

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Eighth Session
May 20, 2015**

The Senate Committee on Finance was called to order by Chair Ben Kieckhefer at 5:04 p.m. on Wednesday, May 20, 2015, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4404B of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Ben Kieckhefer, Chair
Senator Michael Roberson, Vice Chair
Senator Pete Goicoechea
Senator Mark A. Lipparelli
Senator David R. Parks
Senator Joyce Woodhouse

COMMITTEE MEMBERS ABSENT:

Senator Debbie Smith (Excused)

GUEST LEGISLATORS PRESENT:

Senator Tick Segerblom, Senatorial District No. 3

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Emily Cervi, Committee Assistant
Lona Domenici, Committee Manager
Trish O'Flinn, Committee Secretary

OTHERS PRESENT:

Alex Ortiz, Legislative Committee on Child Welfare and Juvenile Justice,
Clark County
Amber Howell, Administrator, Division of Child and Family Services, Department
of Health and Human Services
Crystal Abba, Vice Chancellor, Academic and Student Affairs, Nevada System
of Higher Education
Grant Hewitt, Chief of Staff, Office of the State Treasurer
Kyle Dalpe, Associate Dean, Chief of Staff, Truckee Meadows Community
College
Luis Valera, Interim Vice President of Diversity Initiatives and Government
Affairs, University of Nevada, Las Vegas
James Campos, Nevada State College
Michael Flores, College of Southern Nevada
Umram Osambela, Nevada Student Alliance
Laura Freed, Deputy Administrator of Regulatory and Planning Services, Division
of Public and Behavioral Health, Department of Health and Human
Services
Joe Iser, M.D., Chief Health Officer, Southern Nevada Health District

Chair Kieckhefer:

We will start with Senate Bill (S.B.) 107.

SENATE BILL 107: Provides for the award of a categorical grant to agencies
which provide child welfare services for providing certain services.
(BDR 38-194)

This bill is subject-matter relevant, but it differs from the way the budget for
specialized foster care was closed.

**Alex Ortiz (Legislative Committee on Child Welfare and Juvenile Justice,
Clark County):**

This bill addresses critical issues facing the child welfare system relating to
therapeutic or specialized foster care and voluntary court youth. Clark County
has been investigating ways to improve services for the more than 350 children
and youth placed in therapeutic foster care since 2009. Assembly Bill (A.B.)
No. 580 of the 76th Session granted the State Department of Health and
Human Services (DHHS) the ability to implement a pilot project for therapeutic

foster care and authorized funding flexibility between Medicaid and child welfare budget accounts. In 2012, Clark County implemented the changes to the therapeutic foster care arena for a small number of youth and began tracking program outcomes. Funding for this program has been continued, and Governor Brian Sandoval's Executive Budget for the 2015-2017 biennium provided an enhancement for the Clark County block grant to include ongoing funding for the expansion of the pilot program started in 2012.

HUMAN SERVICES

CHILD AND FAMILY SERVICES

HHS-DCFS - Clark County Child Welfare — Budget Page DHHS-DCFS-48
(Volume II)
Budget Account 101-3142

E-226 Efficient and Responsive State Government — Page DHHS-DCFS-49

Chair Kieckhefer:

The Senate Committee on Finance approved decision unit E-226 of budget account (B/A) 101-3142 as a component of the block grant with enhanced revenue. The request in S.B. 107 is for categorical funding rather than a block grant. Can you provide more detail about sections 5 and 6 that refer to the youth who have aged out of the system, but opt to remain under the jurisdiction of a court?

Mr. Ortiz:

The 2011 Legislature modified *Nevada Revised Statutes* 432B creating a program for youth to voluntarily remain under court jurisdiction until 21 years of age. Implementation of this program was completed during the initial year of the Child Welfare block grant, however, this program was never part of the block grant development. Testimony during the 2011 Legislative Session reflected that the impact to the budget would be minimal to include no more than 80 children in Clark County, 30 children in Washoe County and fewer in the rural counties. To date, those estimates have not held true. There are significantly more children participating in the program than anticipated. In calendar year 2014, Clark County provided services to 349 children and expended more than \$2.5 million on this program. Expenses for fiscal year (FY) 2015 for this program are projected to total approximately 10 percent

more than a county base block grant amount. All expenses related to this program are 100 percent General Fund with no federal match as the program does not align with federal requirements.

