

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-sixth Session
May 20, 2011**

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 8:28 a.m. on Friday, May 20, 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

GUEST LEGISLATORS PRESENT:

John J. Lee, Clark County Senatorial District No. 1

STAFF MEMBERS PRESENT:

Rex Goodman, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Madison Piazza, Committee Secretary

OTHERS PRESENT:

Greg Ferraro, Nevada Athletic Commission
James R. Lawrence, Administrator and State Lands Registrar, Division of State Lands, State Department of Conservation and Natural Resources
Kyle Davis, Nevada Conservation League
Joyce Haldeman, Clark County School District
Craig Stevens, Nevada State Education Association
Dotty Merrill, Nevada Association of School Boards
Julia Teska, Budget Analyst, Budget Division, Department of Administration

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Craig Hulse, Washoe County School District
Ron Dreher, Washoe School Principals' Association
Pete Anderson, State Forester, Division of Forestry, State Department of Conservation and Natural Resources
Scott K. Sisco, Administrative Services Officer, Division of Forestry, State Department of Conservation and Natural Resources
Stephanie Day, Deputy Director, Budget Division, Department of Administration
Laurie Olson, Chief, Grants Management Unit, Department of Health and Human Services

CHAIR HORSFORD:

We will open the hearing on Senate Bill (S.B.) 498. This bill is related to a measure we already closed in the budget and will carry out that decision unit. This bill provides funding for random drug testing.

SENATE BILL 498: Expands the authorized use of proceeds from the additional fee for each ticket sold for admission to a live professional contest of unarmed combat. (BDR 41-1285)

GREG FERRARO (Nevada Athletic Commission):

This bill authorizes the transfer of funds from the amateur athletic account into a fund that will sustain the random steroid and drug testing program which was initiated after a comprehensive study a few years ago. Given budget difficulties, they were not able to continue that program and this request was made to be able to transfer funds. The testimony by the chairman of the Nevada Athletic Commission indicated that the people who rely on the amateur athletic fund recognize the importance of this transfer and are in support of it.

SENATOR DENIS:

Is this a onetime transfer?

MR. FERRARO:

Yes, it is.

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 498.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

We will hear S.B. 438. There are some policy changes that the chairman of the Senate Committee on Government Affairs wants to consider. Do you have the adjustments that Senator Lee is proposing? There was a fiscal related impact and since then Senator Lee has discussed making some adjustments to the bill.

SENATE BILL 438: Requires the issuance of bonds for environmental improvement projects in the Lake Tahoe Basin. (BDR S-97)

JAMES R. LAWRENCE (Administrator and State Lands Registrar, Division of State Lands, State Department of Conservation and Natural Resources):

I am not aware of proposed changes to S.B. 438. Senate Bill 271 does have some Tahoe related items and that may be the bill you are referring to.

SENATE BILL 271: Provides for withdrawal of the State of Nevada from the Tahoe Regional Planning Compact. (BDR 22-988)

CHAIR HORSFORD:

Please present on S.B. 438.

MR. LAWRENCE:

This bill came out of the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System. This bill provides for the issuance of bonds for the continuation of the Environmental Improvement Program (EIP). The Division of State Lands has been coordinating Nevada's EIP projects at Lake Tahoe since 1999. I will not go into the details of the superlatives of Lake Tahoe, as a State, national and international treasure, as well as its regional economic importance to Nevada. There are many challenges facing Lake Tahoe, such as the declining water clarity and the dangerous forest health conditions that contribute to the risk of catastrophic fire. Another challenge is the emerging threat of invasive aquatic species such as quagga or zebra mussels that threaten our beaches and water infrastructure.

The beauty and environmental challenges of Lake Tahoe are well documented; however, Nevada's participation in EIP continues to be a resounding success.

Because of the partnership with EIP, scientists are now reporting that the decline in lake clarity, which at one time was an average loss of one foot per year, has leveled to the point where we can begin to reverse the trend. Forest health projects have been completed on 42,000 acres throughout the basin, including lands owned by the State of Nevada. Improving the forests is also reducing the threat of catastrophic wildfire.

An aquatic invasive species program has been established which is focusing on the prevention of these species establishing at Lake Tahoe. This includes boat inspections at State Park's launching facility and removal of Asian clams offshore from some of Nevada's beaches. Nevada was the first partner to pledge full support to EIP and our support continues to be matched by our California, federal, local and State partners. To date, Nevada has contributed \$91 million since 1997. This has been matched by federal agencies in the amount of \$454 million. California has matched in the amount of \$617 million. Local government has matched \$61 million. The private sector has matched \$264 million. In addition, the Lake Tahoe Restoration Act of 2011 was introduced earlier this year. That authorizes another \$415 million for the federal share of the EIP.

As we have done in the previous six Legislative Sessions, since the development of the EIP, we are requesting bond authority for the next round of Nevada's projects. Specifically, S.B. 438 provides the authority to sell \$12 million in general obligation bonds for the continuation of projects. The projects listed in S.B. 438 will continue to focus on the main areas of improving water quality, continue forest health improvements to reduce wildlife, improve forest and wildlife habitat and improve State owned recreational facilities. In addition to improving the Lake Tahoe environment, these are active capital improvement projects (CIP) which help to create and retain jobs through the implementation of projects. These projects also protect and promote the regional tourism economy at Lake Tahoe.

The Treasurer's Office is reporting that the State's capacity to sell bonds is extremely limited moving forward based on today's projections. While this \$12 million request is not in the Governor's budget for bond sales during the upcoming biennium, passage of this bill is important in order to provide the authority to sell the bonds when the State's bonding capacity improves. I want to be very clear that this is an authority bill, not an immediate funding bill. I have spoken with the Treasurer's Office and the bill language in

section 1, assures that no bonds will be sold if the State does not have the capacity.

SENATOR KIECKHEFER:

Section 1 outlays the use of the revenue, subsection 3 lists \$500,000 in contingency money. Would any of that be able to be redirected into legal costs?

MR. LAWRENCE:

That contingency money is just for the capital projects. These projects are capital improvement infrastructure projects and we have to have a contingency once they go out to bid. It is not used for legal costs.

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

This bill was referred to the Senate Committee on Finance because of a concern Fiscal Staff had in looking at the digest which indicated that the bill requires the issuance of general obligation bonds of not more than \$12 million. Realizing the State's bonding capacity issues at the time and the fact that it was not recommended by the Governor, Staff was concerned about the State being obligated to issue any bonds. Mr. Lawrence's testimony has put that to rest where he indicated that he consulted with the Treasurer's Office, it is an authority bill only and it does not obligate the State to issue bonds if the capacity does not exist. It would be up to the State Board of Finance to make the determination if the State has the capacity to issue bonds.

