

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

**Seventy-Eighth Session
April 14, 2015**

The Committee on Ways and Means was called to order by Chair Paul Anderson at 9:09 a.m. on Tuesday, April 14, 2015, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman 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:

Assemblyman Elliot T. Anderson, Assembly District No. 15



STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Janice Wright, Committee Secretary
Cynthia Wyett, Committee Assistant

The Committee Assistant called the roll, and all members were present.

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

Chair Anderson opened public comment and hearing no public comment, he opened the hearing on Assembly Bill 135 (1st Reprint).

Assembly Bill 135 (1st Reprint): Revises provisions relating to schedules for the retention and disposal of official state records. (BDR 19-547)

Assemblywoman Irene Bustamante Adams, Assembly District No. 42, read her prepared testimony.

Thank you, Mister Chair, and members of the Committee. For the record, I am Irene Bustamante Adams, representing Assembly District No. 42 in Clark County. I chaired the Sunset Subcommittee of the Legislative Commission in the 2013-2014 Interim. I am here today to introduce for your consideration Assembly Bill (A.B.) 135 (1st Reprint), that sets out recommendations from the Subcommittee.

This is my first opportunity to present a bill from the Sunset Subcommittee before the Committee. However, many of you have heard me present bills in other committees. Therefore, in the interest of time, I will not review the functions of the Subcommittee, except to say for the record that:

- The Subcommittee is part of the Legislative Commission.
- It is charged with reviewing all of the boards and commissions created by the Legislature.
- It is authorized to recommend that a board or commission be continued, modified, terminated, or consolidated.

Before you today is A.B. 135 (R1), which contains recommendations concerning the retention and disposal of official state records.

In 2014, the Subcommittee reviewed the Committee to Approve Schedules for the Retention and Disposition of Official State Records. The members of the Committee include:

- The Secretary of State.
- The Attorney General.
- The Director of the Department of Administration.
- The Administrator of the Division of State Library and Archives, Department of Administration.
- The Administrator of the Division of Enterprise Information Technology Services, Department of Administration.
- One representative of the general public.

The Committee does just what its name implies:

- It identifies which records are official.
- It reviews the schedules that determine when official state records must be retained and when they may be disposed of.
- It determines by what means that disposal must occur—some records contain confidential information, for example. They cannot just be thrown away—they must be shredded or burned.

During the course of reviewing the Committee, the members of the Sunset Subcommittee learned that:

- Among public employees, there seems to be a lack of awareness concerning the preservation of official state records.
- The only statutory consequence for stealing, damaging, or destroying official records is to charge an employee with a category C felony that includes imprisonment and a fine.

As a result, altering or destroying official state records through negligence or some other unintentional act usually has no consequences.

The members of the Sunset Subcommittee wanted to address this issue by recommending that more training opportunities be

provided to state employees and to provide a range of statutory consequences for improperly disposing of official state records.

Assembly Bill 135 (R1), as introduced, received two fiscal notes:

1. The State Library and Archives has asked for additional staffing to conduct records management training courses. Currently, the Division of State Library and Archives has one half-time employee to conduct training classes. This person conducts four in-person classes per year.

The fiscal note assumes that, if the number of employees that are identified by agency heads exceeds the 120 training spots available per year, then additional staff will be needed.

2. The second fiscal note was provided by the Department of Corrections (DOC). That note is based on the DOC's interpretation of the original bill to mean that every employee would need training on the proper retention of official state records.

I have met with the Deputy Director of the DOC, and we worked out an amendment to A.B. 135 (R1) that stipulates:

- Only those employees whose duties include the management of the retention and disposal of official state records would be required to attend the training.
- The letter of reprimand will be issued only to those employees who knowingly and willfully dispose of official state records inappropriately.

At the work session in the Assembly Committee on Government Affairs on March 23, 2015, the Deputy Director of DOC testified that with the adoption of the amendment, the fiscal note from DOC would be removed.

Therefore, all that remains of costs associated with A.B. 135 (R1) is the possibility of increased staff at the State Library and Archives if the need for training other state employees exceeds what the staff can currently handle with a part-time trainer.

The Sunset Subcommittee has the statutory duty to review boards and commissions. Because of that review, the Subcommittee is

authorized to recommend statutory changes to enable boards and commissions to function more effectively.

The Subcommittee wishes to establish a range of options available to a supervisor when the loss of official state records occurs. To be fair to state employees, the Subcommittee also proposes an educational program to raise awareness regarding the responsibility for official state records.

Assembly Bill 135 (R1) is a good bill, Mister Chair. It will give agencies some options to help them preserve official state records.

I urge that the Committee act favorably on A.B. 135 (R1). I would be happy to answer any questions.

In response to a question from Assemblyman Sprinkle about setting a limit on the number of employees to be trained, Daphne DeLeon, Administrator, Division of State Library and Archives, Department of Administration, replied that the original intent of A.B. 135 (R1) was to raise awareness among employees about the training requirements for staff who managed the records programs in the agencies. The training conducted was a "train-the-trainer" program provided to the records officers by the Division of State Library and Archives. The records officers then had the responsibility to train their specific staff. The same amount of training would be provided as in the past. The trained records officers would train their staff and ensure compliance with the records standards.

Ms. DeLeon clarified that the Division of State Library and Archives trained 120 records managers. The training was optional. The 120 slots were filled, but the state included 130 Executive Branch agencies, boards, and commissions. Every agency, board, and commission was required to have a records officer. Approval of the bill would mean about 130 persons would require records training.

Ms. DeLeon clarified that the Division also saw an increased training need for public records requests. There was a definite connection between how an agency managed its records and how well it responded to requests for public records. The fiscal note included some estimates of the training needs of state agencies. In fiscal year (FY) 2014, the Division conducted a public records request training and 150 persons attended. The Division believed that perhaps an additional 200 persons would require records training. The bill included permissive language that allowed an agency head to send additional staff to training if he chose. The Division believed that if the bill were approved, the

Division would have a minimum of 200 persons seeking training, which would far exceed its current capacity of 120.

Hearing no response to his request for testimony in support of, opposition to, or neutral on the bill, Chair Anderson closed the hearing on A.B. 135 (R1) and opened the hearing on Assembly Bill 327.

Assembly Bill 327: Makes an appropriation to the Eighth Judicial District Court for a Veterans Court Coordinator. (BDR S-1026)

Assemblyman Elliot T. Anderson, Assembly District No. 15, presented Exhibit C, "Overview of Veteran Treatment Courts," and read his prepared testimony.

Good morning Mr. Chairman and members of the Assembly Committee on Ways and Means. For the record, Assemblyman Elliot T. Anderson representing Assembly District 15 in Clark County. I am happy to be here with you today and want to thank you for the time you have given me to talk about veterans court.

I have watched the veterans court progress as an idea since 2009, when the Legislature added it as a specialty court. Specialty courts are nontraditional courts designed to ensure an inexpensive, speedy, and accurate determination of justice for a subset of the population with particular needs. Veterans courts allow for additional rehabilitation options and incentives for veterans who, generally, perform well in a nontraditional rehabilitation model of justice, as ordered by the veterans court. The veterans court brings together a public/private team in order to serve veterans. It operates by creating a structured program. The court is codified at *Nevada Revised Statutes* (NRS) 176A.280 et seq. In general, the court connects veterans with the benefits they are entitled to because of their service and gets them out of the criminal justice system successfully without recidivism. It also is more adept at handling the situations veterans face.

I am pushing an appropriation to help Clark County hire a full-time Veterans Court Coordinator, in order to maximize the effectiveness of the court.

