

**MINUTES OF THE JOINT MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIP  
AND THE  
SENATE COMMITTEE ON FINANCE  
SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIP**

**Seventy-Seventh Session  
April 30, 2013**

A joint meeting of the Assembly Committee on Ways and Means' Subcommittee on K-12/Higher Education/CIP and the Senate Committee on Finance's Subcommittee on K-12/Higher Education/CIP was called to order by Chairman William C. Horne at 8:11 a.m. on Tuesday, April 30, 2013, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [nelis.leg.state.nv.us/77th2013](http://nelis.leg.state.nv.us/77th2013). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

Assemblyman William C. Horne, Chairman  
Assemblyman Andy Eisen, Vice Chairman  
Assemblyman Paul Aizley  
Assemblywoman Maggie Carlton  
Assemblywoman Lucy Flores  
Assemblyman Cresent Hardy  
Assemblyman Pat Hickey  
Assemblyman Randy Kirner

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

Senator Moises (Mo) Denis, Chairman  
Senator Debbie Smith  
Senator Michael Roberson

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**STAFF MEMBERS PRESENT:**

Cindy Jones, Assembly Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Andrea McCalla, Program Analyst  
Wayne Thorley, Program Analyst  
Connie Davis, Committee Secretary  
Cynthia Wyett, Committee Assistant

The Committee Assistant called the roll, and a quorum of the members was present.

Chairman William C. Horne welcomed audience members in Carson City as well as those viewing the meeting via the Internet, and he reminded everyone in attendance to silence all portable communication devices.

Chairman Horne announced that the members of the Subcommittees would work to close Department of Education budgets and would begin with the Educator Effectiveness budget.

**EDUCATION**

**DEPARTMENT OF EDUCATION**

**EDUCATOR EFFECTIVENESS (101-2612)**

**BUDGET PAGE K-12 EDUCATION-33**

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Governor recommended establishing the budget for Educator Effectiveness beginning in the 2013-2015 biennium. The account would colocate resources for educator effectiveness, including professional development and teacher and administrator evaluation. Ms. McCalla advised that the General Fund was recommended as the primary funding source for the new account.

Ms. McCalla reported two major closing issues for the account, which included increased funding for the Regional Professional Development Programs (RPDP) and funding for an educator effectiveness evaluation system. The Governor, she said, recommended an additional General Fund appropriation of \$1.48 million (20 percent increase) in fiscal year 2014 and \$1.32 million (15 percent increase) in fiscal year 2015 for RPDP funding. Ms. McCalla advised that the Department of Education stated that the additional funding

would primarily be used to increase the number of RPDP trainers by approximately 7 to 10 over the 2013-2015 biennium.

Ms. McCalla further advised that, during the closing for the Educational Trust Account budget account (BA) 2614, on April 17, 2013, the Subcommittees on K-12/Higher Education/CIP voted to approve \$303,320 in fiscal year 2014 to develop interactive web-based training modules and video demonstrations for teachers and administrators regarding the Nevada Educator and Administrator Performance Framework and the Common Core State Standards. Ms. McCalla also advised that the Governor's recommendation for enhanced RPDP funding in the new Educator Effectiveness account (BA 2612) was intended to assist teachers in teaching the Common Core State Standards and in understanding the new Nevada Educator and Administrator Performance Framework.

Based on funding the Subcommittees approved for professional development in the Educational Trust Fund, Ms. McCalla advised that Fiscal Analysis Division staff of the Legislative Counsel Bureau identified the following two options for the Subcommittees' consideration:

- Approve General Fund appropriations of \$1,475,000 in fiscal year 2014 and \$1,315,000 in fiscal year 2015 to provide increased funding for the Regional Professional Development Programs as recommended by the Governor.
- Approve General Fund appropriations of approximately \$1.17 million in fiscal year 2014 and \$1.32 million in fiscal year 2015 to provide increased funding for the Regional Professional Development Programs, recognizing the \$303,320 approved in the Educational Trust Fund for professional development in fiscal year 2014. The option would result in a General Fund savings of \$303,320 in fiscal year 2014.

Assemblywoman Carlton noted on page 3 of the closing document ([Exhibit C](#)) that the proposed budget for the RPDPs included paying six consultants \$500 a day for 100 days and asked for additional information on the cost.

Rorie Fitzpatrick, Acting Superintendent of Public Instruction, Department of Education, advised that \$500 per day was considered inexpensive in the current economy. In past years, consultants, she said, had cost as much as \$1,000 to \$1,500 per day although the costs often included travel expenses.

Assemblywoman Flores asked whether there had been an attempt to find consultants from within the state or whether any consideration had been given to hiring full-time employees rather than consultants.

Ms. Fitzpatrick advised that the budget before the Subcommittees was created in collaboration with the Regional Professional Development Program directors; and passage of Senate Bill 447 would continue local control of the RPDPs. The budget, Ms. Fitzpatrick said, established largely from the RPDPs, looked at a combination of full-time employees as well as consultants. Many of the consultants, she said, were residents of the state, one of whom was Dr. Pamela Salazar, a national scholar and consultant to the Southern Nevada Regional Professional Development Program. Ms. Fitzpatrick advised of other in-state consultants, who were retired administrators and teachers.

Assemblywoman Flores noted two line items in the budget, one for two or three nationally recognized consultants at \$20,000 to \$30,000 each and supplemental staff at \$500 a day. Assemblywoman Flores asked for information concerning the difference between the supplemental staff and the nationally recognized experts, what the consultants and experts would provide, and whether they would be contracted with again.

Ms. Fitzpatrick advised that Dr. Pamela Salazar, for example, was considered supplemental staff, not a full-time employee, and currently was paid through the Southern Nevada Regional Professional Development Program. Additionally, she explained that nationally recognized experts from the Center on Great Teachers and Leaders were contracted with and assisted the Department in establishing professional responsibilities for the teacher and administrator evaluation system. Those experts, she said, would leave behind a combination of documents and tools.

Ms. Fitzpatrick advised that considerable thought had gone into how the Department could use resources on the front end to increase capacity for the RPDPs. She pointed out that although there would always be an ongoing professional development cost, those costs should diminish over time.

ASSEMBLYMAN EISEN MOVED TO APPROVE GENERAL FUND  
APPROPRIATIONS OF APPROXIMATELY \$1.17 MILLION IN  
FISCAL YEAR 2014 AND \$1.32 MILLION IN FISCAL YEAR 2015  
TO PROVIDE INCREASED FUNDING FOR THE REGIONAL  
PROFESSIONAL DEVELOPMENT PROGRAMS, RECOGNIZING THE

\$303,320 APPROVED IN THE EDUCATIONAL TRUST FUND FOR PROFESSIONAL DEVELOPMENT IN FY 2014. IF THE DEPARTMENT IDENTIFIED FURTHER NEED FOR THE FUNDS, THE DEPARTMENT HAD THE OPTION TO RETURN DURING THE INTERIM WITH A WORK PROGRAM REQUEST.

SENATOR DENIS SECONDED THE MOTION.

Senator Smith pointed out that the motion needed to be more specific concerning whether the \$303,320 would be placed in the Interim Finance Committee's Contingency Account or in reserve for the Department.

Assemblyman Eisen revised his motion to reflect the second option as it appeared in the closing document ([Exhibit C](#)).

ASSEMBLYMAN EISEN REVISED HIS PREVIOUS MOTION TO REFLECT APPROVAL FOR THE GENERAL FUND APPROPRIATIONS OF APPROXIMATELY \$1.17 MILLION IN FISCAL YEAR 2014 AND \$1.32 MILLION IN FISCAL YEAR 2015 TO PROVIDE INCREASED FUNDING FOR THE REGIONAL PROFESSIONAL DEVELOPMENT PROGRAMS, RECOGNIZING THE \$303,320 APPROVED IN THE EDUCATIONAL TRUST FUND FOR PROFESSIONAL DEVELOPMENT IN FY 2014.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hardy, Hickey, and Kirner voted no. Senator Roberson was not present for the vote.)

Ms. McCalla reported that the next major closing item in the budget was funding for an educator effectiveness evaluation system. The Governor recommended General Fund appropriations of \$150,000 in fiscal year 2014 and \$170,000 in fiscal year 2015 to contract with a vendor to evaluate the validation plan developed by the Teachers and Leaders Council of Nevada. [The Teachers and Leaders Council developed a validation plan to measure the degree to which the newly created Nevada Educator Performance Framework met required technical criteria.] The Department, she said, advised that the educator performance framework would need to be periodically updated and should be evaluated approximately every two years.

The Department, Ms. McCalla said, expected to release a request for proposal (RFP) by April 30, 2013. The RFP would include a provision that the contract would be conditional upon approval of the funding by the 2013 Legislature. The contract, according to the Department, she said could begin immediately upon approval by the State Board of Examiners in June 2013.

Staff noted that it was the Department's practice to charge indirect costs on the first \$25,000 of any contract each year in accordance with established guidelines provided by the U.S. Department of Education. Ms. McCalla pointed out, however, that the Governor's budget did not include indirect costs for the contract. Based on the Department's current indirect cost rate of 19 percent, Ms. McCalla said that approximately \$4,750 in each year of the biennium would be retained by the Department to fund indirect costs for the contract.

Ms. McCalla reported that the Department testified it developed costs to conduct an evaluation by surveying other states for similar work. She pointed out, however, that supporting documentation for the funding levels recommended in the enhancement was not included in The Executive Budget. Ms. McCalla advised that Fiscal Analysis Division staff had been unable to substantiate the level of funding recommended for an evaluation of the new educator effectiveness system because, although requested, the documentation was not provided.