SENATOR PARKS:

I served on the Legislative Committee for the Review and Oversight. This is an ongoing program that has been done in the past and will be continuing. Please comment on that.

MR. LAWRENCE:

This is an ongoing and continuing program called EIP. It was established as a result of the Presidential Summit of 1997 that was held at Lake Tahoe. It is truly a pleasure to work on this program. It is a collaborative partnership with California, the federal government, local governments and the private sector. It is basically to get improvement projects on the ground to reverse the decline in water clarity, protect our forests, protect infrastructure and improve regional tourism.

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SENATOR PARKS:

From a fiscal perspective, there has been sale of bonds similar to this in the past.

MR. LAWRENCE:

That is correct. We come before you every Legislative Session with a bond request for the next scheduled projects.

SENATOR RHOADS:

Will all these projects be one-shot appropriations?

MR. LAWRENCE:

These undertakings are mostly one-shot appropriations in order to get the projects on the ground. There are items that are a continuing effort, such as forest health work.

KYLE DAVIS (Nevada Conservation League):

We are in support of this legislation. Mr. Lawrence has outlined the success we have seen through EIP at Lake Tahoe. We recognize the State has severe budget problems right now and that this Committee is aware of the possible impacts to EIP based upon the approved funding levels for the Tahoe Regional Planning Agency (TRPA). Should the economy recover we feel this legislation is important to offer the issuance of bonds for the continuation of these projects.

SENATOR KIECKHEFER:

Would this be the same bonding authority that the State has for its own CIPs?

MR. KRMPOTIC:

That is correct. It would represent the issuance of general obligation bonds which are the same type of bond instrument that is issued for the State's CIPs.

SENATOR KIECKHEFER:

What is our total CIP budget for the next biennium?

MR. KRMPOTIC:

It is approximately \$29 million.

SENATOR KIECKHEFER:

Do we have a calculation in terms of what the State's deferred maintenance, or unfunded, CIP is?

MR. KRMPOTIC:

Staff has not recently seen the calculations for the backlog of deferred maintenance projects. The CIP program is addressing the most critical projects from a safety and occupancy standpoint in terms of the buildings. It is definitely not addressing all the deferred maintenance projects. I can get the dollar amount of those projects to you.

SENATOR KIECKHEFER:

My concern is if we have a \$20 million CIP for our entire State infrastructure and we are authorizing \$12 million in general obligation bonds for these projects, I am not sure what the balance of the investment is. I recognize Lake Tahoe is something we need to protect and we have made a commitment to it as a State, but I am concerned about it at this point.

CHAIR HORSFORD:

We will close the hearing on S.B. 438.

We will open the hearing on Assembly Bill (A.B.) 117.

ASSEMBLY BILL 117 (1st Reprint): Revises provisions governing the required minimum number of school days in public schools. (BDR 34-91)

JOYCE HALDEMAN (Clark County School District):

We encourage you to support A.B. 117. This bill is necessary, but we hope it becomes useless legislation because we do not want to use it. Recently, the Clark County School District Board of School Trustees adopted its final budget. In that budget, \$166.5 million is based upon concessions that we need to have from the bargaining groups. That includes passing along one-half of the cost of the Public Employees' Retirement System (PERS) increase, freezing salary steps and educational increments. It means the teachers are going to pay 20 percent more of their health insurance premiums and it means they will have a 5 percent decrease in pay as well. As we go through the negotiations for those concessions, we would like to have additional tools to utilize if they are necessary.

The tool that our local bargaining unit asked us for is the ability to offer furlough days in exchange for the 5 percent decrease in salary. That is the reason for this bill. There are a number of safeguards in the bill that will be helpful. The bill will sunset in 2013, so it would only be used for a short period of time. The bill will only be used to decrease the number of layoffs that would be necessary. The approved and finalized budget includes eliminating 1,834 positions. If we are not able to get the concessions we need from our employed groups, an additional 2,477 positions will be eliminated. The number of people we are putting out of work is alarming. To be able to mitigate that and offer furlough days in exchange for the 5 percent salary decrease is a tool we would like to have available.

I would like to emphasize, this is not something we have already done. Clark County is under the impression that we have already bargained this which is not the case. It would still have to be bargained. The number of days and when those days would take place would still have to be determined. Days that are being considered are prep and take-down days, one from each section. The Clark County School District uses four instructional days for professional development days which might possibly be cut to two professional development days that we would give up. If we need to go further, we would begin to use instructional days.

Those are the possibilities that we are considering. This is not something that we want to do, but we feel we need to have the options available. We are at a point where we are relying on expectations that may not be realized. Our choices would be to either meet those concessions or lay off an additional 2,477 people.

CHAIR HORSFORD:

I have a concern with the reduction of the number of instructional days in the school year. I understand the impact of the furlough leave as it relates to the impact of PERS. That seems reasonable, but I do not understand why ten instructional days are even being considered. That is not acceptable.

MS. HALDEMAN:

Our employees have a contract of 184 days and 180 of those days are student contact days. Clark County uses four of those 180 days for professional development days which takes us to 176 instructional days. If we were to negotiate the equivalent of a 5 percent decrease in pay, that would be

eight days. If we give up all professional development days, that would be four days and if we gave prep and take-down days, that would be an additional four days, equaling the needed eight days. The concern is that asking a teacher to arrive at school the same day the students arrive is not practical. As we move to the common core, we cannot expect all of our professionals to be ready to teach the new standard without having professional development days.

If we have to resort to negotiations that require furlough days, we will need to have the possibility of cutting into instructional days at our disposal. We truly do not want to use this. It would only be used as a last resort. I hope this is useless legislation. Our local bargaining group has indicated to the superintendent that they would like to have furlough days in connection with the 5 percent salary decrease. We are simply asking for this as a tool that we could use.

CHAIR HORSFORD:

I cannot and will not support this provision of the bill. I understand what you are saying in regard to the need for flexibility for furlough days, but I also hear you saying you may get to the point of using furlough days and if you need to go further you will cut into instructional days which is not okay. This is opposite of what we need to be doing and what needs to happen. I understand you need authority or else you cannot do it, but I cannot grant this authority because it goes against my core.

SENATOR KIECKHEFER:

This is antithetical. I do not like the furlough concept for State employees or teachers and have been against it from the beginning. My problem with it is this creates a system whereby we are going to have the collective bargaining units deciding, based on whether they want to give concessions, if we are going to be taking children out of classrooms for a certain amount of days.

