

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

**Seventy-Sixth Session
June 5, 2011**

The Committee on Ways and Means was called to order by Chairwoman Debbie Smith at 9:47 a.m. on Sunday, June 5, 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 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

COMMITTEE MEMBERS EXCUSED:

Assemblyman Kelvin Atkinson (excused)

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Rex Goodman, Principal Deputy Analyst
Jeff Ferguson, Senior Program Analyst
Eric King, Program Analyst
Janice Wright, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith presented her general opening remarks and opened the hearing on Senate Bill 423.

Senate Bill 423: Revises provisions concerning assistance to certain older persons and persons with physical disabilities. (BDR 38-1167)

Carol Sala, Administrator, Aging and Disability Services Division, presented her testimony ([Exhibit C](#)). She explained that Senate Bill 423 made several housekeeping changes to the laws regarding programs administered by the Division and eliminated the Senior Citizens Property Tax Assistance program [Property Tax Assistance for Senior Citizens].

Ms. Sala said S.B. 423 changed the wording related to personal care assistance for persons with disabilities from providing "financial assistance to" to providing "services for." The intent was to clarify the statute pertaining to the personal care assistance program and reflect that the program provided services rather than financial assistance to persons with disabilities.

Ms. Sala said the bill expanded the grounds used by the Division to deny, suspend, or revoke a certificate issued to an intermediary service organization that provided services to a person with a disability. Action could be taken based on the conspiracy to commit certain crimes involving abuse, neglect, exploitation, or isolation of an older or vulnerable person, rather than being convicted of these crimes.

Ms. Sala said the bill changed the definitions of income relative to the Senior Rx program [Subsidies for Cost of Prescription Drugs, Pharmaceutical Services and Other Benefits to Senior Citizens] that was supported by tobacco settlement funds. The Senior Rx program provided assistance with prescription drugs, pharmaceutical services, and other benefits to senior citizens.

Ms. Sala said the bill repealed the statutes pertaining to the Property Tax Assistance for Senior Citizens program, thereby eliminating the program.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on S.B. 423 and opened the hearing on Senate Bill 447 (1st Reprint).

Senate Bill 447 (1st Reprint): Makes various changes concerning the administration of child welfare services. (BDR 38-1218)

Diane J. Comeaux, Administrator, Division of Child and Family Services, presented Senate Bill 447 (1st Reprint) that clarified the Division's child welfare oversight responsibilities. The bill would allow child welfare agencies to fund resources in communities. The use of resources would be driven by the needs of the children. Incentive dollars would be used to encourage child welfare agencies to produce positive outcomes.

Ms. Comeaux said S.B. 447 (R1) proposed language to more clearly define the Division's oversight responsibility as a model of quality assurance that focused on collecting data, reporting on evaluation of services, and reviewing and approving the agency improvement plan. Language was included to require agencies that provided child welfare services to submit an agency improvement plan to the Division in January of odd-numbered years.

Ms. Comeaux said the bill proposed an annual block grant program to support child welfare services. The Division was required to submit a detailed line-item budget on behalf of Washoe County and Clark County, outlining budgetary estimates for revenues and expenditures, pursuant to Chapter 353 of the *Nevada Revised Statutes*. The block grant funding concept would decategorize General Funds appropriated for child welfare services. The counties would be allowed to direct child welfare funding to services without restrictions of traditional definitions and funding limitations, but driven by the needs of children and families in the communities. The counties would be allowed to retain and reinvest any unspent General Funds remaining at the end of the fiscal year.

Ms. Comeaux said the bill proposed a fiscal incentive payment program designed to stimulate and support improvement in areas identified in the agency improvement plan. A series of collaborative meetings were held with county representatives, state representatives, Fiscal Analysis Division staff, and Assemblywoman Mastroluca. The result of those meetings was an amendment proposed to this bill.

Ms. Comeaux said section 2 of the bill included language to clarify the Division's process pertaining to when an agency which provided child welfare services was required to develop and implement a plan of corrective actions. Section 2, subsections 4 and 5 contained provisions relating to corrective

actions and ensured all provisions relating to corrective action were contained in one section. Section 1 through section 3 provided new language. Section 3 described the requirement for agencies that provided child welfare services to submit an agency improvement plan, including a requirement to submit data annually demonstrating the progress made in meeting specific program targets.

Ms. Comeaux said section 4 through section 6 outlined the award of the incentive payment to agencies that provided child welfare services in a county whose population was 100,000 persons or more. The award of the incentive payment was divided into a three-step process. On or before May 1 of each year, an agency would submit an initial application for the incentive payment outlining specific goals it agreed to achieve by June 30 of the following year. Each year following the award, when an agency submitted its initial application in May, it must include a percentage of the goals established in the prior application that would be achieved by June 30. This estimate would be used to determine the initial amount awarded for the current fiscal year. On or before September 1, the agency would demonstrate whether the goal established was achieved or identify the percentage of the goal that was achieved by June 30. If the percentage of the goal achieved was different than estimated, an adjustment of the current goal would be made.

Ms. Comeaux said the original bill proposed the incentive payment would be implemented for fiscal year (FY) 2012, and the percentage award would begin at 40 percent. Based on negotiations, the language was amended and the fiscal incentive payment would be phased in over a three-year period. The percentage of the award would be proportional to the percentage points achieved. The amount of the incentive payment would be equal to 100 percent of the initial award for FY 2013. The amount of the incentive payment would be equal to one and one-half times the percentage points of the goal achieved for FY 2014. The amount of the incentive payment would be proportional to the percentage points of the completion of the goal for every fiscal year thereafter.

Ms. Comeaux said section 7.5 and section 7.7 had been added to the bill to more clearly define the block grant for child welfare services. The block grant would be divided into two allocations. The base allocation for each biennium was based on the total State General Funds appropriated in the previous biennium. The second allocation would include the estimated costs attributable to the projected caseload growth for the adoption subsidy program. The base allocation may be spent to deliver child welfare and child protective services without category restriction, and any unspent General Funds remaining in the base allocation at the end of the fiscal year may be retained and reinvested for the delivery of child welfare and child protective services.

Ms. Comeaux said section 7.5, subsection 3 required the counties to meet a minimum maintenance of effort. Counties must maintain the amount of local funds spent for child welfare and child protective services at a level equal to or greater than the amount appropriated for FY 2011. If an agency failed to expend the appropriate level of local funding, the state would withhold an equal amount of state funding.

Assemblywoman Mastroluca thanked Ms. Comeaux and her staff. She said the bill required much work, and three separate meetings to bring together persons who were often otherwise unwilling to discuss these matters jointly. The result was a workable plan that encouraged growth and continual improvements in performance. She appreciated the attention to detail and the commitment from the counties and the state, which were committed to moving forward with child welfare services in this state. She believed this bill started a new day for child welfare services in Nevada. She was excited to see improvement, because the bill would show actual growth in child welfare services for Clark County and Washoe County.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on S.B. 447 (R1) and opened the hearing on Senate Bill 476 (1st Reprint).