Ms. McCalla asked whether the Subcommittees wished to approve a General Fund appropriation of \$150,000 in fiscal year 2014 and \$170,000 in fiscal year 2015, as recommended by the Governor, for an evaluation of the new educator effectiveness system.

SENATOR SMITH MOVED TO APPROVE A GENERAL FUND APPROPRIATION OF \$150,000 IN FISCAL YEAR 2014 AND \$170,000 IN FISCAL YEAR 2015, AS RECOMMENDED BY THE GOVERNOR, FOR AN EVALUATION OF THE NEW EDUCATOR EFFECTIVENESS SYSTEM.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

Ms. McCalla referred to the other closing item on page 5 in the closing document ([Exhibit C](#)) and reported that The Executive Budget recommended the transfer of approximately \$7.6 million in each year of the 2013-2015 biennium to effect the transfer of the Regional Professional Development Programs (RPDPs) from the School Remediation Trust Fund to the new Educator Effectiveness account. Ms. McCalla noted that Assembly Bill 357 and Senate Bill 447 proposed changes to the governance structure of the RPDPs.

Ms. McCalla advised that the Assembly Committee on Ways and Means and the Senate Committee on Finance would meet jointly to determine whether to approve decision unit Enhancement (E) 906 that requested to transfer the Regional Professional Development Programs from the School Remediation Trust Fund, budget account 2615, to Educator Effectiveness, budget account 2612. Ms. McCalla advised that Fiscal Analysis Division staff found the recommendation reasonable, noting it was contingent upon the approval of decision unit E-906 in the School Remediation Trust Fund account by the two Committees.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER APPROXIMATELY \$7.6 MILLION IN EACH YEAR OF THE 2013-2015 BIENNIUM FOR THE REGIONAL PROFESSIONAL DEVELOPMENT PROGRAMS FROM THE SCHOOL REMEDIATION TRUST FUND TO THE NEW EDUCATOR EFFECTIVENESS ACCOUNT CONTINGENT UPON THE APPROVAL OF DECISION UNIT E-906 IN THE SCHOOL REMEDIATION TRUST FUND ACCOUNT.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

BUDGET CLOSED.

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**EDUCATION**  
**DEPARTMENT OF EDUCATION**  
**EDUCATION STAFFING SERVICES (101-2719)**  
**BUDGET PAGE K-12 EDUCATION-43**

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the Subcommittees had not previously reviewed the Education Staffing Services account. Staff, she said, was responsible for developing closing recommendations for the account.

Ms. McCalla advised that although the account contained no major closing issues, other closing items included the following transfers that appeared in other budget accounts in which decisions had been made:

- Position Transfers to Nutrition Education Programs (Decision Unit Enhancement (E) 900)

Information in the closing document ([Exhibit C](#)) reported that The Executive Budget recommended transferring one administrative assistant 4 position and one-half of a program officer 1 position from the Education Staffing Services account to the Nutrition Education Programs account [budget account (BA) 2691] to align funding with duties performed.

Ms. McCalla advised that the administrative assistant 4 position was currently funded with 90 percent Nutrition Education Programs federal funds and 10 percent School Health Education federal funds. The position, she said, previously worked with a federal grant that would no longer be funded. Because the grant would no longer be funded, the position was recommended to be transferred to the Nutrition Education Programs account and would be funded 100 percent with Nutrition Education Programs' federal funds.

Ms. McCalla reported that on April 8, 2013, the Budget Division, Department of Administration, submitted Budget Amendment A130022719, which revised the Governor's recommendation concerning a program officer 1 position. The amendment eliminated the transfer of one-half of the program officer 1 position to the Nutrition Education Programs and replaced the 50 percent funding from Nutrition Education Programs' federal funds with General Fund appropriations. Although the budget amendment was received prior to the Subcommittees closing of the Education State Programs account on April 17, 2013, the amendment did not provide information that General Fund appropriations were



added to support the other one-half of the program officer position. Ms. McCalla advised that the decision to approve the additional 50 percent of General Funds to support the program officer 1 position would be made when the Assembly Committee on Ways and Means and the Senate Committee on Finance met jointly to close the Education State Programs account.

Ms. McCalla asked whether the Subcommittees wished to approve the transfer of the administrative assistant position from the Education Staffing Services account to the Nutrition Education Programs account as recommended by the Governor.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE TRANSFER OF THE ADMINISTRATIVE ASSISTANT POSITION FROM THE EDUCATION STAFFING SERVICES ACCOUNT TO THE NUTRITION EDUCATION PROGRAMS ACCOUNT AS RECOMMENDED BY THE GOVERNOR.

SENATOR SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

Ms. McCalla asked whether the Subcommittees wished to approve the transfer of the program officer 1 position from the Education Staffing Services account to the Education State Programs account contingent upon the approval of the additional General Fund appropriations by the Assembly Committee on Ways and Means and the Senate Committee on Finance.

SENATOR SMITH MOVED TO APPROVE THE TRANSFER OF THE PROGRAM OFFICER 1 POSITION FROM THE EDUCATION STAFFING SERVICES ACCOUNT TO THE EDUCATION STATE PROGRAMS ACCOUNT CONTINGENT UPON THE APPROVAL OF THE ADDITIONAL GENERAL FUND APPROPRIATIONS BY THE ASSEMBLY COMMITTEE ON WAYS AND MEANS AND THE SENATE COMMITTEE ON FINANCE.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

- Position Transfers from Education Support Services (Decision Unit Enhancement (E) 503; E-903)

Ms. McCalla advised that the Governor recommended transferring six auditors and one administrative assistant along with associated operating costs from the Education Support Services account to the Education Staffing Services budget account to align funding with duties performed. At the April 17, 2013, budget closing of the Education State Programs account, the Subcommittees approved General Fund appropriations of \$300,564 in fiscal year 2014 and \$318,698 in fiscal year 2015 to support the recommended modification of the funding sources of the audit unit.

Ms. McCalla asked whether the Subcommittees wished to approve the transfer of six auditor positions and one administrative assistant position from the Education Support Services account to the Education Staffing Services account consistent with the closing action taken by the Subcommittees in the Education State Programs account.

SENATOR SMITH MOVED TO APPROVE THE TRANSFER OF SIX AUDITOR POSITIONS AND ONE ADMINISTRATIVE ASSISTANT POSITION FROM THE EDUCATION SUPPORT SERVICES ACCOUNT TO THE EDUCATION STAFFING SERVICES ACCOUNT CONSISTENT WITH THE CLOSING ACTION TAKEN BY THE SUBCOMMITTEES IN THE EDUCATION STATE PROGRAMS ACCOUNT.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

- Position Transfer from Teacher Education and Licensing (Decision Units Enhancement (E) 504; E-904)

Ms. McCalla reported that the Governor recommended the transfer of one administrative assistant position from the Teacher Education and Licensing account to the Education Staffing Services account to align funding with performance of anticipated duties. The Subcommittees, however, at the April 17, 2013, budget closing of the Education State Programs account did not approve the transfer of the administrative assistant position, which resulted in

a General Fund savings of approximately \$48,000 over the 2013-2015 biennium. Ms. McCalla advised that the administrative assistant position would remain in the Teacher Education and Licensing account and would continue to be funded entirely by teacher-licensing fees.

Ms. McCalla asked whether the Subcommittees wished to not approve decision units E-504 and E-904 consistent with the closing action taken by the Subcommittees in the Education State Programs account.

SENATOR SMITH MOVED TO NOT APPROVE DECISION UNITS E-504 AND E-904 CONSISTENT WITH THE CLOSING ACTION TAKEN BY THE SUBCOMMITTEES IN THE EDUCATION STATE PROGRAMS ACCOUNT.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

Ms. McCalla advised that Fiscal Analysis Division staff suggested that the remainder of the budget be closed as recommended by the Governor with authority for staff to make necessary technical adjustments.

ASSEMBLYWOMAN CARLTON MOVED TO CLOSE THE REMAINDER OF THE BUDGET AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

BUDGET CLOSED.

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**EDUCATION**  
**DEPARTMENT OF EDUCATION**  
**EDUCATION SUPPORT SERVICES (101-2720)**  
**BUDGET PAGE K-12 EDUCATION-49**

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the Education Support Services budget provided for the Department of Education's grant accounting, reporting, auditing, accounts payable and receivable, payroll and personnel, budgeting and purchasing, and networking functions. The account was primarily funded by indirect cost assessments charged to other Department budget accounts.

Ms. McCalla reported that the Education Support Services budget included the following major closing issues:

- Reduction of Indirect Cost Revenue

Ms. McCalla reported that The Executive Budget proposed the transfer of the Nutrition Education Programs to the State Department of Agriculture as part of a larger reorganization recommended by the Governor to consolidate food and nutrition programs. As a result, the indirect cost revenue would decrease by \$330,669 in fiscal year 2014 and \$336,835 in fiscal year 2015. The decreased revenue was contingent upon the approval of the Nutrition Education Programs (Budget Account 2691) being transferred to the Department of Agriculture.

Ms. McCalla asked whether, contingent upon the approval of the transfer of the Nutrition Education Programs to the Department of Agriculture, the Subcommittees wished to approve the reduction of indirect cost revenues in decision unit Enhancement (E) 801 as recommended by the Governor. Additionally, Ms. McCalla asked whether the Subcommittees wished to authorize the Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE,  
CONTINGENT UPON THE APPROVAL OF THE TRANSFER OF THE  
NUTRITION EDUCATION PROGRAMS TO THE DEPARTMENT OF  
AGRICULTURE, THE REDUCTION OF INDIRECT COST REVENUES  
IN DECISION UNIT ENHANCEMENT (E) 801 AS RECOMMENDED  
BY THE GOVERNOR AND TO AUTHORIZE THE FISCAL ANALYSIS

DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO  
MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the motion.)

