

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Eighth Session  
May 25, 2015**

The Senate Committee on Finance was called to order by Chair Ben Kieckhefer at 10:03 a.m. on Monday, May 25, 2015, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E 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 Moises (Mo) Denis, Senatorial District No. 2

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Karen Hoppe, Senior Program Analyst  
Adam Drost, Program Analyst  
Julie Waller, Senior Program Analyst  
Lona Domenici, Committee Manager  
Emily Cervi, Committee Assistant  
Jeanne Harrington-Lloyd, Committee Secretary

**OTHERS PRESENT:**

Ruben Murillo, President, Nevada State Education Association  
Lindsay Anderson, Washoe County School District  
Nicole Rourke, Clark County School District  
Mary Pierczynski, Nevada Association of School Superintendents  
Lauren Hulse, Executive Director, Charter School Association of Nevada  
Jessica Ferrato, Nevada Association of School Boards

**Chair Kieckhefer:**

We will convene as the whole committee once there is a quorum, but we will proceed with the hearing on Senate Bill (S.B.) 133 while we wait.

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

**Senator Michael Roberson (Senatorial District No. 20):**

In my conversations with teachers, I have found these professionals are dedicated to their students' success. This dedication often includes paying for needed school supplies at their own expense. In response to this situation, S.B. 133 provides for reimbursement for the out-of-pocket costs incurred by teachers to pay for school supplies. The bill was amended by the Senate Committee on Education to include charter schools. The provisions of the bill are as follows:

- Section 2 specifies that only those teachers who devote a majority of their time to providing direct instruction may benefit from this program. Substitute teachers are excluded.
- Section 3 creates the Teachers' School Supplies Reimbursement Account within the State General Fund.
- Section 7 appropriates \$2.5 million in each year of the biennium to this account.
- Section 6 allows persons who recover unclaimed property of \$500 or less to donate those funds to the Teachers' School Supplies Reimbursement Account.
- The Account is also authorized to accept other gifts, grants and donations.

- Any funds remaining in the account at the end of each fiscal year are balanced forward and do not revert to the General Fund.
- Section 4 provides that the State Department of Education (NDE) will determine the amount of money available each year and will distribute it to each school district or charter school based on the number of classroom teachers employed.
- The NDE will also establish the amount of reimbursement permitted up to a maximum of \$250 per fiscal year for each teacher.
- The school districts and charter schools will establish a special revenue fund to be used for reimbursing teachers for the purchase of school supplies to the extent the money is available, but not to exceed the amount established by the NDE.
- The money in these special revenue funds may not be used to pay administrative costs. Money remaining at the end of the year reverts to the Teachers' School Supplies Reimbursement Account.
- Section 5 provides that the school districts and charter schools will determine how to distribute the money to their teachers, including whether or not to require teachers to submit claims for reimbursement. However, teachers who receive reimbursement must submit receipts for school supplies purchased with the money. The principal of the school must retain, and make available for inspection, these receipts through the end of the following fiscal year.
- A school district's board of trustees may seek the assistance of the local teachers' union in administering the reimbursement process, but the organization cannot be compensated for its administrative costs.

There have been many anecdotal accounts of teachers spending much more than \$250 of their own money for school supplies. An indirect benefit of S.B. 133 will be to provide insight regarding the scope of this issue. There will be a mechanism in place to identify the resources that are needed, but not provided. Additionally, by examining the number of claims, data about the scale of the problem throughout the State will be gathered.

**Chair Kieckhefer:**

Let the record reflect that there is a quorum of the Senate Committee on Finance. Do you have an estimate of how many teachers this would cover? Would it cover all licensed teachers in the State?

**Senator Roberson:**

I do not have that information. There may be someone here from the school districts who does.

**Chair Kieckhefer:**

Is there any testimony in support of S.B. 133?

**Ruben Murillo (President, Nevada State Education Association):**

It is important that our teachers know they are supported in their education delivery, as well as the resources brought to the classroom. When I began teaching, my starting salary was \$17,500 a year. I entered a classroom with bare walls and no resources for the special education class I was hired to teach. That is when I started using the funds from my second job working in retail to purchase pencils, paper and instructional materials for my students. Teachers spend approximately \$1,000 each year for classroom supplies. That equates to an estimated \$26 million in Nevada. Additionally, paraprofessionals spend up to \$215 a year. This bill can help address the teacher shortage in Nevada by helping defray the out-of-pocket costs incurred by teachers and highlighting the State's commitment to teachers and education. We support S.B. 133.

