

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

**Seventy-Sixth Session
April 29, 2011**

The Committee on Ways and Means was called to order by Chairwoman Debbie Smith at 8:12 a.m. on Friday, April 29, 2011, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chairwoman
Assemblyman Marcus Conklin, Vice Chair
Assemblyman Paul Aizley
Assemblyman Kelvin Atkinson
Assemblyman David P. Bobzien
Assemblywoman Maggie Carlton
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph M. Hogan
Assemblyman Randy Kirner
Assemblywoman April Mastroluca
Assemblyman John Ocegüera

GUEST LEGISLATORS PRESENT:

Assemblyman John Ellison
Assemblywoman Marilyn Kirkpatrick

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Tenna Herman, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith said the Committee would hear several supplemental appropriation bills that needed to be processed where there were no major questions.

Chairwoman Smith reminded everyone in the room that if a bill came to the Committee that had been moved out of the policy committee with recommendation, the focus would be on the fiscal note only. If a bill came without a recommendation, the Committee would address the policy more closely. She invited Assemblyman Ellison to give a brief explanation of what A.B. 363 (R1) did and then there would be a discussion about the fiscal note.

Assembly Bill 363 (1st Reprint): Revises provisions governing manufactured housing. (BDR 43-996)

Assemblyman John Ellison representing Assembly District No. 33, said A.B. 363 (R1) had two parts:

- If the county wished, it could do its own inspections of manufactured housing. The county might choose this option because state inspectors were not always available.
- The second part of the bill was the licensing agreement for manufactured housing. Currently for a licensed contractor in the State of Nevada to get a license under manufactured housing, he had to pay for a permit, which included continuing education. The contractor was required to take a class every year that did not fall into his field of expertise. The bill would clean that up.

Assemblyman Ellison introduced James deProsse from the Manufactured Housing Division who supported the bill. The State Contractors' Board was also in support of the bill.

James V. deProsse, Administrator, Manufactured Housing Division, Department of Business and Industry, referred to the fiscal note ([Exhibit C](#)) that had been submitted prior to the amendments that had since been passed by the committee [Commerce and Labor]. The Division recognized that it would lose

some revenue relative to the licensing process, but with the amendment, the licensing structure with the Contractors' Board was really not materially different. The process itself and those being licensed would still be licensed through the Manufactured Housing Division. The essence of the amendment streamlined the process making it easier for current licensees of the Contractors' Board to become licensed by the Division. Because of a significant increase in contractor's obtaining licenses from the Manufacturing Housing Division he anticipated a revenue increase in the Division's license base.

Chairwoman Smith reiterated that the original fiscal note had a loss of revenue of \$231,415 for each year of the biennium.

Mr. deProsse responded that was split, with \$32,000 relating to the licensing piece, which he now believed to either be zero or have a positive revenue effect. The original bill had also been amended regarding the installation piece which would require a cooperative agreement with the Division. In the original bill draft a county could essentially choose to use or not use representation for manufactured housing inspections as they saw fit without really working through the Division. If that were the case, and all counties and other local jurisdictions took on all those responsibilities, the Division projected a revenue loss of approximately \$199,000. The amendment required local jurisdictions to go through the Division and sign a cooperative agreement with them. Humboldt and Lander Counties were already in place to take up that responsibility, but Mr. deProsse believed few others would go that route. If that were the case, the fiscal note would be zero.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that as the bills processed out of the first house at the deadlines, the process went very quickly. Staff had contacted the Manufactured Housing Division and asked its opinion on how the amendment would affect the fiscal note. The primary concern was that Fiscal staff did not typically see fiscal notes with a range from \$0 to \$200,000. It appeared that the decision regarding whether or not a county would be able to opt out of the licensing that the Division provided would rest with the Division, so the agency had some control over revenues through the cooperative agreement process. It was important to get on the record that any loss of revenue as a result of A.B. 363 (R1) would be because the Division, in an agreement with the county, gave up that revenue and that licensing function in that county.

Mr. deProsse agreed and said that the Division controlled the cooperative agreements, and could structure the agreements as it had with Lander and Humboldt Counties. Also, the county had to demonstrate that it was capable of doing such inspections. Most counties currently were not.

Chairwoman Smith wished to be very clear that Manufactured Housing was supportive of A.B. 363 (R1) and could manage the fiscal note because it was somewhat in control of its destiny with the cooperative agreements.

Mr. deProsse responded that Manufactured Housing was very much in favor of the bill and believed it formalized the process for a county to ask permission to enter into a cooperative agreement.

Assemblywoman Carlton remarked that she had heard this bill in Commerce and Labor. If a county met all the necessary criteria, the Division could not refuse an agreement even though it would affect the Division fiscally.

Mr. deProsse responded that a county taking on the inspection responsibilities could affect the Division negatively. Some of the counties did not have building departments, so they could not take advantage of that possibility. He believed that the Division was prepared to handle the situation of counties taking over inspections, should it arise.

Assemblyman Ellison reminded the Committee that even if a county chose to do inspections, Manufactured Housing would still hold the permit processing and the only thing they would not be doing would be the inspections. It would still receive a fee for permits. It was a cooperative agreement between the county and the Division. The advantage would be to have inspectors available locally in rural areas where they could do the inspections in a shorter period of time, and state inspectors would not have the expense of time and travel. The permit process would still work through Manufactured Housing.

Chairwoman Smith asked for comments in favor of the bill.

Warren Hardy representing the Associated Builders and Contractors of Nevada believed that A.B. 363 (R1) was good for contractors, but most importantly, it was good for consumers. This bill would create additional competition and drive down the costs for the consumer. Even if there was a small fiscal effect, there was a positive benefit to the consumer.

Chairwoman Smith appreciated Mr. Hardy's testimony and indicated the Committee liked knowing there was support for bills they passed.

Susan Fisher represented the Nevada Housing Alliance (NHA) which was made up of manufactured housing dealers and installers, who, she advised, definitely supported A.B. 363 (R1). The bill would save time and money for dealers which would then be passed on to consumers. Sometimes it took a lot of time

to get a manufactured unit inspected when it was in one of the rural counties because the state did not have inspectors available there. The NHA had to schedule with the Division and then pay the travel costs to get inspectors there. The current process increased time and expense for NHA. In the past, local jurisdictions did their own inspections, and it had only been in the past ten years that the state had taken on inspections. The NHA saw this bill as an improvement for their businesses.

Chairwoman Smith asked whether anyone else wished to testify regarding A.B. 363 (R1). Seeing none, she closed the hearing on A.B. 363 (R1).

