE. The merit system in the NSHE excludes administrators, based on the idea administrators have different functions and different methods of evaluation and reward. They already receive much higher steps and salaries. I would think this measure should be for teachers only.

LONNIE SHIELDS (Clark County Association of School Administrators and Professional Technical Employees):
I consider [A.B. 280](#) a pilot project placing a pay-for-performance program at local school districts. If such a program is implemented in a local school, it seems the principal should be a part of the process, from the negotiating process of how the program will work and deciding how the pay will be distributed. My major concern was to involve them in the process.

SENATOR CEGAVSKE:

I too have concerns about adding principals to this plan. I reviewed the empowerment program as to where administrators would be involved. In that case, the entire school would receive the bonuses or additions.

CHAIR RAGGIO:

The Committee can specify there are concerns about principals being added to this measure. I propose we adopt proposed Amendment No. 4322 to A.B. 280, not including principals in the program.

SENATOR TITUS MOVED TO ACCEPT PROPOSED AMENDMENT NO. 4322, TO A.B. 280 AND NOT TO INCLUDE PRINCIPALS IN THE PROVISIONS.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. SHIELDS:

I appreciate the opportunity to state my reasons for requesting principals in this measure. I have no desire to hinder this legislation in any way.

CHAIR RAGGIO:

The Committee will consider A.B. 565 (3rd Reprint). I have also asked staff to provide this Committee with a list of Senate bills that have not yet been processed in the Assembly Committee on Ways and Means so we may understand why they are not being processed. That may have a direct relationship to bills considered by this Committee this evening.

There is now a proposed amendment to A.B. 565 (3rd Reprint). Mr. Sturm will present the proposed amendment.

MR. STURM:

This morning, the Committee reviewed a number of proposed amendments to A.B. 565. At the bottom of page 2, [Exhibit F](#), it states, "in preparing the agency biennial budget for the State Distributive School Account ... the Superintendent of Public Instruction shall" This is where the "shall" and "may" language was inserted at the request of the Chair and the Fiscal Analysis Division staff.

The proposed amendment will state, "Shall compile the information from the most recent compilation of the reports, may increase the line items, may adjust expenditures and revenues, may consider the cost of enhancement to existing programs and project the costs of proposed new programs." Section 3, subsection 3(e) is "Shall obtain approval from the State Board"

CHAIR RAGGIO:

That is in accordance with the Committee's direction.

MR. STURM:

The second change in section 3 was the superintendent of public instruction would present the prepared request to the standing committees of the Legislature as requested by those committees.

In section 4, the original mock-up this morning had the list of additional school personnel that would be part of the incentive pay program to include licensed teachers, school psychologists, school librarians, counselors and administrators employed at the school level.

There is also language included stating, "must be negotiated pursuant to NRS 288," inserted.

Page 4 picks up the list of categories of employees. Section 4, subsection 3, on of the latest amendment contains the language, "money available for the program must not be used to negotiate salaries of individual employees who participate."

CHAIR RAGGIO:

That is on the record and understood.

MR. STURM:

On the bottom of page 4 is the cap that an award shall not exceed the one-fifth retirement rule. The cap of \$3,500 is placed at this point in the bill.

On page 5, there is a definition of the "at-risk" schools that was worked out earlier today, taken from Assembly Bill No. 580 of the 73rd Legislative Session, where the DOE defines the formula for "at-risk" schools. It will consider the free and reduced lunch rate, the transiency rate, the percentage of pupils with limited English proficiency, the percentage of pupils in individualized education plans and so forth.

I have spoken with Assemblywoman Smith on the amendments and she is in concurrence.

SENATOR TITUS:

Where in the bill does it allow the school board, the State Board of Education, or whomever, to arrive at an entire array of incentives such as the one-fifth retirement, a scholarship to obtain a master's degree, or simply a hiring bonus?

