

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

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

The Senate Committee on Finance was called to order by Chair Debbie Smith at 8:08 a.m. on Thursday, March 28, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Senator Mark A. Hutchison, Senatorial District No. 6

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Leslie Sexton, Committee Secretary

OTHERS PRESENT:

Dotty Merrill, Ed.D., Executive Director, Nevada Association of School Boards
Alisa Nave-Worth, Clark County Association of School Administrators and Professional-Technical Employees
Joyce Haldeman, Associate Superintendent, Community and Government Affairs, Clark County School District
Lindsay Anderson, Director of Government Affairs, Washoe County School District
Mary Pierczynski, Nevada Association of School Superintendents
John Sande IV, UHS of Delaware

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Mike Lyons, Vice President, Specialty Education, Universal Health Services, Inc.
Jim Serratt, Chief Executive Officer, Willow Springs Center
Marla McDade Williams, Deputy Administrator, Health Division, Department of Health and Human Services
Julia Teska, Office of Fiscal Accountability, Department of Education
Jeanne Baret
Patrick T. Sanderson, Nevada Alliance for Retired Americans
Bruce Arkell, Nevada Senior Corps Association
Constance J. Brooks, Ph.D., Director, Government Relations, Nevada System of Higher Education.
Caleb S. Cage Executive Director, Office of Veterans' Services, Office of the Governor
Lucas Foletta, General Counsel and Policy Director, Office of the Governor

Chair Smith:

We will begin with a hearing on Senate Bill (S.B.) 157.

SENATE BILL 157: Revises provisions relating to the budgets of school districts. (BDR 34-849)

Senator Mark A. Hutchison (Senatorial District No. 6):

Like the rest of Nevada, for the last 5 to 6 years, our school district boards of trustees have been engaged in serious budget cuts. School districts have eliminated hundreds of millions of dollars in programs, supplies, salaries, and facility maintenance.

Some of these cuts have been devastating. I am not telling you anything new, and my purpose in bringing S.B. 157 is not to list all the financial difficulties facing our school districts.

Instead, I am bringing S.B. 157 as a proposal for the future. As we make fewer budget cuts—and eventually see a turning point, where the economy of our State improves—I want to make sure that the expenditures made by our school districts reflect the priorities of those who are responsible for setting policy in our school districts.

When I was campaigning in 2012, I met many teachers who told me that they spend their own money to cover expenses in their classrooms. They told me that, when cuts were made, the first consideration was to balance revenues with

expenditures. I understand that school district boards of trustees are obligated to do that. They cannot spend more money than they have. However, that also meant that the impact on students and on learning often had to be the second consideration.

My proposal in S.B. 157 is for the future. I want school districts to set priorities in their strategic planning, to allocate funds and, if necessary, to make cuts strategically to protect the mission of our local public schools. That mission, in my opinion, is to place the learning of the students as the first priority.

However, my friends in the education community tell me that, although my intentions are good, S.B. 157 probably does not accomplish what I set out to do. It seems that the language of S.B. 157 reverses the roles of school boards and superintendents.

They have offered a suggestion to amend the bill, which I endorse. In Section 1, I propose to delete the reference to the "superintendent" on line 3 and insert in its place "board of trustees." On line 7, I propose to reverse that by deleting "board of trustees" and inserting "superintendent."

Budgetary priorities should be set by the policy-making board, which directs its employee, the superintendent, to implement those priorities. Those priorities then must be communicated to the teachers and administrators of the school district.

Perhaps, in this way, we can help to end the situation where teachers feel compelled to spend their own money to meet the learning priorities of their classrooms.

This is a good bill. My purpose is to bring transparency to the budget process which, in turn, will prioritize expenditures.

I urge the Committee to act favorably on S.B. 157.

Senator Goicoechea:

This seems straightforward. With the amendment, the school boards set the criteria and the superintendents put them in place.

Senator Hutchison:

That is correct. As originally written, I had the roles reversed but the amendment corrects that.

Senator Denis:

How does this differ from what is currently done?

Dotty Merrill, Ed.D. (Executive Director, Nevada Association of School Boards):

The following language from Section 2, subsection 3 of S.B. 157 is essential:

"The board of trustees of a school district, in allocating the use of money pursuant to this section, shall prioritize expenditures in a manner which ensures that the budgetary priorities determined pursuant to section 1 of this act are carried out."

All school boards can improve the transparency and the clarity concerning budget priorities. This provision will improve that process.

It has been a pleasure to work with Senator Hutchison on the amendment to this bill. We appreciate his willingness to clarify the roles of superintendents and school boards by statute. The board of trustees is responsible for establishing criteria to improve student achievement and classroom instruction. The key policy role of each school board is to focus on improving learning and achievement for all students in each district. Aligning the budget to the strategic priorities established by the school board is critical to advance student achievement. The passage of S.B. 157 will encourage greater transparency and greater communication between school boards and their communities.

Senator Denis:

If we do not pass S.B. 157 as amended, will the school boards have the ability to set budget priorities?

