

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session  
April 8, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 8:05 a.m. on Monday, April 8, 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 David R. Parks  
Senator Moises (Mo) Denis  
Senator Ben Kieckhefer  
Senator Pete Goicoechea

**COMMITTEE MEMBERS ABSENT:**

Senator Michael Roberson (Excused)

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Eileen G. O'Grady, Chief Deputy Legislative Counsel  
Alex Haartz, Principal Deputy Fiscal Analyst  
Julie Waller, Senior Program Analyst  
Thomas Hutton-Potts, Committee Secretary

**OTHERS PRESENT:**

Pat Conmay, Chief, Records and Technology Division, Department of Public Safety  
Julie Butler, Records Bureau Chief, Records and Technology Division, Department of Public Safety  
Catherine Krause, Chief IT Manager, Records and Technology Division, Department of Public Safety  
Julia Teska, Office of Fiscal Accountability, Department of Education

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Joyce Haldeman, Clark County School District  
Lindsay E. Anderson, Director of Governmental Affairs, Washoe County School District  
Mary Pierczynski, Nevada Association of School Superintendents  
Jeff Mohlenkamp, Director, Department of Administration

**Chair Smith:**

We will hear the proposed budget closings for the Governor's Office.

**Mark Krmpotic (Senate Fiscal Analyst):**

There are four budget accounts (B/A) to close for the Governor's Office and one budget to close for the Lieutenant Governor's Office as noted on the cover page of the Senate Committee on Finance, Closing List No. 2, April 8, 2013 ([Exhibit C](#)).

The first budget is the Office of the Governor, B/A 101-1000. There are no major issues for the Committee to consider. There is a Base Budget adjustment that provides for a 41 percent increase in operating expenditures as recommended in fiscal years (FY) 2013-2014 and 2014-2015. As noted on page 2 of [Exhibit C](#), this is primarily attributable to the transfer of approximately \$84,000 in annual membership dues to the National Governors Association (NGA) paid by the Governor's Office of Economic Development (GOED) in FY 2012. In addition, there is the reestablishment of paying annual membership dues of \$36,000 to the Western Governors' Association (WGA) which has not been paid from FY 2007-2008 to FY 2011-2012.

ELECTED OFFICIALS

GOVERNOR'S OFFICE

Office of the Governor — Budget Page ELECTED-7 (Volume I)  
Budget Account 101-1000

Fiscal Staff has confirmed that the NGA dues of approximately \$86,000 have been removed from the Base Budget of the GOED. Fiscal Staff has no issues with this item.

**Chair Smith:**

If we did not pay the WGA dues from FY 2007-2008 to FY 2011-2012, does this catch us up or do we start paying currently?

**Mr. Krmpotic:**

This would provide for just the annual dues for each year of the biennium of \$36,000 based upon Fiscal Division Staff's research. The annual dues were paid in FY 2012-2013.

**Chair Smith:**

Is this the same procedure we used for the Legislative organizational dues when we did not pay retroactively, we just paid the current dues?

**Mr. Krmpotic:**

Yes, this just pays the current dues.

The department cost allocation adjustments in B/A 101-1000 are in decision units M-801, E-801 and E-804 as displayed on page 3 of [Exhibit C](#).

M-801 Cost Allocation — Page ELECTED-8

E-801 Cost Allocation — Page ELECTED-10

E-804 Cost Allocation — Page ELECTED-11

Decision units M-801 and E-801 are the Department of Administration's cost allocation, while decision unit E-804 is the cost allocation providing for centralized personnel services through the Division of Human Resource Management (DHRM). Fiscal Staff has no issues with these decision units.

Decision unit E-802 is the increased cost allocation to transfer the Commodity Supplemental Food Program (CSFP) from the Department of Administration to the Department of Agriculture. Because the CSFP paid a portion of the cost allocation, removing it from the Department of Administration, it increases the allocation of other budget accounts, including the Governor's Office. This decision unit is contingent upon this Committee's final action dealing with the transfer of the commodity food program to the Department of Agriculture.