CRAIG STEVENS (Nevada State Education Association):

As Ms. Haldeman said, this is something we hope not to have to use. However, with over \$500 million being cut from education over the last two years and the cuts moving forward, we are getting to a point where we cannot cut the fat from education. There is nothing left to eliminate other than the instructional days. We will be losing more professional development days. As was said earlier we have common core and many other items to make sure we are moving forward.

I would disagree with Senator Kieckhefer that the bargaining unit is forcing furloughs. With the budget calling for a 5 percent salary cut, where are you going to make up that money? That is what we are trying to figure out. We want tools on the table to make the numbers work that are coming from the State down into the local school boards and districts. If furlough days are what we need to do so that over 3,000 educators do not leave our school system, then it needs to be an option.

SENATOR CEGAVSKE:

I voted against this in the Senate Committee on Education. I am in agreement with Senator Horsford on parts of this. I understand the need for what you have laid before us, but I cannot support using instructional days. If you could amend it so it was just the professional development days, then I could support that. I cannot let it go into the classroom teaching days.

CHAIR HORSFORD:

The problem is every district has a different professional development schedule. That would apply differently in Clark County and Washoe County than in the rural counties. I think that has to be part of the authority that is given, but it is not consistent. It will not be applied consistently across all 17 school districts.

MS. HALDEMAN:

That is correct. State law provides that the maximum amount of days to be used as professional development days is five days. Perhaps you could settle on five professional days being used for the furlough. Clark County uses four days, but State law provides for a maximum of five days. I do not know if any of the counties use all five days.

I do not know how successful we will be in getting these concessions. There are many things to take into account, including new ways of evaluating teachers and new expectations and at the same time we will be taking away resources, decreasing salaries and having them bear the brunt of their retirement. It is a lot to ask all at once. Please keep in mind that if we are unsuccessful in what we want to do, we will be laying off teachers and effectively increasing class size. It is beneficial to analyze whether it is worse to decrease a day of instruction or to have an increased class size. Neither is optimum for our students, but it is necessary to pick one.

As part of our cuts, we are already increasing class size in our elementary schools by three students and middle school and high school by two students. The ratio for high school is 35 students to 1 teacher. When that levels out, there are some high schools that have significantly more than that. We are getting to the point where we cannot have effective instruction.

CHAIR HORSFORD:

I am not going to conceive of the school district or the teacher's union reducing the number of instructional days to children in the classroom. This bill is not exempt. We have to find an alternative to section 2 of A.B. 117, otherwise it will die at midnight tonight. Please continue with the rest of your presentation.

MR. STEVENS:

The remainder of A.B. 117 is to ensure other parts of the employees benefits are not impacted, such as their PERS.

I am here to support my colleagues. The budget has become so bad that we are eventually going to have to start utilizing instruction days for furloughs. This is the situation we are in and none of us are proud or happy about that. When we look at school hours and the amount of responsibility of our educators in instructing our children, one of the few options left is furloughs.

DOTTY MERRILL (Nevada Association of School Boards):

Last year, during the legislative interim, there was much discussion about this concept by the legislative Committee on Education. It is a difficult decision for school boards when they are involved in going through the process of budget cuts. They have to look at the possibility of increasing class sizes or reducing professional development days.

On pages 4 and 5, in section 2, of A.B. 117 there is a sequence of steps that a board must follow in order to reduce the number of days. Section 2, subsection 1 of the process begins with the superintendent of public instruction. Section 2, subsection 2 states that if there is not enough information regarding an economic hardship existing for the school district, or charter school, the superintendent must gather that information.

CHAIR HORSFORD:

Where is economic hardship defined?

MS. MERRILL:

It is mentioned on lines 26 and 27 of page 4, but I do not see a definition.

CHAIR HORSFORD:

That is a problem. Because it is arbitrary, it is up to the superintendent to determine if they are in an economic hardship. I am not sure that is clear enough with the issues we have been having at the local government level and among public employees.

REX GOODMAN (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Under section 2, subsection 5 on page 5 defines, or helps determine what defines, an economic hardship.

CHAIR HORSFORD:

That definition states: projections of revenue do not meet or exceed the revenue anticipated at the time the basic support guarantees are established for the fiscal year. Is that State-level support only?

MR. KRMPOTIC:

Based on my interpretation, that would include State-level support or local revenues that go directly to the school district for basic support such as the two-thirds property tax, government services tax and net proceeds from minerals.

CHAIR HORSFORD:

Does this mean that if those three revenues do not meet or exceed the revenue anticipated, it is the local revenues that are not being met? It would not be the State's revenue that does not meet their anticipated revenue because if there were a budget shortfall we would go into Special Session and address that issue.

JULIA TESKA (Budget Analyst, Budget Division, Department of Administration):

I would read that to mean it would have to be a shortfall of revenues outside of the basic support guarantee because we would come back and ask for a supplemental appropriation for that.

CHAIR HORSFORD:

Economic hardship is defined in section 2, subsection 5 on page 5 and it is primarily referring to the local revenues because the State revenues would have to be made up because of the Nevada Plan.

MS. MERRILL:

In section 2, subsection 3 it is not just the superintendent of public instruction who determines whether an economic hardship exists, but the Interim Finance Committee (IFC) will also consider the request and determine it. If IFC grants the waiver, the Committee shall, by resolution, set forth the grounds, number of school days that may be waived, etc. If IFC grants the waiver and subsequently it is mitigated because the actual revenue comes in, then the school district must add school days, accordingly, to the school year for which the waiver was granted.

CHAIR HORSFORD:

If the revenues go down and the economic hardship is determined, you will then be able to go through this process. I recognize the districts will do everything they can to try and minimize that. Why would they not cut everything else before they cut instructional days, such as the administration and ancillary things that do not go to the classroom? That language should be in there first, before the consideration of cutting instructional days.

MS. MERRILL:

I wanted to point out that, for purposes of information, the process has many layers and it is not automatic.

CRAIG HULSE (Washoe County School District):

This is a very difficult bill for us to support. When you talk about competing with developed nations, many countries have 220 school days and up to 250 school days per year. A lot of difficult decisions are coming with these budget times. In order to provide us with maximum flexibility when working with our associations and trying to find ways to avoid layoffs, we think this bill is a necessary component to provide us the additional flexibility when trying to meet the shortfall.

SENATOR KIECKHEFER:

Ms. Haldeman said there was a maximum of five professional development days, but how many days does Washoe County have?