Senator Hutchison:

Yes. However, this bill directs them to do so. Now, they could conceivably set priorities without having to have those priorities reflected in the budget. While that may sound counterintuitive, we believe there are times when it does happen.

Alisa Nave-Worth (Clark County Association of School Administrators and Professional-Technical Employees):

We support this bill. It is imperative in difficult times, when budgets are tight, that we fund the priorities that best affect our schoolchildren.

Joyce Haldeman (Associate Superintendent, Community and Government Relations, Clark County School District):

We are neutral on this bill. The problem is not in setting priorities but in having adequate resources to carry out those priorities. We have a process that is similar to the process contemplated by this bill. Every year, in conjunction with the Clark County Board of School Trustees, the administration sets budget priorities. On April 3, pursuant to statute, we will take a list of priorities to the Board of Trustees for approval. Our top priority is to reduce class size by restoring teaching positions cut in the previous budget. Our second priority is to meet new teacher evaluation issues and ease problems caused by overcrowded classrooms. Our third priority is funding for discovery assessments and kindergarten assessments used to identify academic problems. Our fourth priority is the continued funding of the ombudsman program for credit retrieval and other programs to assist students in receiving credits toward graduation. Our fifth priority is funding for the SpringBoard program to prepare students for college entrance exams. Our sixth priority is to begin a 4-year plan to restore our fund balance that is now at 1 percent, as opposed to the 2 percent required by the school board.

We would need 100 percent of our resources to fully fund our top priority.

We have questions about the effects of this bill. If local school board priorities conflict with State law or employee contracts, how does the school board carry out priorities? What would be the consequences if the school board did not carry out its priorities because other factors arose?

We support the Proposed Amendment 7754 to S.B. 157 because it clarifies the roles of the superintendents and the school boards. However, because we already have a process to set budget priorities, and because this bill may carry unintended consequences, we ask that you consider the questions we have raised.

Lindsay Anderson (Director of Government Affairs, Washoe County School District):

We share the same concerns as those expressed by Ms. Haldeman. We have adopted a strategic plan with priorities. We use it in every phase of our budget process. We poll our community. We reach out to employees. We received the Cashman Good Government Award from the Nevada Taxpayers Association in 2012 for our open and transparent budget process. We understand the intent of the bill with Proposed Amendment 7754 and we can comply with it.

Senator Denis:

If this bill is passed, will it change anything that you currently do?

Ms. Anderson:

We will continue to set priorities in the way we have been doing and we will comply with the law.

Chair Smith:

The obvious question is whether the intent set out by "... shall establish criteria for determining ..." is met when you have a strategic plan that sets budget priorities. Is it your opinion that the Washoe County School District (WCSD) is on that course?

Ms. Anderson:

Yes.

Ms. Haldeman:

The Clark County School District (CCSD) follows the process intended by this bill. Although we try to allocate resources based on our priorities, we do not always have the luxury of doing so. My concern is that we may not be able to comply fully with the law. If the CCSD met its top priority, there would be no money left to pay the electric bill.

Mary Pierczynski (Nevada Association of School Superintendents):

We support Proposed Amendment 7754 to S.B. 157. Superintendents clearly understand that school board members set priorities and superintendents execute those priorities.

Senator Hutchison:

I appreciate the comments made today and I welcome any other comments. I am glad to know that the school boards are already doing what this bill intends. If amended, Section 1, subsection 1 would begin, "Within limits prescribed by law, the board of trustees... ." Thereafter, there should be no conflict with existing law. The implementation of S.B. 157, as amended, should be easy since the major school districts are already operating as the bill intends.

Chair Smith:

The hearing on S.B. 157 is closed. We will now open the hearing on S.B. 344.

S.B. 344: Revises provisions relating to the education of certain children who are placed in child care institutions. (BDR 34-933)

Senator Joyce Woodhouse (Senatorial District No. 5):

This measure expands the availability of educational opportunities to children receiving child care services while undergoing treatment. There are a number of individuals here today with technical expertise on this issue, but I would like to offer a brief overview of the contents of the bill. With the passage of S.B. 344, child care providers, which also operate an elementary or secondary educational institution, will be authorized to request reimbursement from Nevada's Department of Education (NDE) when they provide educational services to a child care recipient through one of their schools.

This bill requires the NDE to calculate the appropriate reimbursement, based upon a percentage of the per-pupil basic support guarantee, and to request that amount from the school district in which the child resides. The bill also requires the NDE to adopt necessary regulations.

To further facilitate the education of youngsters in these special child care settings, S.B. 344 enables the NDE, the Nevada Health Division of the Department of Health and Human Services (DHHS), and local school districts, to enter into cooperative agreements for the provision of education at any child care center that is licensed under statute by the Health Division. The education provided through such arrangements could also be funded through a school district's per-pupil basic support.

There has been much discussion this Session about the need for, and value of, expanding education for children before they enter kindergarten. The passage of

S.B. 344 will offer a creative solution by establishing a linkage between existing providers of child care and education, and by utilizing existing funding mechanisms to provide these vital services to children who need the opportunity to continue their educational endeavors while undergoing treatment.