Before I go into the bill, I wanted to give you some brief background on the veterans court in Nevada. It was approved in 2009. It targets treatment of justice-involved veterans who were

involved in nonviolent types of offenses. The first veterans court docket was held on October 14, 2009, in Washoe County. Clark County started its veterans court in 2012. Before 2012, veterans court was a subset of the specialty drug court. The Las Vegas Justice Court and Henderson Municipal Court had veterans courts as well. To be assigned to veterans court, the defendant must be a veteran or member of the military who appears to suffer from mental illness, alcohol or drug abuse, or post-traumatic stress disorder. The disorder would have to be related to military service or adjustment to civilian life, and the veteran would need to benefit from assignment to the treatment program.

The veterans court involves a team concept. The judge, the public defender's office, the district attorney, the U.S. Department of Veteran Affairs, the Department of Veterans Services, veteran centers, the Division of Parole and Probation, Department of Public Safety, specialty court staff, and community services all meet to discuss how they can get a justice-involved veteran back on his or her feet to complete the program successfully without recidivism. The team generally meets on a weekly basis and reviews all the different defendants. The conceptual form of the veterans court is nonjurisdiction specific. In regard to the veterans court, participants are more compliant; they have more complex medical needs. Participants get more services, housing, medical health, mental health, substance abuse, and other veterans benefits from outside the state. That is an aberration from how specialty courts normally work. Most specialty court defendants in a drug court or mental health court do not have great benefits. There are also higher rates of completion of the program that mean in the end, veterans were not discharged from the program for lack of noncompliance and returned to the normal criminal justice process. After completion, veterans do not recidivate as much and that saves money in the long run because veterans are out of that criminal spiral.

This is now the second session I have introduced this appropriation. I felt then, and I feel now, that we must give Clark County the staff to properly serve the population. Right now, the Eighth Judicial District Court in Clark County is borrowing staff from other specialty courts and cannot properly serve this population. The last time I introduced this measure, the Second Judicial District Court in Washoe County had a dedicated

Veterans Court Coordinator. However, Clark County did not. Currently, Clark County still does not have a dedicated staffer; they are borrowing staff from other specialty courts.

As a bonus, specialty courts save money in general. Many studies have been done on mental health court and have found that we save money on jail costs. That is great, because then we are not punishing the taxpayer. We are just working on that individual defendant. In addition, we often can save money by clearing up the caseload of the district attorneys and public defenders. In Washoe County, the district attorney does not normally attend the veterans court calendar and allows the judge to look out for the interests of the state. That is a huge cost-savings. By spending money up front, we can ensure that we do not spend the money on the back end, on jail costs, and on paying lawyers. However, Mr. Chairman, as a future lawyer, I do not object to you paying lawyers.

With that, Mr. Chairman, I would be happy to answer any questions. If you have any questions on the specific amount requested for the appropriation, the Eighth Judicial District Court would be in a better position to answer your questions.

Assemblyman Armstrong asked for details about the appropriation for the salary for the Veterans Court Coordinator and whether it was contingent on matching funds. It appeared the coordinator would earn \$400,444 for the biennium.

Assemblyman Anderson responded that the intent of A.B. 327 was to encourage Clark County or any other entity to make an investment in the veterans court. The exact amount would be \$200,222, which included benefits and all the associated costs that Clark County needed to bear when an employee was hired. The amount would include more than just salaries. The matching funds would pay for the second year.

Assemblyman Armstrong suggested that it would make better sense for the appropriation to be half of the \$200,222. The other half would come from matching funds. He wondered why the State General Fund would pay the entire amount.

Assemblyman .Anderson responded that he would defer to the Eighth Judicial District Court to answer that question, because those representatives were familiar with the details of the \$200,222 amount.

Andres Moses, Staff Attorney, Eighth Judicial District Court, testified the \$200,222 included two years of funding for salaries and benefits. He failed to break down that number into specifics, but was willing to explore that option. As the bill was currently written, the General Fund amount was \$200,222 and the matching amount of \$200,222 would pay for the 2017-2019 biennium.

Assemblyman Armstrong asked whether the bill requested a one-time appropriation, and Assemblyman Anderson confirmed it was a one-time appropriation.

Assemblywoman Dickman said \$400,444 would pay for two biennia. She wondered where the matching funds would come from.

The Honorable David Barker, District Judge, Eighth Judicial District Court, explained that The Honorable James W. Hardesty, Chief Justice, Nevada Supreme Court, was currently seeking funding to streamline specialty courts statewide. The vision was that matching funds would come from other sources.

Assemblyman Anderson agreed that the funding would come from other sources. The bill was specifically vague so other funding sources could provide the match. The Board of Commissioners of Clark County considered providing some matching funds, and a foundation might provide some funding.

Chair Anderson wanted to see a breakdown of the expenses associated with the Veterans Court Coordinator position and its benefits. He wanted to ensure a balance existed across all the state employees and that the expenses were equitable. Chair Anderson stated that General Funds should not provide the match, and he would ensure the match was provided from non-General Funds.

Assemblyman Anderson agreed to provide the data requested.

Judge Barker believed his function at the hearing was to explain the duties of a coordinator position. He suggested the Committee imagine the shape of a wheel, and he stated a coordinator was the hub of the wheel. The veterans court had more resources than any other specialty court program or any other individual within the justice system. The coordinator would supervise the specialty court and monitor and preside over those calendars. Veterans court had many different interested parties, including veteran affairs persons and private organizations that reported to the coordinator. The coordinator collected and provided information to the presiding judge and made recommendations. The variety of opportunities and resources that were available to a veteran were presented to the presiding judge through the coordinator's efforts.

The coordinator had to be trained specifically in supervision, counseling, and the resources available to veterans. The coordinator was a critical part of the veterans court process.

Judge Barker recalled that the court created a coordinator position to honor the intent of the Legislature in the 75th Session (2009) without any funding provided by the Legislature. Clark County pulled one position from a different specialty court to serve in a limited capacity as a veterans court coordinator. That coordinator allocated his time, but his specialty family drug court failed to receive sufficient attention while he focused on the veterans. The appropriation requested in Assembly Bill (A.B.) 327 would allow the Eighth Judicial District Court to fund that staff position. The coordinator would focus on helping the veterans avoid prison. The decision of a sentencing judge was whether a veteran needed to spend time in prison or remain in the community. The veterans court program allowed judges that option. It was a cost-saving measure that benefited lives. Men and women who served their country and suffered because of that effort appeared in court as a result of desperate choices and needed a higher level of supervision to protect the community and regain their normal lives. The coordinator position made that happen.

Chair Anderson said he understood the importance of the coordinator position. He wondered whether the position would be filled by an attorney or whether the duties were administrative in nature.

Judge Barker clarified that the position was not an attorney position, but would serve more as a counselor, psychologist, social worker, and police officer.

Mr. Moses added that 52 veterans currently participated in veterans court, and the cost savings was almost \$800,000, calculated at \$41 per day.

Steve Yeager, Attorney At Law, Office of the Public Defender, Clark County, testified in support of A.B. 327. He said the veterans court program was good, and four or five of his clients had participated in the program over the last few years, and all had graduated, except for one client who was still in the program. He reported that none of his clients returned to the criminal justice system. His clients had suffered from depression or drug problems, and he had seen a real change in those individuals. Mr. Yeager supported the continuation and expansion of the program.

John T. Jones Jr., representing the Office of the Clark County District Attorney and the Nevada District Attorneys Association, testified in support of A.B. 327. The bill would save the county and state money in several ways. One of the

unique elements of the veterans court was that most participants were eligible for services through the U.S. Department of Veterans Affairs. The veterans could use those services to defray costs to the state. The veterans court was a good program. Additional cost savings would result from funding a coordinator to serve as a liaison between the state and the federal government.

Steve Sanson, President of Veterans in Politics International, testified in support of A.B. 327. He read his prepared testimony into the record.

Good Morning Chairman and Legislators.

My name is Steve Sanson. I am President of Veterans In Politics International, a Marine in Desert Storm, and a disabled veteran.

We endorse candidates to elected seats, expose corruption, and champion veterans' rights.

It is an honor to be here today. We are in favor of A.B. 327.