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MR. HULSE:

I believe it is two or three days. I can get that information to you shortly.

SENATOR KIECKHEFER:

In terms of noninstructional days, for which staff is compensated, do you know what the total number would be?

MR. HULSE:

I will get that information to you, but I believe it is the same number.

RON DREHER (Washoe School Principals' Association):

I discussed A.B. 117 with the Washoe School Principals' Association yesterday, May 19, 2011, and they were in support of it. I agree with what Senator Horsford said about having to cut everything else before instructional days. In the economic crisis that occurred last year, the Washoe County School District came to all of the bargaining groups and asked for concessions. We did exactly what Senator Horsford asked for: we said before you begin reducing in these areas, you must reduce in these other areas first. We did that and it was successful.

This bill defines the data as well as the checks and balances. I do not know that we will ever reach this point but, if we do, it will provide some resolutions to the problems. My wife is a retired school principal and administrator in Washoe County, and we do believe the bill, as is, will offer us what is needed if we do end up needing to make additional cuts; although, we will probably never get to the point where we would have to utilize it.

CHAIR HORSFORD:

I would like to see an amendment to section 2 of A.B. 117 by noon today, May 20, 2011, otherwise it will not be considered further.

We will move to A.B. 483.

ASSEMBLY BILL 483 (1st Reprint): Makes a supplemental appropriation to the State Distributive School Account for unanticipated shortfalls in Fiscal Year 2010-2011 in certain tax revenue. (BDR S-1225)

MS. TESKA:

This bill requests a supplemental appropriation to the Distributive School Account (DSA). We have had shortfalls in both the local school support tax and the public school operating property tax. In order to make the payments that need to be made in a few days, we need \$96,983,227 in additional General Funds for DSA.

SENATOR KIECKHEFER:

Are these funds coming out of the existing fiscal year and is the money in the General Fund right now?

MS. TESKA:

This has been amended since the Economic Forum meeting on March 1, 2011. It started out at about \$142 million. This is included in the *Executive Budget*, so it has been accounted for.

MR. KRMPOTIC:

This shortfall was foreseen over a year ago. In addressing the DSA shortfall, determining the amount of reductions and revenue enhancements was taken into consideration during the Twenty-sixth Special Session. The very early predictions of the shortfall were in the neighborhood of \$200 million. It got reduced somewhat because of higher-than-expected local school support tax revenues coming in during FY 2009-2010 and the subsequent projection by the Economic Forum on December 1, 2010. That is the basis of the Governor's recommendation of about \$144 million for the DSA shortfall. Due to the provisions in statute that provide for the State guarantee, local revenues are inside the Nevada Plan. Those would include the local school support tax and the one-third property tax. When those two revenue sources experience shortfalls, the State needs to make that up which is what the supplemental appropriation represents.

It has been taken into consideration and it is factored into the fund balance projection. It was submitted by the Governor in the *Executive Budget*; therefore, there are General Funds set aside in the existing fiscal year to provide for this supplemental appropriation.

CHAIR HORSFORD:

Does that include the new property tax allocations and did those go down?

MS. TESKA:

That is correct. On the guaranteed side for the DSA account, only one-third of the actual property tax is guaranteed. The current year shortfall in the property tax is about \$10.5 million of this appropriation. The unique thing about the DSA supplemental is that we have the ability to move money between years. Almost \$70 million of this shortfall is actually related to shortfalls we experienced in 2010.

CHAIR HORSFORD:

Is \$10.5 million of the \$96 million property tax funds?

MS. TESKA:

That is the 2011 property tax shortfalls.

CHAIR HORSFORD:

How much of that is 2010 property tax shortfalls?

MS. TESKA:

Because of the lag in property values versus when the property tax is actually collected we met property tax projections in 2010. The shortfall there was on the local school support tax.

CHAIR HORSFORD:

Committee, I would like to make note of the fact that in 2010 property taxes were relatively flat. In 2011, we experienced the shortfall that will probably continue in 2012 and 2013. That is, in part, the money that is used with the capital school reserve accounts in the government services tax. That is another reason it is problematic, because it is another declining revenue source and may not meet the projections and could exasperate the problem if it is swept. This is in the current budget and these are the reconciled numbers which we need in order to keep our schools funded through the end of the year.

MS. TESKA:

We need this money almost immediately because this is necessary to make the payments in the early portion of next week.

SENATOR KIECKHEFER MOVED TO DO PASS AS AMENDED A.B. 483.

SENATOR DENIS SECONDED THE MOTION.

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THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

Because this needs to be moved quickly through the process, I will try to get it reported to the floor today.

We will recess at 9:18 a.m.

This meeting reconvened at 9:53 a.m.

We will hear S.B. 271 which is assigned to the Committee, but is not on our agenda. Senator Lee has some information regarding this bill and wants to consider having it rereferred to Senate Committee on Government Affairs so he can continue the policy work on it.

SENATOR JOHN J. LEE (Clark County Senatorial District No. 1):

When we first heard from the Nevada Tahoe Regional Planning Compact bill there was an attitude that we needed to do something to protect the Nevada side of Lake Tahoe. The bill was broad, but it encompassed everything that was needed to be discussed. We have conferred with Senator Harry Reid's staff, the Governor's staff, legislative staff and the League of Lake Tahoe. We have an amendment that we want to add in the Senate Committee on Government Affairs which will take the fiscal note off the bill and enable us to study it a little better.

I would like you to realize there is no loss to the State budget and we would like to continue to work on the issue with California.

SENATOR LESLIE MOVED TO REREFER S.B. 271 TO THE SENATE
COMMITTEE ON GOVERNMENT AFFAIRS WITHOUT
RECOMMENDATION.

SENATOR DENIS SECONDED THE MOTION.

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

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CHAIR HORSFORD:
We will move to A.B. 486.

[ASSEMBLY BILL 486](#): Makes an appropriation to the Division of Forestry of the State Department of Conservation and Natural Resources for the replacement of critical equipment. (BDR S-1246)

PETE ANDERSON (State Forester, Division of Forestry, State Department of Conservation and Natural Resources):

I am here to present A.B. 486 which is included in the *Executive Budget*. I will be presenting from the Department of Conservation and Natural Resources, Nevada Division of Forestry, One-Shot Requests ([Exhibit C](#)). Page 2 outlines A.B. 486 which is the request for critical equipment. The first item is a vehicle exhaust system for the Mount Charleston Fire Station in the amount of \$19,600. Presently our station firefighters live, sleep and work on the second floor of the fire station which is directly over the vehicle bays. When a fire engine is operating and responds to a call or returns from a call, exhaust migrates into the second floor which impacts the work and living space. We request this approval to alleviate the ongoing health hazard for our station firefighters.