Chair Smith:

We have been trying for quite some time to find a resolution to this problem. This bill appears to be a good solution to a unique problem.

John Sande IV (UHS of Delaware):

My client is licensed as a hospital. They provide care and treatment for sick individuals.

It was not our intent to expand this narrow issue to all child care institutions as defined by *Nevada Revised Statute* (NRS) 432A.0245. Perhaps it would be appropriate to limit the jurisdiction of this bill to hospitals, that provide educational care, rather than child care institutions. However, I do not know the ramifications of that limitation.

Chair Smith:

The sponsor of the bill can consult with our Legal Division to clarify that issue.

Mike Lyons (Vice President, Specialty Education, Universal Health Services, Inc.):

When a child has a severe mental illness that dramatically affects his or her functioning or well-being, he or she may be admitted to a psychiatric hospital for treatment by a physician's order. The child may be suicidal, self-harming, experiencing a bipolar episode, a danger to self or others or suffering from severe depression. Some children experience great trauma from physical or sexual abuse. In all of these cases, it is critical that they receive the help they need in a safe and secure environment with 24-hour supervision. During this fragile time, they need to maintain their educational progress so they can reintegrate into their traditional school on a level with their peers.

Senate Bill 344 allows licensed psychiatric hospitals, that provide educational services, the authority to request educational funding from the NDE. Such facilities have had to hire licensed teachers, licensed school administrators, purchase curriculum and purchase textbooks and technology so children can maintain their grade level while accessing treatment. In many cases, Nevada Medicaid is paying

for that treatment. Unfortunately, there is no mechanism to allow educational funding to follow the child. Consequently, the hospital must bear those costs.

For the past several years, we have been contacting school administrators, legislators and the NDE to collaborate on a solution to this problem. We have seen tragic events unfold across the Country. Leaders are asking the mental health system to communicate with the educational system to address common concerns. The children in mental health hospitals have the right to continue their education at comparable and equitable levels to their peers. We would be grateful for your support of S.B. 344 and look forward to its implementation in the 2013-2014 school year.

Chair Smith:

Children in residential programs have been receiving educational services. The problem has been that the NDE, Nevada Medicaid or private health insurance has not been paying for it.

Mr. Lyons:

We have had to establish a private school at the Willow Springs Center (WSC) in Reno so that children can earn grades and credits in preparation for transition to their traditional school settings. The students in our facility are from different counties or even from out-of-state. The school districts from which they came are receiving funds from the Distributive School Account (DSA), if those students were present on the school count day.

Senator Kieckhefer:

The education for children at the Caliente Youth Center is provided by Lincoln County. In the Nevada Youth Training Center, Elko County does not provide educational services. Has the WSC engaged the WCSD about providing education there?

Mr. Lyons:

Yes. We have had ongoing discussions with them. We have also contacted the NDE. In the summer of 2012, the NDE brokered a meeting with us and the WCSD in which we had a spirited conversation. Two months after that meeting, the WCSD responded to us with their position that they had no responsibility to serve children at the WSC. We followed up with more questions for them and they maintained their position.

Senator Goicoechea:

I would like clarification of the definition of "child care institution" contained in NRS 432A.0245. This bill should only apply to children who are in the institution for medical reasons.

Senator Woodhouse:

I will read NRS 432A.0245:

1. "Child care institution" means a facility which provides care and shelter during the day and night and provides developmental guidance to 16 or more children who do not routinely return to the homes of their parents or guardians. Such an institution may also provide, without limitation:

(a) Education to the children according to a curriculum approved by the Department of Education;

(b) Services to children who have been diagnosed as severely emotionally disturbed as defined in NRS 433B.045, including, without limitation, services relating to mental health and education; or

(c) Emergency shelter to children who have been placed in protective custody pursuant to chapter 432B of NRS.

Senator Denis:

If a child is in a hospital, located in a county other than his or her county of residence, who would be sending the DSA allocation to the hospital?

Mr. Lyons:

Under the bill, the distribution would be made by the NDE. The methods of distribution would be determined by NDE rules. The NDE would make the needed reconciliations with the individual school districts.

Chair Smith:

We tried to find a solution during the 2011 Legislative Session. At that time, the NDE was unable to reach a conclusion on how to deliver education to children in facilities that bore the expense of education and to children in facilities that did not offer educational services.

Senator Woodhouse will work with the Legal Division to clarify the definitions and jurisdiction of this bill in response to Mr. Sande's testimony.

Jim Serratt (Chief Executive Officer, Willow Springs Center):

We appreciate your engagement over the last few years on this issue. The WSC is the last remaining private residential treatment center in Nevada. Residential treatment is different from other treatment programs because it is a long-term program for children with behavioral problems. They may be receiving treatment for a year or more. Our center differs from an acute-care hospital because we take as much time as necessary to explore the things that will allow children to return to a productive life. We have endeavored to create a school environment that duplicates the environment to which they will return.