E-802 Cost Allocation — Page ELECTED-10

Decision unit E-710, item 4 on page 3 of [Exhibit C](#), requests the replacement of computer equipment totaling approximately \$14,000 in General Fund monies over the biennium. This is to replace printers, computers and software as well as the antiquated recording equipment used to record public meetings in the Capitol Building's Kenny C. Guinn Room.

E-710 Equipment Replacement — Page ELECTED-10

Fiscal Staff recommends all other closing items be closed as recommended by Governor Brian Sandoval and requests the authority to make technical adjustments.

SENATOR GOICOECHEA MOVED TO APPROVE THE COST ALLOCATION ADJUSTMENTS IN DECISION UNITS M-801, E-801 AND E-804 AS WELL AS THE EQUIPMENT REPLACEMENT IN DECISION UNIT E-710; TO APPROVE DECISION UNIT E-802 IN B/A 101-1000 AS RECOMMENDED BY THE GOVERNOR CONTINGENT UPON THE APPROVAL OF THE TRANSFER OF THE CSFP FROM THE DEPARTMENT OF ADMINISTRATION TO THE DEPARTMENT OF AGRICULTURE; AND TO ALLOW FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS DENIS AND KIECKHEFER WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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**Mr. Krmpotic:**

The Governor's Mansion Maintenance, B/A 101-1001, on page 4 of [Exhibit C](#), includes one major issue regarding a budget amendment. Budget Amendment A13A0077 recommends an additional \$22,005 in General Fund monies over the biennium to support health care and retirement benefits costs resulting from combining a nonclassified, 0.49 full-time equivalent (FTE) position with a vacant nonclassified 0.15 FTE position to create one nonclassified 0.64 FTE position.

Governor's Mansion Maintenance — Budget Page ELECTED-12 (Volume I)  
Budget Account 101-1001

Positions in Nevada established at 0.50 FTE, or higher, are eligible for health care and retirement benefits through the Public Employees' Benefits Program. Does the Committee wish to approve the budget amendment to provide health care and retirement benefits for a 0.64 FTE nonclassified position?

SENATOR PARKS MOVED TO APPROVE AN INCREASE OF \$22,005 IN GENERAL FUNDS IN B/A 101-1001 THROUGH BUDGET AMENDMENT A13A0077 OVER THE 2013-2015 BIENNIUM TO COMBINE ONE NONCLASSIFIED 0.49 FTE POSITION WITH ONE NONCLASSIFIED 0.15 FTE POSITION TO CREATE ONE NONCLASSIFIED 0.64 POSITION.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR DENIS WAS ABSENT FOR THE VOTE.)

BUDGET AMENDMENT APPROVED.

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**Mr. Krmpotic:**

Decision unit M-425 recommends General Fund monies of \$58,200 in FY 2013-2014 for deferred maintenance projects for the Governor's Mansion.

M-425 Deferred Facilities Maintenance — Page ELECTED-13

Deferred maintenance projects for the Governor's Mansion have not been requested or funded in the last three biennia. Fiscal Staff has no issues with this item.

Decision units M-801 and E-801 recommend a decrease of \$1,668 in General Fund monies over the 2013-2015 biennium for the Department of Administration cost allocations. Decision unit E-804 recommends an increase of \$650 in General Fund monies over the 2013-2015 biennium to fund centralized personnel services provided to this account by the DHRM.

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M-801 Cost Allocation — Page ELECTED-13  
E-801 Cost Allocation — Page ELECTED-14  
E-804 Cost Allocation — Page ELECTED-15

Decision unit E-802 recommends an increase in General Fund monies of \$2,588 over the 2013-2015 biennium to transfer the CSFP from the Department of Administration to the Department of Agriculture. This recommendation appears reasonable and is contingent upon the approval of the transfer of the CSFP from the Department of Administration Purchasing Division to the Department of Agriculture.

E-802 Cost Allocation — Page ELECTED-15

Fiscal Staff recommends all other closing items be closed as recommended by the Governor and requests authority to make technical adjustments.