Assembly Bill 534: Increases penalties for operating certain group homes without a license. (BDR 40-671)

Assemblywoman Marilyn Kirkpatrick representing Clark County Assembly District No. 1 presented A.B. 534 which did four major things:

1. The bill transferred the authority to impose penalties for operating an unlicensed group home from the Office of the Attorney General to the Health Division of the Department of Health and Human Services.
2. The bill increased civil penalties for operating an unlicensed facility to \$10,000 for a first offense, \$25,000 for a second offense, and \$50,000 for the third offense.
3. If a person operated an unlicensed facility, this bill increased the period of time within which he could not apply to license the facility to six months for the first offense, one year for the second offense, and permanently for the third offense.
4. The bill clarified that operating a residential facility for groups, or group homes, without a license was not excused by subsequent licensure of that facility.

Assemblywoman Kirkpatrick stated that during the 2009-2010 interim she had chaired the Committee to Study Group Homes (A.B. No. 294 of the 75th Session) 2009, and one of the biggest expenses was managing complaints about unlicensed group homes. That activity required a great deal of the Committee's time. The Group Home Committee found that some of the group homes licensed one home but had three other unlicensed homes available. The agencies would testify about how far reaching the problem was.

Philip Weyrick, Administrative Services Officer 4, Health Division, Department of Health and Human Services, said this measure authorized the Health Division to recover civil penalties directly from persons who operated certain unlicensed facilities. Based on the existing data related to unlicensed facilities, an increase in revenue was estimated that would go into the Division's penalties account, budget account (BA) 3217, which was not included in The Executive Budget. Because of an increased amount of fines that would be imposed, the Division estimated that the projected revenue, depending on whether it was the first, second, or third offense, would be between \$170,000 to \$850,000 per year with an average of approximately \$481,000. A decision unit was built into budget account 3216 (Health Facilities Hospital Licensing) because the Division did not have access to the nonexecutive budget account 3217, but the money would be deposited into BA 3217.

Chairwoman Smith asked what the revenue could be used for.

Philip Weyrick stated that A.B. 50, which the Division had proposed, allowed a broader interpretation of how that money could be used. Currently the law read that sanction money could be used to benefit the residents of the facility in which the infraction occurred. He believed the intent may have been to benefit all of the residents of all of the facilities and to try to prevent those kinds of things from happening at all the different types of facilities. Assembly Bill 50 revised the language so it was clearer.

Chairwoman Smith said that was a substantial amount of revenue and asked how it affected the agency's budget.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the 3217 budget account, which was the nonexecutive account, had about \$186,000 at the start of this fiscal year. Fines from A.B. 534 could generate up to \$800,000 in additional revenue. That was a significant increase in the amount that the Division would have available. Mr. Combs wanted the Committee to be aware of the magnitude that this level of penalty could generate and wanted the Committee to know how the money was being used. From a fiscal standpoint the revenue was going into BA 3217, but the expenditures would actually be incurred in BA 3216, which was an account in The Executive Budget. That account had a reserve that the Division would use to fund expenditures through a work program if the bill was ultimately enacted.

Phil Weyrick said that the Division used some of the funds in BA 3217 to conduct training activities at some of the facilities that were incurring infractions and having fines levied against them. There were some setup costs

to revise forms, train staff on the provisions of the new law, and update the website. The Division could hire a contractor and actually pay those expenses out of BA 3217, but the funding for the actual time and effort to do the inspections of the unlicensed facilities currently came out of BA 3216.

Assemblyman Hambrick noted that the Division would be giving administrative caution before they issued the fines. With the fines so heavy, he expressed surprise that a group home would ever be fined more than one time.

Assemblywoman Kirkpatrick responded that last year 17 unlicensed facilities were identified. The Group Home Committee thought that penalties needed to be increased so that owners of the homes understood that the lack of licensure was a serious offense. The reason there was a second or third offense was because there were caretakers who got fined at one facility and then shuttled the residents to another facility. That was a very common practice. Another common practice was that owners licensed one facility but had four or five other facilities in different cities with different rules that were not licensed. The facilities who followed the law were the ones that suffered because of the expenditure of resources on the unlicensed group homes.

Assemblyman Hambrick suggested that instead of fining corporations they should be fining the owner, so they could not hide behind corporations.

Assemblywoman Kirkpatrick responded that the fine would go to the facility, and the person who was responsible for that particular facility. She also commented that this was a big business with big dollars behind it.

Chairwoman Smith asked Mr. Weyrick to ask his staff to continue working with Fiscal staff as the bill was moved forward. The Committee might wish to fold this into The Executive Budget so it would be addressed in the next legislative session as well. Chairwoman Smith asked whether anyone else wished to provide testimony on A.B. 534. Seeing none, she closed the hearing.

Assembly Bill 558: Establishes the categorical block grant program for K-12 public education. (BDR 34-1159)

Chairwoman Smith opened the hearing on A.B. 558, which provided for the categorical block grant program for K-12 public education. This program had been discussed a great deal in prior budget hearings. Not everyone had heard all of the discussions, so the Committee would hear an overview of what the plan proposed.

Julia Teska, Budget Analyst 5, Budget Division, Department of Administration, said that A.B. 558 was the legislation that implemented the categorical Student Achievement Block Grant that was included in the Governor's budget. This program took most of the categorical programs currently funded in K-12 education and rolled them into a single Block Grant. Rather than go through all the individual pieces that were put into the Block Grant, the big components were class-size reduction, and full-day kindergarten with a number of other smaller components. The funding components that were excluded from the Block Grant and remained as categorical line items were the regional professional development programs, adult education, special education, and the state match for the national school lunch program. Special education and the state match had to be continued as categorical line items because of federal regulations.

Ms. Teska said that the intent behind that was to provide local control and greater flexibility to the districts. The thought process was that the districts needed to have the flexibility to run the programs that worked for their specific student populations. There was also an accountability component to the program. Currently most of the categorical programs that were funded in K-12 education did not require, as part of receiving the funding, the reporting of specific data-driven results regarding actual student achievement. This program required that when the district submitted its plan for receiving the Block Grant, it would indicate what programs it was planning to run and how those programs would specifically increase student performance. Once the district supplied its reporting for how it spent the money, it also had to report how those expenditures affected student performance. The state could determine whether the money being spent was actually achieving the objective. While there had been a great deal of discussion about how much Nevada spent on education and whether or not that was enough and where Nevada ranked nationally, the Department of Education (NDE) needed to make sure that every dollar being spent achieved the educational objectives.