The reason we are seeking financial assistance with the educational component of our program as a hospital is that Nevada does not have a "residential treatment center" licensure. Consequently, we uphold the standards and intensity level of a behavioral health hospital.

Ms. Haldeman:

We are neutral on this bill. We support the intent of the bill but we have some concerns. Our biggest concern is about which institutions would qualify for funding from the DSA. Mr. Sande's clarification adequately addresses that concern. One suggestion we have, in order to narrow the jurisdiction of the bill, is to define the child care institution as one that offers mental health services.

How would the NDE calculate the amount of DSA funds sent to the institution? We expect there to be a mechanism through which the institution would request the funds. We know these children are in crisis when they are placed in the institution and their educational services must be planned around their mental health treatment. Would a student qualify for funding on the day they check in, or after they have started receiving educational services? Would the DSA distribution be prorated? Would the distribution be 100 percent of the distribution that would go to the school district, even if the child were in the institution only a portion of the school year?

Chair Smith:

Is it fair that the school district receive the full distribution from the DSA, even though the child may only be in the district a portion of the school year?

Ms. Haldeman:

That is a valid point. We still have a question on how the distribution from the DSA is calculated in those cases.

Would there be any accountability measures required of the institution? Would there be testing and assessment to ensure that the institution is meeting the needs of students as defined by the State?

We are concerned about the due-process ramifications of the institution not having sufficient funds, or not spending the funds they have, to provide services contained in the Individualized Education Programs prescribed for special education students. Would the school district or the child care institution be liable?

The virtual classes in Clark County would be useful to the students in applicable child care institutions. We want to extend an invitation to them to enter into a partnership to use these classes.

This bill would be helpful to us in educating those children who find themselves in difficult circumstances. We want to work out the mechanics so we all know what to anticipate.

Chair Smith:

Does section 2, subsection 1 of the bill answer your questions?

The Department of Education, the county school districts of the various counties and the Health Division of the Department of Health and Human Services may enter into cooperative agreements for the provision of education at any child care institution that is licensed by the Health Division and operated pursuant to chapter 432A of NRS.

Would the cooperative agreements contain language to address your concerns and answer your questions?

Ms. Haldeman:

Yes, and we wanted to be on the record stating that there are many details that need to be worked out.

Senator Goicoechea:

Is the count day the same day in all school districts in the State? If so, it can be added to the bill for clarification. We need hard-line equity. I hesitate to leave it all for negotiation because some parties may not come to the table. I would prefer setting the standard in statute to create parity across the system. The money should follow the child.

Ms. Haldeman:

We do not want to place the institution at a disadvantage if a child is in the district school on count day and enters the institution a week later. The money should follow the child.

Chair Smith:

We need to clarify how the money will follow the child.

Senator Goicoechea:

Upon entry into the institution, the money should go with the child regardless of where that child was on count day. The purpose of this bill is to provide education to those individuals in those institutions.

Ms. Haldeman:

The money should come from the district that received the allocation for that child.

Ms. Anderson:

I agree with Ms. Haldeman. We are neutral on the bill. There are technical issues with the bill that need to be worked out. The NDE will have to assist school districts in tracking the children going into the institutions. For instance, we may have a child who enters school in October and was not counted in September. If that child leaves to enter an institution in December, we did not receive funds from the DSA for him so there are no funds to transfer to the institution. We can anticipate problems in transferring public money to a private institution. We are willing to participate in the solutions.

Chair Smith:

This issue has been a source of frustration for several years. It could have been resolved by now. The same situation occurs with a child who moves to Nevada from another state after the count day. We still educate that child even though the school district did not receive DSA funds for him.

Marla McDade Williams (Deputy Administrator, Health Division, Department of Health and Human Services):

We currently license approximately seven child care institutions. There are 446 children in those institutions. In two facilities licensed as hospitals, one of which is the WSC, there are 174 beds. The WSC uses a residential-treatment model. They are licensed as a hospital because Nevada has no license designation for "residential treatment center."

Chair Smith:

If there are only two facilities licensed as hospitals, what makes them different?

Ms. Williams:

Nothing makes them different for purposes of licensure status. The population they serve, primarily children, is different. We have approximately 50 hospitals in the State that are licensed. If we had a license designation for "residential treatment center," the WSC could be licensed under that designation.

Chair Smith:

Have you been involved in the discussion to clarify which child care institutions would be included in S.B. 344?

Ms. Williams:

No. This is our first opportunity to discuss this.

Chair Smith:

Can I ask you to meet with other stakeholders in this bill to further clarify the intent of it?

Ms. Williams:

Yes.

Julia Teska (Office of Fiscal Accountability, Department of Education):

My suggestion on calculating the share of the DSA funds that go to the institution would be to use a straight proration based on the portion of the year the child is served by the educational services of the institution. I agree that it should be a shared encumbrance with the child's district of residence.

