

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session
June 1, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 9:51 a.m. on Saturday, June 1, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Debbie Smith, Chair
Senator Moises (Mo) Denis
Senator David R. Parks
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator Michael Roberson

COMMITTEE MEMBERS ABSENT:

Senator Joyce Woodhouse, Vice Chair (Excused)

GUEST LEGISLATORS PRESENT:

Assemblywoman Marilyn Kirkpatrick, Assembly District No. 1
Barbara K. Cegavske, Senate District 8

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Sarah Coffman, Senior Program Analyst
Laura Freed, Senior Program Analyst
Wayne Thorley, Program Analyst
Julie Waller, Senior Program Analyst
Mark Winebarger, Program Analyst
Cynthia Clampitt, Committee Secretary

OTHERS PRESENT:

Leo M. Drozdoff, P.E., Director, Department of Conservation and Natural Resources
Constance Brooks, Ph.D., Assistant Vice Chancellor for Governmental Affairs, Nevada System of Higher Education
Luis Valera, J.D., Vice President, Government Affairs and Diversity Initiatives, University of Nevada, Las Vegas
Jeff Mohlenkamp, Director, Department of Administration

Chair Smith:

I will now open the hearing on Assembly Bill (A.B.) 461.

ASSEMBLY BILL 461 (1st Reprint): Enacts provisions governing the management of sagebrush ecosystems. (BDR 26-1194)

Leo M. Drozdoff, P.E. (Director, Department of Conservation and Natural Resources):

From an overall policy perspective, the issue of sage grouse listings under the Endangered Species Act and ecosystems is not only a concern in Nevada, it is important in the 11 Western states. The reason A.B. 461 is a priority of the Department of Administration is because Nevada would be the first State to codify our provisions, rather than operating under an executive order. Passage of the bill would increase Nevada's standing in the future. It would be a significant achievement representing the good relationship between the Executive and Legislative Branches of government.

The reason A.B. 461 was before the Assembly Committee on Ways and Means and now in the Senate Committee on Finance, known as the money committees, is because we were directed by the Interim Finance Committee (IFC) to identify non-General Fund revenue for the 2011-2013 biennium. We were successful in that effort. There is recognition that some of those funds used, most notably the Ruby Pipeline Project dollars, were only available for the current biennium.

Assembly Bill 461 includes provisions for cost recovery and we believe other funding sources are available. There were no fiscal notes on the bill. We anticipate the need for further work to be done from a fiscal standpoint in

fiscal years (FY) 2015-2016 and FY 2016-2017. This bill, however, represents a good initial step.

Chair Smith:

This measure is before this Committee because funds in budget accounts are involved.

Why has no fiscal note come forward, when A.B. 461 establishes a couple of councils and a task force?

Mr. Drozdoff:

The councils and task force were established by the IFC.

Chair Smith:

Will ongoing funding be necessary?

Mr. Drozdoff:

The funding for FY 2013-2014 and FY 2014-2015 consists of not only General Fund allocations, but also funding from the Commission on Mineral Resources, Division of Minerals, the Department of Wildlife (DOW) and the State Department of Agriculture. The funding has already been included in the various budget requests.

The reason the money committees are hearing this measure is in recognition of the Ruby Pipeline funds of approximately \$300,000, which are only available through the 2011-2013 biennium. That is a funding concern into the future.

Senator Kieckhefer:

Was the funding for the 2013-2015 biennium approved by the money committees' Joint Subcommittee on General Government?

Mr. Drozdoff:

That is correct.

Chair Smith:

What are the legal parameters with regard to the Ruby Pipeline funding expenditure requirements?

Mr. Drozdoff:

The general requirements are that the funding must be approved by the Bureau of Land Management (BLM) with additional approval by the DOW. That approval is currently in place. However, the BLM has made it clear that funding is only available for the 2011-2013 biennium. The reason the funding ends is that the entire funding source for the pipeline must be spent by the end of 2015.

Chair Smith:

I will appoint a subcommittee to review A.B. 461 regarding both the fiscal and policy issues of the measure.

Senator Goicoechea:

The policy of the Ruby Pipeline funding was vetted by the Senate Committee on Natural Resources. This is technically the purview of the BLM. However, those funds were committed from the El Paso Natural Gas Company to be allocated for habitat protection of the sage grouse in Elko, Humboldt and Washoe Counties.

The funding comes from the BLM, but it must be spent in that corridor in Nevada.

Mr. Drozdoff:

I will be happy to assist the subcommittee that will be appointed. The first reprint of A.B. 461 is the result of extensive work in the Assembly from a policy standpoint.

Chair Smith:

I understand, but this is the second house and our members must have the opportunity to review the provisions.

I will appoint a subcommittee consisting of Senator Aaron D. Ford, Chair of the Senate Committee on Natural Resources as the subcommittee Chair. Senators Justin C. Jones and Ben Kieckhefer will also serve on the subcommittee.

I will close the hearing on A.B. 461 and open the hearing on A.B. 501.

ASSEMBLY BILL 501: Authorizes the issuance of state general obligations for certain capital projects of the Nevada System of Higher Education. (BDR 41-1225)

Constance Brooks, Ph.D. (Assistant Vice Chancellor for Governmental Affairs, Nevada System of Higher Education):

Assembly Bill 501 is an authorization for the issuance of State general obligation bonds for capital improvement projects within the Nevada System of Higher Education (NSHE).