- Reprojection of Base Revenues

Ms. McCalla reported that the indirect cost rate requested by the Department of Education from the U.S. Department of Education for fiscal year 2013 was 19.4 percent for restricted rate programs and 25.5 percent for unrestricted rate programs. The Department was subsequently approved for a 17 percent indirect cost rate for restricted programs and a 22.9 indirect cost for unrestricted programs for fiscal year 2013.

To address the existing and future revenue shortfalls, Ms. McCalla said the Department had held several positions vacant in an attempt to avoid layoffs. Currently, the positions of chief accountant, accounting assistant 3, and information technology technician 5 were vacant. According to the Department, the vacant positions would not be filled until it was clear that the revenue could fund all of the positions in the account.

Additionally, Ms. McCalla advised that several grant programs were expiring prior to the 2013-2015 biennium, and therefore, the base of federal expenditures to which the indirect costs could be applied would be lower.

On April 8, 2013, the Budget Division, Department of Administration, submitted Budget Amendment A130022720 to reduce the base budget indirect cost revenues by \$384,598 in fiscal year 2014 and by \$388,909 in fiscal year 2015 based on the reprojection of revenue applying the lower indirect cost rates.

Ms. McCalla asked whether the Subcommittees wished to approve reductions to the base budget indirect cost revenues totaling \$773,507 over the 2013-2015 biennium as recommended in a portion of Budget Amendment A130022720 and to authorize the Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments.

ASSEMBLYMAN HARDY MOVED TO APPROVE REDUCTIONS TO THE BASE BUDGET INDIRECT COST REVENUES TOTALING \$773,507 OVER THE 2013-2015 BIENNIUM AS RECOMMENDED IN A PORTION OF BUDGET AMENDMENT A130022720 AND TO AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

Ms. McCalla provided the following information on other closing items:

- Modify Funding Source of Seven Audit Positions (Decision Units Enhancement (E) 800; E-903; E-907)

Ms. McCalla reported that the Governor recommended a modification to the funding source of the Department's audit unit (comprised of six auditors and one administrative assistant) from 100 percent indirect cost revenue to 50 percent indirect cost revenue and 50 percent from the General Fund.

Additionally, Ms. McCalla said, the Governor recommended transferring \$7,654 in each year of the 2013-2015 biennium for operating expenditures to support the positions. Representatives of the Department, she said, intended the expenditures to be split 50 percent. She said, however, to properly split the operating expenditures, a technical adjustment of approximately \$2,213 in each year of the biennium would be necessary. On April 17, 2013, the Subcommittees on K-12/Higher Education/CIP approved the modified funding split of the seven positions between funding provided by indirect cost revenue and the General Fund during the budget closing of Education State Programs. Ms. McCalla said that the recommendation appeared reasonable.

Ms. McCalla asked whether the Subcommittees, consistent with approval of the modified funding split of the seven positions during the Education State Programs budget closing, wished to approve the Governor's recommendation to modify the funding source of seven audit positions and related operating expenditures from 100 percent indirect cost revenue to 50 percent indirect cost revenue and 50 percent from the General Fund.

ASSEMBLYWOMAN FLORES MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO MODIFY THE FUNDING SOURCE OF SEVEN AUDIT POSITIONS AND RELATED OPERATING EXPENDITURES FROM 100 PERCENT INDIRECT COSTS TO 50 PERCENT INDIRECT COSTS AND 50 PERCENT GENERAL FUNDS, INCLUDING THE TECHNICAL ADJUSTMENT IDENTIFIED BY THE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU.

SENATOR SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

- New Information Technology Technician Position (Decision Unit Enhancement (E) 236)

Ms. McCalla reported that the Governor recommended the elimination of one vacant information technology 1 position and one vacant administrative assistant 3 position to create a new information technology 5 position that would result in a savings of \$47,722 in fiscal year 2014 and \$37,119 in fiscal year 2015. Additionally, Ms. McCalla advised that Budget Amendment A130022720 submitted by the Budget Division, Department of Administration on April 8, 2013, adjusted decision unit E-236 to eliminate the recommended new information technology technician 5 position. The Department advised that the adjustment was needed because of concerns of lost indirect cost revenues in budget account 2720.

Ms. McCalla asked whether the Subcommittees wished to approve the Governor's recommendation, as amended by Budget Amendment A130022720, to eliminate the vacant information technology technician 1 position and the vacant administrative assistant 3 position as well as to not approve the proposed information technology 5 position for indirect cost savings of \$184,923 over the 2013-2015 biennium.

In response to Chairman Horne's questions concerning the elimination of three information technology (IT) positions, Ms. McCalla explained that if the Governor's recommendation was approved, as adjusted by the budget amendment, the vacant information technology technician 1 position and

the vacant administrative assistant position would be eliminated, and the proposed information technician 5 position would not be approved.

Assemblyman Eisen pointed out that the language in the closing report documents ([Exhibit C](#)) reflected an information technology technician 4 was recommended not to be approved.

Ms. McCalla advised that the language should have reflected that the position was an information technology technician 5 not 4.

ASSEMBLYMAN EISEN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE THE VACANT INFORMATION TECHNOLOGY TECHNICIAN 1 POSITION AND THE VACANT ADMINISTRATIVE ASSISTANT 3 POSITION AND TO NOT APPROVE THE PROPOSED INFORMATION TECHNOLOGY 5 POSITION.

SENATOR SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

- Cost Allocation (Decision Unit Enhancement (E) 804)

Ms. McCalla reported that the Governor recommended an increase of \$12,425 in fiscal year 2014 and \$12,810 in fiscal year 2015 to fund the Education Support Services portion of the Division of Human Resource Management Centralized Personnel Services cost assessment. The recommendation, she said, appeared reasonable.

- Information Technology Position Reclassification (Decision Unit Enhancement (E) 805)

Ms. McCalla reported that The Executive Budget included the reclassification of one position from an information technology professional 2 to an information technology professional 3. The additional cost of \$6,853 in fiscal year 2014 and \$6,993 in fiscal year 2015 would be funded from the reserve of the indirect cost budget. The reclassification would be subject to the review and approval of the Division of Human Resource Management.



Ms. McCalla asked whether the Subcommittees wished to approve the recommended increase of \$12,425 in fiscal year 2014 and \$12,810 in fiscal year 2015 to fund the Education Support Services portion of the Division of Human Resource Management Centralized Personnel Services cost assessment and the reclassification of the information technology professional 2 position to an information technology professional 3 position, as recommended by the Governor.

SENATOR SMITH MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR AN INCREASE OF \$12,425 IN FISCAL YEAR 2014 AND \$12,810 IN FISCAL YEAR 2015 TO FUND THE EDUCATION SUPPORT SERVICES PORTION OF THE DIVISION OF HUMAN RESOURCE MANAGEMENT CENTRALIZED PERSONNEL SERVICES COST ASSESSMENT AND THE RECLASSIFICATION OF THE INFORMATION TECHNOLOGY PROFESSIONAL 2 POSITION TO AN INFORMATION TECHNOLOGY PROFESSIONAL 3 POSITION.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

- Computer Hardware and Software Replacement (Decision Unit Enhancement (E) 710)

Ms. McCalla reported that the Governor recommended cost allocation reimbursement funding of \$77,456 in fiscal year 2014 and \$25,462 in fiscal year 2015 for replacement of computer hardware and software. The recommendation, she said, appeared reasonable.

Ms. McCalla advised that staff recommended all other closing items be closed as recommended by the Governor with authority for the Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE COST ALLOCATION REIMBURSEMENT FUNDING OF \$77,456 IN FISCAL YEAR 2014 AND \$25,462 IN FISCAL YEAR 2015 FOR THE REPLACEMENT OF COMPUTER HARDWARE AND SOFTWARE AND THAT ALL OTHER CLOSING ITEMS BE CLOSED AS

RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE THE  
FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE  
COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for  
the vote.)

BUDGET CLOSED.

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**EDUCATION**  
**DEPARTMENT OF EDUCATION**  
**DISCRETIONARY GRANTS - RESTRICTED (101-2709)**  
**BUDGET PAGE K-12 EDUCATION-84**

Andrea McCalla, Program Analyst, Fiscal Analysis Division,  
Legislative Counsel Bureau, reported that the Discretionary Grants - Restricted  
account included the following federal discretionary grants:

- English Language Acquisition
- Homeless Children Education
- Advance Placement Fee Payments
- Longitudinal Data Systems

Ms. McCalla reported that the major closing issue for the Discretionary Grants – Restricted budget was the continuation of the Statewide Longitudinal Data Systems (SLDS) grant. The LDS was a three-year federal grant that, according to the Department of Education, would be used to expand the longitudinal data system to create and assign a Unique State Personal Identifier (USPI) to Nevada students so that they could be followed throughout their preK-12 [prekindergarten through 12th grade] and postsecondary education and into the workforce. Federal grant funding of approximately \$4 million would be available over a three-year period. Of that amount, \$940,000 was budgeted to be subgranted to the Nevada System of Higher Education (NSHE), \$520,000 was budgeted to be subgranted to the Department of Employment, Training and Rehabilitation (DETR), and the balance of \$2,539,990 was budgeted for use by the Department of Education.

The Department provided Fiscal Analysis Division staff with a project plan that outlined current progress and estimated completion of tasks for the Statewide Longitudinal Data Systems grant. Ms. McCalla pointed out, however, that because some deadlines had passed without the completion of the tasks, Fiscal Analysis Division staff had requested an updated project plan. The existing project plan, she said, reflected that the completion of all requirements of the grant would be August 31, 2015, which coincided with the end of the grant.