If a child is counted in the district school on count day there is no impact to the State. The district receives the DSA distribution so there should not be an impact

to the district. The institution receives the proportion of the distribution for the time spent in the institution. When a child is in the institution on count day, and if he or she is not counted on the home district books, there could be a problem. This could be resolved through effective communication between the NDE, the institution and the school district of residence. The institutions' counts, as reflected in Ms. Williams' testimony, amount to approximately 0.10 percent of total Statewide enrollment. I do not anticipate a large financial impact upon the State.

Chair Smith:

I want to reiterate my frustration with this issue. We have been discussing it with the NDE and the school districts for such a long time. I want to see this resolved soon.

Does the WSC have residents from out-of-state?

Mr. Serratt:

Currently there are 63 Nevada residents at the WSC. We pursue funding options for the out-of-state residents' education from their home states. We are very limited in what we are able to do. Other states are in the process of establishing the same procedures that we are discussing today. We anticipate success in receiving educational funds for all of our residents.

Chair Smith:

Is it your intention to seek per-student funding from the home district for Nevada residents and segregate that funding from any funding you receive from outside the State?

Mr. Serratt:

Absolutely.

Chair Smith:

Do any private insurance plans reimburse for education costs?

Mr. Serratt:

No private insurance plans compensate for education services at the WSC. Insurance for military dependents has a limited provision. They require a denial of services letter from the student's home district. Those denial letters are difficult to obtain from the districts in other states.

Chair Smith:

Seeing no further comments on S.B. 344, the hearing is closed. The hearing on S.B. 412 is now open.

SENATE BILL 412: Makes an appropriation to the Nevada System of Higher Education to allow senior citizens to audit college classes for a nominal fee. (BDR S-1048)

Senator Woodhouse:

This measure enables Nevada's seniors to attend classes within the Nevada System of Higher Education (NSHE) on an audit basis, when space is available.

There are a number of individuals here with more expertise on this issue, but I would like to offer a brief overview of the contents of the bill. Simply, S.B. 412 provides a \$50,000, one-shot appropriation from the General Fund to NSHE. These funds will be used to offset the costs of allowing senior citizens, age 62 or older, to audit university, college, and community college classes when space is available. The bill also allows that a nominal fee be charged to cover the cost of processing these enrollments, should the appropriation in the bill be insufficient to cover these costs.

The Board of Regents previously had a policy in place enabling seniors to audit courses free of charge. However, the policy was set aside in 2011 as a cost-cutting measure in response to ongoing budget reductions.

You may hear concerns that the finances of our higher education system have not yet recovered to the point where it can afford to provide free education. However, I would like to point out that S.B. 412 requests that only the unused, excess capacity of Nevada's state colleges and universities be made available, and it also allows for an administrative fee to be charged.

The Nevada Senate has a tradition of supporting lifelong learning and promoting its value. Senate Bill 412 improves access to lifelong learning opportunities. Not only does the bill enable seniors to take courses for personal fulfillment, but it also enables them to expand their professional knowledge and skills, thus enabling them to participate in our economy as it continues to grow.

The presence of seniors in the classroom has the additional benefit of improving intergenerational understanding and adds to the diversity of experience and perspective at our institutions of higher learning.

It is important to recognize that Nevada's seniors continue to pay taxes to support our State's educational systems, even though they may no longer have children participating. This bill enables seniors to access the higher education system which they help fund.

Our State's senior citizens, and the empty seats in our college classrooms, are valuable and sometimes underutilized assets. This bill brings the two together for the benefit of our entire State.

Senator Kieckhefer:

Does this bill allow NSHE to recover hard costs such as lab fees?

Senator Woodhouse:

I had thought about an English literature class or a computer class. I will pursue an answer to that question.

Senator Denis:

The bill appropriates \$50,000. Does NSHE discontinue the program when that amount has been exhausted?

Senator Woodhouse:

Originally, we wanted a higher appropriation. I want to make a first step to give seniors an educational opportunity. When the \$50,000 runs out, it runs out. There is hope that the NSHE budget will improve and that they will reinstate this program. If not, I will return to the Legislature in 2015 to do so.

Senator Denis:

Do we know how much NSHE spent on this program in the past?

Senator Woodhouse:

I received a cost allocation from NSHE in which the figure was over \$1 million, based on past economics.

Chair Smith:

If NSHE had such a program in the past, there must be a process in place to run it.

Senator Woodhouse:

The program enrollment would be on a first-come, first-served basis, by campus. Seats would not be available in classes that are filled to capacity by tuition-paying students.

Senator Kieckhefer:

I am looking at this from the perspective of a tuition-paying student trying to graduate. His economic future may be dependent upon taking a particular course. Is it fair to have a student in the class who does not have the same investment? How do the dynamics of such a class work? Does a professor have more of an obligation to help the tuition-paying student than he does an auditor? Are we being fair to those who are investing in their own degree programs?

Senator Woodhouse:

We need input from NSHE about this philosophical question. As an educator, I treat all students alike. I have been an auditor. I was never treated differently by a professor. Most young people appreciate the participation of seniors in their classes.