Senate Bill 476 (1st Reprint): Makes various changes concerning the juvenile justice system. (BDR 5-1216)

Diane J. Comeaux, Administrator, Division of Child and Family Services, presented Senate Bill 476 (1st Reprint) that was necessary to implement the Division's budget, and made various changes to the juvenile justice system. Section 1 of the bill required each county to pay an assessment for activities of the Youth Parole Bureau that provided community supervision to youth released from a correctional facility. The assessment was based upon the student enrollment in grades 7 through 12 in public schools the preceding school year. County representatives requested new language to allow the counties to either pay the assessment or assume the responsibilities of the Youth Parole Bureau. The Senate Committee on Finance agreed with the counties and amended section 1 of the bill.

Ms. Comeaux said S.B. 476 (R1) included a process by which counties could apply for an exemption from the assessment. A county may submit a proposal to the Governor to assume the duties of the Youth Parole Bureau. If the Governor approved the proposal, he must submit a recommendation to the Interim Finance Committee (IFC) to exempt the county from the assessment. The IFC would consider the proposal and determine the exemption.

Ms. Comeaux said section 4.5 was added to this bill to clarify that counties which received approval to assume the youth parole responsibilities must assume all of the responsibilities and must appoint a person to act in the place of the Chief of the Youth Parole Bureau. Under current law, when a petition was filed requesting that parole status of a youth be suspended, modified or revoked, a juvenile court may, pending a hearing, return the child to the state facility, or with permission of a local facility, hold the child in a local facility with the Youth Parole Bureau paying all actual and reasonable costs. Section 5 of this bill removed the authority of the juvenile court to order the return of a child to a state facility and changed the requirement that the Youth Parole Bureau must pay the costs of confinement to the extent that money was appropriated for this purpose, based on a reduction in the reimbursement for the detention costs.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on Senate Bill 476 (1st Reprint) and opened the hearing on Senate Bill 480 (1st Reprint).

Senate Bill 480 (1st Reprint): Revises provisions relating to child protective services in certain less populated counties. (BDR 38-1219)

Diane J. Comeaux, Administrator, Division of Child and Family Services, presented Senate Bill 480 (1st Reprint). She said the Division's rural child welfare program supported child protective and child welfare services throughout rural Nevada. Among the services provided were prevention, investigation, and treatment of children who were abused or neglected. Senate Bill 480 (R1) proposed an assessment to the rural counties for the cost of child protective services currently funded with General Fund appropriations. Requiring rural counties to fund these services directly was consistent with the current practice in Clark County and Washoe County. This bill authorized the Division to assess each county, with the exception of Clark County and Washoe County, for the cost of provision of child protective services as defined in *Nevada Revised Statutes* (NRS) 432B.044. The Division proposed the assessment be based on the percent of population less than 18 years of age.

Ms. Comeaux said county representatives asked that language be added to section 7 to allow the counties to either pay the assessment or assume the responsibilities of child protective services. Section 7, subsection 2, paragraph (b) was added to clarify that if counties received approval to assume child protective services, the counties must provide the services in accordance with the standards adopted pursuant to NRS 432B.190.

Assemblywoman Mastroluca said there was quite a bit of discussion about the matter. The assessment could cause financial strain on some of the smaller rural counties. Clark County and Washoe County paid for a large portion of the child protective services. This bill would create a balance with the two largest counties because the smaller counties had not previously contributed to paying for child protective services.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on Senate Bill 480 (1st Reprint) and opened the hearing on Senate Bill 503.

**Senate Bill 503: Authorizes expenditures by agencies of the State Government.
(BDR S-1315)**

Rex Goodman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 503 was the Authorizations Act for the 2011-2013 biennium. Section 1 outlined the authorization of expenditures of non-General Fund and non-Highway Fund expenditures of state agencies by individual budget account. The only exception was that Highway Fund appropriations were included in the amounts shown in this bill for the Department of Transportation.

Mr. Goodman said section 2 provided a more detailed explanation about the use of tobacco settlement funds received by the state. The tobacco funds supported the operation of the Attorney General Administrative Fund. Tobacco funds supported the Fund for a Healthy Nevada, which provided allocations to the Aging and Disability Services Division. The Fund for a Healthy Nevada provided allocations to programs of the Director's Office of the Department of Health and Human Services and the Family Preservation Program within the Division of Mental Health and Developmental Services.

Mr. Goodman said section 2, subsection 5 of S.B. 503 specified that 40 percent of the tobacco funds supported the Millennium Scholarship Trust Fund, and 60 percent supported the Fund for a Healthy Nevada. Senate Bill 421 transferred the 10 percent of the tobacco funding that was previously provided to the Trust Fund for Public Health, which was being eliminated, to the Fund for a Healthy Nevada.

Mr. Goodman said section 3 contained General Fund appropriations for the State Gaming Control Board dictated by *Nevada Revised Statutes* (NRS) 463.330. The law specified that General Funds were authorized for use by the State Gaming Control Board. That was why the appropriation was included in this bill instead of the Appropriations Act. Section 4 contained a similar appropriation

for the Nevada Gaming Commission that was included pursuant to NRS 463.330.

Mr. Goodman said section 5 contained language that allowed for the use and transfer of funding pursuant to work programs authorized by this act, and that funding must be used pursuant to the State Budget Act in Chapter 353 of NRS. Section 6 authorized the Chief of the Budget Division of the Department of Administration to augment amounts in this act for any other sources of funding including state funds, local government funds, federal funds, or other sources that could be augmented if those revenues were received in excess of the amounts included in this act. Those adjustments must be done pursuant to a work program revision approved by the Interim Finance Committee. The same augmentation authority was provided to the Director of the Legislative Counsel Bureau for funding in the Legislative Fund in section 6, subsection 2.

Mr. Goodman said section 7 required budget accounts that received General Fund or Highway Funds in addition to other sources of funding to decrease and revert to the state the same amount of General Fund or Highway Funds received from outside sources. There were several exceptions listed in this bill, and he would address those when he explained those various sections.

Mr. Goodman said section 8 listed the amount of fee and tuition revenue projected from the registration of students by the Nevada System of Higher Education (NSHE) by campus or facility. The language in subsection 2 allowed NSHE to expend additional registration fees collected if more students enrolled than were projected. The Nevada System of Higher Education was required to request Interim Finance Committee approval to expend additional nonresident tuition fees or registration fees. Section 8, subsection 3 allowed the amounts remaining in each account to be considered cumulatively at the end of the fiscal year when determining whether a reversion to the General Fund was required. Subsection 4 allowed excess funds to be considered when determining whether a reversion or decrease to General Fund appropriations was required.

Mr. Goodman said section 9 was language that permitted a temporary advance from the General Fund to the Department of Wildlife if it was determined that federal revenues would not be received in time to pay the expenditures. The advance must be repaid on or before the last business day in August following the end of the fiscal year.

Mr. Goodman said section 10 authorized the State Public Defender to assess four counties for the use of its services. Additional language in subsections 2

and 3 allowed the State Public Defender to assess funds for any cost of living or salary benefit increase approved and to augment funding if the counties desired to provide additional funding to the State Public Defender.

