

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session
April 15, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 8:16 a.m. on Monday, April 15, 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 Ruben J. Kihuen, Senate District No. 10

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Russell J. Guindon, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Sheri Fletcher, Committee Secretary

OTHERS PRESENT:

Daniel J. Klaich, J.D., Chancellor, Nevada System of Higher Education
Ronald P. Dreher, Government Affairs Director, Peace Officers Research
Association of Nevada
Oscar Delgado, Reno City Council
Helen Foley, Nevada Alliance of Boys and Girls Clubs, Inc.
Dulcinea Almazan, President, CEO, Boys and Girls Clubs of Las Vegas
Laurie Gorris, CPO, Boys and Girls Clubs of Western Nevada

Jeff Mohlenkamp, Director, Department of Administration
Danny Thompson, Nevada State AFL-CIO
Robert Fulkerson, Progressive Leadership Alliance of Nevada
Lindsay Anderson, Washoe County School District
Dotty Merrill, Ed.D., Nevada Association of School Boards
Craig Stevens, Nevada State Education Association
Judy Osgood, Senior Policy Analyst, Office of the Governor
Deborah Cunningham, Deputy Superintendent for Administrative and Fiscal Services, Department of Education
Glenn Meyer, Director, Technology and Innovative Programs, Department of Education
Margot Chappel, Developmental Specialist, Department of Health and Human Services
Crystal Abba, Vice Chancellor, Academic and Student Affairs, Nevada System of Higher Education
Andrea Hughs-Baird, Parent Leaders for Education

Chair Smith:

Senate Bill (S.B.) 292 will be heard on another day in order to accommodate those who need to make a presentation. I will turn the meeting over to Senator Woodhouse.

SENATE BILL 292: Makes an appropriation to the Greater Las Vegas After-School All-Stars for certain after-school programs. (BDR S-934)

Senator Woodhouse:

We will open the hearing on S.B. 293, which makes appropriation to the trust account for the education of dependent children.

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

Senator Debbie Smith (Senatorial District No. 13):

I am here to introduce S.B. 293, which makes an appropriation of \$20,000 in each year of the biennium to the Trust Account for the Education of Dependent Children.

Those of you who have been on this Committee before will remember this is an appropriation that the Legislature makes each Session to fund the education for children who are dependents of police officers who have died in the line of duty.

Daniel J. Klaich, J.D. (Chancellor, Nevada System of Higher Education):

I am testifying in favor of this bill as I have for the last four Sessions. This is one of those times where we have the opportunity to do something wonderful. There are individuals in the law enforcement professions that have given their all to Nevada. *Nevada Revised Statute* (NRS) 396.545 provides for the education of these dependent children through the Nevada System of Higher Education (NSHE). The funds necessary have averaged around \$25,000. In 2009, the trust account ran out of funds and individual donations were secured to ensure that those in the system would not be interrupted or cut off.

We believe the funds requested will cover the education for the dependent children enrolled for this biennium. We speak strongly in favor of this bill.

Senator Smith:

The funds requested are always an estimate of how much money will be required to sustain this fund. We have had an occasion when there was not enough money in the trust account. We try each biennium to appropriately estimate the amount of funds needed. The amount requested perhaps provides a cushion, but I would rather do that than have the trust account fall short and have the students in a quandary as to what to do about funding. For the service that these fallen officers have provided to our State, this is a small amount of funding to honor what they have given up by helping their children. It is a total of \$40,000 in this budget.

Mr. Klaich:

These funds, if appropriated by the Legislature, cannot be used for any other purpose other than those stated in the bill and will be accounted for in a separate trust account established pursuant to NRS 396.545.

Senator Kieckhefer:

How many students are you projecting will be enrolled in the upcoming biennium? What are the parameters of the program? Can the funds be used for any school within the system of higher education? Is there a time limit with the program?

Mr. Klaich:

We anticipate four dependents will be continuing in the program. We believe that is the number. There are no limitations on the number of years these funds need to be utilized. The qualifications for this fund are clearly specified in the statute.

Ronald P. Dreher (Government Affairs Director, Peace Officers Research Association of Nevada):

I am here in support of S.B. 293. I have provided a written statement ([Exhibit C](#)). As Mr. Klaich stated, the trust account funds were depleted in 2009. Then Assemblywoman Smith informed us that the funds had ran out. Many of us pulled together to come up with sufficient funds, along with Wells Fargo Bank, that matched our funds. This kept those children in school until last Session when the Legislature made the appropriation to bring the trust account back to normal.

A number of dependents have taken advantage of this program. The program began when Officer Keith Hashimoto was killed in the line of duty in 1996, and NSHE created this trust account. Since then, a number of children have gone through this program. There are currently four children in the program. One of my good friends, Officer John Bohach, was murdered in 2001. His daughter, Lindsey Bohach, is utilizing this program. She graduated from the University of Nevada, Reno, with a 4.0 grade point average and is currently in graduate school. I believe she is going to be a doctor. This program does pay off. We have been told there are currently four young adults in the system and they are doing very well. We would appreciate your support by appropriating the small amount of funding needed for the next biennium.

Senator Woodhouse:

Hearing no further comments, I will now close the hearing on S.B. 293. I will return the gavel to Chair Smith.

Chair Smith:

I will now open the hearing on S.B. 398.

