

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Seventh Session  
March 28, 2013**

The Assembly Committee on Ways and Means was called to order by Chair Maggie Carlton at 8:06 a.m. on Thursday, March 28, 2013, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 5100 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).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Maggie Carlton, Chair  
Assemblyman William C. Horne, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Paul Anderson  
Assemblyman David P. Bobzien  
Assemblyman Andy Eisen  
Assemblywoman Lucy Flores  
Assemblyman Tom Grady  
Assemblyman John Hambrick  
Assemblyman Crescent Hardy  
Assemblyman Pat Hickey  
Assemblyman Joseph M. Hogan  
Assemblywoman Marilyn K. Kirkpatrick  
Assemblyman Randy Kirner  
Assemblyman Michael Sprinkle

**COMMITTEE MEMBERS ABSENT:**

Assemblyman Steven Brooks



**GUEST LEGISLATORS PRESENT:**

Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15  
Assemblywoman Marilyn Dondero Loop, Clark County  
Assembly District No. 5

**STAFF MEMBERS PRESENT:**

Cindy Jones, Assembly Fiscal Analyst  
Michael J. Chapman, Principal Deputy Fiscal Analyst  
Connie Davis, Committee Secretary  
Cynthia Wyett, Committee Assistant

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

Chair Carlton reminded the Committee, witnesses, and audience members of the Committee rules and protocol.

Chair Carlton announced that although the Committee would begin hearing bills during the current meeting, they would take no action on the proposed legislation until later in the session. She asked members to become familiar with the bills and to ask questions of the sponsors prior to Committee meetings. Chair Carlton reminded the members that the fiscal effect of proposed legislation was the point on which they should focus, not policy.

**Assembly Bill 304: Makes an appropriation to the Eighth Judicial District Court for a Veterans Court Coordinator. (BDR S-629)**

Chair Carlton opened the hearing on Assembly Bill 304.

Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15, sponsored A.B. 304, an act that would make an appropriation to the Eighth Judicial District Court for a Veterans Court Coordinator.

Assemblyman Anderson provided the following background information:

- The 2009 Legislature approved legislation, sponsored by former Assembly Speaker Barbara Buckley, to authorize a Veterans Treatment Court (VTC).
- Veterans, accused of nonviolent crimes, benefited from a treatment court geared toward substance abuse and mental health treatment.

- The first VTC in Washoe County opened on October 14, 2009.
- Clark County had recently begun to establish a VTC at the district court level as well as the Las Vegas Township Justice Court and the Henderson Municipal Court.
- The VTC used a team approach to assist veterans. The team included the judge, a prosecutor, defense attorney, treatment provider representatives, probation officers, Veterans Administration representatives, and court staff.
- The team worked together to discuss how to help each defendant, a process that differed from most adversarial court proceedings where numerous hours and vast resources were spent in the courtroom.
- After assessment, eligible participants received assistance with services for veterans benefits as well as with housing, medical, mental health, and treatment for substance abuse.
- The outcome of a specialty court for veterans showed a high rate of success. Data revealed that of the 38 veterans who participated in the Washoe County VTC, only several were reoffenders.

Assemblyman Anderson referred to section 1 of the bill, which appropriated \$136,960.55 for the salary of a Veterans Court Coordinator to provide administrative, human services, and case-management support for veterans' court cases. Clark County, he said, had only just begun to establish its specialty court for veterans and needed support. As he had previously stated, Washoe County already had a Veterans Court Coordinator funded through an Administrative Office of the Courts (AOC) grant, and A.B. 304, if approved, would bring Clark County to the same level. Assemblyman Anderson also pointed out that by connecting veterans to services that provided education and disability benefits as well as other benefits to which they were entitled, federal money was being brought into the state.

In summary, Assemblyman Anderson remarked that as some veterans returned from military combat and experienced problems with the law because of various psychological problems, a VTC was one way to address those problems rather than sending veterans to prison.

Chair Carlton advised that she would allow some flexibility regarding a policy discussion since the current meeting of the Assembly Committee on Ways and Means was the first opportunity for discussion on A.B. 304.

Chair Carlton noted that the bill was contingent upon matching funds from other sources and asked for information on the other sources of funding.

Assemblyman Anderson explained that he had purposely left the other sources open because matching funds could come from any number of sources. He advised that recent federal government legislation provided \$4 million that would be disbursed to fund local veteran treatment courts across the country.

Chair Carlton asked how the appropriation in A.B. 304 was determined.

Assemblyman Anderson said that after he contacted the Eighth Judicial District Court for the information, the Court provided the salary and benefits for two years. He also advised that if the \$136,960.55 was matched, the matching funds would pay for an additional two years.

Assemblyman Kirner asked for specific information concerning cost savings other than anecdotal data from Washoe County.