Ms. McCalla advised that on April 19, 2013, the Subcommittees on K-12/Higher Education/CIP held a work session regarding the System of Accountability Information in Nevada (SAIN). The work session primarily focused on the state portion of the funding for the SAIN, but concerns were raised regarding the overall project management and deadlines. The Department testified in support of the Fiscal Analysis Division's staff recommendation to add accountability measures as the Department moved forward with the SAIN maintenance and enhancements. Based on the history of SAIN data projects and current deadline concerns, Ms. McCalla suggested that the Subcommittees might wish to consider issuing a letter of intent instructing the Department to report on the progress of the federal Statewide Longitudinal Data System grant through the end of the 2013-2015 biennium.

Ms. McCalla asked whether the Subcommittees wished to approve the Governor's recommended federal SLDS grant funds of approximately \$2.1 million in fiscal year 2014 and \$1.5 million in fiscal year 2015. Additionally, she asked whether the Subcommittees wished to approve a letter of intent instructing the Department to report semiannually to the Interim Finance Committee on the progress of the SLDS expansion and the federal grant expenditures through the end of the 2013-2015 biennium.

Chairman Horne advised that he would entertain a motion to approve the Governor's recommendation with a letter of intent.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDED FEDERAL SLDS GRANT FUNDS OF  
APPROXIMATELY \$2.1 MILLION IN FISCAL YEAR 2014 AND  
\$1.5 MILLION IN FISCAL YEAR 2015 AND TO ISSUE A LETTER OF  
INTENT INSTRUCTING THE DEPARTMENT TO REPORT  
SEMIANNUALLY TO THE INTERIM FINANCE COMMITTEE ON THE  
PROGRESS OF THE SLDS AND THE FEDERAL GRANT

EXPENDITURES THROUGH THE END OF THE 2013-2015  
BIENNIUM.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for  
the vote.)

Ms. McCalla reported that the other closing items included expiration of the  
following federal grants, which, she said, appeared reasonable to staff:

- The 21st Century Learning Grant
- The American Recovery and Reinvestment Act Education Jobs Fund  
(EdJobs) Grant
- The Byrd Scholarship Grant
- The Refugee Children School Impact Grant

Additionally, Ms. McCalla recommended other closing items be approved as  
recommended by the Governor with authority for the Fiscal Analysis Division  
staff of the Legislative Counsel Bureau to make technical adjustments.

ASSEMBLYMAN EISEN MOVED TO APPROVE CLOSING ALL  
OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR  
AND TO AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF OF  
THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL  
ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for  
the vote.)

BUDGET CLOSED.

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**EDUCATION**  
**DEPARTMENT OF EDUCATION**  
**PROFICIENCY TESTING (101-2697)**  
**BUDGET PAGE K-12 EDUCATION-57**

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Proficiency Testing budget was a General Fund account for various student assessments including the Nevada High School Proficiency Examination, the criterion-referenced tests (CRTs), the Nevada State Writing Assessment, and the National Assessment of Educational Progress (NAEP). The Proficiency Testing account also included state support for the System for Accountability Information in Nevada (SAIN).

Mr. Thorley advised that the three major closing issues for the account included:

- Maintenance Contract with OtisEd (Decision Unit Enhancement (E) 560)

The Governor recommended General Fund appropriations of \$684,500 over the 2013-2015 biennium for a maintenance contract with OtisEd and also to update software and various server licenses for the SAIN. OtisEd, he explained, was the Reno developer of the SAIN. However, since SAIN's development by OtisEd, the maintenance and management of the system had migrated from OtisEd to the Department's information technology (IT) staff. Mr. Thorley advised that since the departure of veteran IT staff familiar with the SAIN, the Department reported limited ability to maintain the functionality of the system.

Mr. Thorley reported that OtisEd had submitted a Managed Services Proposal (MSP) that would provide for the continued support of the SAIN and for the transfer of knowledge from OtisEd to current Department IT staff so that Department IT staff could perform routine maintenance functions in the future. The Department anticipated that the contract with OtisEd would continue for the life of the product; however, the agency expected the amount of the contract to decline over time as projects were completed and as Department IT staff gained the knowledge to assume some of the maintenance functions of the system.

Mr. Thorley noted that there was a vacant IT technician 5 position within the Department's IT team. Additionally, he said, the current contract the Department had with OtisEd would expire at the end of November 2013, and thus, the contract recommended in decision unit Enhancement (E) 560 would

not begin until December 2013, five months into fiscal year 2014. Mr. Thorley explained that the Governor's recommendation provided funding for the entire fiscal year. Staff, he said, recommended prorating the contract funding to seven months in fiscal year 2014, which would reduce the recommended funding by \$77,917 in fiscal year 2014, and result in a revised contract amount of \$109,083 in fiscal year 2014 and General Fund savings of \$77,917 in fiscal year 2014.

Additionally, Mr. Thorley advised that staff had identified that the Governor's recommendation included an indirect cost assessment that was based on a rate higher than the rate approved by the federal government, which required a technical adjustment to reduce the funding for indirect costs.

Mr. Thorley asked whether the Subcommittees wished to approve the Governor's recommendation for a maintenance contract with OtisEd. The contract would include the prorated amount of \$109,083 in fiscal year 2014 to account for the start of the contract in December 2013, as well as updated software and various server licenses for the SAIN, which required General Fund appropriations of \$262,335 in fiscal year 2014 and \$344,248 in fiscal year 2015. If the Subcommittees approved the recommendation, Mr. Thorley asked that Fiscal Analysis Division staff of the Legislative Counsel Bureau be authorized to make a technical adjustment to the indirect cost assessment to account for the lower indirect cost rate approved by the federal government.

ASSEMBLYMAN EISEN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR A MAINTENANCE CONTRACT WITH OTISED THAT INCLUDED THE PRORATED AMOUNT OF \$109,083 IN FISCAL YEAR 2014, AS WELL AS UPDATED SOFTWARE AND VARIOUS SERVER LICENSES FOR THE SAIN, WHICH REQUIRED GENERAL FUND APPROPRIATIONS OF \$262,335 IN FISCAL YEAR 2014 AND \$344,248 IN FISCAL YEAR 2015 AND TO AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE A TECHNICAL ADJUSTMENT TO THE INDIRECT COST ASSESSMENT.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

- SAIN Maintenance and Enhancements (Decision Units Enhancement (E) 561 and E-562)

Mr. Thorley reported that the Governor recommended General Fund appropriations of \$684,183 in fiscal year 2014 and \$653,973 in fiscal year 2015 for maintenance and various enhancements to the System for Accountability Information in Nevada (SAIN) described on page 16 of the closing document ([Exhibit C](#)). The total amount recommended for decision units Enhancement (E) 561 and E-562 over the biennium totaled \$1,338,156. Mr. Thorley advised that the Subcommittees discussed the individual recommendations in detail during a work session meeting on April 19, 2013. The indirect cost assessments for E-561 and E-562, he pointed out, were based on a rate higher than approved by the federal government, which would require a technical adjustment to reduce the funding for indirect costs.

At the April 19, 2013, meeting, the Subcommittees, Mr. Thorley said, instructed the Fiscal Analysis Division staff to work with the Department of Education and the Budget Division, Department of Administration, to prioritize the enhancements recommended for SAIN and maintenance modules and to develop a timeline for implementation. Based on discussions during the work session, the timeline was to be developed in a fashion that would allow the Subcommittees to approve funding for the highest-priority projects with funding on the remaining projects contingent upon the successful completion and implementation of the original projects. Mr. Thorley referenced page 20 of the closing document ([Exhibit C](#)), which reflected the Department of Education's proposed timeline with the highest-priority projects printed in red, medium-priority projects printed in yellow, and lower-priority projects printed in green.

According to the Department of Education, Mr. Thorley said, the three most important enhancements to the SAIN during the 2013-2015 biennium included:

- The development of a unique teacher identifier, which could be used to link teachers to students and courses.
- The update to the Nevada Growth Model application to add school year 2012-2013 student data.
- Software platform upgrades to the Microsoft Office SharePoint Server (MOSS) and Structured Query Language (SQL).

Mr. Thorley reported that the cost for the three high-priority recommendations totaled \$353,304 in fiscal year 2014. The remaining SAIN enhancements recommended by the Governor, he said, were split between the medium- and low-priority projects with funding recommended to begin for those projects in fiscal year 2015 after the successful completion of the high-priority projects.

If the Subcommittees approved the Department's recommended priority list and timeline, Mr. Thorley suggested that the Subcommittees might wish to issue a letter of intent to the Department of Education requesting semiannual status reports be submitted to the Interim Finance Committee on the milestones achieved in the SAIN projects that were funded. The letter of intent, he said, should also advise the Department that funding for the medium- and low-priority projects would not be distributed until the Department had successfully demonstrated to Fiscal Analysis Division staff that the enhancements that had been funded were fully functional and successfully integrated into the SAIN.

In addition to the SAIN maintenance and enhancements, Mr. Thorley reported that the Governor recommended 1,143 hours of database administration services from the Division of Enterprise Information Technology Services (EITS) at a cost of \$110,319 in fiscal year 2014 and \$109,675 in fiscal year 2015.

Mr. Thorley noted that at the Subcommittees' April 19, 2013, work session, Department representatives reported that the Department would be working with the Southwest Comprehensive Center at WestEd, during the interim, to perform a study on the Department's information technology services. The goal of the study would be to make operations more efficient and effective and to identify the components of a five-year master plan for information technology services.