SENATE BILL 398: Makes an appropriation to the Nevada Alliance of Boys and Girls Clubs, Inc., for the AfterSchool KidzLit program. (BDR S-1053)

Senator Ruben J. Kihuen (Senatorial District No. 10):

The bill makes an appropriation to the Nevada Alliance of Boys and Girls Clubs, Inc. for the AfterSchool KidzLit program.

Growing up in Las Vegas, the Boys and Girls Clubs of America (BGCA) was one of those places where you went after school to play billiards, basketball and to meet up with your friends. I have fond memories, particularly of the BGCA on the corner of 29th Street and Stewart Street in East Las Vegas. When supporters of this bill approached me to sponsor this bill, I was happy to do so. This is the place that kept me out of trouble, out of gangs and kept me going throughout junior high and high school.

Oscar Delgado (Reno City Council):

I am here to speak in favor this bill. I was raised in a Spanish-speaking home in the Truckee Meadows. I learned English by getting on a bus at 6:30 a.m. and traveling throughout Washoe County picking up my classmates who spoke Vietnamese, Mandarin, Tagalog and Spanish. We ended up at Florence Drake Elementary School which was the only school in Washoe County that had an English as a second language (ESL) program. My teacher would drop the phonics workbook in front of me and we would sit there quietly. After that, the teacher would give an oral presentation which consisted of her talking in a high voice which became louder and louder. People tend to get frustrated when they think they are not being heard. Frequently, the teacher in the neighboring classroom would come over and check on us, because of how loud our teacher was speaking. If you do not understand English, you do not understand what they are saying.

I began to learn English through social gatherings and the progressive way the staff at BGCA were reaching out to people in terms of the English language learning process. The BGCA provides a safe environment, where the staff cares about the neighborhood children. They provide the outreach to the communities where I was raised and that I represent. As we all know, education does not stop at 3:00 p.m. Many students are latchkey children who are looking for more support. I speak as a former Youth of the Year and as a staff member that the Boy and Girls Clubs, if given the opportunity, will continue to provide that support with this program. I highly support it. The work they do with the school district and the outreach they provide to the parents is a big part of how I was able to learn the English language. I hope the Legislature will be in support of S.B. 398.

Helen Foley (Nevada Alliance of Boys and Girls Clubs, Inc.):

I am privileged to represent the Nevada Alliance of Boys and Girls Clubs, Inc. which is made up of 34 clubs statewide that have come together to support this legislation. There are 74,000 children within the clubs' system in Nevada. We have a large emerging Hispanic population in the clubs as we do statewide. We believe this is an appropriate time and an appropriate Session to request funds for this program. When these children come to the BGCA, they need help. The children go to school, they learn, but then they need someone to help them with their homework. If their parents are not literate it is very difficult to help with homework.

The BGCA are different from school, but we work very closely with the school districts. We have contracts with the school districts so we can help these children with their homework through edline.net.

The youth development staff become mentors and role models. The children can stay within the system for up to 10 years. These children can be followed from their early years, through middle school and on to high school. There is a great satisfaction knowing that they "got it," they can read, they can communicate and they can become good citizens. We have wonderful programs around the State. Senator Kihuen referenced the BGCA on 28th Street that he attended, which has been renamed the Downtown Club, and is in a heavily populated Hispanic area. Many of those children need focused attention on reading. That is what this KidzLit program attempts to do. We have communities with a high percentage of minorities, such as Yerington, due to migrant workers as well as downtown Henderson, Reno and Las Vegas. I have provided a handout entitled "Boys and Girls Clubs Nevada Alliance, Nevada After 3:00: Expanding After School KidzLit Statewide" ([Exhibit D](#)).

The BGCA believes if you have someone who believes in you, you end up believing in yourself. That is what the BGCA do for children.

Chair Smith:

Who would be the appropriate person to answer questions about the bill?

Dulcinea Almazan (President, CEO, Boys and Girls Clubs of Las Vegas):

I am president and CEO of the BGCA of Las Vegas. I represent all of the clubs in southern Nevada. Every day we serve nearly 1,700 young people ages 5 to 18 during the out-of-school time frame. Approximately 70 percent of our

members are minorities, of which approximately 40 percent are Hispanic and approximately 30 percent are African American. Statistics show that one out of every two minority students will graduate from high school. Surveys conducted through a Harris Poll survey by the BGCA show that 90 percent of the members of the BGCA graduate from high school in comparison to those who were not members. Our goal is to be a part of their life and to become a part of their supportive network where we know we can help them to succeed.

The BGCA provides individuals with positive consistent role models. We know that children are encountering so much at school from bullying to interaction with individuals who might not be nice to them. When you come to the BGCA it is about ensuring that these children are on a path to academic success, healthy lifestyles and good character. It has been a pleasure to interact with the thousands of children that we work with on a daily basis.

Laurie Gorris (CPO, Boys and Girls Clubs of Western Nevada):

I am here representing Carson City, Truckee Meadows, Fernley, Yerington, North Lake Tahoe and the Elko areas. We have quite a variation of cities and counties. To Ms. Almazan's point, we have three primary focuses: academic success, healthy lifestyles and good character, and leadership ability. The children are able to visit the clubs every day and enjoy programs which include life skills, and things that might not be taught at home or in schools, because of limited time or finances. In northern Nevada, 71 percent of the children we serve are minorities.

Chair Smith:

Is the KidzLit program already in place?