**Chair Kieckhefer:**

Do you know how many classroom teachers there are currently in Nevada?

**Mr. Murillo:**

There are roughly 26,000 classroom teachers in the State.

**Lindsay Anderson (Washoe County School District):**

We support S.B. 133. The Washoe County School District had a similar program several years ago. The hope is we will be able to return to the same process used before. We did submit a fiscal note for the administrative costs. Although we understand that funds set aside for this program cannot be used for administrative costs, there will be a fiscal impact. There are approximately 4,000 licensed teachers in Washoe County; I am not sure if they are all classroom teachers, or if that includes substitute teachers as well. If all

4,000 teachers received the reimbursement, it would cost the State \$1 million in Washoe County alone.

**Nicole Rourke (Clark County School District):**

We support S.B. 133. We ran a program in 2006 for teachers in the Clark County School District (CCSD). The CCSD distributed debit cards to teachers who kept their receipts for auditing purposes. Due to budget reductions in subsequent years, the program was discontinued. The amendment to include the debit card option is appreciated as that will greatly reduce the administrative cost of the program.

**Chair Kieckhefer:**

Would you anticipate ensuring an amount would be available for every classroom teacher? Would you consider reducing the \$250 annual total so all teachers could receive some money?

**Ms. Rourke:**

Given the number of teachers in the CCSD, the annual total will probably not be \$250, but the goal is to expend the money as efficiently as possible.

**Mary Pierczynski (Nevada Association of School Superintendents):**

We support S.B. 133. We appreciate the flexibility that allows the individual districts the ability to determine how the money will be disbursed. It will also be beneficial to find out how much is being spent by classroom teachers and what they are purchasing for their students.

**Lauren Hulse (Executive Director, Charter School Association of Nevada):**

We support S.B. 133.

**Jessica Ferrato (Nevada Association of School Boards):**

We support S.B. 133.

**Chair Kieckhefer:**

Is there any testimony in opposition to S.B. 133? Is there any neutral testimony? Seeing none, we will close the hearing on S.B. 133.

We will open the work session segment of the agenda. Senate Bill 302 will be taken off the agenda to address some outstanding issues.

**SENATE BILL 302 (1st Reprint)**: Establishes a program by which a child who receives instruction from a certain entity rather than from a public school may receive a grant of money in an amount equal to a certain percentage of the per-pupil amount apportioned to the resident school district of the child. (BDR 34-567)

We will start with 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)

**Karen Hoppe (Senior Program Analyst):**

Senate Bill 107 was heard by this Committee last Wednesday, May 20. As introduced, the bill requests categorical grant funding for child welfare agencies for providing specialized foster care services and court jurisdiction services. However, Fiscal staff notes that when the money committees acted on the Department of Health and Human Services' (DHHS) Division of Child and Family Services (DCFS) budgets on April 30 and May 13, these budgets were closed contrary to S.B. 107 due to the use of a block grant structure for specialized foster care.

HUMAN SERVICES

CHILD AND FAMILY SERVICES

HHS-DCFS - Washoe County Child Welfare — Budget Page DHHS-DCFS-45  
(Volume II)

Budget Account 101-3141

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

Budget Account 101-3142

HHS-DCFS - Rural Child Welfare — Budget Page DHHS-DCFS-51 (Volume II)  
Budget Account 101-3229

When S.B. 107 was heard last Wednesday, DCFS proposed an amendment to delete the requirement for the State to issue categorical grants to the local child

welfare agencies for the court jurisdiction youth and specialized foster care program. Instead, requirements for reporting and standards regarding the specialized foster care program would be created. The text of this amendment can be found in the document titled "Division of Child and Family Services Proposed Amendment SB 107" ([Exhibit C](#)). Some of the major points of the amendment are:

- Require that the child welfare agencies administer the specialized foster care program.
- Require money allocated during the budgeting process for specialized foster care is spent only for that purpose.
- Require child welfare agencies to prepare a report documenting how money for specialized foster care programs is spent.
- Require local child welfare agencies only place children in the specialized foster care program if they meet specific criteria.
- Require DCFS to monitor and verify compliance with the target population and admission criteria.
- Require DCFS to evaluate all local child welfare agencies specialized foster care programs.
- Require DCFS to prepare an annual report for the Governor and the Legislature.