Assemblyman Anderson advised that he did not have specific data on cost savings. He said, however, Washoe County's Second Judicial District Court representatives, the Honorable Peter Breen, Senior District Court Judge, and former Senator Sheila Leslie, Specialty Courts Coordinator, testified during the interim study of the Legislative Committee on Senior Citizens, Veterans and Adults with Special Needs that although they had not conducted an official study, they noticed cost savings.

Assemblywoman Flores asked whose responsibility it would be to secure the matching funds and what the outcome would be if matching funds were not secured.

Assemblyman Anderson responded that the bill would require a funding commitment by interested or affected parties. Additionally, he said that perhaps the Eighth Judicial District Court could lead the effort and create an account to collect the matching funds.

Chair Carlton invited those who wished to testify in support of the bill to sit at the witness table.

Ben Graham, representing the Administrative Office of the Courts and the State Supreme Court, testified in support of A.B. 304. Mr. Graham remarked that, over the years, the importance of specialty courts had increased as the treatment and rehabilitation services provided through the court had diverted veterans from activities that would have sent them to prison. Mr. Graham

noted that the source for matching funds was a problem, and while the courts supported the concept, he said administrative assessments were currently in decline, and funding assistance would be needed.

Andres Moses, representing the Eighth Judicial District Court, Clark County, appeared before the Committee to speak in support of A.B. 304. Mr. Moses referred to a letter ([Exhibit C](#)) from the Honorable Linda Bell, District Court Judge, Eighth Judicial District Court, who wrote to express her support of the bill.

Mr. Moses advised that the specialty courts were important to the Eighth Judicial District Court because they provided significant benefit in reducing recidivism and addressing the behavior that led to substance abuse and mental health problems. On behalf of the Eighth Judicial District Court, Mr. Moses expressed his gratitude to Assemblyman Anderson for his sponsorship of A.B. 304 and asked for the Committee's favorable consideration.

In response to Assemblyman Hardy's concern regarding what he described as "creative financing" with the use of matching funds, Mr. Moses advised that the Eighth Judicial District Court was committed to working with other parties, the counties, the AOC, or whoever would provide the matching funds. He agreed, however, with Mr. Graham's assertion that assessments were in decline, which, he said, would have to be addressed.

In response to Assemblyman Hardy's question concerning whether funding from the court would remain in the court for the veterans court, Mr. Moses advised that it would.

Assemblyman Grady also expressed concern regarding the matching funds and wanted assurance that those involved would not appear before the Interim Finance Committee (IFC) to request funding.

After working on the proposed legislation for the past year, Assemblyman Anderson said that two years of funding from the state and two years of matching funds would get the program off to a start. He asked again for the Committee's favorable consideration and said that with passage, the legislation's success would prove its future value.

Chair Carlton mentioned that there were various ways of triggering the funding that included safeguards.

Chair Carlton asked Assemblyman Anderson to ask representatives of the Washoe County veterans court to provide him a cost-benefit analysis so that the Committee members could review the numbers.

Assemblyman Anderson remarked that he had asked representatives of the Second Judicial District Court in Washoe County to attend the hearing, but they declined on the basis that it would be inappropriate for them to comment on another district court's bill.

Chair Carlton advised that only the information she had requested for the Committee was required, not the presence of the court representatives.

Assemblyman Bobzien expressed his appreciation to Assemblyman Anderson for bringing A.B. 304 forward and advised that he had seen the success of the specialty courts in Washoe County. Assemblyman Bobzien also expressed support for the proposed model and said that he looked forward to seeing the data that Chair Carlton had requested.

Mr. Graham stated that he, representatives of the AOC, and the staff of the Nevada Supreme Court stood ready to assist Assemblyman Anderson to gather the required information.

Assemblyman Aizley expressed his support for specialty courts but asked whether those individuals who did not fit into categories that would allow them to participate in specialty courts were being disadvantaged in any way.

Chair Carlton asked Assemblyman Aizley to discuss the policy question with Assemblyman Anderson after the meeting.

There were no additional questions from the Committee.

Hearing no response to her request for testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on A.B. 304 and opened the hearing on Assembly Bill 403.

**Assembly Bill 403: Authorizes the board of trustees of a county school district to impose certain fees. (BDR 34-275)**

Chair Carlton reported that Assembly Bill 403 was referred to the Assembly Committee on Ways and Means. She said, however, upon analysis by staff of the Fiscal Analysis Division, Legislative Counsel Bureau, the bill was determined to have no fiscal effect on state or local government.

Chair Carlton said she would accept a motion to refer A.B. 403 from the Assembly Committee on Ways and Means to the Assembly floor without recommendation.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO REFER ASSEMBLY BILL 403 FROM THE ASSEMBLY COMMITTEE ON WAYS AND MEANS TO THE ASSEMBLY FLOOR WITHOUT RECOMMENDATION.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Brooks, Horne, and Sprinkle were not present for the vote).

