

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

**Seventy-Eighth Session
May 5, 2015**

The Committee on Ways and Means was called to order by Chair Paul Anderson at 6:09 p.m. on Tuesday, May 5, 2015, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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 Paul Anderson, Chair
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



STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Janice Wright, Committee Secretary
Sherie Silva, Committee Assistant

The Committee Secretary called the roll and all members were present.

Chair Anderson reminded the Committee, witnesses, and audience members of the Committee rules and protocol.

Chair Anderson opened the public comment portion of the hearing. There being no public comment, he closed that portion of the hearing and opened the budget hearing.

ELECTED OFFICIALS

ELECTED OFFICIALS

AG - ADMINISTRATIVE FUND (101-1030)

BUDGET PAGE ELECTED-84

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that decision unit Enhancement (E) 225 was not approved when the remainder of budget account 1030 was closed. The Committee closed the other budgets for the Office of the Attorney General (OAG) on April 29, 2015. In discussing the position eliminations and recommended new positions for the restructure of the OAG, the Committee held making a decision on one new position, a special assistant attorney general position for the new Office of Military Legal Assistance proposed by Senate Bill 60 (R1). The requested salary for the position was \$110,000 a year.

Ms. Jones advised that according to the OAG, a recent survey was conducted of current and former military personnel in Nevada, and 61 percent of those responding indicated that the top unmet need was access to legal advice and representation in civil matters. The special assistant attorney general position would maintain information on subject matter expertise for the types of legal services provided, including expertise in state and federal laws established to protect military personnel. The position would coordinate with private attorneys throughout the state to match military personnel's needs for legal assistance with an attorney who was willing to perform the needed services for free (pro bono). The OAG indicated that the position required an attorney to correctly match the legal needs of military personnel with a pro bono attorney

specializing in the identified need. The special assistant attorney general position would need a working knowledge of applicable laws involving military personnel.

Ms. Jones said the Committee had asked for detailed information regarding the position description. She referred to pages 13 through 15 of [Exhibit C](#), "Office of the Attorney General Position Descriptions," that explained the duties of the special assistant attorney general position.

Ms. Jones continued that during the budget hearing, the OAG representative testified that the new position would serve as a conduit and single point of contact for military veterans, reservists, and active-duty personnel who needed assistance in civil legal matters. The OAG would not provide direct legal advice, but would match the veteran with an attorney willing to provide free legal assistance to the military community.

Ms. Jones explained that the OAG had formed an advisory group consisting of a substantial number of representatives of the legal community. She asked whether the Committee wished to approve a special assistant attorney general position for the Office of Military Legal Assistance.

Assemblywoman Benitez-Thompson questioned the performance measurements and criteria for success for the new office.

Wesley K. Duncan, Assistant Attorney General, Office of the Attorney General, testified that success would be measured by the number of pro bono hours pledged by the private law firms across the state, the referrals to those law firms, and data regarding the outcomes of the cases. The OAG would study the needs being served based on the hours and the referrals. The needs of the military community would determine the success of the office. The OAG would maintain those metrics and expected the numbers to grow. The new position would train private attorneys who volunteered on specific military areas of law. The office would adapt to the changing legal environment and expand the type of services offered to the service members.

Assemblywoman Bustamante Adams said that because the new position would not provide direct legal advice, she believed a coordinator position could provide the services. She understood that the real legal work would occur during the pro bono hours pledged by the private attorneys. She did not understand the justification for a salary of \$110,000 to match a veteran with a pro bono private attorney.

Nicholas Trutanich, Chief of Staff, Office of the Attorney General, responded that the reason the position needed to be an attorney was the specialized type of law that service members required. The federal laws designed to protect service members during deployment were complex. When a service member's case was referred to the OAG, the new position would evaluate what law was applicable, where the referral should be made, and whether it was a meritorious case. Without a legal understanding of the specialized area of military law, the position would lack the expertise to perform the duties. The position would need training in military law and specific federal laws to make referrals effectively and efficiently. The service members would receive no beneficial advice from a person who was not legally trained. The goal of the program was to meet a top unmet need listed by 61 percent of Nevada military service members who were surveyed.

Mr. Duncan added that the OAG envisioned the position as an expert in military law. The pro bono attorneys would rely on the OAG expert, who would render legal advice and opinions to those attorneys. The position would serve as the face of the program across the state, and the OAG wanted a good representative. The position would educate the legal and the military community. The pro bono attorneys who dedicated hours would not be experts on military law.

Assemblywoman Bustamante Adams asked for clarification about whether the position would provide legal advice.

Mr. Trutanich responded that the position would provide legal advice to pro bono attorneys who were not experts in military law. The position would train other Nevada lawyers who pledged pro bono hours, but who were not trained in the specialized federal law that covered service members.

Assemblywoman Kirkpatrick said she previously had concerns about creating another referral system. She met with Adam Laxalt, Attorney General, Office of the Attorney General, for a thorough explanation of the Office of Military Legal Assistance. She understood that Nevada had more than 300,000 service members who needed legal assistance with foreclosures, payday loans, wills and trusts, and other legal problems. A survey of the stakeholders concluded it was best not to address family law because of its complexity.

Assemblywoman Kirkpatrick was told during her meeting that performance measures would be developed, and regular reports would show the Legislature the numbers of veterans who received assistance. There were many provisions in federal and state law that protected service members. The special assistant attorney general position would evaluate the case and refer the veteran to

a pro bono attorney. The OAG would begin this program on a small basis and provide accountability to the Legislature about the cases that were resolved. A report would be provided about the number of service members that received assistance. Assemblywoman Kirkpatrick said her questions were answered, and she was ready to support the request.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE A NEW SPECIAL ASSISTANT ATTORNEY GENERAL POSITION FOR THE OFFICE OF MILITARY LEGAL ASSISTANCE.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED

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ELECTED OFFICIALS

ELECTED OFFICIALS

CONTROLLER - CONTROLLER'S OFFICE (101-1130)

BUDGET PAGE ELECTED-234

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained budget amendment A150591130. The Committee closed other budget items for the Office of the State Controller on April 20, 2015. However, in discussing budget amendment A150591130 submitted by the Department of Administration after the budget hearing, the Committee held making a closing decision on budget account (BA) 1130.

Ms. Jones advised that the budget amendment recommended State General Fund appropriations of \$52,000 in each year of the 2015-2017 biennium to provide contract auditing services related to Governmental Accounting Standards Board (GASB) Statement No. 68, which addressed pension plans. The GASB 68 required employers that contributed to a pension plan to report information regarding their share of the net pension liability, as well as the fair value of pension plan assets available to pay pension benefits.

Ms. Jones explained that the Committee requested clarification from the Office of the State Controller regarding the need for those audits, why the audits had not been performed in the past, and the rationale for funding the audits with General Funds. After the budget hearing, the Office and the

Department of Administration provided information indicating GASB 68 was released in 2012, but did not become effective until fiscal years beginning after June 15, 2014. Ms. Jones noted that GASB Statement No. 67, released in 2012, also applied to pension plans. The GASB 68 required each participating employer to report on its proportionate share of the liability based on the annual actuarial valuation of the total pension liability. The audited statements of the Public Employees' Retirement System (PERS) only included the net pension liability for the plan as a whole, not each employer's share as required by GASB 68.