MR. STURM:

That is found on page 3, section 4, subsection 2. It states, "The board of trustees of each school district shall establish a program of incentive pay" On page 4, subsection 4, "If the board of trustees of a school district wishes to receive a grant of money from the Grant Fund the board of trustees shall submit to the Department an application on a form prescribed by the Department." The DOE then collates those and presents them to the IFC in section 5.

SENATOR TITUS:

Are there any restrictions on what possible incentives might be considered?

MR. STURM:

That is not specified in the bill.

SENATOR TITUS MOVED TO AMEND AND DO PASS A.B. 565.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR RAGGIO:

The Committee needs to return to A.B. 280. Assemblywoman Bonnie Parnell, Assembly District No. 40, and I discovered the Assembly Committee on Ways and Means apparently never processed funding for the Grow Network. Assembly Bill 553 contained the funding. That bill was recommended and proposed by the interim Legislative Committee on Education. There was other funding in the bill. The critical issue is continuation of funding for the Grow Network contract. It provides reports to school districts, parents and others.

[ASSEMBLY BILL 553 \(1st Reprint\)](#): Makes appropriations relating to education.
(BDR S-427)

I have asked the Fiscal staff to ascertain the minimum amount required to continue the Grow Network program. They indicate it is a total of \$950,000. The appropriate place for this language, because of its late appearance of the need, is as an amendment and appropriation to A.B. 280. I have talked to staff and they concur that the funding is available.

SENATOR CEGAVSKE:

My first question is what was the original appropriation request amount? Is this for the reports to the parents after the information is received from the DOE, or is this a different report? I want to ensure we are not spending funds inappropriately. The Grow Network is a wonderful program; the problem is with our DOE. I want to ensure this funding would not provide for the report received by parents after their children are promoted to the next grade.

MS. STONEFIELD:

I am working from memory here. I believe the provision in A.B. 553 was for \$1.3 million in each fiscal year to continue the programs under discussion. There were other provisions for enhancement of services from the Grow Network.

CHAIR RAGGIO:

The Committee is only interested in what is believed to be essential funding to carry the program forward.

TIM CROWLEY (The Grow Network):

Our original request for the parent/teacher reports was \$2.8 million over the biennium. We feel we can provide the parent reports for \$950,000.

SENATOR CEGAVSKE:

Is that \$950,000 in each year of the biennium?

MR. CROWLEY:

That represents the total appropriation request over the biennium.

MELINDA MARTINI (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I concur. I understand the request is for \$950,000 total over the 2007-2009 biennium for the parent reports.

CHAIR RAGGIO:

I view this as a critical need and Assemblywoman Parnell agrees. I will entertain a motion to further amend A.B. 280 with an appropriation in the amount of \$950,000 over the biennium to the Grow Network specifying what is required in the report.

SENATOR RHOADS MOVED TO FURTHER AMEND A.B. 280 AS SPECIFIED BY THE CHAIR.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The Committee will now consider A.B. 553 heard earlier today. This is other appropriations to the DOE. The bill was introduced on March 26, 2007, and the Senate Committee on Finance has just received the measure.

MR. ATKINSON:

The entire bill has been amended with new appropriations. The Committee has been provided a draft Floor Statement ([Exhibit K](#)).

CHAIR RAGGIO:

There was an agreement in the budget closing hearing as a result of the agreement on the modified business tax. Is this the bill in which that is reflected? It would free up approximately \$4.5 million.

MR. ATKINSON:

That is my understanding.

CHAIR RAGGIO:

[Exhibit K](#) represents the agreement on what education matters would be funded from the \$4.5 million fund created from the modified-business-tax agreement.

MR. ATKINSON:

That is my understanding as well. The first two items in [Exhibit K](#) are related to the gifted and talented programs. The bill, in section 1, would appropriate \$800,000 in General Funds to the DOE for the gifted and talented programs. It would specifically allocate \$129,828 of that to a parental involvement coordinator at the DOE.