Fiscal staff suggests some minor changes to the amendment. The report each child welfare agency is required to submit to DCFS in section 3, subsection 1, paragraph (b) of the amendment, page 2 of [Exhibit C](#), should also be submitted to the Fiscal Analysis Division of the Legislative Counsel Bureau (LCB). Additionally, Fiscal staff suggests removing section 3, subsection 1, paragraph (c) wherein monies not expended for specialized foster care services revert to the State as it is contrary to the block grant concept.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS S.B. 107 WITH THE AMENDMENT PROPOSED BY DCFS WITH THE ADDITIONAL AMENDMENT TO SECTION 3, SUBSECTION 1, PARAGRAPH (B) TO ADD THE FISCAL ANALYSIS DIVISION OF LCB TO RECEIVE THE REPORT AND TO STRIKE PARAGRAPH (C) OF SECTION 3, SUBSECTION 1.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

We will move to S.B. 488.

**SENATE BILL 488 (1st Reprint):** Authorizes the State Department of Agriculture to establish a program for the registration of veterinary biologic products sold in Nevada. (BDR 50-1164)

**Mark Krmpotic (Senate Fiscal Analyst):**

I will refer to the "Mock-Up of Proposed Amendment 7617 to Senate Bill No. 488 First Reprint" ([Exhibit D](#)). The mock-up includes the language of S.B. 495 that was not passed by the Assembly.

**SENATE BILL 495 (1st Reprint):** Revises provisions relating to commercial animal feed. (BDR 51-1165)

Page 7 of [Exhibit D](#), section 34 of the amendment, which provides for a quarterly fee by regulation, is not included in the Department of Agriculture budget. In addition, section 35, page 8 of [Exhibit D](#), states "All fees received pursuant to sections 29 and 34 of this act must be deposited in the Commercial Feed Account, which is hereby created in the State General Fund." The budget was closed with the direction for these fees to be deposited into the Livestock Inspection Account.

COMMERCE AND INDUSTRY

AGRICULTURE

AGRI - Livestock Inspection — Budget Page AGRICULTURE-50 (Volume I)  
Budget Account 101-4546

Staff has no other items to point out to the Committee.

SENATOR GOICOECHEA MOVED TO AMEND AND DO PASS S.B. 488  
WITH PROPOSED AMENDMENT NO. 7617.



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SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

The next item is S.B. 489.

**SENATE BILL 489:** Provides for the regulation of peer support recovery organizations. (BDR 40-1191)

**Alex Haartz (Principal Deputy Fiscal Analyst):**

Senate Bill 489 proposes to create a new licensure category within the DHHS Division of Public and Behavioral Health (DPBH). It will create regulations for peer support recovery organizations so these types of providers will be eligible for Medicaid reimbursement. There is an existing Medicaid provider type for this service. Fiscal staff notes this is a budget implementation bill.

PUBLIC AND BEHAVIORAL HEALTH

HHS-DPBH - Health Facilities Hospital Licensing — Budget Page DHHS - PUBLIC  
HEALTH-69 (Volume II)  
Budget Account 101-3216

E-230 Efficient and Responsive State Government — Page DHHS - DPBH-75

The Agency has been working with providers and the advocacy community to create a regulatory process amenable to all parties.

SENATOR ROBERSON MOVED TO DO PASS S.B. 489.

SENATOR GOICOECHEA SECONDED THE MOTION.

**Chair Kieckhefer:**

I have concerns that this will become a new provider type that will grow and groups like Alcoholics Anonymous will bill Medicaid for their meetings.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

The next item is S.B. 502.

**SENATE BILL 502 (1st Reprint)**: Makes an appropriation to the Department of Motor Vehicles for the modernization of its current platform of information technology and authorizes the Department to collect a technology fee. (BDR 43-1177)

**Mr. Krmpotic:**

Senate Bill 502 is a budget implementation bill for the Department of Motor Vehicles (DMV). It creates a revolving account for system modernization within the Motor Vehicle Fund to pay for the implementation, upgrade and maintenance for a platform of information technology (IT) by the DMV. The account also receives a new technology fee of \$1 to be added to any existing fees for transactions performed by the DMV for which a fee is charged. This fee is meant to offset the cost of the system modernization. The bill attempts to exclude monies appropriated from the Highway Fund for the maintenance, upgrade and implementation of the system from the cost of administration in section 2, subsection 6 and section 5. The LCB Legal Division has stated this is not possible while remaining in conformance with the Nevada Constitution. Section 6 of the bill appropriates approximately \$40 million for the system modernization effort.

The DMV requested the exclusion of the system modernization from the costs of administration because the Department is subject to a 22 percent cap, referenced in section 5, subsection 4. With the inclusion of system modernization costs in the budget, the DMV cannot adhere to the 22 percent cap. Currently, the Government Services Tax commissions and penalties (GST), which had traditionally been deposited into the DMV budgets to fund the Field Services and Motor Carrier accounts, have been redirected to the General Fund since the 2011 Legislature. Redirection of the GST requires additional Highway Fund appropriations for these two accounts.