Mr. Thorley provided the following two revised options ([Exhibit D](#)) for the Subcommittees' consideration:

- Approve the Governor's recommendation for General Fund appropriations of \$684,183 in fiscal year 2014 and \$653,973 in fiscal year 2015 for the various SAIN enhancement and maintenance projects in decision units E-561 and E-562 as described in the table on page 16 of the closing document ([Exhibit C](#)).
- Approve the Governor's recommendation for General Fund appropriations of \$684,183 in fiscal year 2014 and \$653,973 in fiscal year 2015 and:



- ✓ Create a special reserve category to be accessed through the Interim Finance Committee work program revision process, and place \$220,560 of the fiscal year 2014 appropriation and the entire \$653,973 from the fiscal year 2015 appropriation in the reserve category.
- ✓ Issue a letter of intent requiring two annual reports to be submitted to the Interim Finance Committee over the 2013-2015 biennium regarding the milestones achieved in the approved SAIN enhancements and maintenance projects.

Senator Smith recalled the Subcommittees had previously discussed the options at length, and based on that discussion, she moved to approve the second option.

SENATOR SMITH MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR GENERAL FUND APPROPRIATIONS OF \$684,183 IN FISCAL YEAR 2014 AND \$653,973 IN FISCAL YEAR 2015 AND:

CREATE A SPECIAL RESERVE CATEGORY TO BE ACCESSED THROUGH THE INTERIM FINANCE COMMITTEE WORK PROGRAM REVISION PROCESS, AND PLACE \$220,560 OF THE FISCAL YEAR 2014 APPROPRIATION AND THE ENTIRE \$653,973 FROM THE FISCAL YEAR 2015 APPROPRIATION IN THE RESERVE CATEGORY.

BASED ON THE SUBCOMMITTEES' PREVIOUS ACTION CONCERNING REPORTING ON THE PROGRESS OF THE FEDERAL SLDS GRANT FUNDS, ISSUE A LETTER OF INTENT REQUIRING ANNUAL RATHER THAN SEMIANNUAL REPORTS TO BE SUBMITTED TO THE INTERIM FINANCE COMMITTEE OVER THE 2013-2015 BIENNIUM REGARDING THE MILESTONES ACHIEVED IN THE APPROVED SAIN ENHANCEMENTS AND MAINTENANCE PROJECTS AND PROGRESS ON THE EXPANSION OF THE SLDS.

REQUIRE THE ADDITION OF LANGUAGE TO THE APPROPRIATIONS ACT TO ALLOW THE AGENCY TO MOVE RESERVES BETWEEN THE FISCAL YEARS.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

- New Funding for Existing Contract (Decision Unit Enhancement (E) 563)

Mr. Thorley reported that the Governor recommended General Fund appropriations of \$341,568 in fiscal year 2014 to maintain a contract with eMetric, currently a federally funded contract. He said that although the majority of the federal funds that supported the contract with eMetric were still available, the agency advised that the funds were subject to sequestration [automatic across-the-board cuts, necessitated by the Budget Control Act of 2011]. The Department had reallocated the funds to cover costs associated with the development and implementation of the Smarter Balanced Assessment Consortium (SBAC). Additionally, he said the Department reported that the support for the state student information data system should be a state responsibility. He noted, however, that the Department had received \$10 million in federal grants since the 2007-2009 biennium for the Statewide Longitudinal Data System, of which the state student data system was a component. Mr. Thorley also pointed out that on February 12, 2013, the State Board of Examiners approved a \$195,000 amendment to the eMetric contract that was to be funded with federal funds. It appeared, he said, that the Governor's recommendation to fund the eMetric contract with a General Fund appropriation rather than federal funds was an internal resource allocation decision and was not driven by new mandates or requirements.

Mr. Thorley asked whether the Subcommittees wished to approve the Governor's recommendation for a General Fund appropriation of \$341,568 in fiscal year 2014 to fund a contract with eMetric that was currently supported by federal funds.

SENATOR SMITH MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR A GENERAL FUND APPROPRIATION OF \$341,568 IN FISCAL YEAR 2014 TO FUND A CONTRACT WITH EMETRIC THAT WAS CURRENTLY SUPPORTED BY FEDERAL FUNDS.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

Other closing items included:

- Replacement Equipment (Decision Unit Enhancement (E) 710)

Mr. Thorley reported that the Governor recommended a General Fund appropriation of \$1,345 in fiscal year 2014 and \$9,521 in fiscal year 2015 for replacement computer equipment.

- Cost Allocation (Decision Unit Enhancement (E) 800)

Mr. Thorley reported that the Governor recommended General Fund reductions of \$7,214 in fiscal year 2014 and \$9,790 in fiscal year 2015 to align the cost allocations for the Department's budget.

Mr. Thorley advised that staff recommended closing all other closing items as recommended by the Governor with authority for the Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments.

ASSEMBLYMAN HARDY MOVED TO CLOSE ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

BUDGET CLOSED.

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**EDUCATION**  
**DEPARTMENT OF EDUCATION**  
**TEACHER EDUCATION AND LICENSING (101-2705)**  
**BUDGET PAGE K-12 EDUCATION-64**

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Teacher Education and Licensing budget included two major closing issues:

- Fee Revenue Projections

Mr. Thorley reported that the Governor recommended teacher licensing and renewal fee revenue of \$1,056,353 in each year of the 2013-2015 biennium. He said, however, that the Department of Education had issued revised projections for applications and license renewals for the upcoming biennium, which were detailed on page 22 of the closing document ([Exhibit C](#)). Mr. Thorley advised that for each year of the 2013-2015 biennium, the Department currently projected annual fee revenue of \$1,081,200 from initial license renewals and additional endorsements. The revised projections represented a 2.4 percent increase over the projections included in The Executive Budget.

Additionally, Mr. Thorley reported that the Department had also updated fingerprint fee revenue projections for the 2013-2015 biennium. Initial applicants for a professional education license and those applying for license renewal were required to submit a set of fingerprints to the Department of Public Safety and the Federal Bureau of Investigation for a criminal history report. Mr. Thorley explained that the fingerprint fee revenue was passed through to the Department of Public Safety to cover the costs of processing the fingerprints. The Governor recommended increasing the fingerprint-processing fee from \$37.50 to \$40. Mr. Thorley advised that the revised teacher licensing and renewal fee appeared reasonable and consistent with the current collection trend.

Mr. Thorley asked whether the Subcommittees wished to approve the revised teacher licensing and renewal fee revenue of approximately \$1.08 million in each year of the 2013-2015 biennium, as well as the revised fingerprint fee revenue of \$345,000 in fiscal year 2014 and \$368,000 in fiscal year 2015.

Additionally, he asked that the Subcommittees authorize the Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments based on the action of the Assembly Committee on Ways and Means Subcommittee on Public Safety, Natural Resources and Transportation and the Senate Committee on Finance Subcommittee on Public Safety, Military and Veterans' Services regarding the recommended \$2.50 increase to the fingerprint-processing fee in fiscal year 2015.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE REVISED TEACHER LICENSING AND RENEWAL FEE REVENUE OF ABOUT \$1.08 MILLION IN EACH YEAR OF THE 2013-2015 BIENNIUM, AS WELL AS THE REVISED FINGERPRINT FEE REVENUE OF \$345,000 IN FISCAL YEAR 2014 AND \$368,000 IN FISCAL YEAR 2015 AND TO AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS BASED ON THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION AND THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON PUBLIC SAFETY, MILITARY AND VETERANS' SERVICES ACTION REGARDING THE RECOMMENDED INCREASE TO THE FINGERPRINT-PROCESSING FEE IN FISCAL YEAR 2015.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

- Position Transfer (Decision Units Enhancement (E) 800 and E-904)

Mr. Thorley reported that the Governor recommended the transfer of an administrative assistant 3 position from the Teacher Education and Licensing account to the Education Staffing Services account to align the position's funding with a recommended change in duties. Under the Governor's recommendation, the position was to be funded in part by teacher licensure fees and partly by increased General Funds in the Education State Programs account. Mr. Thorley advised that during the Subcommittees on K-12/Higher Education/CIP April 19, 2013, work session, numerous policy and procedural concerns regarding the Office of Teacher Licensure were discussed including staffing allocations between Las Vegas and Carson City, hours of operation and

customer support, and the handling of personal information of teacher licensure applicants. The Subcommittees, he recalled, questioned whether transferring one-half of a position from the Office of Teacher Licensure was prudent given the concerns that were discussed during the work session. Mr. Thorley reported that the Department testified during the work session that the recommendation was developed under the Department's prior administration, and the Department currently believed the transfer was no longer appropriate. Mr. Thorley noted that if the decision unit was not approved, General Fund savings of \$59,847 would be realized in the Education State Programs account over the 2013-2015 biennium. Given the Subcommittees' concerns as well as the recommendation from the Department of Education not to approve the transfer, staff recommended that the decision unit not be approved.

Mr. Thorley said that, during the April 19, 2013, work session, the Subcommittees also expressed an interest in issuing a letter of intent to request periodic updates from the Department on its progress toward improving the policies, procedures, and customer service in the Office of Teacher Licensure. Additionally, the letter of intent would include a request for periodic updates on the progress made toward establishing the ability to accept teacher licensure applications online. The Department, he said, testified that the Southwest Comprehensive Center at WestEd would send a consultant during the interim to conduct a study on the Office of Teacher Licensure operations. In response to the Subcommittees' concern regarding the availability of help at the Teacher Licensure Office in Carson City, Mr. Thorley suggested that the Subcommittees also consider that the letter of intent, if approved, include a recommendation that the Department transfer a teacher licensing analyst position from the Las Vegas office to the Carson City office to assist applicants onsite. Mr. Thorley also noted that the Legislative Counsel Bureau's Audit Division had scheduled an audit of the entire Department of Education during the summer of 2013. He suggested that the Subcommittees might wish to consider sending a letter to the Audit Division requesting that the Legislative Auditor include a focus on the Office of Teacher Licensure in the scope of its audit.