Section 2 would appropriate \$915,000 to fund a pilot program of alternative programs for disruptive pupils. Section 3 would appropriate \$100,000 to fund a pilot program to teach the English language to children who have limited English proficiency during the summer before their entry into kindergarten. Of that amount, up to \$70,000 will be allocated to the Clark County School

District and up to \$30,000 to the Washoe County School District with any remaining funds from those allocations available to the other school districts.

Section 4 would appropriate \$709,000 to fund the Communities in Schools in southern Nevada for coordination of the provisions of student and family services to youth in Clark County.

Section 5 would appropriate \$709,000 to fund the Las Vegas After-School All Stars for the implementation and operation of after-school programs in at-risk schools in the Clark County School District.

Section 6 would appropriate \$709,000 to fund the Save the Children in-school and after-school literacy programs.

Section 7 would appropriate \$10,000 for signing bonuses of up to \$1,000 each to newly-hired teachers for the deaf and hard of hearing.

Section 8 would appropriate \$75,000 for training stipends of up to \$500 for teachers and interpreters working with deaf and hard of hearing students or who are engaged in college or university coursework in that field.

Section 10 would appropriate \$273,000 for a pilot program to develop a magnet or regional elementary school, in counties whose population is less than 100,000 for students who are deaf or hard of hearing.

Section 9 would appropriate \$200,000 for the Intel International Science and Engineering Fair to be held in Reno May 8 through 15, 2009.

All of these appropriations would be effective July 1, 2007, and all provisions include reversion clauses if the funding is not spent.

CHAIR RAGGIO:

The previous understanding was these are one-shot appropriations. They are not continuing programs.

SENATOR CEGAVSKE:

My only concern is for the deaf and hard of hearing provision. I do not recall any need expressed in counties with populations of less than 100,000.

CHAIR RAGGIO:

We need to answer that question before the bill can be processed. Are there other comments or questions?

SENATOR CEGAVSKE:

I have contacted Speaker Barbara Buckley and she concurs with deletion of the "counties with populations less than 100,000" language.

MR. ATKINSON:

Please specify to which appropriation you are speaking.

SENATOR CEGAVSKE:

I am talking about the \$273,000 appropriation for a pilot program to develop a magnet or regional elementary school for students who are deaf or hard of hearing. The remainder of that provision can be deleted.

SENATOR RHOADS MOVED TO AMEND AND DO PASS AS AMENDED A.B. 553 WITH THE DELETION OF LANGUAGE REGARDING COUNTIES LESS THAN 100,000 POPULATION FOR THE \$273,000 APPROPRIATION.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

This Committee is in recess at 6:30 p.m., subject to the call of the Chair.

The Senate Committee on Finance is reconvened at 7:56 p.m. I appreciate the cooperation of everyone on the Committee and all those involved in this process. There will likely be a need for frequent meetings throughout the evening to complete our work.

The Committee has for its consideration BDR S-1533 ([Exhibit L](#), original is on file in the Research Library).

BILL DRAFT REQUEST S-1533: Makes various changes concerning financial administration. (Later introduced as S.B. 579.)

This is a bill with a number of appropriations. This represents money available after the budget process for appropriations on bills that have been heard in either House. It was not known until this time whether or not funding would be available. This BDR represents the agreement in the Senate by both the Republican and Democratic parties on funding for special matters. For the most part, all of these bills have been heard in the Senate Committee on Finance.

In addition, staff has prepared a breakdown of the bills that have been addressed ([Exhibit M](#)) and the appropriations that have been recommended for funding as a result of the agreement. There are some items at the end of [Exhibit M](#) that are additions or did not have bill numbers associated with them but are appropriate for consideration.

This is not an unfamiliar process. It is a process that occurs typically at the end of a Legislative Session. You will hear this BDR referred to the "pork bill," unless you ask the people involved who would receive the appropriations.

These are considered worthy measures by the Committees that have heard them. The purpose of this meeting is to introduce the BDR as a Committee introduction. We can avoid a further hearing on this measure, because if agreement is reached, I will recommend it on the Senate Floor for a do pass measure.

