

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-sixth Session  
March 30, 2011**

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 8:10 a.m. on Wednesday, March 30, 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:**

Senator Joseph (Joe) P. Hardy, M.D., Clark County Senatorial District No. 12  
Assemblywoman Debbie Smith, Assembly District No. 30

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Rex Goodman, Principal Deputy Fiscal Analyst  
Wade Beavers, Committee Secretary

**OTHERS PRESENT:**

Craig Hulse, Washoe County School District  
Joyce Haldeman, Associate Superintendent, Community and Government Relations, Clark County School District  
Dotty Merrill, Ph.D., Executive Director, Nevada Association of School Boards  
Mary Pierczynski, Nevada Association of School Superintendents  
Dema Guinn, Former First Lady of Nevada  
Steve G. George, Chief of Staff, Office of the State Treasurer

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Jane A. Nichols, Ed.D., Vice Chancellor, Academic and Student Affairs, System  
Administration Office, Nevada System of Higher Education

CHAIR HORSFORD:  
I will open the hearing on Senate Bill (S.B.) 90.

**SENATE BILL 90**: Creates an advisory fiscal affairs committee in each school district. (BDR 34-128)

SENATOR JOSEPH (JOE) P. HARDY, M.D. (Clark County Senatorial District No. 12):  
Senate Bill 90 was generated by Senator Stan R. Olsen. He asked me to carry the bill.

Although the bill refers to "all counties," his aims could probably be more narrowly focused on counties with populations greater than 200,000 people. The advisory fiscal affairs committee that the bill proposes would provide time for deliberation in school district budget processes, and would help avoid some of the accusations that have been made that school boards move too fast when making these decisions.

The bill would provide an opportunity for a public hearing and it would discourage the "consent agenda" method of organizing a budget.

If more people with business backgrounds were involved in the process, it would help alleviate the concerns of those who accuse the school boards of not being forthcoming in budget presentations. Senator Olsen wanted to add an additional layer of scrutiny.

The focus of this bill could potentially be narrowed to affect only Washoe County and Clark County.

He would like the largest employers in the State, the gaming corporations, to be involved. He proposes an advisory board that would not co-opt the decision-making process of the school board in any way, but would provide another layer of oversight without taking away the ultimate power of the school board.

There is a sizable fiscal note attached to this bill.

CHAIR HORSFORD:

Have you discussed the unfunded mandate in this bill? There is another bill coming from the Senate Minority Leader that proposes to include all of the mandates that have been statutorily applied. Have you discussed the possibility of adding another mandate for school districts?

SENATOR HARDY:

I have had a conversation on that subject with Senator Olsen.

CHAIR HORSFORD:

I have another question that I might reserve for the Clark County School District (CCSD). It concerns the budgets themselves. The districts are required to give notices to employees every other year. We have not made the decision on the budget yet, but they have already started giving out these notices. It creates a great deal of anxiety and it affects morale.

Have you considered that problem and whether a solution to it might fit within this fiscal review? Every other year, when we are discussing the budget, we might change the date by which they must make some of those decisions so as not to create too much chaos among their teachers and education support personnel.

SENATOR HARDY:

I am certain that some reasonable discussion will be generated by this bill.

CHAIR HORSFORD:

I will now take public testimony on S.B. 90.

CRAIG HULSE (Washoe County School District):

We oppose S.B. 90 as it is written. We see it as duplicative. We have a transparent and open budget process in the Washoe County School District (WCSD). Everything goes to the Board of Trustees. They conduct work sessions for hours at a time. Everything is open to the public. We also have an audit committee that meets four times a year and reviews financial statements. Those are also public meetings in which any points of concern for members on the audit committee or from outside of the School District can be discussed. The members of the audit committee are qualified people. One of them is a private-sector certified public accountant and another is a private-sector accountant.

CHAIR HORSFORD:

I would like to have further discussion about the way you give notices in relation to your budget schedule. I want to determine if this is relevant to the fiscal affairs of WCSD.

With all the notices going out in response to the budget cuts, that date might have to be moved in order to give us time to make decisions and then allow you to notify your personnel.

MR. HULSE:

That date has been pushed back in the past, for the same concerns. We have always appreciated the flexibility. We see a significant effect on staff morale when, particularly in budget situations like these, a high number of pink slips are going out. This is especially difficult when the process is drawn out into June.