Ms. Jones said according to GASB 68, the auditors for each participating employer (PERS had approximately 190 participating employers) were required to audit the proportionate share of the net pension liability reflected on the financial statements. The American Institute of Certified Public Accountants (AICPA) recommended that the pension plan auditors report on the schedule of employer allocations. This recommendation ensured that auditors for all participating employers used a consistent allocation methodology and an efficient approach to obtain the audit evidence needed to opine on their respective client's financial statements. Further, because the pension liability was reported on each employer's financial statements and did not directly benefit the pension plan, PERS could not pay for the audits. The PERS was only permitted to pay for the audits of the pension plan statements (per GASB 67). Accordingly, the budget amendment recommended General Funds of \$52,000 in each year of the 2015-2017 biennium for contract services to allow the PERS' current audit firm of CliftonLarsonAllen, LLC to report on the schedule of employer allocations to PERS for all associated employers. The budget amendment placed the responsibility for the audit with the Office of the State Controller, as part of its overall state financial reporting function.

Ms. Jones asked whether the Committee wished to approve the Governor's recommendation for budget account 1130 to provide General Fund appropriations of \$52,000 in each year of the 2015-2017 biennium for costs related to audit requirements associated with GASB 68, per budget amendment A150591130.

Assemblyman Armstrong stated he had met with Jim R. Wells, C.P.A., Interim Director, Department of Administration, and after studying the matter, he felt comfortable supporting the Governor's recommendation.

Assemblywoman Kirkpatrick asked whether the audit might disclose information that would be made public and could be used for political purposes against employees.

James W. Smack, Chief Deputy Controller, Office of the Controller, confirmed the audits would become public information, but would not disclose confidential data.

Assemblyman Kirner said a determination would be made for each of the 190 entities about their share of the total pension liability. The audits would not contain specific details about individuals. The portion of the unfunded liability would not be reported as a footnote, but would be reported in the balance sheets.

Assemblywoman Benitez-Thompson wondered whether GASB 68 specified who should complete the audit.

Mr. Smack replied that the Office of the State Controller was just the payment entity. The GASB 68 audit would be performed by the independent auditing firm of CliftonLarsonAllen, LLC, the current PERS auditing firm. The firm would audit the pension liability allocation as opposed to the asset allocation. Information was received in February 2014 from AICPA about the content of the audit on the pension liability.

Assemblywoman Benitez-Thompson expressed curiosity about the requirements in GASB 68. The Committee had discussed who could do the audit. A suggestion was made that the Audit Division, Legislative Counsel Bureau, could perform the audit or serve as the pass-through agency for the funding.

Mr. Smack said there was no specific requirement to place the funding for the audit in the Office of the State Controller. Some agency had to pay for the audit, and PERS could not pay for the audit because the pension liability was reported on the employers' statements and did not benefit the PERS plan or participants. After a meeting with the Department of Administration, it was agreed that the Office of the State Controller would pay for the audit funded by the budget amendment.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE GENERAL FUND APPROPRIATIONS OF \$52,000 TO BUDGET ACCOUNT 1130 IN EACH YEAR OF THE 2015-2017 BIENNIUM, PER BUDGET AMENDMENT A150591130, FOR COSTS RELATED TO AUDIT REQUIREMENTS ASSOCIATED WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 68.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chair Anderson opened the hearing on Assembly Bill 448 (1st Reprint).

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

Steve Canavero, Ph.D., Deputy Superintendent for Student Achievement, Department of Education, testified that Assembly Bill (A.B.) 448 (1st Reprint) was an important bill. The Department of Education issued a list in January 2015 of 78 underperforming schools across the state with 54,000 students enrolled. He provided an example that just 22 of those 78 schools enrolled about 14,000 students. He asked the Committee to imagine the MGM Grand Garden Arena filled with students. That image was approximately the same capacity of the 22-school sample that continued to decline in performance year after year.

Mr. Canavero said the Achievement School District would provide a process to follow and create a sense of urgency across the state to improve outcomes for students. The Achievement School District created in A.B. 448 (R1) was an office within the Department of Education with the sole purpose to sponsor achievement charter schools. Those achievement charter schools would result from converting an underperforming school through a thoughtful match with a high-quality charter management organization that had demonstrated a record of accomplishment and success improving outcomes for students.

Mr. Canavero said the Department of Education had previously submitted a fiscal note for A.B. 448 (R1) showing the staffing costs. He presented [Exhibit D](#), "Letter from the Department of Education regarding the fiscal note of A.B. 448 (R1)." No funding was included in The Executive Budget for the staffing needed in the bill. Mr. Canavero said, however, a State General Fund appropriation was not needed to staff the bill. The Department of Education would transfer available funds from other legislatively approved or federally funded programs, gifts, grants, or donations to support the effort. Any transfers would be subject to the normal Interim Finance Committee review and submitted through the Budget Division, Department of Administration.

Assemblywoman Carlton expressed concerns that the Department of Education would absorb the costs, because there was no extra money in education.

Mr. Canavero said the Department of Education would use a holdback from the federal School Improvement Grant funds to support the cost. The annual cost would be approximately \$200,000 [\$208,311 in fiscal year (FY) 2016 and \$216,390 in FY 2017] for a director, an assistant, office space, and associated operating costs. The federal School Improvement Grant funds were allocated annually, and the grant provisions permitted a state-proffered solution. The Department would also use philanthropic funds, and up to 2 percent of the funding for sustainable support could be held back for administrative purposes.

Assemblywoman Carlton said she was concerned about the legislatively approved funding. She was not worried about private funds. She believed it was wrong for the Department of Education to reallocate legislatively approved funds, because it contradicted the decisions of the Legislature and the budget process.

Assemblyman Kirner said students in the achievement charter schools were eligible for State Distributive School Account (DSA) funds. He was uncertain whether any funding could be provided by the Zoom school programs. He questioned whether the money would follow the students.

Mr. Canavero confirmed the money would follow the students.

Assemblyman Kirner asked about the restrictions on school facilities and whether the achievement charter schools would be required to rent the facilities.

Mr. Canavero said the Achievement School District would occupy the facilities of the school that was being converted. There were provisions in the bill for facility agreements with the local school districts that would retain the assets, not the Achievement School District. The achievement charter school would be responsible for operation and maintenance costs, but any capital expense would be borne by the local school districts.

In response to a question from Assemblywoman Bustamante Adams about the cost, Mr. Canavero replied the total annual cost was a little over \$200,000.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, stated that the fiscal note submitted by the Department of Education on April 4, 2015, included costs of \$208,311 in FY 2016 and \$216,390 in FY 2017. Those costs

included funding for the director's position, an administrative assistant position, minimal operating costs, and rental space.

Assemblywoman Kirkpatrick asked about the possibility of receiving future grants. She expressed concern that the Department lacked a plan, details of grants, and a real funding mechanism.

Mr. Canavero replied that the ongoing sustainability of the Achievement School District would be the same as the model used for the existing State Public Charter School Authority. The Achievement School District would charge up to 2 percent of the gross DSA, which was similar to what was allowed for the State Public Charter School Authority. The initial \$208,311 in FY 2016 was to get the Achievement School District started in the first year, but would not fund conversion of all 78 schools.

Assemblywoman Kirkpatrick expressed concern that the 2 percent had already been allocated to other purposes.

