

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Eighth Session
May 26, 2015**

The Senate Committee on Finance was called to order by Senator Michael Roberson at 8:26 a.m. on Tuesday, May 26, 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)

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Julie Waller, Senior Program Analyst
Lona Domenici, Committee Manager
Emily Cervi, Committee Assistant
Jason Gortari, Committee Secretary

OTHERS PRESENT:

Paul Moradkhan, Las Vegas Metro Chamber of Commerce
Miles Dickson, Nevada Community Foundation
Maureen Schafer, Council for a Better Nevada; Nevada Community Foundation

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Victoria Carreón, Guinn Center for Policy Priorities
Jim Wells, C.P.A., Interim Director, Department of Administration

Senator Roberson:

I will begin today's hearing with Senate Bill (S.B.) 213.

SENATE BILL 213 (1st Reprint): Revises provisions relating to federal assistance received by agencies of the Executive Department of State Government. (BDR 31-838)

Paul Moradkhan (Las Vegas Metro Chamber of Commerce):

I have submitted a prepared document entitled "SB 213 Increasing Tracking And Reporting Of Federal Grant Funds In Nevada" ([Exhibit C](#)).

I want to thank Chair Kieckhefer for sponsoring this legislation. This bill is good fiscal policy to help increase Nevada's share of grants from the federal government. This bill is also good for Nevada businesses, employers and families. Mr. Dickson will be providing a brief overview of the policy and explain the fiscal impact that will benefit Nevada today and in the future.

Miles Dickson (Nevada Community Foundation):

I am speaking on behalf of the Nevada Community Foundation. Minimal federal grant funds can cripple State programs and services and can impact the amount of taxpayer dollars. There is a comprehensive summary of the legislation provided in [Exhibit C](#), which highlights Nevada's history with the legislation, explains the legislation and addresses the amendments made to the bill. I have highlighted the fiscal note for your review in green on page 11.

I will discuss important fiscal obligations and federal grant funding and address the fiscal note attached to S.B. 213 at its introduction. The amendments we proposed to the bill were accepted and should reduce or remove the fiscal note. The federal government distributes billions of dollars every year through federal grant programs. In fiscal year (FY) 2011, the federal government distributed \$514.6 billion in grants through 26 different agencies using approximately 17,000 different programs.

Nevada has ranked last, or near last, in receiving federal grant money for nearly 40 years. The costs associated with funds not received by Nevada are huge. A March 2014 report from the Lincy Institute at the University of Nevada,

Las Vegas (UNLV) found that Nevada is shortchanged federal funds of approximately \$529 million annually, excluding Medicaid, as compared to other neighboring Intermountain states. Other institutes have estimated that Nevada's missing federal funding amount is closer to \$150 million.

Increasing grant revenue does not add to Nevada's tax burden and is an example of good State government. Furthermore, investing in the State's federal grants infrastructure is a very high-yield proposition. The Department of Administration's Office of Grant Procurement, Coordination and Management (OGPCM), with only three employees, helped secure over \$60 million in grant funding in the current fiscal year. That Office has a ratio of \$75 in return for every \$1 invested.

Senate Bill 213 proposes increased tracking and reporting on the amounts of federal grant funds the State applies for, receives and uses. We propose accomplishing this by creating a biennial statement of federal funds. It is important to know and report the State's federal grant numbers for good policy. It is more important for the State to understand federal grant funds with respect to what to solve for, where to invest in improvements and how much it will need to invest.

For example, if Nevada applies for 100 grants and receives 90, then we might think about scaling back our grant submissions. If we submit 100 grants and only receive 10, then we know we need to find ways to be more effective in grant competitiveness.

Additionally, knowing these numbers provides valuable information to this body, local governments and nonprofit organizations about where they can put programmatic dollars to receive the most impact and efficiency. As introduced, S.B. 213 was assigned a \$1 million fiscal note for an information technology (IT) system and a \$65,000 fiscal note for the maintenance of that system.

Our understanding of the fiscal note is that it is for a statewide grant management system that identifies all the federal grant funds in each State department and identifies any federal grants the departments might be eligible for.

