

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Eighth Session
February 26, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 8:04 a.m. on Thursday, February 26, 2015, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman John Ellison, Chairman
Assemblyman John Moore, Vice Chairman
Assemblyman Richard Carrillo
Assemblywoman Victoria A. Dooling
Assemblyman Edgar Flores
Assemblywoman Amber Joiner
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblywoman Shelly M. Shelton
Assemblyman Stephen H. Silberkraus
Assemblywoman Ellen B. Spiegel
Assemblyman Lynn D. Stewart
Assemblyman Glenn E. Trowbridge
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None



GUEST LEGISLATORS PRESENT:

Senator Becky Harris, Senate District No. 9
Senator Ben Kieckhefer, Senate District No. 16
Senator James A. Settlemeyer, Senate District No. 17
Assemblywoman Marilyn K. Kirkpatrick, Assembly District No. 1

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Eileen O'Grady, Committee Counsel
Erin Barlow, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Lindsay Anderson, Director, Government Affairs, Washoe County School District
Joyce Haldeman, Associate Superintendent, Clark County School District
Paul Moradkhan, Vice President, Government Affairs, Las Vegas Metropolitan Chamber of Commerce
Tray Abney, Director of Government Relations, The Chamber, Reno, Sparks, and Northern Nevada
John Hancock, Private Citizen, Henderson, Nevada
Jim McIntosh, Chief Financial Officer, Clark County School District
Ed Uehling, Private Citizen, Las Vegas, Nevada
Caryne Shea, representing Honoring Our Public Education Nevada
Rachel Anderson, Private Citizen, Las Vegas, Nevada
Carolee Frost, Private Citizen, Las Vegas, Nevada
Tom Clark, Private Citizen, Reno, Nevada
Richard Stokes, Superintendent, Carson City School District
Jim DeGraffenreid, Vice Chairman, Nevada Republican Party
Mac Bybee, President, Nevada Chapter, Associated Builders and Contractors
John Madole, Executive Director, Northern Nevada Chapter, Associated General Contractors of America
Fred Reeder, President, Reno-Tahoe Construction
Victor Joecks, Executive Vice President, Nevada Policy Research Institute
Marc Markwell, Chief Financial Officer, Sierra Nevada Construction
Katrina Brown, Private Citizen, Las Vegas, Nevada
Anna Slighting, Private Citizen, Las Vegas, Nevada
Rick Hewing, representing Las Vegas Paving
Margaret Cavin, Owner, J&J Mechanical, Sparks, Nevada

Tom Pourchot, Vice President, Reno Operations, Intermountain Electric
Richard Dieleman, President, Dielco Crane Service, Las Vegas, Nevada
Louis DeSalvio, Private Citizen, Las Vegas, Nevada
Harley Bernard, Private Citizen, Sparks, Nevada
Jill Tolles, Cochair, Say Yes for Kids Committee
Jarrett Rosenau, Nevada Operations Manager, Clark/Sullivan Construction
Jack Mallory, representing the International Union of Painters and Allied
Trades District Council 15
Steve Ross, Council Member, Las Vegas City Council
Don Campbell, Private Citizen, Las Vegas, Nevada

Chairman Ellison:

[Roll was called. Committee rules and protocol were explained.] Anyone who has written testimony, please give it to the committee secretary, and we will get it into the minutes. We are going to take opening comments by the sponsor of Senate Bill 119. We are going to limit time to give everyone who is speaking a fair chance.

**Senate Bill 119: Revises provisions relating to educational facilities.
(BDR 28-732)**

Senator Becky Harris, Senate District No. 9:

I would like to address the provisions of the bill that deal with the bond rollover. Senator Kieckhefer will address the provisions of the bill that deal with prevailing wages. With this approach in mind, I would like to begin detailing why I brought this bill. Simply stated, we need more schools in Nevada. The need for schools throughout Nevada has become critical. Without adequate facilities, I believe the ability for our children to learn is impaired. It is my understanding that we need approximately 28 schools in Clark and Washoe Counties alone, with an additional 10 schools in Clark County that need additions and/or remodeling and significant repairs. As a legislature, we need to provide for the educational well-being of the children of Nevada. We can start by providing the necessary facilities for them to learn in. The longer we wait, the more urgent our need becomes.

Passing this bill provides us with the tools necessary to ensure we can build the schools our children need. Senate Bill 119 will help accomplish that important goal. Section 2 of S.B. 119 makes a change to the bond rollover procedure for school districts. Under the existing procedure, voters can approve a ballot question that authorizes the board of trustees of a school district to issue general obligation bonds over a ten-year period without having to obtain the approval of voters for each specific issuance of bonds during that ten-year period. The general obligation bonds that are issued by the board of trustees of

a school district raise money to construct or purchase school buildings; to enlarge, remodel, or repair existing school buildings; and to purchase property as sites for school buildings. To give you a historical perspective, bond rollover authority was first authorized by the Legislature in 1997, when it passed Assembly Bill No. 353 of the 69th Session. Many school districts across the state have used this provision for school facilities: Carson City, Churchill County, Clark County, Douglas County, Humboldt County, Lyon County, Nye County, Pershing County, Storey County, Washoe County, and White Pine County have all used bond rollovers.

I would like to stress that there are some important protections built into the rollover process. The board of trustees cannot issue bonds during the ten-year period if it would cause the existing tax for debt service to be insufficient to pay the principal and interest on existing bonds and the bonds proposed to be issued. In other words, the amount of indebtedness that can be incurred is limited to the revenue that can be raised by the existing tax structure. Senate Bill 119 does not raise taxes. First, we have to be able to service our existing debt, and if there is bonding capacity, only then can bonds be issued. Second, for each issuance, the board of trustees is required to obtain the approval of their county debt management commission. That is important. The school board of trustees cannot act on their own authority. In Clark and Washoe Counties, an approval by a second entity, the oversight panel for school facilities, is also required. We have two checks in place for our largest counties.

In addition, if the voters have approved a ballot question authorizing bond rollover, the Legislature in 2007 provided that such a question may authorize a type of pay-as-you-go option for school projects. This pay-as-you-go funding is created from the transfer of any excess revenue generated by a school district's property tax for debt service used to pay for authorized capital projects at the school district. Pay-as-you-go funding gives school districts the flexibility to pay cash for smaller capital projects, or projects with a short, useful life instead of having to bond to pay for those projects. Pay-as-you-go helps maximize capital improvement dollars, and actually protects tax dollars because no tax dollars are used under pay-as-you-go to pay for interest on debt. Senate Bill 119 provides an additional tool for school districts in their effort to provide for school facilities.

If, in the past, the voters have approved a bond rollover question, or they do so in the future, S.B. 119 allows the board of trustees to issue general obligation bonds for an additional ten-year period without having to obtain voter approval. The same protections that I have already highlighted apply to the bonds issued during this additional ten-year period. Bonds cannot be issued if they would cause an increase in the district's tax or debt service. Bond issue must be

approved by the county debt management commission, and in Clark and Washoe Counties the oversight panel for school facilities must also approve. If the original voter approval of rollover authority occurred more than ten years ago, the additional ten-year period starts on the effective date of this bill, which would be when the bill has passed the Legislature and been approved by the Governor. If voter approval of rollover authority occurred within ten years before the effective date of this bill, or at any time after the effective date of this bill, the additional ten-year period starts on the date of the expiration of the initial ten-year period approved by the voters. No other approval of the voters would be required for the issuance of bonds by the board of trustees during the additional ten-year period.

Senate Bill 119 also extends the pay-as-you-go feature to this additional ten-year period. Any excess revenue generated from the tax rate on debt service can be used to pay for authorized capital improvements. This is especially important for those districts whose bond rollover question did not contain authority for pay-as-you-go. Some districts did not have pay-as-you-go because their bonding questions were approved by voters before 2007, when the Legislature first authorized pay-as-you-go funding.

I want to give you some examples of how impactful S.B. 119 can be. Just using Clark County, based on the most current information that we have, within the first year of the rollover we would be able to raise funds for seven new schools. In the second year, we would be able to raise funds for 5 new schools, and 43 existing schools would receive much-needed additions. Two schools would be replaced, and three schools would be renovated with one receiving technology upgrades. The areas impacted by these new schools and the additions to schools are located throughout Clark County. In other words, it is not just one area of Clark County that would be getting the benefit or has the need. Many areas of our community will see these benefits.

Just for perspective in utilizing this Committee as an example, new school priority projects are located in Assemblyman Flores' and Assemblyman Silberkraus' districts, and in those of Assemblywoman Dooling and Assemblywoman Woodbury. Additions to existing schools would be made to schools in Assemblywoman Neal's, Assemblywoman Spiegel's, and Assemblywoman Shelton's districts. It would be the same in the districts of Assemblyman Flores, Assemblyman Carrillo, Assemblyman Moore, Assemblyman Stewart, and Assemblyman Silberkraus. Assemblywoman Shelton would have one replacement school, as would Assemblyman Munford, and renovations would be made to one of Assemblyman Carrillo's schools as well as one of Assemblywoman Woodbury's schools. To put it another way, based on information that was provided to me,

427,200 Nevada students would benefit from the bond rollover. Expressed in percentages, 99 percent of the students of Nevada would benefit.

Chairman Ellison:

How many of these schools are shovel-ready as we speak?

Senator Harris:

It is my understanding, and I can only speak to Clark County, that if we could pass S.B. 119 by March 5, we would have shovels hitting dirt in June and be able to open schools two years from August. That is one of the reasons this is so critical. In my Senate District in particular, we are experiencing an unprecedented amount of growth now that we are moving beyond the recession. I have so much new construction in my Senate District that some schools that are the most overcrowded are going to be disproportionately impacted by where people are moving in to new homes. We have some significant problems, and I would be happy to share the percentages of overcrowding in those schools if you wish.

Chairman Ellison:

If you could give me that number, I think it would be important to know how many would be ready if they are going to break ground in June.

Senator Harris:

There are seven. If you would like to know where they would be located, I can tell you.

Assemblyman Stewart:

I want to be clear that there is not going to be any tax increase at all.

Senator Harris:

No, we would continue to operate under the current property tax structure. So only to the extent that we have additional bonding capacity, based on the bonds that have already been paid off, would we be able to bond.

Assemblyman Stewart:

Can you go over those two checks for me again?

Senator Harris:

The debt management commission is one of the checks, and then the oversight panel for school facilities. The oversight panel only impacts Clark and Washoe Counties. In the rural counties, the county debt management commission is the check.

Assemblyman Stewart:

There are some counties that already use the pay-as-you-go.

Senator Harris:

Yes, any county that had bonding capacity after 2007.

Chairman Ellison:

I know someone was going to propose an amendment saying the ad valorem could be frozen. Are you okay with that?

Senator Harris:

I have not been made aware of that. I would be happy to consider it and talk to the person who is interested in that amendment.

Assemblywoman Neal:

I have questions which relate to section 2. I was reading the statistical report that the Clark County School District (CCSD) puts out, which shows their debt and their wiggle room. There is roughly \$7 million in between. I want to know the amount. Typically, when you want to do a general obligation bond, you need to set out the amount you are going to be borrowing and the estimated tax rate that is necessary to pay off the debt. When we did that in 1997, they added room tax and real estate property tax transfer. When I looked at the revenue sheets and what the tax department put out, we just barely made it to a stable line. So I want to know what we are going to borrow and whether we will go over the limit.

Senator Harris:

Information provided to me says that we would be able to raise \$266 million in the first year, and that would be combined with the room tax and the real property transfer tax.

Assemblywoman Neal:

So you are not worried about the room tax rate, which I think is currently at \$266 million. You know, that tax is used in other places. What if these revenues do not come in the way we believe they will be? Typically, we get projections which are different from the actual amounts.

Senator Harris:

I guess the worst-case scenario is that we raise less money than we anticipate, but we are still able to build schools and relieve some of the pressure that is going to continue to build.

Assemblywoman Neal:

In 1997 when the bond council was first bringing this bill up, they said that it is really important to understand the form of security that is going to be pledged to this additional obligation. Since we are adding ten more years, you are basically saying ten years is up, and you have another ten years to play with. Will there be additional security pledged? What made me ask that question is when I was thinking about the assessed valuations that came in that were presented, everybody is still saying, woe is me, I am still not sure I will be good through 2017 or 2019, and we still have to do some significant stabilization within the property tax. Will there be additional security pledged in order to make the people who are interested in the bonds feel more secure?

Senator Harris:

As it has been expressed to me from the bond council, we have the ability to do it, and there would be the interest in the bonds. As far as the additional security, I suppose that as we have continuation of our new home starts and people are building new homes, those taxes would serve as the additional security. I am not an expert, and I am happy to follow up with bond council and get you specifics.

Assemblywoman Neal:

Yes, I would like to get an answer to that. The University of Nevada, Las Vegas puts out a thorough study that shows where our housing growth is, and it shows slight improvement, but it has not reached a level where anyone is getting ready to throw a party. I really want to get an examination on that particular relationship, and how that will be changed as we move forward.

Senator Harris:

I will make sure that I follow up, and I will give that to the Chairman to distribute to the Committee if that is acceptable.

Assemblywoman Neal:

Thank you.

Assemblyman Carrillo:

We understand in 2012, Clark County's Question 2 about a property tax hike to fund school construction failed 66 to 34 percent. Approximately 432,000 people voted against it. In the 2013 Legislature, we respected the will of the voters and worked to find other ways to fund school construction. Now it is 2015, a different party is in control of the Legislature, and you are sponsoring a bill which is essentially a tax increase. You can paint it any way you want, but at the end of the day, the voters are going to say, what are they doing up in the Legislature? We voted this down, yet they are going to skirt the

whole issue, fleece the voters, and is this what we put them in the Legislature to do? How can we support a solution to the problem of school overcrowding by pushing a property tax increase?

Senator Harris:

I recognize that the voters did vote down a rollover in 2012. I put a lot of thought into whether or not this was the best way to proceed, and I have come to the conclusion that it is. I think the reason it was rejected in Clark County in particular is because the problem and the need is so widespread, that there is not a critical concern in any one particular area of Clark County. As we were going through the recession and pocketbooks were tight, people were not really aware of the need. I think that extending the bond rollover capacity is the most painless way to be able to begin school construction. My concern is if we, as a legislature, put this off and refuse to deal with the problems and challenges that we are facing with regard to school construction facilities, in two years this body will have no option but to increase taxes in some capacity, and that could be difficult, not only because the Legislature has to consider what the alternatives are, but it could be a little more painful than extending the bond rollover.

Assemblywoman Joiner:

I agree with you that we need more schools. For me, the question becomes whether this is the right vehicle, and whether some of the trade-offs in the bill are worth it or not. I will respect how you divided your presentation and not get into some of those trade-offs right now. My question specifically relates to this bond issue. It was a good segue from Assemblyman Carrillo about the voters. I am thinking, why the rush? Why not take it to the voters in 18 months? For Washoe County, where my constituents are, there is a lot of misinformation out there. I think they picture that the spigot will turn on and we will get a bunch of new schools. My understanding is that in the next 18 months in Washoe County, which is the time period before we can go to the voters, there will be zero schools. I would like you to put on the record what the advantage is to Washoe County because I think that is not clear right now.