The second item is one heavy-duty, tool-equipped shop truck, in the amount of \$97,527. The Division of Forestry has an aging fleet that requires ongoing maintenance and repairs, particularly in an emergency instance. The requested truck will replace a worn-out repair vehicle to continue our ability to service and repair our fleet.

The third item is two sets of diagnostic scan tools for \$7,600. The Division services and repairs its vehicle fleet in an effort to hold down costs. The vehicles and equipment require specific diagnostic tools to properly repair and maintain them.

The fourth item is two type 3 wildland fire engines for a total of \$517,492. The Division is charged with the responsibilities of wildfire management, watershed

protection and natural resource management. Maintaining critical emergency response equipment to preserve employee safety and ensure the rapid response for the suppression of wildfire is significantly important. The last four-by-four, type 3 fire engines were purchased in 1998 and now have mechanical conditions that preclude them from front-line response. These engines have met the replacement criteria relative to age, but will be rotated to less active stations. This request is critical to maintain a minimum capacity for wildfire response and suppression.

The fifth item is for one multiuse tractor in the amount of \$35,125. The Division's current East Lake tractor is over 40 years old, built and modified from parts scavenged in junk yards and has significant mechanical problems. Replacement of this tractor will allow continued program support, reduce cost to the General Fund and eliminate continuous breakdowns and ongoing excessive repair bills.

Consequences of not funding these critical equipment requests will be increased operational costs for the Division, continued mechanical breakdowns and continued placement of our Mount Charleston fire station employees in a hazardous work environment.

CHAIR HORSFORD:

Can you give us an overview of the fire suppression account? What is the reserve balance and what are the annual amounts that are collected from the work done by the inmates?

SCOTT K. SISCO (Administrative Services Officer, Division of Forestry, State Department of Conservation and Natural Resources):

The two items you are interested in are our fire billings and our inmate payroll. Unfortunately, I am not able to respond to the difference in the inmate payroll and what we pay because we have not been tracking that. The following lists the fire billings by fiscal year:

§ FY 2006-2007 - \$3,377,795
§ FY 2007-2008 - \$3,535,563
§ FY 2008-2009 - \$2,278,241
§ FY 2009-2010 - \$1,172,969

The following are the costs of inmate payroll by fiscal year:

§ FY 2005-2006 - \$241,232
§ FY 2006-2007 - \$407,128
§ FY 2007-2008 - \$436,998
§ FY 2008-2009 - \$106,559
§ FY 2009-2010 - \$61,791

You are looking for the difference between what we paid them and what we received in reimbursement from our federal partners. Without going back through every incident and every timesheet submitted by the inmates we do not have that information. We can start tracking that starting in 2012, but we do not have that difference here today.

CHAIR HORSFORD:

In FY 2009-2010 you had about \$1.17 million in revenue and about \$61,000 in inmate costs?

MR. SISCO:

That is correct.

CHAIR HORSFORD:

That is about one-half.

MR. SISCO:

No, the revenue that we have given you is the total fire billings that we did for everything. That includes all of our firefighters and equipment that went out. There is not a correlation between the two.

CHAIR HORSFORD:

Would you define the other costs as division costs?

MR. SISCO:

That is everything from aircraft sent out to fire trucks sent out.

CHAIR HORSFORD:

Is it noninmate division costs for fire?

MR. SISCO:
Yes.

CHAIR HORSFORD:
We need those amounts. You can figure it out by backing into it. Use the revenues and direct costs to determine the inmate related costs. That would get you a good percentage.

MR. SISCO:
The issue is the nonbillable items. There are lots of things we do not bill for, such as items owned by the State or the 24 hour mutual aid agreements.

CHAIR HORSFORD:
Do inmates get paid for nonbillable work?

MR. SISCO:
We still pay the inmates but we do not collect money from any of our partners or ourselves for it.

I was trying to show your staff an example when using the FY 2009-2010 inmate costs of \$61,000. About 33 percent of that was billable, which is approximately \$20,000, and we received minimum wage for that, versus the \$1 an hour we paid them. You can figure \$33,000 multiplied by about \$6 per hour would give you close to what the State might have brought in as a result of those inmate firefighting hours.

CHAIR HORSFORD:
Is that about \$100,000 in FY 2009-2010?

MR. SISCO:
Yes. We can start tracking that in 2012.

CHAIR HORSFORD:
How can you account for the \$100,000 difference of what you paid the inmate and what you made in revenue?

MR. SISCO:
The money in the fire suppression account is almost revolving. If on July 1 we have a fire that costs the State \$100,000 and we are able to bill the Bureau of

Land Management (BLM) 100 percent of the cost, then we bring that \$100,000 back in. In August, we may get another fire that is about \$500,000 and we use those same dollars over and over again. Ultimately, we may come to IFC to request funds, such as in FY 2007-2008 where we requested funds from you three separate times for \$2 million, then for \$3 million and then for \$2 million again. That money is revolving. By the end of the year, anything that is left over, either from the original General Fund appropriation or the fire billings, is then reverted to the General Fund.

CHAIR HORSFORD:
How much has been reverted in the past few fiscal years?

MR. SISCO:
I do not have those exact numbers. It is all over the place because there are other things which affect it. The General Appropriations Act allows the money from the first year to be moved to the second year and that can skew the amount to some degree. Much of that money is from prior year fires. We may bill our federal partners within six months, but many times they do not pay us immediately. That results in bringing in money for fires that were billed in past years.

CHAIR HORSFORD:
How much is in the fire suppression account now?

MR. SISCO:
There are State funds of approximately \$2.5 million. We have authority to bring in about \$3 million in fire reimbursements and about another \$600,000 in fee amount fire management assistant grants.

CHAIR HORSFORD:
That totals approximately \$6.1 million in the fire suppression account.

MR. SISCO:
Yes, that is the approximate authority for the fire suppression account.

CHAIR HORSFORD:
What are your average annual expenses?

MR. SISCO:

Our average annual expenses are between \$4 million and \$4.5 million, that is just a guess.

CHAIR HORSFORD:

You have provided the revenue and inmate costs. If you could provide our Staff with the provision costs that are unrelated to the inmate costs, then that would reconcile the \$4 million to \$4.5 million annual costs.

MR. SISCO:

We can review the controller's account to provide you with line items regarding how much was spent on aircraft, firefighters, etc., if that will help.

