

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Eighth Session
April 27, 2015**

The Committee on Ways and Means was called to order by Vice Chair John Hambrick at 8:36 a.m. on Monday, April 27, 2015, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B 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 Hambrick, Vice Chair
Assemblyman Derek Armstrong
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Chris Edwards
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman James Oscarson
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus

COMMITTEE MEMBERS EXCUSED

Assemblyman Paul Anderson, Chair



GUEST LEGISLATORS PRESENT

Assemblyman David M. Gardner, Assembly District No. 9

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Barbara Williams, Committee Secretary
Cynthia Wyett, Committee Assistant

The Committee Assistant called the roll. Vice Chair Hambrick noted that Assemblyman Anderson was excused and asked for public comment. Hearing none, he opened the hearing on budget account 1080.

ELECTED OFFICIALS

ELECTED OFFICIALS

TREASURER - STATE TREASURER (101-1080)

BUDGET PAGE ELECTED-179

Stephanie Day, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Committee had heard budget account (BA) 1080 on April 20, 2015, but there was one item that had been held, the in-state travel increase.

Ms. Day stated the Governor recommended \$24,567 in each fiscal year of the 2015-2017 biennium to fund 29 additional in-state trips per year. The State Treasurer on February 17, 2015, proposed to reduce the request to 15 additional in-state trips per fiscal year. During the April 20, 2015, Assembly Committee on Ways and Means budget closing and through formal communication to Fiscal Analysis Division staff, the Office of the State Treasurer requested a reduction in the costs of the State Treasurer's six trips to Las Vegas by eliminating the per diem reimbursement originally recommended. The revised request totaled \$6,380 per fiscal year.

Staff had made technical adjustments that reduced the number of in-state trips from 29 to 15, adjusted the roundtrip airfare between Reno and Las Vegas from \$242.20 to \$216.50, and eliminated the per diem reimbursement for six trips for the State Treasurer. The revised request would increase in-state travel from \$6,606 in fiscal year (FY) 2014 to \$12,986 in each fiscal year of the 2015-2017 biennium.

Assemblywoman Carlton expressed concern that the airfare used in the calculation was less than the actual cost.

There being no additional comments or questions from the Committee, Vice Chair Hambrick requested a motion.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE THE INCREASE IN IN-STATE TRAVEL RECOMMENDED BY THE GOVERNOR, INCLUDING THE TECHNICAL ADJUSTMENT MADE BY FISCAL STAFF TO REDUCE THE NUMBER OF TRIPS, ADJUST THE COST OF ROUNDTRIP AIRFARE, AND ELIMINATE THE PER DIEM REIMBURSEMENT FOR SIX TRIPS FOR THE STATE TREASURER IN DECISION UNIT ENHANCEMENT (E) 225.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS

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TREASURER - NEVADA COLLEGE SAVINGS TRUST (101-1092)

BUDGET PAGE ELECTED-196

Stephanie Day, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that budget account (BA) 1092, Nevada College Savings Trust, was for the Nevada College Savings Plans Program. The program's plans allowed individuals to establish and contribute to a child's college savings account and then use the account proceeds to pay for qualifying higher education expenses. The proceeds from the 529 [a section of the Internal Revenue Code] college savings plan could be used at any eligible educational institution in the United States.

Ms. Day said there were no major closing issues in the account, but there were other closing items. The first was for the College Kick Start Program that established college savings accounts with an initial deposit of \$50 for all public school kindergarten students in Nevada. The program was initially established in the fall of 2013 as a pilot program for kindergarten classes in 13 rural counties and was expanded statewide by the Board of Trustees of the

College Savings Plans of Nevada in December of 2013. The adjusted base budget included \$2 million in funds transferred from the Endowment Account budget [BA 1094] in fiscal year (FY) 2016, which would be the third year of the program, but was not included in FY 2017 because the Board required a reevaluation of the program after three years.

Ms. Day listed the other closing items:

- Cost allocation.
- Replacement equipment.
- New equipment.

Fiscal Analysis Division staff stated the recommendations appeared reasonable.

There being no additional comments or questions from the Committee, Vice Chair Hambrick requested a motion.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE BUDGET ACCOUNT 1092 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS

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TREASURER - ENDOWMENT ACCOUNT (101-1094)

BUDGET PAGE ELECTED-201

Stephanie Day, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that budget account (BA) 1094, the Endowment Account, must be used for the deposit of any money received by the Nevada College Savings Plans Program that is not received pursuant to

a savings trust agreement. She said there were no major closing issues for the budget.

Ms. Day said the base budget included contract service charges of \$3.6 million over the 2015-2017 biennium to improve the financial viability of the Nevada Higher Education Prepaid Tuition Trust Fund. As of June 30, 2014, the trust fund held assets of \$194 million and a funded status of 112 percent. The transfer of \$1.8 million in each year of the biennium, which was consistent with the level of funding in the current biennium, would assist with establishing the Board of Trustees of the College Savings Plans of Nevada's goal of 120 percent funded status by 2020 because of higher tuition costs.

Ms. Day said the other closing item was the College Kick Start Program, in which the base budget included contract service charges of \$2 million in fiscal year (FY) 2016 that transferred to the Nevada College Savings Trust budget [BA 1092]. She said both recommendations appeared reasonable to Fiscal Analysis Division staff.

Assemblywoman Benitez-Thompson asked for clarification on moving the College Kick Start Program.

Ms. Day replied that the Endowment Account [BA 1094] was the account from which funds were transferred into the Nevada College Savings Trust account [BA 1092].