We testified before the Nevada Legislature in 2009 to create a statewide veterans court because of the importance of the court.

There were many trials and tribulations putting the court in action over the years. There was difficulty enforcing veterans courts throughout the state. The court was intended for nonviolent offenders, even though a majority of veterans would benefit more for violent offenses.

Our military trained us to win wars with aggression; therefore, we are trained to kill.

The law states that upon fulfillment of the terms, the court may dismiss the proceedings, and once the defendant is discharged from probation, the court shall order sealed all documents relating to the case. However, the "prosecutors" seem to be rewriting the law by not sealing or dismissing those cases. Although it is clear that the current veterans court law said that the cases would be sealed and dismissed once all requirements had been fulfilled, this is not happening in some cases.

We all know that the purpose of the sealing and dismissing is to allow the veteran to seek employment without this hang up on his or her records. In addition, some veterans that request veterans court are being stopped by prosecutors and not given the chance to be in that court.

I bring this to your attention because I wanted you to know even though these laws are passed, we still have people in power playing political and egotistical games with our veterans.

Persons who are in leadership positions and know better look the other way and make it seem that it is no big deal. When it comes to our veterans, it is a big deal!

I can tell you firsthand that these men and women are still suffering from a number of ailments: post-traumatic stress disorder (PTSD), traumatic brain injury (TBI), flashbacks, pain, humiliation, family struggles, financial issues, and maintaining employment.

These ailments are not an excuse, these ailments are reality, and the country owes every military veteran a debt of gratitude and a promise that was made, saying: "If you serve, when you return we will help you."

Veterans are not looking for a handout, but a hand up. Since the creation of the court six years ago, we have seen a mass number of veterans coming to our state and particularly settling in Clark County.

We need qualified persons to assist our veterans. Many people would say we do not have the money, which is not a true statement. We need to start spending the money wisely. We spend millions of dollars each year on weapons and ammunitions that are used to kill. I am sure we can afford to spend a few thousands of dollars on an additional veterans court coordinator to help the veterans and save lives.

Mr. Sanson emphasized that the veterans court had come a long way since it began, and Judge Barker saw Mr. Sanson in his court for hours going over the veterans court laws several years ago. Mr. Sanson had been to the district court judges' meeting to explain the importance of veterans court. The Honorable Mark Stevens served as the City of Henderson Municipal Court judge and initiated an outstanding veterans treatment court program.

The Honorable Martin D. Hastings served as the Las Vegas Municipal Court Judge for Department Six and developed an outstanding veterans court program.

Mr. Sanson said the veterans court programs saved the lives of veterans. It made the veteran follow a better path. When a veteran believed that life was a mess, the veteran found resources to affect change. Those programs helped change those veterans' lives. The government spent money on ammunition and CS gas [2-chlorobenzylidene malononitrile is the defining component of tear gas] and supplies to provide to police officers and law enforcement. Mr. Sanson suggested that money should be used to assist veterans. He stated there was a need for the veterans court coordinator to guide veterans and save their lives. He said the government had a responsibility to veterans when they returned home and experienced problems. Mr. Sanson was still haunted by two combat situations, and he was discharged from the Marine Corps in 1991, but still remembered those occurrences.

Richard Carreon, President of the Nevada Chapter of Veterans In Politics International, testified in support of A.B. 327. He stated that several concerns came to mind when he read the scope and duties of the veterans court coordinator. There were three types of discharges when a person separated from active duty in the military: honorable, other than honorable, and dishonorable. He focused on the three types of honorable discharges: retirement, medical military retirement, or regular retirement. Some veterans in regular retirement were not offered medical benefits even though they had documentation stating they had injuries related to combat. Those veterans were returned to the civilian sector without the necessary resources to combat their problems. The coordinator would be important to help veterans who got into trouble related to a nonviolent crime. The veterans' needs would be expedited, and they could receive services of which they might be unaware.

Hearing no response to his request for further testimony in support of, opposition to, or neutral on the bill, Chair Anderson closed the hearing on A.B. 327 and opened the hearing on Assembly Bill 436.

**Assembly Bill 436: Eliminates longevity payments for state employees.
(BDR 23-1157)**

Jim R. Wells, C.P.A., Interim Director, Department of Administration, presented the proposed amendment number 6563 to Assembly Bill (A.B.) 436 ([Exhibit D](#)). He testified that section 5 of A.B. 436 repealed *Nevada Revised Statutes* (NRS) 284.177 that included the plan to encourage continuity of state service known as longevity payments. Section 1 and section 2 of the bill made

conforming changes to other statutes, and section 3 and section 4 of the bill were removed by amendment number 6563.

Mr. Wells explained that longevity pay was established by the Legislature in the 1973 Session, with the first payment made in December 1973. The original plan provided semiannual payments of \$125 after 10 years of continuous service, with an increase of \$25 for each additional year of service up to a maximum of \$250 semiannually at 15 years of service. In 1975, the Legislature amended the longevity plan by reducing the number of years of service required to qualify for longevity payments from 10 years to 8 years. The initial semiannual payment was reduced from \$125 to \$75, and the maximum semiannual payment increased from \$250 to \$300 at 17 years of service. The longevity program was amended in 1979 to increase the maximum semiannual payment to \$375 at 20 years of service and was amended again in 1987 to increase the maximum semiannual payment to \$625 at 30 years of service.

Mr. Wells continued that in 2003, the Legislature amended the longevity program by introducing tiers for annual increases. After 8 years of service, the employee received a semiannual payment of \$75, with a \$25 increase each year from the 9th year to the 14th year. From the 15th year through the 24th year of service, the semiannual payments were increased each year by \$50 instead of \$25. After 25 years of service, the semiannual payment increased by \$75 per year instead of \$25, with a maximum semiannual payment of \$1,075 at 30 years of service.

Mr. Wells stated that the longevity program was suspended in 2009, along with the suspension of step increases and the introduction of furloughs for state employees, in response to the economic downturn. The suspension of longevity was continued by the Legislature in the 2011 Session and the 2013 Session.

Mr. Wells said the proposal to eliminate longevity was not taken lightly. The administration heard from employees eligible for longevity pay that they believed they were not valued, and they trained newly hired employees who received merit service increases while they received no rewards for their long-term service. Mr. Wells stated that the administration valued all state employees, but believed that paying workers based on tenure rather than performance rewarded workers who were average while demoralizing exceptional ones, which led to morale issues in the workplace.

Mr. Wells explained that the Division of Human Resource Management, Department of Administration, sent a survey to the other 49 states, and 21 states responded to the survey. Of the 21 states, 12 states had no form of

longevity payments. The other 9 states had different arrangements for rewarding longevity including one-time payments at certain anniversary dates, additional steps on pay scales, increases in percentages of pay, and flat dollar annual payments similar to the longevity program in Nevada.

Mr. Wells said in preparing The Executive Budget, the administration decided to prioritize the elimination of furloughs for all employees rather than provide longevity payments to long-term employees. The administration believed that the longevity program was unlikely to attract the next generation of workers, and that the Millennial Generation was not as interested in a 30-year career plan as prior generations. The Millennials were more likely to change jobs multiple times during their careers. They valued work-life balance and work environment more than longevity. By 2025, it was projected that 75 percent of the state's workforce would be Millennials.

Mr. Wells concluded that there were other incentives to encourage longevity. Long-term employees received higher annual leave accruals starting at 10 years of service and again at 15 years of service. The retiree distributions increased based on the additional years of service attained by an employee upon retirement.

Assemblywoman Benitez-Thompson asked about the leave accruals that started at 10 years of service and increased after that.

Mr. Wells responded that each state employee received 15 days of annual leave that could be used after 6 months of service on the job. After 10 years of service, annual leave increased to 18 days per year, and after 15 years of service, annual leave increased to 21 days per year.

Assemblyman Edwards asked about the cost of the longevity program.

