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

Seventy-Eighth Session
May 30, 2015

The Committee on Ways and Means was called to order by Chair Paul Anderson at 4:14 p.m. on Saturday, May 30, 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

GUEST LEGISLATORS PRESENT:

Senator Ben Kieckhefer, Senate District No. 16
Senator Ruben J. Kihuen, Senate District No. 10
Assemblyman Richard Carrillo, Assembly District No. 18
Assemblyman David M. Gardner, Assembly District No. 9

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Sarah Coffman, Senior Program Analyst
Julie Waller, Senior Fiscal Analyst
Janice Wright, Committee Secretary
Cynthia Wyett, Committee Assistant

The Committee Assistant called the roll, and a quorum of the members was present.

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

Chair Anderson opened public comment.

Craig M. Stevens, Director of Intergovernmental Relations, Clark County School District (CCSD), testified about Assembly Bill (A.B.) 394 (1st Reprint) that was on the agenda later during the work session. Mr. Stevens explained that John Swendseid was the bond and disclosure counsel for CCSD and had sent a letter related to the bill. In the letter, Mr. Swendseid expressed concerns about the agreement to deconsolidate CCSD. Mr. Stevens read the following portion of the letter from Mr. Swendseid:

> The Clark County School District is required to disclose material about the bonds to comply with federal and state security laws to allow investors to make informed decisions. If A.B. 394 (R1) is passed as amended, we would have numerous disclosure-related concerns about the uncertainty of the required content of a yet-to-be-developed reorganization plan and mandatory implementation of such a plan. Rating agencies may not look favorably on A.B. 394 (R1) and the mandatory implementation of an uncertain plan because the organization of the District would appear unstable. Assembly Bill 394 (R1) should be revised so that

the plan is provided to the Legislature for the 79th Session (2017), rather than making implementation by the district mandatory.

Mr. Stevens said CCSD was concerned about unstable bonding ability because the District needed to issue bonds to build more schools. The CCSD would experience negative effects as it entered the bond market and would not fare as well if the deconsolidation plan was approved.

Mr. Stevens explained that the Federal Communications Commission (FCC) licensee holder for the Vegas Public Broadcasting Service (PBS) was CCSD. If CCSD was divided into five local school precincts, it might take 6 to12 months to transfer the PBS license. When CCSD ceased to exist, the FCC would have to approve the transfer of the licensee, and the public might lose its PBS services for up to one year. Many of the statutory emergency response systems were currently housed at Vegas PBS. The CCSD was not opposed to the study to deconsolidate the District, but was opposed to not requiring legislative approval of the plan. The final decision should be made by the Legislature.

Mr. Stevens briefly reviewed Exhibit C, a mock-up proposed Amendment 7799 to the bill. The amendment required the restructuring plan to be executed no later than the 2018-2019 school year without legislative approval. Research conducted by CCSD showed that studies were normally returned to the Legislature for approval before being put into operation. He said CCSD had some legal concerns, and the amendment did not correct all of the problems in the bill.

Hearing no further public comment, Chair Anderson closed public comment and explained that the agenda items for the meeting would be taken out of order.

Assembly Bill 359 (1st Reprint): Revises provisions governing common-interest communities. (BDR 10-910)

Chair Anderson said he would remove Assembly Bill 359 (1st Reprint) from today's agenda. [The bill was not heard by the Committee.]

Chair Anderson added Senate Bill 227 (2nd Reprint) to the top of the agenda for today's meeting, and he opened the hearing on Senate Bill 227 (2nd Reprint).

Senate Bill 227 (2nd Reprint): Creates the Silver State Opportunity Grant Program. (BDR 34-216)

Senator Ben Kieckhefer, Senate District No. 16, presented Senate Bill (S.B.) 227 (2nd Reprint). The bill was heard by both the Senate and Assembly Committees on Education and the Senate Committee on Finance. The State General Fund would provide an appropriation of $10 million to fund the Silver State Opportunity Grant Program, but the appropriation had been deleted from the bill, and the bill contained no fiscal costs. Senator Kieckhefer planned to introduce the Appropriations Act on May 31, 2015, and the Act would include funding for the Silver State Opportunity Grant Program.

Senator Kieckhefer said the goal of S.B. 227 (R2) was to help students graduate from college. The bill created a needs-based financial aid program funded by the state for low-income students who sought a degree and attended college full-time at Nevada State College or one of the community colleges. The students had to be college- and career-ready, meaning they could not use the funds for remediation. The Board of Regents of the Nevada System of Higher Education (NSHE) would establish and regulate the program. The NSHE schools would administer the scholarships using a needs-based formula. The shared-responsibility model calculated the student's responsibility for the cost of education as the largest percentage and used the family responsibility amount reported on the Free Application for Federal Student Aid (FAFSA). The formula included all financial assistance and resources that were deemed eligible on the FAFSA. The goal of S.B. 227 (R2) was for the state to fund those costs not covered by other resources to allow the student to attend college full-time. Graduation rates were higher for students who attended college full-time rather than part-time.

Senator Ruben J. Kihuen, Senate District No. 10, testified that he and Senator Kieckhefer held a Nevada College Affordability Summit last year at the University of Nevada, Las Vegas (UNLV) that included faculty, staff, and students from NSHE institutions. Senate Bill 227 (R2) was developed based on the results of that Summit. Nevada was one of the few states that lacked a needs-based grant program for low-income students. Other neighboring states offered those types of grants. The Silver State Opportunity Grant Program would fill the gap for students who received a Governor Guinn Millennium Scholarship and a Pell Grant. The grant would help students complete school and pay for college tuition. Nevada had many low-income students who could not afford college. Senate Bill 227 (R2) would help hundreds of Nevada students attend and graduate from college in the next few years.

Assemblywoman Titus asked how the grant would interface with the Governor Guinn Millennium Scholarship.

Senator Kieckhefer replied that the shared-responsibility model included any additional scholarships that a student earned as part of the student responsibility for the cost of education, and the student responsibility was the largest contribution to the total cost of attendance.

Constance Brooks, Vice Chancellor for Government and Community Affairs, Nevada System of Higher Education, testified that S.B. 227 (R2) supported the most vulnerable low-income students. Senate Bill 227 (R2) was important for students, because it allowed them to attend college full-time. The grant was unique and could be used to pay the costs of books, housing, and other needs. She urged approval of S.B. 227 (R2).

Assemblywoman Bustamante Adams said she attended the Summit, and she knew that NSHE adopted some of the recommendations developed by the Summit. She asked about the plans for the future, because she wanted to see more collaboration and bipartisanship.

Senator Kieckhefer replied that he and Senator Kihuen had worked closely together during the last few years in a bipartisan manner. Senator Kieckhefer was surprised at what he learned about college affordability. He thought Nevada colleges charged a reasonable tuition per credit hour. He learned that tuition failed to reflect the total cost of attendance for students. The average cost to attend community college full-time in Nevada in 2012 required 18.9 percent of the median family income. Those families with incomes that ranked in the lowest 20 percentile spent more than 62 percent of the family income for a student to attend community college full-time in Nevada. The tuition was reasonable, but the cost of full-time attendance was not always affordable. Full-time attendance resulted in higher graduation rates. Senator Kieckhefer said he would continue to work in the next two days on funding the grants to prove that the program was effective.

Senator Kihuen said he planned to convene the Summit on an annual basis. He was committed to the grants as one of the education solutions. The NSHE staff would work on other ideas that resulted from the Summit. He knew that the grants would increase the percentage of students who attended and graduated from college. The average tuition for a public college had increased almost 250 percent in the last 10 years, and a college credential remained an excellent investment. The average student currently graduated with almost $30,000 in student loan debt. A young person's chances of graduating from high school and college were only 9 percent. Over 38 percent

of the families in Nevada were low-income working families, and of the families in this population, almost 48 percent were low-income, minority working families. Senator Kihuen said the state needed a well-trained and well-educated workforce to fill the jobs of the future. Senate Bill 227 (R2) would prepare students for the jobs of the future. He planned to address other solutions as he continued to conduct the annual Summits.

Ms. Brooks explained that S.B. 227 (R2) would benefit Nevada State College and community college students, because those schools enrolled the largest number of low-income students. After review and success of the program, NSHE planned to add UNLV and University of Nevada, Reno (UNR) as eligible schools. She hoped the state would continue to provide funding, and the program would grow.

Assemblywoman Titus asked whether there was any requirement for the students to remain in Nevada after they graduated.

Senator Kieckhefer replied that no reinvestment criteria existed, but the students must be Nevada residents to be eligible for the grant.

Angie Sullivan, private citizen, Las Vegas, testified in support of S.B. 227 (R2). She said as a teacher, it was gratifying to see students graduate. She appreciated the grants in S.B. 227 (R2) for low-income students who could not afford college.

Hearing no further testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 227 (R2) and opened the hearing on Assembly Bill 489.

Assembly Bill 489: Provides for compensation of state employees. (BDR S-1290)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained Assembly Bill (A.B.) 489 was commonly known as the Unclassified Pay Bill. It had been discussed in bill draft request (BDR) form on May 29, 2015, and provided for the compensation of state employees. Assembly Bill 489 included a 1 percent pay increase for state employees in fiscal year (FY) 2016 and a 2 percent pay increase in FY 2017. The bill appropriated the funds necessary to pay the salary increases for classified and unclassified state employees.

Kevin Ranft, representing Local 4041, American Federation of State, County and Municipal Employees (AFSCME) AFL-CIO, testified in support of A.B. 489.

Pay increases had not been approved for the last six years. A cost-of-living increase was not a pay raise, because the health insurance and retirement premiums and the cost of gasoline, food, and necessities increased at the same time. Many state employees were unable to travel or go on vacation because they earned less than $1,000 every pay period.