PUBLIC SAFETY

MOTOR VEHICLES

DMV - Field Services — Budget Page DMV-96 (Volume III)  
Budget Account 201-4735

DMV - Motor Carrier — Budget Page DMV-103 (Volume III)  
Budget Account 201-4717

The budgets for the DMV were closed with the majority of the system modernization costs included in a new budget account. The portion of the costs reflecting payments to a contractor were placed in the contingency account for access by the DMV once responses to a request for proposal (RFP) are received and costs can be substantiated.

DMV - System Modernization — Budget Page DMV-17 (Volume III)  
Budget Account 201-4716

Fiscal staff recommends the following changes to S.B. 502:

- Delete section 2 including the revolving account for system modernization.
- Rephrase the last sentence of section 3 to read, "The technology fee must be used to pay the expenses involved with implementing, upgrading and maintaining the platform of technology used by the DMV."
- Direct the GST Commissions and penalties to the DMV budget accounts. and increase the administrative cap to 27 percent through June 30, 2020
- Remove the appropriation in section 6.

**Chair Kieckhefer:**

What is the amount of the GST that will be directed back to the Highway Fund from the General Fund?

**Mr. Krmpotic:**

The GST is approximately \$30 million each year.

**Chair Kieckhefer:**

What is the current administrative cap?

**Mr. Krmpotic:**

The current percentage is 31 percent through the end of the 2013-2015 biennium.

**Senator Lipparelli:**

I am concerned that the \$1 technology fee is in perpetuity.

**Chair Kieckhefer:**

Is the technology fee specifically for the system modernization project?

**Mr. Krmpotic:**

That is correct.

**Senator Lipparelli:**

The need for the system modernization is great, and I support the additional \$1 fee for the life of the project. I do not support an ongoing fee that may not be necessary once the project is completed.

**Chair Kieckhefer:**

Will the \$1 technology fee be added to every monetary transaction performed by DMV?

**Mr. Krmpotic:**

Yes, the way S.B. 502 is written, the \$1 fee will be added to every transaction for which a fee is currently charged.

SENATOR LIPPARELLI MOVED TO AMEND AND DO PASS S.B. 502 WITH THE FOLLOWING CHANGES: DELETE SECTIONS 2 AND 6 ENTIRELY; DELETE SECTION 5, SUBSECTION 4; CHANGE THE LAST SENTENCE OF SECTION 3 TO READ "THE TECHNOLOGY FEE MUST BE USED TO PAY THE EXPENSES INVOLVED WITH IMPLEMENTING, UPGRADING AND MAINTAINING THE PLATFORM OF TECHNOLOGY USED BY THE DMV;" SECTION 3 WILL SUNSET ON JUNE 30, 2020; DIRECT THE GST TO THE DMV BUDGET ACCOUNTS AND INCREASE THE ADMINISTRATIVE CAP TO 27 PERCENT THROUGH JUNE 30, 2020.

SENATOR ROBERSON SECONDED THE MOTION.

**Senator Goicoechea:**

I support the motion and the sunset, but the transaction fee is necessary to implement the project.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

The next item is S.B. 508.

**SENATE BILL 508**: Provides for long-term modernization of the Nevada Plan.  
(BDR 34-1184)

**Mr. Krmpotic:**

The Department of Education and Fiscal staff have been working on an amendment to S.B. 508. I will refer to the document titled "Mock-Up Proposed Amendment 7644 to Senate Bill No. 508" ([Exhibit E](#)) while outlining these changes.

In section 4, subsection 2, the words "to modernize the Nevada Plan" have been stricken and replaced with the language "to provide additional resources to the Nevada Plan."

The language "including, without limitation, a multiplier for pupils with disabilities," on line 12 of section 7, pages 7 and 8 of [Exhibit E](#), has been stricken. Line 19 has the added language "even-numbered" referring to the fiscal year used to develop the budget in the equity allocation model. Section 7, subsection 3 has the added language "[t]he basic support guarantee per pupil must include a multiplier for pupils with disabilities," strikes "pursuant to" and adds "is limited to the actual number of pupils with disabilities enrolled in the school district or charter school." The language in the original bill limiting the total funding for students with disabilities to no more than 13 percent of total pupil enrollment is retained in the amended version.