Mr. Canavero said the existing charter school model worked well. The 2 percent would pay the initial costs and would not be paid with General Funds. As the numbers of students in achievement charter schools increased, the Achievement School District would add positions when the funding became available.

Assemblywoman Benitez-Thompson asked for an outline of the time frame proposed in A.B. 448 (R1).

Mr. Canavero said the program would not necessarily start in January 2016. The annual statewide system of accountability report was issued in September. Each year, the Executive Director of the Achievement School District would submit a list of not less than 20 percent of the eligible schools to the State Board of Education for approval. The State Board would approve at least 50 percent of the schools on the list within 30 days. The selection was subject to the right match for a particular charter management organization that had a record of accomplishment and success and met the community's needs.

Assemblywoman Benitez-Thompson asked when input would be solicited from parents and questioned the cost of the regulatory process.

Mr. Canavero said the Department of Education was required to develop regulations to describe all of the next steps. He said the solicitation of input would probably take two months, and a public school would not be converted until the fall of 2016.

Chair Anderson reminded the Committee to focus on the fiscal note.

Assemblywoman Titus encouraged the Department to continue to seek federal grants and donations to fund education. She expressed concern about the long-term investment and the continued funding of the program.

Mr. Canavero said a six-year contract would be signed between the Executive Director of the Achievement School District and an achievement charter school. A performance contract would establish the criteria and performance measures for the academics, organizational compliance, and financial health. Mr. Canavero said the contract between the Executive Director and an achievement charter school could be easily terminated.

Chair Anderson said the funding mechanisms for the Achievement School District were already established in the bill. The concern was how to pay the cost of the new positions and some operating expenses.

Assemblyman Sprinkle said he understood that the letter presented as [Exhibit D](#) indicated the Department of Education would not ask for any funding to support the bill. The fiscal note totaled \$424,701 for the 2015-2017 biennium, and he wanted to ensure the entire amount would be supported by the Department.

Mr. Canavero confirmed that the total cost of \$424,701 would be absorbed by the Department of Education for the 2015-2017 biennium. No General Fund support would be required.

Assemblywoman Swank said some achievement school districts had not been as successful as anticipated. She expressed concern about the costs if failures occurred.

Mr. Canavero believed Assemblywoman Swank referred to some recent press about charter management organizations that were recruited by other states and later decided not to continue. The Department of Education would monitor the performance to determine whether an organization would honor future commitments to serve students in the community. Investigations would be extensive on vendors that submitted responses to requests for qualifications. The Department of Education would examine the work and records of accomplishment of appropriate organizations that had done work elsewhere.

Mr. Canavero said the Executive Director would issue annual requests for proposals or requests for qualified operators to maintain a supply of qualified operators.

Assemblywoman Carlton said there would be a fiscal effect to a public school if it converted to an achievement charter school and then converted back to a public school, because the DSA funds would already have been granted to the achievement charter school. She asked how much the 2 percent DSA paid per student.

Mr. Canavero thought the DSA amount was around \$100 to \$150 per student.

Assemblywoman Carlton asked how many students would be involved.

Mr. Canavero replied there were 54,000 students enrolled in the 78 underperforming schools. About 14,000 students were enrolled in the example of 22 schools noted earlier.

Assemblywoman Carlton believed the Achievement School District would receive about \$1,400,000 for 14,000 students.

Mr. Canavero said the initial funding would be a mix of the 2 percent DSA funds and other federally approved or philanthropic dollars to support the Achievement School District.

Assemblywoman Carlton questioned the effect on the DSA, because the dollars that should be spent in the classroom would be paid to the Achievement School District.

Chair Anderson understood there was a "hold harmless" provision protecting a public school from a loss of funds if a student left the public school and went to an achievement charter school.

Mr. Canavero said the 2 percent funds from the DSA would go to the Achievement School District and support the positions that were specific to the Achievement School District. The state public schools received the same 2 percent from the DSA, and that same funding mechanism was used by local school districts that sponsored the State Public Charter School Authority. The state made funding decisions to support independent charter boards and Local Education Agencies (LEA) in support of the State Public Charter School Authority.

Mr. Canavero said the true cost should focus on students in underperforming schools. Money that would otherwise have gone to an underperforming school would be invested in an achievement charter school governed by performance measures that required good performance and increased outcomes for students. Schools that performed poorly would be closed. When the students were in an

achievement charter school, that school would receive the funds. The funding process would be organized, and the Department of Education would not convert a school in the middle of a school year, but would do so at the beginning of a school year.

Assemblywoman Benitez-Thompson said section 28 of A.B. 448 (R1) required reassignment of any employees within the school district if an achievement charter school contract was terminated. She asked about the funding and provisions in the contract to mitigate those fiscal costs.

Mr. Canavero said an achievement charter school would not close in the middle of a school year. Minimizing disruption to the students was the foremost concern of the Department of Education. Ideally, a contract would end at the school year's end. At that point, the contract provided that the employees would be reassigned within the school district. Provisions existed for the teachers to return to the public schools, and some provisions existed to ensure that the school districts had an opportunity to decline employees for performance reasons. The school districts could reemploy those teachers or transfer them elsewhere, consistent with their agreements. The school districts would receive funding from the DSA for the student head count taken at the beginning of each school year.

Chair Anderson said there appeared to be no difference between an achievement charter school failure in A.B. 448 (R1) and what might occur with any other charter school that failed during the middle of a school year. The process, rules, and mechanism were already in place to address a failure. If one public charter school were to fail, another one could take its place, or the school district could take over the school again. There were costs to any of those situations. Chair Anderson said there were greater costs to leaving those students in poorly performing schools.

Assemblyman Edwards commented that the national charter management organizations had proven records of accomplishment, assets, and personnel that were available in case any problems arose. This bill provided for a request for proposal contract that contained many safeguards already written in law. The Department of Education had monitoring and quality assurance staff to ensure the schools did not fail or enter a problematic mode. If schools had problems, there were measures available through termination for convenience, termination for default, or modification of the contract. If the Executive Director of the Achievement School District had to terminate a contract, there would be a transition plan that included details about the funding. Assemblyman Edwards said there was sufficient contract law, experience, and performance with those organizations to prevent problems. In case problems could not be avoided,

there was a clear path of how to resolve the problem, how to move forward, and how to ensure students were served.

Assemblywoman Kirkpatrick said she had asked for a meeting with the Department of Education for the last several weeks to review the education bills. She had some policy concerns and wanted to meet with the Department of Education to discuss the information. She was unsure whether the current charter schools were successful.

Mr. Canavero apologized and said he would ensure that time was scheduled for a meeting.

John Sande, IV, representing StudentsFirst, testified in support of A.B. 448 (R1). He said the funding structure for the Achievement School District was based on the existing model for the State Public Charter School Authority. The model had been successful in Nevada. There was no reason to believe that the proposed structure for the Achievement School District would not continue the success of the State Public Charter School Authority and allow students to benefit. Each of the individual schools in the Achievement School District would have an independent board. Those boards would ensure that the funds were used for more efficient programs in the classrooms to help students in failing schools.

Ruben Murillo, Jr., President, Nevada State Education Association, testified in a neutral position on Assembly Bill 448 (R1). He expressed concerns and presented [Exhibit E](#) from the Nevada State Education Association (NSEA) explaining the neutral position of NSEA. He read some specific comments.