Senator Harris:

A lot of thought went into how long that bond extension should go for. One of the reasons we settled on ten years was to respect the needs of Washoe County. Per the Washoe County School District (WCSD), you are correct. They do not have bonding capacity until 2016. Even then, they only estimate they will raise \$10 million in 2016. We need more than two years on a bond rollover. There is a significant need, and allowing a capacity at ten years allows Washoe County to have the ability to generate the tax revenues that they need to continue to grow. As I talked to WCSD, the concerns that they

expressed to me were that not only do they have aging facilities that need to be addressed, and upgrading those facilities is certainly less expensive than building new schools, but with the new investments in the economy, there is anticipation of a lot of growth. They would like to be able to start having the capacity to generate funds to build those new schools as people come in to Reno and Sparks to work for Panasonic, Tesla, and Switch.

Assemblywoman Joiner:

So, I think what I just heard you say was that in ten years they will see an advantage in Washoe County. But my specific concern is, why not wait to take it to the voters? If I understand you clearly, there will be no new schools between now and when we could go to the ballot, is that correct?

Senator Harris:

There will not be a new school in Washoe County in the next few years, but there will be the ability to start rehabilitating some older, aging schools that could use the relief.

Assemblywoman Joiner:

How many schools is that? I have not heard of those schools either.

Senator Harris:

I do not have a specific list on the rehabilitation, but I know representatives from Washoe County are here and plan to testify. They would be the experts and have the best answer.

Assemblywoman Spiegel:

You were speaking about the oversight that has to be performed by the school district. I know that neither the Audit Oversight Committee nor the Bond Oversight Committee from CCSD has agendized or discussed this. There could be implications related to the bond rating down the road because of some of the other provisions that are in this bill. So why are we having this hearing without even knowing from the Bond Oversight Committee and Audit Advisory Committee that this is a prudent way to go?

Senator Harris:

Based on information that I received, this is a prudent way to proceed. We have the ability, without compromising our financial integrity, to be able to bond at some additional capacities. The need for the schools is great. I think it is a prudent way to proceed.

Assemblywoman Spiegel:

So you have documentation from the Audit Advisory Committee and the Bond Oversight Committee that substantiates what you are saying?

Senator Harris:

I have communication through Legislative Counsel Bureau legal counsel that things are fine with the Bond Oversight Committee, but I can follow up and get you answers directly.

Assemblywoman Spiegel:

I would like that documentation, because my understanding is that it has not been agendized and it has not been discussed, and that the documentation you have may be from a third party, but it is not from the bodies that actually have the oversight.

My next question relates back to 2012. During 2012, I was going door-to-door and talking to my constituents, and I had conversations about Question 2. The interesting thing is, at that time, I looked at the schools that were going to be refurbished with the bond rollover from Question 2, and 42 percent of the schools that were on that list serve children in my district. Door after door where I would speak to people, they told me that they would not support that. They actually said it was because they did not trust the school district, and they did not trust that the monies would be used appropriately and actually benefit them. I said to them many times, door after door, please understand that you have already paid to build the beautiful schools out in the suburbs while your schools are falling apart, and this will help you and help your children have facilities that they deserve. And they said we do not care, we cannot afford to be doing this right now, not in this way with our property taxes because we are hurting too much. My district still has not fully rebounded from the recession. A lot of my constituents are still out of work. There is a lot of empty commercial space. The economy just has not really come back.

The question is, if I could not get the people in my district to agree to funding that will fix the schools that serve their children, how could they possibly be interested in a prolongation of a tax which really is a type of tax increase to help other people's children and not theirs?

Senator Harris:

I think that as legislators, we have a responsibility to be sensitive to the needs of people in our districts, but we need to take a more global view and look at the needs of all of the children in Nevada. As we look at education issues, some of those issues with regard to equity and ability to provide services become very important. Certainly, families in your district will benefit from this

legislation, and perhaps other families in other districts might benefit a little bit more. But we have a responsibility as a legislature, in my opinion, to provide for the ability for children in this state to have an education. It is very difficult to provide that education if we do not have facilities.

Assemblywoman Spiegel:

It just really goes back to the question of whether or not it should be on the ballot and subject to the voice of the people and the will of the people.

Assemblyman Trowbridge:

I feel uncomfortable with many aspects of the bill. I do not deny that we have a need for additional schools. I do not claim that S.B. 119 will raise taxes. Those are the two main objections that most people are bringing up, and I acknowledge that is not the case. What I do have to recognize is that it extends the period of indebtedness for a period of ten years without a vote of the people.

We have some other issues that come up. You talk about the need for urgency. I can only tell you from personal experience that quick projects translate into expensive projects with do-overs, errors, poor workmanship, change orders, and all the types of things that drive costs up. I will acknowledge that someone said a few days ago at another meeting that CCSD built 21 schools on time within budget. By the way, that was under prevailing wage. That is a separate issue, and I will get to that another time.

In general, the approval of S.B. 119, in southern Nevada, would mean CCSD control of the funds. They can determine the type, number, size, and location of the schools. I fully support some of the comments made by the Governor in his address when he spoke in favor of breaking up the CCSD, establishing more charter schools, and praising the Zoom schools. What if CCSD is broken up into smaller districts? I feel that giving CCSD control over the monies will tie their hands in terms of determining the type, location, and construction schedules needed to service a smaller district. You would think that the smaller district would result in more focused service delivery, which would result in higher test scores and better results.

I do not think anyone is going to question it when I say something that sounds awful, but I do not know how to say it any other way: CCSD does not have the best reputation in terms of accountability for use of existing funding. Under those circumstances, why would we give them unaccountable access to additional monies? A smaller school district might make the people more accountable and therefore more responsive and attentive to the use of current funds. That is where my frustration lies.

Senator Harris:

I can appreciate your concern and your proactive thinking in terms of possibilities for change. Currently, the parameters in which I have to operate are what exists today: one school district in Clark County. The likelihood of a deconsolidation legislation passing the legislature is as precarious, I suppose, as any other piece of legislation. I do not know that the legislature will be able to come together as a body and pass that type of legislation. However, what I do have is an Attendance Zone Advisory Commission (AZAC) map ([Exhibit C](#)) that shows the existing overcrowding in the schools throughout Clark County.

I will use my own Senate District as an example. As of enrollment day in September 2014, I have an elementary school that is 41.87 percent over capacity, another 49.11 percent, another 68.32 percent, and another 37.63 percent. It is not just my schools; there is that is 51.35 percent over capacity.

Assemblyman Trowbridge:

I notice that you did not mention a school being built in my area, out in Sun City. We just do not have a need for an elementary school for some reason.

Senator Harris:

You are correct. You do not. You are the one Clark County Assemblyperson on this Committee whose district does not have a need for a school.

Assemblyman Trowbridge:

The other issue is that the list of schools I have seen does not mention charter schools. I am a big fan of charter schools. The current elementary schools that have been built are geared to accommodate 700 students. I think that is an incredibly intimidating situation for a young child. A charter school could be built much smaller, more quickly, and cheaper. They could be built in existing big-box stores that are sitting vacant and a drain on the economy. They could put these buildings into a productive mode, and the children could perhaps walk to school, eliminating the need for the big yellow buses riding around and cutting down on travel time.

Senator Harris:

Perhaps. I know that we do not have bonding capacity for charter schools presently. You mentioned that 700 students in a school is intimidating and that perhaps a smaller school setting would be more appropriate. I can tell you, in speaking to my principal at Wright Elementary School, there are 1,400 children presently attending that school.

Assemblyman Trowbridge:

Thank you for making my point.

Assemblywoman Neal:

I was not sure where you were going when someone mentioned an amendment to freeze ad valorem.

Senator Harris:

I have not seen that amendment, but I am happy to work with the person who has that amendment.

Assemblywoman Neal:

Is freezing it an issue?

Senator Harris:

I do not know; I have not had a chance to talk to them.

Assemblywoman Neal:

That is what I want to be clear about. When I was researching this issue, regarding the bill from 1997, A.B. No. 353 of the 69th Session, I read that it did not have language in there that would only suggest an expected tax freeze, but that it was actually going to be frozen. Once you see that amendment and determine the means and where you are going, I would like to have a discussion regarding whether or not the bill is going to be an expected tax freeze on ad valorem, or actually be frozen. That is a nuanced issue that I am interested in.

In section 2, subsection 2, S.B. 119 says that "During the 10-year period in which a board of trustees is authorized to issue bonds as provided in subsection 1, all or a portion of the revenue generated by the school district's property tax for debt service which is in excess of the amount required . . ." I wanted to get a mechanical explanation of what "all or a portion of the revenue generated" means.

This is where my thinking came from. In the Clark County School District's "Comprehensive Annual Budget Report" for fiscal year 2015, the district stated on page 126 that it had "defeased certain general obligation bonds by placing the proceeds of new bonds into irrevocable trust accounts to provide for all future debt service payments on the old bonds." I understand why they did it, but what made me curious is the relationship to this bill's language saying "all or a portion." Where did the authority come from for the district to defease certain general obligation bonds, and how do we know what that looks like and what that is? Is that the "all or a portion of the revenue generated"?

Senator Harris:

I do not have a clear answer for you on that. I will have to follow up and get you a clear answer. I would hate to misspeak.

Assemblywoman Neal:

I thought it was so interesting. I thought, these bonds must have done so well from 1998 that they were able to tuck some money away, and that is awesome.

Senator Harris:

As I read it generally, it allows them to make sure they are meeting their existing debt, and then have the ability for pay-as-you-go, but I am not exactly certain how that is intended to go, so I will let you know.

Assemblywoman Neal:

Using the language on that page, they were able to tuck away \$536 million in irrevocable trust. That is a lot of money to tuck away for the future.

Senator Harris:

I will follow up with you.

Assemblyman Moore:

Forgive me if I did not hear this in your initial presentation, but there are no tax increases over the existing levels, correct?

Senator Harris:

Correct.

Assemblyman Moore:

If you say there are no tax increases over the existing levels, would you be open to an amendment that would state that it would not allow any tax increases for the long term over these existing levels?

Senator Harris:

Sure.

Assemblyman Moore:

I have a list here from CCSD of the seven new schools that they claim they can build and have students in by 2017 [page 2, ([Exhibit D](#))]. Forgive my ignorance, but as a layman I find that extremely hard to believe after watching the construction process. How can we be assured and guaranteed that these seven schools will be built and have students in them by 2017 if this bill were to get out of committee?

Senator Harris:

I am not the one building the schools, so I cannot give you an absolute guarantee, but based on the best information that has been made available to me, if they are able to start construction in March, they will work diligently to see that schools are open in August 2017. Maybe because of unforeseen consequences, they may have a week delay in opening some of those schools, but it is my understanding that they are going to not speed the construction process because they have already figured out how long it takes to build schools. Construction can be a unique situation based on variables that we are not aware of presently, but based on their experience in building schools on time and under budget, they would be able to give you the best estimate as to when those schools would be finished, and that is what they are telling me.

Assemblyman Moore:

Great. I have another question. Why were these two items put together in one bill? Would you be open to separating them?

Senator Harris:

It is an interesting thing. Senator Goicoechea is on public record three times during the Senate hearing as saying that without the prevailing wage component to this bill, my bill would have never gotten a hearing, so we would not be having any school construction.

Assemblyman Silberkraus:

Nobody argues the fact that we need new schools and that overcrowding is clearly a problem in Clark County. To give you an idea, the week before we started this session, I toured nearly a dozen schools. There was one where the rooms were so crowded that I was not allowed to go in the room because it would be a violation of fire code. So I think this is a critically important issue, not just for those facilities, but for the lives and safety of our children. With that being said, do you see any other legislation out there that will help with fixing this overcrowding problem?

Senator Harris:

To my knowledge, this is the only legislation that deals with capital construction. I have been told that to relieve crowding in schools in my Senate District, we would be looking at busing 35 minutes each way to get to the nearest school that may have capacity. But based on the increasing enrollment numbers, and Clark County School District officials can speak more particularly to that when they testify, we are continuing to grow, and that is going to be a problem.

Assemblyman Silberkraus:

Thank you for doing something for our kids. As a father I appreciate that.

Senator Ben Kieckhefer, Senate District No. 16:

I appreciate the opportunity to be here today to present various other sections of S.B. 119. To be clear, the entirety of this bill is about school construction. It is about ensuring that we relieve the problems that we have all recognized as overcrowding, a lack of capacity for our students, and a crumbling infrastructure that needs the resources to be repaired, revamped, remodeled, and improved. That is why I am here today.

I will walk you through sections of the bill that relate to prevailing wage. They are pretty simple. Section 1 adds to the list of current exemptions school construction and maintenance from complying with existing prevailing wage laws. This exemption would apply to the school districts, charter schools, and university buildings. Sections 3, 4, and 5 provide that same exemption for lease-purchase agreements entered into by the Nevada System of Higher Education (NSHE), and the controlling language for that exemption is in section 4, subsection 5. Section 6 repeals the existing requirement that NSHE follow prevailing wage requirements on projects that are not considered public works, most of which are funded by private donors. The following text on page 7 is the repeal language. That is it in terms of the nuts and bolts of those additional sections. Obviously it is not a simple policy, but simple in language.

The question was asked by Assemblyman Moore: Why did we include these provisions with the bond rollover?. I believe the answer is simple. It is because if we approve this exemption and go back to the free market, we will be able to build more schools, remodel more aging buildings, and repair more damaged facilities. In doing so, we will provide a better, safer, less crowded learning environment for our students, and we will be able to do it for the same amount of taxpayer dollars. I am sure you will hear from some who disagree with that point. They will say that the savings are not significant, and I am sure they will be able to point to studies that show everything they claim. There are studies that will show this will save 30 percent, and there are studies that show you it will not. Maybe, maybe not. Even some of the critics will tell you it will save 5 percent, or 7 percent. For the sake of argument, let us say they are right. Clark County would be able to access \$3.5 billion in capital for school construction over ten years. At 5 percent, that would be \$175 million more of taxpayer money. We can do a lot more with that. That is putting our taxpayer resources to their greatest and best use by ensuring we get a heightened return on investment for what we take from our taxpayers. If you do not believe me, I encourage you to go ask your constituents whether they think \$175 million is a big deal, because I believe it is, and I believe they will tell you the same thing.

It is a fact that our prevailing wage schedule far exceeds the wages that are paid on the open market. If you need evidence of that, you need look no further than the Nevada Department of Employment, Training, and Rehabilitation (DETR) schedule that is published, and you can look at Davis-Bacon Act wages that are available. It is a significant increase. The surveys conducted by the Labor Commissioner are flawed in many ways, and in most cases result in prevailing wage raised to far exceed the wages that actually prevail in the marketplace, which is what the entire system is purported to represent. Forcing taxpayers to pay more than they have to for substantially the same product is, in my mind, simply bad government, and leads to one of two outcomes. The first is that it requires government to take more money from taxpayers to buy the exact same thing. The second is that government buys less, because it is paying an unnecessary premium, which is what we would see with schools. Fewer schools would be built, and fewer repairs would be made. That is a bad outcome that can be avoided. It can be avoided by passing this bill and going back to the marketplace to determine the true cost of school construction. I believe that is the responsible choice that we should make on behalf of our taxpayers, and I believe it is the responsible choice to make on behalf of the students, who are relying on us to provide a safe, stable, and clean learning environment for them, and the families that are impacted.

I am going to address a couple of issues that were brought up in the questions. This is a difficult bill for a lot of people for a lot of reasons. I do not personally like the bond rollover very much. I do not like the concept of circumnavigating the voters when the school district goes out and issues debt levied against or secured by their property. That is an issue for me, but I do believe that we are at a point of critical responsibility to our constituents to ensure that our schools are in the state they need to be for an adequate education system. I can swallow that if I can ensure we are getting the greatest and best use of those dollars and the highest return on an investment available.