Senator Kieckhefer:

The cross-generational interaction is valuable. Do auditors have to live up to the same expectations as other students?

Senator Woodhouse:

I do not know how NSHE handles that question. When I audited classes elsewhere, the only thing that I was not required to do was to take exams. I will speak to students and professors at NSHE about this.

Jeanne Baret:

I support S.B. 412. I have submitted a copy of my testimony ([Exhibit C](#)).

Patrick T. Sanderson (Nevada Alliance for Retired Americans):

We support S.B. 344. My mother-in-law, a lifetime educator, graduated from the University of Nevada, Reno in 1933. After she retired, she reiterated many times her desire to return to school as a student. Everyone realizes how tight money is for education. Education is not just for children. The world is evolving and all of us

can benefit by additional education. The appropriation is a small amount. It will be a benefit to smaller communities with NSHE satellite campuses and empty seats. The presence of seniors in classes with young people is a benefit to everyone.

Seniors still pay taxes that go to Nevada's educational system. The appropriation in this bill is a very small amount to give back to seniors.

Bruce Arkell (Nevada Senior Corps Association):

Upon first reading, we were opposed to S.B. 344 because of the fiscal impact. After getting more information, we can support it. We would be willing to cooperate with NSHE to publicize the program. I have taken college-level classes and have not been concerned about receiving credit. I wanted the information. I received the same treatment as any other student in the class. I worked well with other students. It is important to seniors to have the opportunities that will come from this bill. I understand the tight budgets. This program should not be a cost to NSHE because they have the ability to charge a small fee. It will fill seats that would otherwise be empty. This will be a benefit to students who need the class credit if filling those seats prevents a cancelled class. The NSHE should be reimbursed for actual costs without including their 40 percent overhead rate.

Constance J. Brooks, Ph.D. (Director, Government Relations, Nevada System of Higher Education):

We support lifelong learning and cross-generational exposure. However, we do not support S.B. 344. In recognition of a fiscal impact of approximately \$1 million of lost revenue, the Board of Regents voted in June 2011 to suspend the Senior Citizens Waiver Program (SCWP). Other tuition discount programs that have been suspended recently include the children of alumni discount, the good neighbor discount, discounts for courses offered on high school campuses and fee reductions for nonmatriculated foreign language speakers. In March, the Board of Regents voted to maintain the SCWP suspension because the NSHE fiscal situation has not changed since the original vote. Legislatively, our focus is related to funding. We are trying to garner support for a new funding formula. We are also attempting to restore salaries and benefits for our employees. We would like more support for the Knowledge Fund.

We are shifting our paradigm to focus on performance and outcomes, completion, graduation, transfers and ensuring that our students are integral players in our State goals relative to economic development.

The only waivers or discounts that remain in statute are those related to National Guard members and survivors of police officers killed in the line of duty.

We have been asked by members of the Assembly to offer in-State tuition waivers for veterans who are honorably discharged in Assembly Bill (A.B.) 260.

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

Our returning veterans are a population that requires the expenditure of additional funds as they attempt to assimilate back into their communities. We want them to be integral players in our State's economic development.

We understand the value of opening our doors to the senior population in the pursuit of lifelong learning. We hope to reinstate the SCWP. I ask that this Committee respect the decision that the Board of Regents made twice.

Chair Smith:

Is the intent of this bill to provide \$50,000, which is the limit NSHE would accept for this designation of student?

Senator Woodhouse:

My intent is that \$50,000 would be available for this program. We are also looking for a nominal fee from the senior student.

Chair Smith:

When the \$50,000 is gone, would there be further expectation that NSHE would accept other students?

Senator Woodhouse:

No. There would be no further expectation for this biennium.

Chair Smith:

I do not see a fiscal impact on NSHE if this bill provides for reimbursement of actual costs and an additional fee from the senior student. There is no obligation in the bill that NSHE accept students after the appropriation is exhausted. Do you expect additional students after the \$50,000 is exhausted?

Dr. Brooks:

Our sentiment is that the \$50,000 is a mere drop in the bucket for the seven institutions within NSHE. During the 2010-2011 school year, the amount of \$1 million sounded exorbitant. To limit the program and close the doors to certain individuals who wish to audit classes creates an administrative burden on our limited staff considering all of the initiatives we have in place. We ask that you respect the Board of Regents' deliberation process and their decision to suspend this policy.

Chair Smith:

I understand that point. I want to reiterate that NSHE is not being asked to take more students than what the \$50,000 would accommodate.

Dr. Brooks:

We acknowledge that it would cover a limited number of students.

Chair Smith:

Where does an auditing student fit into the funding formula?

Dr. Brooks:

The formula has two components, the performance pool and the base formula. The few students who audit classes are not included in the performance pool but they are included in the base formula because we count weighted student credit hours.

Senator Kieckhefer:

Are there restrictions on which classes can be audited?

Dr. Brooks:

Some classes have prerequisites. There are stipulations about class availability. Laboratory classes have definite class-size limits. If a student enrolls in a class as an auditor and finds the curriculum is above his or her comprehension, a counselor can guide that student to a more appropriate class.

