

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-sixth Session
June 3, 2011**

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 9:35 a.m. on Friday, June 3, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4401, 555 East Washington Avenue, Las Vegas, 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
Cynthia Clampitt, Committee Secretary

OTHERS PRESENT:

Joyce Haldeman, Clark County School District
Jeffrey Mohlenkamp, Deputy Director, Support Services, Department of Corrections
Gail J. Anderson, Administrator, Real Estate Division, Department of Business and Industry
Jim R. Barbee, Acting Director, State Department of Agriculture
Doug Busselman, Nevada Farm Bureau Federation
James R. Wells, Executive Officer, Public Employees' Benefits Program
Martin Bibb, Retired Public Employees of Nevada
Stacy Woodbury, Chief, Administration Division, State Gaming Control Board

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CHAIR HORSFORD:

I will open the meeting with Senate Bill (S.B.) 11.

SENATE BILL 11: Revises the Nevada Plan for School Finance for funding school districts, charter schools and university schools for profoundly gifted pupils. (BDR 34-304)

JOYCE HALDEMAN (Clark County School District):

We made a presentation on S.B. 11 in March 2011, and provided some of the history of the Nevada Plan that was developed in 1967. Our ultimate goal is that the idea contained in the bill would be made an interim study. Then, in the 2013 Legislative Session, a different method of financing can be considered to finance schools.

I have provided a draft resolution ([Exhibit C](#)) for the Committee. We understand there are no funds to initiate a study. However, in conversations with Clark County School Superintendent, Dwight Jones, he stated a number of individuals were interested in development of a good funding plan in Nevada. It was his opinion that money could be raised to fund a study. Language allowing gifts and donations has been included in the proposed resolution.

We suggest the draft resolution be adopted to allow an interim study and acceptance of gifts and donations.

CHAIR HORSFORD:

Does the draft resolution call for a legislative study or simply encourage the districts to work together to move the ideas forward?

MS. HALDEMAN:

It encourages all stakeholders to work together on a proposed plan. Many entities discuss various methods to fund education. Nevada's funding is unique compared to other districts. The notion of weighted per-pupil funding is not anything new. Many states utilize similar methods.

We relied heavily on Dr. William G. Ouchi when Clark County was moving to the empowerment school model. There are many experts we would like to consult to assist in devising a plan that works better for Nevada.

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SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS S.B. 11, REPLACING THE BILL AS PROPOSED WITH THE RECOMMENDED RESOLUTION LANGUAGE.

SENATOR PARKS SECONDED THE MOTION.

CHAIR HORSFORD:

I am going to ask Senator Parks to follow up on this motion as Chair of the Senate Committee on Legislative Operations and Procedures.

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

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CHAIR HORSFORD:

We will now open the hearing on S.B. 188. I recommend we make the language in this bill permissive rather than a requirement. The bill addresses 12-hour shifts within the Department of Corrections (DOC). On page 3, section 1, subsection 6, we would change the language from "shall" to "may" and make any other technical amendments necessary to indicate this is permissive language. I would expect the director of DOC and the Board of Prison Commissioners to work together as they have testified, to make every effort possible to implement 12-hour shifts where feasible. A fiscal impact was presented by DOC, if the language made this a requirement. Based on the current budget situation, we cannot move forward on that at this time. It is still an important policy, and one I support on behalf of those correctional officers who have been asked to endure reductions in their work conditions, salary and benefits.

[SENATE BILL 188 \(1st Reprint\)](#): Revises provisions relating to the work schedules of certain employees of the Department of Corrections. (BDR 23-699)

SENATOR KIECKHEFER:

This bill was originally sponsored by Senator Settlemeyer. Does this amended language make it more in line with what was originally proposed? Does the amendment change the Department's position on the bill?

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JEFFREY MOHLENKAMP (Deputy Director, Support Services, Department of Corrections):

I have not seen the amendment. However, DOC sees permissive language as an improvement to this legislation. Does the amendment still contain other requirements of DOC?

The Department has been opposed to this legislation for a couple of reasons. One objection is on the principle of having this operational decision legislated to us. The Department is, and has been, working with our wardens to move forward with 12-hour shifts and alternative shifts for noncustody staff as practical. It is important to note that the changes cannot compromise the efficiency of our operations. We intend to move forward with some level of 12-hour shifts, notwithstanding this legislation, by January 1, 2012. The change would need to be implemented properly so that it does not increase overtime costs. I am in Las Vegas this week to discuss implementation of 12-hour shifts.

We are moving forward with an implementation plan, but we remain opposed to having this legislated to us.