CHAIR HORSFORD:

Do you know the statutory date by which you must begin your budget process or get that notice?

MR. HULSE:

April 15 is when the budget is due. May 1 is when the notices must be sent.

CHAIR HORSFORD:

The economic forum meets May 2, so that would be counterproductive.

JOYCE HALDEMAN (Associate Superintendent, Community and Government Relations, Clark County School District):

We are opposed to this bill.

We have an elected school board whose responsibility it is to oversee the budget. Appointing a committee, especially in this manner, with no line of authority or direct relationship between either the superintendent or the school board. The process by which we would determine how the committee would proceed and how the workings would take place would be fraught with difficulty.

We also already have an audit committee. Our audit committee was established in 2007. Mary Beth Skow, who was a trustee at the time, worked with Dr. James Baily, who was then the director of the master's of business

administration program at the University of Nevada, Las Vegas (UNLV). They put together a comprehensive plan for an effective audit committee.

The establishment of an audit committee was controversial at the time. It was more transparent than some people wanted it to be. Mrs. Skow felt strongly that the transparency should be there. I have submitted to the Staff a copy of the by-laws of that advisory committee ([Exhibit C](#)). It outlines the responsibility of the members of the committee. They are effective at what they do.

When we advertised the availability of the committee positions in the newspaper, only 15 people applied. It is an intensive committee. They meet frequently and have a lot of serious work to do, and we have high expectations of members in terms of their background and their ability to serve.

On pages 4 and 5 of [Exhibit C](#), you can see that they set out for themselves a number of responsibilities and indicate the timetable in which they are addressed. It is a methodical, logical process. They meet at least quarterly. At least once a year, they have a joint meeting with the trustees so that the audit committee can report to the trustees their recommendations and their findings.

This mandate would interfere with those processes.

Regarding your question about the schedule and the timing, I would like to note that this is one of the biggest concerns that we have about the proposed committee. It is already difficult for us to prepare the budget and have it turned in by the April 15 deadline. It becomes especially apparent every other year during the Session. We do not know the amount of funding that we are going to receive, yet we are required to turn in a tentative budget.

I would also like to address your concern about the way in which we notify employees of potential reductions in force. It is almost a moot point. For example, in CCSD, when we had our meeting to discuss the budget, we indicated that around 2,500 people would lose their positions if the Governor's budget were passed as it has been presented. Although we have not yet sent out pink slips, we have printed, for everyone in the district, a seniority list. Each employee can consult this list to know where they stand in terms of seniority. If you are number 800 on the list, and 2,500 jobs are going to be lost, you could make the assumption that yours would be one of them.

Morale issues are important to us and we recognize that we need to take the creation of the budget seriously. The trustees have three main responsibilities. They hire and fire the superintendent, they establish the policies for the District, and they oversee the budget. The budget represents a significant portion of their responsibility. They take it very seriously.

The budget meetings are open meetings. There is plenty of time for public comment. In CCSD, we held a series of public meetings and provided opportunities for people to give their input. We do not see the need for this additional advisory committee.

DOTTY MERRILL, PH.D. (Executive Director, Nevada Association of School Boards):

You have already heard from Mr. Hulse and Ms. Haldeman about how the two largest school districts in the State handle the budget process. I would like to speak on behalf of the remaining counties.

In the remaining 15 school districts, we put on a series of work sessions. There are already audit committees. These meetings are held in public. Public notice is provided so that anyone who is concerned about the budget has the opportunity to appear before the members of the school board and share his or her perspective and describe specific concerns.

The 15 school boards outside of Washoe County and Clark County see this proposed legislation as an unnecessary layer.

MARY PIERCZYNSKI (Nevada Association of School Superintendents):

We are opposed to this bill, as well, for the reasons that have already been stated.

CHAIR HORSFORD:

We will close the hearing on S.B. 90 and open the hearing on Assembly Bill (A.B.) 193.