Mr. Wells replied that the projected cost for the 2015-2017 biennium would be approximately \$14.2 million. The State General Fund portion was about \$6.8 million for the two-year period, and the State Highway Fund portion was about \$3 million for the two-year period, with the balance being paid by other sources.

In response to a request from Assemblyman Edwards for details of the employee benefits, Mr. Wells replied long-term employees received additional annual and sick leave. Changes to leave accruals were considered by the administration, but they were not requested. The Department would study the leave accrual policies during the next interim.

Assemblywoman Benitez-Thompson asked whether Mr. Wells considered the state to be a competitive employer.

Mr. Wells replied that was a difficult question to answer.

Assemblywoman Benitez-Thompson wondered whether the state had an employee retention problem.

Mr. Wells admitted the state had problems with retention and recruitment of state employees.

Assemblywoman Benitez-Thompson said she often heard state agencies complain about the difficulty of filling vacant positions. That led her to believe the state had problems retaining and recruiting qualified employees. She wondered whether the state was a decent employer and was concerned that the state had proposed scaling back on the benefits offered to its workforce.

Mr. Wells responded that the biggest part of the retention and recruitment problem was the low compensation of base salaries. The state salaries were not competitive with local government salaries or professional salaries for lawyers, engineers, or information technology professionals.

Assemblywoman Benitez-Thompson asked whether the \$6.8 million savings from the State General Fund for longevity pay would be reallocated to state employees for base salary increases or some other meaningful benefits.

Mr. Wells responded that the reason the state proposed the removal of the furlough requirement was to provide a benefit to all state employees. The change in furlough removed the 2.5 percent pay reduction for all state employees.

Assemblyman Sprinkle said the Committee often heard from many state agencies about the difficulty of hiring and retaining employees. He wondered about the plans to offer new benefits to attract future employees, because the state pay and other benefits were not comparable to other entities. He expressed concern that the elimination of benefits would not encourage new employees to work for the state.

Mr. Wells said he believed state salaries were competitive with some other states, but conceded that the state was not competitive with local governments in Nevada. He thought the state needed to study the base pay scales for the high turnover, high-vacancy positions such as social workers at the Department

of Health and Human Services, information technology positions, engineers, and lawyers. The incentive for the next generation workforce would not be longevity. He thought the state should look at the pay and work structure, including flexible workweeks, to become a more competitive employer.

Assemblyman Sprinkle asked whether the Committee could anticipate seeing increased benefit proposals from the administration in the 2017 Session.

Mr. Wells said the staff of the Office of the Governor and the Department of Administration would look at compensation over the interim. He was unsure what proposals would be presented, but the staff would continue to look at compensation.

Assemblywoman Titus said the proposed amendment 6563 to A.B. 436 included an effective date of passage and approval. She wondered whether the bill affected current employees who were promised an incentive for longevity that would now be eliminated.

Mr. Wells responded that the proposal eliminated the longevity incentive for all employees. There were approximately 11,000 state employees who were eligible for longevity. Assembly Bill 436 was effective upon passage and approval. The first longevity payment that would be eliminated would be the December 2015 payment.

Assemblyman Kirner wondered whether the private sector, or the Culinary Workers Union Local 226, or businesses that were not organized offered longevity pay.

Mr. Wells replied he was unsure what longevity programs existed in the private sector. He believed the private sector offered more bonus types of benefits as opposed to strict longevity payment programs. He believed there were some employers who offered a form of longevity payments, including additional days off, similar to the state annual leave accruals at certain benchmarks of years of service.

Assemblyman Kirner wondered whether the nature of the Millennial Generation was to move their careers along and take new jobs. He wondered whether salary or other factors would influence a decision to move to a new job.

Mr. Wells replied he thought there was a combination of factors that affected retention, and it was not necessarily the same for each class of persons. The Millennial Generation changed jobs more often, but that was not unique to them. State employees who gained experience often promoted up to new jobs

or moved to different agencies. In Nevada, many state employees were nearing retirement age or years of service benchmarks when they would be eligible to retire. Approximately 40 percent of state employees would be eligible for retirement in the next five years. Some of the police and corrections agencies offered better pay and benefits to attract state employees.

Assemblywoman Carlton said she was a member of the Culinary Union for a number of years and her wage never topped out. She received a raise every time a contract was renegotiated. There was no top end on her pay schedule, but state employees had upper limits on their pay scales. Once a state employee's salary reached the top of the scale, the pay would never increase. Assemblywoman Carlton said longevity pay was designed to compensate long-term employees who only received step increases or merit pay for the first eight or ten years of service. Longevity payments were substituted for actual step raises. She did not want anyone to think that longevity was a benefit in addition to regular pay being raised. Longevity was given to employees because there were no other raises available once an employee hit the top of the scale, unless the employee moved to a different classification or received a promotion. Longevity payments gave appropriate raises to employees who were still working and being productive. Elimination of longevity payments would limit the amount of money that employees made.

Assemblywoman Carlton said no raises were granted to state employees between 2009 and 2014. The state imposed mandatory furloughs that reduced the pay of state employees. Elimination of longevity pay would return employees to the pay level of 2009. The cost of a gallon of gas or a gallon of milk had increased since 2009. Assemblywoman Carlton continued, saying that for five years state employees did not get raises, but after eight years of service, the employees would receive longevity payments. She believed it would be difficult to retain intelligent persons to work on solutions for information technology and other logistical problems. She doubted the state would be able to attract or retain good employees.

Assemblywoman Carlton said that between 2009 and 2015, the state gained approximately \$70 million by not making payments for furloughs and step increases. She believed that if longevity payments were eliminated, the state would have difficulty retaining its employees. She suggested adding a top tier to the pay scale. She wondered where the top tier would be in the future. She suggested that the step increases be expanded to 12 or 15 years. She thought state employees had lost buying power and needed some incentives. Many state employees would not receive raises for most of their state careers, but state employees were asked to do more and more.

Assemblywoman Carlton said a balanced approach would be to expand the steps to 12 years or 15 years to compensate for the 5 years of benefits employees lost. Lacking a proposal for an increase in benefits, Assemblywoman Carlton said she could show on the salary survey that the employees in the state qualified for Nevada Check Up for healthcare for their children. Nevada had a poor state workforce, and Assemblywoman Carlton wanted to hear what the administration proposed for state employees.

Mr. Wells agreed that there were caps or limits on the salary scale. The merit salary schedule originally had 15 half steps, converted to 8 full steps, later increased to 9 steps, and finally increased to 10 steps. Part of the proposal from the Governor was to eliminate longevity payments and eliminate the furloughs, resulting in a 2.5 percent pay increase for employees. There was no proposal to increase the number of steps. A top salary cap remained, and many employees moved from one department to another to reach the next grade level to add some dollars to their annual salaries. Mr. Wells said his intent was to look at the entire pay system over the interim to see whether improvements could be made to pay scales. No other proposals would be presented to the 2015 Legislature except the elimination of the furloughs to compensate for the elimination of longevity payments.

Assemblywoman Carlton said she did not want anyone to think that elimination of longevity payments was a benefit. Longevity payments were promised to employees when they were hired. The state stole the furlough money from the state employees, and now the proposal was to give it back.

Assemblywoman Kirkpatrick agreed that the administration continued to browbeat state employees and hold high expectations of them, but she wondered why things "fell through the cracks." She asked whether the amendment removed all the judges from the elimination of longevity pay and whether the judges would continue to receive longevity pay. She wondered why the administration continued to take benefits away from the "little person" who was the one person constantly doing all the work. She did not approve of the bifurcation. The judges failed to take furloughs until threatened by the Interim Finance Committee. She believed the proposal to eliminate the longevity payments was unfair.

Mr. Wells responded that the amendment resulted from a notification from the Judicial Branch that the language in section 4 of A.B. 436 could be interpreted as elimination of the pay increases granted to judges. The digest of the bill included language related to the \$75 longevity payments that increased up to \$1,100 but did not refer to a percentage of salaries. He did not believe that the intent of the bill was to eliminate the judges' pay increases.