Mr. Ranft knew that The Executive Budget failed to include any pay raises. State employees informed AFSCME staff that the one thing they wanted from the 78th Session (2015) was a cost-of-living raise, and they asked AFSCME to lobby on their behalf. Mr. Ranft thanked the legislators for hearing the voices of the state employees and adding a pay raise. The bill recognized the hard work of state employees and encouraged them to remain in state service rather than resign to work for a local government. He asked the Committee to continue to provide benefits to retain state employees, because retaining successful, committed state employees was the ultimate goal.

Ronald P. Dreher, Government Affairs Director, Peace Officers Research Association, testified in support of A.B. 489. His organization included many state officers and law enforcement members who appreciated the bill.

Angie Sullivan, private citizen, Las Vegas, Nevada, testified in support of A.B. 489. She appreciated all the state employees who provided services to the citizens of the state.

Priscilla Maloney, Labor Representative, Local 4041, AFSCME, testified in support of A.B. 489.

Bruce Breslow, Director, Department of Business and Industry, testified in a neutral position on the bill. He said that section 1, subsection 22, on line 8 of page 8 of A.B. 489, listed the salary of $97,901 for the Deputy Director, Administration, Department of Business and Industry. He explained that four years ago, the Department of Business and Industry consolidated its fiscal and management staff under the Deputy Director, Administration. The salary of the position was not adjusted for the increased duties. Two years ago, the Governor submitted a budget amendment to increase the salary, but the amendment was never delivered to the Fiscal Analysis Division, Legislative Counsel Bureau.

Mr. Breslow said the budget prepared by the Department of Business and Industry increased the salary for the Deputy Director, Administration, Department of Business and Industry, to $107,465, which was the same level as the Deputy Director, Programs, Department of Business and Industry. Four years ago, the position only had duties related to human resources, but now it

had other responsibilities, and the number of employees supervised by the position had increased. The current duties of the position included supervision of the Director's Office staff and human resource services.

Assemblywoman Kirkpatrick asked whether the position had been vacant for some time. Mr. Breslow replied the Deputy Director, Administration position had always been filled. The position was currently filled by Terry Reynolds, and the position was previously filled by Shannon Chambers.

Assemblywoman Kirkpatrick commented that Ms. Chambers had been promoted to Labor Commissioner, Office of the Labor Commissioner, Department of Business and Industry.

Mr. Breslow said the position of Deputy Director, Programs was currently vacant. The posting for that position would be completed after the legislative session ended.

Yvonne Nevarez-Goodson, Executive Director, Commission on Ethics, testified in a neutral position on A.B. 489. She was asked by the Commission to present several of its concerns. The Commission tried for several years to change the salary for the Executive Director and the Commission Counsel positions. The Legislature in the 77th Session (2013) approved a new associate counsel position for the Commission, but the salary for that position was approved by the Legislature at the same salary level as the Counsel. The intent of the Commission was that the associate counsel position would be subordinate to the Executive Director and the Commission Counsel. The Commission was concerned about its ability to staff those two positions at the high level that was required by the difficult work. The Commission sought a higher salary level for those two positions, similar to the Commission on Judicial Discipline. The Commission on Ethics believed its Executive Director and Commission Counsel performed similar work to that of the General Counsel position of the Commission on Judicial Discipline.

Hearing no further testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the hearing on A.B. 489 and opened the hearing on Assembly Bill 490.

Assembly Bill 490: Authorizes expenditures by agencies of the State Government for the 2015-2017 biennium. (BDR S-1291)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that Assembly Bill (A.B.) 490 was discussed in bill draft request (BDR) form on May 29, 2015. Assembly Bill 490, also known as

the Authorizations Act, authorized expenditures by agencies of the state government for the 2015-2017 biennium. Assembly Bill 490 related to state financial administration; authorized expenditures by various officers, departments, boards, agencies, commissions, and institutions of the state government for the 2015-2017 biennium; authorized the collection of certain amounts from the counties for the use of the services of the State Public Defender; required repayment of certain advances to state agencies; and provided other matters properly relating thereto. The Authorizations Act provided both revenue and expenditure authority for agencies that were not funded by the State General Fund to receive the revenues to support the budgets and expend funds in alignment with the budgets approved by the Assembly and Senate finance committees.

Ms. Jones explained that the Committee had previously discussed the back language regarding the various constraints and flexibilities in the management of the budgets for the 2015-2017 biennium. Each section of the bill was described by Fiscal Analysis Division staff to the Committee at the previous hearing.

Hearing no response to his request for testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the hearing on A.B. 490 and opened the hearing on Assembly Bill 491.

Assembly Bill 491: Authorizes and provides funding for certain projects of capital improvement. (BDR S-1289)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that Assembly Bill (A.B.) 491 was discussed in bill draft request (BDR) form by the Committee on May 29, 2015. Assembly Bill 491 authorized and provided funding for certain projects of capital improvement. The bill appropriated $6,403,083 of State General Funds to the State Public Works Division, Department of Administration, to fund certain projects in the Capital Improvement Program (CIP) for the 2015-2017 biennium, as delineated in the bill and approved by the Assembly and Senate finance committees during the full closings of various accounts. Fiscal Analysis Division staff had explained each section of the bill to the Committee at the previous hearing.

Hearing no response to his request for testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the hearing on A.B. 491 and opened the hearing on Assembly Bill 255.

Assembly Bill 255: Provides for the award of certain costs, fees and expenses to prevailing parties in actions before the Occupational Safety and Health Review Board under certain circumstances. (BDR 53-1027)

Assemblyman Randy Kirner, Assembly District No. 26, presented Assembly Bill (A.B.) 255, which provided for the award of certain costs, fees, and expenses to prevailing parties in actions before the Occupational Safety and Health Review Board under certain circumstances. Assemblyman Kirner presented Exhibit D, "Proposed Amendment 7706," which deleted sections 1 through 17 of the bill and added language about workers' compensation. Assembly Bill 255 was originally heard by the Assembly Committee on Commerce and Labor. Assemblyman Kirner chaired that committee and did not call for a vote on A.B. 255 because it was too broad and lengthy. The bill sponsors worked with Assemblyman Kirner to more narrowly define the scope of the bill as presented in Exhibit D.

Assemblyman Kirner explained that there were three major components of the amended version of the bill. The first major component of A.B. 255 related to the American Medical Association's (AMA) various editions of the *Guides to the Evaluation of Permanent Impairment*. The second major component of A.B. 255 provided a definition of gross misconduct. The third major component of A.B. 255 related to the lifetime reopening of a disability claim, specifically severe and extreme cases. Severe cases were subject to additional rules related to the reopening of the claims. Assemblyman Kirner modified A.B. 255 to resolve earlier problems with the original bill.

Donald Jayne, representing the Nevada Self-Insurers Association (NSIA), testified that section 18 of Exhibit D addressed the AMA *Guides to the Evaluation of Permanent Impairment*, Sixth Edition. He believed that the workers' compensation system in Nevada should be fair and balanced for injured workers and employers. Assembly Bill 255 sought to enhance the effectiveness of workers' compensation rules and maintain cost-effective programs for employers by removing inefficiencies and opportunities for abuse. The NSIA recognized that the workers' compensation program was designed to provide injured workers with rehabilitation to achieve the goal of returning them to work as quickly as possible.

Mr. Jayne said language was added to the *Nevada Revised Statutes* (NRS) in 2003 to require review and adoption of the most current AMA edition of the rating guides. However, the law was changed in 2009 to continue using the Fifth Edition of the AMA rating guides. The AMA rating guides had been used as the accepted standard since 1958, and new editions had been published over the last 50 years. Every state adopted its own choice of rating guide to

evaluate a physical impairment to award a lump sum to an injured worker for maximum medical improvement after the workers' compensation claim treatment was completed. An injured worker might receive a partial permanent disability award if the injury was severe. The guides were changed on a periodic basis and were used to calculate the award.

Mr. Jayne explained that between 2003 and 2009, the NRS had required the Division of Industrial Relations, Department of Business and Industry, to review and adopt the most current edition when appropriate. The NSIA continued to believe that it was appropriate to use the most current AMA guides and recommended that the Legislature reinstate that NRS requirement. He asked that the statute include the requirement to adopt the most recent edition, and the Sixth Edition was the most current edition, which was published in 2007.

Mr. Jayne said that the federal government decided to adopt the Sixth Edition in 2009. The AMA guides provided a consistent rating for an injured worker permanent impairment, and each new edition provided a fair and authoritative impairment guide that included the most recent medical advances. The NSIA proposed that Nevada adopt the Sixth Edition of the AMA guides and adopt the most current guides as they became available.

Mr. Jayne said section 19 of the amendment (Exhibit D) added the definition of "gross misconduct" as an acceptable reason for an employer to deny a workers' compensation claim of an injured worker. The lack of a definition of gross misconduct in NRS had been problematic during previous court cases and appeals. Some persons believed employers might fire an injured worker who filed a workers' compensation claim, but Mr. Jayne did not believe it was a common practice to fire an injured worker.

Section 19, subsection 4, related to voluntary resignation and gross misconduct. Mr. Jayne said he worked with the Legal Division, Legislative Counsel Bureau, to develop section 19, subsection 5, to define gross misconduct as the "conscious, voluntary act or omission with intentional or reckless disregard of a known duty or other rule or standard of behavior of an employer." A total temporary disability (TTD) award should end if an injured worker voluntarily resigned, but the medical expenses would continue to be paid.

Mr. Jayne said section 20 addressed reopening of a workers' compensation claim. Nevada allowed reopening rights for any case presented more than one year after the claim had been closed if the injured worker proved the disability had deteriorated. The NSIA sought to restrict reopening rights to severe injury claims in excess of $25,000. The total amount of $25,000 was picked as the

threshold of the claim to coordinate with a Medicare Set-Aside Arrangement. [A Workers' Compensation Medicare Set-Aside Arrangement is a financial agreement that allocates a portion of a workers' compensation settlement to pay for future medical services related to the workers' compensation injury, illness, or disease. These funds must be depleted before Medicare will pay for treatment related to the workers' compensation injury, illness, or disease.] Mr. Jayne added that NRS 616C.400 specified that an injured worker had to be off work for at least 5 consecutive days within a 20-day period to be eligible for temporary compensation benefits.