Based on this fiscal note and our subsequent conversations with the OGPCM, we proposed an amendment to remove the requirement to provide a biennial

report to identify all federal grants the State is eligible to receive. Information required in the proposed biennial report, which was amended out, is information that should already be available. Two different *Nevada Revised Statutes* (NRS) provisions and a State policy directive require that State agencies report federal grant submissions and report their receipts. In addition, the standard grant closeout procedures and the budget balance procedure will provide the amount of federal grants actually used. We also eliminated the provision that called for the accounting of eligible federal funds because that information is already required by law and standard procedures. Due to the available resources, there is not a need for this fiscal note and we request that it be removed.

Senator Roberson:

Is the fiscal note necessary with the amendment to the bill?

Mr. Dickson:

No.

Senator Roberson:

Would the fiscal note be completely removed with the amendment?

Mr. Dickson:

Yes. That is my understanding of the fiscal note.

Senator Goicoechea:

Is the amendment incorporated in the first reprint of S.B. 213 or do you have another amendment?

Mr. Dickson:

Amendment No. 213 should be incorporated in the first reprint of the bill and was passed through the Senate Committee on Government Affairs.

Senator Goicoechea:

I wanted to clarify the amendment was approved in the Senate Committee on Government Affairs. Does the language in the first reprint of the bill, as proposed to us, take away the fiscal note?

Mr. Dickson:

Yes.

Senator Roberson:

Did this pass out of the Senate Committee on Government Affairs?

Senator Goicoechea:

Yes. The amended version removing the fiscal note was passed out of the Senate Committee on Government Affairs. Both S.B. 213 and S.B. 214 were heard in that Committee.

SENATE BILL 214 (1st Reprint): Creates the Nevada Advisory Council on Federal Assistance. (BDR 31-837)

Senator Roberson:

I will hear testimony in support of S.B. 213.

Maureen Schafer (Council for a Better Nevada; Nevada Community Foundation):

I am here in support of S.B. 213 on behalf of the Council for a Better Nevada and the Nevada Community Foundation. Improving Nevada's federal grant revenues is a key strategy to funding programs and services that benefit Nevadans. Grant funds are powerful because using them does not add to Nevada's tax burdens and accessing them can be done at relatively low cost. Senator Kieckhefer had mentioned in his prior testimony on the bill that \$1 invested in federal grant funds produces \$79 in return.

At the Nevada Community Foundation, we see the serious challenges Nevadans face. Increasing the level of grants funds available to serve Nevadans and the most at-risk families is one of our organization's top priorities and we want to work with the State to accomplish that endeavor. In addition to my organization, this issue is important to the private sector business community.

At the Council for a Better Nevada, we support increasing federal grant funding as an important government efficiency measure, which is an excellent fiscal policy on behalf of both organizations. I urge the Committee to support S.B. 473 as well because that bill is part of the solution to ensure Nevada receives its fair share of federal grant dollars. I echo these comments for the hearing on S.B. 214.

SENATE BILL 473: Revises provisions relating to the Office of Grant Procurement, Coordination and Management of the Department of Administration. (BDR 18-839)

Victoria Carreón (Guinn Center for Policy Priorities):

I have submitted a prepared document entitled "Guinn Center Legislative Testimony on SB 213 Database On Federal Grant Activity In Nevada" ([Exhibit D](#)).

I am here in support of S.B. 213 on behalf of the Guinn Center for Policy Priorities. Nevada is not currently maximizing its federal assistance. Nevada ranks last in the Nation in federal grant expenditures per capita. As of 2013, federal grant funding represented only 12 percent of Nevada's overall federal funding, which is lower than numbers from 2010. Most of the federal funding received in Nevada comes in the form of direct payments to people, such as Social Security Administration dollars. Creation of a database with information on federal grants received in Nevada could help build capacity for federal grants and facilitate greater collaboration across the State's Executive Branch departments and agencies.