The Executive Budget did not remove longevity pay from the Judicial Branch's budget. He believed an error was made in drafting A.B. 436, which he did not catch until his final review of the bill.

Assemblywoman Kirkpatrick wondered what benefits would stop state employees from wanting to leave state service now that they would not receive longevity pay. She wondered what promise state employees could count on because of all the changes proposed during the 2015 Session. She believed that any state secretary or customer-service employee would no longer want to hear from the angry public about problems when the state employee received no benefits. Elimination of furloughs was not a benefit, because the Public Employees' Retirement System (PERS) increased contribution would be deducted from state paychecks, and no cost-of-living increase was proposed. The administration had provided no incentive to state employees for years, and the employees had taken the brunt of the state's economic problems.

Assemblywoman Kirkpatrick suggested several benefits that could be offered, including more annual or sick leave, a day-care subsidy, or other benefits that the private sector offered that mattered to younger and older generations. She represented 119 state employees in her district, but there were thousands of state employees within 25 miles of the Legislature. She suggested state employees be invited to attend a hearing, with the promise of whistleblower protection, to tell legislators the truth about what would entice them to remain in state service.

Mr. Wells responded that he had worked for the state for 23 years. The employees had taken furloughs, but no reductions in workforce were imposed. The state faced an economic recession that reduced revenue. Other states had addressed the economic recession differently. The state of Virginia gave one-time bonuses to its employees. Some of the other states added funds for training to improve an employee's skills and allow them to promote up in the state system. One state provided an additional day off to state employees in addition to the normal annual leave accruals. Nevada might consider some other things for state employees. He was unsure how to fix every recruitment and retention problem faced by the state, because he thought the problems could not get fixed overnight.

Assemblywoman Kirkpatrick wondered whether a survey could be sent to the current state employees asking them what benefits would entice them to remain in state service. She believed state employees were not included in the solution. The state made cuts, reduced its workforce, and encouraged retirements. Hearing the input of state employees would demonstrate a commitment to those employees who no longer trusted the word of the

administration. She reviewed the history and noted that state employees had received an 11 percent cut since 1988. Employees needed to be part of the solution.

Michael J. Willden, Chief of Staff, Office of the Governor, testified the state could do more survey work, but there was some survey information that was complete and would be shared with the Committee. He considered base pay as the most important benefit to most state employees. One of the systems that was broken was the salary grade system that started at step one and continued through step ten. The state was unable to attract persons at a step one. State agencies budgeted for a step one for most positions. That meant supervisors would offer a step one to any prospective employee. Nevada had an archaic system of trying to bring in desired employees at a higher base pay when possible, but the process was not consistent among the departments and created inequities. Base pay and the ability to receive regular salary increases over time were the most important benefits for employees.

Mr. Willden said the importance of longevity would be a lesser priority for employees. Longevity was not as important as receiving a strong base pay with regular raises. The administration's problem was resources, and the longevity pay cost \$14 million. He believed that restoration of the furlough days was the best investment as a first step in improving the financial condition of state employees. He said base pay was the second most important step.

Assemblywoman Kirkpatrick wanted to review some of the surveys mentioned by Mr. Willden. She thought state employees needed the option to tell the Committee their thoughts and to allow the members to consider those. There were enhancements proposed in the 2015 Session, but one enhancement she had never shied away from was infrastructure, and the infrastructure was the state employees. She suggested the administration improve working conditions for state employees because the staff was the resource that would improve the state. If 40 percent of the state employees retired in five years, state employment would become unbearable for the remaining state employees.

Mr. Willden agreed that state employees were the foundation of the state and were hard-working employees who endured a lot of grief some days. The customer-service aspect was a tough job for state employees. He worked for years at the Department of Health and Human Services, and employees worked with a new client every 20 to 40 minutes to resolve customer-service problems. It was a tough job for an eligibility worker, nurse, or clinician. He believed the state did a lot to appreciate state employees when possible, but the problem was limited resources. Mr. Willden was committed to working on that problem in the future.

Mr. Wells said that in his previous position, he provided a survey to state employees and asked for a ranking of reinstatements. Longevity was fourth on the list. Base pay was first in the list of priorities, elimination of the furloughs was second, healthcare was third, and longevity was fourth.

Chair Anderson commented that the Committee expressed its passion for benefits for the state employees. He thought the public often viewed all public employees as one big group and assumed they were all paid the same, paid fairly, and paid equitably. He had learned about the inequities between local government pay and state pay. Public and private businesses made cuts when the recession occurred. Employees of his own business struggled and took pay cuts to keep persons employed.

Chair Anderson said as the economy improved, the private sector quickly reset its priorities. Government did not make changes as quickly as the private sector. The government resources were limited and increased as the economy grew. It was difficult to consider eliminating longevity before all the cuts to state employees were restored. He recognized the administration might be on a path to restore some benefits. Elimination of longevity pay was worth \$6.8 million to the State General Fund and restoring the furloughs cost \$30 to \$40 million. He expressed concern that state employees were often too far down on the priority list. He had gained an improved impression from working side-by-side with state employees. He committed to not forgetting state employees as the budgets were reviewed, and he stated that it was time state employees were moved higher up on the priority list.

Assemblywoman Carlton asked whether the judges would continue to receive annual raises.

Mr. Willden responded the intent of A.B. 436 was to reflect decision unit Enhancement (E) 672, which was included in all The Executive Budget accounts to eliminate longevity payments. The budget from the Judicial Branch included language that specified if the Executive Branch eliminated longevity payments, the Judicial Branch would also eliminate longevity payments for the regular employees but not for the judges. The judges received a base salary of \$160,000 plus a 2 percent increase for 11 years. The payments capped at 22 percent. He said the judge's payment was considered a raise and was not the same as the longevity payments received by the state employees. The intent of the bill was not to adjust the judges' salaries, but to enact the budget savings related to decision unit E-672. The bill's original language appeared to remove the 2 percent increase for the judges. The error was missed and an amendment was needed.

Assemblywoman Carlton commented that since 2009, all state employees took pay cuts and furloughs, but the judges continued to receive the 2 percent raise every year for 11 years. The proposed legislation eliminated longevity pay for state employees.

Mr. Willden responded that state employees would continue to receive merit pay for ten steps and would be topped out at the tenth step unless they transferred to a different position or received a promotion. Judges were compensated differently. Judges received a base pay of \$160,000 and a 2 percent raise every year for 11 years.

Assemblywoman Carlton cited an example of a state employee who began working for the state in 2009 and received no raises or step increases until 2014. Now state employees could receive ten step increases, and after that there would be no options for raises within the step system. However, since 2009, judges had received 2 percent raises every year.

Mr. Willden replied that he would assume Assemblywoman Carlton was correct, but he had not verified that information. He believed that judges continued to receive pay increases during that period.

Assemblyman Edwards said he had heard how the state had to save money on the one hand but needed to take care of the employees on the other hand. It seemed as though the state was penny-wise and pound-foolish. State employees had taken cuts, and he learned how deep those cuts had been and what kind of benefits employees had lost since 2009. He also heard that the economy was recovering, and the state had more revenue and considered spending \$1 billion more on education. He believed it would be difficult for him to explain to state employees in his district that the state could afford \$1 billion more for education but could not afford \$6.8 million for longevity pay. He thought it was unreasonable to provide state employees a 2.5 percent pay increase by eliminating the furloughs, but then take away 2.25 percent with the cost of the medical premiums. It was not right to give employees a little and then take it away. The state should be able to find 0.001 percent in a \$7 billion budget to pay for longevity payments. He doubted that the state was so efficient that it operated at a 99.99 percent efficiency level.