Chair Smith:

Seeing no further comments, the hearing on S.B. 412 is closed. I will open the Work Session on the Governor's Office of Veteran's Policy Coordination (OVPC).

Mark Krmpotic (Senate Fiscal Analyst):

The Governor has recommended the establishment of this new office for the 2013-2015 biennium within the Office of the Governor. The Executive Budget recommends an appropriation from the General Fund of \$504,511 over the biennium. The OVPC will consist of three nonclassified FTE positions. The responsibilities of the OVPC would be to coordinate with the Office of Veterans' Services (OVS) to implement the recommendations of the Interagency Council on Veterans Affairs (ICVA), to establish and coordinate policies relating to the provision of services to veterans, servicemen and servicewomen and their families in Nevada to include the funding, delivery and coordination of those services.

When this Committee heard this account in February, the Committee inquired as to why the functions of this new proposed office could not be integrated into the existing OVS. During testimony and in subsequent information provided to Fiscal Staff, the OVS indicated that it is currently an operational department that, by statute, runs the State Veterans Home and State cemeteries and provides direct services to veterans, while the OVPC would be focused on policy development and coordination.

Per NRS 417.090, the Executive Director of the OVS is charged with a number of duties, including, but not limited to, coordinating activities of veterans' organizations, serving as a clearinghouse to disseminate information regarding veterans' benefits and cooperating with county coordinators of veterans' services. Based on these statutory duties, it appears that the proposed OVPC would duplicate many of them.

If the establishment of the OVPC is approved, the next major consideration concerns how the positions will be established and the pay rate for the positions. The Executive Budget recommends nonclassified positions in the OVPC. Currently, nonclassified positions are limited and focus on the Office of Governor and the Governor's Mansion maintenance accounts. A parallel is drawn with the Agency for Nuclear Projects, in which there are unclassified positions, the salaries of which are established by the Legislature in the Unclassified Pay Bill. For the OVPC, its director, in consultation with the Office of the Governor, would establish staff salaries within the limits of available funding. The Legislature would establish the salaries of unclassified salaries in the Unclassified Pay Bill.

Chair Smith:

In February, we discussed whether the duties of the proposed OVPC would be a duplication of the duties of the OVS. In this economic environment, creating a new office seems counter to the consolidations we have achieved. I have always supported the funding for services to our veterans. I have been clear about my support for veterans' services, given that we expect a great number of veterans to be returning to civilian life in the near future.

Senator Kieckhefer:

There is consistency of mission and constituency served regarding policy and service. I do not see a need to separate them into two locations. It is proper to appropriate additional funding for veterans' services. I support that. I do not understand the housing component.

Senator Goicoechea:

What are the benefits of having two separate offices?

Caleb S. Cage (Executive Director, Office of Veterans' Services, Office of the Governor):

The OVS, under NRS 417, has the authority to coordinate veteran service organizations and service providers, to serve as a clearinghouse of information and to do all of the things that would be a function of the proposed OVPC. However, the OVS is not staffed to accomplish all of those tasks. We do not have a public information officer. We have a pending bill to elevate the OVS to a cabinet level position.

ASSEMBLY BILL 58: Revises various provisions relating to veterans. (BDR 37-303)

We do not have a State agency information technology person. We are funded to run three primary programs: the nursing home, the cemeteries and the veterans service officer (VSO) program. Those are the programs in which, if we fail, we have immediate consequences. Everything else we do falls into the category of "other duties as assigned." This is an untenable position. Our military has been in two 10-year conflicts. The Army and the Marine Corps are now in the process of downsizing by 25 percent. We anticipate large numbers of veterans, their families and survivors to return home to Nevada in the near future. The proposed OVPC will be able to assume those "other duties as assigned." We would be open to removing those duties from NRS 417 and including them into the statute governing the OVPC.

The OVS is programmatic. The OVPC is a coordinating body. Bringing the OVPC into the Governor's Staff will give it a level of credibility and convening power commensurate with the authority of the Office of the Governor. The OVS would be just one entity that the OVPC would coordinate.

The large majority of returning veterans are not yet interested in nursing home services or cemetery facilities. Perhaps 10 percent of them are interested in the services of a VSO.

There is a wealth of other resources available to returning veterans that needs to be coordinated. The OVS is not structured to do that. The authority of the Office of the Governor will enhance the effectiveness of a coordinating body more than the OVS peer-to-peer relationships with other entities.

Chair Smith:

We are not questioning the need for the work that the OVPC would perform. We are interested in not expanding government and being able to do the work in a streamlined manner. We do not expect you to do the work with no staff. If you had the additional staff, why would it not make sense to house that work in the OVS budget?

Mr. Cage:

The convening authority and credibility of the Office of the Governor, combined with the ability of a member of the Governor's Staff to communicate and coordinate with the ICVA, is greater than my authority to do so. The director of the OVPC would coordinate the services of OVS and the services of the DHHS, the Department of Corrections, other State agencies and the federal and local governments.