In response to Chairwoman Smith, Ms. Teska responded that the original intent was to have the Block Grant become effective in fiscal year 2012. After talking to the districts, it appeared to be more prudent to allow a year for the districts to get their plans together and transition from the current line-item categoricals to the new Block Grant.

Chairwoman Smith asked whether the bill eliminated the requirement for class-size reduction for grades 1, 2, and 3 and full-day kindergarten.

Ms. Teska responded that it eliminated those requirements unless the district accepted the Block Grant money for those programs.

Chairwoman Smith commented that NDE already had a grant account, the School Remediation Trust Fund budget account (BA) 2615, and it used that vehicle. It left the Commission on Educational Excellence intact, but eliminated the application process.

Ms. Teska replied that the intent was that the Commission would not be approving grants out of that account effective in 2013. The Commission would not have an active role.

Chairwoman Smith asked whether there was an apportionment process to which Ms. Teska responded that the basis of a Block Grant was a formula process.

Assemblyman Hickey referred to a fiscal note from Dr. Rheault at the Department of Education that said while there may be some labor-intensive efforts in retooling the Block Grant, it should be offset by not having to do so many categorical ones. According to information on the Nevada Electronic Legislative Information System (NELIS) system there was not any fiscal implication to A.B. 558 if it was approved. Ms. Teska agreed with that assessment.

Assemblyman Bobzien asked what the performance accountability reporting would look like. He agreed that the public deserved accountability and to know what the effect of funding was on student performance. He envisioned a block grant for class-size reduction and one for full-day kindergarten. He wondered what level of detail could be expected, and how meaningful that reporting would be.

Ms. Teska replied that the way the program was structured was that when the districts submitted their plans for their allocations and they requested their allocations of the Block Grant, they had to specifically list what metrics they would be using to measure their student performance. That would vary depending on what programs they chose. That would be reviewed by NDE and the State Board of Education. Ms. Teska said she was not a program expert in education, but the metrics the districts would use had to be specific and they had to be data-driven. The evaluation of those metrics would be deferred to NDE and to the Board of Education.

Assemblyman Bobzien referred to the session discussions that had addressed longitudinal data systems, particularly relating to teacher performance. He supposed there would be some sort of aggregate view of that kind of data, and the educational experts would pick and choose performance metrics from that

pool of data. He thought it would be helpful to hear a response from the school districts about the performance reporting. He would hate to see a paperwork exercise of a three-page report expounding how the district planned to spend the money and positing what the results would be. He wondered how much validity that could have.

Assemblyman Kirner asked two questions. First, he wondered whether there was any reporting of any performance results currently and whether this program would represent a change. Second, he wondered whether there was any anticipation that the amount of money that was currently allocated to these programs would remain about the same or decrease or increase.

Ms. Teska responded to Assemblyman Kirner's first question that she did not believe there was a consistent annual data-driven report on the current programs. She did not want to speak for the districts because some reporting had been provided. In responding to the second part of his question, she said that when the funds were combined in the Block Grant for 2013, to meet the budget target, there was about a \$7.3 million reduction to the funding. Going forward this was a component of education reform, and the Governor was committed to education reform. Ms. Teska did not anticipate seeing those funds reduced. She believed that as the economy improved and the state fiscal situation improved, the funds were likely to be increased. Much would depend on the response to the accountability portion and whether the funds expended were being used to increase student achievement.

Assemblyman Kirner addressed his concern that: when money was moved to a block grant, it was more susceptible to a sweeping of some sort than if it was left where it was today.

Ms. Teska responded that a lot of that concern came from the fact that the funds had been put into the School Remediation Trust Fund where the grant program had been very successful. During the 2008-2009 and 2010-2011 budget cuts, those funds were cut. The caveat was that those reductions were proposed by school districts and the Department of Education to keep the districts' basic support funding as intact as possible. They were not reductions that were proposed by the Governor or the Administration. When budget cuts were made during the special sessions, feedback was received from the Department and the Districts regarding how they wanted to meet their budget targets. Ms. Teska understood the concern because of what had happened over the past four years, but this was a piece of education reform, and she believed that as much as any funding stream could be secure, this would be a secure funding stream.

Chairwoman Smith stated that one of her big concerns on the full-day kindergarten and class-size reduction money was taking it out of the DSA (Distributive School Account) and putting it into the School Remediation Trust Fund because it was much easier to sweep money in that situation. Regardless of who took it, if it was money coming out of the classroom, the result would be the same.

Assemblyman Grady wanted a clarification that under A.B. 558, which was the Governor's recommendation, there was no fiscal note outside of the Governor's recommendation that was involved with the bill.

Chairwoman Smith said that was correct and this bill was part of the budget solution along with some policy changes. This reduced funding in all of the categories that would be placed in the block grant program.

Ms. Teska further explained that this bill was part of the Governor's proposal, and the budget actually included having those funds transferred to the Remediation Trust program. Assembly Bill 558 was necessary to implement the budget as it had been presented.

Chairwoman Smith said she was perplexed because that program was already in place with the School Remediation Trust Fund. Under Governor Guinn, that account and that Commission were created in the 2005 Session with \$100 million funding in its original implementation. That program was to provide flexibility at the local level so they could do the best job possible. Chairwoman Smith was confused why this was promoted as a new program because it was exactly the program that account had been created for. She noted that in 2007 the Legislature took away school districts' ability to apply for grants and gave it to the schools; the districts could not compete with schools for that grant money, and the districts did not even have to approve the school's request. It was the beliefs of the body and the Governor at that time that the schools knew best what they needed to improve student achievement. That was the whole idea with flexibility and local control. That was exactly the purpose of this account, and all of that money had been taken over the past three years.

Chairwoman Smith was also concerned about taking the hundreds of millions of dollars that were in the DSA for class-size reduction and full-day kindergarten. Reducing the programs was one thing, but those were teachers providing instruction who were being cut to put the funding into the Remediation Trust Fund. The other concern she expressed was regarding the smaller program categories in the Block Grant. The districts were going to be so desperate for classroom money that the smaller categories that had previously been funded

would be eliminated. The districts would choose to use the money from several of those categories to keep teachers in the classroom.

Ms. Teska responded that there were a number of small line items that might be transferred to other education programs. This was a chance for the districts to prioritize, and this was not presented as a way to address budget cutting. This was proposed as a way to give districts flexibility. The timing happened to be that the districts might need that flexibility more now than ever because of the budget situation. The Administration would rather have the districts making those decisions.