Chair Kieckhefer:

Are you suggesting this population was initially identified to be funded categorically? The population was identified as part of the creation of the block grant program, but it was expected to be a small number of youth.

Mr. Ortiz:

It is different. The block grant was being developed at the same time, but this program was not included within that structure. The block grant budget was developed based on prior biennia budgets which did not have this program.

Chair Kieckhefer:

There was no effort to create a new categorical expenditure due to the low participation projected.

Mr. Ortiz:

Yes, that is correct.

Chair Kieckhefer:

Where was the funding supposed to come from?

Mr. Ortiz:

I believe the funding was supposed to come from the block grant.

Chair Kieckhefer:

I am sympathetic to the fact that Clark County is spending a significant amount of money from their block grant. An amendment is being considered to help address that. Is there additional testimony in support of S.B. 107? Is there any testimony in opposition to S.B. 107?

Amber Howell (Administrator, Division of Child and Family Services, Department of Health and Human Services):

As written, DHHS' Division of Child and Family Services (DCFS) is opposed to S.B. 107. To address the opposition, DCFS proposes to change two things with an amendment as shown in the document "Division of Child and Family Services Proposed Amendment SB 107" ([Exhibit C](#)). First, the amendment would strike

the language creating a categorical grant for the court jurisdiction youth and the specialized foster care program; second, it aligns the specialized foster care program language to mirror the DCFS budget for the 2015-2017 biennium that was previously approved.

Until 2001, Clark and Washoe Counties were responsible for front-end abuse and neglect reports and the possible removal of children. Once the children were removed, the State DCFS assumed responsibility. That structure was changed in 2001 so that all three child welfare agencies became responsible for the entire life of the case. The change in the State's financial structure did not occur until 2011. Each biennium since 2011, the child welfare agencies received funding in three specific ways: block grants, adoptions and an incentive program for which the counties could apply for additional funds. The block grant to Washoe County is approximately \$15 million per year and for Clark County it is approximately \$45 million per year. When the block grant amount was discussed during the 2011 Session, the intent was to limit the State's continued liability for funding the child welfare agencies and to grant flexibility to the agencies. The State's contribution of county funding increased 70 percent from 2005 to 2011.

The DCFS' concerns regarding S.B. 107 are as follows:

- The bill is contrary to the block grant and the flexibility the counties have with their funding.
- The bill is in conflict with the Executive Budget.
- Specific populations would be isolated outside of the allocated block grant amounts and State General Fund appropriations would increase in response to rising caseloads, while allowing the counties the flexibility to retain all funds.

In 2011, the counties chose the block grant rather than caseload-driven funding. The 2015-2017 biennium DCFS budget has been approved with enhancements to the block grant for the specialized foster care program. The Division requests that if the categorical grants are approved in S.B. 107, the urban counties lose the funding flexibility associated with the block grants and unspent money per caseload should revert to the General Fund. This is similar to the funding structure of DCFS child welfare. Although Clark County has had an increase in the voluntary court jurisdiction caseload, they have had a decrease in their overall foster care population. This illustrates the benefit of the block grant

concept. The county has the flexibility to allocate funds to the program or programs most in need.

The DCFS proposed amendment would do six things:

- Require that child welfare agencies administer a specialized foster care program.
- Require that money allocated during the budgeting process for the specialized foster care program is spent only on that purpose, and that the child welfare agencies prepare an annual report documenting what the money was spent on.
- Require that the local child welfare agencies only place children in the specialized foster care program if they meet the new criteria, which will be defined in statute.
- Require the Division to monitor and verify compliance with the target population and admission criteria.
- Require the Division to evaluate all local child welfare agency specialized foster care programs, and for the local child welfare agency to provide any and all information for the Division to complete the evaluation.
- Require the Division to prepare an annual report for the Governor and the Legislature.