That is back to Assemblyman Moore's point about why I think these issues are coupled. The issue is about building schools and how we can build them most effectively and efficiently. To be crystal clear, this is not a tax increase. If this bill passes, taxes do not go up; if this bill fails to pass, taxes do not go down. This is extending an existing tax rate. Right now, my property taxes are at \$3.64 per \$100 of assessed valuation. It would be illegal for the district to increase my taxes. I am at the cap.

Look no further than the surface of the bill. It is not a two-thirds bill, and it authorizes no local government of any sort to increase a tax rate. This is not a tax increase. The problem with Washoe County, as Assemblywoman Joiner referenced, is very real, but this does not solve their problems. This is not

a panacea for Washoe County. We need additional revenue in Washoe County beyond what is available in this bill, but it is a heck of a start, and it is the top priority of the school district coming into this legislative session. I believe this is a critical piece of legislation. Time is of the essence, and I ask this Committee to pass the bill.

Chairman Ellison:

Did the Senate look at raising the cap on prevailing wage threshold versus this legislation? Has that been considered or discussed?

Senator Kieckhefer:

I have another piece of legislation that I have yet to introduce that looks comprehensively at our prevailing wage law. I think it is an important bill. I have been encouraged by many to look at that rather than providing an exemption for school construction. I find it ironic that a lot of that encouragement is coming from folks who have blocked reform for prevailing wage for decades. I believe it is a system that was created with good intent, but we have reached the point with school construction that this is the correct bill to process now.

We cannot wait any longer, and we cannot wait to fix a process that could take a long time. I believe that this exemption is sound, and if we can go back and deal with other issues in prevailing wage structure, like the threshold, rate calculation, or what is included in surveys, I am all for that. I have legislation to do that, I am going to continue to process that, and I hope that I am back before this Committee later in this session to present that bill.

Chairman Ellison:

I think that will address a lot of the concerns that will be heard here today.

Assemblywoman Neal:

I appreciate your comments about not liking how this is associated with the schools, but I have tried to look at this neutrally. For today's purposes, call me a "Dempublican" or something. I have hybrid views today. I go looking for the lie, from both sides. I was trying to see if CCSD was lying about how much money they have. I started to examine the reports that they put out. I do not know if you saw this, but CCSD put out a report in 2012 about the 1998 bond accomplishments, and a report to the community about how well these bonds performed. It made me wonder if they were able to do well under the prevailing wage when they used it for all these years. The report said the bond was able to generate \$3.5 billion in proceeds over ten years, and due to the strong economic conditions, they were able to exceed the revenues and go to \$4.9 billion.

What I thought was interesting was that they promised 88 schools and then were able to produce 120. It made me ask what the problem was. Then I reached out to the people on the Bond Oversight Committee and said, Help me out because I am trying to figure out what the problem is. They said the school plan prototypes that they have gotten credit for, that have a design practice in place, are energy efficient and so good that what they gave the children of Nevada were Cadillacs instead of Chevys. I asked, are we arguing over a Chevy and a Cadillac? If the kids got Cadillacs, are we trying to say they no longer deserve a Cadillac and they should get a Chevy by taking the prevailing wage out? Ultimately, that is what the Bond Oversight Committee said they received. They said the schools were energy efficient, the prototype was good, but the only weakness in the prototype was that it somehow gave the engineer or architect more leeway and control to make a little more cash than average. They said ultimately, they built Cadillacs when they could have built Chevys, and that 120 number potentially could have been 140. That is a nuance, right?

I really want to get into this philosophical argument we have been having. We go around and around on a political issue. We know this was a Democratic bill at some point; Senator Smith had a bill similar to this. We know that Senator Ford had proposed the bill, some of you threw prevailing wage in there, and we had to figure out how to like it. I want to have that discussion. At the end of the day, what are we doing and where are we going?

I know the studies out there. You can prove that a turnip is a watermelon. I looked at the National Bureau of Economics report because I figured they had to be neutral. They said the only reason you cannot find these differences is because prevailing wage has been in place for so long, since the 1970s, that there is no control group to prove the opposite except to repeal the prevailing wage law to prove your point. That is why there is always this heated debate of one person saying it is apples and another saying it is oranges. It has been in place forever.

Senator Kieckhefer:

As to issues over control groups, there are 18 states that do not have prevailing wage laws. There are some states that have repealed them and then had them put back in place. Ohio has exempted school construction from its prevailing wage laws; this is not a novel concept. There are some apples to apples comparisons out there that I believe indicate there are savings to be had. I think Ohio's example showed overall construction savings of about 10 percent. I do not believe there is a lack of availability of data to indicate savings. U.S. Government Accountability Office, which works for Congress, indicates what can be saved if the Davis-Bacon Act was repealed, for example.

I agree with your point that a lot of the time you can find a study that will tell you what you want to hear. I will concede that point. The issue of the school district's success in building schools is excellent and reinforces my point. If they were able to do this using artificially inflated costs, imagine what they could build if they were out in the free market. They could have done more for the same. When we have such a great need, I find that to be a compelling point.

Assemblywoman Neal:

You take away the state prevailing wage and then you have the federal prevailing wage instead. What is the proposed wage that is now going to be inserted?

Senator Kieckhefer:

I propose that we go to a free market and let the market decide what the wage is going to be. Davis-Bacon relates to federal projects. Federal money is not going into these, so this is a state issue. The prevailing wage survey that is conducted does not adequately reflect the wage that prevails in the market. It defaults, often, to the collectively bargained wage. In those contracts, that is a rate that is far above what is available if I were to go out and get bids.

Assemblywoman Neal:

Prevailing wage is based on the wages of the geographic area and what is prevailing. Is our geographic region off in terms of what we pay for school construction?

Senator Kieckhefer:

There is a survey conducted geographically by the Office of the Labor Commissioner to try to capture what wages prevail in the community. It is reliant on several factors. One is that the surveys are returned. There is a threshold where if a certain percentage of those surveys are not returned, then it defaults to the collectively bargained rate. There are flaws with the system. A lot of the merit shops find it to be an incredibly cumbersome and burdensome process, and they do not return the surveys. That is on them.

If there was a universal remittance of these surveys, you would get an accurate reflection of what the wages are under the caveat that you do not use prevailing wage jobs to set the prevailing wage rate. We use that factor in determining the factor moving forward; it is a tornado that keeps going around and around. I have borrowed the analogy of calculating the average daily temperature in Las Vegas using only June, July, and August; that is not an accurate reflection of what is actually taking place.

This gets back to the issue of the system overall, which I am ready to work on and try to, in my mind, repair. I also believe in the marketplace setting what is prevailing in that area. If we bid out these projects, we will find out what wage is prevailing in the market.

Assemblywoman Neal:

You say "the market," but historically, the market is going to show what has been in place. What if it ends up being exactly the wage that is out there? At the end of the day, we say we want to support the middle class, the blue collar worker, and we say that our economy is shifting away from the people who do that kind of work. But then we bring legislation that gets to the heart of wages that they have been able to have for not just 5 years but for 20. What do we do? There is always the unintended consequences of legislation that we bring. What do we do with the individuals who have expectations and happen to be our constituent voters? What do we do when we tell them, I am sorry, that is not going to be your wage on this job anymore; I am going need you to deal with \$22 an hour.

At the end of the day, the expectations of workers that make them so excited about this job and building schools, building Cadillacs, could turn into them not even able to make car payments with this new wage. We have to be real about the impacts, because we have real people who are saying, I have to have the benefits of doing this work.

Senator Kieckhefer:

There is an assumption that people are always paid the same way for the work that they do, and that is not true.

Assemblywoman Neal:

That is true.

Senator Kieckhefer:

That is not true. If you look at some of the contracts that are bargained, they are split-rate, right? We pay a higher prevailing wage rate than some of these contracts allow payment for on nonpublic work commercial projects. The public, the taxpayer, is paying more than the same job would be worth in the private sector. There is already recognition that these wages will vary. It is just the taxpayers who get stuck with the highest bill.

Assemblywoman Neal:

You are absolutely right. And studies show that when you take prevailing wage away, the effect on the trades is very different. But when you keep it, it at least allows some equity to be in play. When you repeal it, each trade is

affected in a negative way, and that is something that you cannot control. This is a policy discussion for this entire Committee. You have to take those two statements and say, what is the balance? If the painter gets shafted, and the plumber gets the good, what do we do with the imbalance?

Chairman Ellison:

I know that in the ten years I have been walking up and down these hallways, we have done our hardest to look at the prevailing wage rate with no success.

Assemblyman Trowbridge:

For eight years, during the period of explosive growth in the Las Vegas Valley, I sat on the city planning commission. The CCSD had representatives at the planning commission meetings, and they were active participants in discussions on major construction projects involving residential units. This was done so that they had the opportunity to comment. They commented in writing as to how this would impact their schools. During this period of explosive growth, which ended in 2009, they knew where the growth was occurring. They were specifically responding as to how it was going to impact them. They knew where new schools needed to go and where growth was going to occur, and they had plenty of time to plan to respond to that.

You come forward now in 2015 to talk about all this growth. There has been a building slump in the Las Vegas Valley. The population may be growing, but they are growing into the homes that were built years ago when the school district had advanced notice that the need was going to be there for students. Where I am going with this is that the school district had advance notice where the need was going to be, and they used the money from school bonds meant for school construction in other areas. They did not apply funds for proper maintenance of the facilities. To continue to do what we have done in the past and expect different results is foolhardy.

Chairman Ellison:

Is that a question or a statement?

Assemblyman Trowbridge:

That was a statement and an editorial comment. It is just the facts.

Assemblywoman Joiner:

In the sections where you remove prevailing wage for the projects of the schools and higher education, in my mind, cutting out those provisions should be called what it is—a pay cut for the people who do those projects. My concern is that it completely contradicts what we have been saying we want to do for Nevada workers. We want them to get to work, and we want to

have high-paying jobs for them. It is contradictory to me that this is even being proposed. My understanding is that in other states that have done away with prevailing wage for certain projects or done away with it entirely, that workers from other states come in and undercut the bid. Can you guarantee that our Nevada workers are either not going to lose their jobs to out-of-state contractors or that they will not get a pay cut? Those are two things I cannot support. How do you reconcile in your mind that our workers are going to lose their jobs to out-of-state contractors, based on what has happened in other states, or that they will get a pay cut?

Senator Kieckhefer:

I understand the question. We hear all the time under our current laws about out-of-state contractors coming in and getting jobs. I hear them, I am sure you do, and that is under our existing laws. That is an issue that currently exists, and one that we have tried to address through our 5 percent bidder preference. There is concern about how far we can push that without getting into serious issues over the Commerce Clause. I have that concern under our existing statutes, and it does not change under this bill by any stretch. Where I get my level of comfort in this bill is that it is about schools. I continue to believe that schools are about children and not the adults. When we default into discussions about how to improve our education system without continuing to focus on the needs of students, that is where we get sideways.

Chairman Ellison:

Thank you for mentioning the 5 percent preference.

Senator Kieckhefer:

I would love it if every dollar that we spent in public works in this state was able to go directly to a Nevada person. That would be a great situation. There are restrictions on how far we can push that envelope in terms of requiring things like that. We have tried in each of the two previous sessions I have been here to expand that and put more teeth into it to ensure that when we do put Nevada taxpayer money on the street, it is going to Nevada workers. I think it is critically important for us to continue to look at that issue.

Chairman Ellison:

I agree, and I think that those who pay the taxes and pay for the roads and schools should have a vested interest. That is why I want to see if that 5 percent preference can be raised.

Assemblyman Carrillo:

Going back to your testimony regarding safe and stable learning environments, we understand that when a school is built, we like to think that the people who

are building schools have a vested interest. You mentioned that it is about the children. If the same people who are building those schools are Nevadans, it would be great if we could keep all that money in Nevada to ensure that money is spent in Nevada. My concern is down the line, where we have disqualified contractors currently and through the Labor Commissioner, how are we going to keep track of things like that? I have a list of contractors that have committed offenses, and they are basically disqualified from doing any type of prevailing wage public works jobs.

Senator Kieckhefer:

This does not remove them from public works. Excluded contractors would still be excluded contractors. This just provides an exemption to the specific statutes within the public works chapter that deals with prevailing wage. It does not exempt them from the overall public works process.

Assemblyman Carrillo:

Okay. Being in the trades myself, I have worked on a couple of schools where I have, being a father and grandfather myself, realized that everything that I put into this school is going to ensure the safety of not only my children or grandchildren but everybody in this audience's children and grandchildren as well. When I would see other contractors come from out of state, when Friday would come along, they would hightail it out of town and go to Utah, California, or Arizona, wherever they lived, to take their paycheck and spend all their money. The only money they would spend here in Nevada would be the gas that brought them here and whatever living expenses they needed to ensure they were able to survive here.

Right now I do not know how many of my fellow union brothers and sisters are working out of state. Why? Because the living wage here in Nevada has gone down to the point where they are not even able to support their own families. That sucking noise you hear is families leaving Nevada. I do not see that there is going to be a need for this whole discussion about building more schools because a lot of families are going to be moving out. Right now, the way the construction trades are lacking skilled craftsmen because they are working in different places, Nevada is racing to the bottom on yet another list. That is a big concern of mine, primarily because I have to remember that these are my brothers and sisters that I have stood side by side with. I want to be making sure that they come back to their families and are not uprooted and letting their houses go. What is that going to do to our economy?

At the end of the day, this is very personal. I have to keep in mind that this does not just affect the people in this room; this goes way beyond that. This will break up families. You mentioned Ohio. You never did the follow-up.

They did not do as well. I noticed that in the exhibits you did not really provide studies. You mentioned DETR and other things, but you never put anything online. I guess it is our job to go look for information, but if I have a bill, I am going to try to get as much information as possible to my colleagues on the other side of that table, so that they do not have to question me or what is being presented in that bill. I hope the additional information that you give to our colleagues follows through.

Assemblywoman Spiegel:

In various discussions throughout my tenure in this building, we have discussed the multiplier effect and what that means in terms of our total economic development. When we had discussions about the Tesla project, it was said that the multiplier effect was as high as 3.49, not including the construction jobs. For the folks in the audience who are not familiar with it, that is when you have a job, you have a direct job, but you are going to get supplies to work at that job, and that leads to indirect jobs, and if you are also doing things like going to the hairdresser because you live in a place, you have also imputed jobs. You put those all together to look at the total economic impact on a community of having jobs.

In 2010 when we were looking at the importance of getting shovel-ready jobs in Nevada, the multiplier effect was 1.57 for Nevada for construction alone. That was during bad economic times, so it is probably a little higher now, but I am not here to discuss that number specifically. The question is that when you know there is going to be jobs shifting to out-of-state workers and depressed wages, that would have a negative impact on the multiplier effect. I would like to know what kind of analysis you have provided or have that can speak to the potential shrinking of our economy because of the multiplier effect.

Senator Kieckhefer:

I have not done that analysis, and the reason is that I have never pitched this as an economic development bill. I think that the \$3.5 billion worth of investment that is going to happen in Clark County is a good thing, regardless of how you multiply it. This is about providing seats for students to sit in. That is why this bill is before us. That is why I am sitting here. I think the economic impact will be positive, and if we do not pass this, there is zero economic impact. This would create in Clark County \$3.5 billion more that is going to be used to build schools. It will provide for significantly limited but still important construction in Washoe County. That is a positive economic impact, not a negative one.