Chairwoman Smith restated her concern by noting that the Committee was in an environment where it was cutting hundreds of millions of dollars to the districts and then forcing them to choose between various programs or keeping teachers in the classroom. As Dr. Morrison stated, the Committee had to choose between fixing a leaking roof and having a teacher in the classroom. That was a difficult choice to make. There were some vital things in that list of smaller program categories, but if districts had to choose in this awful environment, those things would probably be eliminated. It would be very difficult to regain momentum and restore those programs in the future.

Joyce Haldeman, Associate Superintendent, Community and Government Relations, Clark County School District (CCSD), testified regarding A.B. 558. The CCSD commended the staff of the Office of the Governor for the discussion they held with the superintendents prior to the start of the session about flexibility and how important that would be for the school districts, particularly as they were going through a downturn in the economy. The flexibility the superintendents were speaking of was like the flexibility that was provided in the language contained in Assembly Bill 493. That bill provided a temporary waiver from the minimum textbook expenditure requirements. Or the type of flexibility that Assemblyman Kirner provided in Assembly Bill 129, which continued to fund class-size reduction as a separate item but gave local school boards the authority to establish the pupil/teacher ratio. That kind of flexibility was the thing that would really help the superintendents as they went through this economic crisis.

Ms. Haldeman continued that A.B. 558 combined several funds into a single fund and then reduced the amount of money in the total fund. It portioned out \$20 million for the new pay-for-performance program. It changed the allocation formula and disfavored Clark County for a loss of \$18 million. It added an application process that had strings attached to it. It required the districts to have lengthy reporting requirements for the same programs that they were currently doing. It made managing the budget more difficult. For CCSD it did

not make it easier; it did not make it better. It reduced the money, created extra hoops for the District to jump through, and then it had to report about the process.

Additionally Ms. Haldeman believed it pushed the hard decisions down to the trustees. When there was less money, it meant there would be fewer programs, but the trustees were told that meant they could choose which programs they wanted to use. When they had less money they had fewer choices. That was a disingenuous way to push hard decisions down to the trustees and then not have to accept responsibility for those choices. This bill would result in increased class sizes. Not because the trustees did not support class-size reduction and not because they would not want to choose class-size reduction, but because once again they would be expected to do more with less. They could not hire more teachers with less money. This bill meant that some teacher would be losing his or her job.

Ms. Haldeman continued that CCSD was supportive of the pay-for-performance program and thought it was important. But they were opposed to funding it by taking \$20 million from programs that were proven, needed, already in place, and effective and using those funds for a pay-for-performance program. As CCSD recently testified, the District believed that was the perfect way to use the Initiative Petition No. 1 of the 75th Session (2009) dollars in A.B. 488. The Clark County School District already provided accountability reports related to the effectiveness of all-day kindergarten and would happily provide that reporting to the Committee. The CCSD had demonstrated that the all-day kindergarten program was effective. Ms. Haldeman did not see the need to add additional hoops, reduce funding, and require trustees to make hard choices when the ability to actually make those choices would not be given to them.

Chairwoman Smith said she appreciated the point about accountability because the districts had reported on full-day kindergarten. There was a difference in students when a school had a class of full-day kindergarten and students who were not in full-day kindergarten. The accountability side on the class-size reduction money was built into general accountability reports. Whether they liked the outcome or not, the reporting was there in both of those categories.

Craig Hulse, Director, Government Affairs, Washoe County School District (WCSD), said he would address the policy in A.B. 558 because the bill did not actually affect the funding. He appreciated the conversation about the Remediation Trust Fund and the funds that were swept. The concern for WCSD and the reason it opposed this bill was because when things went into a block grant and there was not a tangible program such as class-size reduction or full-day kindergarten for which the money would be spent, funds were often

swept away. That was a political reality of the process of block grants. School districts had flexibility, they could cut their budget by 15 percent and balance the budget. That was the reality of what would happen. When it was a question of class-size reduction, the public got involved; parents did not want big classes. When it was full-day kindergarten, parents got involved because they wanted full-day kindergarten. When the Governor met with the superintendents and they asked for flexibility, they did not envision this Block Grant to be exactly what they had asked for. Ms. Haldeman from the Clark County School District testified that superintendents supported a bill by Assemblyman Kirner which kept class-size reduction level and kept the funding level. The bill also provided the flexibility to the school districts to decide where and how those class sizes would be determined. That was more of the flexibility they were looking for, where they could discuss class-size reduction and what those funds would be used for. The WCSD appreciated the intent of A.B. 558 and what it was trying to accomplish, but as written, the District opposed it.

Assemblyman Bobzien asked Mr. Hulse to respond to his earlier question about the accountability recording mechanism for this grant. The public deserved to know how the money was being spent and what the effects would be. He asked whether the reporting would be based on a foundation of a longitudinal data system and ultimately how meaningful those reports would be.

Mr. Hulse expressed a concern that school districts were often asked for more reports for certain things. He was not sure who looked at the reports, what became of them, and what measurement tools were used. He did not believe additional reporting was required on full-day kindergarten because WCSD had always liked the program, had always asked for more funding, and had proven that it was an effective program. Full-day kindergarten was one of those programs where graduation rates could not be measured for 12 years. The program had not existed in Nevada for that long. He did not know how that could be measured. The method of measurement they did have was to see pupils side-by-side with similar student populations for students who have full-day kindergarten and those who do not, and then when they began testing they saw results by third grade. Testing shows that all-day kindergarten helped students. The effectiveness of class-size reduction was difficult to calculate outside regular test scores or graduation rates.

Assemblyman Bobzien talked about a presentation from a data-quality group and what struck him was that ultimately trying to silo those individual accountability reports, saying a particular amount of money had a particular effect seemed like a backwards exercise. His hope was that as Nevada entered the era of longitudinal data systems, he would see tremendous progress happening with

the Clark County School District and the Washoe County School District. In an emerging data conversation, the Committee could ask those questions in a more holistic way rather than having an accountability report for this and another one for that. He agreed that they would not see the results of full-day kindergarten for years to come. Improved data systems would allow policymakers to ask questions in a broader context.

Dr. Mary Pierczynski, representing the Nevada Association of School Superintendents (NASS), said Ms. Haldeman had clearly outlined the concerns of the superintendents with A.B. 558. Although NASS appreciated the philosophy of flexibility, the superintendents were concerned about flexibility within those stated categories of class-size reduction and full-day kindergarten. The NASS could not look at a reduction in resources that they were currently using in the classroom. The NASS was opposed to this bill because it reduced funding, and as far as accountability was concerned, superintendents had full accountability reports and were currently responsible for much of the accountability in the schools. For those reasons, NASS opposed this bill.