Assemblywoman Carlton provided some history about workers' compensation beginning in 1999 with the proposal to privatize it. The hard-fought battle resulted in a workers' compensation program based on a grand bargain. The workers gave up the right to sue their employers for a job-related injury in exchange for health-care and workers' compensation benefits. Assemblywoman Carlton said efforts were made to adjust the benefits each legislative session since 1999. Nevada lacked a state workers' compensation system and only had the self-insured and the private insurance sectors that comprised two legs of what should have been a three-legged stool. Other states had gone too far to favor the insurance industry and not the workers, and the insurance industry had violated the grand bargain. Employers did not want to be sued for workers' compensation.

Assemblywoman Carlton said A.B. 255 did nothing for the injured worker, and the bill was not a compromise piece of legislation. She had seen devastating abuses of workers' compensation and would not put Nevada in a situation where injured workers and employers had to sue each other as the remedy. Many Nevada jobs in construction and mining were dangerous. Good cases had been made for not adopting the Sixth Edition of the AMA guides because of the diverse and unique industries in Nevada. She would not automatically adopt any edition that did not fairly address the workers and industries in Nevada.

Assemblyman Sprinkle asked about the associated fiscal notes on the original bill [A.B. 229] and the amendment.

Assemblyman Kirner said the original bill was killed because of the many fiscal notes. The amendment was prepared on May 27, 2015.

Mr. Jayne added that the amendment that adopted the Sixth Edition of the AMA guides incurred a fiscal note for about $18,000 to train staff to use the Sixth Edition. The $18,000 cost would be paid by the employers, because the industry was assessed to fund the Division of Industrial Relations. The assessed fees were not deposited into the State General Fund, but were

deposited into the Fund for Workers' Compensation and Safety [NRS 616A.425].

Assemblyman Sprinkle asked about section 19, subsection 2, which related to terminating compensation for an injured worker who voluntarily resigned. He said a worker who was injured in the act of performing his job and had an approved disability claim would lose benefits upon resignation. He wondered why the employer would no longer be responsible for the injury that occurred when the employee was doing his job.

Mr. Jayne said the medical bills would continue to be paid, but the TTD benefit would end. When an employee voluntarily resigned, it was NSIA's position that the employee should no longer receive a benefit. An injured worker was able to return to light duty and continue to work.

In response to a concern about fairness expressed by Assemblyman Sprinkle, Assemblyman Kirner said if an employee decided to resign, then the employer would not be liable for that employee and should no longer have to pay TTD benefits.

Assemblyman Sprinkle said section 20 of the amendment established a $25,000 limit, and he wondered why a claim of less than $25,000 should not be reopened.

Mr. Jayne replied that a contingent of persons wanted to eliminate lifetime reopening of a claim. The NSIA preferred to establish a threshold and settled on $25,000 as the limit because it was the match for the Medicare Set-Aside Arrangement. A claim that exceeded $25,000, but lacked reopening rights, required preparation of an entire new package of documents and Medicare's approval. Claims in excess of $25,000 represented the more severe claims and would continue to have lifetime reopening rights.

Assemblyman Sprinkle asked about the ability to return to work with light duty and wondered whether an employee would be paid at his former classification level. He believed that an injured worker might be compensated less when performing light duty.

Mr. Jayne confirmed that an injured worker could be paid less when performing light duty. He said pay for light duty was addressed in other sections of the statute. Injured workers could be assigned reasonable jobs, and some criteria existed about rearranging shifts and duties. An injured worker performing light duty might be paid less than his normal rate. Generally, the difference in salary was included in the TTD benefit amount when the worker returned to work.

The employee would receive the wages for light duty, plus the TTD amount, as long as the worker remained employed with that same employer.

Assemblyman Armstrong asked about the change from the Fifth Edition to the Sixth Edition. He said that the Sixth Edition had not been adopted by a majority of states, and he knew that one state returned to using the Fifth Edition rather than the Sixth Edition. He wondered whether Nevada would encounter some significant differences if it switched to the Sixth Edition, other than the cost of the training.

Mr. Jayne replied that currently 16 states and several territories used the Sixth Edition. A state might experience initial trials after adoption of a new edition. The Sixth Edition rated disabilities lower on average than the Fifth Edition. The Fifth Edition rated disabilities significantly higher than the Fourth Edition. The Sixth Edition established more consistency and standardization in ratings. Each state decided what edition it wished to use, but the NSIA believed it was appropriate to automatically adopt the most recent edition to eliminate some of the political concerns.

Assemblywoman Titus asked about section 20, subsection 1, paragraph (a), which referred to the $25,000 limit. She treated patients who suffered simple job-related injuries that cost less than $25,000. Some simple injuries could cause complications later in life after arthritis occurred. The initial costs might be inexpensive, but subsequent costs might exceed $25,000 when the injured worker could no longer perform his job. Lifetime reopening of those claims should not be based on the amount of the initial claim. Assemblywoman Titus did not agree that a dollar limit should be imposed if an injury caused problems later in life.

Mr. Jayne said he appreciated the comments from Assemblywoman Titus. Any time limit could involve some problems. The current NRS allowed reopening rights for any claim.

Assemblywoman Titus asked what percentage of the initial claims was less than $25,000, because she believed a vast majority of the claims were less than $25,000. She saw patients in her practice that needed to reopen their claims because their back or hips were hurt. She noted that most injured workers wanted to return to work.

Mr. Jayne said the NSIA lacked good statistics on the cost of claims, but had researched large employers and found that about 75 percent of the claims fell below the $25,000 limit. Lifetime reopening rights would only be permitted for the more serious injuries.

Assemblywoman Dickman asked about section 18 of the amendment and the evaluation. She wondered when the Sixth Edition was published and the next edition would be available.

Mr. Jayne replied that the Sixth Edition became available in 2009. The Seventh Edition was being written, but he was unsure when it would be available. He suggested Nevada adopt the most recent edition to maintain consistency. The ratings and awards could increase or decrease, but the state should rely on the AMA members who were the professionals and used the best data.

Assemblywoman Dickman asked whether the amendment required the state to use the most current edition.

Mr. Jayne replied that the state would review each new edition in a regulatory process and would ask for approval from the Legislative Commission to use the newest edition.

Assemblywoman Swank asked about section 19. She believed the goal was to define gross misconduct and to use that term. Section 19, subsection 4, addressed the voluntary resignation of an employee. She understood that gross misconduct might be used as a reason for the employer to fire an injured worker.

Mr. Jayne responded that section 19, subsection 4, defined the need for subsection 5. Misconduct had to rise to the level of gross misconduct to be used as a reason for termination.

Assemblywoman Swank said if an employee resigned for other reasons than gross misconduct, the employee's entitlement to those benefits was not limited. She thought those two subsections conflicted with each other. She suggested that the language be clarified.

Mr. Jayne agreed. He said the lack of a definition of gross misconduct posed a problem for employers. The parties were unable to agree on a definition of misconduct. Gross misconduct was defined to provide clarification and ensure it was a high standard.

In response to Assemblywoman Swank's concerns about the confusing language in the amendment, Assemblyman Kirner suggested inserting the word "gross" in subsection 2 to provide clarification.

Mr. Jayne said he would consult with his client, but believed the addition of the word "gross" would be a good solution. There had been confusion during litigation of some court cases. He understood the concerns of Assemblywoman Swank about the confusing definition.

Assemblywoman Titus suggested that any amendment also eliminate the $25,000 minimum limit on claims, because she could not support that limit.

Bryan Wachter, Senior Vice President, Retail Association of Nevada, testified in support of A.B. 255. He said that the Association was the sponsoring organization of the Nevada Retail Network Self Insured Group, which was the largest self-insured group in Nevada in number of employees. The Association prided itself on its administration. He said the NRS was changed in 2009 to halt the adoption of the Sixth Edition as the guide. He believed the determination of impairment should be made by the AMA, the independent third party, to eliminate any conflict between employees and employers. The determination would be made by the medical professionals who worked hard to prepare the AMA guides. The medical professionals understood the new technology and the science. The determination rating should not be a decision of the employer or anyone representing the employee, but should be based on the AMA third-party organization. He wanted the NRS to require adoption of the most recent AMA guide.

Mr. Wachter agreed that section 19, subsection 2, should be amended to add the word "gross" to clarify that section, as suggested by Assemblywoman Swank. Gross misconduct meant a conscious, voluntary act or omission with intentional or reckless disregard of a known duty or other rule or standard of behavior of an employer. An employee who was five minutes late to work was not guilty of gross misconduct, and there would be an appeal process related to gross misconduct.

Mr. Wachter said the Association supported section 20 that limited reopening rights after one year to claims of $25,000 or more. The reopening would be allowed for the most serious claims resulting from the original injury or a worsening of the injury. The original injury could not morph into something else or become a different disease.

Mr. Wachter said section 20, subsection 6, addressed employees terminated for misconduct for reasons unrelated to the injury for which the claim was made. A reopened claim could be denied if the insurer or employer demonstrated that, before the claim was reopened, a physician determined that the employee was capable of engaging in temporary, modified employment, and temporary, modified employment was available with the employer. Employers wanted to

get employees back to work, and employers offered vocational rehabilitation programs. Any employee who voluntarily resigned was no longer the responsibility of the employer. The employer could not and should not be responsible for the rehabilitation of a worker who moved on to another career or job. The medical bills would still be paid, but the vocational rehabilitation would not be paid unless the employee remained employed with the same employer.