SENATOR GOICOECHEA MOVED TO APPROVE \$58,200 IN DECISION UNIT M-425 OF B/A 101-1001 IN FY 2013-2014 FOR DEFERRED MAINTENANCE TO THE GOVERNOR'S MANSION; TO APPROVE A DECREASE OF \$1,668 OVER THE 2013-2015 BIENNIUM IN DECISION UNITS M-801 AND E-801; TO APPROVE AN INCREASE OF \$650 OVER THE 2013-2015 BIENNIUM FOR CENTRALIZED PERSONNEL SERVICES; TO INCREASE THE DEPARTMENT OF ADMINISTRATION COST ALLOCATION OF \$2,588 OVER THE 2013-2015 BIENNIUM FOR TRANSFER OF THE CSFP FROM THE DEPARTMENT OF ADMINISTRATION TO THE DEPARTMENT OF AGRICULTURE IN DECISION UNIT E-802 AS RECOMMENDED BY THE GOVERNOR; AND TO ALLOW TECHNICAL ADJUSTMENTS TO BE MADE BY FISCAL STAFF AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**Mr. Krmpotic:**

The next closing item is B/A 101-1011, the Governor's Washington Office, on pages 6 and 7 of [Exhibit C](#).

Governor's Washington Office — Budget Page ELECTED-17 (Volume I)  
Budget Account 101-1011

There are no major issues within this budget.

Fiscal Staff recommends all other closing items be closed as recommended by the Governor and requests authority to make technical adjustments.

SENATOR KIECKHEFER MOVED TO APPROVE B/A 101-1011 AS RECOMMENDED BY THE GOVERNOR; AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**Mr. Krmpotic:**

Budget account 101-1007, for the Governor's Office State Fiscal Stabilization Account, appears on page 12 of [Exhibit C](#). It was originally established by the 2009 Legislature pursuant to the American Recovery and Reinvestment Act of 2009 to receive and distribute all stabilization funds received.

Governor's Office State Fiscal Stabilization Acct — Budget Page ELECTED-18  
(Volume I)  
Budget Account 101-1007

Decision unit E-495 is a recommendation by the Governor to eliminate approximately \$43.2 million of federal funding in each year of the 2013-2015 biennium due to the expiration of the U.S. Department of Education Ed Jobs grant. This budget account has expired and therefore this account is zeroed out.

E-495 Expiring Grant/Program — Page ELECTED-18

Fiscal Staff recommends all other closing items be closed as recommended by the Governor.

SENATOR PARKS MOVED TO APPROVE DECISION UNIT E-495 IN B/A 101-1007 AS RECOMMENDED BY THE GOVERNOR; AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**Mr. Krmpotic:**

The Lieutenant Governor's budget account, 101-1020, on page 14 of [Exhibit C](#), includes out-of-state travel in the Base Budget and an increase in General Fund monies of \$4,350 in FY 2013-2014 to allow the Lieutenant Governor to make one international trip in support of marketing and tourism related to the economic development efforts in Nevada.

Lieutenant Governor — Budget Page ELECTED-57 (Volume I)  
Budget Account 101-1020

Decision unit E-710 recommends General Fund monies of \$6,736 over the 2013–2015 biennium to replace a chair, computer software, five desktop computers and antivirus subscriptions in accordance with the Division of Enterprise Technology Services' recommended equipment replacement schedule.

E-710 Equipment Replacement — Page ELECTED-59

Decision unit E-811 requests General Fund monies of \$12,018 to restore an unclassified administrative assistant position from a 0.40 FTE position to a 0.51 FTE position. This recommendation partially restores a position that was reduced through budget reductions in the FY 2011-2013 biennium.

E-811 Unclassified Changes — Page ELECTED-60

Fiscal Staff recommends all other closing items be closed as recommended by the Governor and requests authority to make technical adjustments.

SENATOR PARKS MOVED TO APPROVE AN INCREASE OF \$4,350 FOR INTERNATIONAL TRAVEL; TO APPROVE THE COMPUTER EQUIPMENT REPLACEMENTS IN DECISION UNIT E-710; TO RESTORE A 0.51 FTE POSITION IN E-811; TO CLOSE B/A 101-1020 AS RECOMMENDED BY THE GOVERNOR; AND TO ALLOW FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**Chair Smith:**

We are now opening the hearing on Senate Bill (S.B.) 462.