If there are no comments or questions, I would entertain a motion for introduction, and upon introduction and referral to this Committee, a motion for do pass action.

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SENATOR RHOADS MOVED FOR COMMITTEE INTRODUCTION OF BDR S-1533, AND UPON REFERRAL BACK TO THE COMMITTEE MOVE TO DO PASS AS S.B. 579.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RAGGIO:

The bill will be introduced as a Committee bill. Upon appropriate referral, we will recommend a do pass action be taken.

This Committee is in recess at 8 p.m. until the call of the Chair.

This Committee is reconvened at 10:23 p.m. There are certain matters that need to be processed expeditiously. The first order of business is considerations of concurrences.

The first bill we will consider is S.B. 443. The Assembly has amended this measure.

SENATE BILL 443 (1st Reprint): Makes various appropriations. (BDR S-1234)

MR. GHIGGERI:

The amendment concerns the bottom of page 4, section 10, for the neuro-immune disease appropriation. The purpose of the appropriation has been changed from faculty, staff and operating costs to construction, furnishings and equipment of a facility.

Next is page 8. Sections 22 and 23 have been deleted.

CHAIR RAGGIO:

Unless there are objections, the Chair will accept a motion to concur.

SENATOR BEERS MOVED TO CONCUR WITH ASSEMBLY AMENDMENT NO. 1163 TO S.B. 443.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next bill to consider for concurrence is S.B. 476.

SENATE BILL 476 (3rd Reprint): Makes various changes concerning business practices. (BDR 54-1389)

This bill was heard in the Senate Committee on Commerce and Labor. We are considering Assembly Amendment No. 1150. I am advised the Senate Committee on Commerce and Labor suggested we concur in this

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amendment. It is a policy bill providing for licensing and regulation of exchange facilitators. It is before this Committee because we were the last Committee to hear the measure.

SENATOR BEERS:

If this is a policy matter, Senators Titus, Coffin and I would like to consider the measure.

SENATOR CEGAVSKE:

I object to that suggestion.

CHAIR RAGGIO:

I will take a motion to concur.

SENATOR RHOADS MOVED TO CONCUR IN ASSEMBLY AMENDMENT
NO. 1150 TO S.B. 476.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next bill for Committee consideration is S.B. 437.

SENATE BILL 437 (3rd Reprint): Revises provisions concerning generation and consumption of energy. (BDR 58-232)

This is another bill that was heard in the Senate Committee on Commerce and Labor concerning economic and energy development. The amendment to change is for the in-house authority for wind and water Energy Systems Demonstration Program. I am advised the Senate Committee on Commerce and Labor suggests this Committee concur in the Assembly amendment.

SENATOR TITUS:

The other Committee lowered the requirement to change to solar energy from 5 percent to 6 percent by the year 2009. I object to that provision, but since other good provisions are in the bill, I will support it.

SENATOR TITUS MOVED TO CONCUR WITH ASSEMBLY AMENDMENTS
NO. 1146 AND NO. 1147 TO S.B. 437.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next amendment for consideration is to A.B. 553.

MR. GHIGGERI:

This bill was heard earlier today. Turn to page 9, section 10, where language has been stricken that specifies counties with a population of less than 100,000. That is the only change in this measure.

CHAIR RAGGIO:

The Chair will accept a motion to accept Amendment No. 1179 to A.B. 553.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 553 WITH AMENDMENT NO. 1179.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next bill for consideration is S.B. 116. This is a proposed amendment from Senator Coffin who was working with the bonus program for members of the Nevada National Guard.

SENATE BILL 116: Provides for a bonus to be paid to certain members of the Nevada National Guard and the Reserves called to active duty to combat terrorism and authorizes allocations to pay for the bonuses and an allocation for the Lou Ruvo Brain Institute. (BDR 36-13)

SENATOR COFFIN:

You heard this bill in March. The bill, at time I outlined for you a bill very similar to the one that we proposed two years ago, except that this bill reduces the benefit considerably to make it palatable to the people who are worried about the amount of money that was proposed the first time.