In 1979, the Legislature approved the issuance of State general obligation bonds for the construction of the Thomas and Mack Center at the University of Nevada, Las Vegas (UNLV) and the Lawlor Events Center at the University of Nevada, Reno (UNR). These bonds were repaid with partial proceeds from the \$250 per machine, Slot Tax revenues. Subsequently, the 1997 Legislature approved issuance of similar bonds using the same revenue stream. Those bonds provided funds for the maintenance and modernization of the athletic facilities at UNLV and athletic and academic facilities at UNR.

We have modeled the financing for issuance of bonds using the existing funding stream available for debt service. This would generate approximately \$70 million in proceeds for similar planning, design and construction projects for UNLV and UNR. The request for UNLV is approximately \$47.5 million and approximately \$22.5 million for UNR. I have provided a list and description of the proposed projects ([Exhibit C](#)).

Luis Valera, J.D. (Vice President, Government Affairs and Diversity Initiatives, University of Nevada, Las Vegas):

I am present to respond to any questions regarding specific projects. We have prepared preliminary planning. The projects will last between 24 to 30 months, creating approximately 600 jobs. We would be working around currently scheduled events at the Thomas and Mack Center, without closing the entire facility.

Senator Kieckhefer:

It appears five projects are planned, including one for the University of Nevada School of Medicine (UNSOM). What is the fiscal scope of that project? There

has been considerable discussion regarding building a new UNSOM building in Las Vegas. Is this the first step in that project?

Assemblywoman Marilyn Kirkpatrick (Assembly District No. 1):

I do not have the details on the scope of the project. The UNSOM has been working diligently to provide a statewide, more comprehensive system. Therefore, building and laboratory space is necessary. The funds from the Slot Tax revenue will support those efforts. I can provide further information regarding specifics.

Senator Kieckhefer:

The UNSOM is a statewide school and needs to have a strong presence in each location.

Was the student fitness and wellness center, known as the Lombardi Recreation Center at UNR, to be supported by student fee revenue?

Assemblywoman Kirkpatrick:

[Exhibit C](#) provides a description of the project. Approximately \$7 million was requested for the project. It was chosen as a priority by the UNR students. The preliminary cost estimates were \$30,000 to \$40,000. This request would provide for the planning and partial construction funding. It will be funded from student fees. In turn, it will help them get the planning started. It is a hybrid approach.

Senator Goicoechea:

Is the \$250 per-machine Slot Tax fee a new fee?

Assemblywoman Kirkpatrick:

This is the Slot Tax fee enacted more than 30 years ago to build the Thomas and Mack Center. The per-machine Slot Tax bonds are coming to maturity. Therefore, the thought was to allow NSHE to issue bonds again to be repaid through those fees to reinvest in the infrastructure at UNLV and UNR.

Chair Smith:

I will now close the hearing on A.B. 501. Sarah Coffman will present Bill Draft Request (BDR) S-1243, the unclassified pay bill draft.

BILL DRAFT REQUEST S-1243: Provides for compensation of state employees.
(Later introduced as [Assembly Bill 510](#).)

Sarah Coffman (Senior Program Analyst):

I will present BDR S-1243, known as the Unclassified Pay Bill ([Exhibit D](#)). The bill would establish the maximum allowable salary for certain employees within the classified and unclassified service.

Section 1, beginning on page 1 of [Exhibit D](#), lists all positions in the unclassified service. Section 1 also includes the reorganization of certain unclassified positions approved by the money committees during the 2013 Legislative Session. All of the salaries in Section 1 have been adjusted to restore the 2.5 percent salary reduction that was in the Executive Budget as approved by the money committees on May 31.

Section 2, beginning on page 26, consists of carryover language, which provides the Department of Administration the ability to seek IFC approval if an unclassified position is omitted from this act and authorizes the IFC to correct any typographical errors. Section 2 also outlines the provisions associated with reclassifying a classified position to unclassified service.

Section 3, beginning on page 28, provides that each full-time equivalent (FTE) employee in each branch of government would be required to take 48 hours of unpaid furlough in each year of the 2013-2015 biennium. Employees would be allowed to use furlough leave in various increments of time. All employee benefits would be held harmless under the provisions of this section.

The NSHE Board of Regents would be authorized to determine the method in which professional employees of NSHE would comply with the furlough requirements.

Chair Smith:

For the record, "This is the same policy that we used last, in the last biennium."

Senator Kieckhefer:

Do the provisions allowing employees to take furlough in increments of time mean an employee could take 5 of the 6 required days of furlough in 1 week?

Ms. Coffman:

That is correct. The furlough provisions require the approval from the directors of the departments with whom an individual is employed. That means prior approval would be required.

Senator Kieckhefer:

Would employees be eligible for unemployment benefits if they chose to take furlough leave for 40 hours at one time?

Ms. Coffman:

I do not have that answer.

Senator Kieckhefer:

Does 1 week without pay qualify an individual for unemployment benefits?

Jeff Mohlenkamp (Director, Department of Administration):

Regulations are in place for administration of furlough leave. If too many days are taken within a pay period, it does trigger unemployment benefits. We restrict that circumstance through the regulations.

Chair Smith:

Is approval required prior to taking furlough leave?

Mr. Mohlenkamp:

There is a requirement within each department. Additional regulation requirements are also in place. The regulations have been approved by the Personnel Commission of the Department of Administration's Division of Human Resource Management and the Legislative Commission of the Legislative Counsel Bureau (LCB). We would carry the regulations forward into the coming biennium.

Senator Denis:

Have the furlough regulations been in effect since furlough requirements were enacted?

In the past, if an employee requested 2 consecutive days of furlough leave, some agencies have not approved those requests. Is any flexibility for employees allowed? Are the exact specifications set by the division or the department?

Mr. Mohlenkamp:

The regulations allow a fair amount of discretion. We worked with the LCB Legal Division staff in drafting the language with regard to how the provisions are implemented. Regulations cannot go beyond the provisions in the statutes.