Chair Kieckhefer:

Section 3, subsection 1, paragraph (c) of the proposed amendment discusses a reduction and reversion of block grant amounts. The approval of the enhanced block grant amount was predicated on ensuring the funds were spent on the specialized foster care youth. Is that language consistent with the block grant concept? Would it be possible to monitor the expenditures without reverting funds with the understanding there will be consequences going forward?

Ms. Howell:

The counties would have the flexibility to fund specialized foster care through the block grant, but through the evaluation of the process DCFS could require corrective action. There would not be any reversion of the General Fund currently in the block grant.

Chair Kieckhefer:

Mr. Ortiz, have you seen the amendment?

Mr. Ortiz:

I have not seen the amendment, but I will look at it and work with the State.

Chair Kieckhefer:

Is there any neutral testimony on S.B. 107? We will close the hearing on S.B. 107. We will open the work session with S.B. 99.

SENATE BILL 99 (1st Reprint): Revising provisions governing registration and community notification of sex offenders and offenders convicted of a crime against a child. (BDR 14-134)

Alex Haartz (Principal Deputy Fiscal Analyst):

This bill revises existing language to clarify and provide flexibility to juvenile offenders who would otherwise be treated as adults under the existing statute. The Department of Corrections has removed their fiscal note. There was no testimony in opposition or neutral, only testimony in support. The bill would be effective October 1, 2015.

SENATOR ROBERSON MOVED TO DO PASS AS AMENDED S.B. 99.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

The next item is S.B. 227.

SENATE BILL 227 (1st Reprint): Creates the Silver State Opportunity Grant Program. (BDR 34-216)

Mark Krmpotic (Senate Fiscal Analyst):

Section 3 of S.B. 227 creates the Silver State Opportunity Grant Program to be administered by the Nevada System of Higher Education (NSHE) Board of Regents. Section 9 appropriates \$5 million in each year of the biennium from the General Fund. These appropriations are not in the Executive Budget and are not accounted for in the General Fund balance sheets. If appropriations are made, a budget account should be established in the Appropriations Act. Fiscal

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staff recommends the Committee consider this bill favorably, but that sections 9 and 10 be removed.

SENATOR WOODHOUSE MOVED TO AMEND S.B. 227 BY REMOVING SECTIONS 9 AND 10 AND TO DO PASS AS AMENDED.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

The next item is S.B. 253.

SENATE BILL 253 (1st Reprint): Enacts provisions governing the sale of guaranteed asset protection waivers. (BDR 57-795)

Mr. Krmpotic:

Senate Bill 253 provides the guaranteed asset protection gap waivers are exempt from provisions of the Nevada insurance code except those provisions that give the Commissioner of Insurance the authority to regulate and conduct investigations and hearings on violations of law. The bill authorizes a creditor to sell a gap waiver to a borrower who owes, or expects to owe, money to the creditor due to a mortgage vehicle finance agreement. The cost of the gap waiver must be separately stated as part of the amount financed and must not be considered a finance charge or interest. The bill is effective upon passage and approval. The Division of Insurance submitted a revised fiscal note that has been revised downward to just under \$10,000 each year of the biennium.

SENATOR ROBERSON MOVED TO DO PASS AS AMENDED S.B. 253.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS PARKS AND WOODHOUSE VOTED NO.)

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Chair Kieckhefer:

The next item is S.B. 412.

SENATE BILL 412: Provides for a credit against taxes imposed on certain employers that make a matching contribution to certain college savings plans. (BDR 32-1033)

Mr. Krmpotic:

This bill provides for a credit against taxes imposed on certain employers who make a matching contribution to certain college savings plans. The matching contribution is limited to \$500 per contributing employee per year. The Department of Taxation submitted a fiscal note in the amount of \$26,770 for FY 2016 for contract and personnel programming costs. A portion of the Department of Taxation's fiscal note would be a decrease in General Fund revenue, but the amount was not determined.