**SENATE BILL 462**: Makes an appropriation to the Central Repository for Nevada Records of Criminal History within the Department of Public Safety for the initial phase of the project to modernize the Nevada Criminal Justice Information System. (BDR S-1184)

**Pat Conmay (Chief, Records and Technology Division, Department of Public Safety):**

I have submitted my written testimony in support of S.B. 462 ([Exhibit D](#)).

**Chair Smith:**

Will modernizing our system give the State increased ability to apply for grants and other federal assistance? Will this help us in that process?

**Mr. Conmay:**

I am not certain that modernizing our system will make us any more eligible for grants than we are today. We are currently applying for grants to assist us with

the modernization process. New systems being implemented by the FBI, that will assist both law enforcement and public safety with modernized information sharing capabilities, currently cannot be supported by our State. If Nevada remains unable to support these information sharing functions, this State will be the last place any organization will want to invest grant funding dollars.

**Chair Smith:**

We hear from the Department of Health and Human Services (DHHS) that one of the problems Nevada has is that the State does not have good data. Would this modernization assist the Agency in the current situation, the future production of data and in the grants world?

**Mr. Conmay:**

Yes. I do not want to give the impression that the federal government would eliminate us from eligibility, but as they evaluate prospective grantees, we would not be as high on the list if we were still unable to share information.

**Chair Smith:**

Would this allow us to better coordinate with DNA labs in an improved and modernized way moving that specific process along?

**Julie Butler (Records Bureau Chief, Records and Technology Division, Department of Public Safety):**

In the future, as we modernize, we want to have an automated DNA component so that DNA is a module within the overall system's replacement. The issue that we have today, with the limited information technology resources this Division has, is that if we move into a modernized DNA collection and capture system, the same upgraded resources will work for the DNA module just as it will work for the Nevada Criminal Justice Information System environment.

We would rather perform manual work solutions in the interim to facilitate Nevada's DNA collection and then, as the system modernizes, add this to the modernized DNA capture component.

**Senator Denis:**

This technology is advancing rapidly and the FBI is constantly coming out with upgraded software. Will this modernize our system enough to be ahead of that pace so Nevada is not behind as soon as we start?

**Mr. Conmay:**

Yes. The idea behind the study was to create a system that is more flexible moving forward. Our current system is so antiquated and rigid it restricts us from doing much with it. Our focus is to create a flexible system that moves with the times. This factor was included in everything we considered within the study.

**Catherine Krause (Chief IT Manager, Records and Technology Division, Department of Public Safety):**

Yes, the tools we are considering are software tools. We are performing the proof-of-concept processes on the software now. These are state-of-the-art tools and are similar to those used by several other similar State environments. The findings of the study indicated we need to move our current system architecture into a more commonly used system matching those used in national law enforcement and criminal justice support arenas. Our current system is so tightly integrated that we do not have the option of moving to an off-the-shelf software product until we reconstruct the underlying system infrastructure to support any possible changes.

We should expect to keep refining our plans to match technology advances while we work to get the new system modernization completed. The ideology is to separate the different components, follow the constantly changing industry standards and keep refining our plan to meet those changes. The infrastructure we will create will position Nevada to better process information into the future.

**Senator Denis:**

Are we going to develop a system that is specifically customized for Nevada?

**Ms. Krause:**

No, and this is a significant change in strategy for the Agency. We are working to develop a standardized system that allows us to better communicate with all departments, agencies and states nationally and federally.

**Senator Denis:**

Are we creating a new system and then importing our existing data over, or are we having to do more than that?

**Ms. Krause:**

We are designing information sharing using a middleware software environment incorporating tools as a foundation in the way the study recommended. This is what the requested funding is designated for. The study recommended a strategy of sequentially replacing the current system piece by piece while creating the least amount of disruption to the end user. This is not simply importing data from one system to another, it is a system replacement using a modern organizational strategy.