Ms. Almazan:

Yes. The goal is to expand the program statewide. We intend to increase membership by 1,000 throughout the entire State in addition to enrolling an additional 2,500 members in the AfterSchool KidzLit program.

Chair Smith:

Which clubs use the KidzLit program now?

Ms. Almazan:

All the clubs throughout the State are running a literacy program. The BGCA of Las Vegas has an AfterSchool KidzLit program and the Henderson Club has a "rock star reading program" which follows the Afterschool KidzLit criteria.

Ms. Gorris:

The BGCA of Truckee Meadows also conducts educational literacy programs through their "power hour" which is a homework assistance program. In Carson City, we have a continuing literacy program and an after-school homework help program.

Chair Smith:

If this funding were provided, would all the clubs start operating under the same program goals? Would you be using the same standards and materials?

Ms. Almazan:

Correct.

Ms. Gorris:

We would be striving toward the same outcomes and goals.

Ms. Almazan:

This allows us to standardize across the entire State.

Chair Smith:

How would this money be allocated across the State to the different clubs?

Ms. Almazan:

The Nevada Alliance of Boys and Girls Clubs, Inc. would accept applications from all of the six organizations throughout the State. Through the Alliance, we would allocate funds based on the number of members, or size of each operating budget, on an annual basis.

Ms. Foley:

Before the funds would be allocated, the individual clubs would present their program for increasing or expanding their KidzLit program to the Alliance. There would be excellent record keeping for what they propose and the outcomes would be documented. We would report all of that to the Legislature.

Chair Smith:

You stated that funding was provided in 2007 and 2009. Was that funding also allocated to the Alliance? I was thinking that the Legislature provided funding only to particular clubs, but I did not go back and check.

Ms. Foley:

This has been a great thing. When we first received allocations in 2007, we put together the legislation so that all of the funds would go to the Alliance and were then disbursed from there. We also mandate that there must be a 100 percent match by the public for these funds.

On page 2, line 24 of the bill, we state that no more than 10 percent of the money can be used for administrative costs, and at least 90 percent of the money must be used for direct services to the youth who participate. We want to make sure that these funds are used toward hiring the staff who provide services to the children.

Chair Smith:

The bill stipulates that they shall not expend more than 15 percent of the money for costs to develop the program, no more than 10 percent for administrative costs and 90 percent for direct services. It seems to me that if you had 15 percent for development and 10 percent for administrative costs that would leave 75 percent for direct services.

Ms. Almazan:

The 90 percent is for the development of the program including staff who will be helping young people with their reading or language skills, and any supplies that are needed.

Page 7 of [Exhibit D](#) states this is a research-proven program developed by the Developmental Studies Center in Oakland, California. The program is proven and aligned with the National Council of Teachers of English standards.

Senator Kieckhefer:

Is this consistent with the Common Core State Standards (CCSS)?

Ms. Almazan:

It is aligned with the National Council of Teachers of English and it will be aligned with the CCSS in terms of working with the schools. As we spread the

program across the entire State, we will ensure that we are working closely with each of the school districts to ensure that we are in-line with their standards.

Senator Kieckhefer:

Is this a program where there are books and materials which are kept updated?

Ms. Almazan:

Yes.

Senator Kieckhefer:

For the match component, can you use existing fund-raising capacity, or would you have to acquire additional line item fund-raising capacity for this program?

Ms. Almazan:

We will use existing fund-raising ability.

Senator Kieckhefer:

Will the \$2 million be a sufficient appropriation for every club to initiate this program?

Ms. Foley:

There is never enough money, but with \$2 million we end up with \$4 million because of the commitment to raise funds. We think we can make a significant impact and work closely with the school districts to achieve a great success story within the next 2 years.

Senator Kieckhefer:

Do all 34 clubs want to go to this program?

Ms. Almazan:

Yes.

Senator Kieckhefer:

You talked about diverse groups of programs being conducted by the various clubs. Would all those programs fall by the wayside and the entirety of the focus will now be on the literacy program?

Ms. Almazan:

This program would fall under education and career development and through that it would be added to our “power hour” which is the after-school homework assistance program. That would not fall by the wayside in any way whatsoever. This would be a specialized focus that consists of a 6-week session where we would identify the children, pretest them, test them midway through and posttest them to see where they were in the beginning and where they ended up.

This program would not eliminate the other academically focused programs that we have been conducting and have been successful with through the many years the BGCA has served young people.

Senator Kieckhefer:

When children go through the KidzLit program, do they graduate and go on to the next step? After the 6-week program do we move in new children?

Ms. Almazan:

No, we would have a graduation opportunity and they would go on from there. We would run the sessions by grade level up to the eighth grade, 2 days per week. Then, every 6 weeks we would continue down the path toward an opportunity for progression.

Senator Woodhouse:

As an educator, I am pleased the BGCA has an organized program that addresses what children need, especially the children who need help learning English. I applaud the BGCA for bringing forward this kind of measure for our consideration.

Ms. Foley:

The BGCA provides not only the AfterSchool program, but the summer program so that children do not lose momentum. You can get the children up to speed and you can keep them there if you have them all summer long. Parents are invited to participate in parent nights. This is important especially when you have parents who also need assistance with English. There are family resources centers at nearly every BGCA in Las Vegas. While their children are learning the resource centers work diligently with the parents to aid in enrolling them into ESL programs.