**Assembly Bill 376: Authorizes the reimbursement of teachers for certain out-of-pocket expenses. (BDR 34-774)**

Chair Carlton opened the hearing on Assembly Bill 376.

Assemblywoman Marilyn Dondero Loop, Clark County Assembly District No. 5, a primary sponsor of A.B. 376 appeared before the Committee to speak in support of the bill she defined as a "tool for success for teachers." The legislation, she said, would require the State Treasurer to maintain a subaccount in the State Supplemental School Support Account to reimburse teachers for out-of-pocket expenses for classroom supplies.

Assemblywoman Dondero Loop recounted how she had taught school for 30 years and over the years spent "countless thousands of dollars" for items in her classroom that included books, bulletin board materials, puppets, science and math materials, paper, intervention materials for those who needed it, and even clothing for needy students. She recalled that as her own children grew, she used their items in her classroom as well, and as she gathered receipts would be amazed that she had spent so much of her "meager" salary to help educate her students.

Assemblywoman Dondero Loop advised that although classrooms were supplied with core materials, it was the extra materials that students needed to help them become successful and to move to the next grade confident because of the knowledge they had acquired. Although not mandated to purchase extra materials, she said most teachers did so to enrich the classroom environment for their students. Assemblywoman Dondero Loop reported having received many letters and electronic messages from teachers documenting the amount of personal money they had spent on classroom materials. She had two of the

documents with her, one with receipts and the other with lists of items similar to the ones that she had mentioned earlier.

Assemblywoman Dondero Loop provided the following information from various sections of the bill:

- Section 3 of the bill required the State Treasurer to maintain a subaccount in the State Supplemental School Support Account for reimbursing teachers for out-of-pocket expenses incurred in connection with purchasing necessary school supplies for the pupils they instructed.
- Section 4 of the bill required the Superintendent of Public Instruction to apportion money deposited in the subaccount among the county school districts based on the number of teachers employed by each school district. Section 4 also required that money in the special revenue account be used only to reimburse teachers for out-of-pocket expenses incurred in connection with purchasing certain school supplies.
- Section 5 of the bill authorized teachers to submit a single claim each year for \$100 or more and required that teachers sign a form attesting to the claim for reimbursement for out-of-pocket purchases.
- Section 6 of the bill appropriated \$3,500,000 for fiscal year 2013-14 and \$3,500,000 in fiscal year 2014-15 for the purpose of reimbursing teachers for out-of-pocket expenses.

In addition to earlier comments concerning items she had purchased, Assemblywoman Dondero Loop also provided the following examples of purchases she made:

- Sticks or other manipulatives to use for counting.
- Clocks to teach time.
- Readers at various levels to meet the needs of struggling students.
- Items related to geology to teach the geology science unit.
- Items related to reading and math.
- Social studies items to introduce students to many multicultural experiences.

Assemblywoman Dondero Loop asked the Committee for its favorable consideration of the "tools for success bill," A.B. 376, and noted that if Nevada students were successful, Nevada would succeed as well.



Assemblywoman Dondero Loop also noted, for the record, that she was currently working with the school districts on a conceptual amendment to ease the burden of the distribution of funds should those funds be awarded.

Assemblyman Hickey asked for clarification concerning the sections of the bill related to a single claim for \$100 or more and the process for the distribution of funds.

Assemblywoman Dondero Loop responded that the bill authorized a \$100 or more reimbursement for out-of-pocket purchases. She said that it was most likely, however, that teachers would be reimbursed for out-of-pocket purchases up to \$200. She recalled a program in the Clark County School District when each teacher was given a \$200 Visa card, which was documented with receipts, spot audits, and monitored online with the school district. Prior to using Visa cards, she said, teachers submitted receipts and were reimbursed from a special account.

Assemblyman Hickey expressed concern that funding might not be available to teachers who failed to get their receipts in early enough.

Assemblywoman Dondero Loop advised that each teacher would be reimbursed consistently, and any remaining balance would be transferred back into the account.

Assemblywoman Kirkpatrick asked whether her understanding was correct that available funding would be distributed equally among teachers and at the end of each fiscal year, unspent funds would be transferred back into the account maintained by the State Treasurer.

Assemblywoman Dondero Loop confirmed that Assemblywoman Kirkpatrick's understanding was correct.

Assemblyman Hambrick asked whether teachers who did not share an enthusiasm for purchasing items to enhance their classrooms would be negatively rated.

Assemblywoman Dondero Loop said that although it was difficult to imagine teachers not using the funds, she did not believe the school districts would use expenditure of the funds as an evaluation system.

Assemblyman Sprinkle asked whether there was an annual estimate for the out-of-pocket expenditures by each teacher throughout the state and how \$3,500,000 in each year of the 2013-2015 biennium was determined.