Mr. Thorley asked whether the Subcommittees wished to not approve the Governor's recommendation to transfer the administrative assistant 3 position from the Teacher Education and Licensing account to the Education Staffing Services account, resulting in General Fund savings of \$59,847 over the 2013-2015 biennium.

ASSEMBLYWOMAN CARLTON MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER THE ADMINISTRATIVE ASSISTANT 3 POSITION FROM THE TEACHER EDUCATION AND LICENSING ACCOUNT TO THE EDUCATION STAFFING SERVICES ACCOUNT RESULTING IN GENERAL FUND SAVINGS OF \$59,847 OVER THE 2013-2015 BIENNIUM.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

Mr. Thorley asked whether the Subcommittees wished to approve issuing a letter of intent to the Department of Education that requested periodic updates to the Interim Finance Committee on its progress in improving the policies, procedures, and customer service in the Office of Teacher Licensure; its progress toward accepting teacher licensure applications online; and that a teacher licensure analyst position be transferred from the Las Vegas office to the Carson City office.

Chairman Horne noted that there appeared to be an overlap between the second and third decisions. He asked whether the members of the Subcommittees would consider eliminating the second decision in favor of the third decision, which requested that the Legislative Audit, scheduled for the summer of 2013, include in the scope of the audit a focus on the Office of Teacher Licensure.

In response to Assemblywoman Carlton who asked when the last audit had occurred, Mr. Thorley, although uncertain, said he believed the last audit occurred in 2008.

Assemblyman Kirner agreed that an overlap existed between the second and third decisions and said that he was in favor of the third decision.

Assemblyman Eisen commented that the new teacher-licensure website at <http://teachers.nv.gov/> had dramatically improved since the Subcommittees' previous work session during which he was critical of the site.

Assemblywoman Flores commented that given the number of complaints concerning the Office of Teacher Licensure and the fact that WestEd was sending a consultant to study its operations, the members of the

Subcommittees should emphasize that the Office was a priority. Assemblywoman Flores also advised that she favored the third decision to request that the Legislative Auditor include a focus on the Office of Teacher Licensure in the scope of the Department of Education audit.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, advised that after checking with staff, the Audit Division last reviewed the Department of Education in 2006, and the audit scheduled for summer 2013 was a regularly scheduled audit.

Assemblyman Eisen pointed out that the periodic updates to the Interim Finance Committee concerning the Office's progress were important, although he expressed uncertainty on transferring a position from Las Vegas to Carson City. He said he preferred an overall plan on how customer service was going to be improved.

Assemblywoman Flores asked whether the Chairman would be willing to entertain a motion for approval of the third decision and to return to a discussion regarding the second decision.

Chairman Horne agreed to Assemblywoman Flores' suggestion.

Chairman Horne asked whether the Subcommittees wished to approve the third decision to issue a letter to the Legislative Counsel Bureau's Audit Division requesting the Legislative Auditor to include a focus on the Office of Teacher Licensure in the scope of the Department of Education audit scheduled for the summer of 2013.

ASSEMBLYWOMAN FLORES MOVED TO APPROVE THE  
ISSUANCE OF A LETTER TO THE LEGISLATIVE COUNSEL  
BUREAU'S AUDIT DIVISION REQUESTING THAT THE  
LEGISLATIVE AUDITOR INCLUDE A FOCUS ON THE OFFICE OF  
TEACHER LICENSURE IN THE SCOPE OF THE DEPARTMENT OF  
EDUCATION AUDIT SCHEDULED FOR THE SUMMER OF 2013.

SENATOR SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for  
the vote.)



Chairman Horne asked Assemblywoman Flores for her suggestion regarding the second decision.

Assemblywoman Flores said that because of the consultant being sent to the Department to study the operations of the state's Teacher Licensure Office, it was too early to make some of the recommendations suggested in the second decision.

ASSEMBLYMAN EISEN MOVED TO APPROVE ISSUING A LETTER OF INTENT TO THE DEPARTMENT OF EDUCATION REQUESTING PERIODIC UPDATES TO THE INTERIM FINANCE COMMITTEE ON ITS PROGRESS IN IMPROVING THE POLICIES, PROCEDURES, AND CUSTOMER SERVICE IN THE OFFICE OF TEACHER LICENSURE, INCLUDING PROGRESS IN ESTABLISHING ITS ABILITY TO ACCEPT TEACHER LICENSURE APPLICATIONS ONLINE.

Chairman Horne asked whether periodic meant quarterly, semiannually, or annually and noted that the motion for the second decision did not include the transfer of a teacher licensure analyst position from the Las Vegas office to the Carson City office.

Assemblyman Eisen advised that he would amend his motion to replace periodic with semiannual and that the motion did not include the transfer of a teacher licensure analyst position from the Las Vegas office to the Carson City office.

ASSEMBLYMAN EISEN AMENDED HIS MOTION AND MOVED TO APPROVE ISSUING A LETTER OF INTENT TO THE DEPARTMENT OF EDUCATION REQUESTING SEMIANNUAL UPDATES TO THE INTERIM FINANCE COMMITTEE ON ITS PROGRESS IN IMPROVING THE POLICIES, PROCEDURES, AND CUSTOMER SERVICE IN THE OFFICE OF TEACHER LICENSURE, INCLUDING PROGRESS IN ESTABLISHING ITS ABILITY TO ACCEPT TEACHER LICENSURE APPLICATIONS ONLINE.

SENATOR DENIS SECONDED THE MOTION.

Assemblyman Kirner pointed out that the audit would address the same matters outlined in the motion concerning improving the policies, procedures, and customer service in the Office of Teacher Licensure. Assemblyman Kirner advised that he would vote no on the amended motion.

Assemblywoman Carlton expressed support for the amended motion and pointed out that the letter of intent would initiate the semiannual updates to the Interim Finance Committee before the audit even began. The letter of intent, she said, was a good first step that would allow the Interim Finance Committee to receive information through the next interim while the Audit Division conducted an in-depth audit of the Office.

THE MOTION CARRIED. (Assemblyman Kirner voted no.  
Assemblyman Aizley was not present for the vote.)

Mr. Thorley advised that the following other closing item required the Subcommittees' consideration:

- Replacement Equipment (Decision Unit Enhancement (E) 710)

Mr. Thorley reported that the Governor recommended a reserve reduction of \$13,037 over the 2013-2015 biennium for replacement computer equipment. The recommendation, he said, appeared reasonable. Mr. Thorley advised that staff recommended closing the item for replacement equipment as recommended by the Governor. Additionally, he asked the Subcommittees to authorize the Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments including balancing reserve reductions for replacement equipment to the correct reserve category.

ASSEMBLYWOMAN FLORES MOVED TO APPROVE A RESERVE REDUCTION OF \$13,037 OVER THE 2013-2015 BIENNIUM FOR REPLACEMENT COMPUTER EQUIPMENT AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS INCLUDING BALANCING RESERVE REDUCTIONS FOR REPLACEMENT EQUIPMENT TO THE CORRECT RESERVE CATEGORY.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

BUDGET CLOSED.

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**COMMERCE & INDUSTRY  
DEPARTMENT OF AGRICULTURE  
NUTRITION EDUCATION PROGRAMS (101-2691)  
BUDGET PAGE AGRICULTURE-8**

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the Nutrition Education Programs account included the following major closing issues:

- Transfer to the State Department of Agriculture

Mr. Thorley reported that as part of a statewide consolidation of food and nutrition programs within the State Department of Agriculture, the Governor recommended transferring the Nutrition Education Programs account from the Department of Education to the Department of Agriculture. The transfer would create a new Food and Nutrition Division with the Commodity Food Program and the State Dairy Commission. Staff, he said, noted that on April 26, 2013, the Assembly Committee on Ways and Means Subcommittee on General Government and the Senate Committee on Finance Subcommittee on General Government approved the creation of the Food and Nutrition Division within the Department of Agriculture.

According to testimony provided by Department of Agriculture representatives during a March 8, 2013, meeting of the Subcommittees on K-12/Higher Education/CIP, Mr. Thorley said that the transfer of the Nutrition Education Programs to the Department of Agriculture would create more opportunities for schoolchildren to consume healthy and fresh agriculture products grown in Nevada. Additionally, he said, the transfer, according to the Department of Agriculture, would increase food security and economic activity through the purchase of local foods for use in school cafeterias and would offer greater communication with federal partners, program sponsors, food producers, and the public. Mr. Thorley advised that Fiscal Analysis Division staff of the Legislative Counsel Bureau noted that it was unclear that the preceding

outcomes were only achievable by transferring the Nutrition Education Programs to the Department of Agriculture. Additionally, he reported that the food service units in each of the school districts within Nevada operated with minimal direction from the state.

According to the Department of Agriculture, Mr. Thorley said only Florida, New Jersey, and Texas housed their child nutrition programs in their state agriculture department. In response to information requests from food and nutrition officials in those states, Mr. Thorley reported that the major benefit all three states identified was that the nutrition program gained higher visibility when transferred to the state department of agriculture because it became the department's largest program.

During the April 2, 2013, work session, Mr. Thorley said the members of the Subcommittees on General Government asked the Department of Agriculture to develop performance measures on how it would measure the success of the new Food and Nutrition Division, if approved. Department representatives, he said, responded that they would conduct customer-service surveys to measure the success and weaknesses of each of its divisions, including the Food and Nutrition Division. Department representatives also advised that the Department had a goal of increasing the participation rates of the national school lunch program (NSLP) and the school breakfast program (SBP) to the national averages. Mr. Thorley referred to a chart on page 36 of the closing document ([Exhibit C](#)) that reflected the Department of Agriculture projected participation rates. The chart reflected the NSLP participation rate at 65.57 percent in fiscal year 2015 and the SBP participation rate at 28 percent in fiscal year 2015. Mr. Thorley said that currently Nevada ranked 51st out of 54 states and territories for NSLP participation and 45th out of 54 states and territories for SBP. To achieve the national participation rates, he said, the Department of Agriculture representatives proposed the following:

- ✓ Use the Department's public information officer to submit weekly articles to local media, present information to community groups, and develop publications to inform the public of the NSLP.
- ✓ Facilitate annual meetings with school district nutrition programs and community partners to review progress on increasing participation.
- ✓ Use Department and community-partner websites to increase awareness of the program.