Craig Coziahr, representing Pro Group Management, explained that Pro Group was a workers' compensation plan administrator for the five largest self-insured groups in Nevada. He testified in support of A.B. 255. He said that 23 states used their own schedule and not the AMA guides, and 16 states had adopted the Sixth Edition of the AMA guide. One state changed from the Sixth Edition to the Fifth Edition because the parties wanted higher awards.

Ray Bacon, representing Nevada Manufacturers Association, testified in support of A.B. 255.

Danny Thompson, Executive Secretary Treasurer, Nevada State AFL-CIO, testified in opposition to A.B. 255. He said the original bill lacked the votes necessary for approval by the Assembly Committee on Commerce and Labor. He criticized hearing a major policy bill on the last night before sine die of the 78th Session (2015). He said A.B. 255 represented a major change in the law and would cause harm to tens of thousands of workers.

Mr. Thompson said a major overhaul was completed on workers' compensation in 1993 in Nevada. In the 67th Session (1993), the Legislature studied workers' compensation every day for six months, but the final bill was never approved by the Senate Committee on Commerce and Labor. Workers' compensation was an exclusive remedy. In exchange for that remedy, the injured worker gave up the right to seek legal redress for his injury from his employer. The employee's only remedy was the exclusive remedy offered under the law. The problem was that every two years the Legislature made changes to that remedy.

Mr. Thompson said that according to the testimony presented, a change to the Sixth Edition from the Fifth Edition represented a 75 percent reduction in claims for many types of injuries. He said the AFL-CIO opposed the adoption of the Sixth Edition.

Mr. Thompson recounted some cases of injured employees who were fired by employers in the hope the claims would be eliminated, which was why the protection of injured workers was in the law. Assembly Bill 255 would eliminate protection for any employee who resigned his job because the

TTD claim could be denied. The TTD benefit was awarded to an injured employee who was totally temporarily disabled and denied any more retraining after healing from the injury.

Mr. Thompson cited an example: an ironworker who fell off a roof and injured his back could not return to work as an ironworker because an ironworker had the highest experience modification rating for dangerous work, and an injured worker with back problems could not perform the required duties of an ironworker. The injured worker would continue to receive reimbursement of medical expenses if he resigned, but the TTD benefit used to pay for food and housing would be eliminated through this legislation. He recounted a 1993 case of an injured worker who committed suicide after her wheelchair and pain medication were taken away because they were no longer covered expenses.

Mr. Thompson said adoption of the Sixth Edition would result in a big cost to the state. A rating physician had to go to school and pay for books and training to learn to use the Sixth Edition. Other staff would incur similar expenses.

Mr. Thompson provided another example of a worker who might fall and hurt his knee, and his medical expenses would not exceed the $25,000 limit. That injured worker could later develop hip problems resulting from the knee injury. A doctor might diagnose that the hip problem directly resulted from the knee injury. The hip might need to be replaced, but the hip replacement would not be a covered expense.

Mr. Thompson said the reason lifetime reopening rights existed for a permanent partial disability was the injury would not improve. The injury could be treated to a point, and then it could not further improve. The doctors would decide there was nothing more they could do, and the injured worker now had a permanent disability. About 75 percent of the claims would not cost more than the $25,000 limit and would be barred from reopening. That was a huge policy change. He asked the Committee to wait until Monday to act on the bill, and he would bring injured workers to the hearing to testify about the consequences of A.B. 255.

Rusty McAllister, President, Professional Fire Fighters of Nevada, testified in opposition to A.B. 255. He said section 18 that adopted the Sixth Edition conflicted with *Nevada Revised Statutes* (NRS) 616C.425 that required compensation to be determined as of the date of the injury. Any subsequent injuries related to the first injury would also go back to the date of the injury. He reviewed a 1999 case in which a worker was injured and had progressive problems until 2013 when he sustained another injury. That worker was

permanently disabled, and his compensation was based on the 1999 data, even though he had changed jobs during the intervening years.

Mr. McAllister said section 19, subsection 2, caused problems for injured workers who resigned. Some employees might not want to return to duty after an injury. Employers would no longer need to pay TTD benefits when an employee resigned, and the employee would suffer.

Mr. McAllister agreed with Assemblywoman Swank's comments about the language related to gross misconduct and misconduct, and suggested that language should be amended. He explained that his hearing was damaged from loud sirens and air horns after serving as a firefighter for 35 years. He was awarded less than $25,000 for hearing aids for his workers' compensation claim. Hearing aids only lasted four to five years and cost $6,000 per pair. His case was closed, and under this bill, he would be unable to reopen the case and would have to pay for his hearing aids himself, and that was unfair. Many other types of injuries required annual monitoring that would not be a covered expense. The bill as amended would increase the cost of health care, private health insurance premiums, and Medicare and Medicaid costs. Medical expenses that were not covered by workers' compensation would increase the cost of many public services.

Mr. McAllister said the increased insurance premiums had been paid based on the option of a lifetime reopening for a claim. He wondered who would retain that money if lifetime reopening was eliminated.

Herb Santos, Jr., representing the Nevada Justice Association, testified in opposition to A.B. 255 because he represented injured workers. Nevada had the sixth lowest workers' compensation premium costs in the nation. Nevada workers' compensation premiums had decreased 8.5 percent from 2010 to 2014. There was no financial crisis now in the insurance industry, and he wondered why major changes were proposed.

Mr. Santos said benefits were already limited for injured workers. The workers' compensation system was part of a grand bargain. The agreement was to create a system for injured workers and their employers to provide benefits to injured workers who would not need to sue the employers for compensation, which could avoid any animosity between the employer and the employee.

Mr. Santos said the Legislature decided to change the law in 2009 to retain the Fifth Edition rather than adopt the Sixth Edition of the AMA guide. The Sixth Edition was not used by a majority of states to assess impairments,

and it was not generally accepted as better or an improvement over the earlier editions. His research showed that 35 states were not required to use the Sixth Edition, and, of those 35 states, 1 state used the Third Edition, 6 states used the Fourth Edition, 9 states used the Fifth Edition, and 18 states had either specific non-AMA guide systems or no requirement to use any particular edition of the AMA guide. Only 15 states were required to use the Sixth Edition because their statutes automatically adopted the current edition. One state switched to the Fifth Edition because it found that the Sixth Edition was not appropriate. Administrative law judges, hearing officers, doctors, attorneys, and staff would have to be trained on the Sixth Edition. The shift between the Fifth Edition and the Sixth Edition was a major shift in the philosophy of evaluating impairments of injured workers. Some states allowed treating physicians to evaluate their own patients, which could result in a bias. Nevada did not permit a treating physician to rate his own patient; the ratings were completed by an independent party.

Mr. Santos said most states allowed claims to remain open. Nevada was more restrictive than many states and closed workers' compensation claims. Reopening claims was complicated: the injured worker had to pay out of pocket to go to a doctor to get tests to determine that there had been objective changes resulting from the injury after the closure of the claim; a determination had to be made of any intervening problems or treatments; and a report documenting the results had to be submitted before a claim could be reopened. Nevada added many safeguards. Mr. Santos was told by the Division of Industrial Regulations, Department of Business and Industry, that it was unable to provide him the number of reopened cases because no accurate records were maintained. The Division estimated that requests to reopen were received for 5 to 7 percent of all claims, but few cases were reopened. Patients would be unable to make sound decisions if the $25,000 threshold was imposed, and sound medical decisions were required.

Continuing, Mr. Santos said that Assembly Bill 255 would discriminate against the elderly population. Equal protection problems would be created by the bill. It would be unfair to jeopardize the exclusive remedy of injured workers. A healthy relationship should exist between the employer and the employee. This bill would result in a review of the constitutionality of the workers' compensation system. Assembly Bill 255 was bad for the workers, employers, and the state. It would be a tragedy to take away more benefits from the injured workers and their families. The Nevada Justice Association opposed A.B. 255.

Ronald P. Dreher, Government Affairs Director, Peace Officers Research Association of Nevada, testified in opposition to A.B. 255. He was injured in

the line of duty as a major crimes detective, a homicide detective, and a Reno police officer. His hearing aids wore out every several years, and he was now on his third set of hearing aids. He supported the testimony in opposition to the bill. His son was injured in the line of duty as a police officer in Sparks and had to retire. This bill would adversely affect both Mr. Dreher and his son. The Association opposed the bill because it contained too many negative intended and unintended consequences.

Mike Ramirez, Director of Governmental Affairs, Las Vegas Police Protective Association Metro, Inc., testified in opposition to A.B. 255. He agreed with the testimony presented in opposition to the bill. He was shot three times in the line of duty. He worked hard for more than one and a half years to recover. After the first six months of intensive physical therapy, he could barely move his arm. The workers' compensation system tried to end his physical therapy, but he opposed that because he wanted to return to his regular job. He returned to work, but his claim was less than $25,000. If he developed medical problems with his arm later in life, he would be prevented from reopening his case.

Jack Mallory, representing the Southern Nevada Building and Construction Trades Council, testified in opposition to A.B. 255. He explained that the Sixth Edition of the AMA guide was a paradigm shift. Before the issuance of the Sixth Edition, examinations were used as the basis for impairment ratings. The paradigm shift in the Sixth Edition relied more on diagnosis and less on examinations, range of motion, pain, and other factors. The goal of the amended bill was to reduce the money to injured workers. Impairment ratings were consistently decreased in the Sixth Edition versus the Fifth Edition, particularly in the area of nonmusculoskeletal injuries and illnesses. The top ratings of the most severe categories of pulmonary impairment and hypertension were decreased in the Sixth Edition from 100 percent to 65 percent. Other soft-tissue injuries and impairment ratings were decreased.

Chair Anderson questioned why the AMA reduced the ratings on those injuries.

Mr. Mallory replied that the Sixth Edition was focused more on function than on the ability to return to the original condition before the injury. The ratings focused on the actual ability to function and did not identify whether the worker could function or fully function at the job. Mr. Mallory said his organization had serious concerns about the change.