On behalf of the 24,000 teacher and education support professional members of the Nevada State Education Association [NSEA], we respectfully express a neutral position with concerns on Assembly Bill 448 (R1) relating to establishing an Achievement School District.

Although the bill as amended provides some minimal criteria for the selection of the CMOs [charter management organizations], EMOs [education management organizations], or individuals that would manage one or more Achievement School District campuses, NSEA is concerned with how the success for managing campuses in the Achievement School District would be defined and measured, especially with the discussion of where the money was coming from.

NSEA requests that the bill include criteria for annual student academic growth and proficiency on assessments parallel with other public schools and ramifications of achieving or failing to meet established criteria.

NSEA is concerned with provisions in the bill relating to collective bargaining in Achievement School District campuses. Collective bargaining is integral for teacher representation and collaboration for establishing innovation, accountability, and quality education programs. Clarifications need to be made in the bill with regard to defining the entity in which educators employed in Achievement School District campuses will negotiate on collective bargaining matters.

NSEA respectfully requests the opportunity to work with the Committee and the Department of Education in addressing the issues outlined in the letter before the Committee votes on the bill.

Lindsay E. Anderson, Director of Government Affairs, Washoe County School District, testified the fiscal note submitted by the Washoe County School District (WCSD) indicated the WCSD was unable to determine the cost, because it did not know how many schools would be included in the Achievement School District. Some schools on the list of 78 schools might be eligible for conversion. A converted school would operate in the District-owned facility, and the WCSD would be responsible for all capital expenses. Capital funding was limited.

Ms. Anderson asked the bill sponsor to amend some language that would indicate the expenses would not take priority over other capital expenses of the WCSD. There was not enough money to meet all the needs. If a boiler went out at two schools, the WCSD wanted to be able to make the decision appropriately to ensure that the WCSD was not required to give priority to the Achievement School District. Many charter schools operated in a model that did not use a traditional school setting. She wondered whether the WCSD would be responsible for changing walls, structures, or gyms. She expressed concern that if a tenant did not care for the facility in a way that the WCSD required, the WCSD did not want to be responsible for additional capital expenditures.

Ms. Anderson said provisions in the bill required a local school district to offer employment contracts to those licensed employees upon termination of operation of an achievement charter school. Reassignment of employees could be problematic for teachers, because positions may not be available in the

WCSD. The WCSD would no longer receive DSA funds for those students. If the WCSD did not need additional teachers, it would not want to reemploy those teachers.

Joyce Haldeman, Associate Superintendent, Community and Government Relations, Clark County School District, testified in a neutral position on A.B. 448 (R1). The fiscal note showed the cost to the Clark County School District (CCSD) would be \$261,021,622 for fiscal year (FY) 2016 and \$261,021,622 for FY 2017, for a total of \$522,043,244 for the 2015-2017 biennium. If every school on the list of 78 schools were selected for conversion, the CCSD would incur a large expense to replace all those teachers.

Ms. Haldeman noted section 19, subsection 5, of the bill authorized the Achievement School District to accept gifts, grants, and bequests to support its expenses. Ms. Haldeman requested that the Achievement School District be bound by the same type of accountability as public schools. The CCSD was required to present lengthy reports on a quarterly basis about any gift received in excess of \$1,000. Achievement charter schools should be as transparent as county school districts when dealing with public money.

Ms. Haldeman said section 22.5, subsection 2, stated, "If an achievement charter school is eligible to receive special education program units, the Department must pay the special education program units directly to the achievement charter school." If the achievement charter school qualified for special education dollars, Ms. Haldeman wanted to ensure that there was a requirement that the achievement charter school provide special education programs under the same conditions as public schools. Achievement charter schools should comply with the requirements of the Individual Education Plan (IEP) and federal and state audits. Students could not be refused enrollment because of the inability of the achievement charter school to provide those services.

Ms. Haldeman said the CCSD had the same concerns about the use of facilities as was mentioned by earlier testifiers. Section 25 stated that the Superintendent of Public Instruction would settle any cost reimbursement dispute between the governing body of the achievement charter school and the board of trustees of a school district. Ms. Haldeman believed that provision was unfair, because the Superintendent of Public Instruction, Department of Education, would select and appoint the Executive Director of the Achievement School District and would not be an impartial arbiter of those disputes.

Ms. Haldeman thanked the Department of Education for working with the CCSD on its many initial questions. The Department changed section 22, subsection 4, at the CCSD's request to read as follows: "Any pupil who was enrolled at the school before it was converted to an achievement charter school must be enrolled in the achievement charter school unless the parent or guardian of the pupil submits a written notice to the principal of the achievement charter school that the pupil will not continue to be enrolled in the achievement charter school."

Ms. Haldeman said the CCSD had a responsibility to provide education for any student who currently attended a school but would no longer be enrolled in that school after the conversion. The difficulty for the CCSD was that it might no longer have a facility in that neighborhood. The CCSD would be required to transport those students to a facility in the CCSD where there was room for them.

Ms. Haldeman mentioned that Senate Bill No. 59 of the 77th Session (2013) included the following words: "and during times that are not regular school hours." Those nine words were deleted from A.B. 448 (R1) at CCSD's request to allow the CCSD to invite charter schools to use the CCSD's facilities during the day. The CCSD believed it was important to allow a high-quality charter school to use an existing school facility without the need to provide a facility of its own.

Chair Anderson asked whether the moratorium on charter schools was a CCSD policy or a state statute.

Ms. Haldeman responded that the CCSD moratorium on charter schools had been in place for a long time. The previous CCSD Superintendent, Dwight Jones, came from Colorado and was an advocate of charter schools. Mr. Jones began conversations with the Board of Trustees of the CCSD about lifting that moratorium, and some negotiations had begun about lifting the moratorium.

Mary Pierczynski, representing the Nevada Association of School Superintendents, testified in a neutral position on A.B. 448 (R1) and stated that the major concerns of the Association had been addressed by the previous testifiers. The capital expenditures by county school districts for facilities were a problem, and there might be no vacant positions in the county school district for a teacher who was not selected to stay in a charter school.

Jessica Ferrato, representing the Nevada Association of School Boards, testified in a neutral position on A.B. 448 (R1). The Association had concerns about the capital expenditures and being required to maintain a facility that was occupied by an achievement charter school. The Association shared the concerns of the rural school districts about teachers who were not selected to remain in the achievement charter schools and might be unable to find a vacant position in the county school district.

Victoria Carreón, representing the Kenny C. Guinn Center for Policy Priorities, testified in a neutral position on A.B. 448 (R1) and presented [Exhibit F](#) "Legislative Testimony on [Assembly Bill 448](#): Achievement School District." There had been mixed results and limited data on achievement school districts in other states, and there was a cost of administration for achievement school districts. Ms. Carreón said the schools being converted into the Achievement School District were some of the lowest performing schools in the state. Therefore, it was logical to provide some additional funding to improve the performance. Ms. Carreón said The Executive Budget had \$9.9 million designated for the turnaround of underperforming schools in Senate Bill 77. She suggested using that funding source to fund the Achievement School District.

Ms. Carreón advised that there were costs to developing charter schools for the Achievement School District. Senate Bill 491 provided \$20 million over the 2015-2017 biennium to promote high-quality charter schools for students from low-income families. There was a need to develop charter management organizations to operate those new charter schools.