Chair Kieckhefer:

This is a new concept and it is appropriate to consider adding this to the incentives for college savings.

SENATOR LIPPARELLI MOVED TO DO PASS S.B. 412.

SENATOR GOICOCHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

The next item is S.B. 414.

SENATE BILL 414 (1st Reprint): Encourages the Board of Regents of the University of Nevada to enter into a reciprocal agreement with the State of California to authorize waivers of nonresident tuition to certain residents of the Lake Tahoe Basin. (BDR S-993)

Mr. Krmpotic:

The bill does not have a fiscal note as it does not place any requirements on the Board. Fiscal staff was initially concerned about the potential impact of the

higher education funding formula as a result of accepting out-of-state students and particularly the cost to Western Nevada College (WNC). But, as the language "requests" rather than "requires," that is no longer a concern.

SENATOR GOICOECHEA MOVED TO DO PASS S.B. 414 AS AMENDED.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

We will return to the top of the agenda and S.B. 128.

SENATE BILL 128 (1st Reprint): Revises provisions relating to the Governor Guinn Millennium Scholarship. (BDR 34-96)

Senator Joyce Woodhouse (Senatorial District No. 5):

This bill revises provisions related to the Governor Guinn Millennium Scholarship program. During the past interim, I served as chair of the Legislative Committee on Education. One of the many topics discussed was college completion, particularly, how can public policy better support the common goal of moving students through a postsecondary education program to a degree or certificate. The Committee received a recommendation from NSHE to increase the number of credits that a Millennium scholar must enroll in as well as the number of credits funded. Nevada must move forward in its efforts to encourage students to complete their studies. A recent study of nearly 700,000 students enrolled in community college in 2008 found that those students who enrolled full-time every semester had a 62 percent completion rate. Those students with a mix of full-time and part-time enrollment had a completion rate of 37 percent. Those students who enrolled part-time every semester had a completion rate of only 12 percent.

Senate Bill 128 only applies to the Governor Guinn Millennium Scholarship program. The cadre of students it targets are those graduating from high school and moving directly to higher education institutions. These are traditional students. The NSHE indicates that more than half of the Millennium Scholarship students are enrolled full-time. The bill proposes to increase the minimum

number of credits a Millennium Scholar attending a community college must take from 6 to 9. Further, S.B. 128 increases from 12 to 15 the maximum number of credits that may be funded with the Millennium scholarship for university students. However, the maximum cumulative scholarship still remains at \$10,000. Getting students into college is not enough; students must graduate with a credential or a diploma.

Crystal Abba (Vice Chancellor, Academic and Student Affairs, Nevada System of Higher Education):

This is one of the key policy levers recommended by Complete College America. The NSHE has implemented a “15 to Finish” campaign which is an enrollment intensity and student achievement campaign. The first semester the impact was measured was fall 2014. The data included on the document titled “Governor Guinn Millennium Scholarship Data Sheet” ([Exhibit D](#)) can be summarized in one statement: Students who take more credits are more likely to graduate and have a higher grade point average (GPA). The student data from the first semester of the “15 to Finish” campaign was startling. Students at WNC enrolled in 12 to 15 credits had a 2.5 GPA; those enrolled in 15 or more credits had a 2.8 GPA. For students at the College of Southern Nevada (CSN), the comparison was a 2.5 GPA to a 2.75 GPA. The persistence rates showed a similar increase. At WNC, the persistence rate for students taking 12 to 15 credits was 78.6 percent, compared to 83 percent for those taking 15 or more credits. The challenge is that the Millennium Scholarship only funds 12 credits a semester.

Chair Kieckhefer:

Will the changes proposed in S.B. 128 require the student to take a minimum of three courses and fund up to five courses a semester?