There being no additional comments or questions from the Committee, Vice Chair Hambrick requested a motion.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE BUDGET ACCOUNT 1094 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS

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TREASURER - HIGHER EDUCATION TUITION ADMIN (603-1081)

BUDGET PAGE ELECTED-207

Stephanie Day, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 1081, Higher Education Tuition Administration, included revenues and costs associated with the administration of the Nevada Higher Education Prepaid Tuition Program.

Ms. Day explained the prepaid tuition program was a qualified federal Internal Revenue Code 529 plan that provided a method for Nevada's families to prepay undergraduate tuition at a Nevada System of Higher Education institution or any other accredited public, private, or out-of-state institution that was eligible to participate in federal student financial aid programs.

Ms. Day said there were no major closing issues within the budget. One other closing item was the office moving/remodeling in Las Vegas—Fiscal Analysis Division staff requested authority to make technical adjustments as necessary to reflect the decision made by the Committee in the State Treasurer's budget [BA 1080] on April 20, 2015, to not approve moving and remodeling costs. [Note: according to "Assembly Committee on Ways and Means Closing List #9" ([Exhibit C](#)), the costs for the move had been inadvertently left out of the budget account in the Governor's recommended budget.]

Ms. Day said other closing items were a cost allocation, replacement equipment, and new equipment. Fiscal Analysis Division staff found the recommendations reasonable.

Assemblyman Armstrong said he believed that the Committee had decided to have the State Treasurer come back to the Interim Finance Committee when the Treasurer had a concrete plan regarding the office move and remodel, which Assemblyman Armstrong had supported.

Ms. Day replied that the Office of the State Treasurer had that option.

Assemblyman Kirner echoed Assemblyman Armstrong's opinion regarding the office move and remodel costs.

There being no additional comments or questions from the Committee, Vice Chair Hambrick requested a motion.

ASSEMBLYMAN ARMSTRONG MOVED THAT BUDGET ACCOUNT 1081 BE CLOSED AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY TO INCLUDE ELIMINATING THE OFFICE MOVE AND REMODEL FUNDS AND TO ALLOW THE TREASURER TO COME BACK TO THE INTERIM FINANCE COMMITTEE WITH A PLAN FOR THE OFFICE MOVE.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS

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TREASURER - MILLENNIUM SCHOLARSHIP ADMINISTRATION (261-1088)

BUDGET PAGE ELECTED-214

Stephanie Day, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 1088, Millennium Scholarship Administration, included funds transferred from the Endowment Account [BA 1094] to cover the costs of administering the Governor Guinn Millennium Scholarship Program.

Ms. Day stated the Millennium Scholarship Program was recommended by Governor Guinn and approved by the Legislature in the 70th Session (1999) to increase the number of Nevada students who attended and graduated from Nevada institutions of higher education. In response to a request from Fiscal Analysis Division staff, the Office of the State Treasurer provided an updated projection on the Millennium Scholarship Trust Fund on March 26, 2015, that indicated that the program, if no changes were made, was projected to be solvent through fiscal year (FY) 2020. She directed the Committee's attention to page 15 of the "Assembly Committee on Ways and Means Closing List #9" ([Exhibit C](#)), a chart showing the projections for the trust fund.

Ms. Day said there were no major closing issues within the budget. One other closing item was the office moving/remodeling in Las Vegas—Fiscal Analysis Division staff requested authority to make technical adjustments as necessary

to reflect the decision made by the Committee in the State Treasurer budget [BA 1080], on April 20, 2015, to not approve moving and remodeling costs.

Ms. Day said other closing items were a cost allocation, replacement equipment, and new equipment. Fiscal Analysis Division staff found the recommendations reasonable.

Assemblywoman Carlton said that there were three proposed bills that could affect the Millennium Scholarship Program and asked for an analysis of how each bill could affect the program.

Ms. Day said that if Senate Bill 128 passed, the Millennium Scholarship Program was projected to become insolvent in FY 2018. If Assembly Bill 111 passed, the program was projected to become insolvent in 2019. Regarding Assembly Bill (A.B.) 150, the Office of the State Treasurer was unable to determine how it might affect the total number of eligible students or the effect on the long-term viability of the program.

Assemblywoman Carlton asked whether it was a reasonable assumption that the program could be insolvent by 2017 if the program was opened up further by A.B. 150, and Ms. Day agreed.

Assemblyman Kirner commented that the problem was finding a way to fund the Millennium Scholarship Program permanently.

There being no additional comments or questions from the Committee, Vice Chair Hambrick requested a motion.

ASSEMBLYMAN KIRNER MOVED TO APPROVE BUDGET ACCOUNT 1088 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY, TO INCLUDE ELIMINATING THE OFFICE MOVE AND REMODEL FUNDS AND ALLOW THE TREASURER TO COME BACK TO THE INTERIM FINANCE COMMITTEE WITH A PLAN FOR THE OFFICE MOVE.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS

ELECTED OFFICIALS

TREASURER - UNCLAIMED PROPERTY (101-3815)

BUDGET PAGE ELECTED-222

Stephanie Day, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 3815, Unclaimed Property, had no major closing issues.

Ms. Day stated that this budget had the same other closing item as the previous two budgets: the office moving/remodeling in Las Vegas was not approved by Committee on April 20, 2015, and Fiscal Analysis Division staff requested authority to make technical adjustments as necessary to reflect the decision.

Ms. Day said other closing items were a cost allocation and new equipment. Fiscal Analysis Division staff found the recommendations reasonable.

There being no additional comments or questions from the Committee, Vice Chair Hambrick requested a motion.