Richard P. McCann, Executive Director and Labor Representative, Nevada Association of Public Safety Officers, testified that he supported the testimony of other testifiers in opposition to A.B. 255. He urged the Committee

to consider that the true costs were more than the numbers listed in the fiscal notes. The bill would lead to the potential for employer abuse because employers would feel empowered to fire employees for any degree of misconduct to avoid paying the injury claims. Discrimination would occur. The bill was wrong, both procedurally and operationally, and contained too many unanswered fiscal questions.

Marlene Lockard, representing Service Employees International Union (SEIU) Nevada, testified in opposition to A.B. 255. The bill was a major policy change and should be heard by a policy committee rather than a finance committee.

Patrick T. Sanderson, Legislative Committee Chairman, Labor Local 872, Nevada Alliance for Retired Americans, and representing Local 872, Laborers' International Union of North America, testified in opposition to A.B. 255. He joined the Clark County Education Association in 1963 and worked for 45 years. He was injured several times and never reopened his claim to get more money. He worked to heal and return to his job. His nephew quit working at a mine because of unsafe working conditions. Several days ago, a worker was killed at the same mine. The mine was then shut down because of the unsafe working conditions.

Mr. Sanderson had worked as a plaster hod spraying fireproofing that contained asbestos on buildings. The asbestos poisoning took many years to appear in medical tests. Mr. Sanderson was recently deposed in a case of a worker who had asbestos poisoning in 1977. The elimination of reopening rights for claims less than $25,000 would hurt many injured workers. The state should not subsidize insurance companies and hurt workers. Employees agreed to accept the grand bargain, and every year the benefits were decreased.

Priscilla Maloney, Labor Representative, Local 4041, American Federation of State, County and Municipal Employees (AFSCME) AFL-CIO, testified in opposition to A.B. 255. She was employed by the Office of the Nevada Attorney for Injured Workers, Department of Business and Industry, between 2007 and 2010. She assisted in the groundbreaking case [*NAIW v. Nevada Self-Insurers Association*, 225 P.3rd 1265 (2010)] heard by the Nevada Supreme Court, that ruled on February 25, 2010, in favor of the Division of Industrial Relations, Department of Business and Industry. The Office of the Nevada Attorney for Injured Workers was an intervener in the case, because it involved the policy question of using the Sixth Edition versus the Fifth Edition. Part of the argument was whether the activities of daily living should be part of the criteria for impairment.

Kevin Ranft, Labor Representative, Lobbyist, Local 4041, AFSCME, testified in opposition to A.B. 255. He retired from his correctional peace officer job for medical reasons after he was attacked by an inmate. Twelve years ago, he filed a workers' compensation claim for major neck surgery. Ten years later, he had to reopen his claim because his first injury caused subsequent problems. There were numerous problems with A.B. 255, and he asked that the rights of the injured workers be protected.

Ruben R. Murillo, Jr., President, Nevada State Education Association, testified in opposition to A.B. 255.

Steve George, Administrator, Division of Industrial Relations, Department of Business and Industry, testified in a neutral position on A.B. 255. He asked the sponsor of the bill to change several dates in the bill. The Division was unable to adopt regulations by October, because the bill was contentious, and the agency would be required to hold public meetings, workshops, and open forums before the regulations could be adopted by the Legislative Commission. He wanted the October date changed to December 1, 2015, and the effective date of the bill changed to January 1, 2016. When a new edition of the AMA guide became available, the Division should have 18 months to adopt the newest edition.

Mr. George said the Division's fiscal note from the original bill [A.B. 229] showed a cost of $18,742 in fiscal year (FY) 2017. All the staff would have to be trained to use the Sixth Edition to review claims.

Assemblyman Kirner stated he had heard some passionate testimony against the bill. He reminded Mr. Thompson that the Legislature worked until sine die and did not quit work two days before adjournment. He said persons should understand that hearing loss was an occupational disease not affected by A.B. 255.

Hearing no further testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the hearing on A.B. 255 and opened the work session.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Senate Bill 515 ensured sufficient funding for K-12 public education for the 2015-2017 biennium. The Fiscal Analysis Division staff would explain each section of the BDR to the Committee. Any questions or changes could be made now before the BDR was printed as a bill. The BDR was the culmination of all the work of the Assembly and Senate finance committees for K-12 funding. The bill would be introduced as a Senate

bill, and after the Senate completed its work, the bill would be sent to the Assembly Committee on Ways and Means for a formal hearing.

Julie Waller, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Exhibit E, BDR 34-1284 [S.B. 515]. She explained the provisions included in various sections of the bill draft request:

- Section 1 of the BDR provided an estimated weighted average of $5,710 per pupil in fiscal year (FY) 2016 for the basic support guarantee and the amounts for each school district for operating support.

- Section 2 provided the basic support guarantee as a weighted average of $5,774 per pupil for school districts for operating purposes for fiscal year (FY) 2017. Section 2, subsection 4, included a chart with details of the basic support guarantee calculation related to the projection for FY 2017. The first column listed each school district; the second column showed the basic support guarantee before adjustment; the third column showed the estimated ad valorem adjustment; and the fourth column showed the estimated basic support guarantee as adjusted. The Department of Taxation provided the Department of Education updated projections of the ad valorem taxes used to recalculate the basic support guarantee in FY 2017.

- Section 3 established the basic support guarantee for special education program units within each school district. The state currently used unit funding to fund special education for FY 2016 established at $45,455 per unit. There were 3,049 units approved, and the units were identified by school district. Forty units were reserved by the State Board of Education for additional special education needs for each school district and for charter schools that applied to the Department of Education for the reserved special education units. The total cost of $138,591,298 for FY 2016 was approved during the closing of the State Distributive School Account (DSA) budget on May 16, 2015.

- Section 4 established the basic support guarantee for each special education unit of $55,141 for FY 2017. Senate Bill (S.B.) 508 (1st Reprint) proposed to modify the funding for special education in FY 2017. Section 4 of the BDR was constructed to continue unit funding for FY 2017 per the current statutes.

- Section 5 would modify the funding to allow it to be distributed per the requirements of S.B. 508 (R1) on a per-pupil basis, thereby eliminating the unit methodology. The total funding for FY 2017 for students with disabilities was $168,125,519 for 3,049 units.

- Section 6 identified the State General Fund appropriation to the State Distributive School Account (DSA) for the basic support funding, plus the special education and class-size reduction categorical programs included in the DSA. The General Fund appropriations to the DSA would be $1,093,556,243 in FY 2016 and $1,101,624,225 in FY 2017.

- Section 7 included the General Fund appropriation to the DSA for FY 2016 and FY 2017 related to section 5 and reflected the change in the distribution of special education funding. She noted that section 5 separately appropriated $168,125,519 from the State General Fund, and section 7 reduced that appropriation by the same amount for FY 2017. The total appropriations were the same, but were handled differently contingent upon the passage and approval of S.B. 508 (R1).

- Section 8 authorized expenditures of the DSA of $318,254,400 for FY 2016 and $330,072,100 for FY 2017 from non-General Fund revenue sources. Those non-General Fund resources included the annual excise tax on slot machines, out-of-state sales or use taxes, interest collected on permanent school funds, revenue from mineral leases on federal lands, 75 percent of the medical marijuana excise tax, and room tax revenue from Initiative Petition No. 1 of the 75th Session (2009) [that imposed an additional tax on the gross receipts from the rental of transient lodging in certain counties and became law pursuant to Article 4, Section 35, of the *Nevada Constitution*.]

- Section 11 was a small transfer of $128,541 in each year of the 2015-2017 biennium for transportation costs for students outside of their zoned school district. Section 12 reflected the appropriation for the state match requirement of the National School Lunch Program in the amount of $588,732 for FY 2016 and $588,732 for FY 2017.

- Sections 14 through 18 pertained to the class-size reduction program that was a categorical line item in the DSA budget. Section 14, subsection 1, specified that available money was estimated to provide the pupil-teacher ratio of 17:1 in grades 1 and 2 and a pupil-teacher ratio of 20:1 for grade 3 in the 2015-2017 biennium. Section 15 transferred $151,066,029 from the DSA for distribution to fund the class-size reduction ratios. The transfer funded the salaries and benefits of not less than 1,950 teachers in FY 2016 as stated in section 15, subsection 2.

- Section 16 transferred $155,210,241 for distribution in FY 2017 to fund the class-size reduction program at the same pupil-teacher ratios of 17:1 for grades 1 and 2 and 20:1 for grade 3. The funding had to pay the salaries and benefits of not less than 1,974 teachers in FY 2017.

- Section 17 related to information on the alternative class-size reduction plan for school districts other than Clark County School District and Washoe County School District. School districts might apply to the Superintendent of Public Instruction, Department of Education, to use an alternative pupil-teacher ratio not to exceed 22:1 in grades 1, 2, and 3 and not to exceed 25:1 in grades 4 and 5. If the alternative ratio was approved for the rural school districts, they would be eligible to receive funding provided for the class-size reduction program.

- Section 19 specified the appropriation of $65,906,998 in FY 2016 and $65,243,789 in FY 2017 from the General Fund to the Other State Education Programs account [budget account (BA) 2699]. The account provided pass-through funding for several different programs, including educational technology, career technical education, local educational library books, public broadcasting, reimbursement for the National Board Certification programs for teachers and counselors, Jobs for America's Graduates program, and other miscellaneous programs.

  - Section 19, subsection 3, authorized the Department of Education to spend $18,260,398 in both FY 2016 and FY 2017 to support courses for the adult standard high school diploma program.