Chair Smith:

Because we have such limited resources and have cut so much money from our Kindergarten through Grade 12 (K-12) education budget over the last 5 years, I am supportive of finding funding for these programs. I do not feel that we are doing what we need to in the way of after-school programs and tutoring.

Since the State and the school districts are not able to provide everything our students need to be successful, I am appreciative of the good work you are doing. Some individuals question how the Legislature can support giving money to a nonprofit organization when we have cut all these budgets, but I see it in a different way. These nonprofit organizations maximize and multiply that money and they are providing a service that perhaps the State should be providing, but we are not.

However, the Legislature needs to ensure that when we appropriate money it is well accounted for and reported. I would like to see the Legislature have some protocol in place anytime we appropriate one-time funds to nonprofit organizations. I appreciate the matching portion of this bill. Matching funds has been one of the criteria that I feel should always be imposed.

Additionally, the funds should be allocated separately for each year of the biennium. Instead of appropriating \$2 million, we would allocate half of the money, and then get a status report midway to see how things are going, and then allocate the second half of the funds. That way we have a budget and absolute accountability which is no different than what we do within our own State government. If you could submit a budget that would show us how these funds are expended generally, not down to the dollar or the line item, just by category, that would be helpful for the Committee. Do you feel that these requests are reasonable and can you meet them?

Ms. Foley:

I believe they are reasonable. We were anticipating that \$1 million would be allotted for each year of the biennium. Each of the clubs is required to provide a budget to the Alliance. We will have each club provide their budgets right away in order to present that to the Legislature to show how the money would be allocated.

Chair Smith:

Follow up with our Fiscal Division Staff with that information.

Senator Kieckhefer:

Could you also provide a copy of the report that you referenced showing the 90 percent graduation rate for BGCA students?

Ms. Almazan:

Absolutely.

Chair Smith:

Ms. Foley, if you could also provide us with the dollar amount the Legislature appropriated to the Alliance in 2007 and 2009 within the next couple of weeks for our Fiscal Staff to distribute that would be helpful.

I will now open the hearing on S.B. 475.

SENATE BILL 475: Makes various changes concerning governmental financial administration. (BDR 32-1124)

Jeff Mohlenkamp (Director, Department of Administration):

This is the sunset provision extension bill. The majority of the sunset bills in the Governor's budget are included in this bill which provides for an extension. The only item not included here is the Governmental Services Tax which is the portion that relates to the Department of Motor Vehicles and the Highway Fund which is included in Assembly Bill (A.B.) 491 and was heard in a separate committee.

ASSEMBLY BILL 491: Temporarily revises various provisions relating to state financial administration. (BDR S-116)

The sunset provisions, as expressed by Governor Brian Sandoval, and I have previously testified, are for the purposes of ensuring we can meet the financial demands of State government. There are significant health and human services needs, education needs, information technology (IT) needs as well as State employees who have had pay cuts. The Governor identified many of these needs early in our budget building process and stated he was going to extend the existing sunset provisions as part of his budget initiatives to ensure the

State could meet ongoing demands, specifically with regard to health and human services and education needs.

This bill will extend over \$1 billion in sunset provisions. These sunset provisions include: the modified business tax, which is a continuation of the higher rate; revision of certain provisions governing the appropriation of money from the State Supplemental School Support Account; revisions relating to the computation of net proceeds from mining operations proceeds, which provides that we have a prepayment as opposed to a payment after the fact; the deduction limitation, which is the medical deductions and the extension of the time frame at which those deductions cannot be taken by the mining companies; the local school support tax extension rate, which is 0.35 percent; and the business license fee, which extends the rate at \$200 per year as opposed to \$100 per year. In total, over \$1 billion in revenue to the General Fund is included in S.B. 475.

Chair Smith:

It appears that by increasing the threshold of the modifying business tax in section 1 of this bill, the State will lose approximately \$25 million in taxes. Is that correct?

Mr. Mohlenkamp:

In addition to providing the sunset provision, the Governor increased the threshold level of the payroll that would be exempt from \$62,500 per quarter to \$85,000 per quarter. The total amount is between \$24 million and \$25 million. That amount cannot be verified until we receive the report from the economic forum. Based on the current numbers we have, it will be approximately \$24.3 million.

Chair Smith:

Has the State experienced any loss of individuals doing business in Nevada due to the increased business license fees in 2010?

Mr. Mohlenkamp:

I do not recall when this first went into effect. I would need to get some information from the Office of the Secretary of State to find out if there has been any impact. In my discussions with the Governor's Office and others, I have not heard that the increase from \$100 to \$200 has been a significant problem for businesses.

Chair Smith:

When the Legislature passed this bill, there was a lot of outrage because the fees doubled. Is there any documentation that this caused any problems?

Mr. Mohlenkamp:

I will contact the Secretary of State's Office. If there is any credible data, I will provide that to you.

Senator Kieckhefer:

Does this bill also extend the limitation on net proceeds of minerals deductions, including health care deductions?

Mr. Mohlenkamp:

It does. This bill will extend that limitation, or that inability, to deduct health care costs.

Senator Denis:

I would like to know your thought process regarding this bill, because some of these sunset provisions have been in place for a couple of Sessions now. It does not seem like we should continue to approve these sunset provisions. The business license fee is an example of something that could be made permanent.