Senator Denis:

In the past, has there been flexibility for the employees? It seems that some agencies utilized set provisions. An example would be if an employee wanted to take 2 furlough days, the agency might only allow them to take 1 furlough day at a time.

Mr. Mohlenkamp:

I do not have the regulations in front of me, so I do not know the specifics. There have been some concerns with regard to agencies trying to make provisions beyond what the statutes would allow. There are some limitations on what management can require when implementing furloughs. If BDR S-1243 is similar to what was enacted in 2011, the requirements will follow how an employee would request annual or other forms of leave.

Ms. Coffman:

Section 3, subsection 2, provides that "furlough leave pursuant to this section must be scheduled and approved in the same manner as other leave." Therefore, prior approval would be required.

Section 4, starting on page 29 of [Exhibit D](#), pertains to the hold harmless provisions. The hold harmless provision would be included to retain the Public Employees' Retirement System contributions at the same level as in paid status by not excluding the amount of pay that would be lost when on furlough leave.

Section 5, beginning on page 31 of [Exhibit D](#), limits employee furlough exemptions to only be allowable for those employees necessary for the protection of public health, safety and welfare. This section also requires that

the salaries of employees with approved exemptions be reduced by 2.3 percent for the duration of that exemption.

Section 6, on page 32, provides a General Fund appropriation of \$16 million in each year of the 2013-2015 biennium to assist State agencies in funding the restoration of the 2.5 percent salary reduction originally provided in the Executive Budget.

Section 7, on page 33, provides Highway Fund appropriations of \$1.8 million in FY 2013-2014 and \$1.9 million in FY 2014-2015 to assist State agencies in funding the restoration of the 2.5 percent salary reduction originally provided in the Executive Budget.

Section 8, on page 34 of [Exhibit D](#), is carryover language that provides on-call pay of \$60 for a specific period of time on weeknights and up to \$100 for specific periods of time on weekends for senior psychiatrists, senior physicians or pharmacists employed with the Department of Health and Human Services and the Nevada Department of Corrections.

Section 9, on page 34, is also carryover language that provides \$5,000 for unclassified employees of the State Gaming Control Board who possess certain professional certifications and qualifications.

Section 10, on pages 34 and 35, requires any remaining balance of the appropriations in sections 6 and 7 to not be committed for expenditures after June 30, 2015, and must not be spent after September 18, 2015.

Section 11, on page 35, limits distribution of the money appropriated in sections 6 and 7 of this act to not exceed the maximum salary need determined by the State Board of Examiners for each budget account.

Section 12, on page 35, temporarily suspends the semiannual longevity payments for State employees, as provided in *Nevada Revised Statutes* (NRS) 284.177, over the 2013-2015 biennium.

Section 13, on pages 35 and 36, temporarily suspends merit pay increases for FY 2013-2014 only.

Section 14, on page 36, contains clean-up language revising the provisions of NRS 408.111 to provide that assistant directors within the Nevada Department of Transportation serve in the unclassified service.

Chair Smith:

This bill draft is to be introduced in the Assembly. The Senate will receive it in due time.

I will recess the meeting at 10:19 a.m., until the call of the Chair.

The meeting is reconvened at 8:29 p.m.

We will begin with BDR S-1244, the kindergarten through Grade 12 (K-12) education bill draft ([Exhibit E](#)).

BILL DRAFT REQUEST S-1244: Ensures sufficient funding for K-12 public education for the 2013-2015 biennium. (Later introduced as [Senate Bill 522](#).)

Julie Waller (Senior Program Analyst):

Section 1 of [Exhibit E](#) establishes the statewide average basic support guarantee for school districts for operating purposes. It establishes an estimated weighted average of \$5,590 per pupil in FY 2013-2014. The basic support per pupil for each respective school district is also provided.

Section 2, on page 2, provides the statewide average basic support per pupil for operating purposes for FY 2014-2015 at an estimated average of \$5,676 per pupil.

Subsection 6 of section 2 requires the Superintendent of Public Instruction to recalculate the *ad valorem* adjustment and the tentative basic support guarantee for operating purposes for each school district for FY 2014-2015 based on the certified total of *ad valorem* taxes provided by the Executive Director of the Department of Taxation. This recalculation of the second-year basic support guarantee must occur on or before May 31, 2014.

Section 3, on page 5, provides the amount of each special education program unit funding that is maintained and operated for at least 9 months in each year. That amount is \$41,608 in FY 2013-2014 and \$42,745 in FY 2014-2015. The

total number of units for each fiscal year remains unchanged from the current biennium at 3,049 units in each year. Subsection 2 of section 3 lists the allocation by district, of the special education unit funding for each fiscal year.

As it does currently, the State Board of Education reserves 40 special education units in each fiscal year of the biennium for allocation to charter schools and to school districts whose needs cannot be met by their original allocation.

Section 3, subsection 4, on page 7 of [Exhibit E](#), provides \$169,616 in FY 2013-2014 and \$174,243 in FY 2014-2015 for educational technology, specifically for gifted and talented pupils.

Section 4 appropriates the General Fund allocation to the Distributive School Account (DSA), at approximately \$1.1 billion in FY 2013-2014 and approximately \$1.1 billion in FY 2014-2015.

Section 5, on page 8 of [Exhibit E](#), appropriates the non-General Fund revenues that support the DSA in the amount of approximately \$282.7 million in FY 2013-2014 and approximately \$294.2 million in FY 2014-2015.

Section 8, on page 10, contains an appropriation of \$128,541 in each fiscal year of the 2013-2015 biennium for special transportation costs to school districts.