Assemblywoman Spiegel:

Though I agree it is important to build schools, and that this bill is about building schools, going back to Assemblyman Trowbridge's point, in the past we have

figured out a way to have growth pay for growth. There could be other ways to get to where we need to be without harming Nevada families and our overall economy.

In other states that either do not have prevailing wage or have repealed prevailing wage there has been a cost shift where workers have become dependent on public assistance for medical care and food, because wages have become depressed, and there is a shift to where people are more dependent on Medicaid. A number of our construction workers and families have many children, and as they lose their health care and pension benefits, they become much more dependent on the state. I have spoken to the folks at Medicaid, and they do not really have a way of quantifying what this would mean for the state. However, based on the experience in other states, we know that there will be a cost shift, and the state will have to pick up the health care expenses for many more folks because we have a "no wrong door" policy for Medicaid. How do we, as legislators, take the higher view of this and look to fund the Medicaid expansion that will become necessary because you are shifting costs?

Senator Kieckhefer:

Medicaid projections are incredibly difficult. We underpegged our Medicaid expansion by 100,000 or so people in the last budget cycle, so it is difficult to quantify uncertainties in terms of Medicaid enrollment projections. It is just the nature of the beast. For trades that are operating under collectively bargained contracts, this does not affect those. Those contracts will remain in place. I cannot go in as a legislator and undermine or undo contracts that have been bargained. This bill does not do that. Those benefits stay in place. Other than that, it would be hard for me to say how we would fund Medicaid going forward. That is a question we ask ourselves every two years in this building. If you have an indication of what that number looks like, I would love for you to show it to me because I do not know.

Assemblywoman Spiegel:

I am really just concerned that we are going to wind up in special session looking to slash and burn our budgets because we need to be providing for families. If the private sector makes it impossible for those families to get the benefits they deserve, we will have to be taking care of them. I am sure at that point you will say that is an unintended consequence, except it seems as if we know it is going to be coming; then maybe it is not so unintended.

Assemblyman Flores:

I appreciate that you have conceded the fact that there are studies that undermine and have contrary points of view to your stance on prevailing wage. In fact, there are about 20 of them, including one from Nevada, that state

prevailing wage is in fact better for the taxpayer in almost every way. I understand we do not want to argue this one versus that one.

So let us go back to common sense and ideas that have been stated already. You mentioned that if it were up to you, you would love to keep all jobs in Nevada, and all projects would go to Nevada residents. You just said that. Then immediately after saying that, you admitted that we already have an issue with out-of-state people taking Nevada jobs away from Nevadans with prevailing wage. Now, after saying that, you are saying let us take the prevailing wage away from the equation and have a free market, knowing that you are will have a bunch of out-of-state people coming in who will undercut Nevada workers and ensure those jobs are going to people from other states. What it translates to is that after working Monday through Thursday, ten hours a day, individuals from Arizona grab that paycheck and go to movie theaters, restaurants, buy trucks, pay rent, take their kids to eat, all back in their home state.

Let us keep that rationale going. When you pay somebody from out of state to build a school in Nevada, that means they come here for a paycheck. But when you pay somebody from Nevada a wage to build a school in Nevada, you get something that you cannot get from an out-of-state worker. You get a vested interest, a stake, because they know that they are building a school for their grandkids, for their neighbors, and for their own family. That type of quality, assurance, that vested interest, that stake in the argument, it is something you cannot get from somebody out of state. I am trying to understand. If your bottom line here is, we want to help Nevadans and we want to build schools, but then it is okay if everything goes out-of-state, I want to understand how you are balancing that.

Senator Kieckhefer:

I think you are making a really broad assumption that every one of these jobs is going to go out of state. The contractors that this is going to affect most directly are the signatory contractors. It does not mean there are not merit shop contractors in Nevada who can do this job; there are. There are plenty of them. I understand the position the signatory contractors are in, that they have signed labor contracts that are going to make it difficult for them to compete in a free market. That does not mean there are not workers and companies that can do these jobs, and I believe there will be.

Assemblyman Flores:

Obviously, we go back to our constituents. I looked at the "Shovel-Ready Projects" chart [page 2, [Exhibit D](#)]. My district gets one new school, and then the rollover benefits six other schools in my district through either additions or

improvements. I say, beautiful, our kids are going to get a benefit. But then, we slap those families in the face by saying we are going to do that by stepping on the backs of your parents, the hard-working men and women of my district. It is the parents versus the kids. That is what you are doing with this bill. I cannot believe somebody would have the audacity to put this in front of my face and say it is about schools, and then bring in this prevailing wage component.

If you are confident that prevailing wage should be taken out of the equation, bring that to us through a separate bill. Let us have that dialogue at a separate time. If this is genuinely about building schools, there are men and women behind you who have their shovels ready. Let us give them a job and start building the schools. You get your shovel, I will get mine, and let us make it happen, and let us talk about prevailing wage at a different time. If this is genuinely about building schools, then let us do it.

Chairman Ellison:

Assemblyman Flores, I can tell you that we have some of the best contractors in the United States right here in Nevada, who are more than willing, and who are good, honest people. I have worked with them my entire life. As far as being able to have contractors who can compete, that will not be hard when we have the best workforce in the world.

Senator James A. Settelmeyer, Senate District No. 17:

I came here today to talk about why I supported this bill and how it came about. In my county, Douglas County, we had this issue in front of us a while ago about whether to extend the school property taxes. At first, I was adamant that it really needs to go back to the vote of the people, and we did take it back to a vote of the people. During that process, what I found fascinating is that in all counties but one in the state of Nevada, when the school bond goes away, what happens? In my own county, the general improvement districts (GID) had already stepped up to the bonding authority to take that bonding authority away. They were going to approve it. In all counties, that is what occurs. In that respect, if you do not pass or continue on with school bonds, property taxes do not decrease and that bonding authority is eaten up by the GIDs or other entities that have or are seeking funds or additional bonding authority. In that respect, that is why I looked at this bill.

This legislation does not raise property taxes. I welcome that amendment, Assemblyman Moore, to put in there that in no way, shape, or form could it increase property taxes. It will not. I supported the bill because it will not increase property taxes.

I am a northerner, and I am worried about the state as a whole. I hear from my colleagues that they are getting ready to bus children from other districts in Clark County into Assemblyman Oscarson's district. It is not right to have a kid on the bus for that long. These kids need to be staying in their own local communities.

The concept of providing \$3.5 billion of construction in Clark County, which will not occur if this bill does not pass, is a great idea. The other aspect that I looked at was cost. If you look at an apple-to-apple comparison, if you look at the studies from other states that may be funded either by a corporation trying to save its own money or by unions saying it costs money, I think we need to look for neutral parties. I tend to then look at information from the states' legislative counsel bureaus. I think our Legislative Counsel Bureau is absolutely the best one out there, and I believe all those state bureaus do an excellent job of trying to provide neutral testimony on the realities. That is their job. I looked at the study by the Ohio Legislative Service Commission from 2002, and it talked about safety. They also suspended their prevailing wage. They found that in 91 percent of the schools, according to district officials surveyed, there was no change in the quality of the school. Three percent did say the quality had fallen, but then 6 percent said the quality improved. I was looking for neutral testimony on the quality of the job.

As far as the cost, Michigan was interesting because they suspended their prevailing wage for 30 months because of a court decision. During that period there was an apples-to-apples comparison of how things were funded and what the costs were. In Michigan, there was a 16 percent cost savings. I started looking at the aspect you have mentioned, that in Clark County, for every five schools, we could build another school. That weighed in to my decision. In that respect, those are the primary reasons I support it.

Chairman Ellison:

You mentioned busing students to Nye County. How long a trip is that on a bus?

Senator Settlemeyer:

Twenty to thirty minutes is what I am told. My kids in Douglas County will be on a bus for an hour and a half sometimes. They get up and get on the bus at 6:30 a.m. just to be at school on time.

Chairman Ellison:

From what I gather, if this school bond is rolled over and it is frozen, it cannot be attached to use for other things. Is that correct? Can another agency come

in and say, there is 5 percent left over; can we use that for other projects, not school projects, but expansion of fire or police?

Senator Settlemeyer:

My understanding, from my experiences with the bonding authority within Douglas County and talking to officials who are experts in the bonding authority, is that currently if the school bond is not extended, other GIDs or other entities can step in to acquire that bonding authority. If this bill was passed, that removes the ability for those other entities to come in and take that bonding authority away.

Chairman Ellison:

So it is going to the schools or someplace else?

Senator Settlemeyer:

In my county, that is exactly what would occur. If we did not extend the school bond, it would have gone to the GID that was in line for the money, as well as the sewer district, which have put in requests. There are several others who were contemplating putting in requests. They decided to wait to see if the bond passed or failed before they made that request.

Chairman Ellison:

If that is the case and they roll over that money, could the ad valorem rate go up?

Senator Settlemeyer:

Property taxes cannot increase. Ad valorem is basically a calculation to value your property and in Nevada, if it goes up or down, your value changes. You will pay less property taxes based on ad valorem. That has nothing to do with the bond. Based on your taxes, you look at the value of your home and whether it goes up or down. Within Nevada, we have the 3 percent cap up or down, or 8 percent if you are a business.

Assemblyman Carrillo:

You mentioned a study from Michigan. Did you mention how old that study was?

Senator Settlemeyer:

Yes, the Ohio study was done by the Ohio Legislative Service Commission in 2002, and I am referencing it from a study done by the Cato Institute talking about prevailing wage laws. It was in 1994 that Michigan suspended prevailing wage for a period of 30 months.

Assemblyman Carrillo:

So we are talking about a study that is over 20 years old?

Senator Settlemeyer:

I have tried to find other studies where there was a suspension, but considering that no prevailing wage law has been changed since 1995, it became rather difficult.

Assemblyman Carrillo:

I am looking for more recent data than 20 years and 12 years old. I do not know if that is available.

Senator Settlemeyer:

I appreciate your concern about the age of the study, but it is hard to give an apples-to-apples comparison about the suspension of prevailing wage when prevailing wage in any other state has not been changed since 1995.

Chairman Ellison:

We will all make sure to read the information provided before the work session.

Assemblyman Trowbridge:

I was under the impression there would be amendments submitted that would address two issues. One is that passing this bond issue would result in no increase in taxes, which everyone agrees is a foregone conclusion, but somebody wanted it specifically mentioned in the bill. The second is that the use of the money would only be for school capital projects and could not be diverted anywhere else. I do not know if that is a matter of law currently or not, but that was a suggested amendment that was going to be added.

An additional or perhaps unintended consequence, or something that was not thought all the way through, may result from committing ten years' worth of increased bonding capability to schools. To explain that I need to go to another concept, which is zero-based budgeting. Everybody has heard about that and generally supports it. What you would be doing by committing funding for an additional ten years beyond the current limit is making the determination that the top priority is going to be schools. I do not know what is going to be the top priority in ten or fifteen years. Maybe it will be a fire station, a police station, or a controlled intersection—I do not know. But by making a ten-year extension commitment, we have made the decision that schools are going to be the number-one thing that is funded from these types of bonds. I do not know if that is an appropriate decision to be made in the long term.

Senator Settelmeyer:

I am more than willing to indicate that our children are the most important priority for the next ten years.

Chairman Ellison:

Are there any questions from the Committee? [There were none.]

Assemblywoman Marilyn K. Kirkpatrick, Assembly District No. 1:

I come here in opposition to S.B. 119, and I would like to provide a little bit of history. I do not typically testify in committees, but this is a very passionate issue for many people, and there is a history that goes with this. This issue is not new. In 1996, Clark County was experiencing explosive growth. My kids in kindergarten were in double session, which was a very difficult situation for everyone involved. This is not a new problem, but the problem changes geographically as we see growth in the Las Vegas area. In the northwest where nobody lived, in the district that I currently represent, we had no schools. Many of the kids were bused down to the Cheyenne area to go to school. If you lived out by Lone Mountain, you were being bused for a very long time. We walked door-to-door, hung signs, and asked folks to help support a plan for a bond in order to build more schools. We also wanted to repair some of the schools that were well over 25 years old at the time. This is not a new issue, and it is not a new issue before the Legislature.

In 1998 the residents of Clark County voted overwhelmingly to put a school bond in place. At the time, Senator Smith was the Nevada Parent Teacher Association president. There is a lot of history in this building with this very passionate issue. After the bond measure passed, the CCSD exceeded the expectations for many southern Nevada folks on what should be built. They built 100 schools in ten years, they repaired many, and they had dollars they continue to use. I talked about when my kids were in kindergarten, and now my kids are having kids and their kids will hopefully be in kindergarten, and we will still be talking about this issue for a very long time because we have to always plan for the future. Whether we are building or maintaining schools, we are always going to be in the business of taking care of our schools. These children are always going to be a part of Nevada.

I want to commend Assemblyman Flores because he is absolutely right. We are in a situation now where we are pitting our children against their parents. Do we decide whether our children should be 26 to a classroom, or do we decide to pay their parents a living wage so they do not have to have two jobs and can actually spend time with their kids? I believe that is a very strong and accurate statement.

In 2009, we talked about this issue again, because we were trying to figure out, as the economy was slowing down, how we could create jobs for folks who were out of work. I represent a district that is well over 50 percent construction workers. I have 24 houses on my street, and all but two of them belong to construction workers. It was 2014 before many of them went back to work. Many times we had block parties just so folks could eat for the day. It is very personal when you talk about construction workers who have been hit very hard, who are just now going back to work. This is not a union or nonunion issue; this is a middle-class Nevada issue. This is about our middle-class kids having a home to live in where they know where their next meal is coming from. This is about our middle-class working folks having a job so that they can provide for their kid to ensure that their kid can be in school.

In 2009, we made some changes to the bonding in the Legislature so that we could put some folks back to work. And it did help. In 2011, we tried to bring up the bonding issue again, but we were still recovering, and we felt we were not ready. In the special session in 2014, this issue came up. In hindsight, shame on me for not shoving it down folks' throats at that time because prevailing wage was never a part of it. As I met with the Governor and we talked about the Tesla jobs and how important it was that northern Nevada have the ability to have good paying jobs, and for our contractors to get those jobs and for northern Nevada folks to actually be back to work, we said we are going to have to worry about schools at some point. I did not disagree. The Governor agreed at that point that bonding for our schools would be the top priority when we came back. That was leadership. Senator Denis, Senator Roberson, Assemblyman Hickey, and I all agreed that the bond rollover would be key to ensure that we were prepared when Tesla showed up, that our contractors would have those jobs so we could keep everybody working.

In hindsight, I did not believe in ramming it down people's throats, and today I still do not. I believe that we should work together to do what is right for Nevada, put party politics aside, and do that. Prevailing wage was never part of that discussion we had, and those of you who were here for the special session remember how grueling it was and how our number-one priority was to put Nevadans to work.

On the bonding side, this is not a new issue. This is not something that will go away. Those of you who are freshmen are going to see this again in many different forms, but it is really about bonding so we can plan for the future, have the infrastructure, and ensure that real Nevadans are getting the jobs and real Nevadans have the infrastructure and the room they need, no matter what it is. I encourage you to read the history and understand why each and every one of these bonds makes a difference. We work very hard in the Legislature to

ensure that our bond rating stays high so that we can have the ability to be flexible. Bonds have been successful, like in 2009 when we approved the Washoe County fuel tax bond so they could have jobs. Bonding is a key piece to job creation. I implore you to learn more about them, because Government Affairs will always talk about revenue bonds, and it will be your job to ensure that we utilize them effectively.