**Julie Waller (Senior Program Analyst):**

Section 7, subsection 3 contains the language that "the school district or charter school must receive an amount of money necessary to satisfy requirements for maintenance of effort under federal law." This ensures the

districts are held harmless. If the number of students identified as having a disability is greater than 13 percent and the district is subject to a cap, they must still be able to meet the maintenance of effort so they will not be penalized in receipt of federal funding.

**Mr. Krmpotic:**

New language in subsection 4 of section 7 states the Superintendent of Public Instruction shall “review and, if necessary, revise the factors used for the equity allocation model adopted for the previous biennium.” The factors used in the equity allocation model have not been revised since 2004. This legislation requires biannual review going forward. Subsection 2 of section 7 lists the elements used in the equity allocation model and is a step toward creating transparency regarding the process. Section 8 is parallel to section 7 and reflects the implementation of enhanced special education funding and a new way the funding will be distributed by the NDE. Section 8 is effective July 1, 2016.

The proposed amendment strikes language in section 14, subsections 3 and 4, pages 21 and 22 of [Exhibit E](#), regarding adjustments to basic support and enrollment if school districts experience increases in enrollment. This is due to the enrollment count being changed to an average quarterly enrollment rather than being based on a single count day, thus accounting for any enrollment gains a district might experience in a school year. Sections 15 and 16 are parallel sections. Program units are removed from the equity allocation model on July 1, 2016 and the practice of counting kindergarten children as 60 percent is removed on July 1, 2017.

The next significant section begins on page 40 of [Exhibit E](#), section 28 of the amendment. The following language is added to S.B. 508:

1. As soon as practicable, the Department of Education shall develop a plan to provide additional resources to the Nevada Plan expressed as a multiplier of the basic support guarantee to meet the unique needs of pupils who are limited English proficient, pupils who are at risk, pupils with disabilities and gifted and talented pupils. In developing the plan, the Department of Education shall review and consider the recommendations made by the Task Force on K-12 Public Education Funding created by S.B. 500 of the

77th Session of the Legislature, chapter 500, Statutes of Nevada 2013, p. 3181. The plan must include without limitation:

- (a) The amount of the multiplier to be used for each such category of pupils; and
- (b) The date by which the plan should be implemented or phased in, with the full implementation occurring not later than Fiscal Year 2021-2022.

The NDE is further required to submit the plan developed to the Legislative Committee on Education for its review and consideration during the 2015-2016 interim. The Legislative Committee on Education shall review the recommendations of the Task Force and consider the appropriateness and likely effectiveness of the plan developed by the NDE. A report shall be submitted no later than October 1, 2016, to the Governor and the Director of the LCB for transmittal to the 79th Session of the Legislature.

This concludes the major elements contained in proposed amendment 7644.

**Chair Kieckhefer:**

With the proposed amendment, this bill moves the State in the direction we need to go for education funding. It sets a target date and outlines steps to achieve the goal while allowing for feedback and the ability to learn what works best.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS S.B. 508 WITH PROPOSED AMENDMENT 7644.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

We will add S.B. 133 to the work session portion of the agenda.

SENATOR ROBERSON MOVED TO DO PASS S.B. 133 AS AMENDED.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

We will open the meeting to public comment.

**Senator Moises (Mo) Denis (Senatorial District No. 2):**

The Task Force spent thousands of hours during the interim working on the education funding formula and S.B. 508 does not accurately reflect all the work that was done. I was disappointed that S.B. 397 was not heard at the same time so the differences could be highlighted. It is not an easy task to change the funding formula.

**SENATE BILL 397**: Revises provisions relating to the funding formula for K-12 public education. (BDR 34-563)

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**Chair Kieckhefer:**

Is there any further public comment? Seeing none, this meeting is adjourned at 10:57 a.m.

RESPECTFULLY SUBMITTED:

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Jeanne Harrington-Lloyd,  
Committee Secretary

APPROVED BY:

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Senator Ben Kieckhefer, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit / # of pages</b>		<b>Witness / Entity</b>	<b>Description</b>
	A	2		Agenda
	B	4		Attendance Roster
S.B. 107	C	3	Karen Hoppe Fiscal Analysis Division, Legislative Counsel Bureau	Division of Child and Family Services Proposed Amendment SB 107
S.B. 488	D	14	Mark Krmpotic Fiscal Analysis Division, Legislative Counsel Bureau	Mock-Up of Proposed Amendment 7617 to Senate Bill No. 488 First Reprint
S.B. 508	E	42	Mark Krmpotic Fiscal Analysis Division, Legislative Counsel Bureau	Mock-Up of Proposed Amendment 7644 to Senate Bill No. 508