Section 9, on page 10, funds the National School Lunch Program, State match requirement, in the amount of \$588,732 in each fiscal year.

Section 11, on page 11, establishes the funding for the class-size reduction programs (CSR). The funding provided is sufficient to fund 16 pupils per teacher in Grades 1 and 2, and select kindergartens. It also funds 19 pupils per teacher in Grade 3 in both fiscal years.

Section 12, on page 13, provides the actual CSR funding of approximately \$161.7 million in FY 2013-2014.

Chair Smith:

The CSR flexibility is found in section 11, subsection 3. It is the same as what was approved for the 2011-2013 biennium.

Ms. Waller:

That is correct. That flexibility waiver provides that a district may elect to increase the class sizes of Grades 1 and 2 by no more than two pupils or a pupil to teacher ratio of 18:1. The ratio for Grade 3 can be increased from 19:1 to 21:1.

Senator Kieckhefer:

In subsection 2 of section 11, where it specifies a ratio of 16:1 in select kindergarten classrooms, is that consistent with the provisions during the 2011-2013 biennium, or does it include expanded kindergartens as has been discussed and proposed by Governor Brian Sandoval?

Ms. Waller:

Funding for a ratio of 16:1 in select kindergartens provides funding for 23.5 teachers in at-risk schools. It remains the same as the current biennium.

Senator Kieckhefer:

Does that provision include a flexibility exemption?

Ms. Waller:

The flexibility option is expressly for Grades 1, 2 and 3.

I will return to section 12, on page 14, and the funding in the first fiscal year. That funding must provide no less than 2,180 teachers for the CSR program in the first year of the upcoming biennium.

Section 13, on page 14 of [Exhibit E](#), provides the funding for the second year of the upcoming biennium for the CSR in the amount of approximately \$166.4 million for no less than 2,194 teachers in FY 2014-2015.

Section 14, on page 15, contains provisions for the alternative CSR program that is available to counties with a population of less than 100,000. That would exclude Clark and Washoe Counties. The rural districts, with the permission of the Superintendent of Public Instruction, can implement an alternative CSR program.

Section 16, on page 17, funds the appropriation for the Other State Education Programs Account, budget account (B/A) 101-2699, in the amount of

approximately \$30.4 million in FY 2013-2014 and approximately \$30.4 million in FY 2014-2015.

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NDE - Other State Education Programs — Budget Page K-12 EDUCATION-22 (Volume I)

Budget Account 101-2699

This funding is used for pass-through funding to school districts and other entities for various educational programs such as educational technology and career and technical education programs. It is also utilized for reimbursement for teachers' costs for their achievement of national board certification.

Section 16, subsection 3 on page 17, funds the adult education program. This provision was formerly a line item in the DSA Account, B/A 101-2610.

NDE - Distributive School Account — Budget Page K-12 EDUCATION-17 (Volume I)

Budget Account 101-2610

The money committees have approved transferring these funds, with no change in purpose, to B/A 101-2699. A grant program to school districts is funded in B/A 101-2699 with an appropriation of approximately \$17.8 million in FY 2013-2014 and approximately \$18.2 million in FY 2014-2015. The funding is utilized for courses, which are approved by the Nevada Department of Education (NDE) for adult standard high school diploma programs.

Section 16, subsection 5 on page 18 of [Exhibit E](#), lists the allocations of funding for specific programs. Section 16, subsection 5 allocates: \$54,870 in both fiscal years for the National Board Teacher Certification Program; an allocation of \$668,742 for a 5 percent salary increase for counselors who have achieved national board certification; educational technology programs are allocated at approximately \$1.8 million in each fiscal year; and \$3.3 million is allocated in each fiscal year for career and technical education program.

New funding of \$750,000 in each year of the biennium is allocated for the Jobs for America's Graduates program.

Additionally, \$850,000 is allocated, with a maximum \$50,000 for each school district in both years of the biennium, for special counseling services. An allocation of \$18,798 in both years of the biennium will support a 5 percent salary increase for professional school library media specialists.

Section 17 contains funding at the same level as the 2011-2013 biennium for the early childhood education programs of approximately \$3.3 million in FY 2013-2014 and approximately \$3.2 million in FY 2014-2015. The funding, which supports the cost of an evaluation of the program in the second year of the biennium, was moved to the NDE, B/A 101-2673, to conduct a longitudinal study of the early childhood education program.

NDE - Education State Programs — Budget Page K-12 EDUCATION-35
(Volume I)
Budget Account 101-2673

The next few pages of BDR S-1244 discuss the components and requirements of the early childhood education programs.

Section 19, on page 22 of [Exhibit E](#), provides funding for the Account for Programs for Innovation and the Prevention of Remediation, B/A 101-2615, known as the School Remediation Trust Fund.

NDE - School Remediation Trust Fund — Budget Page K-12 EDUCATION-27
(Volume I)
Budget Account 101-2615

This account contains the funding for the full-day kindergarten (FDK) program, as well as the Regional Professional Development Program (RPDP). Funding for FY 2013-2014 is approximately \$48.9 million and in FY 2014-2015, the allocation is approximately \$49.7 million.

The money committees approved an expansion of the FDK program at approximately \$15 million in each year of the biennium. That makes the total for those programs approximately \$40.2 million in FY 2013-2014 and \$40.6 million in FY 2014-2015.

Section 19, subsection 4, provides that \$3.5 million be made available to the school districts to assist them with the purchase of portable classrooms to support the expanded FDK programs.

Section 21 on page 24, lists the funding breakdown for distribution of funds to the three RPDPs. Clark County School District (CCSD) is the fiscal agent for the southern Nevada RPDP and will receive approximately \$4.5 million in FY 2013-2014 and nearly \$4 million in FY 2014-2015.