Mr. Goodman said section 11 required the State Treasurer to allocate the amount of tax paid on motor vehicle fuel used by watercraft for recreational purposes. The allocation must be divided equally between the Department of Wildlife and the Division of State Parks of the State Department of Conservation and Natural Resources.

Mr. Goodman said section 12 allowed the Division of Forestry to use money from its reserves for the extraordinary costs of operation and maintenance of fire-fighting vehicles. If the Division used those funds, it did not have to revert General Funds pursuant to section 7 of this bill. Section 12 was one of the exceptions to section 7 eliminating the reversion requirement when special reserves were needed.

Mr. Goodman said section 13 required that the State Fire Marshal expend the funding from the Contingency Account for Hazardous Materials for training programs and operating costs before it used State General Funds appropriated for the program. Section 14 allowed the Division of Forestry to use its funding for the support for the central reporting unit, and any unexpended funds remaining at the end of the fiscal year may be carried forward to the next fiscal year. Reversion of General Funds was not required, and this was another exception to section 7 of this bill.

Mr. Goodman said section 15 allowed the Commissioner of Insurance to request a temporary advance from the State General Fund if delays in the collection of fee revenue resulted in insufficient revenues to pay expenses in its Insurance Regulation Account. The advance was limited to an amount not to exceed one-sixth of anticipated operating expenditures. Therefore, approximately two months of operating expenditures could be advanced from the State General Fund.

Mr. Goodman said section 16 allowed the Director of the Department of Health and Human Services to receive a temporary advance from the General Fund if vital record fees from its Health Statistics and Planning Account were delayed and revenue was insufficient to support the operational costs. This advance was limited to \$600,000 per year. Section 17 allowed the Western Interstate Commission for Higher Education Loan and Stipend Account to balance forward any unobligated loan, stipend, and interest repayment revenues to pay expenses of its Health Care Access Program Loan Repayment slots.

Mr. Goodman said section 18 contained a one-time transfer of any remaining balance in the revolving account for grants to persons who owned and occupied homes damaged by disaster. Home disaster assistance grants were eliminated, and any remaining funds in that account within the Department of Public Safety would be transferred to the General Fund no later than June 30, 2011. Section 19 directed the State Controller to transfer by June 30, 2011, the excess reserves of \$1.5 million from the Radiological Health Account in the Health Division to the General Fund. Section 20 allowed for a temporary advance to the Energy Conservation Account of the Office of Energy if delays in collections of revenues from the property tax abatement program caused insufficient revenues to be available for authorized expenditures. The temporary advance was limited to 25 percent of the operating revenues.

Mr. Goodman said that section 21 restricted money deposited in the Emergency Operations Center Account of the Office of the Military, and the unexpended balance was allowed to be carried forward to the next fiscal year. The Office of the Military was allowed to receive rental payments for the use of its facilities and to establish a reserve in that account.

Mr. Goodman said section 22 allowed the Division of Child and Family Services or Clark County or Washoe County to receive additional funding from sources outside the State General Fund to augment child welfare services. This section was another exemption from section 7 requiring reversion of funds to the General Fund. Section 23 allowed a temporary advance for the Office of Veterans' Services if the Executive Director determined that federal reimbursement would not be received in time to pay for budgeted expenditures. This advance was limited to \$400,000 per year and must be repaid by the end of the fiscal year.

Mr. Goodman said section 24 prevented the Commissioner of Insurance from imposing a fee for the assessment levied on the state by the National Association of Insurance Commissioners for the upcoming biennium. This budget account contained excess reserves so it was unnecessary to impose a fee during this biennium.

Mr. Goodman said section 25 proposed to transfer commission revenue from the Governmental Services Tax (GST) from the Department of Motor Vehicles (DMV) to the State General Fund in the amounts of \$20,894,228 in fiscal year (FY) 2012 and \$20,894,228 in FY 2013. Section 26 proposed a transfer to the State General Fund of penalty fees in the amount of \$4,672,213 in FY 2012 and \$4,672,213 in FY 2013. Elimination of GST and fee revenue would require replacement of those fees with Highway Funds in the DMV budget. Section 26 increased the administrative cap on DMV's use of Highway Funds from the

historic rate of 22 percent to a temporary rate of 33 percent in the 2011-2013 biennium.

Mr. Goodman said section 27 allowed the Secretary of State to use money received from enforcement of an investigation of a security to be used for those investigations and any other purpose approved by the Interim Finance Committee. This section was new language necessary to implement the budget.

Mr. Goodman said section 28 removed language pertaining to the Account for Veterans' Affairs to reflect a budget action. The account would no longer contain funding for the Veterans' Guardianship Assistance program. Section 29 repealed six sections of statutes to eliminate the Veterans' Guardianship Assistance program.

Mr. Goodman said section 30 included implementation dates for the various sections of the bill. The reversions from the Home Disaster Assistance program, the Radiological Health program, and the changes to the Secretary of State's Office were effective upon passage and approval of the bill. All other sections of the bill were effective on July 1, 2011.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on Senate Bill 503 and opened the hearing on Senate Bill 505.

Senate Bill 505: Provides for compensation of state employees. (BDR S-1317)

Jeff Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 505 was the state pay bill. Section 1 of the bill listed all the unclassified positions, many of which had been reorganized because of the agency reorganizations approved by the Legislature. All the salaries had been reduced by 2.5 percent. Section 2 authorized the Division of Human Resource Management of the Department of Administration to examine the duties, responsibilities, and submit recommendations to the Interim Finance Committee (IFC) for approval if any unclassified position was omitted from the bill. The IFC could review, approve, and create a position and its associated salary. Subsection 2 authorized IFC to correct any typographical error found in section 1. The remainder of section 2 pertained to positions that were transferred from classified to unclassified service.

Mr. Ferguson said section 3 specified that each salary of an employee in the state shall be reduced by 2.5 percent. This reduction applied to all positions

within the state except those employees of the Department of Tourism and Cultural Affairs whose standard work week had been reduced to 32 hours.

Mr. Ferguson said section 4 was the furlough portion of the bill and required full-time employees to take 48 hours of furlough leave each fiscal year. Employees were allowed to use furlough leave in any increments of time but the salary would be reduced by the commensurate amount. The furlough provision applied to all employees except those employees of the Department of Tourism and Cultural Affairs who were limited to 32 hours per week. All other employee benefits remained the same including the accrual of sick leave and anniversary dates, and benefits were the same as if the employee worked those furlough hours. The Board of Regents was authorized to determine and implement the method in which professional employees of the Nevada System of Higher Education would comply with the furlough requirements.

Mr. Ferguson said section 5 pertained to holding the employees harmless for the Public Employees' Retirement System (PERS) contribution for the number of hours not worked while on furlough leave. Section 6 specified that it was the intent of the Legislature to limit exceptions to the furlough leave requirement. However, if an employer determined that a position could not be subject to furlough leave because of the need to provide services necessary for the protection of public health, safety, or welfare, the appropriate governing body could request that the position be exempt.