Ms. Carreón said the state of Tennessee experienced problems with a charter management organization in April 2015. The company dropped out after working for two years to take over a middle school. There were additional costs to resolve the problems to ensure the students received services. Ms. Carreón suggested creating a contingency plan to address such problems.

Ms. Carreón mentioned that private money could be donated to fund the Achievement School District. She concluded that it was important to establish some criteria to control how much influence private money would have to ensure the state was in control of the funding.

Chair Anderson said a letter was submitted ([Exhibit G](#)) in opposition to A.B. 448 (R1) by the Latino Leadership Council. The letter suggested that the funding designated for the Achievement School District might be better used for other education priorities.

Hearing no response to his request for further testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the hearing on Assembly Bill 448 (R1) and opened the hearing on Senate Bill 469.

Senate Bill 469: Makes a supplemental appropriation to the Supreme Court of Nevada for an unanticipated shortfall in revenue for Fiscal Year 2014-2015 resulting from a deficit in the collection of administrative assessments. (BDR S-1228)

The Honorable James W. Hardesty, Chief Justice, Nevada Supreme Court, testified that Senate Bill (S.B.) 469 requested a supplemental appropriation of \$588,000 for fiscal year (FY) 2015. The shortfall was caused solely because of a decline of administrative assessment revenue, a subject that Justice Hardesty had reported at the budget committee hearing. The Supreme Court projected a 14 percent decline in administrative assessment revenue. With savings accumulated in FY 2015, the total deficit was about \$679,000. The Office of the Governor suggested a holiday on certain benefits for two months, which reduced the shortfall to \$588,000. Justice Hardesty urged the Senate Committee on Finance and the Assembly Committee on Ways and Means to approve S.B. 469 as quickly as possible. The Supreme Court lacked the ability to meet its payroll on May 22, 2015, without the appropriation.

Assemblyman Kirner observed that the Supreme Court currently had a balance of about \$500,000 in the bank, and he asked whether the Supreme Court needed an additional \$588,000 to make it through the end of FY 2015.

Justice Hardesty confirmed that the Supreme Court needed approximately \$1,088,000 to fund expenses through June 30, 2015. A \$5,000 appropriation was approved earlier for the Commission on Judicial Selection in a different budget account. Justice Hardesty remarked that if the Supreme Court were given authority to manage its budgets collectively, he would not be appearing before the Assembly and Senate finance committees. The Legislature restricted money to specific silos [budget accounts], and Justice Hardesty was not authorized to move savings from one budget account to another.

Justice Hardesty expressed his opinion that the Supreme Court was a separate branch of government and was authorized by the *Nevada Constitution* to manage its own budgets and use savings from one budget account for expenditures in another. He did not want to run amiss of those who believed that Judicial Branch budget accounts should be separately administered. The Supreme Court had savings of about \$300,000 in other accounts, but was restricted from using those savings to offset shortfalls in other budget accounts.

The savings would revert to the State General Fund after July 1, 2015. Justice Hardesty said the process of requesting supplemental appropriations seemed pointless to him, but it was necessary to pay the bills. He was grateful for the Committee's time to address the shortfall and apologized for the imposition. Coming to the Legislature for a \$5,000 supplement for the Judicial Selection Committee was an imposition, considering the degree of importance of other matters the Legislature faced. Justice Hardesty would be requesting that the Judicial Branch of government operate its budgets independently and receive the authority to use savings where needed.

Assemblywoman Carlton said assessment dollars were used to fund things that should be funded with other revenues. Separating money into different budget accounts allowed transparency, and the public could see what expenses the money was used to fund. She believed that the Supreme Court should be funded with State General Funds rather than declining administrative assessments. Assemblywoman Carlton asked for an update on administrative assessments.

Justice Hardesty responded that administrative assessments over the past four years had declined between 1 percent and 8 percent each year. The assessments had decreased dramatically over the last six months. The Court spent a lot of time researching the cause of the decrease and concluded that the reason for the decrease was a decline in traffic citations. The highest reporting courts for traffic citations were the Reno Justice Court, Henderson Justice Court, Las Vegas Justice Court, Las Vegas Municipal Court, and North Las Vegas Justice Court. Each of those courts, except the Reno Justice Court, experienced a severe decline in traffic citations—as much as 24 percent in the last six months, which was why there was a decline in the revenue.

Justice Hardesty said the problem was pointed out a decade ago by the Honorable A. William Maupin then Chief Justice of the Supreme Court, who urged that the Court not rely on administrative assessments. The Court monitored assessments that had been relatively flat until a slight decline in the past year. Justice Hardesty noted that recently the assessments declined dramatically, and he thought the Legislature should revisit the manner in which the Judicial Branch was funded. Decreases in assessments hurt areas funded by administrative assessments, including victims of crime, Peace Officers' Standards and Training (POST), and seven or eight other administrative assessment funded agencies. Justice Hardesty stated that during the interim, it would be prudent to revisit how the Judicial Branch was funded as well as those other agencies.

Assemblywoman Titus suggested that funding decreases resulted from decreases of fees from some of the justices of the peace and traffic courts because fewer citations were issued. She believed that citizens were driving better and obeying the laws.

Justice Hardesty suggested that the justice courts were the busiest in the state. A decrease in traffic tickets of 24 percent did not markedly reduce the workload of a justice court. Traffic tickets did not represent the greater portion of the workload for a justice of the peace. The major portion of the workload involved preliminary hearings, felony cases, gross misdemeanor cases, DUI cases, domestic violence cases, small claims court cases, and justice court cases. The caseload in all of the Nevada justice courts vastly exceeded the caseloads of limited jurisdictions in most states in the nation.

Justice Hardesty said administrative assessment fees primarily were provided to the counties to help support local courts. Many of those courts operated on limited resources. The courts were not permitted to decide what law enforcement decided. Law enforcement, not the courts, made decisions about how to enforce the traffic laws of the state. The Supreme Court had no relationship with traffic tickets. The justice courts were required to enforce the laws.

Justice Hardesty said it was a clear appearance of impropriety for a court to be funded by revenues it generated. As a citizen, he would be offended if the courts generated more traffic fines to build their budgets. The counties benefited from the administrative assessment revenue, not the courts. A small reduction in traffic fines would not significantly reduce the court costs. A court docket included many more things than traffic tickets. Most of the traffic citations were paid by persons who did not appear in court, and the involvement of a judge was limited.

Hearing no response to his request for testimony in support of, opposition to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 469.

ASSEMBLYMAN HAMBRICK MOVED TO SUSPEND
RULE NO. 57 OF ASSEMBLY RESOLUTION 1.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Assemblywoman Kirkpatrick said she understood that southern Nevada had a 24 percent decline in traffic citations. The decline should be studied during

the interim, because the whole state benefited from administrative assessments and had to pay its fair share of the assessments. She expressed frustration about hearing that when Clark County did poorly, the remainder of the state had to give more. Assemblywoman Kirkpatrick said everyone had to work together and decide how to fund things.

ASSEMBLYMAN EDWARDS MOVED TO DO PASS
SENATE BILL 469.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

[Chair Anderson recessed the meeting at 7:43 p.m. and reconvened the meeting at 8:04 p.m.]