Elko County School District is the fiscal agent for the northeastern RPDP and will receive approximately \$1.6 million in FY 2013-2014 and \$1.2 million in FY 2014-2015.

The Washoe County School District is the fiscal agent for the northwestern RPDP and will receive an allocation of approximately \$2.6 million in FY 2013-2014 and approximately \$2.2 million in FY 2014-2015. The total for the three RPDPs is approximately \$8.6 million in the first year and \$7.5 million in the second year.

In section 21, subsection 3, the money committees approved a funding enhancement to the RPDPs. However, that is not included in the allocation breakdown just described. In the second year of the biennium, \$1,315,000 is available to the RPDPs depending on the validation study of the performance evaluation system. The distribution of this funding will require the NDE to come before the IFC to move the funding from its reserves into an expenditure category.

Section 22 on page 26, contains an appropriation of \$100,000 in each fiscal year for administrative training. The appropriation is made to the statewide coordinating council providing training opportunities for administrators throughout the State.

Section 23 on page 27 of [Exhibit E](#), appropriates new funding of approximately \$25.5 million in FY 2013-2014 and approximately \$27.8 million in FY 2014-2015 to the school districts to support the implementation of CSR in kindergarten classes with a pupil to teacher ratio of 21:1.

Chair Smith:

We have closed the budgets incorporating the funding specified in BDR S-1244 as has been discussed to this point. The remaining portions of the BDR provide new funding appropriations.

Ms. Waller:

That is correct. Section 23 contains new funding appropriations. With the implementation of the CSR at the kindergarten level, subsection 3 provides funding of \$10 million in FY 2013-2014 and \$4 million in FY 2014-2015 for distribution by the NDE to school districts, to assist them with the kindergarten CSR implementation.

Because we are already in June and this budget will be closed at approximately the same time the largest school district, CCSD, ends its school year, section 23, subsection 4, paragraph (a), will provide for a phase-in of the implementation. They would be allowed to implement the CSR in all half-day kindergartens in FY 2013-2014, and one-third of the State-funded FDK classrooms. All other districts would implement the program in all kindergarten classrooms in the first year of the biennium.

In the second year of the biennium, the CCSD will implement the remaining two-thirds of the State-funded FDK and the tuition-based FDK to complete the implementation of the CSR for a student to teacher ratio of 21:1 for all kindergarten classrooms.

Section 23, subsection 5, provides that a school district must implement the CSR in kindergarten at the school level. A variance of more than 20 percent, or 25 pupils, is not allowed, unless approved by the district superintendent of schools.

Senator Kieckhefer:

Are the CSR requirements for kindergartens still based on a district-wide average?

Ms. Waller:

The CSR for kindergartens is separated from the ongoing CSR of Grades 1, 2, 3 and at-risk kindergartens. The funding in this section is in B/A 101-2615 and would be based on a school-by-school level, not a district-wide average.

Therefore, every school must have a student to teacher ratio of 21:1 unless it has received approval from the superintendent for a variance.

Senator Kieckhefer:

Does the school variance allow 25 additional pupils in each class?

Ms. Waller:

No, that reference is to the maximum student to teacher ratio of 25:1.

Senator Kieckhefer:

Does that mean we will no longer hear the stories about 40 pupils in a classroom? The BDR specifies a maximum of 25 pupils in a classroom regardless of the school.

Chair Smith:

This is different from the other CSR provisions. This provision specifies an absolute hard cap on the number of students in a classroom.

Senator Kieckhefer:

Previously, the district-wide averages distorted the actual number of children in a classroom. The hard cap of 25 pupils should address that scenario.

Chair Smith:

That is correct.

Ms. Waller:

The school districts will be required to report on the average daily attendance of students per licensed teacher on a quarterly basis. Those reports are required to be submitted to the Director of the LCB.

Section 24 is based on the increased reporting requirement at the school level. The NDE had submitted a small fiscal note for a 0.50 FTE accounting technician position to assist the NDE in reporting for the kindergarten CSR results. The appropriation is \$35,611 in FY 2013-2014 and \$34,470 in FY 2014-2015.

Sections 23 and 24 are new funding appropriations that have not yet been heard by the money committees.

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Section 25, on page 30 of [Exhibit E](#), specifies funding to the Grant Fund for Incentives for Licensed Education Personnel, B/A 101-2616.

NDE - Incentives for Licensed Education Personnel — Budget Page K-12
EDUCATION-32 (Volume I)
Budget Account 101-2616

This appropriation will fund the purchase of one-fifth year of retirement service credit. Approximately \$8.8 million is appropriated in FY 2013-2014 and approximately \$5.7 million in FY 2014-2015.

Section 26, on page 31, appropriates funding approved to be transferred from the State Supplemental School Support Account B/A 101-2617, as a State revenue source into the DSA.

NDE - State Supplemental School Support Fund — Budget Page K-12
EDUCATION-29 (Volume I)
Budget Account 101-2617

The appropriation is approximately \$131.9 million in FY 2013-2014 and approximately \$136.7 million in FY 2014-2015. This is the funding from Initiative Petition (I.P.) 1 of the 75th Session, room tax funding. The inclusion of this provision in BDR S-1244 would extend the sunset of the provision through the end of June 2015.

Senator Kieckhefer:

Where is the English-language learner (ELL) provision?

Chair Smith:

That provision is in Senate Bill (S.B.) 504, incorporated in the policy and description language.

SENATE BILL 504 (1st Reprint): Enacts provisions providing English Language Learning for Our Students. (BDR 34-1099)

Senator Roberson:

For the record, "We're anticipating voting on S.B. 504 by tomorrow for the English-language learner."