- ✓ Request that school districts prepare annual nutrition program expansion plans.

Mr. Thorley advised that the Department of Education, in its response related to performance measures, reported that it had been working with the Nutrition Education Programs to pursue a shared goal of providing students with locally grown fresh fruit and vegetables through the United States Department of Agriculture (USDA) Fresh Fruit and Vegetable Program. As a program goal, the Department of Agriculture advised that it planned to have a minimum of three Nevada school districts incorporate at least two locally produced foods into their school food service by November 2014.

If the transfer of the Nutrition Education Programs was approved, Mr. Thorley advised that the nutrition staff currently located in Carson City would be transferred to the Department of Agriculture's main office in Sparks. Representatives of the Department had testified in previous committee meetings that there was sufficient space available at the main office in Sparks to house the positions. Additionally, Mr. Thorley pointed out that staff anticipated no building rent savings because of the transfer of the Nutrition Education Programs. He also noted, as previously discussed, that the transfer of the Nutrition Education Programs to the Department of Agriculture would result in a loss of federal indirect cost revenue of \$667,504 for the Department of Education over the 2013-2015 biennium.

Mr. Thorley asked whether the Subcommittees wished to approve the Governor's recommendation to transfer the Nutrition Education Programs and 11 full-time-equivalent (FTE) positions from the Department of Education to the Department of Agriculture.

Senator Smith commented that although there were some initial concerns regarding the transfer, after engaging in discussions during the last several months, she supported and was even enthusiastic about the potential change. She noted, however, that she also had high expectations concerning the changes the transfer would bring about.

SENATOR SMITH MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION TO TRANSFER THE NUTRITION EDUCATION  
PROGRAMS AND 11 FULL-TIME-EQUIVALENT POSITIONS FROM  
THE DEPARTMENT OF EDUCATION TO THE DEPARTMENT OF  
AGRICULTURE.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

- Reclassification of the Director of Education Nutrition Programs (Decision Unit Enhancement (E) 805)

Mr. Thorley reported that the Governor recommended federal administrative indirect cost allowance funding of \$9,924 in fiscal year 2014 and \$9,933 in fiscal year 2015 to reclassify the classified director of nutrition education programs position, grade 41, to an unclassified food and nutrition administrator position within the Department of Agriculture. According to the Department of Agriculture, Mr. Thorley said the shift from classified to unclassified service would align the position with the existing management structure of unclassified division administrators. The position would continue to supervise the Nutrition Education Programs as well as manage the entire Food and Nutrition Division, which was recommended to include the Commodity Food Program and the Dairy Commission.

Mr. Thorley pointed out that decision unit E-805 was only for the funding related to the position. If the Subcommittees approved the funding, he said the decision to reclassify the classified director of nutrition education programs position to an unclassified food and nutrition administrator position, as well as the appropriate salary for the position, would be made in a joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance.

Mr. Thorley asked whether the Subcommittees wished to approve the Governor's recommendation of federal administrative indirect cost allowance funding of \$9,924 in fiscal year 2014 and \$9,933 in fiscal year 2015 to reclassify the classified director of nutrition education programs position to an unclassified food and nutrition administrator within the Department of Agriculture.

In response to Assemblywoman Carlton's request for information concerning the necessity for the reclassification, Mr. Thorley advised that the Department of Agriculture's division chiefs were unclassified. He explained that the transfer of the Nutrition Education Programs to the Department of Agriculture would create

a new Food and Nutrition Division, and the unclassified position would align with the Department's current management structure.

SENATOR SMITH MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF FEDERAL ADMINISTRATIVE INDIRECT COST ALLOWANCE FUNDING OF \$9,924 IN FISCAL YEAR 2014 AND \$9,933 IN FISCAL YEAR 2015 TO RECLASSIFY THE CLASSIFIED DIRECTOR OF NUTRITION EDUCATION PROGRAMS POSITION TO AN UNCLASSIFIED FOOD AND NUTRITION ADMINISTRATOR WITHIN THE DEPARTMENT OF AGRICULTURE.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

- Position Transfers (Decision Units Enhancement (E) 500 and E-900)

Mr. Thorley reported that the Governor recommended federal administrative indirect cost allowance funding of \$86,821 in fiscal year 2014 and \$90,461 in fiscal year 2015 to fund an administrative assistant 4 position and 0.50 of a full-time-equivalent (FTE) program officer 1 position. The recommendation would also transfer the positions from the Department of Education's Education Staffing Services account to the Nutrition Education Programs budget. According to the agency, Mr. Thorley said that the administrative assistant position would serve as an assistant to the Nutrition Education Director, and federal funding was available in the Nutrition Education Programs account to support the position.

During the March 8, 2013, meeting of the K-12/Education/CIP Subcommittees, the agency testified that if the recommendation was approved, the program officer 1 position would split time between the Department of Education and the Department of Agriculture. In response to concerns raised by the members of the Subcommittees regarding the logistics of a position dividing time between two different departments, the Department of Administration's Budget Division submitted Budget Amendment A130022691, which among other actions, eliminated the transfer of one half of a program officer 1 position. The elimination of the program officer 1 position resulted in a reduction of needed federal revenue of \$36,885 in fiscal year 2014 and \$39,208 in fiscal year 2015. The revised total for the decision unit, including the

budget amendment to eliminate the transfer of the program officer position, would be \$49,973 in fiscal year 2014 and \$51,279 in fiscal year 2015.

Mr. Thorley asked whether the Subcommittees wished to approve decision units E-500 and E-900, as well as the portion of Budget Amendment A130022691 that related to the two decision units for total federal administrative indirect cost allowance funding of \$49,973 in fiscal year 2014 and \$51,279 in fiscal year 2015 to fund an administrative assistant 4 position.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE DECISION UNITS E-500 AND E-900, AS WELL AS THE PORTION OF BUDGET AMENDMENT A130022691 THAT RELATED TO THE TWO DECISION UNITS, FOR TOTAL FEDERAL ADMINISTRATIVE INDIRECT COST ALLOWANCE FUNDING OF \$49,973 IN FISCAL YEAR 2014 AND \$51,279 IN FISCAL YEAR 2015 TO FUND AN ADMINISTRATIVE ASSISTANT 4 POSITION.

SENATOR SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

- Three New Full-Time Positions (Decision Units Enhancement (E) 248 through E-250)

Mr. Thorley reported that the Governor recommended federal administrative indirect cost allowance funding of \$380,745 over the 2013-2015 biennium for three new positions for the Nutrition Education Program.

An accountant technician 3 position was recommended in decision unit E-248 because of new federal requirements. Mr. Thorley reported that with the increase of federal financial reporting requirements and new program sponsors, the recommendation appeared reasonable.

A new full-time auditor 2 position, dedicated to the Nutrition Education Program, was recommended in decision unit E-249. Currently, the Nutrition Education Program shared an auditor with the Department of Education. Mr. Thorley said that the recommendation appeared reasonable.



An information technology professional 3 was recommended in decision unit E-250. The position would assist with the development and management of the Nutrition Education Program's claims processing system currently in the last stages of development by the Division of Enterprise Information and Technology Services (EITS), Department of Administration. Mr. Thorley pointed out that the information technology professional 3 position was recommended to start on July 1, 2013, rather than October 1. The agency requested that the position begin in July because its current service level agreement with EITS would be in effect through September 30, 2013, and the new employee could train with EITS on the management of the claims processing system before the agreement expired. Mr. Thorley said that the recommendation appeared reasonable.

Mr. Thorley asked whether the Subcommittees wished to approve the Governor's recommendation of federal administrative indirect cost allowance funding of \$380,745 over the 2013-2015 biennium for three new positions, an accountant technician 3, an auditor 2, and an information technology professional 3.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF FEDERAL ADMINISTRATIVE INDIRECT COST ALLOWANCE FUNDING OF \$380,745 OVER THE 2013-2015 BIENNIUM FOR THREE NEW POSITIONS, AN ACCOUNTANT TECHNICIAN 3, AN AUDITOR 2, AND AN INFORMATION TECHNOLOGY PROFESSIONAL 3.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

- Four New Intermittent Positions (Decision Unit Enhancement (E) 247)

Mr. Thorley reported that the Governor recommended federal administrative indirect cost allowance of \$39,275 in fiscal year 2014 and \$31,575 in fiscal year 2015 to fund four intermittent quality assurance specialist 1 positions, two in Carson City and two in Las Vegas. The positions would conduct administrative reviews for the National School Lunch Program (NSLP) and the Residential Child Care Institution (RCCI) sponsors and provide technical assistance to the program sponsors on menu development. Mr. Thorley reported that because of the increased workload from the federal

Healthy, Hunger-Free Kids Act of 2010 as well as anticipated cost savings, the Governor recommended transitioning away from the use of contract positions toward intermittent positions.

Mr. Thorley advised that based on fiscal year 2012 contract expenditures, the agency said that cost savings of \$5,030 in fiscal year 2014, and \$12,730 in fiscal year 2015 would be realized by switching from contract positions to intermittent quality assurance specialist 1 positions.