Chair Anderson opened the hearing on Assembly Bill 485.

Assembly Bill 485: Revises provisions governing the duties and structure of the Office of Science, Innovation and Technology. (BDR 18-1155)

Michael J. Willden, Chief of Staff, Office of the Governor, testified that Assembly Bill (A.B.) 485 revised provisions governing the duties of the Director of the Office of Science, Innovation and Technology. The Office of Science, Innovation and Technology was originally created by Senate Bill No. 401 of the 71st Session (2001). The purpose of the Office was to advise the Governor on technology and science innovation issues, work on economic diversification development, adopt policies and recommendations, attract biotechnology companies, and act as a clearinghouse. The Office had been dormant for the last 14 years, and A.B. 485 would reestablish operations of the Office. The budget for the Office was heard on February 3, 2015, and the Office of the Governor responded to several questions from the staff of the Fiscal Analysis Division, Legislative Counsel Bureau, on April 22, 2015. Mr. Willden reminded the Committee that budget account (BA) 1003 was established for the Office, and funding of \$2 million in fiscal year (FY) 2016 and \$3 million in FY 2017 was requested. The funding would pay for a four-person staff; Science, Technology, Engineering, Mathematics (STEM) challenge grants; and contracts for work on the state's broadband system.

Mr. Willden said the Governor proposed A.B. 485 because he was influenced by three reports: the Brookings Institution's report "Cracking the Code on STEM;" the Advisory Council on Science, Technology, Engineering and Mathematics biennial report issued on January 23, 2015; and the Nevada State Broadband

Action Plan dated November 2014 that contained a long list of recommendations for action.

Mr. Willden said A.B. 485 reorganized the Office and eliminated the sunset of June 30, 2017. The Office would incorporate the broadband work, provide staff to help with the STEM Advisory Council, and direct and execute action plans. The current bill provided for grant administration for the STEM workforce challenge grants and changed the membership of the Advisory Council from 17 members to 11 members. The bill would expand the focus from K-12 to higher education in the survey and reporting work.

Mr. Willden presented [Exhibit H](#), "Governor's Suggested Amendments to A.B. 485." Two other bills addressed similar issues: Senate Bill (S.B.) 236 and Senate Bill (S.B.) 493. The Office of the Governor worked with Senator Joyce Woodhouse, Senate District No. 5, on several amendments in A.B. 485 to replace concepts included in S.B. 236. The Governor agreed to amend those concepts into A.B. 485, and Senator Woodhouse agreed S.B. 236 could be eliminated.

Mr. Willden explained the amendment would revise the Advisory Council membership to 15 positions, and legislative leadership would be able to make two appointments each to the Advisory Council. The Advisory Council would hold six meetings and two would be face-to-face meetings. The Advisory Council would develop recognition programs for pupils and STEM schools, and staff would help coordinate the activities.

Assemblywoman Kirkpatrick asked why A.B. 485 was needed. She wondered whether there was a fiscal benefit to assigning the Office of Science, Innovation and Technology to the Office of the Governor to obtain more grants. Assemblywoman Kirkpatrick worried that every time the Legislature relinquished its authority, there was less work for the Legislature, and the Legislature might no longer be needed in the future. Things ran smoothly when a good governor was in office, but a bad governor could cause problems. She asked about the positive fiscal effects of A.B. 485.

Mr. Willden responded that the Advisory Council was not well staffed and had difficulty developing and coordinating its initiatives. The Advisory Council needed staff to work on its programs. Activities related to STEM occurred at the Department of Employment, Training and Rehabilitation (DETR), Office of Economic Development in the Office of the Governor (GOED), and community colleges. Mr. Willden said staff was needed to coordinate STEM projects and take the "bully pulpit" [a sufficiently conspicuous position that had the

opportunity to speak out and be heard] to make advancements and issue money for STEM workforce grants.

Mr. Willden explained that Senate Bill 493 provided about \$3.5 million for STEM workforce grants, but the bill did not include staff or accountability provisions. Mr. Willden said A.B. 485 was a better bill because it included staff and funding for STEM grants and broadband initiatives.

Assemblywoman Kirkpatrick asked about the ability of the Office of the Governor to leverage more grants.

Mr. Willden said one of the four staff requested in A.B. 485 was a grants and projects analyst position to focus on issuing the grants and ensuring accountability. The Office of Science, Innovation and Technology would coordinate with the Office of Grant Procurement, Coordination and Management, Department of Administration, to leverage additional grants for similar purposes. The state had a substantial amount of work to do, and coordination was needed at a higher level.

Assemblyman Edwards asked about replacing the broadband system in the state and whether that project would be completed. He believed that the STEM grants would total about \$150,000 each.

Mr. Willden said the broadband efforts were coordinated statewide.

Daphne DeLeon, Administrator, Division of State Library and Archives, Department of Administration, testified that she chaired the Nevada Broadband Task Force. There was coordination between the Department of Public Safety projects for the FirstNet broadband system. The FirstNet group had met with the Nevada Broadband Task Force during the last two or three years. The FirstNet project leveraged what the Task Force had completed with the initial mapping. Connect Nevada used the initial maps to jump-start its work, and that coordination highlighted how money could be leveraged. Infrastructure used for one project was shared with other sectors, which created synergy and maximized potential.

Ms. DeLeon said the Nevada Ready 21 project was an example of coordination that used \$1 million as a match to leverage an additional subsidy that was available for broadband work. That opportunity was discussed by the Broadband Task Force for Connect Nevada. The Office of Science, Innovation and Technology would identify opportunities at the federal level to maximize the broadband work in Nevada.

Assemblyman Edwards asked about the return on investment for the 20 STEM grants issued to the community colleges and the universities.

Mr. Willden said the total amount of money for the STEM workforce challenge grants was \$3 million, which included \$1 million in FY 2016 and \$2 million in FY 2017. The amount of each grant would be about \$150,000. The request for proposal would require a cash or in-kind match for each grant. Some grants would be awarded for multiple years. The Office of Science, Innovation and Technology would be flexible in considering the match process.

Assemblywoman Bustamante Adams asked about the four-person team requested for the office.

Mr. Willden responded that the four-person team included a manager of the office at a grade 41, an information technology position at a grade 39 related to the broadband issues, a grants and projects analyst position at a grade 35, and a clerical position at a grade 27.

Assemblyman Oscarson commented that he participated in the broadband meetings. The services provided by the Office of Science, Innovation and Technology would be critical to the state's broadband efforts for Geographic Information System (GIS) programs. There was a synergy developed by this broadband group, and persons outside the state participated in the process. The state would save money through the effort.

Constance Brooks, Vice Chancellor, Government and Community Affairs, Nevada System of Higher Education (NSHE), testified in support of A.B. 485. The STEM activity was important to the state and to NSHE. The NSHE was ready to train the workforce, and the community colleges were best situated to deliver those curriculum developments and services.

Hearing no response to his request for further testimony in support of, opposed to, or neutral on the bill, Chair Anderson closed the hearing on A.B. 485 and opened the hearing on Senate Bill 427.