  - Section 19, subsection 5, paragraphs (a) through (i), listed the programs within the Other State Education Programs account authorized to carry forward money from one year to the next with a reversion at the end of the biennium. The programs included $10 million in both FY 2016 and FY 2017 for the Nevada Ready 21 Technology competitive grant program, and $10,443,822 in FY 2016 and $12,543,822 in FY 2017 for the career and technical education program. A total of $2.5 million in FY 2016 and $3,586,645 in FY 2017 was authorized for the Jobs for America's Graduates program. Several other smaller programs were also authorized to receive funding.

- Section 20 allowed the Department of Education to transfer $5,174,243 in each year of the 2015-2017 biennium to charter schools and school districts for enrolled pupils who qualified for gifted and talented education programs.

- Section 21 authorized the Department of Education to transfer $3,338,875 in each year of the 2015-2017 biennium for competitive state grants to school districts and community-based organizations for the support of early childhood education programs.

- New appropriations in section 22 approved by the Assembly and Senate finance committees for programs in the Other State Education Programs account included $3 million in FY 2016 and $5 million in FY 2017 for a new college and career readiness grant program to support dual enrollment for high school students enrolled in college courses and middle- and high-school students enrolled in a competitive science technology engineering and mathematics program.

- Section 23 allowed the Department of Education to transfer $5,594,400 in FY 2016 from the Other State Education Programs account to provide contract social workers or other mental health workers to school districts.

  - Section 23, subsection 3, defined an eligible licensed social or other mental health worker.

  - Section 23, subsection 4, appropriated $11,188,800 in FY 2017 to the Interim Finance Committee (IFC) for the social workers and mental health workers. The Department of Education could request a work program from IFC based on a report to IFC about the number of licensed professionals that contracted with each school district and charter school in FY 2016 and the efficacy and success of the program.

- Section 24 transferred $2,500,000 from the Other State Education Programs account in both FY 2016 and FY 2017 to support underperforming schools. Schools that received the lowest two ratings based on the statewide system of accountability would receive funds to assist those public schools with carrying out their plans to improve the achievement of pupils as required by *Nevada Revised Statutes* (NRS) 385.357.

- Section 25 related to Senate Bill (S.B.) 491 (1st Reprint) that provided grants to promote high-quality charter schools. The appropriation of $5,000,000 in each year of the 2015-2017 biennium to the Other State Education Programs account was contingent upon the passage and approval of S.B. 491 (R1). The funds would be used to recruit charter management organizations and persons to assume leadership roles in the formation and operation of high quality charter schools to serve pupils that lived in poverty. The proposal required a nonprofit organization to provide a 1:1 match for the $5 million in each fiscal year.

- Section 26 was an appropriation from the General Fund to the Other State Education Programs account of $4,879,489 in FY 2016 and $22,250,574 in FY 2017 for the Read By Three program. The appropriation would fund the

policy outlined in Senate Bill 391 (3rd Reprint) for the Read By Three program.

- Section 27 was an appropriation from the General Fund to the Account for Programs for Innovation and the Prevention of Remediation of $49,950,000 in each year of the 2015-2017 biennium. The appropriation would fund the Zoom school program and other programs that supported English language learners (ELL), charter schools, and rural school districts.

  - Section 27, subsection 3, outlined the allocation in each year of the 2015-2017 biennium to the Clark County School District of $39,350,342 and the Washoe County School District of $6,985,838 for the Zoom schools.

  - Section 27, subsection 4, authorized the State Public Charter School Authority and the county school districts, other than the Clark County School District and Washoe County School District, to apply to the Department of Education for the amount of $3,613,820 in each year of the 2015-2017 biennium for the support of ELL.

- Section 28 was a General Fund appropriation of $24,850,000 in FY 2016 and $25 million in FY 2017 related to Senate Bill 432 (3rd Reprint) that established the Victory school grant program. Those grants would provide additional services to underperforming elementary, middle, and high schools identified as one- or two-star schools in the highest poverty zip codes in the school district.

- Sections 29 through 32 related to the expansion of the full-day kindergarten program. She said a General Fund appropriation of $76,073,244 for FY 2016 and $97,381,674 for FY 2017 would expand the full-day kindergarten program to the remaining school districts and charter schools by the end of the 2015-2017 biennium. The funding maintained the pupil-teacher ratio at 21:1 in all full-day and half-day kindergarten programs. The BDR provided that school districts were not required to adopt full-day kindergarten programs and could apply later to expand full-day kindergarten programs to other schools.

- Section 31 appropriated $1 million each fiscal year of the 2015-2017 biennium to purchase portable classrooms for school districts that received an allocation for a state-funded, full-day kindergarten program.

- Section 32 outlined the criteria for maintaining the pupil-teacher ratio of 21:1. Section 32, subsection 4, required reporting of the class sizes and a pupil-teacher ratio of 21:1 with a maximum variance of up to 25 pupils.

- Section 33 appropriated $5 million of General Funds in each year of the 2015-2017 biennium to provide financial incentives to newly hired teachers, in addition to the funding included in Senate Bill 511. Incentives for newly hired teachers for the first two years might include increasing the base salary by $5,000 for the first two years.

- Section 34 appropriated $7,560,948 from the General Fund to the Professional Development Programs account in each year of the 2015-2017 biennium for three regional professional development programs.

- Section 35 outlined the allocation of the appropriation as shown below:

School District	FY 2016	FY 2017
Clark County School District	$3,983,356	$3,983,356
Elko School District	$1,243,736	$1,243,736
Washoe County School District	$2,233,856	$2,233,856
Total	$7,460,948	$7,460,948

  Ms. Waller said Clark County School District served as the fiscal agent for the Southern Nevada Regional Development Program. The other two school districts received the appropriation for their regional programs.

- Section 36 transferred $100,000 of the money appropriated by section 34 each year to the Statewide Council for the Coordination of the Regional Training Programs to provide additional training opportunities for educational administrators.

- Section 37 appropriated $4,886,433 in FY 2016 and $4,866,478 in FY 2017 from the General Fund for professional development and improvement of teacher leadership opportunities. The appropriation was related to Senate Bill 474 (3rd Reprint) that would create the Great Teaching and Leading Fund.

- Section 38 was a $5 million General Fund appropriation in FY 2017 to the new Contingency Account for Special Education Services to reimburse school districts and charter schools for extraordinary expenses of educating students with significant disabilities.

- Section 39 was a $2 million appropriation in each year of the 2015-2017 biennium from the General Fund to continue the retirement service credit purchase program of outstanding liabilities of one-fifth of a year in the Grant Fund for Incentives for Licensed Educational Personnel.

- Section 40 extended the sunset of the transfer from the State Supplemental School Support Account to the DSA of $154,736,000 in FY 2016 and $159,212,000 in FY 2017.

- Sections 41 and 42 contained the language necessary to extend the sunset dates by two years.

- Section 44 identified the effective dates of the various sections of the bill. Section 44 was lengthier than normal, because of all the various policy bills related to new education programs. Senate Bill 508 (R1), Senate Bill 491 (R1), Senate Bill 391 (R3), Senate Bill 405 (2nd Reprint), Senate Bill 432 (R3), and Senate Bill 474 (R3) were required to be approved by the Governor for those appropriations to become effective in the 2015-2017 biennium.

Assemblywoman Titus asked about the breakdown of the basic support for the special education units by school district and what percentage of the student population was eligible for special education.

Ms. Waller responded that the special education units represented the salary and benefit costs of one teacher and not the number of special education students.

Assemblywoman Titus asked whether the special education units represented special education teachers and how many children received special education services.

Ms. Waller replied that the units represented special education teachers who were licensed teachers with a specific caseload. The same number of special education units would be maintained by each school district every year because of a federal law requirement. Ms. Waller agreed to provide Assemblywoman Titus with the number of students with disabilities in each school district.

Assemblyman Edwards asked about student-teacher ratios for grade 4 through grade 12.

Ms. Waller replied that there was no class-size reduction requirement for grade 4 through grade 12.

Assemblyman Edwards asked whether there was a goal of how many students should be assigned per classroom and a ratio of students to teachers.

Ms. Waller explained that no goal or ratio was required. Each local school district made the decision to maintain a reasonable classroom size based on the funding that was available and other factors. A large student population in some parts of a city might require larger class sizes in one school than a school in another area. Rural school districts might have combined class sizes for several grades. The class-size reduction funding was provided to grade 1 through grade 3. When the class-size reduction program was originally established in the 1990s, the goal was to reach higher-grade levels, but sufficient funding was never available.

There being no further questions on BDR 34-1284, Chair Anderson opened the hearing on Assembly Bill 326 (1st Reprint).

Assembly Bill 326 (1st Reprint): Revises provisions governing motor vehicle registration. (BDR 43-1052)

Assemblyman Richard Carrillo, Assembly District No. 18, presented Assembly Bill (A.B.) 326 (1st Reprint) and Exhibit F, "Proposed Amendment 7514."

Donnie Perry, Chief, Division of Compliance Enforcement, Department of Motor Vehicles (DMV), testified that Exhibit F preserved the integrity of the license plate styles and protected the emissions control program. The amendment accomplished two things: established a cap of a 1995 model year on the rolling year for the Old Timer and Classic Rod license plates, and imposed a two-year moratorium on the issuance of Old Timer, Street Rod, Classic Rod, and Classic Vehicle license plates. The amended bill had no fiscal effect on DMV.

Hearing no further testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the hearing on A.B. 326 (R1) and opened the hearing on Senate Bill 488 (2nd Reprint).

Senate Bill 488 (2nd Reprint): Revises provisions relating to veterinary biologic products and commercial feed sold in Nevada. (BDR 50-1164)

Lynn Hettrick, Deputy Director, State Department of Agriculture, presented Senate Bill (S.B.) 488 (2nd Reprint). He said the bill enacted provisions required

by the new U.S. Food and Drug Administration (FDA) Food Safety Modernization Act. The Act imposed new regulations on food safety and antibiotics in animal feed products manufactured and sold within the United States. The Act provided traceability to food sources and sales to allow the federal government to determine where problems occurred and how to prevent contamination of food sources.