Mr. Mohlenkamp:

While the State has shown some significant signs of recovery, and we continue to see positive signs, we still have not yet recovered. Nevada has far to go to get to where we need to be. We are still near the top of the Nation in unemployment, and we are right there with others leading the Country in foreclosures. There are some significant strains on our economy and we are not certain of the timetable for when those strains will be lifted. We are certainly seeing progress, but we are still behind many other states in some of these key areas as far as our recovery. We were one of the last states to come into a recovery mode. I think the Governor wants to see where we are going and how far we will recover. It could be that the recovery would make some of these sunset provisions unnecessary in the future. It is uncertain where our revenue base will be when we actually get into full recovery mode.

Senator Denis:

We already know that our funding for education is depleted. Why do we not want to make the appropriation for the State Supplemental School Support

Account permanent as we consider this bill as well as the business license fee? I presume we will find out when we get that report. I have not heard from any constituents whether the \$200 business license fee will make or break anyone whose business is incorporated in Nevada. As we move forward, I would like the Legislature to consider making some of these sunset provisions permanent, rather than continuing to approve them, because we keep having the same discussions and we already know we have those needs.

Chair Smith:

We frequently hear that businesses looking to relocate to Nevada are concerned about uncertainty. To me, approving these sunset provisions is setting a path of uncertainty, because every 2 years we are trying to determine whether we should lift the sunset provisions. That makes no sense to me. We have had an increase in sales for close to 30 months in a row which equates to increased sales tax revenue. Rather than continuing this air of uncertainty, the Legislature should discuss making some of these sunset provisions permanent instead of approving them for another 2 years.

Which taxes are included in this bill?

Mr. Mohlenkamp:

The modified business tax, the Supplemental School Support Account, the net proceeds of minerals which includes the advance payment, the limitation on medical deductions, health care deductions, the local school support tax rate extension and the business license fee are all included in this bill.

Chair Smith:

As long as we are continuing to collect the net proceeds of minerals in advance, eventually we are going to have a year where this will catch up with us. We are going to hit a point where we may have a year without that revenue because we need to keep extending this advance payment. Is that described accurately?

Mr. Mohlenkamp:

If we were to allow this provision to sunset based on current law, either now or in the future, we would have a one-year gap in the collection of this tax. That is presuming that there are no other changes to the law.

Chair Smith:

I make the point, because I have commented frequently in other hearings about my concerns regarding whether we are planning for our future and making good judgments.

Senator Kieckhefer:

Where are the other sunset provisions?

Chair Smith:

I believe the Director stated they are specified in A.B. 491.

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

Danny Thompson (Nevada State AFL-CIO):

I have often wondered why we continued to extend these sunset provisions and why we have not eliminated them. We have the lowest graduation rate and the highest classroom sizes in America. All studies indicate that if you want to diversify the economy, you have to fix education.

I want to laugh out loud when I hear we are going to try to attract high-tech companies, given our low graduation rate and insufficient funding of education. If an additional \$100 is going to make or break a business then they should probably not be in business. We support extending the sunset provisions, but we would support eliminating the sunset provisions so that we do not go through this every Session.

Robert Fulkerson (Progressive Leadership Alliance of Nevada):

Senator Smith and Mr. Thompson made the point perfectly clear that we should be looking at making these sunset provisions permanent. Section 1 of the bill, as Senator Smith pointed out, would reduce revenues by \$25 million which is similar to giving away the store. I believe it was Ray Hagar with the *Reno Gazette-Journal* who pointed out that 75 percent of businesses would not even be faced with paying that tax. What is the use of having a business tax if no businesses are required to pay the tax? We have cut \$1 billion from education in the last 5 years. I do not see how anyone can say they want to support education or mental health and then vote to eliminate these taxes. Those who are against extending these sunset provisions should be asked to name exactly what else they would cut to make up for the reduced revenues.

Lindsay Anderson (Washoe County School District):

We are in support of this bill. The Washoe County School District Board of Trustees made it part of their platform to ensure that it was clear they did not support any less funding for our school district. If, for some reason, the sunset provisions are not extended, it would affect our budget by approximately \$40 million. We are here in support of S.B. 475.

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

Extending the sunset provisions is important not only to the General Fund but to the Distributive School Account (DSA) across all 17 school districts. There are two critical pieces. We have six school districts that receive net proceeds. Four of those districts receive a sizeable amount of those proceeds which frees up money through the DSA to spread to other districts. Extending this provision, as well as extending the local school support tax rate extension, are important to all school boards. We are here in support of S.B. 475.

Chair Smith:

Would the modified business tax portion of this bill raise the threshold so it would eliminate the modified business tax for a certain group of businesses? However, if you left in the sunset provision, their taxes would be reduced or eliminated for 2 years. Then in 2 years they would have to pay again. Did I describe that correctly? I am just concerned that every 2 years we are not only extending the sunset provisions, but we are also changing the threshold so that businesses qualify for the tax one year and not the next.

Mr. Mohlenkamp:

The way I have read the bill, it absolutely does what you said. It not only extends the current rate for another 2 years, but it also would increase that threshold level.

Craig Stevens (Nevada State Education Association):

We are in full support of extending the sunset provisions. The hole in the education budget that would be created by not extending the provision would be devastating to public education. We are also in full support of the prepayment of net proceeds. If the prepayments stop for one year, it would be difficult for the rural counties to put together the money they would need in order to provide support for their students.