Let us talk about prevailing wage. I have served in this building since 2005. That year, we had one prevailing wage bill on the Assembly side. At that time, with a Republican Senate and Democratic Assembly, we had one bill. It was not a top priority because we were trying to do all that we could because our state was growing so fast. In 2007 with Senator Raggio—and I believe he would be rolling over in his grave today if he saw this ridiculous bickering on such an important issue—in a bipartisan manner, we saw two bills in the Assembly, one from a Democrat and one from a Republican. Both had hearings, but neither one passed. People could not sit at the table and talk about the situation. People could not determine what the problem was.

Since I have been in this building, we have had at least three labor commissioners. We have funded them with zero money. We do not invest in what they are supposed to do, so why should they invest in what they are supposed to do? In 2009, both houses were very Democratic. Currently, we are seeing a Republican majority in both houses. There were six bills that dealt with prevailing wage that were heard in this very committee. There were Republican bills and Democratic bills. Only one of them passed. Senator Townsend and I worked together in a bipartisan manner to do what was important. That bill was Assembly Bill No. 192 of the 75th Session, and it was about performance contracts. We worked with many of these folks who are in the audience today, contractors who are both union and nonunion from across the state.

There was a problem. Jeanette Belz did a lot of work on this, and she can tell you. Senator Townsend had a lot of solar projects, we were really talking about solar, that was the new gateway, and there were a lot of federal dollars available. We saw a big problem first in northern Nevada and then in southern Nevada. It was not clear whether or not prevailing wage applied to that specific piece on schools, because it was new construction and solar, so it did not have the same request for proposal requirements. It was very hard for folks in northern Nevada to drop off their children at school and see a company and all of their workers with Arizona license plates putting those solar panels on. These parents were going back to the unemployment line to figure out how they were going to feed their family and pay their bills.

That bipartisan bill was passed to make sure Nevadans had the opportunity to have those jobs. You can say today that out-of-state people will not come in and undercut. That is not true. We have seen how it truly affected our people firsthand in 2009. When some of the solar panels were put in place and two years later they tried to go back to the company to say you need to fix them, that company did not exist anymore. Many Nevada businesses have been in our state for many years. They stuck with us when times were good and weathered bad economic times when they had to lay off people who had worked for them for 15 years.

If we do not continue to invest in Nevada businesses, why would anybody stay here? For Nevada businesses, prevailing wage is a way to ensure that they are being fair across the board. The folks who come from out-of-state do not have the same overhead as we have here. They do not have the workers here. Many of them come from Utah to southern Nevada. They come for the week, with their suitcases. In the construction world, folks in my district call them suitcase carriers because they come on Monday and leave on Thursday. I know many of you heard that point today. We have real, everyday evidence. I do not need a study to know this. We have real people in this state who have experienced this. We have to ensure there is a level playing field.

Also in 2009, we discussed what the problem was with prevailing wage. Why did some folks like it and some did not? Here is what we determined: we did not give the labor commission any ability to enforce anything. Out of all the surveys that are turned in, it is a small number of people who actually participate in the process. It is no different than the DETR statistics. I bet many people here do not know that the average wage is determined by 1,200 businesses who take the five minutes to fill out the form. I understand it is hard to fill out for some of our smaller businesses, but regionally, it sets the tone for everybody.

In 2009, we talked about fixing that bill, but the sky was falling, and our unemployment rate was rising to 13 percent. We were going to have to make detrimental cuts. In some of those cuts, we were going to have to choose between Depends for our senior citizens, who are our most fragile people, or two more kids in the classroom. That is a hard decision to make on many levels because you are pulled both ways with your constituents. So prevailing wage got pushed to the back. Then in 2011, again, we had one prevailing wage bill on the Assembly side. It is not something that was a priority on our list. However, building schools is at the top of our priority list. Many Nevada businesses benefit from prevailing wage in more ways than you can count.

I respect my Senators. But these are two separate issues that deserve two separate discussions in order for us to ensure that Nevadans are protected. We need schools, and we need working families to have working jobs. We do not need to pit our kids against our parents. If you want parents to participate in the school, you have to give them the opportunity to have one job. This Committee is really about the everyday people, our contractors, our businesses that stick with us through good times and bad, and this is a Nevada issue for the working-class folks who need to ensure their kids have a good education.

Chairman Ellison:

Assemblywoman Kirkpatrick, I sat on those committees with you, and you have been the fairest person I have ever met in my life.

Assemblywoman Kirkpatrick:

If you ask me, this Committee is the best in the whole building because this is the people's committee.

Chairman Ellison:

I was going to ask about Tesla. I talked to some of the contractors who are working on Tesla, and they are moving quickly. They are all Nevada contractors, are they not?

Assemblywoman Kirkpatrick:

They are. The reason they are is because we as a Legislature took the time to put some accountability into the bill requirements. If you want to do the same thing rather than just gutting it, that is something this Legislature should do.

Chairman Ellison:

Are there any questions? [There were none.] Those in favor, please come forward.

Lindsay Anderson, Director, Government Affairs, Washoe County School District:

The rollover bond is the most important priority for the WCSD this session. In 2002, voters approved a rollover bond that ultimately generated \$551 million for our district that built five new schools, built two expansions, made critical repairs and renovations to our oldest schools, and upgraded technology. The schools in WCSD are relatively old. The average age of our elementary schools is over 40 years, with our middle and high schools over 35 years old on average. With the funds we have had available, we have maintained these buildings to the best of our ability. The priority in Washoe County has always been to have safe, warm, and dry schools.

As property tax revenues have declined, we learned in 2012 that we would not have additional bonding capacity until 2016. We galvanized our community around a proposal to generate new revenue for school buildings. Passed in 2013, Assembly Bill No. 46 of the 77th Session would have raised \$20 million through small increases in sales and property tax to pay for the most critical repairs to our buildings. Although A.B. No. 46 of the 77th Session authorized the county commission to generate this funding, ultimately it did not do so. However, during that process, our community went through a valuable exercise of demonstrating accountability and need. The county requested a financial audit of the 2002 rollover bond funds, which confirmed that all the money from that bonding was spent properly. It demonstrated that the need to fund our existing school buildings is nothing new.

Currently, we have \$154 million of critical repairs that could be done today if the funding were available. These are not upgrades but simply replacements of systems that can no longer be repaired. What is new to this most recent conversation is the enrollment growth and capacity issues we are facing. In the 2013-2014 school year, enrollment growth was enough to fill a new elementary school. Currently, our elementary, middle, and high schools are nearing 100 percent capacity. We have 228 portable trailers, many of which are over 30 years old. We could build three new schools today and fill them to capacity. The economic development happening in our state is certainly exciting. We are expecting over 30,000 new residents in the next five years in Washoe County, and we expect those families to bring 4,400 new students to our district. That is enough to fill five elementary schools, three middle schools, and one high school. We estimate the cost to build these new schools at over \$400 million, just in the next five years.

The rollover bond for Washoe County would generate approximately \$85 million between now and 2019 and \$270 million through 2024. This is why the rollover bond is so important to us. As it is our only source of funding, without the rollover bond we will face an even bigger hurdle in caring for our existing schools, much less accommodating the enrollment growth we are facing. This is a critical component to solving our school construction needs, but frankly, WCSD will still face a serious shortfall to meet the needs of our students. Without substantial school construction funding, we face more expensive repairs in the future and disruptive school schedules, including year-round and double sessions. We cannot wait to address this problem. Extending the rollover bond now will help us start working toward addressing our building needs.

Assemblywoman Joiner:

Regarding Washoe County specifically, within the next 18 months, before we have a chance to go to the voters, how many schools can we build in Washoe County? Senator Harris seemed to imply that there were some renovations that would definitely happen, and I would like to know what those are, if there are any.

Lindsay Anderson:

We expect to be able to generate \$10 million in 2016, and \$30 million in 2017, for a total of \$40 million. It would be difficult to determine in our district how to best spend that money, to be perfectly honest. That could build a new elementary school, which is critically needed in the south Reno area, or it could be used to repair the existing schools, depending on the most important priority at that time. Between now and 2016, we estimate to generate \$10 million that could go to critical building repairs in our existing schools. [Also provided written testimony ([Exhibit E](#)).]

Joyce Haldeman, Associate Superintendent, Clark County School District:

I am here in support of S.B. 119 because of the substantial funding it would provide to build much-needed schools in the CCSD as well as rehab many other existing schools. With me in Clark County is Jim McIntosh, who is the Chief Financial Officer of the school district. Many of the questions that were asked by the Committee members are things that I think we could provide answers to, if you are interested in them. I was interested to hear Assemblywoman Kirkpatrick talk about the school building program. That was the year she was a parent volunteer. I was a parent volunteer too and first met her then. It is interesting how our paths have continued forward. Over those years, we have been working to make sure we have adequate school facilities for our kids. It is still a top priority for us. It is also a top priority in the CCSD, as it is in the WCSD. The needs that we have are profound and many.

I think most of you have seen this flyer ([Exhibit D](#)) with the list of the projects that we would need to do. In preparation for this hearing and for the general response that we have to growth, we have had a series of presentations in the CCSD over almost a year, so that we could grasp the magnitude of the program and the problems that we are facing. I am going to very quickly summarize for you the eight presentations that were made to the school board trustees. These presentations were all over an hour long, so I will shorten them to about 30 seconds each.

The first presentation was about the available seats in the CCSD [Referred to written testimony ([Exhibit F](#))]. One of the comments we always hear is that maybe you have more seats and all you need to do is rezone the kids and it will

all work out. There are some available seats; most of them are in Laughlin or Overton, areas that are outside the greater Las Vegas area. Even if we were able to rezone every single school in the district and bus students to those available seats, it simply would not take care of the problem we have. The tool we are using to deal with overcrowded schools is conversion to year-round calendars, which increases school capacity by 20 percent by staggering the children's schedules so that only a certain number of kids are on campus at any particular time. It comes with lots of challenges, both academically and for families, but it is how we are dealing with the capacity issue. Currently, we have 13 schools on year-round calendars, and we have sent notices to 61 additional schools to tell them they are being considered for year-round calendars next year.

The next presentation has to do with the number and condition of the portables that we use on our campuses. You might know that we have portable classrooms, which is how we deal with what we think is going to be temporary overcrowding or shifting populations as we are waiting for a new school to be built. In CCSD, we have 1,872 portable classrooms. The useful life of a portable is 20 years, but we have 445 portables that are 20 years or older. In fact, we have 43 portables that are 52 years old.

We then talked about land acquisition needs, and depending on the economy and the growth that we continued to have, we estimate the need for land acquisition at about \$30 million on the low end, and as high as \$500 million depending on the cost of land. The big question is how many schools we need to deal with growth. I think our growth has surprised all of us. For a period of time, we were growing at an average of 5 percent a year. That fell as we began the recession. In fact, a couple years we had declining enrollment. We dipped by a couple of hundred students. But in 2012, our growth returned at about 1 percent a year. A 1 percent growth may not sound like a lot, but when you have 300,000 students, 1 percent is 3,000 students a year.

This is the most important fact, and I want to make sure you have this takeaway. When I gave this presentation originally on the Senate side, on February 4, three weeks ago yesterday, I told people that from the time of count day until that presentation, we had grown to 1,922 elementary school students. From the beginning of the school year to that presentation on February 4, there were 1,922 new elementary school students. Today, that number is 2,587 new elementary school students. In the last three weeks, we have had 665 new elementary school students move into CCSD.

If I can leave you with no other important thing, please let me share the sense of urgency that we have as we are trying to provide schools for these students.

Mr. McIntosh can talk to you about the schedule. I know there were some questions about how we can open any schools by 2017 because usually school construction takes considerably longer than that. We need to let you know how important every month and week are as you debate and discuss this bill. It makes a difference about whether or not we will have seats in place for students when we open the schools in the 2017-2018 school year.

Chairman Ellison:

I would encourage the Committee to read the testimony ([Exhibit F](#)).

Assemblywoman Spiegel:

I know about the plight of our students, and it is horrible. One elementary school in my district has more students in portables than my entire high school graduating class had students. I absolutely see the need to build additional schools and for refurbishing schools that we have. As Assemblywoman Kirkpatrick was saying earlier, one of the things that is very unfortunate about this bill is that it seems to be pitting students against parents. Would you still support this bill if the prevailing wage component were removed?

Joyce Haldeman:

Of course we would. We are supporting this bill because of the importance of school construction for CCSD.

Paul Moradkhan, Vice President, Government Affairs, Las Vegas Metropolitan Chamber of Commerce:

As the largest business organization in the state, the Las Vegas Metropolitan Chamber of Commerce would like to offer its support of concepts that have been presented with the need for rollover construction for new schools in our local school districts. We support the rollover of these bonds, and that is our focus on this legislation. We believe school construction is extremely important in southern Nevada and statewide. As the members of this Committee know, K-12 education is a long-standing priority for the Metro Chamber. As you have heard from the school districts, they continue to demonstrate a need for additional schools because of the explosive student population growth they have had in the last several years, even during the recession. The Metro Chamber is supporting these efforts. On a related note for the record, the Metro Chamber has been supportive of CCSD over the years in their efforts to secure school bonding construction and views CCSD as a strategic partner.

Assemblyman Moore:

You just stated that you support the bond rollover portion of the bill. Where are you on the prevailing wage portion?

Paul Moradkhan:

The Metro Chamber does support prevailing wage reform in the calculation and surveying. Our priority in this bill is the school construction and rollover concept.

Tray Abney, Director, Government Relations, The Chamber, Reno, Sparks, and Northern Nevada:

The 1,800 members of the Chamber strongly support this bill. The bonding piece, to be clear, is not a tax increase. This is the bare minimum that we need to maintain our schools. The WCSD is bursting at the seams. We have 228 trailers that are sitting on our school district properties right now, holding kids. We cannot provide space for the kids we have now, much less the kids that are coming along with Tesla. We need this now. As far as waiting for a ballot as Assemblywoman Joiner suggested, we may need to go to the ballot as Senator Kieckhefer said, for an additional revenue source. This is the bare minimum that we need, and for those of you who were here last session, you will remember we supported A.B. No. 46 of the 77th Session, which was a property and sales tax increase. It may not seem like it today, but we worked with labor on that issue.

For the prevailing wage piece, Senator Kieckhefer did an excellent job laying out the issue. The Chamber believes and we have always believed that we must spend our tax dollars in the most efficient way possible. As we talk about new revenue in this building as we get to the end of the session, we have to stretch every current dollar we receive before you take more tax dollars out of people's pockets. We have heard a lot about working and middle-class people today. Let me tell you about middle-class business owners that I represent. They are some of the hardest working people you will ever meet. These business owners do not get overtime or weekends off, and they have to work late into the night to run their businesses. While a generous estimate is that about 14 percent of Nevada's labor force is unionized, we should also be concerned about the other 86 percent of Nevada's taxpayers who depend on schools. They deserve their tax dollars to be spent in the most efficient way possible.