I have reduced it even further for your consideration this evening. The fiscal note has been dropped considerably, although the funds still, as originally proposed to you, come out of the rainy-day fund. The sum has been reduced to \$9.6 million. This money will be obviously well-received by folks who desperately need it. They needed it two years ago; they need it even more now. I am sure they will be grateful for what comes their way. I can't think of any others more deserving of financial assistance. This will help about 6,000 families, Mr. Chairman, who have been jerked out of their roots and attempted to do their best to do their duty for all of us.

CHAIR RAGGIO:

I recognize the entitlement. This is an unusual situation where our country is in a time of war. However, I have been concerned about utilization of revenue from the rainy-day fund. This is a limited amount of \$9.6 million and I would support it.

SENATOR CEGAVSKE:

While I do not disagree that it would be good to make a provision for the members of the Nevada National Guard, I have not, and will not, support removing any funds from the rainy-day fund. It is placed there for a reason. This

proposal should have been a General Fund appropriation if it passed. That could have been requested in the surplus funding bill. I am sorry it was not used for this purpose. I will vote "no" in regard to removal of funds from the rainy-day fund.

SENATOR BEERS:

When we first discussed this measure, we discussed reducing the appropriation to the rainy-day fund this Session by the amount of the proposed bonus, thus making the allocation from the General Fund rather than from the rainy-day fund. I believe removal of funds from the rainy-day fund is an irresponsible precedent. Is that plan possible to execute at this late stage of the Session?

MR. GHIGGERI:

A trailer bill could be executed to amend the legislation that provided the appropriation to the rainy-day fund.

SENATOR BEERS:

I could support S.B. 116 with that structure, but removing funds from the rainy-day fund is a dangerous precedent.

SENATOR TITUS:

Where can \$9 million be found in the General Fund at this point?

SENATOR BEERS:

We have processed legislation to appropriate approximately \$36 million into the rainy-day fund from the General Fund.

SENATOR TITUS:

I see.

CHAIR RAGGIO:

There is funding directed for use by the IFC.

SENATOR BEERS:

Why can we not reduce the allocation to the IFC Contingency Fund for this purpose and utilize the reduction for this measure? If an emergency occurred that would cause the IFC to meet, could we draw from the IFC Contingency Fund at that point?

CHAIR RAGGIO:

The IFC does not have that authority. If \$36 million was needed for some emergency, funding would not be available to address the emergency.

SENATOR TITUS:

I understand the difficulty with removing funding from the rainy-day fund. I also know we have done a lot of things for National Guard members such as free university credits, retirement credit in the State system and a guaranteed job if a Guardsman is deployed and returns. What if a compromise was made so that the bonus would be \$5,000 each instead of \$10,000 each, then the total amount would be \$5 million instead of \$9.6 million?

CHAIR RAGGIO:

I think the amount has already been reduced.

SENATOR TITUS:

It still says "not greater than \$10,000" but the individual amounts are reduced.

SENATOR COFFIN:

If I could help? The amendment has ... ; there is no way anyone can reach \$10,000. I think \$2,000 is probably the max.

CHAIR RAGGIO:

Could the bill be further amended to place a limit of \$5,000?

SENATOR COFFIN:

It certainly could, Mr. Chair. At the same time, I did want to say this; I respect the wishes of the members who are worried about paying out the rainy-day fund and wondering where to fund and wondering why it did not come from the General Fund. We had \$300 million extra in General Fund, when I proposed that the money come from that fund, and the gentle lady voted against it then; so I do not know what I can do to persuade her to put forth at any time. It was a lot of money then. She said no. I certainly would hope she could see her way to say yes this year because, let's face it; there is \$277 million in the rainy-day fund.