ASSEMBLYMAN KIRNER MOVED THAT BUDGET ACCOUNT 3815 BE CLOSED AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY, TO INCLUDE ELIMINATING THE OFFICE MOVE AND REMODEL FUNDS AND ALLOW THE TREASURER TO COME BACK TO THE INTERIM FINANCE COMMITTEE WITH A PLAN FOR THE OFFICE MOVE.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

BUDGET CLOSED.

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Assembly Bill 394 (1st Reprint): Creates an advisory committee and a technical committee to develop a plan to reorganize the Clark County School District. (BDR S-900)

Assemblyman David M. Gardner, Assembly District No. 9, introduced Assembly Bill (A.B.) 394 (1st Reprint), which provided for the creation of an advisory committee and a technical advisory committee for the purpose of conducting a study and developing a plan to reorganize the Clark County School District (CCSD) into five school precincts. He estimated that the study would take about a year to conduct and estimated the cost to be about \$750,000 plus staff costs.

Rick Combs, Director, Legislative Counsel Bureau, said he had estimated the costs of travel and per diem for the advisory committee and technical advisory committee to be about \$8,000. The bill indicated that the members of both committees would serve without pay. He assumed that the members of both committees would be from Clark County and assumed six meetings for the advisory committee and ten for the technical advisory committee.

Mr. Combs stated that although the Legislative Counsel Bureau (LCB) budgeted for staff travel costs within its budget, he thought that the increased trips to Las Vegas would require an additional \$3,500 above the agency budget. He pointed out that the LCB budget had about \$31,000 for interim studies, which should cover about three interim studies. He reminded the Committee it would likely be making decisions near the end of the legislative session, in collaboration with the Assembly Committee on Legislative Operations and Elections, regarding which studies to fund and whether to approve additional funds for other studies.

Assemblywoman Titus asked whether it was typical to have mostly legislators on the advisory committee.

Mr. Combs said that typically an interim study was made up of legislators. The technical advisory committees were typically made up of nonlegislators. He said some of the statutory committees, such as the Legislative Committee on Public Lands, had nonlegislator members.

Assemblyman Hickey asked Assemblyman Gardner to describe how the bill was changed and amended by the Assembly Committee on Education.

Assemblyman Gardner replied that the bill was originally written as a voluntary system in which municipalities could apply to the Department of Education to create autonomous school precincts. The bill was amended to order

a mandatory study, after which CCSD would be deconsolidated into no less than five precincts. The bill included review meetings in which all stakeholders would have the opportunity to provide feedback, and six public meetings for all residents of Clark County to express an opinion. At that point, he said, the advisory committee would meet again and finalize the plan for the precincts. Assemblyman Gardner explained that the bill had been discussed at length, but was passed unanimously out of the Committee on Education, with some legislators reserving the right to change their vote.

Assemblyman Sprinkle asked why the City of Reno had a \$30,000 fiscal note attached to the bill.

Assemblyman Gardner said he did not understand the fiscal note on a voluntary bill, since no action was required of Reno if the bill passed; the bill, in its current form, did not affect Washoe County in any way.

Assemblyman Kirner asked whether the proposed precincts would be autonomous or subject to the Clark County School Board.

Assemblyman Gardner said that one of the things the study would do would be to determine the best way to accomplish the goal. The intent was that there would still be a county-level school board with responsibilities that made sense for economies of scale: transportation, purchasing, substitute teachers, bonding, and funding. One of the main intents was that funding would be on a per-pupil basis, equal across all five precincts.

Assemblywoman Carlton asked at what point the public would have the opportunity to provide input.

Assemblyman Gardner replied that, in its current form, the opportunity for public input would be after the study was completed and recommendations made. In that way, the community would have a plan on which to form an opinion. He was not sure how the public could be expected to have an opinion on a plan that was not yet formulated.

Assemblywoman Carlton believed it was important to educate the public on the process and the results. She expressed concern with using the word "precinct" to describe the autonomous areas, because she maintained it had unhelpful political connotations and could cause confusion with the voting precincts.

Assemblyman Armstrong noted that there had been significant public input during the hearings on the bill in the Committee on Education. He commented that the 2015 Legislature had committed to fund education but also to enact important reforms, and A.B. 394 (R1) was one of the bills that would help reform the system.

Assemblywoman Benitez-Thompson understood that the advisory committee's duties in the bill were primarily logistical, technical, and administrative. She asked why the bill called for the advisory committee to consider curriculum, because she believed that curriculum was not in the same category as the other factors the advisory committee was to address.

Assemblyman Gardner explained that the duties of the advisory committee were not to determine the curriculum, but to decide on who, between CCSD and the autonomous precincts, would determine curriculum within the standards set by the state and make decisions on textbooks and similar matters.

Assemblyman Kirner asked the Committee to return to the fiscal effect of the bill and asked for clarification of the costs.

Mr. Combs confirmed that the amounts being discussed in Committee were not in the current budget. He reiterated that the LCB budget had \$31,000 to fund interim studies, but those had not yet been identified. He did not feel that the committee and staff expenses were a significant consideration should the Committee pass the bill. The Committee could either direct that the funds in the LCB budget be used or could attach an appropriation to the bill for travel and per diem expenses of the committees.

Mr. Combs said the larger issue was the cost of the consultant to conduct the study and he recognized that no specific amount had been determined. He suggested that the Committee might want to consider enhancing the amount of money for the Interim Finance Committee (IFC) Contingency Account, if it decided to move A.B. 394 (R1) forward. He said the Committee did not need to do anything specific legislatively to identify the dollar amount, but he recommended that the Committee add \$500,000 to the IFC Contingency Account to pay for the study. He agreed with Assemblyman Gardner's assertion that the amount should not be included in the bill, because that would tend to steer any estimates from contractors.