**Chair Smith:**

We are closing the hearing on S.B. 462 and opening the hearing on S.B. 477.

**SENATE BILL 477**: Revises provisions relating to the basic support guarantee per pupil for school districts and the allocation of special education program units. (BDR 34-499)

**Julie Waller (Senior Program Analyst):**

Senate Bill 477 resulted from a recommendation of the Interim Finance Committee (IFC) for a study of new methods for funding public schools.

When the IFC's consultant, the American Institutes for Research, began their analysis of Nevada's existing school financing model, they discovered that the data elements used to derive basic financial support per pupil in the State, were lacking and, in some instances, not being updated regularly.

The study's recommendations were to place the components of the per-pupil funding formula into statute. The primary purpose of S.B. 477 is to require the Nevada Department of Education (NDE) to place the data elements currently used in the existing formula, into statute. The bill also permits the NDE to add any additional factors through regulations, if the funding formula needs to be altered in the future.

**Senator Kieckhefer:**

Are these things that have already been done?

**Ms. Waller:**

Yes. These are elements of the existing school financing formula under the Nevada Plan.

**Senator Kieckhefer:**

Are all of these currently in regulation?

**Ms. Waller:**

No. The broad conceptual framework of the Nevada Plan is in statute, but I do not believe that any of the other formulary elements are currently in regulation. One of the findings from the consultant was that most other states have their formulary components written in statute.

**Senator Kieckhefer:**

Giving the NDE the ability to add to this through regulation would create a bifurcated system where the components of the formulas would reside in both regulation and in statute. Would any of this proposed format create potential conflict, or will one have precedence over the other, when it comes time to make recommendations to update the formula?

**Ms. Waller:**

I do not know the answer to that question. The point was to place the current formula's elements into statute, and to create legislation worded broadly enough to allow any necessary changes to the formula, in lieu of waiting for a Legislative Session to propose needed changes.

The Legislature already approves the statewide average basic financial support per pupil. The next step of the process is handed to the NDE to run the data elements, as detailed in S.B. 477, through an equity-allocations model to derive the basic financial support per pupil, by district, throughout the State.

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

If the NDE were to propose modification of the funding formula through regulation, we would have to come to the Legislative Commission for approval. We are not allowed to propose regulation changes that conflict with statute. The intent of S.B. 477 is to ensure the legislation is worded broadly enough to avoid restricting us, if formulary changes are needed in the future.

**Chair Smith:**

It appears that we need to clarify the stepping stones within this process.

**Senator Kieckhefer:**

Do factors built into statute or factors built into regulation take precedence when building a proposal for the Legislature?

**Ms. Teska:**

Statute is the absolute authority. Proposed regulations would be to provide increased specificity to items listed in the statute, not to add to them.

**Senator Kieckhefer:**

Under section 1, subsection 3, paragraph C of S.B. 477, do you already have something online regarding how Nevada finances education?

**Ms. Teska:**

No. I support what is in this bill as an individual who has been working through, and with, the equity-allocation model. The lack of documentation is troubling and we would like to see that improve to ensure consistency throughout the NDE regarding how the model is calculated. Thus, the school districts, with supportive information available through our Website, will be able to verify these numbers.

**Joyce Haldeman (Clark County School District):**

The Clark County School District supports S.B. 477. We are particularly happy with the inclusion of section 1, subsection 3, paragraph B, that requires evaluating special education program units for allocating special education unit funds.

In revising the funding formulas, we are concerned that there are two populations not being discussed, nor are they present in the bill. They are the English language learners (ELL) and the students enrolled in the Free and Reduced Lunch Programs. We are uncomfortable that these populations are not included, particularly after the discussion regarding the NDE altering the formula.

**Chair Smith:**

This bill defines and codifies what we currently do, versus what the study committee will recommend in an additional piece of upcoming legislation.

**Senator Denis:**

I agree. The explanation of S.B. 477 places us at a starting point. Any additional items will come forward this Session and will arrive in other bills.