Mr. Ferguson said section 6, subsection 2 directed the appropriate governing body to make the exemption request. The State Board of Examiners was the appropriate governing body for most state employees of the Executive Branch; the Board of Regents was the appropriate governing body for employees of the Nevada System of Higher Education; the Public Employees Retirement Board (PERS) was the appropriate governing body for employees of PERS; the Supreme Court was the appropriate governing body for employees of the Judicial Branch; and the Legislative Commission was the appropriate governing body for employees of the Legislative Branch. Section 6, subsection 3 required the appropriate governing body to report to IFC on a quarterly basis for all positions exempted from the furlough. Section 6, subsection 4 required a salary reduction of 2.3 percent for any employee exempted from the furlough.

Mr. Ferguson said section 7 provided a General Fund appropriation of \$5,946,647 for fiscal year (FY) 2012 and \$6,005,007 for FY 2013 to hold employee positions harmless for the PERS contribution. Section 7, subsection 2 allowed the State Board of Examiners to allocate and disburse the funds to the appropriate state agency. Section 8 provided \$1,378,750 of Highway Funds to hold employee positions harmless for the PERS contribution for employees paid

from Highway Funds. Section 9 allowed the Department of Health and Human Services and the Department of Corrections to adopt a plan to authorize additional payments of up to \$60 for a specified period on a weeknight and up to \$100 for a specified period on a weekend day for unclassified employees who were Senior Psychiatrists, Senior Physicians, and Pharmacists to perform on-call responsibilities to ensure 24-hour coverage in psychiatric treatment facilities, correctional facilities, and institutions.

Mr. Ferguson said section 10 provided for additional pay up to \$5,000 annually for employees of the State Gaming Control Board who possessed a current Nevada certified public accountant certificate or license to practice law or worked in a qualified electronic laboratory engineer position.

Mr. Ferguson said section 11 required that any remaining balance of the appropriation must not be committed for expenditure after June 30, 2013, and must not be spent after September 20, 2013. Section 12 specified that the Board of Examiners must not distribute money in any account beyond the maximum salary that was determined for the account. The act became effective on July 1, 2011.

Assemblyman Goicoechea asked whether the workweek for the cultural affairs employees of the Department of Tourism and Cultural Affairs would remain at 32 hours.

Mr. Ferguson said the 32-hour work week would continue, and the salary reduction would not be imposed on those employees in the Department of Tourism and Cultural Affairs. Those employees were held harmless because they had already been reduced to a 32-hour work week.

Mr. Combs said the exemption from the 2.5 percent pay cut was an attempt to ensure those employees in the Department of Tourism and Cultural Affairs were not taking two reductions. Those employees received a reduction in hours and should not get hit with the pay cut and the furlough.

In response to a question from Assemblyman Goicoechea, Mr. Ferguson said any employee exempted from the furlough would receive a salary reduction of 2.3 percent, in addition to the 2.5 percent salary reduction imposed on all state employees.

Ben Graham, appearing on behalf of the Supreme Court, submitted an amendment ([Exhibit D](#)) for deletion of the Judicial Branch employees from the unclassified pay provisions of S.B. 505. He said there had been discussion about putting the members of the Judicial Branch on equal footing with the

Executive Branch and Legislative Branch. In the amendment, the Supreme Court wanted more leeway in managing its professional staff salaries. He said the Supreme Court had lost some key employees to other state agencies because of salaries.

Assemblyman Goicoechea said the Supreme Court did not impose furlough days, so he was surprised it asked for an exemption from the unclassified pay bill.

Mr. Graham said it was complicated. Furloughs were imposed at the Supreme Court. But during discussions, the Supreme Court believed the ultimate goal was to conserve money and thought furloughs were not the ultimate goal. If state employees were required to take salary reductions and furloughs, the Supreme Court would honor that requirement and do the same.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on Senate Bill 505 and opened the hearing on Senate Bill 504.

Senate Bill 504: Authorizes and provides funding for certain projects of capital improvement. (BDR S-1316)

Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Senate Bill 504, which was the Capital Improvement Program (CIP) bill for the 2011-2013 biennium. Section 1 approved issuance of \$27,133,179 in general obligation bonds for CIP projects. Section 2 stated that any remaining funds must not be committed for expenditure after June 30, 2015, and must be reverted by September 18, 2015. Section 3 authorized the State Board of Finance to issue the bonds when it deemed appropriate. Section 3, subsection 2 authorized a temporary General Fund advance for bonds if the bonds were not sold in advance of the need.

Mr. King said section 4 appropriated \$2,413,578 from the State Highway Fund for the projects listed in section 4. Section 5 established the reversion date of June 30, 2015. Section 6 provided for the reimbursement of Highway Funds when CIP funds were expended. Section 7 approved the reallocation of \$11,595,811 for Project 09-CO2a, a new 36-bed child and adolescent hospital-Southern Nevada Child and Adolescent Services, to other projects identified in this section.

Mr. King said section 8 reallocated \$2,683,208 from CIP project 07-M48 to CIP project 11-M60, which would provide for surveillance cameras and recording devices for the Ely State Prison. Section 9 provided for the reversion

date of June 30, 2015, for the reallocations. Section 10 authorized a total of \$4,348,320 in federal and agency funds for expenditures for CIP projects, of which approximately \$2.6 million of the total was federal funds and the remainder was agency funds. Section 11 required the State Public Works Division to hire qualified employees to accomplish CIP work. Section 12 required state agencies and local governments to cooperate with the State Public Works Division on the design and construction of CIP projects.

Mr. King said section 13 approved \$490,000 in fiscal year 2012 for the cultural affairs bond program. Section 14 approved an ad valorem tax rate of 15.55 cents on each \$100 of assessed value for the repayment of principal and interest of the CIP bonds and other bond needs and 1.45 cents on each \$100 of assessed value for the repayment of bonds issued pursuant to provisions of chapter 6, *Statutes of Nevada 2001*, 17th Special Session (2001).

Mr. King said section 15 directed the State Treasurer to provide an estimate of the amount needed to pay principal and interest on existing and future bonds. If the money estimated in the redemption account was insufficient, the State Controller could reserve the amounts needed in the General Fund. Section 16 authorized the State Board of Finance to pay expenses related to the issuance of the general obligation bonds. Section 17 authorized funding in the Consolidated Bond Interest and Redemption Fund in the amount of \$157,663,910 for the 2011-2013 biennium to pay principal, interest, and related bond costs. Section 18 authorized the transfer of money between CIP projects within the same agency, with approval of the Interim Finance Committee (IFC).

Mr. King said section 19 provided \$5 million for the Nevada System of Higher Education for CIP project number 11-M39. Section 20 provided a reversion date of June 30, 2015, for any remaining balance of the appropriation. Sections 21 through section 25 extended the reversion dates for CIP projects from prior years. Section 26 provided that the bill was effective upon passage and approval.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on Senate Bill 504.

Chairwoman Smith recessed the meeting briefly, reconvened at 10:58 a.m., and opened the hearing on Senate Bill 471 (1st Reprint).

[Senate Bill 471 \(1st Reprint\)](#): Revises provisions relating to public health.
(BDR 40-1200)

Marla McDade Williams, Deputy Administrator, Health Division, said Senate Bill 471 (1st Reprint) required counties to pay an assessment to reimburse the Health Division for various public health services. The bill transferred the duties of the Health Division regarding communicable diseases, sexually transmitted diseases, and tuberculosis to local health authorities in counties. The bill authorized the Health Division to impose an administrative penalty for violations of certain provisions governing emergency medical services.