However, we are opposed to two sections in this bill. One is the tax cut in section 1, which has been discussed extensively in this Committee. We are also opposed to part 2 of section 2, which extends the intended purpose of the room tax money. When this was originally passed, it was supposed to support the money that was going into the DSA. There are many things happening right now in our school districts, such as testing and reform, that need to be funded. I would like to state for the record that "items such as pay-for-performance money would be perfect for that and we could put it outside the formula so that we are not taking away other monies from other programs."

We ask you to look at Initiative Petition No. 1 of the 75th Session regarding room tax money and its intended use.

Chair Smith:

I will close the hearing on S.B. 475. I will now open the hearing on S.B. 486, regarding data system projects on behalf of the Nevada Department of Education (NDE).

SENATE BILL 486: Makes an appropriation to the Department of Education for data system projects identified by the P-16 Advisory Council. (BDR S-1178)

Mr. Mohlenkamp:

Section 1 of this bill states the appropriation will be distributed to the NDE. However, I have provided you with a proposed amendment, ([Exhibit E](#)) which would change that to the Department of Administration. I will provide you with a brief overview of what we are trying to accomplish along with some historical perspective. My role will be as steward of the centralized funds.

We are trying to provide additional funding to advance the Statewide Longitudinal Data System (SLDS). This is a critical tool for Nevada to assess the strategies and initiatives to further education and prepare our citizens for the job market. This tool is critical so we know what strategies work and what strategies are less successful. The \$4 million requested will help to advance the existing framework to directly assist early childhood education by centrally gathering and managing information regarding children who are receiving public support.

We also envision that this would create a pool of funds that would be available to assist NSHE and DETR with funds to ensure that they can connect their data to a centralized data system. We funded this effort from fiscal year (FY) 1998-1999 through FY 2011-2012. We have invested about \$12 million in General Funds and approximately \$6 million in federal dollars.

In 2011, Governor Brian Sandoval issued an Executive Order requiring the P-16 Advisory Council to review the current structure and to make recommendations on how best to move the State forward with a data system. A copy of the Executive Order is on page 9 of the P-16 Council Report which was issued on August 1, 2012 ([Exhibit F](#)). One of the recommendations in the report the Council provided was an appropriation of \$4 million in order to move the process forward. The report was not entirely clear how the money should be spent, but it was clear that it should be advancing our progress in this initiative. Coupled with the \$4 million federal grant received by the NDE, this would bring our funding to a total of approximately \$8 million to advance the SLDS and to assist those parties that need to integrate their data into the system.

The \$4 million federal grant I mentioned is designed to move forward the feasibility study or gap analysis to assist the Department of Employment Training, and Rehabilitation (DETR) and NSHE to ensure that their data can be connected in a seamless way to a centralized data hub.

We do not know exactly what it will take to finish this job, but this \$4 million appropriation will advance us much further than where we are now.

As a result of our discussions throughout this bill process, it was determined that we would have a centralized pool for this \$4 million with the Department of Administration, rather than the NDE. This is similar to when we have had an account that we used to centrally manage IT projects that had statewide implications and involved multiple players. If these funds are appropriated, agencies would submit proposals with their needs to the P-16 Advisory Council.

Upon approval from the Data Governance Committee, the Department of Administration would allocate the funds to the respective groups. Administration then requires a report from those entities, not only on the funds they have spent and the funds they have not spent, but also their progress in achieving their goals.

Judy Osgood (Senior Policy Analyst, Office of the Governor):

I am here today to speak about the role I play with the P-16 Advisory Council. I served as staff support for the Governor's Office, therefore, I attended each of the meetings that the Council held as well as several of the work groups. The Council met approximately five times during the course of the year and they were tasked with looking at the SLDS pursuant to the Governor's Executive Order.

Pages 5 and 6 of [Exhibit F](#) refer to the recommendations of the P-16 Advisory Council report regarding resource and funding needs. Page 6 addresses the \$4 million recommendation for anticipated funding to continue the work on the SLDS system.

A work group was formed to specifically look at resource and funding needs. The Council membership includes representatives from a number of different agencies, the private sector and the school districts. The Council made sure there was adequate input provided by technical experts in the State who were working on the SLDS project, so they were well informed as they made their decisions. The report was issued on August 1. The Governor reviewed the Council's report and sent a letter in response to Senator Barbara K. Cegavske who has served as the Council's chair ([Exhibit G](#)). The Governor stated that he would support the recommendation to provide some level of appropriation in the budget which has resulted in the proposed \$4 million one-shot appropriation that is being considered today.

Deborah Cunningham (Deputy Superintendent for Administrative and Fiscal Services, Department of Education):

The development of the SLDS depends on several things, such as the capacity of the technology, the capability of organizations and the cooperation among all levels of Nevada government. The Council has been praised as exemplary by the U.S. Department of Education. The Council oversees all aspects of the SLDS and represents State agencies, executive and legislative branches as well as businesses. This essential governance mechanism helps to ensure data sharing and collaboration among agencies. With a separate bill, [A.B. 259](#), the council is seeking to strengthen its governance by adding additional members and clarifying its charge to develop a collaborative research plan.