Assemblyman Kirner asked whether he understood correctly that Mr. Combs was suggesting the Committee add \$500,000 to the IFC Contingency Account to pay for the study mandated in A.B. 394 (R1).

Mr. Combs explained that doing so would ensure that when the Contingency Account was expected to pay for the study, it would not be depleted to the point that it could not be used for actual contingencies, like major fires. The amount he suggested of \$500,000 was just an estimate. If the study cost less, then IFC would have more to spend on other contingencies; if it cost more, IFC would have to make a decision whether to fund the study.

Assemblywoman Kirkpatrick asked what the process of selecting a contractor would entail, because she feared the process often turned political.

Assemblyman Gardner indicated that a request for proposal (RFP) would be issued nationwide, and he said he would be happy to include any safeguards that the Committee asked for. To date, the bill had been supported on a bipartisan basis.

Assemblywoman Kirkpatrick asked who would approve the RFP.

Mr. Combs said the bill language called for the advisory committee to issue the RFP and choose the consultant. Once the cost had been determined, the advisory committee would have to approach IFC for the appropriation.

Assemblywoman Kirkpatrick expressed concern that in contracts many dollars could be eaten up by travel costs, and she wondered whether the contract would be written so the costs were disclosed up front.

Mr. Combs replied that typically an RFP would require the respondents to include travel costs, and the response would become part of the language of the contract.

Assemblywoman Benitez-Thompson asked whether there had been any consideration given to folding the responsibilities of the advisory committee into the interim Legislative Committee on Education. She said there were established, budgeted dollars for that committee, and perhaps it could be charged with using its focus and resources on the bill's enactment.

Assemblyman Gardner said the idea of using the interim Committee on Education had been considered. Because the bill focused only on CCSD, it was determined that all the advisory committee members should be from Clark County, and the technical advisory committee would include as many stakeholders as possible.

Assemblyman Sprinkle said he understood the money in the Contingency Account was not designated for a specific purpose. He asked what would happen if the Committee enhanced the Contingency Account by \$500,000 and a subsequent large wildfire occurred that required major resources.

Mr. Combs replied that there were two types of funds in the Contingency Account: restricted and nonrestricted. Restricted funds were set aside when a bill was passed, and before the funds could be spent, the agency had to come before IFC and demonstrate that there was a plan for spending them. Nonrestricted funds were not designated for specific purpose. He advised that in the case of the study enacted in A.B. 394 (R1), the Committee should fund the Contingency Account with nonrestricted funds. His reasoning was that if the Committee designated a specific amount, it was likely the proposals would come in for that amount and not necessarily be competitive. By increasing the nonrestricted funding in the Contingency Account, he believed the bids would be more competitive.

Assemblywoman Kirkpatrick thought there was more discussion to be had on the policy involved and expressed concern that money intended for one purpose could be used for something else. She indicated it might be helpful to have feedback from the Clark County School District Board of School Trustees Bond Oversight Committee.

Mr. Combs said he anticipated that much of the work in the study was going to entail Geographic Information System (GIS) technology. He thought the whole process would be very similar to redistricting and would use much of the same management and analysis of demographic and geographic information.

Assemblywoman Kirkpatrick believed that section 29 of the bill, calling for the first meeting of the advisory committee by August 7, 2015, was logistically impossible without adding significant cost to the bill for extra meetings of the Legislative Commission.

Mr. Combs agreed with Assemblywoman Kirkpatrick, but said that the bill only called for the Legislative Commission to appoint the member of the public, and he believed that could be moved to late May or early June, before the legislative session had ended. If the bill had not passed at that point, the Commission could still make a contingent appointment. He agreed that the timing required by section 29 caused some logistical problems.

Assemblyman Gardner expressed the willingness to amend the deadlines in the bill if necessary and appreciated Assemblywoman Kirkpatrick's input in the process.

Vice Chair Hambrick called for testimony in opposition to A.B. 394 (R1).

John Vellardita, Executive Director, Clark County Education Association (CCEA), testified in opposition. His verbatim testimony was as follows:

My name is John Vellardita with the Clark County Education Association, representing 18,000 teachers in the Clark County School District.

I am speaking against A.B. 394 (R1) because the way this bill has been set up, it has a predetermined outcome that we cannot agree with. That is, it is a mandate, if this bill gets passed, that the school district would be broken up. We think this bill is being fast-tracked to the detriment of hundreds of thousands of students.

The most important factor to achieve great student improvement in our schools today is qualified teachers. This discussion, and this bill, [are] occurring at a time when we have a crisis and a teacher shortage in the state, but primarily in Clark County School District.

Next year we are going hire 2,600 teachers. This past year, when we started the school year, we needed to hire 1,800 schoolteachers. This time last year, we were competing with the entire western United States, and there were 6,000 openings for teacher shortages, and we were at the bottom rung in terms of being competitive. Before the school year opened up, 10,000 openings, counting Texas and the western United States, were competing for schoolteachers, the best of the schoolteachers, and Clark County came in last, and short. We started the school year with a 600-teacher shortage and we are going to end the school year with a 650-teacher shortage, with substitutes in the classrooms.

Most of these teachers, most of these substitutes, and the shortages, are in the at-risk, hard-to-fill schools, primarily in North Las Vegas and Las Vegas. The design of these precincts is in such a way that it is not going to take into account the disparaging effect on students' education by this breakup, because one of the fundamental flaws of this bill is that it does not take into

account the funding issue. The funding issue is the underlying issue behind having adequate resources so our schools perform better; not with blank checks, but with smart programs, programs that the Governor has outlined, for example. The Nevada Plan has not been touched in this Assembly or the Senate to be reformed. To simply say that each school district or the new precinct would get the same amount of money just doesn't make sense. Classes in one part of the city are not the same classes in another part of the city. Just go visit some of these classes and you will see.