**ASSEMBLY BILL 193**: Revises provisions governing the implementation of capital improvement projects. (BDR 28-920)

ASSEMBLYWOMAN DEBBIE SMITH (Assembly District No. 30):

This bill was introduced in the Assembly Committee on Ways and Means. It requires that the State Public Works Board come before the Legislature or to the Interim Finance Committee (IFC) for approval before cancelling a capital construction project that has been authorized by the Legislature, or before delaying the commencement or completion of the project beyond the period for which the money was authorized.

In determining whether to approve a cancellation, delay, or change in the scope or design of a project, the Legislation requires consideration of the reason for the proposed change, the current need for the project and the Legislature's intent in originally approving the project.

In IFC last December, we heard changes to the Capital Improvements Program (CIP). I do not believe that there was anything in those discussions that any of us disagreed with, but we find ourselves in a new circumstance. We had funded projects and then found that the revenue to fund them did not exist. The Legislature then had no ability to weigh in on the very projects we had previously approved. This bill adds a check and balance process to the CIP that we probably all had assumed already existed.

While this was not a problem last time, I want to make sure that, for future Legislatures, the projects that are approved during a budget are brought back for approval when changes are made.

CHAIR HORSFORD:

This is an important issue and it is something that has been frustrating for all of us. We think that one thing is going to happen and then we find out something else has been approved around us.

ASSEMBLYWOMAN SMITH:

We always find out the hard way. It is important to always be looking forward and trying to build a better process.

SENATOR CEGAVSKE:

I appreciate your bringing this bill forward. I am in full support.

CHAIR HORSFORD:

We will close the hearing on A.B. 193 and take a recess at 8:28 a.m.

The Committee will reconvene at 9:04 a.m.

We will open the hearing on S.B. 220.

**SENATE BILL 220**: Establishes the Kenny C. Guinn Memorial Millennium Scholarship. (BDR 34-594)

SENATOR BEN KIECKHEFER (Washoe Senate District 4):

I would like to thank, in particular, the other 62 members of this Legislature who cosponsored this legislation.

Before you today is Senate Bill 220 which proposes the implementation of the wishes of our former first lady, Mrs. Dema Guinn. In the days and weeks following the death of our great Governor, Mrs. Guinn and her family asked for donations to be made, in lieu of flowers, as commemorations in the Governor's honor. This bill provides instructions on how that money will be allocated. The money will be used to help supplement the final year of college for a Millennium Scholar at a Nevada school who wants to become a teacher in the State of Nevada.

Our late Governor has been identified as someone who was, through his actions and words, clearly committed to education in the State. He wanted to ensure that it was the very best it could be. This scholarship helps cement that legacy and further his family's commitment to education.

Section 3 of this bill discusses the funding. All of the funding will come from donations and gifts. Since the Governor's death, more than \$100,000 has been contributed to the account that contains the Millennium Scholarship Program funds. Those funds that have already been donated will be transferred into this new account. Any additional funds that are donated will be placed into that account and used for this purpose. Under this legislation, they cannot be transferred out or used for other purposes.

Section 4 dictates that the Board of Trustees of the College Savings Plans of Nevada will establish criteria for selecting a recipient of the Kenny C. Guinn Memorial Millennium Scholarship. It will be a student who is in or is entering his or her senior year at a Nevada college or university. The student must be a Millennium Scholar, have a 3.5 grade point average and have committed to becoming a teacher in the State of Nevada.



Those individuals who will qualify can then apply, and the Board will select the winner of the Memorial Scholarship who will receive up to \$4,500, in addition to the Millennium Scholarship, to help fund what is currently targeted as the full freight of their final year of tuition and fees at their university.

FORMER FIRST LADY DEMA GUINN:

I bring a check today for \$5,000 to be added to the total amount. This should bring us close to \$120,000 in donations.

Thank you for bringing S.B. 220 forward. My husband, Kenny C. Guinn, would be proud to have his name attached to a special scholarship dedicated to a Millennium Scholar planning to be a teacher.

You all know how important education was to my husband. His parents, despite having almost no formal education themselves, always made sure that he and his brothers and sisters attended school. They instilled in their children the value of education and character.

My husband talked often about the \$50 scholarship he received from a community group in our home town. It helped pay for his trip to California to enter the University of Southern California on a football scholarship.

We were married during his college years, and we knew the value of that extra money. We will also never forget the scholarship that he received at Stanford University when he was in the Doctoral program.