Mr. Hettrick explained that S.B. 488 (R2) pertained to veterinary biologic products and commercial animal feed sold in Nevada. Section 2 through section 13 related to the biologics and pharmaceutical portion. The language in section 8 specifically stated that the Department may establish by regulation a program to implement the requirements of federal regulations. The Department would determine the cost once the final federal regulations were produced and planned to charge a reasonable fee to enforce the new law.

Mr. Hettrick said the bill was supported by the industry, the cattlemen's groups, the veterinarian associations, and the farm bureaus. Section 16 through section 46 related to changes mandated by the FDA for commercial feed products. The Department needed to protect those products for the citizens of the state. The bill language was heavily amended during the Senate hearings to adopt the model language used throughout the states from the Association of American Feed Control Officials. The Department was a fee-based agency and had no choice but to charge fees sufficient to cover the cost of providing those programs.

Mr. Hettrick said section 39, section 1, subsection (e) stated that commercial feed products must be labeled with the name and principal mailing address of the manufacturer and distributor of the commercial feed. If the word "and" remained in subsection (e), no manufacturer would sell product in Nevada, because every single bag of feed would need a special label. Manufacturers often had multiple distributors and would not label each bag specifically for every distributor. The word "and" should be changed to the word "or" as shown in the proposed amendment (Exhibit G).

Assemblywoman Kirkpatrick wondered about the Department's concern because she believed it was common to list both the manufacturer and distributor on food products.

Mr. Hettrick responded that a manufacturer of commercial animal feed in another state might have five or more different distributors in Nevada. That manufacturer would have to print a special label for each distributor and designate each bag of product to only be shipped to that specific distributor.

Assemblywoman Kirkpatrick cautioned Mr. Hettrick that health districts required food products to list the source of food products. She worried that the Department might be caught in the drama of the health codes, and she urged the Department to study its options and work with the health districts to develop a solution.

Mr. Hettrick understood the nature of the health codes and the traceability for food products. He maintained that the change described in Exhibit G was needed to clarify the labels for commercial animal feed products.

Mr. Hettrick added that a representative of the Nevada Cattlemen's Association was present earlier and had asked Mr. Hettrick to testify in support of the bill on the Association's behalf.

Hearing no further testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 488 (R2) and opened the hearing on Senate Bill 492 (2nd Reprint).

Senate Bill 492 (2nd Reprint): Revises provisions governing the financial administration of off-highway vehicle titling and registration. (BDR 43-1175)

Sean McDonald, Administrator, Division of Central Services and Records, Department of Motor Vehicles, testified that Senate Bill (S.B.) 492 (2nd Reprint) was proposed by the Department of Motor Vehicles (DMV) to change the current funding mechanism used to pay for the off-highway vehicle titling and registration program. Senate Bill 492 (R2) proposed a new funding model reallocating fees received from registrations and titles to meet program obligations before the disbursement of funds. The proposed funding structure was similar to a business enterprise fund and would enable the DMV to cover costs incurred in the program's operation, while simultaneously allowing funds to flow directly to the Commission on Off-Highway Vehicles. The funding mechanism would account for all revenue streams, including title fees that were currently outside the scope of the program. The bill removed the existing revenue split of 85/15 percent for the Commission and the DMV [the Commission received 85 percent and the DMV received 15 percent] specified in *Nevada Revised Statutes* (NRS) 490.084. Revenues generated from the processing of registrations and titles would be reviewed quarterly under the new plan. A flexible reserve of $150,000 would be established and maintained separately. The reserve would be carried forward each year in case future revenues were insufficient to cover program expenses.

Mr. McDonald said the Department's proposed funding model was recently supported in a report issued by the Division of Internal Audits, Department of Administration, which was presented on December 10, 2014, to the Executive Branch Audit Committee. The funding model might ultimately result in higher revenues for the Commission, but it would also ensure the DMV's program obligations would be met during periods of decreased revenues.

Will Adler, representing the Commission on Off-Highway Vehicles, testified in support of S.B. 492 (R2).

Hearing no further testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 492 (R2) and opened the work session on Assembly Bill 445 (1st Reprint).

Assembly Bill 445 (1st Reprint): Makes various changes relating to redevelopment. (BDR 22-1100)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Assembly Bill 445 (1st Reprint) made various changes related to redevelopment, and the bill was heard by the Committee on May 23, 2015.

Javier Trujillo, Director of Governmental Relations, City of Henderson, presented Assembly Bill (A.B.) 445 (1st Reprint) and Exhibit H, "Mock-Up Proposed Amendment 7797." The amendment narrowed the scope of the bill to cities whose population was at least 220,000, but less than 500,000. He said that 18 percent of the redevelopment revenue was set aside for public education facilities. He thanked the Clark County School District for working with the City of Henderson to reach agreement on the amendment. He stated that the intent of the amendment was to exempt the Three Kids Mine project in the City of Henderson from the provisions of A.B. 445 (R1).

Assemblywoman Kirkpatrick said she had heard concerns from the Clark County School District about the need to restrict the bill and requested the amendment to clarify that sections 1 and 3 only applied to the City of Henderson.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO AMEND AND DO PASS AS AMENDED ASSEMBLY BILL 445 (1ST REPRINT).

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Oscarson was not present for the vote.)

Chair Anderson opened the work session on Assembly Bill 394 (1st Reprint).

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)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Assembly Bill (A.B.) 394 (1st Reprint) created an advisory committee and a technical committee to develop a plan to reorganize the Clark County School District and revised certain provisions related to collective bargaining. The bill was heard on April 27, 2015. The bill's sponsor, Assemblyman Gardner, had provided an amendment (Exhibit C) that changed some provisions.

Assemblyman David M. Gardner, Assembly District No. 9, testified that the proposed amendment (Exhibit C) began with a preamble added by the Legal Division, Legislative Counsel Bureau, in section 1, subsection 1, to ensure that the bill would only apply to the Clark County School District (CCSD). Sections 20.15 and 20.2 included in A.B. 394 (R1) had been deleted by accident. Those sections allowed rural school districts to combine if they so desired, but both school districts had to approve that action. The choice to combine was permissive and not mandatory. Sections 20.3, 20.5, 20.7 and 20.9 amended Chapter 288 of *Nevada Revised Statutes* (NRS) to address concerns voiced by the Clark County Education Association about the ability to negotiate with the precincts after the reconfiguration.

Assemblyman Gardner said A.B. 394 (R1) would allow the reconfiguration of CCSD into local school precincts to offer an education system that was more responsive to the needs of the residents of that school district. Section 25 related to the plan that would be developed to reorganize the Clark County School District. The negotiated plan would detail how to break up the school district. The CCSD requested a study of the effects on state, local, and federal funds. Section 25, subsection 2, paragraph (c), required the Interim Finance Committee (IFC) to appoint the ninth member of the technical advisory committee, and section 26 listed all the stakeholders represented on the technical advisory committee. Section 26, subsection 2, required the technical advisory committee to elect a Chair and a Vice Chair from among its members.

Assemblyman Gardner explained that section 27 prescribed the deadline of the 2018-2019 school year for the plan to be used for the distribution of funds. Section 28.5 specified that any need for legislation would be requested of the Legislature in the 79th Session (2017). Section 28, subsection 4, provided that the State Board of Education had the ability to execute the plan. Sections 29 and 30 included provisions about starting the committees; appointments to the technical advisory committee would be made on or before September 1, 2015. Section 30 required that certain sections of the bill would become effective upon the enactment of the plan.

Assemblywoman Kirkpatrick said she wanted to help Assemblyman Gardner, but having the IFC appoint members to an interim committee was contrary to the accepted legislative process. Interim committees seldom started before January 1, because budgets were restricted. She was uncertain why there was a rush to start this reconfiguration by September 1, 2015, because no other interim studies or committees met before that date. The legislative process included protocols, and she did not want to change those.

Assemblyman Kirner wondered about the many dates in the amendment and whether there was a plan to return to the 79th Session (2017) with an option for the Legislature to approve the reconfiguration plan or whether the report would be just informational.

Assemblyman Gardner responded that the report to the 2017 Legislature would be just informational. The amendment included a trigger that the plan would be submitted to the Clark County School District (CCSD) and the Department of Education as soon as possible to begin the process to divide CCSD.

Assemblyman Kirner expressed concern that substantial consequences would result from the division of CCSD and its existing contracts. He believed that the final approval decision should be made by the Legislature.

Assemblyman Gardner preferred not to wait, because the efforts to divide CCSD had been discussed since 1971. It was hard to get a study approved, the studies were not effective, and no action was ever taken. Assembly Bill 394 (R1) had progressed farther than any prior bill, because bills to divide CCSD were always killed. The 2017 Legislature would be able to pass any laws needed to fix major problems, because the reconfiguration process would not be completed by 2017.

In response to a question from Assemblyman Kirner about the funding problems, Assemblyman Gardner replied that the plan would retain the current funding structure. The funding would not change, because the CCSD would be split into school precincts and each precinct would receive a portion of the funding.

Assemblyman Kirner said he assumed the study would address all the problems, including the funding, bonding, services, current contracts, and other concerns.

Assemblyman Gardner responded that a company would be hired that specialized in deconsolidation to propose best practices related to deconsolidation, including contracts, union relations, bonding, and the division of management.

Assemblyman Hickey believed Assemblyman Gardner's agreement to change the dates was worthy of consideration, because Assemblyman Gardner was willing to wait until the 79th Session (2017) to make needed changes. The deconsolidation had been discussed for many years, and the change was agreeable. Assemblyman Hickey believed adjustments could be made to support the concept.

Assemblyman Gardner had spoken with Assemblywoman Kirkpatrick, but he was unaware that interim committees normally began in January. He agreed to move the dates and delay the process. He wanted to complete the reconfiguration as soon as possible, but agreed to delay the process and comply with the normal dates of the Legislature.