The other thing that we think that needs to be really thought out is 2011 was just four years ago. We still have the highest foreclosure rates in the country. We still have a high unemployment rate. This current Legislature is dealing with bills, both in the Senate and the Assembly, Senate Bill 168 and A.B. 54, to tackle fiscal crisis emergencies in local governments. There has been no discussion of the fiscal impact of these local government agencies if they were to become part of these precincts and they would have to saddle the burden of the cost for children in the schools.

In short, this is zip code education. I do not care how people cut this: this is being fast-tracked and we are opposed to this. We are not opposed to the idea of a deconsolidation, but this is something that does not require such a course of action—that we create a committee, we fund it, and then at the end of it we are just going to implement the plan. This is a task that really requires getting a great deal of public input, a great deal of due diligence, to see the magnitude of all the issues that are surrounding this thing. For that reason alone, we are speaking against this bill in its current form, including the attempt to add money for a study that we think would be flawed.

Anna Slighting, private citizen, Clark County, Nevada, felt the plan to deconsolidate Clark County was not being done in a deliberative manner. She read testimony ([Exhibit D](#)) in opposition to A.B. 394 (R1) into the record.

Michelle Kim, Director of Advocacy and Representation, Clark County Education Association, presented research and statistics illustrating the disparities among Clark County schools. She read testimony ([Exhibit E](#)) in opposition to A.B. 394 (R1) into the record.

Craig M. Stevens, Director of Intergovernmental Relations, Community and Government Relations, Clark County School District, testified in opposition to the bill. He said that because the bill mandated putting the plan in place after the study, the costs of the actual deconsolidation were unknown. He referenced the school system of South Jordan, Utah, which had recently been deconsolidated and the district was left \$59 million in debt. He urged that the bill be amended to bring the results of the study back to the Legislature in the next legislative session for consideration.

Assemblyman Armstrong noted that it was the job of the advisory committee to complete the study and analyze the cost for deconsolidation.

Mr. Stevens agreed, but pointed out that section 28, subsection 4, mandated that the plan immediately go into effect without a decision by the Legislature as a whole.

Assemblyman Edwards noted that the 2015 Legislature was making the decision as a whole, with clear knowledge that there would be costs.

Angie Sullivan, a CCSD teacher, said she taught at-risk children at Stanford Elementary School. Her classroom lacked textbooks, paper, and pencils. She believed the deconsolidation plan would be very expensive and would separate the haves from the have-nots. Quality education, she said, was a civil and human right.

Assemblyman Edwards asked whether Ms. Sullivan believed it was possible that a smart, streamlined deconsolidation plan would result in more resources for her classroom.

Ms. Sullivan replied that she had taught for several decades in Winnemucca, Reno, and now Las Vegas. She believed that the bill's proponents were well intentioned, but it had not been her experience that there was equity in education. She expressed concern, because she had seen her disadvantaged students sliding further and further away from opportunity.

Assemblyman Armstrong appreciated the passion that Ms. Sullivan showed for her students. He believed she expressed the same concern that the bill sponsors were expressing: the current system was failing many of Nevada's children. He said he had spoken to residents of North Las Vegas who thought the deconsolidation would help the disadvantaged schools because there would be more Title I [of the Elementary and Secondary Education Act] funds available to them.

Mike McLamore, Education and Public Policy Specialist, Nevada State Education Association (NSEA), testified in opposition to A.B. 394 (R1). His verbatim testimony was as follows:

My name is Mike McLamore with the Nevada State Education Association. We would generally echo the policy and fiscal concerns that have already been mentioned.

Let me just point to a couple of things that perhaps have not been aired. Specifically, this is an implementation bill. This is not a study bill. So if you are looking at fiscal notes, you need to take in the totality of what this will cost as a result of this bill. To say you are going to make a decision up front and hold yourselves accountable with the vote for passage of this bill, you are voting blind.

The second point is that there needs to be more than just the legislative decision if you are going to be impacting the flagship school district of the state in the largest urban center in the state. This should be a ground-up discussion and development of this entire concept.

So you do not want to vote blind, in terms of the total cost, you want to have community support if there is even an interest in this, and we do not have a governance problem in the Clark County School District. We have a resource problem. When we are talking about the Governor's initiatives, it is very targeted. The impetus behind the Governor's proposals is to do targeted, funded resources for schools that are at risk and in need. That is the nature of the Victory school program and the nature of expanding the Zoom school program. These types of proposals are responsible, targeted, tailored in cost, and they have accountability elements that are independent of the school district for which these campuses would be resourced.

We echo the concerns heard today, we have a lot of respect for Assemblyman Gardner; he is an innovative thinker, but we think the Governor's plans are more targeted and would preserve the unity in CCSD to have the school district work on the at-risk campuses as a whole, rather than going through a process of fracturing the city and the county as this would do. It would happen before you come into session in 2017 as specified by the bill.

So those are our concerns and we would hope that we would move forward with a targeted approach that are in the resource proposals in the Governor's budget. Thank you very much.

Mary Pierczynski, representing Nevada Association of School Superintendents, mentioned that because of its size, CCSD had benefited some of the smaller school districts through economies of scale. Clark County School District had developed a curriculum engine that was shared with other counties, and the Lincoln County School District was able to purchase some food service from Clark County less expensively than if it had to contract on its own.