Through graduate school, his time in the classroom as a teacher and eventually as a superintendent of CCSD and president of UNLV, we saw every day what education has done for our family. More importantly, we saw what it could do for students to create equality in their lives.

The Millennium Scholarship Program was one of my husband's proudest achievements. He always said, "Education is not on my agenda, it is my agenda, and it should be on everyone's." He knew that helping more Nevada students go to college and get their education would be the greatest thing he could do for the future of this State.

Whenever he met a young person, he would always ask him or her, "Are you going to be a Millennium Scholar?" He would do this whether he was at a

parade or simply walking down the street. I met another Millennium Scholar the other night when I was having dinner, and she could not thank me enough for the Millennium Scholarship Program.

Our family has been deeply touched by the outpouring of all your sympathy when my husband passed away. I want to thank everyone, particularly many of you who are here today, who supported the family and who wanted to help do something to honor the late Governor's memory.

The decision to dedicate gifts in his name to benefit the Millennium Scholarship Program was an easy one for my family, and I appreciate all of you for helping to make this possible. Helping the students become teachers is a wonderful way to secure the legacy of this man whom we all cared for and respected so much.

CHAIR HORSFORD:

It is an honor to have you here this morning. On behalf of all the people of Nevada, we want to thank you for your service as First Lady and for your commitment as a family to education and public service.

I know that I speak on behalf of the entire Committee and the Legislature when I say that the Millennium Scholarship Program is a legacy in this State. As you have asked, we will do everything that we can to preserve the life of that program and the hope that it provides assistance to so many deserving students who graduate from our high schools and who have the goal and desire to go on to college.

STEVE G. GEORGE (Chief of Staff, Office of the State Treasurer):

I would like to provide clarification. This account will be a line item in the Millennium Scholarship Program. The money donated to this fund has been kept in a separate line item. It has not been commingled. It will not be commingled. We will work with the Department of Administration to ensure that it will be kept that way.

There is around \$112,000 in the fund right now, not counting the check that we will receive today. Our office will do its part to advertise this fund in order to attract additional donations.

The Treasurer's Office oversees the College Savings Program and the Millennium Scholarship, and so the Board of Trustees agreed to be the entity

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that selects the one student who will receive the scholarship. This will be a monumental task, and we will be talking about regulations for the process.

We are in complete support and we think this is a wonderful memorial for Governor Guinn.

CHAIR HORSFORD:

Will the money be deposited into that account in each fiscal year?

MR. GEORGE:

As we have been receiving donations, they have been put into that separate account, so we will continue that practice.

JANE A. NICHOLS, ED.D. (Vice Chancellor, Academic and Student Affairs, System Administration Office, Nevada System of Higher Education):

It is my pleasure to be here this morning to support this bill.

We think this is a good bill that will allow our elementary or secondary education majors to potentially cover the cost of their senior year. The senior year for education students is difficult because they are trying to do what amounts to a full-time internship and go to school at the same time. It is almost impossible for them to work.

This is a critical time for preservice teachers, and we think this program will reward a worthy student.

I would like to clarify one thing. Because this scholarship can only be given to a Millennium Scholar in good standing who is enrolled in a four-year program, we will provide a list of eligible students to the Treasurer's Office. Students who attend Great Basin College; University of Nevada, Reno; UNLV or Nevada State College will be eligible, as will students who attend Sierra Nevada College, which has a teacher education program.

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 220.

SENATOR LESLIE SECONDED THE MOTION.

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THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

Thank you, Mrs. Guinn, for being here. This is a small gesture, on behalf of this Committee and this Legislature, on our part to honor the legacy of Governor Guinn and his commitment to education and the Millennium Scholarship Program. This should be a reminder to all of us that our time in public service should be about providing lasting legacies, which is exactly what has been done with this Memorial Scholarship. We are glad to support you in this endeavor.

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I would like to now take up A.B. 193.

SENATOR LESLIE MOVED TO DO PASS A.B.193.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:  
This meeting is adjourned at 9:17 a.m.

RESPECTFULLY SUBMITTED:

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Wade Beavers,  
Committee Secretary

APPROVED BY:

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Senator Steven A. Horsford, Chair

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

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Joyce Haldeman / CCSD	Advisory Committee By-Laws