Chairwoman Smith wanted to correct the record. She had made a misstatement about funding for full-day kindergarten. The funding had been in the Remediation Trust fund previously. She had thought only part of full-day kindergarten funding was there.

Ms. Teska wished to make some clarifications. First, the proposal for the Student Achievement Block Grant was completely unrelated to the \$20 million for the pay-for-performance program. That \$20 million had not come from programs that were included in the Block Grant. It was completely separate funding. Second, the original proposal had a revised allocation methodology where 50 percent of the allocation methodology was going to be based on licensed instructional FTEs (full-time equivalents) and the other 50 percent on pupil count. After meeting with the superintendents, a modification was made for the first three years of the program 2013, 2014, and 2015. The districts would receive proportionally the same amount that they were receiving currently. If a district received 50 percent of the collective funding currently, they would receive 50 percent of that funding in 2013, 2014, and 2015. In 2016 the Department would shift to the new allocation methodology. The reasoning for that modification was to give districts time to prepare for that shift in how the funds were going to be allocated. Additionally, the Department hoped that by the time the 2015-2017 budget was being considered, a more positive set of state fiscal circumstances might be evident.

Ms. Teska said that the Division restored the original 5.4 percent budget cut for class-size reduction. The only cuts remaining for the program were the across-the-board, pay and benefit cuts that applied to the Distributive School Account such as the 5 percent pay cut, the merit pay freeze and the Public Employees' Retirement System equalization. For full-day kindergarten, the funding was now based on agency request less the pay and benefit decision units. Ms. Teska also noted that the other line item programs were restored to the 10 percent reduction originally proposed by the Department of Education. These restorations all applied to fiscal year (FY) 2012.

Ms. Teska said that 2013 was when the Block Grant would be implemented with the same allocations in place for 2014 and 2015. Proportionately, the districts would receive the same level of funding they currently received, once budget reductions were taken into account.

Chairwoman Smith noted that the reduction would be applied in the second year of the biennium. It would not be an application process but an allocation process.

Ms. Teska responded that it would be a formula allocation process; the districts would have to submit plans. There was still an accountability piece to show the nexus between where the money was spent and the expectation of student results. That was the application process, but the funding was guaranteed on a formula basis.

Chairwoman Smith asked for any additional testimony on A.B. 558 and hearing none she closed the hearing on A.B. 558.

Assembly Bill 560: Makes various changes relating to the compensation and benefits of state employees. (BDR 23-1158)

Julia Teska, Budget Analyst 5, Budget Division, Department of Administration, explained that A.B. 560 implemented a number of the compensation reforms that were included in the Governor's budget. An amendment might be necessary to clarify the bill's intent. Currently most employees, other than employees who only reported exemptions on their timesheets, had holiday pay included in their base salaries. If they worked on a holiday, they received in addition to the holiday pay included in their base salary, time-and-a-half for hours actually worked on the holiday. Base pay plus time-and-a-half equaled double-time-and-a-half when an employee worked on a holiday. The proposal and intent was to reduce double-time-and-a-half to double-time on a holiday. The employee would still be paid the holiday pay in their base salary, and for any hours actually worked on a holiday they would receive additional straight-time pay.

Ms. Teska stated that sections 2 and 3 of the bill addressed employee annual and sick leave accruals. The proposal was to reduce sick leave from 120 hours per year for all full-time employees to 96 hours per year, a reduction from 3 weeks a year to 12 days a year. Budget Division staff researched ten western states and found the average sick leave allowance per year was 96 hours and decided to align Nevada's policies with those of neighboring states. The staff also researched annual leave policy. Nevada provided an entry level employee 120 hours, which was the equivalent of 3 weeks. In neighboring states, entry-level annual leave accruals averaged 98 hours per year. The Department of Personnel proposed moving entry-level annual leave accrual to 96 hours, which was equivalent to 12 days per year. The proposal for annual leave slid the annual leave accruals 5 years.

Ms. Teska explained that for the first 5 years of state employment, employees would accrue 12 days a year. Beginning in the 6th year they would receive 15 days a year. Instead of advancing to 144 annual hours (18 days) in year 11, the increase would be in year 16 and the 168 annual hours (21 days) of accrual instead of being in year 16 would be in year 21. The proposed change in annual leave would be consistent with the ten western states.

Ms. Teska said that section 4 addressed the current Public Employees' Retirement System (PERS) buy-out provision. The intent addressed all employees hired on or after July 1, 2011. The current requirement was that if employees' positions were eliminated because of budget reductions, under certain conditions the state had to buy up to five years of retirement service credit. It was a very small group of employees who potentially lost their jobs and fit those criteria, and it was a very significant benefit to those people. Those who did not meet the criteria received nothing when they were laid off from state service. The bill proposed that instead of having that provision available for certain future hires, the state would provide a subsidy for their health benefit for the first six months that they were separated from state service through a lay-off because of a budget reduction. The Budget Division felt that the subsidy would benefit a larger group of people, would be less costly for the state, and was a benefit that most employees needed. The use of the COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985) requirement was a very expensive way to maintain health insurance.

Ms. Teska continued that section 5 continued the supervision of merit and longevity payments for state workers for the coming biennium.

Chairwoman Smith reminded the Committee nothing has changed from the budget presentations to the bill under discussion.

Ms. Teska responded to questioning by Chairwoman Smith and further explained that sections 1, 2, 3, and 5 of this bill would apply to all employees. Responding to a request for restatement from Chairwoman Smith, Ms. Teska said that currently from years 1 to 10, employees accrued 120 hours of annual leave per year and for 11 to 15 years they accrued 144 hours per year. For 16 years and beyond they accrued 168 hours a year. Under this proposal, years 1 through 5 would provide 96 hours of annual accrual or 12 days, 6 through 15 years of service would be 120 hours or 15 days, and years 16 through 20 would provide 144 hours or 18 days. Year 21 and beyond would be 168 hours or 21 days. If compared side by side, basically, the current provision added five years on the front end at 96 hours per year.

Assemblywoman Carlton inquired which states had been researched for sick leave and annual leave accrual. Some other states had much better benefits on top of leave time, so she wanted to look at the whole picture of benefits the employees received.