Jessica Ferrato, representing the Nevada Association of School Boards (NASB), echoed the previous comments regarding smaller school districts benefitting from CCSD and the resources available to it. Some of the smaller districts used distance learning from Clark County when they lacked qualified educators to teach a specific curriculum piece. The NASB had concerns with the timeline mandated in the bill and believed the bill attempted to do too much, too quickly while the Legislature was also trying to fund and implement other educational reforms.

Assemblyman Oscarson requested a list of the services that the rural school districts received from CCSD. He had not heard any concern from the smaller school districts with regard to the deconsolidation of CCSD.

Ms. Ferrato said she would provide the Committee with the information.

Vice Chair Hambrick asked for neutral testimony on A.B. 394.

Yolanda T. King, Director, Budget and Financial Planning, Clark County, said that section 28, subsection 1, provided for no less than four public meetings held by the Board of County Commissioners of Clark County. Her concern was that the provision could have a fiscal impact on Clark County if, as she assumed, the meetings were held outside of normal business hours to elicit more participation. She would submit an unsolicited fiscal note to estimate the staff costs if the mandated meetings were conducted after 5 p.m.

Carrie Buck, Principal, Pinecrest Academy, testified in support of the bill. She believed that the fifth largest school district had been consistently ranked at or near the last in the nation for the last 20 years. The CCSD portfolio included 45 failing traditional schools and 7 failing charter schools.

Ms. Buck believed that A.B. 394 (R1) would empower smaller districts to create their own educational system and their own effective management of resources. With the current district governance of 341 schools and 12 additional schools next year, she said little or no autonomy or differentiation of state resources existed to ensure equality. Deconsolidation of the district would allow schools to thrive and produce an educated workforce to attract business and industry.

Ms. Buck believed the process needed to be vetted after the study was complete, but was grateful the conversation regarding deconsolidation had begun. She urged the Committee to study the issue, hold strategic conversation with all stakeholders, and follow through to make a difference for Nevada's students.

Victoria Carreón, Director of Research and Policy, Kenny C. Guinn Center for Policy Priorities, referenced a prepared statement ([Exhibit F](#)) and testified neutral on A.B. 394 (R1). She mentioned one problem that had not yet been addressed was that the bill specifically made CCSD responsible for handling all bonding, but if everything was on a per-pupil basis and CCSD no longer had any pupils, she did not see what the mechanism would be.

Shelly Poss, teacher and member of CCEA, testified in opposition to A.B. 394 (R1). She said she worked at a magnet school with children who resided throughout Clark County. She felt that the opportunity her students had to grow together and be with children from diverse backgrounds was very important, and she worried that deconsolidation would eliminate some of that diversity. She was concerned that having five precincts would duplicate a lot of administrative costs and take resources away from student services. She was concerned that smaller districts would minimize the options for professional development, which she said was excellent in the Clark County School District.

Vice Chair Hambrick asked Assemblyman Gardner whether he would like to comment on any of the testimony.

Assemblyman Gardner noted the deconsolidation of South Jordan, Utah was a different situation because a new school district was formed with a much smaller tax base. Although there were many complaints about the potential costs, he had many studies that said deconsolidation was actually going to save money. He would argue, based on the studies, that CCSD was actually losing money because it was too large and too top-heavy. He agreed with many of the testifiers who said that Summerlin, Mesquite, and North Las Vegas were different areas—the bill was meant to address that and focus on the particular needs of each area. Teacher funding levels were not part of the bill.

Assemblyman Gardner said he had been having meetings regarding the bill with anyone who would meet with him. He offered to meet with anyone who wanted to discuss how to make A.B. 394 (R1) a better bill. Studies had been done in the 1970s and again in 1995 and nothing happened. He said Nevada's children were too important to do nothing this time around.

[Vice Chair Hambrick left the meeting temporarily. Assemblyman Kirner assumed the Chair in his absence.]

Acting Chair Kirner closed the hearing on A.B. 394 (R1) and opened the hearing on Assembly Bill 395 (1st Reprint).

Assembly Bill 395 (1st Reprint): Revises provisions relating to the State Public Charter School Authority. (BDR 34-902)

Assemblyman David M. Gardner, Assembly District No. 9, introduced Assembly Bill (A.B.) 395 (1st Reprint), which allowed the State Public Charter School Authority (SPCSA) to adopt its own regulations. The agency was currently writing its own regulations but was required to seek approval from the Department of Education. The bill would also give the agency more flexibility regarding employee compensation by moving employees from classified to unclassified status.

Kathleen Conaboy, Chair, State Public Charter School Authority, Department of Education, brought the Committee's attention to a handout, "One Agency: Multiple Roles" ([Exhibit G](#)). She pointed out that the SPCSA was not a typical state agency and not a typical school district. The SPCSA was created in 2011. In 2013 it became a local education agency (LEA) for special education and had become responsible for all federal funds that flowed to the charter schools that it sponsored.

Ms. Conaboy said the SPCSA was tied to the structure of a state agency without the needed flexibility. She discussed page 2 of the handout, outlining the strategies the SPCSA had designed for achieving its goals. The last page showed the Committee that, since the agency was created, there had been a steep increase in the number of students attending charter schools, and the agency anticipated five new schools opening in the fall.

Ms. Conaboy said the fiscal request in response to the bill had to do with a request for additional staff. The request would also accommodate additional governance training for the Authority.

Patrick Gavin, Director, State Public Charter School Authority, Department of Education, added that the agency fully recognized the need to work collaboratively with the Budget Division, Department of Administration, and the Legislative Counsel Bureau in evaluating the effects of A.B. 395 (R1).