Senate Bill 427: Makes a supplemental appropriation to the Office of the Attorney General for projected extradition costs. (BDR S-1226)

Nicholas Trutanich, Chief of Staff, Office of the Attorney General, testified that Senate Bill (S.B.) 427 requested a supplemental appropriation of \$169,000 for the Office of the Attorney General (OAG) for projected extradition costs in fiscal year (FY) 2015. Governor-issued warrants required individuals to be brought back to Nevada to face criminal justice on crimes alleged in Nevada,

and the state had to pay for extradition costs. The OAG sought the appropriation because there had been 375 extraditions from out-of-state as of mid-January 2015. Over the last several years, there had been an average of 400 extraditions per year. Extradition costs had increased because airfare and bus tickets cost more than in prior years. The OAG budgeted \$98,000 in restitution as revenue for the OAG, but the actual restitution received was only \$40,000. At the end of FY 2014, \$55,000 was loaned to FY 2015's appropriation, but a shortfall remained.

Assemblywoman Carlton asked whether restitution was built into the budget.

Mr. Trutanich confirmed that restitution had been historically budgeted and was built into the 2015-2017 biennium budget as a revenue source.

Hearing no response to his request for further testimony in support of, neutral on, or in opposition to the bill, Chair Anderson closed the hearing on S.B. 427.

ASSEMBLYWOMAN DICKMAN MOVED TO SUSPEND
RULE NO. 57 OF ASSEMBLY RESOLUTION 1.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Anderson asked for a motion on Senate Bill 427.

ASSEMBLYMAN EDWARDS MOVED TO DO PASS
SENATE BILL 427.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Anderson opened the budget hearing on the Legislative Counsel Bureau budget account 2631.

ELECTED OFFICIALS
LEGISLATIVE BRANCH
LEG - LEGISLATIVE COUNSEL BUREAU (327-2631)
BUDGET PAGE LEGISLATIVE-10

Rick Combs, Director, Legislative Counsel Bureau, presented [Exhibit I](#), "Legislative Counsel Bureau Budget Account 2631, Budget Account 2626, and Budget Account 1330." He testified that he would review the proposed adjustments from the 2015-2017 biennium budget as recommended by the Governor. He said that budget account (BA) 2631 was the main budget for the Legislative Counsel Bureau (LCB). A major problem he identified was an auditor position that currently existed but was underfunded.

Mr. Combs said the first technical adjustment to BA 2631 was to reduce the T-1 line costs in the Administrative Division budget. Mr. Combs had negotiated with AT&T to refine the cost for the T-1 line connection between the LCB Carson City office and the LCB Las Vegas office. Mr. Combs was able to reduce the annual cost by \$13,512 in each year of the 2015-2017 biennium. Most of the savings occurred in the Director's Office budget, but a small amount of savings supplemented the Broadcast and Production Services budget.

Mr. Combs said he studied the historical utility costs and decided to reduce the budget by \$10,100 in FY 2016 and \$4,678 in FY 2017. The reduction was less in FY 2017 because the legislative session was held in odd-numbered years when there was less control over the use of utilities.

Mr. Combs said the Legislative Commission approved a new police officer position in the budget. A significant amount of money was included for intermittent police costs for meetings or large events. The LCB hired police officers who had worked during previous sessions and were not currently members of the permanent staff. The addition of the new police officer position allowed Mr. Combs to reduce the intermittent police costs by \$4,800 in FY 2016 and \$2,000 in FY 2017.

Mr. Combs said he started budgeting for the unemployment insurance (UI) assessment in the 2013-2015 biennium. The LCB did not pay an assessment to the Risk Management Division, Department of Administration, or participate in the pool that was used by Risk Management. The LCB paid UI costs for session employees who left after five months of work and were eligible for unemployment insurance benefits. Mr. Combs eliminated the UI assessment costs in the amount of \$24,720 in FY 2016 and \$25,011 in FY 2017. The LCB would pay for UI costs from salary vacancy savings.

Mr. Combs recommended reducing the cost of the Blue Lid contract for the Official Nevada Law Library from the Source on CD. He wanted the law library on CD to be accessible by mobile devices to attract more users who would pay fees to the Legal Division, Legislative Counsel Bureau. The Legal Division negotiated a better contract price by agreeing to a two-year contract, and the savings of \$8,456 would be moved from FY 2017 to FY 2016. The reduction for the Blue Lid contract was \$12,278 in FY 2016 and \$5,000 in FY 2017 to adjust the costs for the Legal Division law library on CD enhancements in decision unit Enhancement (E) 228.

Mr. Combs said he added \$83,293 in FY 2016 and \$41,461 in FY 2017 to correct an underfunded deputy auditor position. The Legislative Auditor agreed to delay the costs of its restored position to reduce the cost to correct the error made in the Audit Division budget, allowing a reduction of \$11,888 in FY 2016.

Mr. Combs said LCB would eliminate Broadcast and Production Services control room equipment and fiber testing costs in decision unit E-228 of \$6,200 in FY 2016. The control room equipment had broken during FY 2015 and replacement was required. The money to recalibrate the fiber testing equipment should have been deleted when a decision unit related to new fiber testing equipment was not approved. Mr. Combs said all the adjustments totaled an addition of \$8,251 in FY 2016 and a reduction of \$17,196 in FY 2017.

Mr. Combs said the staff of the Fiscal Analysis Division, Legislative Counsel Bureau had recently identified several modifications that were necessary to the Budget Analysis System of Nevada (BASN) used to review the Governor's recommended budget. The Division sought Legislative Commission authority to balance forward \$56,250 of funding from FY 2015 to FY 2016 to fund \$90,900 in identified costs. About \$45,000 of the additional costs resulted from the need to adjust BASN to maintain functionality with changes made or planned for the Nevada Executive Budget System. The total cost would be \$39,650 in FY 2016 and a decrease of \$10,000 in FY 2017.

Mr. Combs said \$31,000 was budgeted for the costs of three interim studies for the upcoming 2015-2017 biennium if attendance by teleconferencing was encouraged. If the Legislature decided to increase the number of interim studies, Mr. Combs asked for authority to make necessary adjustments in the budget.

Mr. Combs said there were several bills that required the creation of new statutory committees or subcommittees or required existing committees to study various issues. He asked for authority to make adjustments approved by

the legislative leadership to accommodate the workload generated by the bills that might be approved by the Legislature.

Mr. Combs said additional duties and responsibilities were often placed on the Legislative Counsel Bureau near the end of a legislative session. He requested authority to add additional funds approved by the Legislature after the session ended.

Assemblyman Hickey asked about the unemployment insurance expenses in the private sector. He said he was able to ascertain and hire employees on a seasonal basis, and a procedure made it difficult for those individuals to qualify for unemployment insurance benefits. Assemblyman Hickey did not mean to suggest that state employees were gaining benefits that they were not entitled to receive. He suggested there might be some protections available for LCB. The Legislature met every two years and did not need a large staff during the interim. Assemblyman Hickey wondered whether there were ways to avoid some of the UI costs.

Mr. Combs explained that when he became the Director of LCB, he learned about the cost of UI benefits for session hires. He called the Employment Security Division, Department of Employment, Training and Rehabilitation, to find a more cost-effective process for LCB. Under federal law, there was no way to avoid paying the UI costs. Mr. Combs studied the problem, but concluded LCB had to pay UI costs until the federal law changed. The UI costs continued after the session ended until the individuals depleted their UI benefits. The LCB did not pay the same assessment as paid by a private company, but reimbursed the UI costs as they were incurred.