Assemblyman Gardner said he was open to changes and had met with many of the legislators, teachers, and the Clark County Education Association to make any changes deemed necessary.

Assemblyman Hickey was in agreement with the bill, and he believed Assemblyman Gardner had made significant concessions to the bill.

Assemblywoman Swank said the amendment had improved the original bill language, but she shared the concerns that the final approval would not be made by the Legislature. She worried about the ability of the new school precincts to market bonds. She thought it would be better to return in the 2017 Session for approval of a detailed plan that included the bonding stability concerns.

Assemblyman Gardner said he worked with bonding counsel and the Legal Division, Legislative Counsel Bureau, and he believed the bill had been vetted by bonding counsel. He did not want to wait until the

2017 Session, because the bill could be easily killed, and some groups refused to negotiate. Those groups would do everything possible to kill the bill.

Assemblywoman Benitez-Thompson sympathized with Assemblyman Gardner. Assembly Bill 394 (R1) had made more progress than prior bills. She appreciated the diversity of the members of the committees and the preamble with the declarative statement that justified no special legislation. School districts had unique regional needs, and smaller school districts were more nimble and responsive. She believed that the plan should be approved by the 2017 Legislature, because the best plans were generally applied gradually.

Assemblywoman Carlton provided some history on the previous pieces of legislation on the deconsolidation of CCSD. Complete studies that addressed all the concerns of the deconsolidation were included with those bills. One bill required the Legislature to approve the final reconfiguration. At that time, the Senate was controlled by Republicans, the Assembly was controlled by Democrats, and Governor Kenny Guinn was the Governor. That bill was proposed by a Republican Senator, but the bill died, which meant problems existed with the study. The study was focused on a predetermined outcome and failed to take into consideration problems of the groups that were denied input on the study. The CCSD had experienced substantial growth that year and had opened 19 elementary schools, 6 middle schools, and 3 high schools. The plan was aimed at a predetermined outcome, and that was not the right approach.

Assemblywoman Carlton believed the plan proposed by A.B. 394 (R1) focused on one outcome that caused resistance. She was unwilling to tie the hands of a future Legislature. This bill would change the allocation of substantial funding for education, and the Legislature would have no control. The concept was worthy of discussion, but time should be allowed for all stakeholders to participate.

Assemblyman Sprinkle asked about the fiscal note from CCSD for $325,722,000 for the 2015-2017 biennium. He wondered whether the amendment reduced that fiscal cost.

Assemblyman Gardner replied that he had not seen the fiscal note and was unsure what was reflected in the cost. He said CCSD did not support the bill and assumed that was why CCSD submitted the fiscal note.

Assemblyman Hambrick wondered whether the bill was supported by the bond counsel. Bond counsel opinions were generally neutral, because the concern was safeguarding the investments.

Assemblyman Gardner replied that he had not seen comments from bond counsel, but believed the bill had been vetted by bond counsel. He said the Legal Division, Legislative Counsel Bureau, presented the bill to bond counsel.

Chair Anderson said he would hold the bill until May 31, 2015, to allow the Committee to study the amendment and the date changes. He expressed concern about binding a future Legislature and about IFC appointing a member to serve on the advisory committee.

Hearing no further testimony in support of, in opposition to, or neutral on the bill, Chair Anderson closed the work session on A.B. 394 (R1) and opened the work session on Senate Bill 133 (1st Reprint).

Senate Bill 133 (1st Reprint): Authorizes the reimbursement of teachers for certain out-of-pocket expenses. (BDR 34-118)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill (S.B.) 133 (1st Reprint) was heard by the Committee on May 29, 2015. Senate Bill 133 (R1) authorized the reimbursement to teachers for certain out-of-pocket expenses. The bill created the Teachers' School Supplies Reimbursement Account; provided an annual allocation from the Account to each school district and charter school for distribution to teachers for reimbursement for certain out-of-pocket expenses; authorized the donation of unclaimed property to the Account under certain circumstances; made an appropriation; and provided other matters properly relating thereto.

Ms. Jones said the maximum amount that each teacher would be reimbursed was $250 each year. Section 7 of S.B. 133 (R1) appropriated $2.5 million from the State General Fund to the Account in each year of the 2015-2017 biennium. The bill would become effective on July 1, 2015.

Assemblywoman Dickman said the entire 78th Session (2015) had been about education funding, and she could not support the bill, because too much was spent on education.

Assemblywoman Titus stated she also could not support the bill. She believed that other methods, including tax deductions, existed for reimbursement for classroom expenses. She worried that this bill would set an unnecessary precedent.

Chair Anderson believed the bill would reinstate a program that had been previously eliminated by the Legislature.

Assemblywoman Kirkpatrick confirmed that the reimbursement program existed in the past. The reimbursement was limited to $250 per year, which was a small amount for an average class size of 30 students. The reimbursement program was one of the first programs that was eliminated in 2009, and the Legislature tried to reinstate the program during the 77th Session (2013), but agreement could not be reached.

Assemblyman Kirner said he preferred to add $250 multiplied by every teacher to the State Distributive School Account (DSA). He said the reimbursement should be made from the individual school budgets and not as a separate budget item in the DSA.

Assemblywoman Kirkpatrick said the funding would pay for things that went directly to the children, including extra pencils and incentives for the students. She knew teachers provided incentives, such as extra books for accelerated readers programs. The reimbursement program was one method to buy those supplies that directly benefited the children. In February, schools celebrated Day 100 of the school year. Kindergarten students looked forward to Day 100 of school because the children could put together 100 Fruit Loops to count to 100. Teachers spent their own money on incentives that children could touch, and she supported the program.

Assemblyman Kirner agreed and supported the program, but believed the source of the funds should be school budgets and not the DSA.

Assemblyman Edwards wondered why the reimbursement program was a DSA program and not funded as an operation and maintenance cost of the school districts. He believed the reimbursement program should be paid from the guaranteed basic school support funds.

Assemblyman Edwards agreed that teachers should have the supplies needed in the classroom. He believed the funding should be accounted for in the DSA guarantee, and the school districts should figure out how to provide reimbursement to the teachers.

Assemblywoman Kirkpatrick suggested that Mr. Vellardita testify about the average amount spent by teachers on classroom supplies each year.

John Vellardita, Executive Director, Clark County Education Association, testified that teachers on average spent about $967 each year on food, clothes,

and other items for challenged schools with low-income student populations. The 26,000 Nevada teachers spent a total of $26 million of their own money to buy supplies needed by students.

Assemblyman Edwards asked what efforts were made by the school districts to streamline processes or reduce costs. Reimbursement to teachers should be a routine cost of the school districts.

Mr. Vellardita replied that the Legislature cut $800 million from the DSA education funding in 2009, and that funding had never been restored. The school districts had received smaller budgets in subsequent years. No money existed for raises, supplies, or textbooks.

Assemblyman Edwards believed the teachers had received 2 percent pay raises every year, but state employees had not received any raises for the past six years.

Mr. Vellardita clarified that teachers were paid based on a salary schedule that increased pay when additional education credits were earned. A teacher who paid for a Master's degree was compensated for that achievement. Step increases were paid to teachers who completed another year of successful teaching. Last year, 7,000 teachers did not receive a raise.

Assemblyman Edwards understood that teachers did the best they could. The reimbursement was an administrative managerial problem. He wanted to know what the school administrators had done to reduce their budgets to provide $250 per classroom for supplies.

Mr. Vellardita said the budget cuts in 2009 resulted in smaller school budgets. The Clark County School District (CCSD) cut about $100 million in 2012 to balance the budget. School districts did not have much money. The CCSD employed 18,000 teachers that spent money every day out of their own pockets to make a difference in a student's life. He asked for money to help them.

Chair Anderson said the Committee would hold the bill. The Committee had a meeting scheduled for May 31, 2015, at 9:00 a.m. to review a number of bills and conduct a work session.

Chair Anderson opened public comment and hearing no public comment, Chair Anderson adjourned the meeting at 8:05 p.m.

The following bills were not heard during the work session, but were rescheduled for the Committee meeting to be held on May 31, 2015, beginning at 9:00 a.m.

Senate Bill 230: Revises provisions governing the payment of compensation to certain victims of crime. (BDR 16-1038)

Senate Bill 332 (1st Reprint): Makes an appropriation to the Clark County School District to carry out a program of peer assistance and review of teachers. (BDR S-763)

Senate Bill 467 (1st Reprint): Makes appropriations for the replacement of Nevada Highway Patrol fleet vehicles that had exceeded the mileage threshold. (BDR S-1218)

Senate Bill 506 (1st Reprint): Revises provisions relating to state financial administration. (BDR S-1207)

Senate Bill 508 (1st Reprint): Revises provisions governing the Nevada Plan. (BDR 34-1184)

RESPECTFULLY SUBMITTED:

_____
Janice Wright
Committee Secretary

APPROVED BY:

_____
Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means

Date: May 30, 2015 **Time of Meeting: 4:14 p.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 394 (R1)	C	Assemblyman David M. Gardner, Assembly District No. 9	Mock-Up Proposed Amendment 7799
A.B. 255	D	Assemblyman Randy Kirner, Assembly District No. 26	Mock-Up Proposed Amendment 7706
BDR 34-1284	E	Julie Waller, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	K-12 Funding for State Distributive School Account for the 2015-2017 Biennium
A.B. 326 (R1)	F	Assemblyman Richard Carrillo, Assembly District No. 18	Mock-Up Proposed Amendment 7514
S.B. 488 (R2)	G	Lynn Hettrick, Deputy Director, State Department of Agriculture	Proposed Amendment
A.B. 445 (R1)	H	Assemblywoman Marilyn K. Kirkpatrick, Assembly District No. 1	Mock-Up Proposed Amendment 7797