Mr. Thorley asked whether the Subcommittees wished to approve the Governor's recommendation of \$39,275 in federal funding in fiscal year 2014 and \$31,575 in fiscal year 2015 to fund four intermittent quality assurance specialist 1 positions.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF \$39,275 IN FEDERAL FUNDING IN FISCAL YEAR 2014 AND \$31,575 IN FISCAL YEAR 2015 TO FUND FOUR INTERMITTENT QUALITY ASSURANCE SPECIALIST 1 POSITIONS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present for the vote.)

Mr. Thorley provided the following information on other closing items:

- Inflationary and Caseload Increases (Decision Units Maintenance (M) 101 and M-200)

The Governor recommended an increase in federal National School Lunch Program (NSLP) funding of \$2,175,940 in each year of the biennium as an inflationary adjustment. The Governor also recommended federal funding of \$11,893,630 in each year of the biennium for various child nutrition programs because of projected increases in participation rates and meals served.

- Increased Travel Funding for Annual Department Meeting (Decision Unit Enhancement (E) 230)

The Governor recommended federal funding of \$2,988 in each year of the 2013-2015 biennium to fund travel for Nutrition Education Program staff in southern Nevada to attend an annual Department of Agriculture meeting.

- Increased Travel Funding for Audit Unit (Decision Unit Enhancement (E) 240)

The Governor recommended federal funding of \$3,833 in each year of the 2013-2015 biennium to fund additional travel.

- Replacement Equipment (Decision Unit Enhancement (E) 710)

The Governor recommended federal funding of \$13,221 over the 2013-2015 biennium for replacement computer equipment.

- Cost Allocation Changes in Decision Units Enhancement (E) 800, E-801 and E-804 recommended various changes to the budgeted cost-allocation expenditures in the Nutrition Education Programs account.
  - ✓ E-800 would eliminate cost-allocation transfers of \$185,480 over the 2013-2015 biennium to the Department of Education's Education Staffing Services account because of the transfer of the Nutrition Education Programs to the Department of Agriculture.
  - ✓ E-801 would eliminate transfers of \$667,534 over the 2013-2015 biennium to the Department of Education's Education Support Services account because of the transfer of the Nutrition Education Programs to the Department of Agriculture.
  - ✓ E-804 would transfer expenditures of \$1,968 over the 2013-2015 biennium from the Operating Expenses category to the Department of Administration's Division of Human Resource Management's Human Resource Services cost-allocation expenditure category.

Mr. Thorley advised that the changes in E-800, E-801, and E-804 appeared reasonable.

Staff, he said, recommended that all other closing items be closed as recommended by the Governor with authority for the Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments.

ASSEMBLYMAN EISEN MOVED TO APPROVE THAT ALL OTHER CLOSING ITEMS BE CLOSED AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assembly Aizley was not present for the vote.)

BUDGET CLOSED.

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**EDUCATION**  
**DEPARTMENT OF EDUCATION**  
**PUBLIC CHARTER SCHOOL LOAN PROGRAM (101-2708)**  
**BUDGET PAGE K-12 EDUCATION-130**

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Governor recommended the creation of a new budget account within The Executive Budget with a one-time General Fund appropriation of \$750,000 in fiscal year 2014. The new budget would fund a revolving loan program for the state's charter schools. Although the Subcommittees on K-12/Higher Education/CIP previously heard the recommendation during the April 17, 2013, budget-closing hearing, Mr. Thorley said the Subcommittees took no action on the recommendation.

Mr. Thorley recalled that one of the options the Subcommittees considered during the April 17, 2013, meeting was to use excess State Public Charter School Authority (SPCSA) administrative fee revenue to fund the revolving loan program. Mr. Thorley explained that the SPCSA received administrative fees from the 16 charter schools it sponsored. The rate, he said, was currently set at 1.5 percent but in statute could be set between 1 and 2 percent. During the April 17, 2013, meeting, Mr. Thorley said the Subcommittees instructed the

Fiscal Analysis Division staff of the Legislative Counsel Bureau to work with the agency and the Department of Administration's Budget Division to determine how much fee revenue in the SPCSA account would be available to fund the revolving loan program.

Mr. Thorley referred to two tables on page 31 in the budget-closing document ([Exhibit C](#)). The charts reflected an analysis of estimated non-General Fund revenue available to fund the revolving loan program for charter schools for fiscal year 2014 and fiscal year 2015. Mr. Thorley reported that the first chart reflected current cash available, estimated revenue through the current fiscal year minus estimated expenditures, and a three-month reserve. The amount available for transfer on July 1, 2013, was projected at \$535,103. The second chart, he said, detailed the same process as the first and was projected to provide \$227,849 at the start of fiscal year 2015, bringing the projection for the 2013-2015 biennium total to \$762,952 available for transfer to the revolving loan program.

Mr. Thorley noted that although helpful in assisting with the analysis, the agency did not concur with staff projections. The agency, he said, had determined that the projected \$227,849 in the second fiscal year was not likely to be available because of an expected decrease in the administrative fee rate from 1.5 percent to 1 percent. The funding approved at the previous closing was based on the 1.5 percent administrative fee rate. The agency also expressed concern regarding the \$535,103 projected to be available for transfer at the beginning of fiscal year 2014 because of recent developments in special education. Because the SPCSA was a local education agency, pursuant to statute, the agency said its requirement toward the special education students in its sponsored charter schools would be increased, and the federal government had asked for changes to be made. Mr. Thorley also advised that the agency opposed the option for the following reasons:

- Sixteen charter schools paid administrative fees to the SPCSA, but the loan program would be available to all 32 charter schools within the state and to new charter schools that had not paid the fees.
- Any transfer of funds from the SPCSA to the Public Charter School Loan Program account was money that could not be returned to the classroom.

Mr. Thorley provided the following options for the Subcommittees' consideration:

- Approve the Governor's recommendation to provide a one-time General Fund appropriation of \$750,000 in fiscal year 2014 to fund the revolving Public Charter School Loan Program account.
- Approve the Governor's recommendation to provide a one-time General Fund appropriation of \$750,000 in fiscal year 2014 to fund the revolving Public Charter School Loan Program account, but require the repayment of the General Fund appropriation over a specific period from the SPCSA administrative fee revenue.
- Fund the Public Charter School Loan Program account from excess administrative fee revenue in the SPCSA.
- Not approve the Governor's recommendation to fund a revolving loan program for charter schools.

Chairman Horne suggested that if the Subcommittees selected the third option, they might wish to postpone the transfer of administrative fee revenue to the revolving loan program for charter schools until the State Board of Education updated the regulations in *Nevada Administrative Code* (NAC) 386.420 through 386.445, and the SPCSA developed a loan application form pursuant to NAC 386.435.

In response to Assemblywoman Flores' question concerning the reduction in the administrative fee rate from 1.5 percent to 1 percent, Mr. Thorley explained that in developing the SPCSA closing recommendations for the April 17, 2013, meeting, staff asked for updated fee revenue projections from the agency, and the updated fee revenue projections were based on the 1.5 percent rate. The fee revenue the Subcommittees approved at the April 17, 2013, closing meeting was based on a fee rate of 1.5 percent. Mr. Thorley suggested asking agency representatives when the decision was made to change from a fee rate of 1.5 percent to 1 percent.

Assemblyman Hickey recalled that in 1997, when he first served as a legislator, the Nevada Legislature passed the Nevada Education Reform Act that created the ability to run a charter school in the state. He said he believed there was broad agreement that charter schools had been a successful component of

public school reform and choice. After inquiring about the scrutiny involved in qualifying schools for the revolving loan, Assemblyman Hickey said he was satisfied that the process for evaluation was extensive and that funding the loan program was a wise investment on the Legislature's part.

Chairman Horne expressed concerns about approving a one-time General Fund appropriation of \$750,000 and that the revolving loan program would be available to charter schools that had not contributed to the administrative fee revenue base.

Assemblyman Eisen expressed uncertainty that broad agreement existed regarding the effectiveness of charter schools because, he said, charter schools and traditional public schools were not measured by the same standards. He discussed the importance of separating the funding considerations that included the availability of a General Fund appropriation of \$750,000 or the use of Distributive School Account (DSA) money. He also remarked on the inequity that occurred if charter schools that did not pay the administrative fee rate were allowed to apply for loans. Currently, he said NAC 386.420 through NAC 386.445 identified that the priority for loans was for institutions that had paid administrative fee revenue.

It was Senator Smith's opinion that the fee revenue in the reserve was Distributive School Account money, and the \$750,000 in General Fund money was from tax dollars to support the charter school program. Senator Smith pointed out that if the Legislature supported the idea of charter schools, the growth of good charter schools should be encouraged. Although not in favor of using the fee revenue because of the inequity of some schools paying the administrative fee while others did not, she said she could either move forward with the Governor's recommendation or hold closing the budget if the Subcommittees failed to reach a solid agreement.

Chairman Horne said the Subcommittees had not reached a solid agreement and recommended holding the budget for a joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance.

Assembly Committee on Ways and Means  
Subcommittee on K-12/Higher Education/CIP  
Senate Committee on Finance  
Subcommittee on K-12/Higher Education/CIP  
April 30, 2013  
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Hearing no response to his request for public testimony, Chairman Horne closed the hearing the Public Charter School Loan Program budget and adjourned the meeting at 10:12 a.m.

RESPECTFULLY SUBMITTED:

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Connie Davis  
Committee Secretary

APPROVED BY:

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Assemblyman William C. Horne, Chairman

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

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Senator Moises (Mo) Denis, Chairman

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



**EXHIBITS**

**Committee Name:** Committee on Ways and Means

**Date:** April 30, 2013

**Time of Meeting:** 8:11 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Fiscal Analysis Division, Legislative Counsel Bureau	Closing List 3
	D	Fiscal Analysis Division, Legislative Counsel Bureau	Revised Options for Consideration