Assemblywoman Dondero Loop advised that the \$3,500,000 in each year of the biennium was based on expenditures of \$200 times the number of teachers in the state, and she pointed out that Clark County had 17,000 teachers. Assemblywoman Dondero Loop recalled, prior to retirement, her astonishment when she prepared her taxes and learned that she had spent \$1,000 on classroom supplies.

Assemblyman Kirner asked whether she had been able to claim the \$1,000 as a tax deduction.

Assemblywoman Dondero Loop advised that had been retired for eight years but recalled that she could not claim the entire amount.

Assemblyman Kirner advised that he served on the Assembly Committee on Education and that the Committee had heard many worthy education bills. He asked for her opinion on setting priorities for approving one bill over another based on a limited amount of available money.

Assemblywoman Dondero Loop expressed uncertainty about her ability to prioritize one education bill over another because she said education was always a priority. She said for example, that if five teachers decided they would each take the \$200 and buy cardiopulmonary resuscitation (CPR) mannequins or purchase tools to enhance the classroom-learning environment for the success of their students, prioritizing would be difficult.

Assemblyman Aizley noted section 5 of the bill authorized teachers to submit a single claim for \$100 or more and asked whether teachers could submit claims for smaller amounts.

Assemblywoman Dondero Loop advised that some sections of the bill would be included in the conceptual amendment she was working on with representatives of the school districts. She explained that under a \$100 was an attainable amount because most teachers would spend \$5 or \$20 at one time rather than \$100.

Chair Carlton questioned whether she was correct in understanding that the school district would aggregate the purchases to reach a total.

Assemblywoman Dondero Loop confirmed the Chair's understanding was correct.

Assemblyman Eisen asked for clarification on the process for disbursement based on teachers submitting one claim per year for at least an aggregated

amount of \$100. He asked whether the school districts would divide the funding by the number of teachers so that each teacher received the same amount not to exceed what they claimed.

Assemblywoman Dondero Loop explained that each teacher would receive a certain amount and the disbursement of the funding in the conceptual amendment would ensure seamless funding. As previously discussed, she said that when the Clark County School District gave each teacher a \$200 Visa card to spend on classroom supplies, the teachers had to sign documents about the use of the funds, turn in receipts, and were spot-checked by audits. She pointed out, however, that if a teacher spent \$205, the Visa card paid for only the first \$200.

In response to Assemblyman Hardy who asked whether unused funds would be transferred to the same account in the following fiscal year, Assemblywoman Dondero Loop advised that any remaining balance would be transferred back into the account maintained by the State Treasurer.

Ruben Murillo, Jr., representing the Clark County Education Association (CCEA), and the Nevada State Education Association (NSEA), appeared before the Committee to speak in support of A.B. 376. On behalf of the Associations he represented, Mr. Murillo expressed his thanks to Assemblywoman Dondero Loop for recognizing the contributions of teachers and her understanding of the need teachers had to supply students for success.

Mr. Murillo mentioned that with the enactment of Common Core State Standards (CCSS) [a nationwide school effort to better prepare students] and changes in the curriculum, veteran teachers as well as new teachers faced expenses to enhance their classroom environments. The National Education Association (NEA), he said, estimated that teachers on a national average spent about \$1,200 in out-of-pocket costs for classroom enhancements. Clark County, he said, determined the cost was about \$1,000 each. Mr. Murillo recalled that at the beginning of the 2013 Legislative Session, leadership in both houses of the Legislature talked about working in a bipartisan manner to address education issues. While he expressed optimism that perhaps the appropriation in the bill could be increased, Mr. Murillo recognized that a similar measure, Senate Bill 240 authorized the reimbursement of teachers for certain out-of-pocket expenses.

In closing, Mr. Murillo, on behalf of the CCEA and NSEA, asked for the Committee's support and for their favorable consideration of A.B. 376.

Robert Hollowood, a teacher from the Clark County School District, appeared before the Committee to speak about the importance of establishing a reimbursement program for teachers to offset their out-of-pocket classroom expenses.

Mr. Hollowood who taught at Ethel W. Staton Elementary School, an empowerment school in Assemblyman Hambrick's district, served on the school governance team, which ensured budgeting for basic classroom supplies, such as pencils and paper. Teachers at other schools, he said, had a different experience in which the school could only supply one ream of paper per teacher per term, which barely covered printing a computerized report card. Mr. Hollowood said he knew that some of those teachers were purchasing cases of paper and supplying their classrooms with pencils, crayons, glue, and many other basic supplies. Although Ethel W. Staton was an empowerment school with a budget that ensured basic supplies, the school's teachers, he said, also spent hundreds of dollars of their own money every year supplementing their professional teaching materials because the school's curriculum had experienced almost constant change with the enactment of CCSS.

In closing, Mr. Hollowood encouraged the Committee to find a way to reimburse teachers for their out-of-pocket classroom expenses.