Ms. Teska responded that the states of comparison were Utah, Idaho, Arizona, Montana, Wyoming, Oregon, Washington, Colorado and California. When Budget staff researched the sick leave accrual they took an average that discarded the highest and the lowest numbers so no one state would skew the data. The lowest was 80 hours which was 10 days a year for Colorado and the highest was 104 hours. In review of neighboring states, Nevada was 2 days higher than the highest number of any of the neighboring states as far as sick day accruals.

Assemblywoman Carlton remembered negotiations on sick leave and annual leave and a number of years when Nevada state employees did not get a raise or got only a 2 percent raise. The Legislature had tried to build in other benefits. Assemblywoman Carlton believed that comparing sick leave, annual leave, and other benefits with other states without looking at some of the total benefits in some of those states was not fair, and she did not think it gave the Committee all the information that it needed to look at the leave question in context.

Assemblyman Aizley said he was observing a pattern and was curious about the philosophy behind it. The Budget Division compared Nevada to surrounding states with the number of hours of sick leave and found that ours were higher and they lowered them. The same was done with annual leave. In another comparison with Higher Education and WICHE (Western Interstate Commission for Higher Education), the Division found that surrounding states were charging the students more so it was acceptable for Nevada to charge students more.

The Division looked at the per pupil funding for K-12 for Nevada compared to 50 other states and Nevada was at the bottom, and the answer was that money does not solve problems. He was curious about the philosophy behind using comparative data, and asked when it was used and when it was not used.

Ms. Teska replied that it was very difficult to find apples-to-apples kinds of comparisons within K-12 education. Other comparisons were easier. For example, to compare our per pupil funding to California's per pupil funding and our teachers salaries to their teachers salaries, you had to take into consideration that California had an income tax. Nevada did not have an income tax. Therefore comparing salaries directly without factoring in taxes would be somewhat invalid. In California the teachers paid their portion of their retirement. That was not included in their salary and that was an additional expense they had to pay. Nevada's teachers were not currently paying that expense. Comparing salaries without factoring that in was not really valid. Because California teachers were paying income tax, the state was getting a certain amount of money that they pay for education directly back in the form of income tax. The same was true of sales tax. When Nevada's per pupil funding and California's per pupil funding were compared, it was not being done on a level playing field. There were too many variables that were not the same between the individual states, and that was before consideration of cost of living. Comparing state employees to state employees in the research method that staff used was done as efficiently as possible on the items specifically addressed in the bill.

Assemblyman Kirner explained that this was an area he was familiar with. It was customary in private industry to survey other companies in terms of salaries and benefits. He did not see any problem with doing that. He wondered whether Nevada had done an in-state salary survey. He needed some specific answers because he was not familiar with state policy. He asked whether sick leave carried over from year to year, and if so, he wondered how it was paid out.

Ms. Teska responded that an in-state salary survey had not been done. Sick leave accrued indefinitely until the employee separated from service. There was a formula used to calculate a portion of an employee's sick leave depending on their years of service that was paid out at the end of their service. Currently state employees could carry over up to 240 hours of annual leave.

Assemblyman Kirner thought that was a substantial amount of annual leave to be carried over. He restated that as the Budget staff surveyed the western states, the proposal they made was not intended as a budget cut but to equalize Nevada with the marketplace. An additional benefit was that if someone was

laid off, the state would pay his or her contribution to PEBP (Public Employees' Benefits Program) for six months.

Ms. Teska wanted to clarify that concept. The employee would receive his first six months of COBRA at the same rate that were paying for health insurance as an active employee. Basically employees would get their subsidies for the first six months. The state would not pay their premium. It did not in any way extend their COBRA period. It simply assisted them during the first six months of job loss with the payment of their COBRA.

Assemblyman Kirner asked whether the ten states surveyed had extended additional benefits to which Ms. Teska replied they had not. Assemblyman Kirner wondered whether additional research might affect other employee benefits. He continued that state employee salaries did not compare well to the salaries of counties or cities. He did not think the state benefits compared well to the city and county benefits either. In his opinion, the cities and counties should be reduced to the level of state salaries and benefits.

Assemblyman Conklin said that when they took averages for sick leave or vacation time, it missed the point of what was competitive. They could not look at how they compensated people in an environment of just wanting to be average. They needed the flexibility to be able to hire great people to do the jobs intended for the citizens of Nevada, and if they were not competitive, they could not do that. If he took 15 decision points and said he wanted to be the average at all 15, he would most likely be at the bottom in the total compensation package because no state would be average in all 15. They were good in some areas and bad in others, just like private business.

Assemblyman Conklin pointed out companies did the same thing. They picked and chose benefits that they thought would be most important for the type of people they were looking for. They did well in key areas and gave up some things in other areas because they could not afford to be number one in everything. Following Assemblyman Kirner's comments, Assemblyman Conklin wondered whether anyone had ever done a total compensation survey on how the state treated its employees. That was not just pay, but pay plus benefits plus everything else that went into a compensation decision from an employee standpoint and a business standpoint. The state needed to stay competitive to hire the quality people it needed for the future of the state. Assemblyman Conklin had worked in HR (human resources) for 15 years, and making a decision based on an average in a vacuum for each item would not work.

Assemblyman Bobzien said the research surveys were relatively rudimentary, and he did not want to malign the quality of them because they were necessary and they needed to be done. He could see that questions of classification were very difficult. A mechanic state position versus a mechanic in the private sector was difficult to compare from a salary survey standpoint. The comparison process was always more complex than it appeared.

Teresa J. Thienhaus, Director, Department of Personnel, wished to clarify the language in the new subsection 12 under section 1 of the bill. She wanted to be sure that no one was confused about holiday premium pay, which was a regulation, and what was intended by the language in that section. Holiday pay plus time and one-half was referred to as holiday premium pay which was described in *Nevada Administrative Code* (NAC) 284.256. Ms. Thienhaus had exchanged emails with Mr. Clinger to make sure the language in this bill and the regulations were not in conflict.

Ms. Thienhaus would work with Ms. Teska to make sure the bill language did not sound as if holiday pay were paid at straight time.

Chairwoman Smith asked whether there was an amendment planned for the bill and that the Committee would need an amendment if one was required.

Ms. Teska responded that she understood the urgency and would get the amendment to the Committee as soon as possible. There was also a slight technical adjustment that needed to be changed on an effective date. The leave proposals with the July 1 implementation date was in the middle of a pay period, and payroll could not change accruals in the middle of a pay period, so it would have to be amended to indicate that it would be effective with the first full pay period of fiscal year 2012.