Senator Goicoechea:

If the Legislature does not accept this amendment of \$504,511 to the Executive Budget, will you have to amend the OVS budget to staff your office to be able to include those "other duties as assigned?"

Mr. Cage:

We would have to consult the Governor if this amendment does not pass. The duties would default to my office in an unfunded way. We will continue to do as we have been doing, but we will not be efficient.

Senator Goicoechea:

Are you saying that unless you get more funding, you will not be able to get the job done?

Mr. Cage:

I am not saying we would not get the job done. We would do everything we could to do the job. We have responded to questions raised by the Fiscal Analysis Staff. We invested \$450,000 of Agency discretionary funds from the license plate gift account in researching the most efficient way of structuring services to veterans in the future within the available funding resources. Our proposal represents the conclusions of our study.

Chair Smith:

While we are here, we have the ability to pass a budget that would adequately fund the work that we are discussing. Everyone understands the need to provide better funding for veterans' services in a variety of ways.

Lucas Foletta (General Counsel and Policy Director, Office of the Governor):

The ability of the Governor to coordinate resources across State government and local government entities and to engage the private sector is more significant than the ability of a cabinet head to do so. It is difficult to coordinate services across State government in a peer-to-peer manner. Veterans are unique because they need to utilize a variety of State and local government services. Those who return from extended periods overseas often need housing, employment, medical care and health and human services. From a management point of view, someone in the Office of the Governor can best accomplish prioritizing and coordinating those services in a more efficient manner. The statute governing the operation of the OVS provides some flexibility to perform these coordinating functions. We have been doing that through Executive Order #2012-15.

Senator Kieckhefer:

Structurally, the OVPC would be similar to the Governor's Office of Energy. Do department heads perceive the director of that office to be superior to them in the hierarchy?

Mr. Foletta:

There is a difference in how the director of the Governor's Office of Energy operates and how the director of the OVPC would operate. The former does not coordinate the delivery of services from a variety of agencies in support of State

energy policy. She has some statutory responsibility to oversee abatement programs and to produce reports and assessments relating to the energy landscape in the State. She operates in a narrower field than would the director of the OVPC. The director of the OVPC would serve individuals who may need the assistance from a wide array of State agencies.

Senator Kieckhefer:

Is there another office within the Governor's Office that is similar in structure to the proposed OVPC?

Mr. Foletta:

I do not know of a directly analogous office. The Governor's Office of Economic Development performs a coordinating function with local redevelopment agencies and the private sector. That would be a close analogy. However, it does not focus on developing policy to deliver services and marshal State resources to serve a particular constituency with a demand for State services. It focuses on marketing the State, ensuring that we have programs designed to properly incentivize businesses to locate in Nevada, achieving a common vision for economic development with State government and local redevelopment agencies.

However, I do not know that the director of that office has, as would the director of the OVPC, the need to convene groups of people to talk about how we can best serve the needs of individuals in our State who need the more traditional State services. Those might include mental health services, foreclosure assistance, employment and training, insurance and other services needed because of being out of the Country for extended periods. The intent is not to prioritize their needs solely because of their service. The intent is to prioritize their needs because their needs are more complex and dynamic than those of an average citizen.

Senator Goicoechea:

The intent is to put veterans' services at a cabinet level.

Mr. Foletta:

The bill does more than that. Cabinet level is appropriate because of the size and scope of what the OVS currently does. There are historical quirks explaining why the OVS remains an office, despite its size being generally equated with a State agency. The bill also creates the OVPC that will coordinate the delivery of services and develop policy ideas for consideration by the Legislature and others. The Office of the Governor already coordinates interagency cooperation between

various State agencies and their delivery of services to particular groups, i.e., early childhood education services in the DHHS.

Senator Goicoechea:

We recognize Mr. Cage's hard work and dedication, especially in rural areas. I want to do whatever we can to make veterans' services better.

Chair Smith:

I agree with that. The cabinet level position makes sense. I question the logic of creating a new office. It seems to me that we could fund more positions in the existing OVS to achieve the same goal.

Senator Kieckhefer:

The Office of the Governor is grossly underfunded and unable to develop teams of experts to oversee actions such as policy coordination and inter-governmental relations. The proposal for a cabinet-level office is a result of that condition.

Chair Smith:

I agree. Perhaps that is the discussion we should be having.

Mr. Foletta:

The DHHS is the one State agency that interacts with multiple stakeholders and partners throughout the State. We help deliver the coordination and the availability of services at a local government level because the Executive Branch provides funding for those services. The distinction between what they do and the challenge we face with veterans is that the Executive Branch does not grant or pass through significant amounts of money to local governments or private veterans' organizations.

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Chair Smith:

Seeing no further public comment, this meeting is adjourned at 9:59 a.m.

RESPECTFULLY SUBMITTED:

Leslie Sexton,
Committee Secretary

APPROVED BY:

Senator Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	3		Attendance Roster
S.B. 412	C	1	Jeanne Baret	Statement