[ASSEMBLY BILL 259](#): Revises provisions governing the P-16 Advisory Council.
(BDR 34-198)

The one-shot funds requested in S.B. 486 are to continue to develop the SLDS in areas identified by needs assessments under the oversight of the Council. The proposal would fund the connection between the NDE and the Department of Health and Human Services (DHHS) data system for early childhood education. It would have the ability to collect or enhance the incorporation of other data elements into the system, such as identification of students whose parents are in the military as addressed in A.B. 224, and share education and workforce data for homeless and foster children as indicated in S.B. 31.

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

SENATE BILL 31: Revises provisions governing children within the jurisdiction of the juvenile court and children in protective custody. (BDR 5-385)

The largest need for these funds is developing the infrastructure for the early learning portion within the SLDS. The connection with early learning will not happen without this appropriation. Quality early learning experiences have a dramatic impact on children's future education success and economic independence. The DHHS proposes to use funds for the development of a kindergarten entry assessment. This effort will connect information on quality early learning to CCSS reforms to strengthen the K-12 curriculum and to the Nevada educator performance system which evaluates and supports teacher and principal growth. This merger of reform efforts will improve student outcomes in reading and math by strengthening curriculum, assessment and educator capacity.

Chair Smith:

One of the things that you and I talked about is being able to have the system connect to professional development and for us to eventually be able to see what professional development translates to in the classroom and student achievement. I think this is the direction we need to go.

Ms. Cunningham:

Yes, and we are exploring a research collaborative so that we can answer that and other pressing questions about how we are using our scarce State resources.

Glenn Meyer (Director, Technology and Innovative Programs, Department of Education):

There are always needs for expanding the SLDS which is what these funds are expected to help us with. In addition to the NSHE and DETR connection, there is also a need to add data elements into our system in order to connect with the Division of Child and Family Services to collect foster children information.

The proposed bill, A.B. 224, will collect information on students in Nevada schools whose parents are in the military. The NSHE also has all new online testing and assessments and we will need to bring those records into our system. There is a new teacher evaluation model being developed by the Teachers and Leaders Council (TLC) of Nevada. I am sure that will also require us to bring new teacher and performance elements into the system to expand and improve our teacher and student connection so we can use that information to strengthen professional development. This will also allow Nevada to not only exchange information between the districts within our State, but to be able to exchange information with other states through an interstate data exchange, as well as to track children that move to other states.

Chair Smith:

Will this one-shot funding request be used for consulting, or in-house personnel, or is it a combination?

Mr. Meyer:

This particular one-shot funding request is to be used at the direction of the Council for any agencies that want to expand their data system. It could be used for consulting, infrastructure improvements, or for internal staff to be able to advance the system.

Chair Smith:

Does this budget spill over into the next biennium?

Mr. Meyer:

This particular one-shot allocation is just for this biennium. However, the grant project is a 3-year project, so it does spill over into the next biennium by a few months.

Chair Smith:

Does this budget include 4 years of operating costs?

Mr. Meyer:

I do not believe so. I am not sure about that.

Chair Smith:

We will ask you to work with our Fiscal Staff on that because I am not sure we are on the same page in that regard. Is this expected to be one-shot funding?

Mr. Meyer:

Yes.

Chair Smith:

Do you know anything about the indirect cost rate?

Mr. Meyer:

I do not.

Margot Chappel (Developmental Specialist, Department of Health and Human Services):

According to the American Educational Research Association, quality in early childhood education leads to substantial long-term benefits, including higher graduation rates, fewer school dropouts, less need for special education and less crime. Without this one-shot appropriation, this project to have a kindergarten entry assessment, and build a unified data system for early childhood education, will not happen. Through our application for the federal "Race to the Top-Early Learning Challenge" grant, which we did not receive, we built partnerships between the DHHS, the NDE and the Governor's Office. In doing so, we became acutely sensitive to how critical early literacy is to child development. The Council supported the work through their budget development and it was decided that the kindergarten entry assessment and early childhood data system were essential.

I provided a handout entitled "Silver State KIDS" ([Exhibit H](#)). Through Nevada's Head Start Collaboration and Early Childhood Systems, the Nevada Early Childhood Advisory Council was developed. At their school readiness summit, a definition of school readiness was developed.

County needs assessments were conducted in all 17 counties and school districts to look at kindergarten entry. We surveyed 537 parents, of which nearly 90 percent thought that a statewide kindergarten entry assessment tool,

where we could gather data, was important. The majority of parents wanted to be informed about their children's growth, strengths and ways to help families prepare children for kindergarten. Only one-third of the parents surveyed felt they understood what children needed in order to be prepared for kindergarten.

We expect the outcomes will improve understanding about what parents, educators and communities can do beginning at birth to help children become school ready, and will help identify students who would benefit from intervention and other services. This will also aid in forming local and State policy improvement decisions.

Chair Smith:

How do you conduct the kindergarten entry assessment in this State where we have so many varieties of what kindergarten might look like, such as half-day kindergarten in some places, full-day kindergarten in other places, or a combination of the two? How do you approach that?

Ms. Chappel:

Your question points to the importance of being able to conduct a kindergarten entry assessment, because we cannot answer that question right now. We do not know what is working and what is not working, because we really do not know at kindergarten entry what children have received, or what is working. We have no mechanism to assess children to be able to see where they are in their literacy and math skills until they are in third grade. That is part of the reason we need to do this. This one-shot funding is for a pilot program so we can see how this tool looks and what data and information we can learn from it in order to form decisions and make recommendations, such as whether full-day kindergarten will make a difference.