Vishnu Subramaniam, Chief of Staff, American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO, Local 4041 testified in opposition to A.B. 560. He believed this was another bill that seemed to be attacking state employees. State employees had given up multiple concessions over the past two years. They had given up 4.6 percent of salaries because of the furloughs. Many employees had given up an additional 8.4 percent when longevity, and merit pay increase suspensions were taken into account. In the current session there were more proposals to slash health insurance for state workers and 5 percent reductions in salaries. Additionally, there was a proposal for a one percentage point increase in employee contribution to PERS (Public Employees' Retirement System).

Mr. Subramaniam continued that state workers were asked to do more with less at their jobs every day with increasing caseloads, furlough days, and attacks on their benefits. State employees came to work and provided critical services to keep the state running. They assisted some of Nevada's most vulnerable populations, provided valuable public safety and helped the children, the elderly, the disabled, and the unemployed. State workers worked hard and were committed to their jobs. The AFSCME was opposed to every provision in this bill. The union was opposed to the elimination of holiday pay. Those employees who worked holidays and provided critical public safety services and worked in dangerous conditions as those in state prisons were asked to be away from their families during holidays, and in exchange, the state paid them a little bit more for their service than their regular wages.

The union was opposed to the suspension of longevity and merit pay. That provision was supposed to sunset this year. State employees had already sacrificed merit and longevity pay for the past two years. According to the information provided by the Department of Personnel, approximately 10,298 individuals, or nearly two-thirds of classified state workers were below a step 10 which meant suspension of merit pay would be a financial reduction to about 66 percent of our state employees. The union was opposed to the reduction of annual and sick leave which equaled an average of three days for each state employee. There was public policy in our laws and personnel policies to encourage continuity of state service and to maintain a qualified workforce. Provisions like reduced sick and vacation leave was chipping away at the benefits of working for the state. Employees would continue to leave state service at the first opportunity. The AFSCME was looking for a balanced budget by the Governor that was fair to everyone.

Kevin Ranft, AFSCME Local 4041, reiterated that state employees were working their hardest and continued to do more with less. Their workloads continued to increase. The cuts continued and would have to eventually stop. The reductions were changing the dynamics in Nevada for the future quality of the workforce. There would be serious problems in the years ahead if the cuts continued.

Mr. Ranft continued that within PEBP there was a consultant out of Colorado who was paid nearly a million dollars. Mr. Ranft did not think that was an appropriate use of funds.

Mr. Ranft thought that benefits that had been agreed to when an employee was hired should not be reduced. Some welfare workers had caseloads of up to 1,000. Some employees were doing three times the work that had earlier been required and were being rewarded by having their pay and benefits reduced.

They deserved to have the allocations that they were promised. Mr. Ranft was opposed to the service-credit reduction. He reiterated his opposition to each of the reductions in benefits that were discussed by Mr. Subramaniam.

Assemblyman Kirner inquired about the statement Mr. Ranft made about PEBP paying a million dollars to a vendor. He wanted to know who that vendor was.

Mr. Ranft said he would provide that documentation. It was a consultant out of Denver, Colorado.

Assemblyman Kirner did not believe that was an accurate statement.

Chairwoman Smith agreed to have the Fiscal staff verify that information. She had a special interest in that area.

Assemblyman Kirner said he had a special interest in that area as well. The Public Employees' Benefits Program covered state employees and non-state employees, and many retirees both state and non-state. The PEBP was no different from any other governmental agency. Everyone had been asked to reduce their budgets this year, and he believed that PEBP had done their job. Assemblyman Kirner disclosed that he had a personal interest because he had been part of the PEBP process. He believed that the rates had actually decreased substantially for married couples. There had been minimal increases for single employees, and although he was unsure about the rates for larger families, PEBP had not seen the 10 percent to 20 percent increases that had been seen in past years.

Ron Bratsch, Region 1 Vice President, AFSCME Local 4041, addressed Mr. Kirner. He stated that he was on the HMO program with his family and that the proposed rates would increase his portion by 50 percent. The rate was increasing from \$300 to \$450 per month to cover himself, his wife, and his two children.

Mr. Bratsch continued with a discussion on holiday pay. He understood that all state employees got holiday pay. He worked in public safety and did not have the option of taking the day off on a holiday. He believed that the sacrifice he was required to make to be away from his family on holidays should appropriately be paid at double-time-and-a-half.

Mr. Bratsch believed that sick leave would become even more valuable with the other medical benefits being decreased. He believed that merit increases were designed for the increase of pay for experience as employees became more

valuable to the state over the years. Not receiving those merit increases was neither fair nor equitable.

Terri Laird, Director of Membership, RPEN (Retired Public Employees of Nevada), wished to go on record in opposition to A.B. 560. She concurred with much of the previous testimony. Additionally, workers often obtained state employment for the benefits and not for the salary. As state employees looked to retirement, they would also face greatly reduced retirement benefits as a result of the changes made in recent legislative sessions. Those previous changes coupled with the potential reductions proposed in the 2011 Legislative Session could jeopardize retirement adequacy, and if those retirees had to access public assistance, the state would magnify its budget challenges.

Leonard Nevin represented the Nevada State Law Enforcement Officers' Association. He reiterated that his concerns had already been addressed in prior testimony. He wanted his opposition to the bill to go on record.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, wished to make the connection between the bill and the budget that had been submitted. The bill was exempted from certain deadlines because parts of it were necessary to implement The Executive Budget. Section 1 discussed holiday premium pay and a change similar to that was necessary to implement decision unit Enhancement (E) 674 which was in all of the budgets that had holiday premium pay and was budgeted in those accounts. Another provision that was in section 5, subsection 1, temporarily froze the longevity payments for the current biennium. All the budget accounts that had employees who met the eligibility for longevity payments would be affected by decision unit E672. The merit pay suspension for the upcoming biennium set forth in section 5, subsection 1 was reflected in decision unit E671 provided in all of the budget accounts. The other provisions of the bill would not affect the amounts included in the budget. For instance, the sick leave and the annual leave accrual would not affect budgeted amounts. Reducing those accruals would save money, but the budget was based on the hours that were in a work year rather than on whether a person was on leave or actually at work, so it would not affect what was in the budget. It could affect the budget when people retired and received payouts of their balances. If an employee had accrued less because of the bill, then those payouts would be less.

Assemblyman Kirner stated that sick leave and annual leave should be accrued as a liability on the books. There had to be some level of contribution to the state for new hires that were not accruing at the same rate as current employees.