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

We are in support of S.B. 477. The Washoe County School Board participated in the interim study on the funding formula taking a position to continue the discussions regarding the funding formula. This ensures that the formula reflects the correct process the District wants. We also appreciate that the formulary elements must be placed into statute.

**Mary Pierczynski (Nevada Association of School Superintendents):**

We are in support of S.B. 477. It is our understanding that we are codifying what the State does currently and we support that. With this understanding, the Nevada Association of School Boards has also requested to go on the record in support of this bill.

**Ms. Waller:**

Concerns of the ELL and the Free and Reduced Lunch populations are addressed in section 1, subsection 2, line 12, regarding pupil populations. The Legislature decides what should become part of the Nevada Plan funding formula. Should there be a change from the current method, the term "pupil population" is broad enough to cover any possible necessary changes.

**Chair Smith:**

We will close the hearing on S.B. 477 and open the hearing on S.B. 487.

**SENATE BILL 487:** Makes an appropriation to the Office of the State Treasurer for the Governor Guinn Millennium Scholarship Program. (BDR S-1175)

**Jeff Mohlenkamp (Director, Department of Administration):**

Governor Brian Sandoval believes strongly in the Millennium Scholarship and the value it has provided to both higher education and to participants who benefit from it. We are proposing a one-shot allocation of \$5 million in FY 2012-2013.

According to the Office of the State Treasurer estimations, the fund will be solvent and meet all of its expenditure needs based on the projected enrollment rate and availability through FY 2016-2017 and into FY 2017-2018. How much

of FY 2017-2018 will be covered, along with the Master Settlement Agreement (MSA) tobacco funds and the additional funding sources, remains unclear. However, the Treasurer's current estimations indicate that this allocation will carry Nevada through FY 2016-2017. There is no plan to change the formula.

This continues the scholarship fund forward. It provides an additional General Fund investment and indicates the State's continuing resolve to maintain this as a solid vehicle for the State. This also assumes the continued investment at current levels of the MSA tobacco funds.

**Senator Kieckhefer:**

What was the amount of appropriation to the Millennium Scholarship last Session?

**Mr. Mohlenkamp:**

From memory, I recall that the amount was \$10 million.

**Senator Kieckhefer:**

I believe it was \$10 million. I remember hearing that the last allocation would stabilize the scholarship through FY 2016-2017, as well. I do not know what the long-term projections are, but I feel like we are hearing the same thing about this additional \$5 million.

**Mr. Mohlenkamp:**

I will gather the information I received from the Treasurer's Office. They gave me four different scenarios on the sustainability of the scholarship for allocations of \$15 million, \$10 million, \$5 million and with no additional dollars. I am under the impression that this appropriation will extend the viability of the scholarship fund for another year.

We receive information regarding how many people are using the Millennium Scholarship versus those who are not using it. Some people do not use the funds within the first 5 years after they graduate from high school.

There is also an investment quality review to determine "How much is Nevada getting from these investment dollars?" This information is combined into an actuarial model in projecting how long the scholarship fund will last. This process also includes information based upon a number of assumptions.

**Senator Kieckhefer:**

We have been investing in the Millennium Scholarship with General Funds for several Sessions. Is this going to be a continuing recommendation from the Governor's Office?

**Mr. Mohlenkamp:**

It is clear that the current level of MSA funding is not adequate to support the program within the current fund's dynamics, including current availability, ability to access the fund and overall plan utilization patterns. To keep the program going and functioning as is, will require an ongoing General Fund allocation.

**Chair Smith:**

We will close the hearing on S.B. 487, and open a Work Session on S.B. 344.

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

**Mr. Krmpotic:**

Senate Bill 344, as submitted, authorizes a child care institution that operates an elementary or secondary education institution to request reimbursement from the NDE for the cost of providing educational services to a child who attends that elementary or secondary education institution.

The Committee will recall that testimony was provided by Jim Serratt, CEO of the Willow Springs Center, regarding educational services that are being provided without any form of compensation from the NDE.

Section 2 of S.B. 344 authorizes the NDE, the school districts and the Health Division of the DHHS, to enter into a cooperative agreement for the provision of education at any child care institution that is licensed by the Health Division.

