

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE  
Seventy-sixth Session  
May 10, 2011**

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 3:04 p.m. on Tuesday, May 10, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Steven A. Horsford, Chair  
Senator Sheila Leslie, Vice Chair  
Senator David R. Parks  
Senator Moises (Mo) Denis  
Senator Dean A. Rhoads  
Senator Barbara K. Cegavske  
Senator Ben Kieckhefer

**STAFF MEMBERS PRESENT:**

Rex Goodman, Principal Deputy Fiscal Analyst  
Mark Krmpotic, Senate Fiscal Analyst  
Julie Waller, Program Analyst  
Cynthia Clampitt, Committee Secretary

CHAIR HORSFORD:

We will open the hearing on Assembly Bill (A.B.) 568, the Distributive School Account (DSA) bill.

**ASSEMBLY BILL 568**: Ensures sufficient funding for K-12 public education for the 2011-2013 biennium. (BDR S-1292)

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

This bill reflects the closing actions of the Joint Senate Committee on Finance and the Assembly Committee on Ways and Means. It includes DSA, the School Remediation Trust Fund, the Incentives for Licensed Educational Personnel account, the State Supplemental School Support Fund account and the Other

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State Education Programs account. Ms. Julie Waller, program analyst for Education, will present the bill.

## EDUCATION

### K-12 EDUCATION

NDE - Distributive School Account — Budget Page K-12 EDUCATION-1  
(Volume I)  
Budget Account 101-2610

NDE - School Remediation Trust Fund — Budget Page K-12 EDUCATION-13  
(Volume I)  
Budget Account 101-2615

Incentives for Licensed Educational Personnel — Budget Page K-12  
EDUCATION-24 (Volume I)  
Budget Account 101-2616

NDE – State Supplemental School Support Fund — Budget Page K-12  
EDUCATION-21 (Volume I)  
Budget Account 101-2617

NDE – Other State Education Programs — Budget Page K-12 EDUCATION-9  
(Volume I)  
Budget Account 101-2699

JULIE WALLER (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):  
Assembly Bill 568 is the funding bill for the kindergarten through Grade 12 (K-12) education bill.

Section 1 of the bill provides for the per-pupil statewide average basic support for fiscal year (FY) 2011-2012 in the amount of \$5,542 per pupil. Section 2 establishes the statewide average basic support per pupil in the amount of \$5,655 each in FY 2012-2013.

Section 3 establishes the special education program units which remain flat from the current biennium at 3,049 units for a cost of \$39,768 per unit in each

year of the 2011-2013 biennium. The total funding for special education units is approximately \$121.3 million in each year of the biennium.

Section 3, subsection 4 of A.B. 568 authorizes the State Board of Education (BOE) to expend \$162,476 in FY 2011-2012 and \$166,321 in FY 2012-2013 for instructional programs incorporating educational technology for gifted and talented pupils.

Section 4 contains the General Fund appropriation to DSA in the amount of approximately \$1.37 billion in FY 2011-2012 and approximately \$1.4 billion in FY 2012-2013.

Section 5 authorizes the expenditure of other revenues in DSA of \$240,078,955 in FY 2011-2012 and \$245,970,854 in FY 2012-2013.

Section 7 authorizes the Department of Education to expend approximately \$17.4 million in FY 2011-2012 and approximately \$18.2 million in FY 2012-2013 for the adult standard high school diploma programs.

Section 8 authorizes \$50,000 to be distributed to each of the 17 school districts to fund counseling services for elementary school pupils at risk of failure.

Section 10 provides for an appropriation to the early childhood education programs from the General Fund in the amount of approximately \$3.3 million in FY 2011-2012 and approximately \$3.3 million in FY 2012-2013.

Section 12 provides funding for special transportation costs to school districts in the amount of \$128,541 in each year of the upcoming biennium.

Section 13 provides pay increases for the school library media specialists in the amount of \$18,798 in each year of the biennium.

Section 15 authorizes an allocation for the Class Size Reduction Program (CSR) indicating funding has been provided for the 2011-2013 biennium to establish a ratio of 16 pupils per teacher in kindergarten through Grade 2. It also provides for a ratio of 19 pupils per teacher in Grade 3.