CHAIR HORSFORD:

With all due respect, I am a member of both the Senate Committee on Finance and the Senate Committee on Legislative Operations and Procedures. It was Acting Director James G. Cox who testified before those Committees to the fact that if this were adopted with permissive language, DOC would absolutely implement the 12-hour shifts.

I take offense to having you suggest that being urged by the Legislature to enact something is a problem. It is the task of the Legislature to set policy for Nevada. The prison system and its facilities are within our purview to set policy, and for that policy to be adhered to by the Executive Branch.

MR. MOHLENKAMP:

For clarification, the Acting Director also testified he is opposed to the concept of eighty-four hours in a 14-day period because it will require us to eliminate staff to make the implementation cost-neutral. That was also part of his testimony at the time.

CHAIR HORSFORD:

I think this is why there is such a problem between management and frontline staff; because no one seems to listen to each other. I will entertain a motion to amend, with permissive language, and do pass S.B. 188.

SENATOR PARKS MOVED TO AMEND AND DO PASS S.B. 188, MAKING THE LANGUAGE PERMISSIVE.

SENATOR DENIS SECONDED THE MOTION.

SENATE CEGAVSKE:

While I appreciate the "may" instead of "shall" language, I still feel DOC has come forward in good faith to say they would consider 12-hour shifts. Does this legislation place limitations on how many staff must adjust their shifts or how often the 12-hour shifts must be utilized?

The legislation appears to place parameters on the implementation of this policy. That is my concern with section 1, subsection 6, of S.B. 188.

CHAIR HORSFORD:

The prison system should be governed by the Board of Prison Commissioners but, unfortunately, that does not happen because the director has circumvented the Board on many occasions. The permissive language is in place. It states, "The director may implement 12-hour work shifts during each 14-day period." Subsection 7 will need to be eliminated as part of the amendment because it allowed DOC a waiver in the event they could not meet the provisions of the legislation.

SENATOR CEGAVSKE:

If the permissive language is included and section 1, subsection 7 is deleted, what is the effect of subsection 6, paragraphs (a) and (b)?

SENATOR PARKS:

The provision in section 1, subsection 6, is in line with the federal Fair Labor Standards Act. Therefore, it provides specific parameters so that implementation will not create a considerable added burden of overtime.

Section 1, subsection 7, is nonessential with adoption of the amendment.

SENATOR KIECKHEFER:

I concur that section 1, subsection 7, is no longer necessary.

The bill states, "the director shall ensure that the warden of each institution require that at least 65 percent of the employees with law enforcement duties are required to work not less than 3 consecutive days of 12-hour shifts." Does that allow a warden to require the implementation at individual institutions, or does it have to be implemented systemwide? If the requirement is by institution, rather than throughout the system, I will support S.B. 188 to move from this Committee.

CHAIR HORSFORD:

For clarity of the motion, do both the maker of the motion and the second agree that the amendment should state, "The department must conduct a review for the implementation of a 12-hour work shift and after the review and determination, may implement the 12-hour shifts based on the needs of each individual facility and the system as a whole?" That language would require the Department to fully establish a policy for implementation and make a formal determination.

SENATOR PARKS:

I suggest we make the report requirement to a certain time and that the report be provided to the Board of Prison Commissioners, perhaps by December 31, 2011. The Board meets quarterly and this would require the report at either their third or fourth quarterly meetings.

CHAIR HORSFORD:

The report should be presented to both the Board and the director of the Legislative Counsel Bureau. I concur with the deadline of December 31, 2011, for the report.

SENATOR PARKS CONCURRED WITH THE AMENDMENT TO THE MOTION.

SENATOR DENIS CONCURRED WITH THE AMENDMENT TO THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

We will now open the hearing on Assembly Bill (A.B.) 497.

[ASSEMBLY BILL 497 \(1st Reprint\)](#): Makes supplemental appropriations to the Department of Business and Industry. (BDR S-1226)

GAIL J. ANDERSON (Administrator, Real Estate Division, Department of Business and Industry):

Assembly Bill 497 is a supplemental appropriation request for the Real Estate Administration budget account (B/A) 101-3823.

COMMERCE AND INDUSTRY

BUSINESS AND INDUSTRY

B&I – Real Estate Administration — Budget Page B&I-141 (Volume II)
Budget Account 101-3823

Budget Account 101-3823 is a General Fund account. Most licensing fees are directed to the General Fund, including real estate license fees, which is our largest licensing program. The Real Estate Administration B/A contains a fee component from time-share revenue. Those fees are for project filings and time-share licensing. Due to changing economic conditions, the revenue projections from the time-share fee component fell far below the anticipated projections. The decrease was greater than \$500,000 in each fiscal year (FY). We have addressed this within the Division as aggressively as possible. Some position layoffs have been necessary.