Ms. McDade Williams said section 1 amended Chapter 439 of the *Nevada Revised Statutes* (NRS) and directed a county to pay an assessment to the Health Division in an amount determined by the Health Division for the cost of services provided in that county by the Health Division or the State Health Officer. It affected services provided pursuant to Chapter 441A, infectious diseases; Chapter 444, sanitation; Chapter 446, food establishments; and Chapter 583, meat, fish, produce, poultry, and eggs. This bill would not affect any county where the Health Division did not provide the public health services. Clark County, Washoe County, and Carson City currently provided their own public health services, so there would be no effect on those three counties.

Ms. McDade Williams said S.B. 471 (R1) was amended by the Senate Committee on Finance to establish a process for approval of the Interim Finance Committee when a county chose to take over services that the Health Division previously provided. Section 1.5 was amended to change the membership of a board of a local health authority.

Ms. McDade Williams said sections 2 through section 22 amended Chapter 441A of the NRS and provided for the transfer of duties and powers pertaining to the control, prevention, treatment, and cure of communicable diseases. If a county failed to appoint a local health officer, the State Health Officer would serve in that capacity, and the county would provide reimbursement.

Ms. McDade Williams said sections 23 and 24 related to emergency medical services (EMS) and authorized any money received by the Health Division from license fees, renewals, administrative penalties, or appropriations for EMS training be used only for EMS training of personnel who worked for a volunteer ambulance service or firefighting agency. Those funds would not revert to the State General Fund at the end of any fiscal year. Interest and income earned in the account must be credited to the account. The Administrator of the Health Division administered the account.

Ms. McDade Williams said there were two amendments proposed containing major changes. The first amendment addressed language to recognize that the burden to provide public health services rested on the local health authority, and not on the county, in a county with an existing health authority. The Health Division supported that amendment concept. The second amendment proposed to bypass the IFC approval process. The amendment stated when services were taken over by a local health authority, the transfer would not need to be reviewed by IFC for approval. The Health Division did not have a position on this amendment, but suggested this was a policy decision for the Legislature.

Assemblyman Grady asked whether two or three counties could join together to form a regional health district.

Ms. McDade Williams said the bill did not prohibit that arrangement. The provisions requiring IFC review and approval allowed the Health Division to establish a plan for the transition. The transfer would create budget problems for the Health Division. The Health Division may have to reassign or layoff existing personnel.

Lawrence K. Sands, D.O., M.P.H., Chief Health Officer, Clark County Health District, testified on S.B. 471 (R1). The Southern Nevada Health District coordinated with the Health Division, Washoe County, and Carson City to develop an amendment ([Exhibit E](#)). The amendment allowed the Health Division to develop agreements to delegate certain health services to the counties or to define the types of services and costs provided by the Health Division in a local health authority's jurisdiction. The amendment allowed the provision of services to be directly delegated from the state through interagency agreements, contracts, or memorandums of understanding with a local health authority.

Dr. Sands said local health authorities already had existing statutory authority as well as infrastructure in place to provide many of the public health services. He said it made better use of existing resources and was more cost-effective for a local health authority to provide services such as environmental health services. The provision to establish agreements between the Health Division and the local health authorities for services previously provided by the state allowed the agencies to more effectively plan together for the needed resources. The agencies could budget accordingly and be prepared to transfer and assume those services.

Dr. Sands said amendment language in section 11 was intended to clarify that a local health authority may pay for diagnostic inpatient care for tuberculosis patients. The Health Division did not currently pay the cost of care for

tuberculosis patients, and he did not want to create a new unfunded mandate for local health authorities. The amendment language did not change how these services had been provided or paid for in the past. The amendment allowed local health authorities to pay the costs of care with funds received through an appropriation or other resources.

In response to a question from Chairwoman Smith, Dr. Sands said he discussed the amendment with some senators but was asked to address the amendment after the bill had been processed by the Senate.

Morgan Baumgartner, representing the Nevada Resort Association, presented amendment ([Exhibit F](#)) to add section 1.5 to S.B. 471 (R1). The new language specified one member of the district board of health would be a representative of the gaming/tourism industry. The amendment would not expand the size of the district board of health but would replace the nongaming representative with a gaming representative. The board currently had an at-large nongaming position that was filled by a member of the gaming industry. She believed that representation worked well for the gaming industry as well as the local health district.

Ms. Baumgartner said many of the activities of the gaming industry were regulated by the health district board including general health, safety, sanitation, swimming pools, public restaurants, public accommodations, and cleaning standards for hotel rooms. She was informed the original intent of the statutory language was to include a representative of the gaming industry on the health district board. She did not know why that language failed to be included in the statute.

Ms. Baumgartner said she requested the amendment to add a new board position to represent the gaming industry at the hearing before the Senate Committee on Finance. The new position would have resulted in an even number of members on the board. Upon further discussions, the Nevada Resort Association decided to ask that the current at-large member be designated as a gaming industry representative.

Assemblywoman Carlton asked whether the at-large member served in the capacity of a representative of the public. She wondered whether eliminating the at-large member would eliminate a member of the public from participating.

Ms. Baumgartner said the current at-large position was filled by a gaming representative because gaming was an industry that was subject to regulation by the health district. She said the at-large representative must be from a regulated industry, not from the public.

Ms. McDade Williams said the Health Division currently provided the environmental health inspection services for state facilities. There were state facilities in Clark County that were inspected by the Health Division staff. The Southern Nevada Health District performed the same environmental health inspections in nonstate facilities. If the District wanted to take over that function, the budget of the Health Division would be affected. The Health Division employed a full-time equivalent (FTE) employee to perform those inspections.

Chairwoman Smith wondered what the Health Division would do with that FTE position if the District took over those functions.

Ms. McDade Williams said the Health Division would need to lay off that state FTE employee. Other layoffs could occur if Carson City and Washoe County took over the functions of the Health Division.

Chairwoman Smith asked whether the Health Division had a position on the amendment and whether it believed the local health authorities should take over the public health functions.

Ms. McDade Williams said the Health Division agreed with the policy of local control and would work with any county that wanted to take over public health functions.

In response to a question from Chairwoman Smith, Ms. McDade Williams said this discussion did not relate to the tuberculosis (TB) testing. The Health Division received a General Fund appropriation that it passed through to the local health authorities to assist in TB work. The funding only paid for 30 percent of the TB program costs. The federal funding received by the Health Division could not be spent for TB treatment. The General Fund helped pay for some of the TB treatment costs, but the Health Division was only able to pay for 30 percent of the TB efforts in Clark County and 20 percent in Washoe County. She did not think that TB was part of this discussion on the amendment.

Ms. McDade Williams said she thought the discussion about the amendment was about the food inspections and the other environmental health inspections. If both Washoe County and Clark County decided to take over that complete function, the Health Division would be left with positions that would have to be laid off. The Health Division would be unable to get out of its contracts, rental agreements, and other matters immediately without an effect to its budget.