Mr. Combs continued that LCB had an employee resign in the Las Vegas office recently who had been assigned to work on the Nevada Youth Legislature. In November 2014, the LCB was asked to assume the tasks of the Nevada Youth Legislature. Mr. Combs said the resignation of the employee who worked on the Nevada Youth Legislature was unexpected, and he asked for some flexibility in case he needed to request funding from the Legislative Commission after the session. He was unsure how LCB would complete the tasks, and a part-time or a contract position might be needed to complete the work.

ASSEMBLYMAN ARMSTRONG MOVED TO APPROVE THE PROPOSED ADJUSTMENTS TO BUDGET ACCOUNT 2631, AND TO AUTHORIZE THE DIRECTOR OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL AND OTHER ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**ELECTED OFFICIALS
LEGISLATIVE BRANCH
LEG - NEVADA LEGISLATURE INTERIM (327-2626)
BUDGET PAGE LEGISLATIVE-15**

Rick Combs, Director, Legislative Counsel Bureau, referenced [Exhibit I](#), "Legislative Counsel Bureau Budget Account 2631, Budget Account 2626, and Budget Account 1330." Mr. Combs testified that budget account (BA) 2626 funded the Nevada Legislature Interim. The operating enhancements for the Senate were excluded from the information submitted to the Governor and, therefore, were excluded from The Executive Budget. The needed operating enhancements totaled \$1,623 in fiscal year (FY) 2016 and \$326 in FY 2017. The elimination of the unemployment insurance assessment provided a reduction of \$546 in FY 2016 and \$542 in FY 2017.

Mr. Combs said the Secretary of the Senate and the Chief Clerk of the Assembly submitted two requests for funding in addition to the amount included in The Executive Budget. The first request was for an additional grade 33 position in the Senate and in the Assembly beginning on July 1, 2015, including \$4,000 for travel in each year of the 2015-2017 biennium. The second request was to provide grade increases for four positions (two in each house). Currently, the two positions in each house, other than the Secretary and the Chief Clerk, were grade 33 positions. The Secretary and Chief Clerk requested to increase one position in each house by five grades and one position in each house by four grades. The total of the new decision units not included in The Executive Budget was \$148,716 in FY 2016 and \$165,858 in FY 2017.

Assemblywoman Kirkpatrick asked for an explanation of the new positions.

Mr. Combs said a previous decision had been made by leadership to ask several Legislative Counsel Bureau (LCB) divisions to employ certain persons during the interim who had worked on the front desk in each house. It was difficult during the interim to train persons on the front-desk duties and then lose them because the job was only temporary, or to have to train someone new because the previous incumbent moved to another job. The previous decision allowed the incumbents to work for LCB during the interim and also work for the session, because the person had training and experience on the front-desk duties.

When Mr. Combs became Director of LCB, there was turnover in front desk personnel. He had indicated to the Secretary of the Senate and the Chief Clerk of the Assembly that he would no longer have other LCB divisions hire the incumbents during the interim. The front desk staff was paid from the session appropriations during session. The positions were not paid during the interim.

Mr. Combs explained that the interim was the only time that the Legislature would add money because the amount expended during the session budget was reduced because of the increased amount in the operating budget. The Committee could direct Mr. Combs to continue funding the front desk positions out of the session budget during the odd-numbered years and fund the positions from the Nevada Legislature Interim budget in the even-numbered years. That process would not affect the employees' status, whether temporary or permanent, but would be an accounting adjustment made by payroll to pay the employees from a different budget. Mr. Combs asked the Committee to approve the positions in the Nevada Legislature Interim BA 2626 and continue the positions in the session budget.

Chair Anderson asked for clarification that the total cost was the same, but the cost would be paid from two different budget accounts.

Mr. Combs said the cost of \$134,918 in FY 2016 and \$138,374 in FY 2017 would be reduced by half for the addition to The Executive Budget, because Mr. Combs would charge the salaries every odd-numbered year to the session appropriations and every even-numbered year to the interim expenses.

Assemblywoman Kirkpatrick expressed support for the accounting, but she wanted to ensure the positions were funded during the session. The LCB needed stability in its budget and its staff.

Mr. Combs said funding the positions would be something that the Chief Clerk of the Assembly and the Secretary of the Senate would discuss with leadership as they prepared for session. The LCB proposed the session-hire positions to the Legislative Commission for approval, but interim positions were handled differently. Mr. Combs said he would ensure adequate records existed in the payroll office so that the positions were paid from the correct source.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO ADD TWO NEW STAFF POSITIONS, PLUS THE TRAVEL COSTS AND THE GRADE INCREASES REQUESTED, AND TO AUTHORIZE THE DIRECTOR OF THE LEGISLATIVE COUNSEL BUREAU TO USE SESSION FUNDS TO FUND ONE ADDITIONAL POSITION FOR EACH HOUSE IN THE ODD-NUMBERED YEARS AND TO USE OPERATING FUNDS IN THE EVEN-NUMBERED YEARS.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**ELECTED OFFICIALS
LEGISLATIVE BRANCH
LEG - PRINTING OFFICE (741-1330)
BUDGET PAGE LEGISLATIVE-20**

Rick Combs, Director, Legislative Counsel Bureau, referenced [Exhibit I](#), "Legislative Counsel Bureau Budget Account 2631, Budget Account 2626, and Budget Account 1330." Mr. Combs testified that budget account (BA) 1330 funded the State Printing Office. The only technical adjustment was that the unemployment insurance (UI) assessment charged to the Executive Branch agencies was inadvertently included in the budget submitted to the Governor, even though the Legislative Branch was not charged such an assessment. The adjustment would be consistent with actions taken in BA 2631 and BA 2626. The requested change was an increase in the reserves and in the balance forward amount in each year of the 2015-2017 biennium.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE BUDGET
ACCOUNT 1330 AS ADJUSTED BY THE LEGISLATIVE COUNSEL
BUREAU.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Hearing no response to his request for public comment, Chair Anderson closed
public comment and adjourned the meeting at 9:03 p.m.

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

A handwritten signature in black ink, appearing to be "Paul Anderson", written over a light gray rectangular background.

Assemblyman Paul Anderson, Chair

DATE: September 10, 2015

<u>EXHIBITS</u>			
Committee Name: <u>Assembly Committee on Ways and Means</u>			
Date: <u>May 5, 2015</u>		Time of Meeting: <u>6:09 p.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Wesley K. Duncan, Assistant Attorney General, Office of the Attorney General	Office of the Attorney General Position Descriptions
A.B. 448 (R1)	D	Steve Canavero, Ph.D., Deputy Superintendent for Student Achievement, Department of Education	Department of Education letter regarding the fiscal note
A.B. 448 (R1)	E	Ruben Murillo, Jr., President, Nevada State Education Association	Nevada State Education Association letter expressing a neutral position
A.B. 448 (R1)	F	Victoria Carreón, Kenny C. Guinn Center for Policy Priorities	Testimony in support
A.B. 448 (R1)	G	Sylvia Lazos, Chair, Education Committee, Latino Leadership Council	Letter in opposition
A.B. 485	H	Michael J. Willden, Chief of Staff, Office of the Governor	Suggested amendment
	I	Rick Combs, Director, Legislative Counsel Bureau	Proposed budget adjustments from 2015-2017 biennium as recommended by the Governor