During FY 2009-2010, we eliminated seven positions. Eight more positions will be eliminated in FY 2011-2012. Three positions were reduced from full-time equivalent positions to part-time equivalent positions.

Section 1 of A.B. 497 requests an appropriation from the General Fund to meet the revenue shortfall. The first reprint was a result of a reduction of \$100,000 from what our estimated shortfall would be for FY 2010-2011. Some of the

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reasons for the reduction in the request was a slight improvement in the time-share revenue portion and aggressive measures to control costs.

Section 2 is an allocation to the Department of Business and Industry for the fiscal consolidation that has been approved.

CHAIR HORSFORD:
I will entertain a motion at this time.

SENATOR LESLIE MOVED TO DO PASS AS AMENDED A.B. 497.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:
I will now open the hearing on A.B. 515.

[ASSEMBLY BILL 515 \(1st Reprint\)](#): Revises certain provisions governing the Nevada Junior Livestock Show Board. (BDR 50-1208)

JIM R. BARBEE (Acting Director, State Department of Agriculture):
Assembly Bill 515 is a cleanup measure in our budget accounts. The intent is to remove the General Fund budget for the Nevada Junior Livestock Show Board (NJLS) account and allow them to utilize a separate nonprofit organization 501(c)(3) of the Internal Revenue Code filing allowing them to receive community support to fund that activity. In addition, certain language relative to the Board is being cleaned up. The NJLS Board is also in support of this legislation.

AGRICULTURE

AGRI – Nevada Junior Livestock Show Board — Budget Page AGRICULTURE-9
(Volume II)
Budget Account 101-4980

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DOUG BUSSELMAN (Nevada Farm Bureau Federation):
The Nevada Farm Bureau supports A.B. 515.

SENATOR RHOADS MOVED TO DO PASS AS AMENDED A.B. 515.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:
We will now open the hearing on A.B. 563.

ASSEMBLY BILL 563 (1st Reprint): Establishes for the next biennium the amount to be paid to the Public Employees' Benefits Program for insurance for certain active and retired public officers and employees. (BDR S-1223)

JAMES R. WELLS (Executive Officer, Public Employees' Benefits Program):
Assembly Bill 563 sets the Public Employees' Benefits Program (PEBP) subsidies for the 2011-2013 biennium based on the Governor's recommended budget.

Section 1 sets the monthly subsidy for active employees at \$644.81 for FY 2011-2012 and \$733.64 for FY 2012-2013.

Section 2 sets the monthly subsidy for retirees. Subsection 1 sets the monthly subsidy for non-Medicare or early retirees at \$418.41 for FY 2011-2012 and \$472.64 for FY 2012-2013. Subsection 2 sets the rates for the Medicare retirees that are being transitioned to the individual market.

Assembly Bill 563 is written as a stand alone bill to ensure the language is in statute for the 2011-2013 biennium in the event that A.B. 562 does not pass.

ASSEMBLY BILL 562: Revises provisions relating to the subsidy for coverage of certain retired persons under the Public Employees' Benefits Program. (BDR 23-1187)

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Assembly Bill 563 provides a monthly subsidy of \$150 for a Medicare retiree who retired before January 1, 1994. The monthly subsidy of \$10 for each year of State service, up to a maximum of \$200, is included for those who retired after January 1, 1994.

Subsections 3 and 4 are also included in A.B. 563 in the event A.B. 562 does not pass.

The amended version on page 2, line 37, states that in FY 2012-2013 the amounts provided for Medicare retirees could be increased to an amount not to exceed the inflation for the Medicare Part B premium. Any increase would be rounded to the nearest one dollar, paid from PEBP reserves that exceed the actuarially required reserves for the Program and if the Board determines they are available for this purpose.

CHAIR HORSFORD:

Please work with our Staff and the Governor's Office to prepare the language for the amendment we reached on PEBP for new employees going forward.

MR. WELLS:

That amendment is proposed in A.B. 553 which provides that no one hired after January 1, 2012, would be eligible for a retiree subsidy, although they could still participate in the program if they paid the entire insurance premium. I will work with those entities.

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

CHAIR HORSFORD:

Is that language already contained in A.B. 553?

MR. WELLS:

The current language of that legislation would freeze the years of service for all employees. I can work with your Staff and the Governor's Office.

CHAIR HORSFORD:

We need to ensure that language is contained somewhere in legislation during this Legislative Session.

We will hold A.B. 563 to ensure the amended language appears in one of the bills.