Ms. Abba:

The Millennium Scholarship has a lifetime limitation of \$10,000. Enrolling in the maximum 12 credits a semester, not including summer school, it will require 6 years to graduate and the cost at the universities will total \$9,600. Increasing the maximum to 15 credits a semester will allow the student to graduate in 4 years at the same cost. With respect to the minimum course load at the universities, a student must be enrolled in 12 credits; at the community colleges, it is 6 credits. Initially, the proposal was to increase the community college minimum to 12 credits; however, the compromise of a 9 credit minimum is probably wise. The NSHE fiscal note estimated a \$6.5 million price tag. This

was based on the number of Millennium Scholars in 1 year multiplied by the cost of 15 credits. The estimate is liberal. That figure was validated by the previous State Treasurer.

Senator Lipparelli:

In a previous hearing, a presentation of the cost to the State of students who attend community colleges without graduating was staggering.

Ms. Abba:

The NSHE tracked the fall 2007 cohort over 7 years. Those students, across all institutions, who did not graduate availed themselves of approximately \$40 million in financial aid. This is all forms of financial aid including student loans and Pell Grants as well as the Millennium Scholarship. The number of students who did not graduate was about 6,900. Approximately 2,500 students of the 2007 cohort did graduate. They received \$48 million in financial aid. A large amount of money is being invested in students who do not graduate. We do not have control over federal financial aid programs, but we do have control over the administration of the Millennium Scholarship. Consideration of the likelihood of graduation and creating policies that encourage graduation is a service to the students and the State.

Senator Goicoechea:

Did those 6,900 students at least receive a certificate?

Ms. Abba:

No, they received nothing.

Chair Kieckhefer:

Where does the \$6.5 million come from?

Ms. Abba:

It would come from the Millennium Scholarship Trust Fund, not the General Fund.

Chair Kieckhefer:

Can you fund it?

Ms. Abba:

Yes.

Chair Kieckhefer:

I do assume that if the money is spent more quickly, it will impact the solvency more quickly.

Grant Hewitt (Chief of Staff, Office of the State Treasurer):

The \$6.5 million does sound fairly accurate. The Millennium Scholarship Trust Fund is solvent through FY 2021. If S.B. 128 is passed and many students take advantage of the possibility of higher per-semester funding, the Trust Fund will start experiencing problems in FY 2018. We support the policy; we just need permanent funding for the Millennium Scholarship.

Chair Kieckhefer:

Is there anyone here to testify in support of S.B. 128?

Kyle Dalpe (Associate Dean, Chief of Staff, Truckee Meadows Community College):

Community colleges are concerned with access and success. Many of our students are different from traditional 4-year institution students, but the recent high school graduates who are Millennium scholars are these traditional students. One similarity among all college students is the more credits in which they enroll, the more likely they are to complete those classes, the more likely they are to enroll in classes the next semester and the more likely they are to graduate. We support S.B. 128.

Luis Valera (Interim Vice President of Diversity Initiatives and Government Affairs, University of Nevada, Las Vegas):

I would like to echo the comments of my colleagues; the University of Nevada Las Vegas supports S.B. 128. Scholarships like these are not merely about changing individual lives, but about changing family trees.

James Campos (Nevada State College):

Nevada State College supports S.B. 128.

Michael Flores (College of Southern Nevada):

The CSN supports S.B. 128.

Umram Osambela (Nevada Student Alliance):

The Nevada Student Alliance supports S.B. 128.

Chair Kieckhefer:

Is there any further testimony in support of S.B. 128? Is there anyone here to testify in opposition to S.B. 128? Is there any neutral testimony?

Senator Woodhouse:

The State Treasurer did communicate regarding the issue of the solvency of the Millennium Scholarship Trust Fund. It is important to support our students in their efforts to obtain certificates and diplomas. It is also incumbent on the legislators and policy makers to find a way to provide additional funding for the Governor Guinn Millennium Scholarship.

Chair Kieckhefer:

We will close the hearing on S.B. 128. We will open the hearing on S.B. 189.