There is no way anyone can collect \$10,000, by the way. I have no objection; the drafter is present, if you want to place a maximum of \$4,000 or \$5,000. But, in practical terms, the way it works out is, about the most anyone can receive, under this calculation is about \$2,000.

SENATOR BEERS:

I do not see a need for the cap if that is the case.

SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 116 TO MAKE THE APPROPRIATION FROM THE IFC
CONTINGENCY FUND INSTEAD OF THE RAINY-DAY FUND.

THE MOTION FAILED FOR LACK OF A SECOND.

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CHAIR RAGGIO:

Is there another motion?

SENATOR COFFIN MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 116 WITH AMENDMENT NO. 3926 AND WITH THE ADDITIONAL
AMENDMENT OF AN INDIVIDUAL CAP OF \$5,000.

SENATOR TITUS:

Would the reduction of the individual cap decrease the appropriation needed?

MR. GHIGGERI:

As drafted, the appropriation would come directly from the rainy-day fund.

SENATOR TITUS:

With an individual cap of \$5,000, would the appropriation still be \$9.6 million?

MR. GHIGGERI:

I would guess the appropriation would be reduced, but I do not have those calculations before me.

SENATOR COFFIN:

The Department of the Military calculated the individual benefit based upon a maximum of \$10 million to be expended, and worked their way backward to calculate the maximum monthly provision. That calculation assumes, based on the number of personnel and the number of months they serve, no individual will receive a monthly benefit of more than \$2,200.

CHAIR RAGGIO:

Is there a second to the motion?

THE MOTION FAILED FOR LACK OF SECOND.

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We will now consider A.B. 89.

ASSEMBLY BILL 89 (2nd Reprint): Revises provisions regarding industrial injuries and occupational diseases. (BDR 53-849)

We will need to rely on staff to explain this bill.

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

I have copies of the mock-up of the bill by way of explanation.

CHAIR RAGGIO:

Is this the mock-up that resulted in the Assembly amendment?

MR. DREHER:

That is correct.

SENATOR BEERS:

Without a copy of the bill, I will be voting "no" on this measure.

CHAIR RAGGIO:

We will wait until we have a copy of the bill to consider this amendment.

MR. DREHER:

I will return with copies of the bill and the amendment for the Committee.

CHAIR RAGGIO:

We will now consider S.B. 185.

SENATE BILL 185 (3rd Reprint): Revises provisions governing the Commission on Educational Excellence. (BDR 34-426)

The Committee is being asked to concur or not concur with Assembly Amendment No. 1157. What does the amendment address?

SENATOR CEGAVSKE:

The first change, on page 3, provides that a parent must not be employed by the Board of Trustees or the school district governing body.

Page 4 changes the language to be consistent. It would now read, "A consortium of public schools" throughout the remainder of the bill.

The bottom of page 5, adds "Does not, as a result of the program for which the grant of money was awarded, show improvement in the achievement as determined in an evaluation" This is the amendment we worked on with Assemblywoman Smith.

Page 6 adds, "The school district may make recommendations to the individual schools and consortiums of schools. Such schools and consortiums of schools are not required to follow the recommendations of the school district."

Page 7 adds, "The Legislative Auditor shall audit biennially the programs for which schools and consortiums of schools receive an allocation of money. The audit may include a representative sample of programs, based upon geographic location of type of program. The Legislative Auditor shall report the results of each biennial audit to the entities prescribed in subsection 3."

On the bottom of page 8, "The evaluation includes an identification of the programs for which money was allocated from the Account, that did not improve the achievement of pupils"

CHAIR RAGGIO:

Do these amendments meet the approval of the policy committee?

SENATOR CEGAVSKE:

I am a member of that Committee and I believe it approves the amendments.

CHAIR RAGGIO:

Is there a motion to concur in Assembly Amendment No. 1157 to S.B. 185?

SENATOR BEERS MOVED TO CONCUR IN ASSEMBLY AMENDMENT NO. 1157 to S.B. 185.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

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CHAIR RAGGIO:

There are a number of bills that must have action prior to the deadline. The Assembly needs to take action on certain Senate bills as well.