MARTIN BIBB (Retired Public Employees of Nevada):

What is being proposed in A.B. 563 is a significant reduction in contributions for Medicare retirees especially, but also for other retirees. The amount of reduction based on an individual's years of service, is between approximately \$344 and \$473 monthly. The subsidy increase in the proposed amendment will result in an amount ranging from \$50 to \$200 each month. Although we understand the budget climate, we have a concern that approximately \$26 million in benefits was restored to the Plan in the past several months through underutilization of claims. Of that \$26 million, most of the restoration was within the dental plan. The dental plan restoration was approximately \$16 million and the other \$10 million was restored to active and early retirees in the form of the Health Savings Account. The remaining restoration went to the same group to reduce deductibles.

We are pleased to see the proposal in FY 2012-2013 that may provide some relief for Medicare retirees, depending on the PEBP reserves.

We are concerned whether or not the funding made available will be adequate in the free market enterprise environment for Medicare retirees who will be moved to that source on July 1, 2011. Medicare retirees are being assisted by PEBP and Extend Health, which is a Medicare exchange, to enroll those individuals via telephone, the process seems to be working. However several folks have had some concerns. Following the new plan, beginning on July 1, 2011, there will be another enrollment period in the private sector within the next four or five months for Medicare retirees. That will parallel the plan years to match the federal government's January to December plan year for Medicare instead of PEBP's July-to-June plan year.

Under those circumstances, it is important that the private individual market program is going to work. It is a dramatic departure from the historic health care coverage provided to State Medicare retirees.

For example, currently, these individuals are not subject to the government "donut hole" in Medicare Part D pharmaceutical coverage. That is a major concern for many of the elderly. By moving to the free market and the private sector Medicare advantage programs or Medigap policies, these individuals will

potentially be required to meet the "donut hole" policies. That can be quite expensive. Some individuals may have the ability to cover their programs with the available funds offered. For others, it will be a challenge.

It is critical that the new program receive legislative oversight to ensure the plan functions as efficiently as is hoped.

CHAIR HORSFORD:

Do you have recommended language or suggestions to add the legislative oversight?

MR. BIBB:

We will gladly provide suggested language to the Committee.

CHAIR HORSFORD:

I have confirmed with the Legal Division of the Legislative Counsel Bureau that the amended language regarding those who are hired after July 1, 2012, is included in A.B. 553 and that measure is being heard today in the Assembly Committee on Ways and Means.

Mr. Bibb, if you can provide the suggested language regarding legislative oversight for A.B. 563 by this afternoon, we will move this measure from the Committee.

We will now open the Work Session on S.B. 486.

SENATE BILL 486: Makes an appropriation to the Office of the State Treasurer for the Millennium Scholarship Program. (BDR S-1238)

This bill requests the appropriation for the Kenny G. Guinn Millennium Scholarship Program that is also contained in the *Executive Budget*. The budget was closed with funding of \$10 million.

SENATOR LESLIE MOVED TO DO PASS S.B. 486.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

We will now open the Work Session on S.B. 428.

SENATE BILL 428: Makes an appropriation to the State Gaming Control Board to replace computer and technology hardware. (BDR S-1243)

I have a couple of questions for the State Gaming Control Board representative.

Which of the equipment requests in S.B. 428 are associated with the testing laboratory as shown in the memo dated May 19, 2011 ([Exhibit D](#))?

STACY WOODBURY (Chief, Administration Division, State Gaming Control Board):
Most of the items requested in this bill are not related to the testing laboratory because the purchases for testing laboratory equipment are allocated from fee-supported funds.

CHAIR HORSFORD:

Is the request for approximately \$679,000 the Board's top priority?

MS. WOODBURY:

Yes, I had a conversation with Chairman Mark A. Lipparelli prior to attending this hearing. He agreed that this is a large request and we are willing to reduce the request, if that helps during this economic environment.

If we replaced only the equipment purchased in FY 2006-2007 or before, that would reduce the grand total of the request to \$764,358. Another possibility would be to reduce the requests to the items in Priority No. 1 that were purchased in FY 2006-2007 or before, and Priority No. 2 that were purchased in FY 2006-2007 or before, with the exception of replacing the one switch that was purchased in FY 2007-2008. Adding those items together would reduce the grand total of the request to \$699,557.

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CHAIR HORSFORD:

Please work with our Staff to provide those proposed requests and priorities.

This meeting is adjourned at 10:11 a.m.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
Committee Secretary

APPROVED BY:

Senator Steven A. Horsford, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 11	C	Joyce Haldeman, Clark County School District	Draft resolution
S.B. 428	D	Mark Krmpotic, Legislative Counsel Bureau	Memo dated May 19, 2011