Assemblyman Edwards said his intern was a Millennial Generation staffer who reviewed A.B. 436 and questioned the proposal to eliminate longevity payments. Assemblyman Edwards questioned the results of the survey of the Millennial Generation because his Millennial intern supported longevity pay. Assemblyman Edwards thought more could be done for state employees.

Assemblyman Oscarson expressed concern about the number of vacancies in state agencies. He learned during meetings of the Legislative Commission and the Interim Finance Committee that some state agencies had hired contractors and private agencies to complete state work. The local governments hired state employees and paid more for the same jobs after the state had spent a significant amount of money training employees. Eliminating longevity pay might be the straw that broke the camel's back, and some state employees might leave.

Assemblyman Oscarson asked what would happen if 40 percent of the state employees retired in the next five years. He worked side by side with the staff in the Legislative Building and knew the Legislature could not function without them. Their institutional knowledge about legislative functions and processes was invaluable. He thought it was wrong to take more away from them that had been promised. Every time he talked to state employees in various positions, they asked him to please not take away any more benefits. State employees had families to support and were trying to make it on what the state had promised them. He understood the economic recession problems. It broke his heart when he received emails from persons who could not afford needed services for their families.

Chair Anderson said the Committee would try to balance the bill with some of the other options to provide benefits. The Committee would study the problems more closely before making decisions.

Assemblywoman Dickman agreed with Mr. Willden that higher base salaries would attract employees, but she suggested that this conversation should continue after there had been progress on the base pay.

Mr. Willden said he worked in the state system for 40 years and worked side by side with many hard-working state employees. He understood the passion from the Committee, and the many sacrifices made by state employees during the last six years. The Executive Budget contained many cuts needed during the most recent recession. There was a road back from all the cuts, and the administration was on that road back. The administration was not trying to find ways to harm state employees, but was working to find a way back.

Mr. Willden said his priorities would be flexibility for state agencies on base pay, a strong merit salary system, strong health-care benefits, and then additional benefits to attract new employees. The three cornerstones to keeping employees engaged and working for the state were base pay, merit salary, and a good health-care system. He had not discussed cost-of-living increases.

The three cornerstones were listed on a survey of what state employees wanted. He would study the next steps and work on the concerns.

Kevin Ranft, Labor Representative/Lobbyist, representing American Federation of State, County and Municipal Employees (AFSCME) Local 4041, testified that he represented state employees. Unfortunately, state employees were working at their jobs and unable to attend this hearing. He assumed the members of the Committee would receive many emails with opinions about A.B. 436. The union opposed A.B. 436.

Mr. Ranft continued, stating that state employees were the backbone of the state; they worked hard to provide services for the citizens of the state. State employees were citizens and taxpayers as well, and they were a huge boost to the economy. Cuts to state employees' salaries or benefits would have a negative effect on the economy.

Mr. Ranft said the state of Tennessee's Legislature was in session, and the Governor proposed elimination of the longevity payments for state employees. The proposal was probably for budgetary reasons also. However, the Tennessee Legislature had concerns about the proposal. Mr. Ranft referred to an article from the *Columbia Daily Herald* dated March 22, 2015, written by Tennessee Representative David Shepard. Mr. Shepard's office staff received a phone call from a constituent in Hickman County. The caller stated he had not voted for the Representative Shepard in the last election but wanted Mr. Shepard to vote against eliminating the longevity pay for state employees. The office staff was polite to the caller and told the caller that Representative Shepard strongly supported state employees and would oppose the bill to eliminate the longevity pay. The caller was surprised that not only did Representative Shepard support state employees, but he also did not care who voted for him in the last election. Representative Shepard was proud to represent Hickman County, representing not only the citizens who voted for him, but also all citizens of District 69, and would not play politics with issues that were important to the citizens of the district.

Mr. Ranft recounted that Representative Shepard received many phone calls and emails related to the longevity pay. The longevity pay was a great example of the issues that were important to the citizens who were state employees. Longevity pay was approved many years ago to reward employees who had chosen to make a career working for the state of Tennessee. The state employees did not receive automatic pay raises every year and were dependent upon legislators for pay adjustments when funds were available. Representative Shepard recalled approving small pay raises five or six times during his 14 years of state service as a representative. The longevity

payments were always available as one-time pay raises. The longevity payments were similar to a contract or a promise the state made with its employees. Taking the benefit away was breaking a contract or promise to employees, and Representative Shepard would vote no on eliminating longevity pay. Many employees depended on longevity payments to buy Christmas presents, make home improvements, save for college expenses, make vehicle repairs, pay for a vacation, save for an emergency, provide extra care for a special-needs child or grandchild, or pay for many other needs. State employees did not get rich from their service, but they deserved support and appreciation. Representative Shepard concluded that he would not play politics with state employee matters.

Mr. Ranft testified that Nevada had the same problem as the state of Tennessee. He asked the legislators in Nevada to vote no on A.B. 436 and support state employees. The longevity pay was suspended in 2009, after much debate. Many legislators did not want to vote for the elimination of longevity pay, but the budget was short of revenue.

Mr. Ranft provided some history and recalled that Senator Goicoechea wondered whether there was a mechanism in the bill to restore the longevity pay and merit system. Mr. Ranft said then-Assemblyman Denis noted the bill became effective on July 1, 2009, and would sunset on June 30, 2011, and longevity pay would automatically be restored. Longevity was not restored during the 2011 Session or the 2013 Session because of the continued economic recession. The restoration of longevity pay was a promise made to state employees similar to a contract. A comment was made by then-Assemblyman Hardy that state employees should be valued. Senator Horsford noted that the loss of benefits for state workers resulted in a reduction of pay equal to approximately 13 percent.

Mr. Ranft recounted some of the comments made by state employees illustrating their concerns about the loss of benefits:

- The state employee benefits decreased so much that there was little incentive to apply or remain an employee of the state.
- Please vote against the bill. The pay would help Nevada's economy because the state workers support the local businesses. More money for them means more money for the Nevada economy.
- More experience should be rewarded. It encourages the continuance of good work and long-term staying on the job.
- Longevity pay was important for morale, and it was a direct incentive to retain employees.

Mr. Ranft said AFSCME Local 4041 opposed A.B. 436. The bill broke the promise made by legislators to restore longevity pay. He asked that longevity pay be restored until a new system was put in place to reward state employees for their hard work.

Danny L. Thompson, representing the Nevada State AFL-CIO, testified that he agreed with the comments made by the Committee members. He had been involved with the Legislature for many years, and state employees were always the last on the list of priorities. Longevity pay was a mechanism designed to retain state employees. Nevada Highway Patrol officers who attained the Peace Officers' Standards and Training (POST) certification could work for local governments at almost twice their state salary. Mr. Thompson served for 14 years on the Advisory Council to the Division of Industrial Relations (DIR), which oversaw Occupational Safety and Health Administration (OSHA). The state trained OSHA inspectors who could double their salary by leaving state service after they received their OSHA certification.

Mr. Thompson said there should be some mechanism to retain good employees because the state benefits package was not good. Every Governor recognized the problem. He recalled Governor Guinn was excited about hiring a particular agency director, but when Governor Guinn told the individual the salary for the position, the individual got up and left without saying a word. Mr. Thompson said, "you get what you pay for," and the Nevada State AFL-CIO was opposed to A.B. 436.

Stan Olsen, representing the Nevada Association of Public Safety Officers, testified the Association was opposed to A.B. 436. He recalled that many years earlier, he had testified against a bill that specified if a local law enforcement agency hired a state highway patrol officer within the first several years of state employment, the local agency had to repay the state the cost of training the officer. That bill was defeated because if the state paid poorly, the officers would leave to work for a local government anyway in a few years. The next legislative session raised the pay of the highway patrol officers.

Mr. Olsen said he was a lifelong Nevadan, and state employees were some of the lowest-paid public employees and continued to take cuts time after time. He was amazed that state employees still smiled and did their jobs and were happy to work. One state employee cried and another got teary-eyed when they heard that the bill to eliminate longevity pay might be approved. The longevity pay was not a lot of money, but it might allow a state employee to take his family to Disneyland for a weekend.