Chair Smith:

The Legal Staff is completing the drafting of that legislation and it will be brought forward on June 2. A few technical issues needed to be clarified.

Senator Roberson:

Is the anticipation that the appropriation will be \$50 million?

Chair Smith:

That is correct.

Senator Kieckhefer:

What level of expenditure on the FDK is above what is currently provided?

Ms. Waller:

The expansion of the FDK was funded at \$15 million in each year of the biennium. The base funding was approximately \$25 million. With the enhancement funding, the total is approximately \$40 million in each fiscal year.

Senator Kieckhefer:

Do we have an estimate as to how many schools will have fully implemented FDK programs?

Ms. Waller:

The NDE is working on those numbers. Fiscal Staff was provided preliminary information during the budget hearings that the number of schools with the FDK would reach approximately an additional 201 new schools.

Chair Smith:

What are the total numbers of schools that will have fully implemented FDK programs?

Ms. Waller:

There were originally 125 schools, but that number can vary based on a district's distribution of its teachers. Sometimes they move them from school to school. The approximate total is 326. That number could change with implementation of the ELL program. The policy that has been designed will likely increase the State-funded FDK program by another 18 schools. Therefore, the total may reach 344 schools, or close to 60 percent by the end of the biennium.

Chair Smith:

The ELL funding will allow the FDK implementation to be greater than originally anticipated.

Senator Kieckhefer:

Is the requirement that a school must have a FDK program to qualify for the ELL funding?

Chair Smith:

That is correct.

Senator Kieckhefer:

Are the 18 additional schools on top of the 125 existing schools and the 201 new FDK schools?

Ms. Waller:

That is correct. Clark County has approximately 357 elementary schools. Therefore, we are getting closer to full implementation at approximately 344 schools statewide.

Senator Kieckhefer:

How many of those schools are pay-for-kindergarten schools?

Ms. Waller:

In addition to what is already "for pay" in several of the school districts, the CCSD had announced the possible addition of 50 schools. In the current FY 2012-2013, there are approximately 72 pay-for kindergarten classrooms across the State with Clark County having the highest number. Their budget discussions indicated they may further expand that number of classrooms.

Senator Kieckhefer:

When State-funded, with pay-for-kindergarten, the ELL-funded and Title I-funded schools are added in, what is the percentage of schools that will have FDK programs?

Ms. Waller:

It is currently a moving target, with all the new programs that are proposed for implementation. Therefore, we do not have a firm percentage calculated.

However, preliminary estimates indicated the FDK programs would be in 60 percent to 70 percent of the schools.

Senator Denis:

These provisions get to the heart of the issue, where we can assist more pupils. I like the approach we are taking by expanding the FDK programs into more schools and it will convert more one-half day kindergartens into FDK programs.

Ms. Waller:

That is correct. Freeing up the funding for certain schools will enable other schools to enhance their programs.

I misspoke earlier. I had included the initial 125 FDK schools in the 201 new FDK schools and added the two figures together. The total, with the additional 18 schools through ELL funding, would be close to 219 to 220 schools for State-funded FDK by the end of FY 2014-2015.

Chair Smith:

Once the decision was made to implement the CSR in kindergarten, there has been a collaborative effort to arrive at the specific policies and budgets for the necessary components. The outcomes will have a positive effect on getting our children on a good educational track by the end of third grade.

I will now close the hearing on BDR S-1244.

I had previously informed the sponsors of A.B. 224 and A.B. 260 that the bills were rereferred to the Senate Committee on Finance from the Senate Committee on Education due to Senator Woodhouse's absence.

I will appoint a subcommittee chaired by Senator Ford, as well as Senators Kieckhefer and Barbara K. Cegavske. I realize this is not a partisan subcommittee. It is a subcommittee of individuals who are members of the Senate Committee on Education and who will follow these bills and report to this Committee.

ASSEMBLY BILL 224 (1st Reprint): Revises provisions governing the collection and maintenance of certain data relating to public education. (BDR 34-269)

ASSEMBLY BILL 260 (1st Reprint): Revises provisions governing tuition charges assessed against certain students within the Nevada System of Higher Education. (BDR 34-226)

I will appoint a similar subcommittee for S.B. 501 to be chaired by Senator Jones to allow further policy discussion. I will also appoint Senators Parks and Denis to the subcommittee. We will expect the subcommittee reports to this Committee by June 2.

SENATE BILL 501 (1st Reprint): Makes various changes concerning substance abuse prevention and treatment. (BDR 40-1141)

I will now open the Work Session beginning with S.B. 174, regarding the naming of buildings, parks and highways.

SENATE BILL 174 (1st Reprint): Authorizes the Governor to require the naming of a state building, park, highway or other property after a deceased member of the Armed Forces of the United States under certain circumstances. (BDR 27-853)

Mark Krmpotic (Senate Fiscal Analyst):

Senate Bill 174 was heard in Committee approximately 2 weeks ago. The bill authorized the Governor to require the naming of state buildings, parks, highways or other property after a deceased member of the Armed Forces of the United States.

A fiscal note was submitted by the Department of Conservation and Natural Resources, Division of State Parks that cited decreases in user revenue from potentially renaming various State parks throughout the State. The administrator of the Division of State Parks testified that if some of the parks were renamed, their identity may be lost and that may reduce visitation, especially by out-of-state visitors.

Another fiscal note was submitted by the Office of Veterans' Services, but no testimony was received from that agency at the hearing. Their fiscal note totaled approximately \$32,000 in the first year of the biennium and approximately \$39,000 in the second year.