SENATE BILL 189 (1st Reprint): Makes various changes concerning the collection of information relating to the treatment of trauma. (BDR 40-95)

Senator Joyce Woodhouse (Senatorial District No. 5):

Currently, each hospital in Nevada is required to record and maintain information on the treatment of trauma in the hospital. Additionally, regulations require the DHHS' Division of Public and Behavioral Health (DPBH) to develop and maintain a standardized system for the collection of trauma information from hospitals. The Nevada Trauma Registry was established in 1987, however, little or no funding has been provided for its support. The data collected through the Registry is beneficial for defining the impact of specific injuries on vulnerable groups within our communities. As policy makers, we benefit from accurate, timely and reliable information when making choices about policies and programs that help reduce the risk of injuries in Nevada. This bill was significantly amended in the Senate Committee on Health and Human Services. Strong testimony was proffered regarding the impossibility of collecting accurate data in the Registry due to outdated computer software. Therefore, it was determined to refer S.B. 189 to the Senate Committee on Finance for approval of the needed version 5 software and possible staff support.

There are three alternatives listed in the document headed, "S.B. 189 Makes various changes concerning the collection of information relating to the treatment of trauma" ([Exhibit E](#)). The first option is to purchase the updated software and fund two full-time equivalent (FTE) positions for a total of \$271,882 over the biennium. The second option is to purchase the updated

software and fund one FTE for a total of \$172,685 over the biennium. Option three is to purchase the updated software for a total of \$58,000 over the biennium.

Chair Kieckhefer:

Does the amended language and the removal of sections 4, 5 and 6 relieve the majority of the fiscal note?

Laura Freed (Deputy Administrator of Regulatory and Planning Services, Division of Public and Behavioral Health, Department of Health and Human Services):

Yes, it does. The DPBH has a substandard Registry that is often broken.

Chair Kieckhefer:

Is the cost of the software the same?

Ms. Freed:

Yes, it is \$58,000 over the biennium.

Chair Kieckhefer:

Is there an ongoing cost associated with it?

Ms. Freed:

Yes, there is maintenance and hosting. The Division currently has information technology (IT) staff maintaining the system. It has been problematic for the IT staff; the trauma system has been offline for the last 2 weeks.

Chair Kieckhefer:

Is the software upgrade any good without the FTEs?

Ms. Freed:

The DPBH would gratefully accept any one-shot appropriation related to the Trauma Registry system without the FTEs.

Chair Kieckhefer:

Would you be able to fulfill the mission to collect trauma data with the software only?

Ms. Freed:

Yes. It would eliminate significant difficulties to have the upgraded software.

Chair Kieckhefer:

What would the FTEs do?

Ms. Freed:

The health program specialist would be focused on finding trends in trauma from the data submitted by the hospitals and thus determine what kinds of public health efforts would be needed to reduce the incidence of trauma.

Chair Kieckhefer:

Are these FTEs the analysts who evaluate the data?

Ms. Freed:

Yes, but other staff could add it to their existing workload as they have been doing.

Chair Kieckhefer:

Is there any further testimony in favor of S.B. 189?

Joe Iser, M.D. (Chief Health Officer, Southern Nevada Health District):

This is vitally important to Nevada and the emergency medical services and trauma systems to have a full and functioning trauma registry. We support S.B. 189.

Chair Kieckhefer:

Is there any additional testimony in support? Is there any testimony in opposition to S.B. 189? Is there any neutral testimony? We will close the hearing on S.B. 189.

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Chair Kieckhefer:

The meeting is open for public comment. Seeing none, the meeting is adjourned at 5:59 p.m.

RESPECTFULLY SUBMITTED:

Trish O'Flinn,
Committee Secretary

APPROVED BY:

Senator Ben Kieckhefer, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
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	B	4		Attendance Roster
S.B. 107	C	3	Amber Howell, DCFS, DHHS	Division of Child and Family Services Proposed Amendment S.B. 107
S.B. 107	D	2	Crystal Abba, Vice- Chancellor, NSHE	Governor Guinn Millennium Scholarship Data Sheet
S.B. 189	E	4	Senator Joyce Woodhouse	Options for S.B. 189