Nicole Rourke, representing the Clark County School District, expressed the District's support for A.B. 376. On behalf of the District, Ms. Rourke thanked Assemblywoman Dondero Loop for her sponsorship of the bill and for considering different methodologies to carry out its provisions. Reiterating previous testimony, Ms. Rourke also advised that many teachers used their personal funds to purchase classroom supplies to provide children with an engaging learning environment.

As previously discussed by Assemblywoman Dondero Loop, Ms. Rourke advised that teachers, at one time, were given a prepaid debit card to purchase instructional supplies. The card, she said, provided the District control over where the funds were spent, and teachers were provided the freedom to purchase the supplies they needed. Teachers, she said, were asked to sign a statement upon receipt of the debit card that they understood it was to be used for instructional supplies only and that receipts were to be kept for a year. During that year, the internal audit department could audit teachers at any time.

Ms. Rourke said that the debit card system allowed the District's accounting department to track all purchases without running 30,000 to 40,000 additional transactions through the purchasing department. With 17,000 teachers, she said the school district could not manage the funds through a reimbursement

process. For example, she said that if teachers submitted three receipts, the school district would have had to review and reimburse over 50,000 transactions.

In closing, Ms. Rourke said that representatives of the Clark County School District looked forward to working with Assemblywoman Dondero Loop on the conceptual amendment and asked for the Committee's favorable consideration of A.B. 376.

Assemblyman Hambrick recalled Assemblywoman Dondero Loop's testimony about combining funds to purchase CPR mannequins and asked Ms. Rourke whether the legislation would allow all of the teachers in a school to combine their funds to purchase, for example, capital equipment.

Ms. Rourke commented on the strict rules associated with establishing a budget and the allocation of funds and opined that a capital expenditure would not be permitted. She said, however, there would be nothing to prevent teachers pooling together if they needed a set of books or a set of different instructional materials across a grade level.

In response to Assemblyman Kirner who asked whether the debit card was still being used, Ms. Rourke advised that the debit card was eliminated because there was no funding in the budget for reimbursing teachers for out-of-pocket purchases. She said, however, that using debit cards was a successful system the District would like to use again.

In response to Assemblyman Aizley who asked about unused credit on the debit cards, Ms. Rourke advised that teachers had until mid-spring to spend the funds on the debit cards. Any remaining balance, she said, was transferred into a main instructional supplies line item from which the District's purchasing department bought basic supplies.

In response to Chair Carlton's question concerning private funding, Ms. Rourke advised that while she was not aware of private funding, she said there were numerous grants that funded instructional supplies from a variety of sources.

Chair Carlton discussed teachers' fairs where teachers could buy supplies at reduced rates.

Ms. Rourke also advised that the Public Education Foundation in Clark County had a teacher exchange program that offered supplies to teachers at a reduced rate.

Dotty Merrill, representing the Nevada Association of School Boards, appeared before the Committee to speak in support of A.B. 376. Ms. Merrill expressed her appreciation to Assemblywoman Dondero Loop for bringing forward legislation that focused on the problem of teachers and administrators purchasing classroom supplies with their own money.

Ms. Merrill advised that the effect of budget cuts, the increase in the percentage of students living in poverty, and increased class sizes reduced funds that districts and school boards had to dedicate toward instructional supplies. All factors combined, she said, created a situation in which there were students who needed food and clothing and teachers and administrators bringing cereal, clothing, and shoes to the classroom.

Ms. Merrill closed her remarks by again expressing her appreciation to Assemblywoman Dondero Loop for bringing the bill forward.

Hearing no response to her request for additional testimony in support of or in opposition to the bill, Chair Carlton called for public testimony. There being no public testimony, she closed the hearing on A.B. 376 and advised the Committee that staff would provide a brief tutorial on the process concerning bills and the budget-closing process.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, introduced Michael J. Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

Ms. Jones recalled the Committee's review of the budget process at the beginning of the session. At that time, she said, staff advised that as the Committee transitioned into work sessions, closing budgets, and considering bills, additional information would be provided on those processes.

Ms. Jones began the tutorial with the following information:

- The Assembly Committee on Ways and Means and the Senate Committee on Finance typically considered approximately 60 bills to effect specific budget decisions. Half of those bills, she said, began in the Assembly and the other half began in the Senate, and as the bills passed out of Committee, they moved to the other house.
- The Committee also considered policy bills that fiscally affected the state. A funding requirement could be identified through an appropriation contained within the body of a bill or by a fiscal note attached to the bill. State agencies submitted fiscal notes [fiscal notes could be accessed on

the Legislature's website and on the Nevada Electronic Legislative Information System (NELIS)] that described how the operations of their agencies would be fiscally affected by the passage of a bill.

With passage of a bill, funding from the General Fund would be provided to the agency or authorization would be granted to use agency funds or other fees to put those processes into effect.