Under the provisions of the bill, the Nevada Veterans' Services Commission would participate in those functions and members would serve without compensation. The fiscal note reflected per diem allowances that some of the members would incur.

Two proposed amendments were submitted for S.B. 174. Proposed Amendment No. 8807 ([Exhibit F](#)) was submitted by Senator Mark A. Hutchison. The proposed amendment identifies those killed in action in various wars that the United States has been engaged in and that have occurred over the past 100 years. It also identifies any other period of war identified by the Nevada Veterans' Services Commission.

A conceptual amendment ([Exhibit G](#)) was submitted by Senator Kieckhefer that excludes the renaming of State parks in existence prior to July 1. It would only affect those constructed after that date. That provision would satisfy the Division of State Parks because no existing State parks would be renamed and presumably not affect visitation rates.

Chair Smith:

It appears the proposed amendments answer any questions or concerns that were voiced during the hearing.

Senator Kieckhefer:

[Exhibit G](#) is intended to address the concerns and the fiscal note submitted by the Division of State Parks regarding the potential cost for renaming parks and the loss of brand name marketing. I support passage of S.B. 174 with the proposed amendments. The concept of bridges or highways was not a part of the original concept.

Chair Smith:

The language in the proposed amendments appears to match what was in the original bill. Please explain your concern further.

Senator Kieckhefer:

As an example, if the Commission wanted to name a section of Interstate 15 after a fallen hero, that would not be possible because that Interstate was in existence prior to the enactment of this legislation, but I do not want that concern to inhibit the passage of S.B. 174.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 174 WITH PROPOSED AMENDMENT NO. 8807 AND THE PROPOSED CONCEPTUAL AMENDMENT.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

Chair Smith:

We will now consider S.B. 391, which is Senator Cegavske's bill regarding a community college study.

SENATE BILL 391 (1st Reprint): Directs the Legislative Commission to appoint a committee to conduct an interim study concerning the governance structure of and funding methods for community colleges in this State. (BDR S-952)

Mr. Krmpotic:

Senate Bill 391 was heard within the past 2 weeks in the Committee on Finance. It directs the Legislative Commission to appoint a committee to conduct an interim study concerning the governance structure and funding methods of community colleges in the State.

A fiscal note was submitted by the State Treasurer that addresses increased costs with respect to the prepaid tuition program. The fiscal note contemplated modification of the governance structure. However, the governance structure is already in place and the bill simply creates an interim study of the governance and funding. Therefore, I do not believe the fiscal note is valid.

Senator Kieckhefer has submitted a conceptual amendment to S.B. 391 ([Exhibit H](#)). It would revise the provision of the bill.

It would revise section 2 to require the appointment of six legislators, two each by the Speaker and Senate Majority Leader and one each by the Minority Leader of each House. The Majority Leader would appoint the chair and vice chair.

The proposed amendment would delete section 3 and replace it with the language provided in [Exhibit H](#). It would provide for the appointment of two subcommittees. One would be a subcommittee on governance and funding and the other would be a subcommittee on academics and workforce alignment.

The interim committee would also develop the mission and charge of each appointed subcommittee. It would include, but not be limited to, a review of national best practices of community college governance, examining effective relationships between local school districts, workforce development, community colleges and business and industry. It would review the mission of each community college in the State, including whether the mission has changed over time and determining whether it is advisable to transfer the administration of community colleges from the NSHE Board of Regents.

The conceptual amendment would add a new section providing that the LCB and NSHE shall provide administrative and technical assistance to the committee and its subcommittees as requested by the committee Chair.

The proposed amendment may have a fiscal impact on the LCB, depending on the number of interim studies established by the Legislature for the 2013-2015 interim.

Chair Smith:

This will go into the mix of the bigger discussion of which interim studies are funded.

Barbara K. Cegavske (Senate District 8):

I appreciate Senator Kieckhefer's proposed amendment. We collaborated in that effort. I look forward to the study.

Senator Kieckhefer:

We also worked with Assemblywoman Kirkpatrick and various other interested parties in reaching this compromise. The study will review outstanding issues regarding community colleges.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 391 WITH THE CONCEPTUAL AMENDMENT.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

We will now consider S.B. 204. This bill was proposed by Senator Donald G. Gustavson to establish a next-of-kin registry.

SENATE BILL 204 (1st Reprint): Requires the Department of Motor Vehicles to establish a next-of-kin registry. (BDR 43-712)

Mr. Krmpotic:

The Department of Motor Vehicles (DMV) submitted a fiscal note totaling approximately \$2,000 for regulation costs. The Department of Public Safety (DPS), Records and Technology Division, also submitted a fiscal note totaling approximately \$9,500 in FY 2013-2014.

Based on Fiscal Staff's notes and information provided by the DPS, the programming charges would cost approximately \$4,000. They have funding within their budget reserves to cover those costs. The DPS also indicated work would be performed by in-house staff.

Regarding the DMV fiscal note, many fiscal notes include regulation costs. However, the Fiscal Division has found that the agencies are usually able to absorb those costs if they merge the provisions with their normal regulation review and submittal process.

The Appropriations Act contains appropriations from the Highway Fund to the DMV to cover programming costs of various legislation that is outstanding and likely to be passed. S.B. 204 is one of the bills funded with that Highway Fund appropriation.

Chair Smith:

Testimony from the DMV indicated they have a backlog of programming projects from previously enacted legislation. With the additional positions authorized, they should have the ability to catch up on programming, as well as program for bills that will be enacted during this Legislative Session.

SENATOR PARKS MOVED TO DO PASS S.B. 204.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chair Smith:

We will now consider S.B. 293.