This bill could actually put more people to work. More Nevadans could go to work because you could have more projects and build more classrooms. Assemblyman Carrillo mentioned how personal this issue is to him. It is certainly personal to me. My son Noah turns five tomorrow. We went to his kindergarten meeting earlier this week, and he is zoned for the most crowded elementary school in WCSD, Brown Elementary School. Five trailers sit on that property. He, and all of your children and grandchildren, deserve first-class facilities. He deserves, as he grows up and goes into the workforce, his tax

dollars to be spent in the most efficient way possible. We strongly support this bill, and we urge passage.

Assemblyman Carrillo:

I appreciate the sentiment. One thing that I have to say, and I will continue to say, it is not so much that we need to build more schools but that we need to build quality schools as well. I would want to know that, if my grandson is going to school, I do not have to worry about the ceiling falling on top of him. To me, it goes without saying that I want to see him come back in one piece. I am sure you have the same sentiment for your son as well.

Tray Abney:

I completely agree.

Chairman Ellison:

We are going to go to Las Vegas for comment.

John Hancock, Private Citizen, Las Vegas, Nevada:

I am a business management consultant, continuously licensed in Clark County for the last 12 years. I come before you this morning to explain my opposition to the legislation proposed in S.B. 119. My specific issue is the removal of the electorate from the general obligation process. If I excerpt the bill's explanation, it was temporarily for authorizing bonds of trustees of school districts with prior voter approval to issue general obligation bonds in certain circumstances. However, if one reads very closely, and I direct you to page 3, lines 19 through 25 and 31 through 32, one discovers that the terms "prior approval" and "temporary" have gained new definitions by the device of legislative bill writing. That is, "prior approval" means that the school district's voters approved a perhaps unrelated general obligation bond up to ten years ago, and, ipso facto, no further voter approval is required for the issuance of the general obligation bonds, and "temporary" means ten years into the future. Why is the foregoing distortion of words an issue? [Continued to read prepared testimony ([Exhibit G](#)).] Senate Bill 119 is an unjust attempt to deny the taxpayers' right to approve or disapprove the issuance of general obligation bonds. The end does not justify the means.

Chairman Ellison:

Are there any questions? [There were none.]

Jim McIntosh, Chief Financial Officer, Clark County School District:

The CCSD has grown by approximately 1 percent for the past three years. This equates to approximately 3,000 students over each of those three years. The district has grown by close to 10,000 students in that time frame.

The district has been unable to respond with one single school facility during that amount of student growth and expects that growth to continue for the next few years.

I know there are concerns regarding rollover of the bond, and I would like to reinforce what many have said, that this will not involve a tax increase. As a matter of fact, in Clark County, we are seeing increases in the assessed valuation, both in the current year and in the following year, so we do not have concerns about the revenue. We assume our model over a ten-year period would produce about \$3.5 billion. As it stands today, Clark County has the need for 32 new elementary schools. They could build 32 schools today and fill them to capacity. The CCSD is expected to require an additional two elementary schools for each year of 1 percent growth. That increases if the growth were to accelerate to 2 or 3 percent. We have a continuing need to build new schools.

On top of the need for new schools, we have quite a bit of infrastructure need in order to bring many of our older schools to equity with some of our newer schools. I want you to know that when we modeled this program out over a ten-year period based on the bill, we assumed extremely conservative revenue growth by assuming no revenue growth. The two other components of our bond program, outside of property tax, include the real property transfer tax and the room tax, both of which have shown significant growth over the past few years. There were questions and concerns regarding our bond rating. There would be no effect, we believe, on our bond rating with the passage of this bill. We would simply be replacing old debt with new debt. As a matter of fact, we recently refinanced some of the district's debt, and there were actually more concerns about our ability to respond to our capital needs by our bond rating agencies.

I would like to address the schedule. The timing of this bill could not be more perfect. The district now has the capacity to borrow; it just does not have the authority to borrow against the property tax rate. If we were able to get this bill in place, we would move very quickly and be opening schools by August 2017. Having to wait for a bond ballot question in November 2016 would put that off by another two years. Schools would not be opening until around August 2019, at best. We are able to do this simply because the last five schools that CCSD built were in fiscal year 2010. When those schools came on line, there were four different prototypes used. We plan on moving forward with those prototypes. We have already identified the sites where these schools will go. We are trying to reduce as much of the design, architecture, and engineering costs as we can. Several feasibility studies have already been done on many of these sites. In addition, our board recently

passed a bond reimbursement resolution that would allow us to begin using certain capital funds today, and to replenish them with bond proceeds in the future, should this bill pass.

Chairman Ellison:

Do you have the workforce to handle building that many schools?

Jim McIntosh:

I will say that the capital program at CCSD has atrophied over the years as resources have dwindled. We do believe that we are well-positioned to begin moving forward with building schools because we would look to the private sector to assist us. We still have project managers on staff and recently hired a new assistant superintendent to the facilities department. I have had long conversations with the capital improvements office about our ability to move forward, and we feel very confident that we would be able to do so.

Assemblyman Moore:

Can you tell me the approximate number and yearly salaries for the administrative folks within the CCSD versus the people doing the actual work, the teachers?

Jim McIntosh:

The average teacher at CCSD earns approximately \$75,000 a year in salary and benefits. When you speak to the administration, there are several levels of administration, so I do not have a quick figure for administrative salaries and benefits.

Assemblyman Moore:

I find that not truthful. That might be with benefits, but that is not what is in a teacher's hand. Am I correct?

Jim McIntosh:

Let me rephrase my answer then. The average teacher at CCSD earns a package of compensation of \$75,000 in salaries and benefits. Of that, \$51,000 is the average salary of a CCSD teacher, and approximately \$24,000 represents their benefit package.

Assemblyman Moore:

I still find that incorrect in that your own published packages do not indicate that. I think the salaries are around \$30,000 to \$34,000 with benefits packages. Not to get into a debate with you now, but I have a bill that is going to address certain issues that I have brought up that I would like to discuss with you in my office. Are you open to that?

Jim McIntosh:

I am absolutely open to that. The average starting salary of a teacher is approximately \$34,600 dollars, and it only goes up from there.

Ed Uehling, Private Citizen, Las Vegas, Nevada:

I moved to southern Nevada in 1943, so I am a 72-year resident of Clark County. I am speaking in favor of the prevailing wage portion of the bill. It was stated earlier that this is about everyday people. This is not about everyday people in the state of Nevada. This is about the government declaring that one group of people should get paid \$50 minimum an hour, while the other 90 percent of the workers of Nevada have to pay, with their meager salaries of \$10 or \$15 an hour, these sky-high wages. That is what this is about. These are the everyday people who have to pay these extremely high wages. The second aspect of this is the belief that the government can create economic development. You are going to hear, when the people come to speak against this, these unbelievable economic theories that by paying one group an extra-high wage or spending a huge amount of money in one area, somehow this results in economic development. It is the very opposite. It causes a destruction of economic development, jobs, and all sorts of other problems.

Government cannot decree economic development. If it could, governments all over the world would do it tomorrow. The reason this is not going to result in economic development is that they are not asking for an increase in the prevailing wage. If a \$50 an hour minimum prevailing wage creates economic development, how much economic development could this state have if we paid \$100 an hour? Would we have twice as much economic development? They are not asking for that, and they know very well that it does not result in economic development. It hurts the everyday people of this state who are only making \$10 or \$15 an hour and have to pay for this outrage. I am very much in favor of getting rid of the prevailing wage statute.

Caryne Shea, representing Honoring Our Public Education Nevada:

I am Vice President of the parent advocacy group Honoring Our Public Education (HOPE). It is a nonpartisan, nonprofit, all-volunteer organization, and our only agenda is the successful education of Nevada's children. If you take a moment to view the opinions about S.B. 119 listed on the Legislature's website comment page, you will see that HOPE represents the voices of hundreds of parents in southern Nevada, and we are in favor of obligation bonds for capital improvements and construction in schools.

To address Assemblyman Trowbridge, no, you may not need a school in Sun City; however, the grandchildren of your constituents might. Also, you might want to be aware of the war against charter schools because of a traffic

issue that is happening right now in Sun City with MacDonald Ranch. They are definitely at war. It is also not safe for children to cross streets if they do not have certain attendance zones. If I may address Assemblywoman Spiegel, in our observations from speaking with hundreds of parents, I recognize that you went door-to-door and that was three years ago. Perhaps we need to revisit it now with 3,000 new students every year overcrowding our schools.

When we speak to parents, they do not even understand that a district's operating budget is separate from a capital budget. In regard to that, only 30 percent of parents are voters. Our local bond measure lost because it was an additional tax, and we also had only 30 percent of parents who were voters who understood the overcrowding issues.

In response to Assemblyman Carrillo; if families are leaving Nevada, why do we get 3,000 new students every year? As we and others have previously testified, the need for new school buildings and improvements to existing buildings in CCSD has reached a critical level. [Continued to read from written testimony ([Exhibit H](#)).]

Chairman Ellison:

Are there any questions? [There were none.]

Rachel Anderson, Private Citizen, Las Vegas, Nevada:

I am here today to show my support for S.B. 119. I am in favor of the rollover bond that would fund new school construction. [Continued to read from written testimony ([Exhibit I](#)).] This is our obligation, whether we are parents or educators. We are part of those communities, and we are part of that contract, and right now we are failing in that part of our contract. We are not providing the students with the resources they need. They cannot vote; they cannot come today. They would if they could. We are their voices, and no one else can speak for them. They deserve to have decent, functional school facilities. They deserve to have appropriate class sizes. [Continued to read from written testimony ([Exhibit I](#)).]

If we do not pass this bill, it would send the message to the children of this state that we just do not care about them or their education. That is the wrong message to send. What are we waiting for? We are years behind construction needs for this state. Are we waiting to be another decade behind? Companies do not move to Nevada because our education rankings are so low or because our schools are overcrowded. We need new companies to move in and provide jobs. When they look at Nevada and they see low education rankings, they will look elsewhere. Is that what we want? That is not what we want. We want our schools to be a priority, because that is an investment in our future—future

jobs, growth, pay, income, and improved education rankings. I am grateful to see so many parents here today to support S.B. 119. I am proud to be a member of HOPE, the education advocacy group for parents in southern Nevada. I am a parent, a voter, and an advocate for education. I thank you for your service; we know how important it is.

Chairman Ellison:

Are there any questions? [There were none.]

Carolee Frost, Private Citizen, Las Vegas, Nevada:

I am a voter, the parent of two CCSD students, and a certified public accountant by profession. Taxes are my profession and my field of interest. This is a law and issue I have researched carefully and diligently. I support S.B. 119 for the following reasons. It does not allow for a property tax rate increase without voter approval. There is a statutory tax cap already in place. It allows school districts to bond against preapproved rates only if the school district has debt capacity, meaning the current property tax revenue stream must exceed principal and interest payment for already existing debt. School districts must stay within current state laws regarding their debt ratios—the amount of debt they can incur. Existing law dictates that bond funds can only be used for school construction, renovation of existing facilities, land purchases, vehicles and equipment for transportation, and furniture and equipment for schools. Bond funds must be spent on educational needs for our children. Many school districts have capital needs and not enough funding to make the repairs. Numerous testimony and articles have already been supplied to support this. I know this personally as well. My youngest attends an elementary school with a current enrollment of 1,100 students and a seating capacity of 852, putting it at 130 percent capacity. That is 248 more students than the building was designed to accommodate.

There are currently no state or local laws to require developers and builders to help pay for new schools when they add new homes and subdivisions to an area. Laws are in place to assess Sanitary and Improvement Districts for public improvements like roads, sewers, and sidewalks, but not for other needed infrastructure like new schools. The CCSD has no ability to build new schools to meet this growth because they have no bonding authority. I see this issue personally. There are dozens of new neighborhoods being developed and built just up the street from my home. Upon completion, they will add roughly 1,500 new homes, which translates into 250 to 300 new elementary school students in my area. My son's school and two other nearby elementary schools are already over capacity. As the economy picks up and new home construction accelerates, this problem will only get worse. A school district's operating funds cannot be used to build new schools or renovate existing

schools. The funds must come from their capital funding, which most often takes the place of general obligation funds.

I understand the concern that S.B. 119 can be seen as circumventing taxpayer approval because it incurs new debt even though it does not increase property tax rates. In reality, the voters and taxpayers who authorize bonds are not necessarily the same voters and taxpayers who actually pay for the bonds because the timeline to repay a bond is typically 20 to 30 years. For example, I did not live in Clark County or Nevada in 1998 when the last rollover bond was approved by voters. However, my current property taxes are being used to pay off those same bonds. When I chose to purchase a home in Clark County, I became subject to those preexisting real estate taxes. Furthermore, my child currently attends one of the schools built with the CCSD 1998 bond funds. I am benefiting from that school, so it seems fair that I help pay for that school regardless of when it was authorized by voters.

Tom Clark, Private Citizen, Reno, Nevada:

Many of you know me as a lobbyist, but I am here today as a dad. I have a seven-year-old daughter who is at Jessie Beck Elementary School. I have worked with the school districts since 1998 on all of these different bond questions and making the arguments to the voters about why it is necessary for us to have schools that are warm, safe, and operable for our kids. It is a very important issue to me. I started in 1998, so this has been an issue to me long before I even had a daughter in school.

We have heard a lot about prevailing wage. I do not have a dog in that race. That is a policy issue that you legislators will have to debate and come up with a decision on. What I care about is a livable environment for kids, and not just them. The one thing we have not talked a lot about is the environment that our teachers and staff have to deal with on a daily basis in these overcrowded schools. I walked into my daughter's first grade classroom last year and tripped over a bucket because the roof was leaking. The environments these kids, teachers, and staff have to deal with in Washoe County are getting worse and worse every single year.

Think about your own house. My daughter is going to be in the school district system for another ten years. In that period of time, I am probably going to have to replace my hot water heater. I am probably going to have to fix a toilet or two. I am probably going to have to do the maintenance on that house to make sure it is livable for me. These districts are facing those same problems. They have to make sure that they have programs in place and resources available to make sure that those classrooms are comfortable, safe, and good environments for our kids to learn in. They are going to learn better in a place

that is comfortable and constantly improved than they are in a place that has a leaky roof. My daughter's first grade class last year had 14 kids in it. I talked to the same teacher this morning, and she has 23 this year. There are more kids coming into our schools. Last year, the district installed a module building. I call it a module because it is not portable. It is not going anywhere; it is going to be there for a long time.

Richard Stokes, Superintendent, Carson City School District:

I am mostly speaking today for my colleagues, people who are members of the Nevada Association of School Superintendents, and I would like to go on record supporting S.B. 119. I would like to paint a picture for you. We have heard a lot of great testimony about school usage. Recently, we have been very blessed to have full-day kindergarten in our schools. What that did, however, was cause our surplus classrooms to be occupied by full-day kindergarten kids. It is a great problem to have, and we love that piece of it. However, picture a 35-pound student trying to open an adult door, or going into an adult bathroom for which some of our schools are plumbed. That creates a difficulty and a challenge. Having the ability, especially in middle-sized school districts and rural areas, to have funding to address some of these issues is really important.

Our schools get used very hard. We not only have the regular seven-and-a-half hour day for staff and students, but our schools really are gathering places for our community. We host craft fairs, we have political party meetings, we have nonprofit organizations, we even hold funerals in some of our schools. Our schools really are community buildings. For that reason, we are supporting this bill and appreciate your consideration. I greatly value the time you are spending to consider this, and am grateful that I live in a place where school construction is so important.

Chairman Ellison:

You mentioned the schools, but you did not mention the prevailing wage.

Richard Stokes:

We are neutral on that.