- The Committee would hear all-encompassing bills that were required to implement the budget statewide. The General Appropriations Act appropriated funding from the State General Fund and State Highway Fund for the support of government of the State of Nevada.
- The Authorizations Act authorized the receipt and expenditure of non-General Fund revenue by various departments, boards, agencies, commissions, and institutions of state government.
- The Unclassified Pay Bill established the maximum allowed salaries for employees in the unclassified service of the state and other items related to the compensation of state employees in general.
- The Capital Improvements Program (CIP) Act provided appropriations and authorizations and authority to the State Board of Examiners for the issuance of general obligation bonds to support a program of capital improvement.
- The School Funding Bill/State Distributive School Account (DSA) appropriated and authorized funding for each county school district for the biennium and appropriated funds to the Distributive School Account. The Legislature was required to process the School Funding Bill prior to any of the other four bills to put the budget into effect.
- The bill process provided that bills were heard in Committee and during a subsequent work session, the Committee could take action and move bills to the Assembly floor for consideration by the full house and processing to the second house. Any bills with a fiscal effect that originated in a policy committee had to be passed out of the first house no later than the close of the day on April 12.
- Once a bill passed out of the Assembly Committee on Ways and Means, the Chair would assign a member of the Committee the duty of presenting a statement concerning the bill to be read on the floor of the Assembly.

Chair Carlton opened a discussion on the bill process.

In response to Assemblyman Aizley's question concerning the education bill, Ms. Jones advised that the Distributive School Account (DSA) bill was the all-encompassing bill for education.

Mr. Chapman reiterated that the bill to comply with the Education First Initiative [a constitutional provision that required appropriations to fund Kindergarten through Grade 12 education be approved by the Legislature before other appropriations could be approved for the new biennial period] was the major spending bill for the DSA and the other major General Fund appropriations that supported K-12 education. He explained that another group of budget accounts in the K-12 function were funded largely by federal funds that were processed through the General Appropriations Act or the Authorized Expenditures Act.

In response to Assemblyman Aizley who asked whether funding for higher education was in a separate bill, Mr. Chapman said the appropriations supporting the higher education funding would be included in the General Appropriations Act. The General Appropriations Act, he said, was one bill that identified all appropriations for every budget that included a State General Fund or State Highway Fund appropriation.

In response to Assemblyman Aizley's question concerning full-time-equivalent (FTE) positions, Mr. Chapman advised that FTE positions would not be displayed in any of the bills including the pay bill. The Fiscal Analysis Division, he said, prepared an "Appropriations Report" after each legislative session that included a section on the number of positions approved by the Legislature. The Appropriations Report, he said, could be accessed online at the following link: <http://www.leg.state.nv.us/Division/Fiscal/Appropriation%20Reports/>

Chair Carlton asked Committee members to review the 2011 Appropriations Report to determine the budget questions they would like to have addressed.

Ms. Jones added that as the Committee worked through the budget-closing process, each budget account would include proposed position increases for which staff had the ability to determine totals.

In response to Assemblyman Eisen's question concerning the large appropriations bills, Ms. Jones advised that the Capital Improvement Program (CIP) Act specifically designated funds allocated for each of the capital improvement projects.



Ms. Jones explained that the Authorizations Act authorized the receipt and expenditure of non-General Fund revenue by various departments, boards, agencies, commissions, and other institutions of state government. The General Appropriations Act, she said, provided legislative approval to spend money from the State General Fund and Highway Funds for a particular purpose.

Additionally, Ms. Jones reiterated that the Unclassified Pay Bill provided salary information up to the maximum amount each unclassified state employee could earn.

Mr. Chapman also commented that the Unclassified Pay Bill identified all unclassified positions. He explained that any adjustments to salaries on a statewide level, such as furloughs and the continuation of the 2.5 percent salary reduction, would be included in the bill based on decisions the Committee would make.

Chair Carlton suggested that Committee members review and become familiar with the five major appropriation bills from the 2011 Legislative Session, which would provide a basis for questions to ask staff.

Ms. Jones advised that she would send the Committee members a list of the five major 2011 bill numbers.

In response to Assemblyman Sprinkle's question concerning the classified positions, Mr. Chapman explained that each individual budget account included the classified positions for that budget. If, for example, a budget account included 100 positions of which 90 were classified, those 90 positions, he said, would be within personnel category 1.

Mr. Chapman reiterated that the unclassified positions were separated to identify the maximum salary allowed for each of the various unclassified positions. The Division of Human Resource Management, he said, administered the classification system that identified the job duties and associated grade and step levels of pay for every classified position.

In response to Assemblywoman Kirkpatrick's question concerning how the merging of certain agencies fit into the five major bills, Ms. Jones explained that the proposed reorganizations were included in the 60 bills that were divided between the Assembly and the Senate. The bills, she said, would be considered with the budgets.