CHAIR HORSFORD:

I am not looking for that level of detail. I want to know the major budget category amounts: inmate-related costs, division-related costs, revenue that is billable and nonbillable, and how much there is of the State subsidy, or General Fund allocation. That would get me what I need and whether there are any reserve funds that are not being rolled over.

MR. SISCO:

We do not have the nonbillable information. We do not spend account hours on items that we are unable to bill for anyway. For each year, I can get you what came in and what was spent.

SENATOR KIECKHEFER:

When you bill BLM, do they pay what you bill them, or do they audit it?

MR. SISCO:

We struggle with our federal partners. We work hard to get our own division in order, but our federal partners microanalyze what we bill them for, yet they do not want the same treatment. We recently entered into a new five-year agreement and they struggle with it because we insist upon seeing backup. The new agreement calls for a billing within 270 days of the close of the incident. We are having difficulty with the U.S. Forest Service to clear out the 2008 billings. We are up to date as of yesterday, May 19, 2011. We do not get the pieces we need from the U.S. Forest Service or BLM, and it is delayed if a cost share is involved, meaning each agency owns a piece of that fire.

SENATOR CEGAVSKE:

I am curious about how the fire suppression is going in Lake Tahoe. I am concerned because we have had many problems with the mountain pine beetle. I know there have been controlled burns going on, but do you have any control over that?

MR. ANDERSON:

We have been very active with our partners in the Lake Tahoe basin, both local government, U.S. Forest Service, TRPA and others. We are focused on State lands and the Lake Tahoe Nevada State Park. The whole Nevada side has had a significant amount of work since the Angora fire. The mountain pine beetle is an ongoing issue that all states are dealing with right now. Our approach to it is when we find infestations we work with our partners, depending on who the land belongs to, to eradicate the issue. It is in several locations in the Tahoe Basin, both in the Heavenly Valley and Mount Rose areas. There is an ongoing battle in dealing with forest health issues.

If you have an opportunity to take a ride on the Nevada side of Lake Tahoe you will see the progress that has been made. Last week, we put a third treatment on a fire on a six-acre parcel in Tunnel Creek. As part of the fire regime and the ecology of that pine site, we are able to put fire back on the ground to get the functionality of the forest back. We have been very aggressive with fire in the past 10 to 12 years in Incline Village and North Lake Tahoe, burning in and around homes worth millions of dollars. We have adopted that same approach with very small treatment areas and it is working very successfully.

SENATOR CEGAVSKE:

Have you been able to rectify the issue with pine needles and get everyone on the same page that it does, in fact, cause fires?

MR. ANDERSON:

After the Angora fire we created a bi-state commission to address many of the issues that were associated with the Angora fire. What came out of that was the development of consistent management tools and education materials for landowners. The pine needle controversy has been a big one for a long time. We are at a point now that the landowners are getting a consistent message of what they can and cannot do. There is a fire hazard associated with the pine needles. They can be used for erosion control in certain areas, but not right next to a home.

Between local governments, the State and federal partners we are all on the same page. It is an ongoing educational process because most of the homes in the Tahoe Basin are second homes; therefore, owners come and go and do not get the exposure to the ongoing educational process.

SENATOR CEGAVSKE:

I know we had our firefighters helping out with the California fires, but did we have some inmates that helped out as well?

MR. ANDERSON:

We actively support our neighboring states any time they have catastrophic fires. We have been to California multiple times. Currently, we have people and resources in Texas, New Mexico and Arizona. When we are slow, for example during this really heavy and wet winter, we support other states which are in need of resources and people.

CHAIR HORSFORD:

We will close the hearing on A.B. 486.

We will open the hearing on A.B. 491.

ASSEMBLY BILL 491: Makes an appropriation to the Division of Forestry of the State Department of Conservation and Natural Resources for major repair and renovation work on certain crew carriers. (BDR S-1248)

MR. ANDERSON:

Page 3 of [Exhibit C](#) outlines A.B. 491. This one-shot appropriation is included in the Governor's *Executive Budget*. It appropriates \$278,050 for major repairs and renovation work on 25 conservation camp crew carriers. Each of these carriers exceeds 100,000 miles. The Division's conservation camp program fields 76 crew supervisors daily, transports crews for project work, brings project revenue into the General Fund and provides emergency responses to wildland fires and other emergency incidents.

The Division utilizes the mix of crew carriers and 12 passenger vans, with the crew carriers being the primary vehicle for rural projects and emergency response. Realizing the current economic situation prohibits purchasing new vehicles, the Division has identified 25 existing 1996 to 1998 crew carriers which, with the requested mechanical overhauls, are anticipated to extend their

functionality another three to four years. The repairs would be conducted in our Ely mechanical shop and would continue to save the State critical General Fund dollars.

The consequences of not funding the repair and renovation of 25 conservation camp crew carriers will be the continued high cost of maintenance and repairs. This could potentially reduce the number of crews available for conservation projects and emergency response. It could also increase difficulty of achieving the revenue targets for the conservation camp program.

CHAIR HORSFORD:

We will close the hearing on A.B. 491.

We will open the hearing on A.B. 495.

ASSEMBLY BILL 495: Makes an appropriation to the Division of Forestry of the State Department of Conservation and Natural Resources for necessary services and equipment to transition the State's Very High Frequency radio system from wideband to narrowband in accordance with the Federal Communications Commission mandate. (BDR S-1247)

MR. ANDERSON:

Page 7 of [Exhibit C](#) outlines A.B. 495. This is also included in the Governor's recommended *Executive Budget*. This bill appropriates \$162,267 for necessary services and equipment to transition the Division's radio system from wideband to narrowband in accordance with the Federal Communications Commission's (FCC), mandate of January 1, 2013. The Division and the Department of Conservation and Natural Resources have actively pursued grant funds to meet this mandate and have funded portable and vehicle mounted radio equipment. This request will complete the mandated transition from wideband to narrowband. It includes 9 new narrowband compliant mountaintop repeaters, 26 dispatch center and facility countertop radio consoles, consultation program services and establishment of 58 narrowband call signs.

Failure to complete the required FCC radio conversion has significant consequences for the Division. Operationally, the Division would be unable to utilize our radio system without being subject to potential monetary fines and penalties from the FCC. Communications with other cooperating agencies would

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not be possible, creating a safety concern for our employees and impacting all of our program operations.

SENATOR DENIS:
Will you have to replace the nine mountain top repeaters?

MR. ANDERSON:
Yes, that is included in the request. We have more than nine, but these are the remaining nine that we are working to replace.