Mr. Gavin said the effect of the bill would place additional demands on staff while they moved from areas of policy into areas of regulation. Should the agency be given rule-making authority, there would be additional mandates to ensure an even more high-quality, effective, and diverse charter school community in Nevada. He offered to discuss the particulars of the fiscal note with the Committee, but he recognized that it was to some degree a forward-looking statement that would require additional review by the Budget Division.

Ms. Conaboy pointed out that the fiscal note amounts currently existed in the reserve. The SPCSA was allowed to charge up to 2 percent from sponsored schools as a management fee, but it was currently charging 1.5 percent. In past years, unused money in the reserve was returned to the sponsored schools, but she proposed that the additional money would come from the reserves rather than through an appropriation request.

[Vice Chair Hambrick reassumed the Chair.]

Assemblywoman Carlton asked what oversight there would be if the agency were granted the ability to write its own regulations.

Mr. Gavin replied that any regulations written by the SPCSA would be reviewed by the Legislative Commission. Any budgetary changes would have to come before the Interim Finance Committee. A companion bill, Senate Bill (S.B.) 509 (1st Reprint), explicitly required a collaborative dialogue process with the Legislative Committee on Education during the interim.

Assemblywoman Carlton expressed concern that charter schools were able to choose the students that were admitted, which she thought needed state oversight.

Ms. Conaboy explained that the accountability measures that had always existed governing the SPCSA remained intact. The agency would maintain the same testing and reporting to the Department of Education. There had been discussion about granting the agency regulatory authority in 2011 when the agency was created. In A.B. 395 (R1), the regulatory privilege pertained only to the processes relative to the Authority, such as the application and review process. The SPCSA remained subject in everything else to the Department of

Education. Ms. Conaboy noted that the collaboration required in S.B. 509 (R1) had been brought about because the Department of Education had sought agency input into regulation in the past.

Assemblywoman Kirkpatrick asked why the agency was seeking to move employees from classified to unclassified status.

Mr. Gavin replied that the classified status of the employees was an area of long-standing concern for the Authority. The vast majority of schools that the SPCSA oversaw had at-will staff. The staff was accountable for results, and if the results were poor, they could be dismissed. He believed the agency needed the same ability to be nimble and accountable. He had made it clear to his staff that he was accountable to the Authority and served at its pleasure.

Assemblywoman Kirkpatrick asked whether the change in status would change the compensation for the employees at the SPCSA.

Mr. Gavin said there had been discussion regarding the subject, but said it was not contemplated at the current time.

Assemblywoman Kirkpatrick asked, if Mr. Gavin and his staff were all at-will, whether there could be mass dismissal that would set the agency back to square one.

Mr. Gavin clarified that the Director would be subject to dismissal by the Authority, and staff would be subject to dismissal by the Director. He noted that any individual who was currently in the classified service could choose to remain in classified service as long as that person remained in his or her current position.

Assemblywoman Benitez-Thompson recalled the conversations around the creation of the charter schools in 2011, which were specific in scope and intent, and the decision was made to keep the SPCSA housed within the Department of Education. She expressed concern with homeschool being self-regulated and private schools setting up their own accountability. She worried that the Legislature would be allowing charter schools to set up yet another subset without proper oversight from the Department of Education. She believed that the agency needed to be in place for a longer period, with more discussion, before being granted more leeway.

Mr. Gavin reiterated that A.B. 395 (R1) divided the rulemaking, reserving significant elements of rulemaking for the Department of Education, while giving the SPCSA some power to make certain rules. The Department of Education

had effectively delegated the regulation writing to the agency already, while submitting it to the Department's review process. When policies were adopted without regulation, the agency had no way to enforce them. The bill made it possible for the SPCSA to create a regulatory framework that could be enforced and schools could be held accountable.

Mr. Gavin added that the Authority had expressed interest in moving to at least two application cycles per year, allowing individuals to apply for charter schools multiple times per year. The current regulations, which were drafted by the Department of Education in consultation with all sponsors, mandated one application cycle per year. There were no means to create regulations specific to the SPCSA. As the only active sponsor of charter schools in the state at the current time, he believed the agency had a statutory duty to increase the diversity and the number of high-quality schools in the state.

Assemblywoman Swank asked what kind of oversight there was from the Department of Education on the regulations and asked for detail regarding the process of shutting down a charter school if that move was deemed necessary.

Mr. Gavin described the process for shutting down a charter school. The agency had a statutory mandate to close schools under certain circumstances and was explicitly required to do so if a school had a one-star rating for three consecutive years. He mentioned there were some bills being heard currently that were intended to increase accountability.

Mr. Gavin noted that there were other statutory provisions that permitted a sponsor to close a school. The most notable was in the case of a school committing financial mismanagement or fraud. Another provision that would permit closing a school was systemic underperformance as determined by the sponsor. He said there were schools that had received notices of breach from the SPCSA because of performance deemed unacceptable based on the framework adopted in policy. He thought that everyone concerned wanted to make sure that Nevada had an exemplary, high-achieving charter school portfolio. To the degree that the agency had a statutory framework and, underneath that, an appropriate and targeted regulatory framework that allowed it to regulate schools in an effective manner, he believed that Nevada's children would benefit.

Assemblyman Sprinkle asked whether the reserve would become the regular funding source for the additional ongoing expenses.

Jessica Hoban, Administrative Services Officer, State Public Charter School Authority, Department of Education, said the funding for the additional positions would come from the reserve, and the reserve would be part of the regular funding source for the ongoing costs. She reiterated that the SPCSA collected a 1.5 percent fee but, by statute, could collect up to 2 percent, and that provision would continue to fund the positions if necessary.