Michael Sean Giurlani, President, Nevada State Law Enforcement Officers' Association, testified that he agreed with the comments made and opposed the bill. The Association appreciated the support of the Legislature and asked that the bill be opposed.

Patrick T. Sanderson, Chairman, Legislative Committee, Nevada Alliance for Retired Americans, testified that salary cuts resulted from increases in contributions for the Public Employees' Retirement System (PERS) and the Public Employees' Benefits Program (PEBP). Now furloughs would be eliminated plus longevity pay. Experience mattered, and this bill was a slap in the face to state employees. The state had some of the best staff around, but if benefits were eliminated, the state would lose experienced employees because it did not pay well. The state should not be a training ground for local government employees. He asked that the Committee take care of the state employees. He did not care what other states had done, but Nevadans should take care of Nevadans.

Michael Baltz, state employee, read his prepared testimony.

Good morning Chairman Anderson, Vice Chairman Hambrick, and members of the Committee. For the record, my name is Michael Baltz, and although I am currently a 20-year state employee, I am here on my own time, and I am representing myself. My opinions are my own, and not the opinion of any state agency. Thank you for the opportunity to testify in opposition to A.B. 436.

At the start of the great recession, state employees were asked to share in the burden of balancing the state budget. The salaries were frozen, there were no more step increases, and longevity pay was suspended. Shortly thereafter, beginning in state fiscal year (FY) 2010, our wages were reduced by approximately 2.5 percent, and we were required to take 96 hours of furlough and by the end of FY 2015, we will have been subject to 384 hours of furlough, or 9.6 weeks. At the same time, most agencies' staff was reduced, as there were also layoffs and a hiring freeze. While the pay and staffing levels were reduced, we still had to provide valuable, professional, and quality customer service. In essence, the workload increased, while our wages were reduced.

Furthermore, while our wages were reduced by approximately 5 percent due to the pay cut and furlough and our wages were

frozen, the Consumer Price Index has risen by almost 10 percent as cited by the U.S. Bureau of Labor Statistics. In fact, I know some state employees who have worked for the state for six years, and are still making the same salary at which they were hired.

In my 20 years of state service, there have been two cost-of-living increases approved by the Nevada Legislature. Unlike other larger municipal government employees who are accustomed to regular cost-of-living increases, state employees only see a cost-of-living increase when recommended and approved by the Legislature.

Admittedly, step increases were restored for FY 2015, and furloughs are finally ending. Yet state employees' wages lag far behind comparable positions in other large municipal governments, while at the same time, our health insurance premiums and deductibles have increased, and the coverage has decreased.

I, as many other state employees, am not in it for the money. I love what I do and believe in the service my agency provides. I am topped out and will see no increases to my salary unless there is either a cost-of-living increase, I promote out of my agency, or I receive longevity pay.

During testimony in support of Assembly Bill 190, it was stated that one of the benefits for a new defined contribution hybrid retirement plan would be that an employee, once he leaves PERS, would be able to take his retirement savings with him like a 401(k) plan. This testimony further stated that this would potentially help entice Millennials, who generally do not stay with the same employer for long periods unlike previous generations, to positions within the government sector. As such, this infers that there will be lower numbers of state employees who would qualify for longevity pay.

The legislative intent of longevity pay was to encourage continuity of service. Many state employees already feel overworked, underpaid, and undervalued. Passage of the bill would only serve to substantiate those feelings. Thank you again for allowing me the opportunity to provide the testimony. I am happy to answer any questions.

Hearing no further testimony in support of, opposed to, or neutral on the bill, Chair Anderson closed the hearing on A.B. 436 and opened the hearing on Assembly Bill 476.

**Assembly Bill 476: Revises provisions relating to unarmed combat.
(BDR 41-1172)**

Bruce Breslow, Director, Department of Business and Industry, testified that the Nevada Athletic Commission was one of the three cornerstones in which Nevada led the world: gaming, mining, and unarmed combat, as the fight capital of the world. There were 800 more fights and 1,600 more fighters now than there were several years ago. The Nevada Athletic Commission still had the same five employees who worked nights and weekends performing weigh-ins and all other tasks related to the events. The special worldwide events were on television, and the economic benefits, including the number of room nights brought to Las Vegas and other cities, were immeasurable. The Commission sought funding to increase its staff without requesting State General Fund support.

Mr. Breslow suggested an alternative plan that would allow the Nevada Athletic Commission to meet its needs and remain the top world leader in fights, combat, and mixed martial arts (MMA). The General Fund would suffer without those special events. The General Fund received a 6 percent surcharge on each ticket sold, which totaled about \$5 million per year. Mr. Breslow said that funding should be protected.

Mr. Breslow said Assembly Bill 476 would raise the surcharge on tickets from 6 percent to 8 percent, and the 2 percent increase would be used to support the Nevada Athletic Commission and allow it to become self-funded. The General Fund would stay whole and gain additional funds, because the money that currently supported the Commission would remain in the General Fund. The Commission would have the opportunity to fund itself and create a 90-day reserve that would increase, and Mr. Breslow expected the number of special events to increase. The Commission would develop a plan to increase its staff from five to a number necessary to meet the needs. The Commission would bring more world championship fights similar to the Mayweather/Pacquiao fight coming to Las Vegas on May 2, 2015, which would earn more than \$100 million just in television world recognition alone, plus the money from tickets and other sources. The Commission had five employees and needed more staff to manage large events.

Mr. Breslow said a comprehensive drug-testing program for fighters was needed for Nevada to remain the world leader. A couple of promoters paid for drug

testing for key fights. Nevada would need to keep fights fair and honest to meet the demands of the promoters and keep boxing and MMA fights coming to the state.

Mr. Breslow said the intent was to self-fund the Athletic Commission with the 2 percent ticket surcharge to add new employees and develop a plan for a drug-testing program when the reserves grew. The special events were growing and often included multiple events on the same night. Five employees were too few to manage the many events. The duties of the employees included weigh-ins, wrapping the gloves, collecting urine samples, reviewing the contracts, providing training for the officials and judges, matchmaking to ensure fair fights, and licensing the fighters and promoters.

Mr. Breslow said A.B. 476 also mandated that the Governor designate the Chair of the Commission rather than the members electing one of their own. The Commission was a prestigious group, and the members of the Commission would prefer not to elect the Chair.

In response to a question from Assemblywoman Kirkpatrick, Mr. Breslow replied the 6 percent would continue to go to the General Fund and the additional 2 percent would flow directly to the Nevada Athletic Commission. The bill language stated that 8 percent would be collected and one-quarter of that amount, or 2 percent, would fund the Athletic Commission.

Assemblywoman Bustamante Adams asked how much the 2 percent surcharge would generate for the operation of the Athletic Commission.

Lisa Figueroa, Administrative Services Officer, Department of Business and Industry, replied that in FY 2016, the surcharge would generate approximately \$1.4 million, based on fiscal year (FY) 2014 data.

Mr. Breslow explained that using the Commission's projections, \$638,000 would be deposited in the General Fund, assuming the same number of events occurred after the 90-day reserve was established. The Commission would develop a proposal for a drug-testing program and provide actual numbers with a proposal to add additional employees. The General Fund would retain the current 6 percent surcharge, and the General Fund would no longer fund the Athletic Commission.

Assemblywoman Bustamante Adams asked Mr. Breslow to provide the information in written form to allow her to review the numbers. She also questioned whether funds from the 2 percent would pay for the drug-testing program.

Mr. Breslow said the 2 percent ticket surcharge would replace the General Fund money to fund the Nevada Athletic Commission completely and at a higher amount than it had been receiving from the General Fund. The Commission would build a 90-day reserve and present a plan to the Interim Finance Commission for new staff positions and a drug-testing program.