Chair Smith:

How do you help parents navigate and know the system when we have different varieties of things happening in each school?

Ms. Chappel:

We do not know exactly how we are going to do that, but that is what the Council has been focused on. If we can have some funding to conduct the kindergarten entry assessment, we will know a little more about how to align our current programs. We have home visiting, early intervention services and childcare, but they are not all working toward the same goals. If we can align

ourselves in this direction of the kindergarten entry and determine what the children need to know, then we can provide that information to the parents.

Crystal Abba (Vice Chancellor, Academic and Student Affairs, Nevada System of Higher Education):

We strongly support the SLDS, as well as the amendment proposed for S.B. 486.

Currently, NSHE has interlocal agreements with the NDE and DETR where we exchange data. However, those endeavors are conducted manually. That means when we get that information we have to do a manual match. If that match is not sound and the matching mechanism does not occur in a sound way, it impacts the results and the integrity of that data.

The assignment of a unique identifier will enable us to link all of this information together. It will also help you to know, for example, how many nursing students graduated in a particular year and how many of those students are now working in the health care field. Additionally, it would provide information about which students completed the curriculum in K-12 for CCSS and how they performed. Those are just two of many questions that the SLDS will enable us to answer. It will also enable us to answer those questions in an incredibly efficient way, where now it sometimes takes weeks to answer those questions because of the manual match that is required.

Chair Smith:

Was the iNtegrate Project funded approximately 3 biennia ago?

Ms. Abba:

Yes. Phase one of iNtegrate, which is the student information system, has been completed. That information will now feed into a student data warehouse. It is that student data warehouse that will be linked to the SLDS.

Chair Smith:

We are talking about four systems. Which system identifier continues, and which system will be required to develop new identifiers because there can only be one common identifier?

Ms. Abba:

Under the grant, we will be creating a matching hub that will create an independent, unique identifier we will all use to match data. Ultimately, when the SLDS is created, we will be pulling data from all of the agencies and, through that unique identifier, the system can link all of them together.

Chair Smith:

Will individuals give up their current identifier in all four systems for a unique identifier?

Ms. Abba:

There will be certain biodemographic data that is used to link those records together. Once the records are linked together, they will assign the unique identifier. That unique identifier will become "core" in matching information later on.

Chair Smith:

Will each system retain its own identifier for internal purposes?

Ms. Abba:

Yes. The NSHE currently has a universal identification number that we assign to students in K-12 in order to perform the manual match. The SLDS and matching hub will enable us to assign an independent unique identification number so that we will know we have a good match. Therefore, the information will be accurate because the records are correctly linked. It gives integrity to the data.

Chair Smith:

What kind of information is used to determine a unique identifier, such as social security numbers, birthdates or addresses?

Ms. Abba:

A number of pieces of information can be used to create that link, including addresses, social security numbers, etc. I do not think we are at the stage yet where we are determining exactly what those factors will be, but the agencies, through the data governance structure, will determine which elements will be shared for the purpose of linking those records.

Mr. Stevens:

We are in full support of S.B. 486. Making sure we have a data system in place to be able to track students, educators, professional development and test scores is critical to all the work that the TLC of Nevada has been doing.

Ms. Anderson:

Washoe County is also in support of this bill. We have been participating with the Council throughout the interim. The Council has made much progress in terms of government structure and how to deal with the data. This is part of the Board's platform to support the longitudinal data system.

Dr. Merrill:

We have also had a representative serving on the Council and have been involved in the deliberations regarding the development of the longitudinal data system. We also support everything that Mr. Stevens has said. More importantly, what is proposed will eventually provide seamless connections in several directions that currently do not exist. It will provide an opportunity to answer questions that others have asked.

Chair Smith:

Hearing no further questions, I will close the hearing on S.B. 486. I will now take public comment.

Andrea Hughs-Baird (Parent Leaders for Education):

I represent Parent Leaders for Education, a nonpartisan, all volunteer organization comprised of over 1,000 parents, concerned citizens, educators, community leaders and business owners who vote and advocate for public education. Today I would like to speak in favor of S.B. 475. I have provided a copy of my written testimony ([Exhibit I](#)).

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Chair Smith:

Hearing no additional public comment, this meeting is adjourned at 10:00 a.m.

RESPECTFULLY SUBMITTED:

Sheri Fletcher,
Committee Secretary

APPROVED BY:

Senator Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	4		Attendance Roster
	C	1	Ronald P. Dreher, Government Affairs Director, Peace Officers Research Association of Nevada	Written Statement
	D	10	Helen Foley, Nevada Alliance of Boys and Girls Clubs, Inc.	Boys and Girls Clubs Nevada Alliance Nevada After 3:00: Expanding After School KidzLit Statewide
S.B. 486	E	1	Jeff Mohlenkamp, Director, Department of Administration	Proposed Amendment
	F	35	Jeff Mohlenkamp, Director, Department of Administration	Nevada P-16 Advisory Council
	G	3	Judy Osgood, Senior Policy Analyst, Office of Governor the Governor	Letter to Senator Barbara K. Cegavske
	H	1	Margot Chappel, Developmental Specialist, Head Start Collaboration and Early Childhood Comprehensive Systems, Department of Health and Human Services	Silver State KIDS
	I	1	Andrea Hughs-Baird, Parent Leaders for Education	Written Statement