Mr. Chapman further explained that if the Assembly Committee on Ways and Means and the Senate Committee on Finance approved a reorganization during the budget-closing process, a bill, that had been introduced to make statutory changes to allow the reorganization, would move from the Committee in which it currently resided and, after passage by the first house, would be sent to the other house for consideration.

Chair Carlton suggested that Committee members who had additional questions contact the Chair or staff so that the Committee could move on to a discussion on work sessions.

Ms. Jones advised that work session meetings for budgets would begin on March 29, 2013. During those meetings, the Subcommittees and the Committees, she explained, would focus on larger budget concerns on previously heard budgets. She said, for example, that on Friday, March 29, 2013, 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 were scheduled to meet. During that meeting, the Subcommittees would discuss some of the larger items in question for the Department of Motor Vehicles, the Department of Corrections, and the Division of Parole and Probation, but would take no action. Ms. Jones explained that while work sessions provided an opportunity for discussion among the subcommittee or Committee members, the Chair only called upon agency representatives to respond to a question or to provide clarification. Additionally, she said, Committee members would receive a briefing document to reacquaint them with budget concerns, new problems and issues, or problems and issues that were resolved at an earlier committee or joint meeting of the subcommittees.

Chair Carlton reminded the members that because of all of the work staff had to do behind the scenes, the Committee had to be prepared for productive discussions during the work sessions.

In response to Assemblyman Hardy's question concerning closing a budget as recommended by the Governor, Mr. Chapman reiterated that there were no decisions made during work sessions. As previously stated, a work session, he said, was an opportunity for the members to discuss the larger budget concerns and to engage the agencies in those discussions, if the members so desired. Mr. Chapman explained, however, if members expressed differences during a joint budget closing meeting of the subcommittees, the subcommittees would report the majority vote to its full committee during a joint meeting of the full committees. Mr. Chapman provided another example of a difference between the two houses at the subcommittee level. If for example, the

Assembly members of a subcommittee approved a recommendation by the Governor, but the Senate members did not approve the recommendation, the difference would be resolved later in the session at a joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance.

Ms. Jones discussed work session documents, which, she said, included information on previously heard budgets as well as new information received from the agency in response to questions the Committee had asked. The document, she said, would also include references to specific areas of the budget that required additional discussion and decisions the Committee needed to make.

In response to Assemblyman Sprinkle's question concerning work session documents corresponding with bills, Ms. Jones explained that the majority of decisions made in work session documents were within the budget account level with no statutory changes required. Ms. Jones said, however, as previously discussed, there were some decisions in which a statutory change was required to execute decisions, and those decisions were tied to the 60 bills divided between the Senate and the Assembly money committees.

In response to Assemblyman Eisen's questions concerning whether the Committee had any control over how state agencies ultimately expended funds, Ms. Jones explained that budgets were controlled at a category level, and agencies could maintain some flexibility within categories. Ms. Jones provided the following examples of expenditures within categories:

- Category 1 or Personnel Services - Agencies were approved for specific types of positions, such as an investigator or an accountant. If agencies wished to deviate from approved positions, they were required to appear before the Interim Finance Committee to request approval for a change.
- Category 4 or Operating – Agencies were allotted funding on an annual basis for operating costs, which was not controlled to the level of buying, for example, pencils. Agencies could buy pens or might buy a chair rather than 100 pencils.

Ms. Jones advised that agencies were granted flexibility to make changes within certain categorical levels. She said, however, that inappropriate expenditures could raise problems for an agency during the following session.

In response to Assemblyman Eisen's question concerning the ability to move funds from one category to another, Ms. Jones advised that state agencies had

the ability to transfer funds from one category to another up to a certain threshold, which was established in statute. Once the agency reached the established threshold, however, the agency was required to appear before the Interim Finance Committee to request approval for the transfer.

Assemblyman Anderson asked whether the same rules applied to the Distributive School Account (DSA).

Mr. Chapman advised that the DSA was funded at a per-pupil support level. He said it was his understanding that the DSA contained some categorical expenditure items.

Additionally, Ms. Jones commented that the school districts were controlled at the categorical level just as state agencies were and had flexibility within those categories to make purchases for the items they needed.

Moving on to the budget closing process, Mr. Chapman advised that after approximately a half dozen work sessions, on April 1, 2013, the subcommittees and the money committees would begin to close budgets previously heard at the subcommittee level. The subcommittee and Committee members, he said, would receive closing documents, similar in appearance to budget highlights, which would include information previously seen although enhanced with information obtained either during or after the budget hearings in response to staff and committee member inquiries.

Mr. Chapman explained that the budget closing documents most likely would include several variations with notations from staff on whether a recommendation appeared reasonable. Additionally, he explained there might be instances in which staff made no recommendations, and the decision-making process would be up to the subcommittee or Committee. Staff, he said, would review all items in the budget-closing documents for the subcommittees' or the Committee's deliberation.