The proposed amendment to S.B. 344 ([Exhibit E](#)) is submitted by John P. Sande, IV of Fennemore, Craig, Jones and Vargas. Fiscal Staff reviewed this amendment and the detail of the major proposed changes. Primarily, the amendment substitutes the words "hospital" or "residential treatment facility" for "child care institution" throughout the bill.

The amendment, also redefines “elementary” or “secondary education institution” to “licensed private facility” to request reimbursement from the NDE for the cost of the provision of educational services. This change to a “licensed private school” is also indicated in section 1.

Section 2 of S.B. 344 authorizes the NDE, the county school districts, charter schools and the Health Division of the DHHS to enter into a cooperative agreement for educating individuals at any hospital or residential treatment facility.

The proposed amendment provides the definition of a hospital as it appears in *Nevada Revised Statutes* (NRS) 449.012; however, when we researched the NRS, we found no definition for residential treatment facility.

Section 1, subsection 4, paragraph B, of the current version of S.B. 344 indicates that an elementary or secondary education institution includes academic, vocational, technical, correspondence, business or other schools. This proposed amendment defines “private school” to mean private elementary and secondary educational institutions. The term “license” means the written authorization of a board or commission to operate, or contract to operate, a private elementary or secondary educational institution.

**Chair Smith:**

This amendment was drafted by the working group that had interest in this legislation. As the sponsor of this bill, Senator Woodhouse, are you comfortable with the amendment to S.B. 344?

**Senator Woodhouse:**

Yes. The working group, comprised of representatives from the Clark County School District, the Washoe County School District, Mr. Sande, Willow Springs Center and two representatives from the NDE, met and worked through the issues that arose during the initial hearings.

When I received the proposed amendment, I reviewed it with everyone on the Senate Committee on Finance and I believe that all members are in agreement. I am comfortable with the amendment to S.B. 344.

**Senator Kieckhefer:**

Do we know how many facilities would qualify for this under this new definition?

**Senator Woodhouse:**

There are two.

**Senator Kieckhefer:**

Are they both currently licensed as private schools?

**Senator Woodhouse:**

Yes.

**Senator Kieckhefer:**

What would happen if a facility were to contract with the archdiocese to run their school within a hospital?

**Ms. Teska:**

This takes us into a gray area in terms of several constitutional issues. We need to clarify their eligibility as licensed private schools and confirm that the NDE would not be prohibited from providing reimbursement to these entities.

The wording is open enough that, if there were changes in the future regarding our ability to reimburse schools run by religious organizations, those entities could be merged into the existing process. Currently, we would not be able to reimburse a school run by a religious organization. The cases we are discussing now are private institutions that do not have any religious affiliations and, therefore, are licensed as regular private schools.

Our religious private schools are licensed as exempt, so they would be excluded to remain compliant with *The Constitution of the State of Nevada*.

**Chair Smith:**

Senator Woodhouse, would you like us to complete a change to the amendment, [Exhibit E](#), and have the Legal Division of the Legislative Counsel Bureau clarify that language?

SENATOR WOODHOUSE MOVED TO AMEND AND DO PASS AS  
AMENDED S.B. 344 TO AUTHORIZE LANGUAGE CLARIFICATION

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ADJUSTMENTS IN THE PROPOSED AMENDMENT TO S.B. 344 BY THE  
LEGAL DIVISION OF THE LEGISLATIVE COUNSEL BUREAU.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Smith:**

This meeting is adjourned at 9:04 a.m.

RESPECTFULLY SUBMITTED:

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Thomas Hutton-Potts  
Committee Secretary

APPROVED BY:

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Senator Debbie Smith, Chair

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

<b><u>EXHIBITS</u></b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness / Agency</b>	<b>Description</b>
	A	2		Agenda
	B	3		Attendance Roster
	C	15	Mark Krmpotic	Senate Committee on Finance Closing List # 2 April 8, 2013
	D	2	Patrick Conmay	Written Testimony
S.B. 344	E	3	John P. Sande, IV	Proposed Bill Amendment