SENATOR DENIS:
How soon will you be replacing those?

MR. ANDERSON:
Our goal is to get this completed before the January 1, 2013 mandate.

SENATOR DENIS:
Have your radios tied into the State radios in the past and will they be able to tie into the State radios in the future, such as the Department of Public Safety?

MR. ANDERSON:
Yes, they have and they will. Right now we carry up to three radios in one vehicle so we have interoperability between agencies and the different systems. Our goal in the end is to have a radio system that is completely accessible from all the different systems. The technical components to that are out there. There are efforts to move some projects, that are underway on the western side of the State, onto the new system. The end goal is to be able to talk to everyone with a single radio rather than carrying two or three radios.

SENATOR DENIS:
Do you have a time frame for implementing that?

MR. ANDERSON:
This project is separate from that effort.

CHAIR HORSFORD:
We will close the hearing on A.B. 495.

We will open the hearing on A.B. 493.

ASSEMBLY BILL 493: Provides a temporary waiver from certain minimum expenditure requirements for school districts, charter schools and university schools for profoundly gifted pupils. (BDR S-1179)

MS. TESKA:

This bill extends the current waiver for the minimum expenditure requirement. Two statutes are being amended, NRS 387.206 and 387.207. *Nevada Revised Statute* 387.206 has a minimum textbook and instructional material requirement for the districts. *Nevada Revised Statute* 387.207 has a minimum expenditure requirement for other areas which include maintenance of equipment, vehicles, buildings and facilities. This does not preclude the districts from these expenditures, it simply suspends the minimum expenditure requirement. It removes the financial penalty during this upcoming biennium if they do not meet the minimum thresholds. We are bringing this forward to allow the districts as much flexibility as possible, during this difficult period, in making decisions as to how they spend the scarce resources they have.

MS. HALDEMAN:

We appreciate the Budget Division bringing this bill forward and we are in full support of this bill.

MS. MERRILL:

We support it as well.

CHAIR HORSFORD:

Can we consider doing an amendment to assess the feasibility of moving to the use of iPads or other devices in replacement of textbooks going forward?

MS. HALDEMAN:

We have been having an ongoing assessment of that feasibility. One of our innovative schools is Virtual High School in Las Vegas. The principal of the school walks around with an iPad and says that it is the school, all of the textbooks and resources are loaded on it. That is feasible for a virtual school like that, but I do not know that we are there for other uses. It is one of the things we continue to explore. I want to caution you about one thing, we are not finding a huge savings with downloading textbooks. The electronic copy only saves a few dollars off the hard copy. The cost of the device, any repairs that may be needed and the potential loss or theft of the device are significant as

well. We would be happy to provide that either through legislation or an assessment without legislation.

CHAIR HORSFORD:

I would like formal language that would direct the districts to determine the feasibility and report to the Senate Committee on Education the possibility of moving to technology-based instruments. I would like them to include the specifics of what it would take to make that happen.

MS. HALDEMAN:

Do you want that for K-12 or post-secondary schools?

CHAIR HORSFORD:

I would like that for both. My daughter uses my iPad, for reading and games, and that is a good example of kids being able to use them for educational resources.

MS. MERRILL:

School boards would welcome the opportunity to provide that information. Although what may emerge is that differences exist across the State based on various factors, it would be good to gather that information.

SENATOR DENIS:

One of the things that could possibly be cut are library books. If we cut books at schools they will be reading the same books over and over which will not help develop the children's reading skills.

CHAIR HORSFORD:

It does not make much sense when libraries are closed certain days. That will be an additional problem.

I will relinquish the gavel to Senator Leslie.

SENATOR CEGAVSKE:

I was stunned when there were children saying they did not have textbooks. I find it incredible that could even be possible because the districts have not used all of the textbook money. We have used some of that money to balance our budgets. Do you have any information on that?

MS. HALDEMAN:

There was a special session where we offered 50 percent of our textbook dollars. At the time the economy was thriving and there were times that we had to buy things that we did not need to meet the minimum expenditure required. Since then, we have substantially gone through our textbook money. We constantly review the textbook money and, in fact, we have not done textbook adoptions on the regular schedule that we normally do. The likelihood that you will hear of students who do not have textbooks will greatly increase. While we do the best we can to make sure everyone has a textbook, there is the occasional mistake where we order 50 textbooks, but we have 51 students. We have expended our textbook dollars.

SENATOR CEGAVSKE:

I know that includes the technology money. I am frustrated because in difficult times we could extend the life of how long we keep the books. I have always been supportive of putting things on electronic devices. The publishers think that is a good idea because they can still charge us.

I am trying to understand why that would ever be a problem. When I started in the Parent Teacher Association, there were tons of books that were not being used. Those extra books were sold to those who were being homeschooled. It is hard for me to be sympathetic when I know there are books out there. I know everyone wants to have the same book and have an updated version. The people who told me that they did not have textbooks never identified what school they were from, so I have no way to follow up on it. After all we have done for the textbook fund, that pushed me over the edge as far as sympathy for the schools because I know we have done it and that we have the resources available. I have seen waste of the books over the years.

SENATOR KIECKHEFER:

Can schools use Title I money specifically for supplies and textbooks?

MS. HALDEMAN:

Yes, they can.

SENATOR KIECKHEFER:

When allocations are made on a reduced level of funding, is Title I money considered?

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MS. HALDEMAN:

Title I dollars cannot supplant General Fund dollars, but they can supplement it. If we are purchasing textbooks for other schools, Title I of the Elementary and Secondary Education Act of 1965 funds have to be used for something on top of that. The textbooks and the materials they would be purchasing would be something in addition to what the other schools have.

VICE CHAIR LESLIE:

We will close the hearing on A.B. 493.

We will open the hearing on A.B. 500.

ASSEMBLY BILL 500: Temporarily revises distribution of revenue from certain licensing fees for slot machines. (BDR 41-1165)

STEPHANIE DAY (Deputy Director, Budget Division, Department of Administration):

The existing law provides that \$2 per slot machine go to the revolving account to support programs for the prevention and treatment of problem gambling. This bill requests the redirection of \$1 directly to the General Fund. This is included in the *Executive Budget*.

VICE CHAIR LESLIE:

Please explain the impacts of this on the programs.

LAURIE OLSON (Chief, Grants Management Unit, Department of Health and Human Services):

It will be similar to what happened after the Twenty-sixth Special Session last year. We are going to focus primarily on treatment. A portion of the money will be going to a data collection project that we need to continue. Some money will go to the technical expert. We will be missing the prevention, research and workforce which is detrimental overall, but the most important thing is to keep the treatment.