Mr. Gavin said that in the event the costs were approved by the Assembly Committee on Ways and Means or the Interim Finance Committee, the fee that was assessed to schools would not increase. Based on its growth as an agency, the SPCSA had an increasing level of reserves, which could be refunded to the schools, as was currently being done, or could be used for additional items and/or training needed by the schools. One of the planned expenses was governance training, which would be much more expensive for the schools to provide on their own. With approval of the fiscal costs, the agency planned on additional oversight, performance management, and charter school sponsorship by increasing the application cycles. All these measures, he believed, would ensure the quality and performance of Nevada's charter schools using the existing fee revenue with no additional appropriation.

Assemblyman Sprinkle asked again for the amount in the current reserve.

Ms. Hoban said the current budgeted reserve in fiscal year (FY) 2016 was \$1,684,168, with the proposed additional costs of the fiscal note being \$526,447, or approximately one-third of the reserve. For FY 2017, the budgeted reserve was \$2,331,825, and the proposed fiscal note was \$960,806.

Mr. Gavin said if the costs in the fiscal note were approved later, the reserve would continue to increase. There was a certain mandated reserve for agencies for working capital; the SPCSA also had a board-mandated requirement for additional reserve for special education costs, which it had consistently funded. Instead of refunding unused fee revenue, the agency would use it to fund the fiscal note costs.

Vice Chair Hambrick called for additional testimony in support of A.B. 395 (R1).

Ray Bacon, representing the Nevada Manufacturers Association, said the Association had been a supporter of charter schools since the original bill was enacted. The Association supported A.B. 395 (R1) and believed it was a great step forward to bring the schools up to a standard that would encourage the better charter school operators around the country to join Nevada. He said the

state needed a high level of charter schools to build up the minority communities and develop successful students.

Lauren Hulse, Executive Director, Charter School Association of Nevada, testified in support of A.B. 395 (R1).

Hearing no response to his request for testimony against the bill, Vice Chair Hambrick asked for testimony neutral on the bill.

Peggy Lear Bowen, private citizen, said she was concerned for the children, the employees, and fiscal accountability. She believed charter schools were removing children from the standard school environment and putting them in charter schools with no regard for accountability on test scores and high school dropout rates. She thought removing at-risk children from the public schools would hurt the schools' ability to receive federal grants and other subsidies, and she urged the Committee to consider all the ramifications of passing the bill and to keep their oversight of the State Public Charter School Authority.

Vice Chair Hambrick closed the hearing on A.B. 395 (R1).

Assembly Bill 448 (1st Reprint): Revises provisions relating to education. (BDR 34-746)

Assembly Bill 448 (1st Reprint) was agendized but not heard.

Senate Bill 505: Provides for the temporary suspension of the collection of certain subsidies to be paid to the Public Employees' Benefits Program. (BDR S-1205)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that Senate Bill (S.B.) 505 was heard by the Committee on April 22, 2015. The bill implemented the Governor's proposal to enhance the fiscal year (FY) 2015 State General Fund balance by instituting a two-month Active Employee Group Insurance Subsidy (AEGIS) assessment holiday. It was proposed that the employer portion of the agencies' assessment be suspended for May and June of 2015. The bill would not affect the employee premium rate. Without the proposed holiday, the estimated \$27.3 million surplus in the AEGIS account would be used to decrease the assessment to state agencies in FY 2016 or FY 2017. Using the Governor's recommended budget, the AEGIS assessment for FY 2016 would have been \$594 per month; with the assessment holiday, it would increase to \$719 per month. Fiscal Analysis Division staff was in the process of reviewing the numbers, and it appeared they could adjust downward. The assessment holiday, she explained, was

a loan from FY 2016 to FY 2015. To apply, the bill needed to be passed by May 1, 2015.

Assemblywoman Kirkpatrick said that she understood the reason for giving state agencies the holiday, but she thought it was important to explain the reasoning to state employees who were not seeing any premium holiday.

Assemblywoman Carlton expressed dissatisfaction that the state was borrowing money from the future to pay current bills, and she would not be able to support the bill. She said it was wrong to benefit the state budget without a commensurate benefit to state employees.

ASSEMBLYMAN KIRNER MOVED TO DO PASS SENATE BILL 505.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywomen Carlton and Titus voted no. Assemblyman Anderson was not present for the vote.)

Vice Chair Hambrick closed the hearing on S.B. 505 and assigned Mr. Oscarson to present the floor statement.

Assemblywoman Kirkpatrick asked whether staff could get the funds back to where they belonged after they were used for the current fiscal year.

Ms. Jones said the intent was that the AEGIS assessment would be increased in FY 2016 to pay back the amounts that were being reduced in the current fiscal year. She said the proposed amendment to The Executive Budget would take care of the accounting details

Vice Chair Hambrick opened public comment.

Peggy Lear Bowen, private citizen, reiterated her concern regarding the charter school system. She felt that the charter schools were created for students who had complex needs outside of what was offered in the general public school day. It was never meant, she said, to create two school districts to compete with one another.

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Hearing no further public comment, Vice Chair Hambrick closed public comment, and adjourned the meeting at 11:16 a.m.

RESPECTFULLY SUBMITTED:

Barbara Williams
Committee Secretary

APPROVED BY:

Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means

Date: April 27, 2015

Time of Meeting: 8:36 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Fiscal Analysis Division, Legislative Counsel Bureau	Assembly Committee on Ways and Means Closing List #9
A.B. 394	D	Anna Slighting, Private Citizen, Clark County, Nevada	Testimony opposed.
A.B. 394	E	Michelle Kim, Clark County Education Association	Testimony opposed.
A.B. 394	F	Kenny C. Guinn Center for Policy Priorities	Testimony neutral.
A.B. 395	G	State Public Charter School Authority	"One Agency, Multiple Roles"