SENATOR BEERS MOVED TO PASS S.B. 116 WITH AMENDMENT NO. 3926 AND THE FURTHER AMENDMENT TO ALLOCATE THE FUNDS FROM THE IFC CONTINGENCY FUND.

SENATOR TITUS SECONDED THE MOTION.

SENATOR CEGAVSKE:

I would like the assurance from staff that this action is possible.

MR. GHIGGERI:

It is possible.

SENATOR CEGAVSKE:

Has this ever been done, or are we setting a new precedent?

MR. GHIGGERI:

It can be done.

CHAIR RAGGIO:

The amount of funding under consideration is \$36 million. That money was appropriated to the IFC to meet a specific contingency that might occur. The IFC, if it has this authority, could reduce that amount by the amount approved in S.B. 116. The only issue is whether or not that action is taken and the expected emergency occurs; there will not be funding available.

SENATOR CEGAVSKE:

That is my concern. If we wish to process this measure, the funding should have been allocated from other expenditures over the last couple of months.

CHAIR RAGGIO:

There are other bills that must be considered while we are waiting for the sponsor of the bill.

We now have copies of A.B. 89 (2nd Reprint).

MR. DREHER:

This bill would provide an appropriation for state park rangers to be included in the heart and lung provisions of NRS 617 with a deadline for enrollment. It would also include approximately 11 Department of Public Safety (DPS) personnel who were mistakenly removed from the heart and lung provisions in 2005 when the DPS was reorganized. Nine of those eleven individuals have already received the tests; they are all category 1 peace officers.

The last part of the amendment concerns the inclusion of volunteer firefighters in the State, providing them occupational disease coverage when they are over 55 years of age. That is a rebuttable presumption, not a conclusive presumption for those individuals.

The appropriation requested from this Committee is to provide the amounts of \$31,391.05 for FY 2007-2008 and \$13,109.20 in FY 2008-2009 totaling approximately \$44,500.25 over the biennium, to fund the initial testing of state park rangers.

SENATOR RHOADS:

Will this not have an impact on local governments with the volunteer fire department provisions?

RUSTY MCALLISTER (Professional Firefighters of Nevada):

I have been working in coordination with the volunteer firefighters' president, Mr. Mike Heideman. I have talked to representatives of the Nevada Association

of Counties and the League of Cities, who have assured me they supported the bill. The only increase would be a provision of a better level of safety for the volunteers. Currently, volunteers are only required to seek a physical examination every three years. Their coverage expires at the age of 55. Volunteer firefighters are being lost throughout the State, especially in rural areas, because of those provisions. Assembly Bill 89 would allow them to continue their service after the age of 55; however, after age 50, they would be required to seek annual physical examinations to assure they are at a higher level of protection.

SENATOR BEERS:

Are there any representatives of local government present who could corroborate Mr. McAllister's testimony?

CHAIR RAGGIO:

I would think, if someone can contact the representatives and ascertain their positions, action can be taken on the Senate Floor. Time is running out. What is the Committee's pleasure?

SENATOR CEGAVSKE:

I suggest we pass the bill to the Senate Floor with no recommendation until our answers are obtained.

SENATOR TITUS MOVED TO DO PASS A.B. 89, WITH THE ABILITY TO TAKE FURTHER ACTION, AS NECESSARY, ON THE FLOOR OF THE SENATE.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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SENATOR BEERS:

Senator Coffin has returned and we have a pending motion and second on S.B. 116.

CHAIR RAGGIO:

We will reopen S.B. 116 and request the maker and second of the motion to restate their motion.

SENATOR BEERS MOVED TO PASS S.B. 116 WITH AMENDMENT NO. 3926, WITH A FURTHER AMENDMENT TO ALLOCATE THE FUNDS FROM THE IFC CONTINGENCY FUND RATHER THAN FROM THE RAINY-DAY FUND.