SENATE BILL 293: Makes an appropriation to the Trust Account for the Education of Dependent Children. (BDR S-140)

Mr. Krmpotic:

Senate Bill 293 makes an appropriation to the Trust Account for Dependent Children. The bill was heard approximately 2 months ago. It appropriates \$20,000 each year. The fund augments higher educational expenses for children of deceased peace officers. Fiscal Staff would note that a similar appropriation was made to this account in the 2011 Legislative Session.

The appropriations are intended to pay for higher education expenses for children of deceased peace officers who are attending NSHE institutions.

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 293.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chair Smith:

We will now consider A.B. 424 which was heard 2 days ago.

ASSEMBLY BILL 424 (1st Reprint): Authorizes the State Fire Marshal and the State Board of Fire Services to issue administrative citations. (BDR 42-1151)

Mr. Krmpotic:

This was a budget implementation bill. However, it also authorizes the State Fire Marshal and the State Board of Fire Services to issue administrative citations. Testimony indicated the justification for this measure was that the State Fire Marshal needs some form of intermediate enforcement. It would alleviate the gap between assessing a small fine to the extreme of putting someone out of business.

Originally, the revenue for these monies was placed into the budget. However, they have since been removed from the budget because of some legal concerns. It is anticipated the revenue would go into the General Fund. Fiscal Staff recommends approval of A.B. 424.

SENATOR DENIS MOVED TO DO PASS A.B. 424.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chair Smith:

We will now consider A.B. 472, which was heard on May 24.

ASSEMBLY BILL 472: Increases the maximum amount of the fee that the Director of the Department of Public Safety is required to establish for the Program for the Education of Motorcycle Riders. (BDR 43-1152)

Mr. Krmpotic:

This bill increases the maximum fee that the Director of the DPS shall establish with respect to motorcycle courses. This fee revenue was included in the appropriate budget closings. Therefore, this bill is one of the budget implementation measures.

Testimony provided by the administrator of this program indicated that the fee had not been increased since 1991 at the inception of the program.

SENATOR PARKS MOVED TO DO PASS A.B. 472.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chair Smith:

We will now consider A.B. 473, which was heard on May 24.

ASSEMBLY BILL 473: Revises the provisions governing the fees charged to defray the costs of producing license plates. (BDR 43-1170)

Mr. Krmpotic:

The DMV and the Governor recommended a self-funded license plate fee. Fees are established in the bill that would allow the License Plate Factory to reimburse itself for its operations and become a fully self-funded entity.

Fiscal Staff would note the Authorizations Act contains language that requires the DMV to repay the Highway Fund for a \$500,000 appropriation utilized for start-up operations and to repay the Highway Fund for appropriations in the Capital Improvement Program (CIP) bill for the construction of a new License Plate Factory next to the Northern Nevada Correctional Center. This is another budget implementation measure.

Senator Goicoechea:

Was this changed by the Committee from a 10-year payback and was the fee changed from \$5 to \$6?

Mr. Krmpotic:

The provisions in the Authorizations Act are a one-time payback of \$500,000 in FY 2013-2014. The CIP bill specifies a 5-year payback.

SENATOR PARKS MOVED TO DO PASS A.B. 473.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

We will now consider A.B. 491, which is a budget implementation bill regarding the Governmental Services Tax.

ASSEMBLY BILL 491 (1st Reprint): Temporarily revises various provisions relating to state financial administration. (BDR S-1162)

Mr. Krmpotic:

Assembly Bill 491 was recently heard in Committee. This bill would extend the allocation of the government services tax proceeds to the General Fund. In the original 2009 legislation, these proceeds were intended to be directed to the Highway Fund beginning July 1. This bill would extend the direction of the funds to the General Fund over the next biennium.

One of the Governor's funding mechanisms was to continue the direction of the government services tax commission and penalties that are currently directed to the DMV. The funds would be allocated to the General Fund in FY 2014-2015 only. In FY 2013-2014, the revenues would be allocated to the Highway Fund.

In consideration of this legislation, the DMV Highway Fund funding cap for administrative costs would be increased to 32 percent from 22 percent in FY 2014-2015. That would replace the direction of the commissions and penalties of the government services tax to the General Fund.

Chair Smith:

I still have concerns when revenue is removed from the Highway Fund that could be creating jobs and improving our roads.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 491.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Mr. Krmpotic:

Senate Bill 67 revises provisions regarding tobacco. This bill has been replaced with S.B. 516. Does the Committee wish to indefinitely postpone S.B. 67?

SENATE BILL 67: Revises provisions relating to tobacco. (BDR 32-404)

SENATE BILL 516 (1st Reprint): Revises provisions relating to tobacco.
(BDR 32-1224)

SENATOR KIECKHEFER MOVED TO INDEFINITELY POSTPONE S.B. 67.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chair Smith:

Does the Committee wish to introduce BDR S-1244, the K-12 Public Education funding?

SENATOR DENIS MOVED TO INTRODUCE BDR S-1244.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Chair Smith:

Seeing no further business to come before the Committee, this meeting is adjourned at 9:52 p.m.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
Committee Secretary

APPROVED BY:

Senator Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	2		Agenda
	B	5		Attendance Roster
A.B. 501	C	9	Constance Brooks	NSHE Bond Project List
A.B. 510	D	36	Sarah Coffman	Bill Draft Request 1243
S.B. 522	E	34	Julie Waller	Bill Draft Request 1244
S.B. 174	F	2	Mark Krmpotic	Proposed Amendment No. 8807
S.B. 174	G	1	Mark Krmpotic	Conceptual Amendment
S.B. 391	H	2	Mark Krmpotic	Conceptual Amendment