Section 16 allocates approximately \$143.9 million in FY 2011-2012 to be utilized for salaries and benefits of not less than 2,127 teachers in support of the CSR Program.

Section 17 allocates approximately \$147.5 million to support the salaries and benefits of not less than 2,144 teachers in FY 2012-2013 for the CSR Program.

Section 20 appropriates State General Fund monies in the amount of approximately \$7.9 million in FY 2011-2012 and approximately \$7.6 million in FY 2012-2013 for the Other State Education Programs account, which includes pass-through funding for programs of educational technology and career and technical education among other categorical programs.

Section 21 appropriates approximately \$32.5 million in FY 2011-2012 and approximately \$33 million in FY 2012-2013 to the Account for Programs for Innovation and the Prevention of Remediation. This funding supports the continuation of the full-day kindergarten program during the upcoming biennium. It also supports funding for the Regional Professional Development Programs (RPDP) approved for transfer to this account in the amount of approximately \$7.7 million in each year of the upcoming biennium.

Section 26 provides State General Fund monies in the amount of approximately \$13.4 million in FY 2011-2012 and approximately \$15.9 million in FY 2012-2013 to continue the purchase of the one-fifth retirement service credit program and other financial incentives for personnel who meet certain criteria when teaching in at-risk schools.

Sections 27 through 29 of A.B. 568 provide for the delay in transfer of the Initiative Petition No. 1 (IP 1) room tax funds. Those funds were scheduled to transfer to the State Supplemental School Support Fund beginning July 1, 2011. This bill will delay the start date through the upcoming biennium and provides for that funding to be redirected to DSA as another revenue source for the upcoming biennium.

That concludes my comments on A.B. 568.

SENATOR KIECKHEFER:

For comparison purposes in section 1, what are the differences between the per-pupil weighted average in A.B. 568, what was recommended by the

Governor and the fiscal amounts in A.B. 568? Please make the same comparison for section 4, regarding the total appropriation from the General Fund for DSA.

MS. WALLER:

The Governor's recommended budget was amended on March 28, 2011, and Staff did not receive an updated DSA summary sheet from the amendments made after the Economic Forum meeting on May 3, 2011. The budget proposed per-pupil funding in the amount of \$4,877 in FY 2011-2012 and \$4,878 in FY 2012-2013. The per-pupil statewide funding included in A.B. 568 is \$665 per student more than the Governor's recommended budget and \$777 per-pupil higher in FY 2012-2013 than the Governor's recommendations.

In regard to section 4, the Governor recommended \$1.08 billion in FY 2011-2012 and \$920 million in FY 2012-2013. Those were the numbers prior to the updated revenues the Governor directed to K-12 after the meeting of the Economic Forum.

CHAIR HORSFORD:

Does section 2 reflect State basic support, the ad valorem adjustment and the estimated basic support from local revenue sources?

MS. WALLER:

That is correct. Because the property tax revenues will be projected again during the biennium, in the second year of the biennium, these figures represent estimated ad valorem property tax revenues. Those figures will be updated and changed based on the projections in March 2012.

CHAIR HORSFORD:

Are the net proceeds on minerals or the Local School Support Tax (LSST) factored into any of these figures?

MS. WALLER:

The net proceeds on minerals would be included in the updated projection that will be received from the Department of Taxation. The LSST is not projected again. The figures are used to calculate the actual per-pupil amounts for each district. The LSST is actualized in each year of the biennium, as is the public school operating tax. The actual figures get incorporated into the total amounts.

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MR. KRMPOTIC:

Regarding section 2, the estimated basic support guarantee does not include any local revenues directed to the reserve accounts that have been discussed. Those include the governmental services tax (GST) or the property tax directed for the repayment of debt.

MS. WALLER:

That is correct. A component of GST is allocated for operating purposes. That is a part of the outside revenues used to calculate the per-pupil support figure. However, GST allocated for capital purposes is not included in these amounts.

CHAIR HORSFORD:

Does this bill reflect the actions taken by the Joint Committee in budget closing actions for DSA and related accounts?

MS. WALLER:

Yes, these figures are the result of closing actions of the Joint Committee on May 3, 2011.