In response to a question from Assemblywoman Mastroluca, Dr. Sands said the money to pay for inpatient care for TB patients could come from various sources. There may be other funds available locally. The federal funds were not allowed to be used for TB treatment. He thought private donations may be generated. His idea in the amendment was to ensure that the statute reflected the current practice. The treatment of TB patients had never been paid for by the state. The amendment would permit the transfer of public health functions and would allow the local health authorities the flexibility when there was the opportunity and the funds to be able to support TB treatment.

Assemblywoman Mastroluca said she had concerns about changing the language from "shall" to "may" and wondered about the purpose of the change and whether it provided Clark County the flexibility to provide or not provide TB treatment.

Dr. Sands said he spoke about the inpatient hospital treatment for TB that had never been paid for by the Health Division or the local health authorities. The District performed TB treatment on an outpatient basis. The local health authorities were responsible for the TB treatment of patients that had latent infections. The amendment addressed the inpatient acute care costs for TB that had never been funded. If the public health functions were allowed to be transferred, the TB treatment costs would become an unfunded mandate.

In response to a question from Assemblywoman Mastroluca, Dr. Sands said the responsibility to pay the treatment costs for TB patients may have been that of the indigent care funds of the counties. He thought other revenue sources may have been hospitals, other providers, or insurance.

Assemblywoman Mastroluca recognized that there may be TB treatment services that were not funded.

Dr. Sands said he worked with the partners on the amendment to reflect what the current practice had been.

Assemblywoman Carlton said the language that established the local health authority board membership stated a representative would be appointed from the association of gaming establishments whose membership in the county collectively paid the most gross revenue fees to the state pursuant to NRS 463.370 in the preceding year. She assumed MGM was the biggest entity on the Las Vegas Strip and would pay the most fees. She wondered whether that meant there would be an MGM representative on the board.

Ms. Baumgartner said that was not the case because the representative would be from the association whose combined membership paid the largest gross gaming fees and not from an individual property.

Assemblywoman Carlton said she was concerned that the association that paid the most fees received the ability to appoint a representative to the board. She was bothered that those persons who were not members of the Nevada Resort Association could not serve as a representative on the board. She worried that the amendment was tying money to representation on the board. She believed that just because a company was a member of an association and paid the most in fees, that company should not be guaranteed a seat on the board.

Ms. Baumgartner said she believed this was a function of the mechanism for selection. This selection process was a simple way to determine representation and had been used in the statutes in the past for different organizations. The gaming industry was a highly regulated industry in Clark County. This selection process was a tried-and-true methodology used for selection.

Assemblywoman Carlton understood the selection process for other functions but not for a local health authority that was responsible to everyone in the county. She could not understand the rationale for using such limiting language about who could have a seat on the board. She agreed that the gaming industry should be represented on the board because gaming represented a large portion of the industry on the Las Vegas Strip and should have a seat on the board. She was uncomfortable with how that was going to happen. Making someone a member of an association did not always work in this state. Nevada was a right-to-work state. A person should not have to join an association to be able to work. She had concerns about this amendment.

Chairwoman Smith said citizens were appointed to task forces, boards, and commissions and membership in associations was used to select that representative on the board throughout the statutes. It appeared that this definition defined who that association might be in a different way, but this process was found throughout the statutes. There was a lot of precedent for selecting a representative from an association.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on Senate Bill 471 (1st Reprint) and opened the hearing on Senate Bill 374 (1st Reprint).

Senate Bill 374 (1st Reprint): Creates the Committee to Study the Funding of Higher Education. (BDR S-992)

Daniel J. Klaich, J.D., Chancellor, Nevada System of Higher Education, testified about this study of the funding of higher education and believed this was a critical bill. About every ten years the funding of higher education was studied and another study was due. There were a number of things that had changed in the funding of higher education over the last decade. He believed it was important to look at those concerns now and fold in the changes to the overall strategy to improve quality, graduation rates, and performance. Dr. Klaich urged the Committee to pass the bill.

Jim Richardson, Nevada Faculty Alliance, testified in support of this bill. He said it was a very important bill, and he had served on the prior study committee. The state needed some guidance, help, and more understanding about the funding formulas for higher education, and he encouraged the Committee to support this bill.

In response to a question from Assemblyman Goicoechea, Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said an appropriation from the State General Fund to the Legislative Fund in the amount of \$150,000 for the purposes of conducting the study was included in section 6 of the bill. He said section 4 authorized the Committee to employ such educational and financial consultants as it deemed necessary for the study. The \$150,000 could be used to employ consultants. There was also an appropriation from the General Fund to the Legislative Fund of \$18,064 in section 7 for the purpose of paying for the participation of the legislators who were members of the Committee. The total cost of the study could be as much as \$168,064.

Chairwoman Smith said some bills being considered by the Legislature may change the way the interim committee structure would function. The Legislature may not be doing the traditional number of studies. Studies may be assigned to interim committees. This bill was not affected by those changes and would create a separate study committee.

Mr. Combs said the reason this bill created a separate study committee was because there were nonlegislative members that would serve on the committee.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on Senate Bill 374 (1st Reprint) and opened the hearing on Senate Bill 449 (2nd Reprint).

Senate Bill 449 (2nd Reprint): Revises provisions governing tuition charges, registration fees and other fees assessed against students in the Nevada System of Higher Education. (BDR 34-932)

Daniel J. Klaich, J.D., Chancellor, Nevada System of Higher Education, said this bill did two important things. It revised the fee structure of the Nevada System of Higher Education (NSHE) that allowed the Board of Regents to continue the process of charging differential fees for high-cost and high-demand courses. He thought that policy would probably become a significant part of the way to fund higher education.

Dr. Klaich said the bill provided for the mandatory exchange of data between NSHE and Department of Employment, Training and Rehabilitation (DETR) that would allow NSHE to track students from enrollment through job placement on a longitudinal basis. Dr. Klaich said he thought that data was important to report to the Board of Regents and to the Legislature. He asked for support for this bill.

In response to a question from Assemblyman Goicoechea, Dr. Klaich said he had spoken to Governor Sandoval and Marc Johnson, Interim President of the University of Nevada, Reno about NSHE funding matters after a press conference. Interim President Johnson indicated that the budget reductions to the cooperative extension program would be reviewed in the context of the add-backs to the budget. The Interim President assured Dr. Klaich that there would be some add-backs to the cooperative extension program, but he was unable to quantify those at this time. When all the add-backs were reviewed, he did not expect the final budget percentage cut to be as severe as what was discussed throughout the 76th Session (2011).

Assemblyman Hickey asked whether Dr. Klaich would recommend to the Board of Regents that tuition fee increases of 13 percent be assessed for each year of the 2011-2013 biennium or whether the 13 percent would be spread over two years.

Dr. Klaich said his intention was to recommend that tuition increases be limited to 13 percent over the 2011-2013 biennium and be assessed in the first year of the biennium because the funding was needed immediately. He did not enjoy coming to the Legislature every other year to discuss the extent of NSHE's compliance with the Letters of Intent. He expected the Board of Regents would discuss the necessity of some fee increase in fiscal year (FY) 2013 consistent with the four-point plan he submitted to the Committee. He believed there may still be some discussion on the plan and was pleased the students had been willing to accept the plan. The Board of Regents had the constitutional authority to make determinations about tuition fees.