CHAIR RAGGIO:

Does your motion include a requirement that the funds remain in the IFC Contingency Fund authorized for release as needed for these purposes?

SENATOR BEERS CONCURRED WITH THE CHAIR'S STIPULATION TO HIS MOTION.

SENATOR TITUS SECONDED THE MOTION.

SENATOR TITUS:

My second is with the reduction in the allocation from \$10 million to \$5 million.

CHAIR RAGGIO:

To clarify the motion; it is to pass S.B. 116 using Amendment No. 3926, "reducing the amount any individual can receive is not greater than \$5,000; that the money would be appropriated from funds that have been appropriated otherwise to the IFC for special purpose; and that the money would be released by authority of the IFC in phases, as needed, to fund this proposal."

We have a motion and a second.

SENATOR CEGAVSKE:

I think the bill should be re-referred to a policy committee.

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

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CHAIR RAGGIO:

The Committee will now consider A.B. 162. What amendments were made? The original bill established a Nevada Veterans' Museum.

ASSEMBLY BILL 162 (1st Reprint): Makes various changes concerning military service. (BDR 33-775)

MICHAEL FISCHER, D.D.S. (Director, Department of Cultural Affairs):

The original bill was presented with a fiscal note for establishment of a veteran's museum at Lorenzi Park in Las Vegas. The bill has been substantially amended in the Assembly.

ROBERT A. OSTROVSKY (Vice Chair, State Board of Museums and History):

This bill originally created a veteran's museum. There was a fiscal note, but it has not been acted upon.

SENATOR BEERS:

Is that because the City of Las Vegas is providing funding for the museum?

MR. OSTROVSKY:

Not to my knowledge.

DR. FISCHER:

Not to my knowledge, either.

SENATOR BEERS:

Was there a fiscal note on the original bill?

DR. FISCHER:

Yes, there was. It was \$238,000 in FY 2007-2008 and \$670,743 in FY 2008-2009, with an effect on future biennia of \$381,142. We are not against the veteran's museum. We are concerned it is a mandate that would occur without funding.

CHAIR RAGGIO:

The Chair would entertain a motion that would delete section 1 of A.B. 162 that provides for the establishment of a Nevada Veterans' Museum at this time. I believe the Committee would be willing to support the portion of the bill exclusive of references to a veterans' museum.

Section 2.2 grants the waiver of laboratory fees for children and widowers of a person who is killed while performing duties as a member of the Nevada National Guard with the eligibility as indicated.

Section 2.4 furthers that recommendation. " ... a member in good standing who has served on active duty, would be exempt from fees for hunting and fishing licenses."

Section 2.6 also refers to the eligibility. The Chair would entertain a motion to delete the sections of A.B. 162 that make reference to a Nevada Veterans' Museum.

The Chair would entertain a motion to process the bill with waivers of registration and fees for children, widows and widowers of persons who have been killed during duty as a member of the Nevada National Guard.

SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 162 AS STATED BY THE CHAIR.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. OSTROVSKY:

I wish to clarify that I am not present representing the City of Las Vegas; rather, as the Vice Chair of the State Board of Museums and History.

CHAIR RAGGIO:

We will now consider A.B. 563 which has been referred to this Committee.

ASSEMBLY BILL 563 (2nd Reprint): Revises the calculation of the basic support guarantee for school districts in Fiscal Year 2008-2009 under certain circumstances. (BDR S-531)

During deliberations on the LEED bill, there was some optimism there would be unrealized revenue that could potentially be utilized to increase salaries of teachers.

This bill would create a trigger, and, if on May 1, 2008, the IFC receives a projection that revenues have exceeded certain criteria, and funds are available from this source, it would be available to increase salary from a 4-percent raise to a 4.375-percent raise, taking effect in FY 2008-2009.

SENATOR BEERS MOVED TO DO PASS A.B. 563.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR RAGGIO:
Having no further business at this time, this Committee is adjourned at 11:03 p.m.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____