SENATOR KIECKHEFER:

Why does BOE reserve 40 special education slots each year? Is that to allocate a slot if a student is enrolled in a district where they were not anticipated?

MS. WALLER:

The BOE reserves 40 units for unanticipated expenditures. Charter schools are also able to apply directly to BOE for special education unit funding. During the biennium, if a school appears to have unexpended special education unit funding, the units will be reallocated to BOE and they will then reallocate them on an as needed basis.

The special education unit funding is utilized. It may simply be reallocated to districts in need of additional funding for special education.

SENATOR DENIS:

It states in the preamble to A.B. 568 "An act relating to education; ensuring sufficient funding for K-12 public education ... ." I am always at a loss as to the definition of "sufficient funding." I do not know why that phrase is included in the preamble, because I do not feel the bill sufficiently funds K-12 education.

CHAIR HORSFORD:

So noted. Staff indicated section 27 reflects the IP 1 room revenues. That provision was passed in 2008. Then the Legislature considered it again in 2009. The first two years it was permitted for use for the General Fund. Beginning on July 1, 2011, those funds were supposed to be allocated for improving the academic needs of students or for incentives for teachers.

It is my understanding, because that initiative was adopted in 2009, it allowed discretion to be used for additional funding of education. Because we are adding those funds, in part, toward the restoration of what was recommended by the Governor, it still meets the intent for use of the funds. Is that correct?

MS. WALLER:

That is a correct description of the funding. For the first two years, it was directed to the General Fund. Beginning July 1, 2011, it would have been directed to the State Supplemental School Support Fund for use to improve academic achievement of students and for incentives to teachers and nonadministrative staff. The Joint Committee approved the funds to be redirected to DSA as another revenue source. The funding will ultimately be used to support K-12 rather than as an allocation to the General Fund which could cause a possibility of its use for noneducational purposes.

CHAIR HORSFORD:

After 2014, could the funds be continued for the intended purpose of student achievement or incentives for teachers?

MS. WALLER:

This bill simply delays the beginning date of the fund direction from the State Supplemental School Support Fund. Those funds will be redirected to DSA to support educational expenditures for the current biennium. However, beginning July 1, 2013, it would be directed for deposit into the State Supplemental School Support Fund.

SENATOR CEGAVSKE:

Section 24, page 15, addresses the prevention of remediation and the regional training. Is this the RPDs?

MS. WALLER:

That is correct.

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SENATOR CEGAVSKE:  
What is the appropriation for RPDPs?

MS. WALLER:  
The combined funding for the RPDPs would be \$7.7 million. That includes \$100,000 designated for additional administrative training as specified in section 24.

SENATOR CEGAVSKE:  
Please explain the provisions for the full-day kindergarten program in A.B. 568. Does the bill mandate full-day kindergarten, or does it only apply to those schools that are mandated to provide a free and reduced lunch program?

MS. WALLER:  
There are some Title I of the Elementary and Secondary Education Act of 1965 schools that receive federal funding and have full-day kindergarten programs. This bill indicates that if those schools receive State funding for a full-day program, then the federal funding may be utilized for other remediation purposes. Also, the State program is not required. Parents may, therefore, opt out of the schools with full-day kindergarten programs and send their child to a one-half day kindergarten program.

SENATOR CEGAVSKE:  
What is the funding for that section?

MS. WALLER:  
The funding relates to the appropriation in section 21. The total appropriation of approximately \$32.5 million includes the \$7.7 million in RPDP funding. That leaves approximately \$25 million in each year for the full-day kindergarten program.

CHAIR HORSFORD:  
I will entertain a motion on A.B. 568.

SENATOR LESLIE MOVED TO DO PASS A.B. 568.

SENATOR DENIS SECONDED THE MOTION.



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

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CHAIR HORSFORD:  
Seeing no further business before the Committee, we are adjourned at  
3:27 p.m.

RESPECTFULLY SUBMITTED:

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Cynthia Clampitt,  
Committee Secretary

APPROVED BY:

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Senator Steven A. Horsford, Chair

DATE: \_\_\_\_\_

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
A.B.568	A		Agenda
	B		Attendance Roster