Jim DeGraffenreid, Vice Chairman, Nevada Republican Party:

We are in support of S.B. 119. In the interest of time, we will not rehash the testimony that has already been given. We are in agreement with the testimony that has been given. We do want to go on record as saying that based on the reality of how school bond rollover occurs, the way the debt commission handles that, we agree with Senator Settelmeyer's conclusion that it is not an increased tax. We would not consider a vote for S.B. 119 to be a vote for

increased taxes. We do appreciate and support the suggested amendment that would clarify that as well.

Chairman Ellison:

Are there any questions? [There were none.]

[Assemblyman Moore assumed the Chair.]

Mac Bybee, President, Nevada Chapter, Associated Builders and Contractors:

I am here in support of the prevailing wage carve-out in S.B. 119. We as an association are not opposed to prevailing wage. We believe that the system needs to be reformed, but in the absence of that reform, we support this exemption.

Vice Chairman Moore:

Are there any questions? [There were none.]

John Madole, Executive Director, Northern Nevada Chapter, Associated General Contractors of America:

We are opposed to the bill because of the ill-conceived combination of prevailing wage provisions being repealed and the extension of the rollover bonds. We support rollover bonds, but the bill is flawed as it is. We would propose and have suggested an amendment ([Exhibit J](#)) that repeals the prevailing wage provision.

Without that, I would say the claims being made regarding school cost savings are very exaggerated. I see some claims estimating a 45 percent decrease in wages. That is farfetched. We may see some small savings with the schools, and I think there are a lot of things that can be done to save money building schools. The Clark County Associate Superintendent mentioned several in design and a lot of other ways that are substantial savings that can be made. We would be more than happy to help find those. However, we just talked about the comfort and what we want for our kids in school. The people who build the schools should be qualified craftspeople similar to those who built the building that we are in right now. The carpenter in housing is not the same as a carpenter who finished the cabinetry and millwork in this room.

Yes, these people make a middle-class, decent living. A carpenter in Washoe County, for example, would make approximately \$57,000 in take-home pay. If you take 45 percent off that wage, you are putting someone in a position where they will qualify for food stamps and assistance with medical care. Is that where we want to go? I think we would like to maintain the quality of life. We do not want to give anybody ridiculous wages, and I would agree that

there are some abnormalities in prevailing wage; sometimes they are a little off, and the system is not perfect. But we are maintaining a decent living for people. We want quality; we do not want piece workers building your schools. That is exactly where this will take it. You can come out on a Saturday morning, and you will see people building schools in a few years. We are opposed to the bill as it stands. We would be more than happy to discuss a more modest reform.

[Assemblyman Ellison reassumed the Chair.]

Assemblyman Carrillo:

What has happened to contractors over the past seven years and the entire market?

John Madole:

We have been devastated. It is certainly not unique to us. We have seen members with 400 employees go to 50 employees and do everything they could just to survive. Some did not make it. I know the impact of that is felt on the working people. We would just like to see quality schools built by quality craftsmen, and let people make a decent living.

Assemblyman Carrillo:

What kind of shops do you represent?

John Madole:

We represent both union and nonunion. Generally speaking, we have people from both sides who represent what I am saying here today, but I am not saying that 100 percent of the people agree. I probably could not get 100 percent of my members to look at the clock and agree on what time it was.

Chairman Ellison:

You are in opposition to the prevailing wage portion, but are you in opposition to the school bond rollover too?

John Madole:

For the record, we are fully supportive of rollover bonds, but as this bill stands, we are opposed.

Fred Reeder, President, Reno-Tahoe Construction:

I am here in opposition to this bill based on the prevailing wage portion. I have heard a lot of rhetoric on the savings, and as someone who has been estimating public works projects for an excess of 30 years, I can tell you these numbers are flawed. I read in detail the Nevada Policy Research Institute (NPRI) study

["Who Really Prevails Under Prevailing Wage?" ([Exhibit K](#))] and when they use a 50 percent rate for the cost of construction, that is way out of line. I did my own study and went through my own estimates—I have more than a thousand logged in my computer—and we came up with a number between 18 and 25 percent of the cost of a project being the labor burden and fringes cost.

I am currently working on a project with the University of Nevada, Reno called the West Stadium Way utility upgrade. It is a little over a million-dollar project going across the campus with some utilities. I took my prevailing wage numbers out and inserted a nonunion, non-prevailing wage rate. I had to call around and get some numbers. I came up with about a 6 percent savings on the overall cost of the job if we could substitute that.

However, the argument must be made that production is going to change with the less qualified workers. If I lose the people I have who are experienced, I am going to be hiring less qualified people to do that work. In addition, I am going to have a safety issue. With experience comes a safety factor that takes costs down. My general liability and worker's compensation are based on my safety record and incident rate. If I have a bad safety record from bad character, my incident rate is going up and it will cost more. So I think that 6 percent savings is going to get squeezed to nothing or go to a negative number.

Another issue I have heard is the free market issue. Senator Lipparelli mentioned it on the other side: why not let wages be dictated by the free market? I think that is a fair question, and the answer is that as consumers, we all have a free market. When we go to buy something, we look at price, availability, convenience, quality, and other factors. We put them together and make our decision on what we are going to do in free market selection. The public works market is a whole different realm. We do not have a free market. Public works jobs are awarded to the lowest responsive bidder. If I have a bond, I have a contractor's license, and I am the low bid, I get the job. At least prevailing wage levels that playing field so that these bad characters who do not invest in their people or safety are playing on the same field as us.

Another issue that bothered me is the collective bargaining. The prevailing wage rolls over to collective bargaining if we do not get the participants. That collective bargaining number is not an inflated number given by these unions. It is a number that people like me sit on the other side of the table and have to negotiate with. I am not going to roll over and pay these individuals a high wage. We are not a public entity that is regulated all the time.

Victor Joecks, Executive Vice President, Nevada Policy Research Institute:

We are currently opposed to this bill. I would, however, like to praise the removal of the prevailing wage requirements for school construction and correct a little bit of what was just said. Our study ([Exhibit K](#)) found that prevailing wage requirements add around 45 percent to labor costs, according to the Nevada Department of Employment, Training, and Rehabilitation data. Removing this requirement saves 10 to 15 percent on construction. I would like to applaud Senator Kieckhefer for his excellent work talking about the reasons to repeal prevailing wage.

The problems with [S.B. 119](#) involve the bond rollover. The biggest problem is authorizing ten additional years of bonding without voter approval. This is different from what voters were told when they voted for property tax increases in 1998 in Clark County and in 2002 in Washoe County. This is why the Nevada Policy Research Institute is proposing an amendment ([Exhibit L](#)) to authorize two additional years of bonding. This would allow the districts to build immediately, which is their stated priority, while also making school districts return to voters in 2016 for a longer approval on rollovers.

One reason to return to voters is that the needs identified by CCSD keep changing. In 2012, CCSD asked voters for a property tax increase, and they identified 41 schools as needing \$669 million in repairs. As has been mentioned, voters rejected that plan two to one. Now, just three years later, CCSD is here before you proposing a list to construct new schools, but they also have a list of 45 schools to receive funding. Just six schools are on both lists. Five of those schools were going to receive \$700,000 electrical system upgrades in 2012. Those five schools are now scheduled to receive \$4 million additions. Only one school, Boulder City High School, is on both lists for a similar project. Also, CCSD has spent \$338 million in previous bond money at those 45 schools.

The other amendment I would like to propose would address the concern brought up by Senator Settlemeyer ([Exhibit M](#)). It is a conceptual amendment that would prevent other jurisdictions from taking property tax money previously used by school districts without a popular vote and approval by the debt management commission.

Assemblyman Stewart:

This question is for the construction people. I have heard that in some cases, the construction owners are paying above prevailing wage to get quality workers. Is that correct?

Marc Markwell, Chief Financial Officer, Sierra Nevada Construction:

We are an underground and paving contractor. Oftentimes, we may pay a little more depending on the skill of the individual.

Katrina Brown, Private Citizen, Las Vegas, Nevada:

I am opposed to S.B. 119 because I believe we need to ask the voters how we want to spend the money we pay in taxes. I am against the prevailing wage portion also. I am a taxpayer, homeowner, business owner, and skilled worker, so I fit all of the bill. I am a journeyman electrician. I attended a five-year apprenticeship program that included classroom and on-the-job training. I am a skilled worker. What does prevailing wage mean to me as a woman? It means that usually women make 70 to 75 cents for every dollar that a man makes. But in my world as a skilled worker, getting prevailing wage money means I get paid the same amount that a male or female electrician—a skilled worker—makes. This is an issue that needs to be addressed because a woman typically does not make the same amount of money as a man in the work field. As a journeyman electrician, it is very important because I am a single mom. As a single mom, I could not afford day care or health care for my children. I did not have time, because I worked two jobs, to spend with my kids.

The prevailing wage bill is really important. It gave me choices. I had choices of where I sent my kids to day care. I could leave my kids somewhere I felt comfortable. I did not have to worry about how much it cost because I could send my kids to a quality day care. I could spend money on extracurricular activities. To the people who say that working class people are not spending money, that is crazy. Working class people make the economy go. If I am not making money, I am not spending money. I cannot buy a new car or house, get my hair or nails done, or have my kids do extracurricular activities. The working class people do support the economy in Nevada. A lot of my skilled worker friends have gone out of state because they cannot afford to make money here. There are no jobs. Skilled workers work, on average, eight to ten months a year. It is important that we do have jobs that are here in Nevada. Please stop attacking women, skilled workers, and the citizens that you were elected to represent.

Anna Slighting, Private Citizen, Las Vegas, Nevada:

I am in favor of S.B. 119. I am a former CCSD teacher, a mother of four CCSD students, and a vice chair of CCSD's Attendance Zone Advisory Commission (AZAC). Most of my comments will be from my perspective as an AZAC member. We are the ones who deal with the question, why not just rezone them? I hope you will read my testimony ([Exhibit N](#)) in its entirety, because I am just going to highlight a few things. We are the ones who work with the hot spot map ([Exhibit C](#)) that was referred to this morning and which I have

submitted as an exhibit. We have also indicated on the map which schools are already on a year-round schedule ([Exhibit C](#)). There are an additional 61 schools on a year-round watch list that are being considered currently by our Superintendent.

I appreciate the Carson City Superintendent's comments about the capacity for full-day kindergarten. This is an issue we also see here in Clark County. The asterisk on the hot spot map indicates the 41 schools which still have half-day kindergarten in CCSD. If and when those classes are converted to full-day kindergarten, as mentioned in the Governor's State of the State Address, the schools' capacity will decrease by approximately 50 students in each location. This raises the overcapacity percentage, which is indicated on the hot spot map, even higher. For each additional Pre-K classroom that is added, as is suggested in [Senate Bill 126](#), the overcapacity percentage rises again. [Read from written testimony ([Exhibit N](#)).]

Portables have been mentioned today. The number of portables housed at each elementary school is also indicated on the map. It is only an elementary school hot spot map. Feel free to reach out to me if you would like a copy of the middle school or high school hot spot map that we use. As an educator, I am an advocate of the education initiatives that have been presented by the Governor and some of the other legislative initiatives. But as an AZAC member, I know that the first step to implementing these education initiatives is establishing a space for them. The full potential of the great things that are trying to be passed in this legislative session cannot be realized unless we can first provide space for our students.

The CCSD's elementary schools are, on average, 19 percent over capacity. You have heard that number as lower. It was because we continue to grow. As Associate Superintendent Haldeman mentioned this morning, the increase that we have had just since January 20 is 665 students. All of that information can be located in the exhibit titled "Monthly Enrollment Report" ([Exhibit O](#)). That is one of the reports that we use to evaluate enrollment. That is where we are getting our information. We could build 32 new schools to fill that enrollment. That number would actually be 35 if full-day kindergarten were implemented throughout the district. The CCSD's structures do not accommodate special education trends or current student-to-teacher ratios such as 21 to 1 in kindergarten. [Read from written testimony ([Exhibit N](#)).]

Rick Hewing, representing Las Vegas Paving:

I have worked for Las Vegas Paving for over 35 years. Las Vegas Paving would support the school bond rollover, but we cannot support [S.B. 119](#) because of the elimination of prevailing wage. We employ over 1,000 employees right

now, most of whom are skilled laborers and all from Nevada, most from Clark County. At peak, there were over 1,400 employees. Our most valued asset is our employees, and because of the decent wage, we have some longevity. In the 35 years that I have been there, I have hired people into their first job, and they have retired from this company, not moving anywhere else. Construction is a major industry. Nothing happens without construction, including transportation, retail, mining, gaming, government, and the schools.

I do not feel this is a union or nonunion issue because either can bid for a prevailing wage job, but it is a standard of living issue, and because of that standard of living, they are able to buy a car, a home, stay in Nevada, and do what they want. If we put it out to an open market, you would spend a longer time getting the job done. I do not think any of these schools would open on time because of the do-overs and change orders. There would be a higher cost rather than a lower cost.

One thing I have heard is pitting adults against children. My problem with that is that we would all like to see better education and more schools, but if we cut the parents' wages to where the child's quality of living is not the same, what have we done? To the two Senators who have basically stated they would like to see prevailing wage gone, I would like to have a yes or no vote in this audience here in Las Vegas and in Carson City. Should we cut those Senators' wages 40 percent and take away their health care so they cannot support their families in a decent manner? Let us see how these people vote.

Margaret Cavin, Owner, J&J Mechanical, Sparks, Nevada:

I am here in opposition to S.B. 119, specifically because of the prevailing wage issue. We need schools. I have built a lot of schools as a licensed contractor for 33 years and it makes me proud. I am one of those small-business owners who does not get overtime pay, is probably at work on Saturday and a lot of times on Sunday. But the people who work for me are skilled craftsmen. There seems to be some distinction being made that you just go out and hire skilled craftsmen. You do not. Skilled craftsmen become skilled by apprenticeship and working hard. This is very hard, physical work. A skilled craftsman is worth every dollar he is paid. I find it somewhat offensive that they make it sound as if we can just go out and hire these workers for \$15 an hour, and they are going to be happy and productive members of society. That is wrong. These people deserve the skilled wage that they get. They work hard. We employ them and want them to be productive members of the community.

I am going to comment on things that were talked about by the people who supported this issue. They all sat at this table and said, we support schools and kids. If that is the case, why is this going forward with the prevailing wage

component? I found that offensive as a taxpayer and a voter. We send you folks here to make the tough decisions, but to make you choose between building schools or not building schools and to throw a prevailing wage component into this is wrong. I support this bill going forward with the prevailing wage component removed.

Assemblywoman Woodbury:

Ms. Cavin, you said that "they" said it is like we would be paying them \$15 an hour. I do not know who "they" is, but what I heard is that workers would be making what the private sector makes, according to a competitive market wage. Do you know what the market wage is for an electrician or plumber? Is it \$15 an hour?

Margaret Cavin:

It may be \$15 an hour if you are building a tract home. I do not know because I do not do that type of business. It concerns me. I think Assemblyman Carrillo stated that it is a race to the bottom with the belief that the market would solve itself. I do believe that people from out-of-state would come in and take these jobs for a very low rate. When you are paying a low rate, you are paying for a lower level of skill, I believe. These buildings are very sophisticated. Although this building is probably a little more advanced than a school, it is very similar to any of the university projects that are also included in this bill.

Assemblywoman Woodbury:

That still does not answer my question. I would like to see what an electrician makes in the private sector right now. I do not believe that it is as low as \$15 an hour; I believe it is a living wage.