In response to a question from Assemblywoman Bustamante Adams about the use of funds, Mr. Breslow clarified that the 2 percent would cover all expenses of the Commission, including the salaries of the employees, in-state travel, out-of-state travel, equipment, the amateur boxing program, the relocation of the office in Las Vegas, the proposal for a random drug-testing program, and the reserves. He reiterated that the Athletic Commission would be funded from the 2 percent ticket surcharge instead of from the General Fund.

Assemblywoman Titus asked how many special events were held in the state last year and whether the number of events declined because events were held in other locations in the world.

Mr. Breslow replied his intention was to substitute the current General Fund support with the 2 percent surcharge revenue. His proposal would free-up money for the General Fund and would fund the Commission. In the past, a fight card would include 8 fights, but now a fight card included 12 to 16 fights. Larger events needed 12 to 16 referees and 3 judges. The staff needed to review the contracts, training, and licenses for all events. There were now more bouts, even though there were fewer events.

Assemblywoman Titus said she was the medical review officer (MRO) and reviewed all the drug screens for the employers in Lyon County. She wondered why Mr. Breslow suggested changing the drug-screening program to increase the cost, because the Commission did not perform the lab tests, but only collected the samples to be tested. The Commission must pay an MRO to review the drug screens.

Mr. Breslow responded that the drug tests had been a voluntary program used by some promoters.

Francisco V. Aguilar, Chair, Nevada Athletic Commission, Department of Business and Industry, testified that within the last year and a half, the Commission created an out-of-competition, enhanced drug program. The program allowed a collector to go anywhere in the world without notice to collect a sample from a licensee or fighter who might have an upcoming bout. Random testing was the best way to ensure that a fighter was in top shape with no benefit from any illegal substance when he entered the ring.

Unscheduled testing increased the cost, because the collector would travel to wherever the fighter was located to obtain a sample and also obtain a sample from the opponent to maintain fairness. Mr. Aguilar advised that about 1 percent of the fighters tested positive for illegal substances in drug tests performed on fight night. In the out-of-competition enhanced program, about 20 percent of the fighters tested positive for illegal substances.

Assemblyman Sprinkle was curious whether the Commission had discussed A.B. 476 with industry representatives to determine whether the bill would adversely affect future events coming to the state.

Mr. Aguilar responded that he had spoken with a majority of those in the industry, and an overwhelming majority—from the biggest promoters to the smallest promoters—supported the drug-testing program. The Commission held a recent drug panel hearing that lasted about six hours, in which many in the drug-testing industry came forward to testify. At the end of the hearing, one of the smallest promoters said the drug-testing program was an obligation he was willing to accept, realizing the future of the industry.

Assemblyman Sprinkle said he was supportive of the drug-testing program. He wondered whether the additional 2 percent surcharge would deter future events from coming to the state.

Mr. Aguilar replied that he asked promoters whether they would be willing to accept the additional 2 percent surcharge on the ticket price, and most promoters accepted the increase. He continued to hold discussions with every fight promoter, including the MGM Grand, which hosted many special events.

Assemblywoman Kirkpatrick said there had been much discussion about the Commission remaining as professional as possible to ensure that the best fights were held in Nevada. The May 2, 2015, fight generated ten times the normal room rate. The unarmed combat industry was growing as a new form of entertainment, and Nevada was a good place for many events.

Mr. Aguilar replied that the unarmed combat industry had grown quickly, and Nevada worked hard to keep up with the workload. New arenas and stadiums competed to host those events. Nevada was able to retain the biggest and best fights because of the services offered by the Commission. The office was efficient and streamlined and provided quick answers. The Commission gave promoters the best services and officials possible. Mr. Aguilar stated that an investment in additional staff and infrastructure was needed to continue to provide excellent service.

Assemblyman Armstrong asked when A.B. 476 would become effective. He wondered whether the bill would apply to all unsold tickets for future events or just future events that had not released tickets.

Mr. Breslow replied A.B. 476 would become effective for future events. The surcharge was based on the event date. The casinos provided event numbers based on what happened on fight night, including how many pay-per-views were sold on fight night.

Robert Bennett, Executive Director, Nevada Athletic Commission, Department of Business and Industry, testified that the actual numbers came from the date of the fight. The numbers for pay-per-view and ticket sales were computed after the event occurred. Several events might be planned, but they would never come to fruition.

Assemblyman Armstrong asked whether the change in the ticket surcharge would take effect before the May 2, 2015, fight.

Mr. Aguilar replied that he understood that A.B. 476 would not be approved until after the May 2, 2015, fight and would go into effect at the beginning of the new fiscal year on July 1, 2015. The industry would have adequate notice of the 8 percent ticket surcharge.

Assemblyman Armstrong wondered whether there should be an amendment stating that the bill would not be effective until July 1, 2015.

Mr. Breslow asked the staff of the Legislative Counsel Bureau whether a technical adjustment to the bill could be prepared to add an effective date of July 1, 2015.

Chair Anderson said that adjustment would be called an amendment.

Mr. Breslow responded that he wanted to offer a friendly amendment to change the effective date of A.B. 476 to July 1, 2015.

Assemblywoman Bustamante Adams asked whether the Athletic Commission would no longer be dependent on the State General Fund for support as of July 1, 2015.

Mr. Breslow said the Commission needed a three-month advance from the General Fund until sufficient fees were received. The advance from the General Fund would be repaid as the fees flowed into the Commission.

He advised that it typically took several months for the fees to grow sufficiently to sustain an agency.

Assemblywoman Bustamante Adams asked what amount would be required for the three-month advance.

Ms. Figueroa replied that approximately \$150,000 to \$175,000 would be required for three months of expenses for the Commission.

In response to a question from Assemblywoman Carlton about the fees from the May 2, 2015, fight, Mr. Breslow replied that the budget was not based on any fight, and the May 2, 2015, fight was not even scheduled a month ago. The intent of A.B. 476 was not to charge the 8 percent surcharge on tickets for the May 2, 2015, fight, but to change the funding structure of the Commission.

Mr. Breslow said he would calculate the fees earned and provide the information to the Committee later. No tickets would be available to the public for the fight on May 2, 2015. The tickets would be in the hands of hotels, promoters, and television networks, and the ticket prices had recently increased.

Assemblywoman Titus heard the fight advertised on a pay-per-view channel and a price was already set for that. She wondered how the Commission would change the ticket surcharge now.

Mr. Breslow said the price was what a person would pay to buy the fight on his television on pay-per-view and was calculated as a percentage of the funding source. The surcharge per ticket sold was based on a different percentage than the pay-per-view revenue. The May 2, 2015, fight was the richest event in Nevada's history.

Mr. Aguilar reported that in his conversations with MGM Resorts, International and the press, the current gate amount for the May 2, 2015, fight was reported to be about \$70 million. The General Fund would receive 6 percent of that gate amount in addition to the television tax. The difference between the 2 percent and the 8 percent would be a significant amount of money. Assembly Bill 476 had been discussed with industry representatives, but no one was sure about the effective date of the bill. Mr. Aguilar thought it was fair to the event promoters and the hosts that the additional 2 percent surcharge not be charged until after the May 2, 2015, fight.

Hearing no further testimony in support of, opposition to, or neutral on A.B. 476, Chair Anderson closed the hearing on the bill.

Assembly Bill 477: Revises provisions concerning the duties of the Taxicab Administrator. (BDR 58-1192)

Chair Anderson advised that because the Assembly floor session was scheduled to begin immediately, Assembly Bill 477 would be rescheduled.

Chair Anderson opened public comment, and there being no public testimony, he adjourned the meeting at 11:28 a.m.

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means

Date: April 14, 2015

Time of Meeting: 9:09 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 327	C	Assemblyman Elliot T. Anderson	Overview of Veteran Treatment Courts
A.B. 436	D	Jim R. Wells, C.P.A., Interim Director, Department of Administration	Proposed Amendment 6563