Mr. Chapman advised that the same process applied to the budgets that would be closed by the full Committee. He said, for example, on Wednesday, April 3, 2013, the Assembly Committee on Ways and Means would consider three budget accounts slated for closure. As the Committee moved through the closing process into the more detailed budgets, Mr. Chapman said the members would become more familiar with the closing recommendations and the decision-making process.

Mr. Chapman explained that once budgets were closed at the subcommittee level, those budgets would be assimilated, and staff analysts would present

closing reports to a joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance. The closing reports would include detailed information on major budget concerns and the subcommittees' actions on those concerns. After voting to approve the subcommittees' actions, differences between the two houses would be open for discussion or the Committees would return for another meeting to resolve differences.

Mr. Chapman reiterated Chair Carlton's earlier comments and placed emphasis on the Committee's need to stay on schedule. He also encouraged members to become familiar with the issues and to be prepared to make decisions.

Ms. Jones advised that staff would distribute closing documents to the subcommittee or Committee members and to agency representatives the morning of the meeting. Additionally, she advised that staff closed some budgets that had no substantive closing concerns and required no deliberation. Program and Committee analysts, she said, would review those budgets during the closing meetings in conjunction with others previously heard.

Chair Carlton announced that once the subcommittees or the Committees closed a budget, it would remain closed.

Mr. Chapman advised that at some point during the following week, staff would request permission to make technical adjustments in costs usually on minor budget items.

Ms. Jones also advised the Committee that meetings would very soon begin to be scheduled on Saturdays and some evenings.

Chair Carlton remarked that the time set aside for resolving budget differences between the two houses should be easier to work through during the 2013 Legislative Session because the Assembly Committee on Ways and Means and the Senate Committee on Finance would be working together to resolve differences.

In response to Assemblyman Hambrick's question concerning the Interim Finance Committee (IFC) and meetings between the Assembly Committee on Ways and Means and the Senate Committee on Finance, Chair Carlton explained that the IFC normally met during the interim between legislative sessions with the exception of meeting once or twice during the legislative session. She reiterated, however, that when the two full committees met jointly to close budgets and each house closed the budget differently, the differences would have to be resolved during a subsequent meeting.

Ms. Jones advised that an IFC meeting was scheduled for April 18, 2013. She explained that IFC meetings were sometimes necessary during legislative sessions to make needed adjustments for state agencies current year operations.

Additionally, Ms. Jones discussed bills for supplemental appropriations that were included in the 60 bills she had discussed earlier in the meeting. Ms. Jones explained that rather than approaching the IFC to request an allocation from the Contingency Fund to finish out the current fiscal year, an agency could request a supplemental appropriation for additional money from the General Fund to continue its operations.

Ms. Jones also discussed one-time appropriation bills more typically referred to as "one-shots" for one-time expenditures agencies needed to purchase equipment.

Chair Carlton commented that staff would provide the Committee members with schedules that would reflect meeting dates although specific agenda items would not be listed. She asked the Committee members to be flexible for the next two months as staff worked through the process.

Ms. Jones advised that she would provide the Committee members schedules that reflected meeting days but did not provide the detail on meeting topics. She noted that the 120-day meeting calendar reflected that all budget differences were to be resolved by May 23, 2013.

Mr. Chapman also discussed the completion of the budget processes by May 23, 2013. He explained that the Committee could not delay the decision-making process because staff had to draft the General Appropriations Act, Unclassified Pay Bill, Authorized Expenditures Act, Capital Improvements Program Act, and the School Funding Bill/State Distributive School Account (DSA) by May 29, 2013, to send to the Legal Division. Additionally, he said staff needed several days to make final adjustments to the accounting and budgeting system.

Chair Carlton promised the Committee's cooperation.

In response to Assemblyman Aizley's question concerning whether staff authority to make technical adjustments was limited, Mr. Chapman advised that minor technical adjustments were typically made for immaterial budget items. He clarified that major decisions would be brought before the Committee for consideration.

Assemblyman Aizley asked whether establishing a limit would be of assistance.

Mr. Chapman discussed the differences in budget accounts and said that a \$5 adjustment in a budget account with just a few hundred dollars would be material while a \$5 adjustment in a \$10 million budget would be immaterial.

Ms. Jones advised that other types of technical adjustments would include changes in computer equipment prices or a change in internal service fund allocations.

Chair Carlton asked the Committee members to let her know if they had any concerns regarding the budget process and, with no further business before the Committee, adjourned the hearing at 9:55 a.m.

RESPECTFULLY SUBMITTED:

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Connie Davis  
Committee Secretary

APPROVED BY:

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Assemblywoman Maggie Carlton, Chair

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

**EXHIBITS**

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

**Date:** March 28, 2013

**Time of Meeting:** 8:06 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
A.B. 304	C	Linda Bell, District Court Judge, Eighth Judicial District Court	March 26, 2013 Letter in support of A.B. 304