In response to a question from Chairwoman Smith, Dr. Klaich said the significant amendment approved by the Senate Committee on Education was to

provide that the data would be obtained from DETR and put in longitudinal form by NSHE. The original bill provided that job placement data would be obtained from surveys of students. He was not opposed to that, but believed it was not very effective. Surveys relied on voluntary compliance, and he suggested that DETR provide the data. He collaborated with DETR on a voluntary exchange of data, but that did not always work. He asked that DETR be required to supply the data, and NSHE would put the data in longitudinal form. The reports would be provided to the Board of Regents and the Legislature.

Chairwoman Smith asked whether anyone wanted to testify on this bill, and hearing none, she closed the hearing on Senate Bill 449 (2nd Reprint) and opened the work session of the Committee.

Assembly Bill 536 (1st Reprint): Revises provisions relating to background checks for certain persons who work with children. (BDR 38-201)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Assembly Bill 536 (1st Reprint) was heard by the Committee on May 21, 2011. The bill revised provisions relating to background checks for persons who worked with children. The bill was referred to the Committee because of a fiscal note submitted by the Division of Child and Family Services. The Administrator indicated the Division could perform the additional background checks within its existing funding. The fiscal note could be removed.

ASSEMBLYWOMAN MASTROLUCA MOVED TO DO PASS AS AMENDED ASSEMBLY BILL 536 (1st REPRINT).

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

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

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Chairwoman Smith asked Assemblywoman Mastroluca to present the floor statement on this bill.

Assembly Bill 553: Revises provisions governing subsidies for the coverage of certain persons under the Public Employees' Benefits Program. (BDR 23-1222)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Assembly Bill 553 was heard by the Committee on June 3, 2011. This bill eliminated the retirement subsidy for employees hired by the state after July 1, 2011. The Director of the Department of Administration testified on the bill and indicated that elimination of the retirement subsidy was the only remaining part of the employee benefit package that needed to be processed. There was some discussion about whether employees hired after July 1, 2011, would be allowed to participate in the Public Employees' Benefits Program (PEBP) but without the subsidy. That was the policy matter to be resolved by the Committee.

Assemblyman Ocegüera said it was a tough decision to eliminate the retiree subsidy completely or allow retirees to pay for their PEBP coverage. There was a fiscal effect to PEBP if retirees were allowed to buy in, but some retirees had no other options. There may be other options available ten years from now, but there were few options now. He suggested elimination of the subsidy for future employees. He also suggested the best option for now was to allow retirees the opportunity to buy into PEBP and pay the costs. He believed there may be another option in the future for retirees to purchase coverage in a different system. He said this was a tough decision for the Committee.

Assemblyman Kirner disagreed and said the value of eliminating the subsidy was negated if the Committee allowed retirees to buy into PEBP because of the way the actuarial system worked. By law, PEBP was required to aggregate experience and develop one risk assessment. Allowing the retirees to buy in would be a bad decision. The retiree would pay his premium, but it would affect the risk assessment of PEBP. The state would have to pay more because of the addition of the retirees' experience. The effect of this decision would not be seen for at least 15 years because a person cannot qualify for retiree medical benefits based on a change made sooner than 15 years ago. His opinion was to defeat the bill or not allow retirees to buy into PEBP.

Assemblywoman Carlton said she looked at the social costs of eliminating the subsidy. She thought of the discussions of shared responsibility. It was hard to find the money to pay for the subsidy. Some retirees would be unable to afford the cost of insurance coverage. She did not want to tell retirees they were out of PEBP and would not be allowed to buy into PEBP. She believed that the way insurance worked was everyone paid in, and when they needed insurance, it was there for them. Those who did not pay for insurance did not receive any insurance benefit. She thought that was the basic social premise behind insurance. She said it was a terrible message to tell retirees who wanted to be responsible that they were not allowed to purchase PEBP coverage.

Assemblyman Ocegüera said he did not disagree with Assemblyman Kirner's assessment. He hoped Assemblyman Kirner was correct and health insurance exchanges would be available in 15 years. He wanted to offer retirees that option now. He said the Legislature could change the decision in two years if other options were available. He could not guarantee there would be any other options. The value of state employees was important.

Chairwoman Smith said elimination of the subsidy was a big shift in policy for the state and its employees. The state was headed in a new direction. The idea of eliminating the subsidy was a big decision, but eliminating the ability of retirees to even participate in PEBP was an extreme position. She would reluctantly support elimination of the subsidy. She knew the healthcare environment was changing. She believed this country would be in a serious situation in 15 years if better health insurance options were not available. She understood that choosing the extreme of allowing retirees the opportunity to purchase coverage through PEBP was difficult.

Assemblyman Aizley liked to think about total compensation rather than salary and benefits. Elimination of the retiree subsidy was another cut in the total compensation package offered to persons who may wish to work for the state. He worried that in the future the state may be unable to attract the best qualified persons because the state had the smallest compensation package to offer them.

Assemblyman Conklin wondered why the Committee needed to address the question of allowing retirees to purchase PEBP coverage without a subsidy. That problem would not arise for the next 15 to 30 years. He was unsure what tools might be available in the next 30 years. The decision for the Committee should be to eliminate the retirees' subsidy for state employees hired after January 1, 2012.

Assemblywoman Carlton reiterated her concern that state employees would be covered by PEBP insurance during their entire working career and would become familiar with the system and its providers. She did not want to force those employees out of the system once they retired. It would be too difficult for them to find other doctors and medical care providers that were familiar with their medical needs and too difficult to learn how to navigate a new health insurance system.

Assemblyman Goicoechea was uncomfortable about having language that potentially promised PEBP coverage in 15 years, 20 years, or 30 years. He believed the message the Committee should be sending was to notify future employees that the state was experiencing difficult economic challenges and

would no longer be able to pay for a retirees' subsidy. He did not want to cloud the problem by saying the state may allow retirees the option to pay the cost of PEBP coverage in the future.

Assemblyman Grady said what bothered him was the potential promise to let retirees buy into PEBP. When the retirees reached the age of 65 years, they are terminated from PEBP coverage and must move to a different plan through the Medicare Health Insurance Exchange. Things were going to change. Retirees would not be covered by PEBP.

ASSEMBLYMAN OCEGUERA MOVED TO AMEND AND DO PASS ASSEMBLY BILL 553 TO ELIMINATE THE RETIREE SUBSIDY FOR NEW EMPLOYEES HIRED AFTER JANUARY 1, 2012, BUT ALLOW THOSE EMPLOYEES TO PURCHASE PUBLIC EMPLOYEES' BENEFITS PROGRAM COVERAGE BY PAYING THE COST WITH NO ELIGIBILITY FOR A RETIREES' SUBSIDY.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Goicoechea, Grady, Hambrick, Hardy, Hickey, and Kirner voted no. Assemblyman Atkinson was not present for the vote.)

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[Senate Bill 374 \(1st Reprint\)](#): Creates the Committee to Study the Funding of Higher Education. (BDR S-992)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 374 (1st Reprint) was heard by the Committee on June 5, 2011. This bill created a committee to study the funding of higher education.