Mr. Combs explained that when someone cashed out their sick and annual leave accruals when they left state service, the agency was required to find the savings within their personnel category to make up for that amount. The agency had to pay that out because it was required by statute, but those payouts were not budgeted at the beginning of the biennium. From a budgetary standpoint, there was no adjustment made either in The Executive Budget or in the legislatively approved budget for that purpose.

Assemblyman Kirner said that it appeared that the state did not account for those types of items like a business would. He was concerned that there was no process to account for ongoing accrual of sick and annual leave as a liability.

Mr. Combs said he would see how the Office of the State Controller accounted for the leave accrual item in the Comprehensive Annual Financial Report each year, but from the standpoint of budgeting the state did not include any money in the budgets for that purpose.

Chairwoman Smith closed the hearing on A.B. 560.

Chairwoman Smith continued to the work session to consider the bills that were either an appropriation or necessary to implement The Executive Budget.

Assembly Bill 475: Makes a supplemental appropriation to the Nevada Supreme Court for an unanticipated shortfall in Fiscal Year 2010-2011 relating to a third judicial selection process. (BDR S-1094)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that A.B. 475 was heard in Committee on April 13. It was a supplemental appropriation to the Supreme Court for an unanticipated shortfall in the Judicial Selection budget. The reason for the shortfall was that the Court typically budgeted this account for two judicial selection processes per year. The Supreme Court indicated that there would be a third selection process in the current fiscal year 2011. As a result of savings from the two processes that had been conducted, there was some money available for the third selection process, but the court testified that they would need approximately \$1,500 to complete that third judicial selection process in this fiscal year. Based on the court's testimony, section 1 of the bill included \$3,000 for the cost. If the Committee wished to approve the bill, the appropriate motion would be to amend and do pass with the \$1,500 figure instead of the \$3,000 that was in the original version of the bill.

Chairwoman Smith said she would accept a motion to amend and do pass Assembly Bill 475.

ASSEMBLYMAN CONKLIN MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 475.

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Atkinson and Mastroluca
were not present for the vote.)

Chairwoman Smith asked Assemblyman Hickey to present the floor statement.

Assembly Bill 480: Makes an appropriation to the Division of Health Care
Financing and Policy of the Department of Health and Human Services for
the completion of the takeover phase of the Medicaid Management
Information System. (BDR S-1244)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative
Counsel Bureau, stated that A.B. 480 was an appropriation of \$175,710 that
was included in The Executive Budget for the Division of Health Care Financing
and Policy. The appropriation was for the completion of the takeover phase of
the Medicaid Management Information System. That takeover had been funded
in the current biennium, but there were delays in getting the takeover
completed, and the Division of Health Care Financing and Policy had requested
\$175,710 in the upcoming biennium. That funding was included in
The Executive Budget. Fiscal staff had not found any justification for changing
the dollar amount and would recommend that if the Committee wished to pass
the bill, there would be no amendment.

Chairwoman Smith asked whether there was a motion to approve A.B. 480 as
presented.

ASSEMBLYMAN GOICOECHEA MOVED TO DO PASS
ASSEMBLY BILL 480.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Atkinson was not present
for the vote.)

Chairwoman Smith asked Assemblyman Hardy to present the floor statement.

Assembly Bill 482: Makes a supplemental appropriation to the Division of State Lands of the State Department of Conservation and Natural Resources for a required payment of compensatory time. (BDR S-1234)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that A.B. 482 was heard on April 13. Part of the Fiscal staff's process was to go back to the state agencies, reassess their fiscal year 2011 budgets and their projected expenditures, and make sure that there was not some other way of funding the supplemental appropriations through their existing budgets. In this particular case, staff received written confirmation from the agency and the Budget Division that indicated this supplemental appropriation could be withdrawn because the money was available in the agency's budget without the additional appropriation.

Chairwoman Smith stated that the appropriate action was to IP (indefinitely postpone) that bill so it was off the Committee's list.

ASSEMBLYMAN GRADY MOVED TO INDEFINITELY POSTPONE
ASSEMBLY BILL 482.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Atkinson was not present for the vote.)

Assembly Bill 496: Makes a supplemental appropriation to the Budget and Planning Division of the Department of Administration for increased costs of the single audit. (BDR S-1176)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that A.B. 496 was in a similar situation as A.B. 482. This bill was heard on April 6 in Committee, and the appropriation was not included in the Governor's recommended budget, although the bill stated that it was. Upon examination of the agency's current authority in its operating category and personnel category, sufficient money existed to fund the audit in the current fiscal year. The agency provided written confirmation that this bill could be withdrawn.

Chairwoman Smith stated that Stephanie Day had testified that there was also sufficient General Fund available for the costs of the audit. Chairwoman Smith entertained a motion to indefinitely postpone A.B. 496.

ASSEMBLYMAN GOICOECHEA MOVED TO INDEFINITELY
POSTPONE ASSEMBLY BILL 496.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Atkinson was not present
for the vote.)

Assembly Bill 498: Eliminates the requirement for the administration of
norm-referenced examinations in public schools. (BDR 34-1174)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that A.B. 498 had been heard on April 27, 2011. It was the bill that was necessary to implement a recommendation included in The Executive Budget for the proficiency testing account for the Department of Education. That was budget account 2697. The bill eliminated the requirement to perform norm-referenced testing (NRT) as a budget-saving measure. The measure eliminated approximately \$1.85 million in General Fund over the biennium and had been approved by the Assembly Committee on Ways and Means as well as the Senate Committee on Finance when those budgets were closed earlier. The bill permanently eliminated the norm-referenced testing program. If it was the pleasure of the Committee they could suspend the testing program again, and the same savings would be generated in the upcoming biennium. Testimony was that other tests currently being used to make assessments made the NRT unnecessary. The tests cited were the National Assessment of Educational Progress as well as the High School Proficiency Examination.

ASSEMBLYMAN HARDY MOVED TO DO PASS
ASSEMBLY BILL 498.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Atkinson was not present
for the vote.)

Chairwoman Smith asked Assemblyman Hambrick to present the floor statement.


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Chairwoman Smith asked whether there was any public comment to come before the Committee. She saw none and adjourned the hearing.

RESPECTFULLY SUBMITTED:

Tenna Herman
Committee Secretary

APPROVED BY:



Assemblywoman Debbie Smith, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: April 29, 2011

Time of Meeting: 8:12 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 363	C	James V. deProsse, Manufactured Housing Division, Department of Business and Industry	A.B. 363 (R1) Executive Agency Fiscal Note