VICE CHAIR LESLIE:

Is this only for the next two years?

MS. DAY:

Yes, it is for the upcoming biennium only.

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SENATOR KIECKHEFER:

What is the total dollar figure that you anticipate sweeping?

Ms. DAY:

We anticipate it to be approximately \$1.5 million.

SENATOR KIECKHEFER:

I had previously discussed taking the other dollar out of this for the treatment of autism or something similar, but those are programs that have had their funding restored through our budget closings. I see that we should leave that dollar there for the treatment of problem gambling.

VICE CHAIR LESLIE:

Will you please clarify?

SENATOR KIECKHEFER:

In previous hearings, I suggested taking that other dollar to be used for different purposes, but I am rescinding that suggestion.

VICE CHAIR LESLIE:

We will close the hearing on A.B. 500.

MR. KRMPOTIC:

Staff has some bills for consideration by the Committee, but would suggest waiting on those until after the recess because it would require Committee action.

VICE CHAIR LESLIE:

We will recess at 10:35 a.m. for the preparation of the amendment to A.B. 117. When we reconvene, I will relinquish the gavel to Senator Horsford.

CHAIR HORSFORD:

We are reconvened at 4:55 p.m.

We have a conceptual amendment to A.B. 117.

Ms. HALDEMAN:

As seen in the "Proposed Amendment to the First Reprint of Assembly Bill 117" ([Exhibit D](#)), there are two bullet points to this conceptual amendment.

Because every county in the State has a different number of contract days and a different number of days, or even minutes, that they utilize for professional development, we wanted to construct language that would protect the existing number of instructional days that the individual counties have. The first bullet point states that instead of a waiver of ten days, we would reduce that to five days. It specifically states five noninstructional days. We have indicated that they would decrease the number of days based upon an economic hardship to request the waiver.

The second bullet point indicates the days that can be used for a furlough which is the equivalent of how many noninstructional days you currently have in your district. For example, the Clark County School District has four noninstructional days that are used for professional development, so we can use up to four days. If another county is using all five days for professional development, they could have furloughs for five days. They would protect the existing instructional days.

The reason we added days and minutes is because the Washoe County School District has forty-five minute increments. On Wednesday afternoons they dismiss school forty-five minutes early so they can have professional development. If you added it up, by taking the number of weeks they are in school multiplied by forty-five minutes, that would add up to a certain number of days. We are trying to capture that for them as well.

The second bullet point also takes into consideration each district's unique contracts, allowing them to use before and after school days. That would protect the PERS contribution for those days as well. The net result of this amendment would mean that we could negotiate furlough days and it would not impact instructional time, based on the number of minutes we currently have.

SENATOR KIECKHEFER:

With reference to the need for the days before and after school in order to get the classroom ready and to clean up, how will this affect those days? Do you anticipate them making those furlough days?

MS. HALDEMAN:

I cannot imagine they will not have setup days for teachers. I do not think the first day you report to work would be the day you greet your students. I am not sure if any of these days will be utilized, although perhaps some of the

professional development days would be. It gives us that opportunity if we need to use furloughs.

Although there is no one here to represent the Nevada State Education Association, I know they do not agree with this amendment. They believe the professional days, and before and after, are there for a reason and that you are asking teachers to do more with less.

For the discussions that we want to have, I think this gives us an opportunity to have some flexibility.

SENATOR KIECKHEFER:

I appreciate that and I am sorry there is no one here to represent that position. Just as those professional days are there for a reason, the kids are supposed to be in class for a reason, too. I do not think this addresses my overall concern. Apparently, having the collective bargaining units demanding furloughs instead of a reduction in salary results in taking kids out of the classroom for a day.

CHAIR HORSFORD:

These furloughs would be for noninstructional days, or minutes, only. I think your position is that they need to take a pay cut. I do not think you can get to the full amount of the pay reduction as required in the Governor's budget just in these five noninstructional days alone.

SENATOR KIECKHEFER:

I recognize that, but the position is they do not agree with it. It is going to come down to what they bargain for in the end.

CHAIR HORSFORD:

My big issue is addressed in that this does not cut into the instructional days. I do not like that professional development days are being cut either but, if there is a choice, that has to be it. It does not directly affect the classroom.

SENATOR CEGAVSKE:

I agree, this is what I was looking for. If this has to be used, this is the best way to do it. They did indicate it could be one day or it could be none.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS A.B. 117.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. KRMPOTIC:

Assembly Bill 478 was heard in Committee on May 7, 2011. This bill increases the bond authority for the Nevada System of Higher Education (NSHE). I have a handout that was provided by NSHE which was developed in support of this bill ([Exhibit E](#)).

ASSEMBLY BILL 478 (1st Reprint): Revises the limitation on the principal amount of bonds and other securities that may be issued by the Board of Regents of the University of Nevada to finance certain projects. (BDR S-887)

The bill that was heard in Committee increases the bond authority for NSHE from \$312,695,000 to \$348,360,000. The increase in the bond authority matches up with the amount you see at the bottom of the table, \$35,665,000. I would emphasize that these are revenue bonds that are issued by NSHE. The revenue that is received to redeem the bonds represents various fees that are charged to the students on a per credit basis.

It was indicated to Staff that over the upcoming biennium, the opportunity to issue additional bonds on the part of the system would possibly come through repayment of a portion of the outstanding debt on Carlin Fire Science Academy. Also, it could come through the potential refinancing of the existing debt for NSHE. It is not absolutely certain that they would use this bond authority but, if provided, it would possibly allow them to fund certain projects as listed in this table. The bill was amended in Assembly Committee on Ways and Means and passed. It is a nonexempt bill and needs to be acted on before the end of the day.

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SENATOR CEGAVSKE:

I cannot support what they are asking for without knowing all of the outstanding debt and bonds that they have. They did not get that information to me when I asked. I will not be supporting this bill.

SENATOR LESLIE MOVED TO DO PASS A.B. 478.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR CEGAVSKE VOTED NO.)

* * * * *

CHAIR HORSFORD:

Seeing no further business, we will adjourn at 5:07 p.m.

RESPECTFULLY SUBMITTED:

Madison Piazza,
Committee Secretary

APPROVED BY:

Senator Steven A. Horsford, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Pete Anderson	DCNR, Nevada Division of Forestry
	D	Joyce Haldeman	Proposed Amendment to the First Reprint of Assembly Bill No 117
	E	Mark Krmpotic	University of Nevada, Reno, Additional Bonding Authorization Request for 2011-2013