ASSEMBLYWOMAN MASTROLUCA MOVED TO DO PASS SENATE BILL 374 (1st REPRINT).

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

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

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Senate Bill 423: Revises provisions concerning assistance to certain older persons and persons with physical disabilities. (BDR 38-1167)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 423 was heard by the Committee on June 5, 2011. The bill was presented by Carol Sala, Administrator, Aging and Disability Services Division, and no amendments were presented. This bill was necessary to implement The Executive Budget.

ASSEMBLYWOMAN MASTROLUCA MOVED TO DO PASS
SENATE BILL 423.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

Senate Bill 447 (1st Reprint): Makes various changes concerning the administration of child welfare services. (BDR 38-1218)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Assembly Bill 447 (1st Reprint) was heard by the Committee on June 5, 2011. The bill was presented by Diane J. Comeaux, Administrator, Division of Child and Family Services. This bill made changes to child welfare services by creating a block grant program for Clark County and Washoe County and an incentive payment program. No amendments were proposed, and this bill was necessary to implement The Executive Budget.

ASSEMBLYWOMAN MASTROLUCA MOVED TO DO PASS
SENATE BILL 447 (1st REPRINT).

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

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

Senate Bill 449 (2nd Reprint): Revises provisions governing tuition charges, registration fees and other fees assessed against students in the Nevada System of Higher Education. (BDR 34-932)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 449 (2nd Reprint) was heard by the Committee on June 5, 2011. The bill was presented by Daniel J. Klaich, J.D., Chancellor, Nevada System of Higher Education (NSHE). This bill made changes to tuition charges, registration fees, and other fees assessed against students. The bill included a requirement for the transfer of data from the Department of Employment, Training and Rehabilitation to NSHE. No amendments were proposed.

ASSEMBLYMAN GRADY MOVED TO DO PASS
SENATE BILL 449 (2nd REPRINT).

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

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

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Senate Bill 476 (1st Reprint): Makes various changes concerning the juvenile justice system. (BDR 5-1216)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 476 (1st Reprint) was heard by the Committee on June 5, 2011. The bill was presented by Diane J. Comeaux, Administrator, Division of Child and Family Services. This bill made changes to the juvenile justice system. No amendments were proposed, and this bill was necessary to implement The Executive Budget.

ASSEMBLYMAN CONKLIN MOVED TO DO PASS
SENATE BILL 476 (1st REPRINT).

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

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

* * * * *

Senate Bill 480 (1st Reprint): Revises provisions relating to child protective services in certain less populated counties. (BDR 38-1219)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 480 (1st Reprint) was heard by the Committee on June 5, 2011. The bill was presented by Diane J. Comeaux, Administrator, Division of Child and Family Services. This bill made changes to child protective services in rural counties. No amendments were proposed, and this bill was necessary to implement The Executive Budget.

ASSEMBLYMAN CONKLIN MOVED TO DO PASS
SENATE BILL 480 (1st REPRINT).

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

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

**Senate Bill 503: Authorizes expenditures by agencies of the State Government.
(BDR S-1315)**

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 503 was heard by the Committee on June 5, 2011. This bill was the Authorizations Act for the 2011-2013 biennium and was presented by Rex Goodman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau. There were no amendments proposed, and this bill was necessary to implement The Executive Budget.

ASSEMBLYMAN AIZLEY MOVED TO DO PASS SENATE BILL 503.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Hambrick and Hardy voted no. Assemblyman Atkinson was not present for the vote.)

Senate Bill 504: Authorizes and provides funding for certain projects of capital improvement. (BDR S-1316)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 504 was heard by the Committee on

June 5, 2011. This bill was the Capital Improvement Program legislation for the 2011-2013 biennium and was presented by Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau. There were no amendments proposed, and this bill was necessary to implement The Executive Budget.

Assemblywoman Mastroluca asked whether the Committee could request a Letter of Intent regarding the capital improvement projects for the Office of the Military. There was some discussion in the Committee about ensuring the federal funds were in place before construction began on those projects. She wanted to ensure that the expectation of the Legislature was met.

ASSEMBLYWOMAN MASTROLUCA MOVED TO DO PASS
SENATE BILL 504 AND REQUEST A LETTER OF INTENT.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Hambrick and Hardy voted no. Assemblyman Atkinson was not present for the vote.)

Senate Bill 505: Provides for compensation of state employees. (BDR S-1317)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 505 was heard by the Committee on June 5, 2011. This bill was the state pay bill for the 2011-2013 biennium and was presented by Jeff Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau. There was one amendment proposed by Ben Graham, representing the Supreme Court, to remove the Judicial Branch employees from the unclassified pay bill. This bill was necessary to implement The Executive Budget.

Assemblyman Aizley asked about the difference between unclassified and nonclassified employees.

Mr. Combs said the maximum salaries of unclassified positions were set forth in the unclassified pay bill. The salaries of nonclassified positions were not controlled by the Legislature in the unclassified pay bill.

Chairwoman Smith said the unclassified definition was discussed by the Committee during the hearing on the health insurance exchange bill last week.

ASSEMBLYMAN OCEGUERA MOVED TO DO PASS
SENATE BILL 505.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Hambrick and Hardy voted
no. Assemblyman Atkinson was not present for the vote.)

Senate Bill 471 (1st Reprint): Revises provisions relating to public health.
(BDR 40-1200)

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill 471 (1st Reprint) was heard by the Committee on June 5, 2011. There were two amendments proposed, a joint amendment submitted by the Southern Nevada Health District and the Washoe County Health District, and one amendment submitted by the Nevada Resort Association. The amendment from the Nevada Resort Association pertained to the appointment of a gaming industry representative to the local health authority board.

Assemblywoman Mastroluca said this bill was important and the Committee must close the budget.

ASSEMBLYWOMAN MASTROLUCA MOVED TO DO PASS
SENATE BILL 471 (1st REPRINT).

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

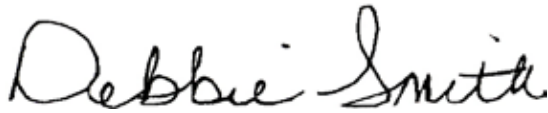
THE MOTION PASSED. (Assemblyman Atkinson was not present
for the vote.)

Chairwoman Smith asked for any public comment and there was none. There being no further business to come before the Committee, Chairwoman Smith recessed the meeting at 12:12 p.m. and said she would reconvene the meeting at the call of the Chair. The meeting was not reconvened because of time constraints.

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

A handwritten signature in cursive script that reads "Debbie Smith".

Assemblywoman Debbie Smith, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: June 5, 2011

Time of Meeting: 9:47 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Sign-In Sheets
S.B. 423	C	Carol Sala, Administrator, Aging and Disability Services Division	Testimony
S.B. 505	D	Ben Graham, representing the Supreme Court	Proposed Amendment
S.B. 471 (R1)	E	Lawrence Sands, Southern Nevada Health District	Proposed Amendment
S.B. 471 (R1)	F	Morgan Baumgartner, Nevada Resort Association	Proposed Amendment