Tom Pourchot, Vice President, Reno Operations, Intermountain Electric:

My electricians make \$37.50 an hour. We are a private contractor and have been in the construction business for 38 years.

Assemblyman Carrillo:

When we talk about a living wage, the Governor in his State of the State Address was talking about trying to get higher paying positions throughout the state. As to \$15 an hour, I think you would have some people working in fast food restaurants who are making that. To actually have somebody working a trade who has gone through an apprenticeship, whether it is a union or nonunion trade, an open shop or closed shop, they are going to have different wages. It depends if it is residential or commercial. There are two different wages for different skill sets.

Tom Pourchot:

Correct, we hire highly skilled electricians. We do commercial and industrial work, with highly skilled individuals who have been through at least five years of training or on-the-job training. It is not something where you can go out on the street and hire.

I am opposed to the elimination of the prevailing wage component. I would support the bond rollover, and I think what is going to happen if this passes is an increase in jobs taken by out-of-state contractors and a decrease in skilled labor because those workers are going to areas where they can make a better wage. We would also see a decrease in overall wages, because as these wages come down, everybody else's wages come down. The more skilled wages come down, the more unskilled wages will fall behind. There will also be a decrease in quality and productivity because skilled laborers will not be working. That will result in increased costs. We are not going to realize the cost savings you are talking about, because when you are redoing work and have unskilled people doing it, it takes more time and material because of mistakes and other factors.

There would also be an increase in accidents. It is a dangerous world in construction. People who are unqualified, unfamiliar with the work, and unskilled are going to get hurt, so there will be an increase in the number of people getting hurt on these projects. We have already lost a lot of skilled workers in this area because of the recession. I have been here for 38 years, working in the construction industry, and a lot of people left to go to other areas where there was work. We are certainly not going to get them back by lowering the wages, and we are going to lose what we have maintained by lowering their wages.

Richard Dieleman, President, Dielco Crane Service, Las Vegas, Nevada:

We have been crane contractors in Nevada for many years and have employed numerous workers who have been with us for many years, many over 25 years. Our business is our life. Like a family, we take it seriously and invest in our people. We support the bond measure, S.B. 119, but we do not like the prevailing wage component. It is going to kill us all. The work situation in Las Vegas has not been good over the last seven years. We have been in survival mode, but the operators have stuck with us and hung on. These men are highly qualified, trained, skilled, and experienced people. One of our operators has nine different work cards now—safety, Department of Transportation, certification of operators for each type of crane—and he now has to put his wallet in his front pocket because it is so thick, and not because of money. He can go to California and work at any time. The company does

a lot of planning and coordinating. It makes our setup and lifts go quickly and safely.

Between our operators and the management working together as a team, we provide quality and competent service. However, if there is no prevailing wage, our company cannot compete against shoot-from-the-hip companies that sneak into town, claim they have insurance, do not pay personal or property taxes here on land and equipment, and leave town as soon as their part of the job is complete. Is this where we are going? Please let our local skill and reputation stay in the community.

Louis DeSalvio, Private Citizen, Las Vegas, Nevada:

I am here as a concerned constituent. This unfortunate bill request marked S.B. 119 is nothing short of deception, and a tragedy to the constituents and working men and women of this state. [Continued to read from ([Exhibit P](#)).]

Harley Bernard, Private Citizen, Sparks, Nevada:

I am a skilled craftsman. I am seeing this issue from both sides, union and nonunion. I have not seen or heard any nonunion representatives, for they cannot afford to miss a day of work. I can afford to be here to speak a plea, and I am saying that if I lose wages, all the way across the board, it hurts everybody. It hurts union, nonunion, middle class, the poor, the economy, taxation, everything. When you lose workers who make a living wage and can afford to go to the movies and spend money in small businesses, you also lose the taxation on their houses because they will find another place to live if this goes through. We should not put it on the backs of the working class to foot this bill. We do need schools. We are in need, we are growing, but I do not think we would be growing as much as anticipated when those who make a living wage have to leave.

Chairman Ellison:

So you are supporting the schools, but you are not supporting the prevailing wage change, is that correct?

Harley Bernard:

Correct, I am opposing the bill as it is.

Marc Markwell:

We are also opposed to the bill as it is. We would support the bond rollover, but we believe in our people and making sure they get a fair wage. I have heard a lot of things about craft and making sure they have skilled labor. That does not happen overnight. It takes a long time to get the right people to go out and do this work and build these schools. We believe that qualified labor is to labor

as qualified wage is to any other wage. So we want to make sure we get them paid fairly.

Jill Tolles, Cochair, Say Yes for Kids Committee:

We supported A.B. 46 of the 77th Session as WCSD's attempt to raise capital funding for schools. I ask that you read my full testimony ([Exhibit Q](#)), but for the sake of time, I would like to point out something that we learned through the process of the Legislature and county discussions. There is a lot of voter confusion about rollover bonds. The perception is that school districts are constantly coming back and asking for money, when in fact they are the only local entity that has to keep coming back and asking for approval for the same existing funds. Extending the rollover bonds would help to eliminate that confusion.

Assemblyman Carrillo:

I have an article ([Exhibit R](#)) from the Winter 2014 edition of *Nevada Contractor* magazine about a survey from the Associated General Contractors (AGC). The title of the article is "AGC Survey Shows Dire Workforce Labor Shortage." I will not read it, but it will be on the Nevada Electronic Legislative Information System, and I would suggest that the Committee members read this if they have the opportunity.

Jarrett Rosenau, Nevada Operations Manager, Clark/Sullivan Construction:

We are a Sparks-based general contractor with offices in northern California and in Laramie, Wyoming. For the record, we are in opposition to S.B. 119 as it is written, specifically due to the prevailing wage component. We do support the bond rollover. Our opinion is that a repeal of the prevailing wage, even if only applied to the educational facilities, would be a devastating blow not only to our business but to the entire industry. We believe, principally, that we have an obligation to pay a living wage and provide health insurance and other benefits to our employees. The implementation of the prevailing wage helps to ensure that blue-collar, middle-class, working tradesmen have the ability to make a quality living and support their families. Over time, this repeal would create a vacuum in our region and deplete the number of qualified tradesmen, who would be forced to relocate to other markets to earn a livable wage, which was the case when our economy began to slide in 2008.

We downsized our company by 70 percent when the economy was in downturn; it was devastating. We closed our Las Vegas office and scratched out a living to keep those of us together who were still with the business. We are finally starting to see traction in the market, and to see what we would consider a light at the end of the tunnel. Compounding the impact of the recession is our continued loss, especially in northern Nevada, due to

the revenue expansion of Indian gaming in California. It is imperative that our economy continues to diversify. I believe that our government and private sector community leaders have approached the topic of economic development strongly. We can now boast that we have companies like Intuit, Microsoft Licensing, Amazon, Apple, Tesla, and perhaps even Switch, to name a few locating in our state. We are finally starting to see that forward progress. Our economy, in short, is very fragile, and I implore this Committee not to consider moving this bill forward.

Chairman Ellison:

I know this hearing is so critical and important on both sides of the issue. Supporters, please stand up. [Supporters stood.] Those in opposition, please stand. [Opponents stood.]

**Jack Mallory, representing the International Union of Painters and Allied Trades
District Council 15:**

I had not intended to testify because I did not want to further the perception that this is a labor and nonlabor issue, because it simply is not. But I wanted to set the record straight on a couple of points. I like statistics. Nevada is, according to the Bureau of Labor Statistics, number three in the nation when it comes to union density in the construction industry, with 30 percent of the local construction workforce being unionized, including residential construction. When the survey is conducted for prevailing wage, that survey does not include residential construction. Admittedly, the residential construction sector density is very low when it comes to unionization. There is site work that is done union by companies like Las Vegas Paving and some of the others. But for folks in my craft, like carpenters and others, unless it is high-end residential construction, that density is fairly low. The vast majority of our members perform work in commercial construction. It is no wonder to us how it is that we end up prevailing in the vast majority of surveys that are submitted in the vast majority of counties that are surveyed for prevailing wage. I know in a bad year my Painters Union Local 159 will submit 2 million man-hours in painting and drywall finishing in southern Nevada. It is estimated that somewhere between 60 and 70 percent of those performing commercial construction work in the state of Nevada are unionized. In different parts of the state, that number may be lower. But statewide, it is between 60 and 70 percent. It is no wonder that we have a tendency to prevail on those surveys.

It is not as simple as whether or not the nonunion contractor submits those surveys. There was a statement made earlier by the proponents of the bill regarding two rate contracts. We have one of those. The smaller rate is made and designed for building things like 7-Elevens, tenant improvements, and strip malls. They are very small projects. Those do not compare to building schools,

and schools do not compare to small constructions projects, which government does not build.

Steve Ross, Council Member, Las Vegas City Council:

Assemblyman Carrillo mentioned that Governor Sandoval said in his State of the State Address to Nevada that we need more high-paying jobs to move our economic recovery forward. Half of this bill now makes that statement at best an omission, and at worst, an outright lie to the people of Nevada. As a member of the Las Vegas City Council and as a resident of that city and of Clark County, where our state's economic engine is trying to roar, half of S.B. 119 is the worst kind of devaluation of working families I have ever seen come out of the Legislature. I am deeply concerned that we are asking those who have suffered from the economic downturn the most, who have lost their homes, taken lower-paying jobs, and had their lives torn apart, to take another hit to their collective wallets. Commonsense economics teaches us that when people make more money, they spend more money, and we all know that. I grant you that common sense is not always a prevailing thought in government, but in this case it should be. Whether it is state-sponsored construction or not, the reality is that we should ensure a level playing field for those doing business with us in the state of Nevada.

While I am fully aware of the need to build new schools—issues I am extremely familiar with as an elected official, parent, and grandparent—I also want those buildings to be built with the highest-skilled labor we can find right here in Nevada. For those who have rallied around the Governor's call for greater emphasis on improving education, something I strongly support, let us not cut corners. The fact is that highly skilled workers are essential to building great schools, and not paying them a fair wage to do it has a direct and long-term impact on the future of our educational system. Maybe I am looking too much from the local perspective and not from the 35,000-foot level of the Legislature when I say that the protections provided by prevailing wage are essential to restoring our economy, rebuilding our communities, and making Nevada a beacon of economic prosperity. We can do this right. We can take this element of S.B. 119 out of the bill, pass the bond rollover, continue to protect Nevada's workers, and stop racing to the bottom.

Don Campbell, Private Citizen, Las Vegas, Nevada:

I am the executive director of the Southern Nevada Chapter of the National Electrical Contractors Association, but I am here today to speak to you as a constituent and as a private citizen. I am going to speak in a biased way as someone who has gone through an apprenticeship program and has an electrical engineering degree. When I did an apprenticeship program, it took

four years. Today it is five years, and it made me more of who I am than my college degree did. It is a living wage.

It is ironic to me that we partner with education. We are a separate education forum. I represent contractors; I do not represent unions. But we partner with the unions, and we train kids who come out of high school into a career path. Those kids do not necessarily want to go to college. To take that out of the education system that we have been a partner in is unbelievable to me.

I was stunned as a brand-new resident to Nevada who moved here just a few months ago. I saw the bill the first time on Monday. It had a hearing on Wednesday, and it passed two days later through the Senate. I have never seen anything like it. When you look at the description of the bill in the bill draft request, it does not even resemble what the bill is really about. When you hear passion and people upset, there is a reason for it. They believe in what they do, and I believe in what I do as a representative of contractors.

Chairman Ellison:

I, too, did an apprenticeship through the school of hard knocks, and I think we get so much out of it. I will close the hearing on S.B. 119. Anyone with testimony please give it to the committee secretary so we can get your statements in and absorb all this information. [([Exhibit S](#)), ([Exhibit T](#)), ([Exhibit U](#)), ([Exhibit V](#)), ([Exhibit W](#)), ([Exhibit X](#)), ([Exhibit Y](#)), ([Exhibit Z](#)), ([Exhibit AA](#)), ([Exhibit BB](#)), ([Exhibit CC](#)), ([Exhibit DD](#)), ([Exhibit EE](#)), ([Exhibit FF](#)), ([Exhibit GG](#)), ([Exhibit HH](#)), ([Exhibit II](#)), were submitted but not discussed.] Is anybody here for public comment? [There was no one.] Meeting adjourned [at 11:43 a.m.].

RESPECTFULLY SUBMITTED:

Erin Barlow
Committee Secretary

APPROVED BY:

Assemblyman John Ellison, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 26, 2015

Time of Meeting: 8:04 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 119	C	Anna Slighting / Attendance Zoning Advisory Commission	Map
S.B. 119	D	Joyce Haldeman / Clark County School District	Flyer
S.B. 119	E	Lindsay Anderson / Washoe County School District	Testimony
S.B. 119	F	Joyce Haldeman / Clark County School District	Testimony
S.B. 119	G	John Hancock / Private Citizen	Testimony
S.B. 119	H	Caryne Shea / Honoring Our Public Education Nevada	Testimony
S.B. 119	I	Rachel Anderson, Ph. D / Private Citizen	Testimony
S.B. 119	J	John Madole / Associated General Contractors of America Nevada Chapter	Proposed Amendment
S.B. 119	K	Victor Joecks / Nevada Policy Research Institute	Report: Who Really Prevails Under Prevailing Wage?
S.B. 119	L	Victor Joecks / Nevada Policy Research Institute	Proposed Amendment
S.B. 119	M	Victor Joecks / Nevada Policy Research Institute	Proposed Amendment
S.B. 119	N	Anna Slighting / Attendance Zoning Advisory Commission	Testimony
S.B. 119	O	Anna Slighting / Attendance Zoning Advisory Commission	Monthly Enrollment Report
S.B. 119	P	Louis DeSalvio / Private Citizen	Testimony
S.B. 119	Q	Jill Tolles / Say Yes To Kids Committee	Testimony

S.B. 119	R	Assemblyman Carrillo	Magazine Article
S.B. 119	S	Madison Burnett / Electrical Joint Apprenticeship and Training Committee for Southern Nevada	Testimony
S.B. 119	T	Chris Caluya / Sletten Construction of Nevada, Inc.	Testimony
S.B. 119	U	Dane Carter / Sletten Construction of Nevada, Inc.	Testimony
S.B. 119	V	Victoria Carreón / Kenny Guinn Center for Policy Priorities	Testimony
S.B. 119	W	Danny Costella / Private Citizen	Testimony
S.B. 119	X	Paul Dudzinski / Private Citizen	Testimony
S.B. 119	Y	Modesto Gaxiola / Private Citizen	Testimony
S.B. 119	Z	Juanita Clark / Board of Charleston Neighborhood Preservation	Testimony
S.B. 119	AA	Mike Kennedy / Private Citizen	Email
S.B. 119	BB	Richard Leigon / Private Citizen	Testimony
S.B. 119	CC	Robert Potter / Affordable Concepts, Inc.	Testimony
S.B. 119	DD	Darwin Swapp / Private Citizen	Testimony
S.B. 119	EE	Doug Williams / Private Citizen	Testimony
S.B. 119	FF	Various / Private Citizens	Emails
S.B. 119	GG	Victor Joecks / Nevada Policy Research Institute	Supporting Documents
S.B. 119	HH	Victor Joecks / Nevada Policy Research Institute	Supporting Documents
S.B. 119	II	Victor Joecks / Nevada Policy Research Institute	Supporting Documents