The OGPCM, on a biennial basis, provides a list of federal grants Nevada is receiving. The OGPCM can build onto their grants report without procuring an expensive database. A long-term goal for the OGPCM could focus on integrating a measure to give grants a code in the statewide accounting system to be able to quickly identify whether they are formula grants or competitive grants. That system would provide a better idea of what Nevada's grant opportunities look like in the future. In the short term, the OGPCM could build on the spreadsheet they already have.

Jim Wells, C.P.A. (Interim Director, Department of Administration):

I want to address the fiscal note submitted by the Department of Administration for S.B. 213. The original bill required a database that had further reaching implications which would have required additional resources not available to us.

As revised, there is still a database requirement in this bill draft request and work that needs to be done by the OGPCM. The work from the additional database requirement would take away from their everyday work of actually filing for grants. While the \$1 million IT system fiscal note and the \$65,000 maintenance cost can be removed, we request the ability to submit a revised fiscal note. The revised fiscal note will address the costs of personnel needed to collect grant information, operate the database and prepare reports required in this bill.

Senator Roberson:

When will we see the revised fiscal note?

Mr. Wells:

You will receive it sometime today.

Senator Lipparelli:

Will your Department prepare a fiscal note that balances the costs for this personnel request against the other positions already authorized for the OGPCM? We have authorized a few management analyst (MA) I and MA II positions in the Office of the Governor; they could compile the reports. There could be a way to offset the need for extra resources.

Mr. Wells:

A couple of reports have already been created. If those reports are insufficient to meet the needs of this bill draft, we will need additional resources dedicated to create the additional reports. My concern is that a grants report has already been submitted by the Department of Administration that does not meet the requirements of this bill.

There is also a schedule created each year for the expenditures of federal awards. If it is the intent of the bill to compile all of that additional and disparate information into a composite report, additional resources will be needed.

I do not know if this report could be done in the Office of the Governor. The legislative intent is to have it done in the OGPCM. The OGPCM received a new position, but the function of that new position is to apply for and report on additional grant opportunities.

Senator Lipparelli:

I ask that you balance the resources your Department will be acquiring.

Senator Roberson:

Did we provide your Department a new position for purposes of identifying more grant opportunities? Is that not what we are talking about here?

Mr. Wells:

In the budget closings for the OGPCM, a new grants analyst position was added. That position is intended to work with different departments and

agencies to compile and apply for federal grants. Grant reporting and the maintenance of this database would be additional work required.

Senator Roberson:

Do you expect to have the revised fiscal note today?

Mr. Wells:

Yes.

Senator Roberson:

I hope that we can return to this Committee at some point today and pass this bill.

Senator Parks:

Two sessions ago, we created the OGPCM within the Department of Administration. Senate Bill 213 and S.B. 214 carry on the objective of the creation of that Office.

Senator Roberson:

I will close the hearing on S.B. 213 and open the hearing on S.B. 214.

Mr. Moradkhan:

I have submitted a prepared document entitled "SB 214 Creating The Nevada Advisory Council On Federal Assistance" ([Exhibit E](#)).

The Las Vegas Metro Chamber of Commerce supports S.B. 214 and any efforts related to increasing federal grants for our State. The creation of an advisory council on federal systems is a good investment of time and State expertise for the private and public sectors to help provide additional resources to the OGPCM. The OGPCM is a small, but very productive Office. The subject matter experts would be a beneficial tool for the OGPCM to help increase Nevada's share of federal funding.

Mr. Dickson:

Senate Bill 214 proposes the creation of an advisory council that would assist and advise the State in increasing and maximizing federal grant funds. Beyond providing valuable insight on grant procurement and management, the fiscal upside of the council comes from the resources its members can help marshal.

Those members would include an appointment from philanthropy and an appointment from local governments.

For example, representatives of philanthropy and local governments can help identify and secure match-funding resources; without those entities, the State might not be eligible for a given grant. Additionally, the council creates a permanent leadership voice for maximizing Nevada's federal grant revenue, which will guard against Nevada falling backwards or losing the critical momentum the OGPCM and the State have created.

As introduced, S.B. 214 was assigned a \$100,000 fiscal note for a full-time administrative assistant to administer a 17-member council that included implementation and coordination roles with local governments. Based on some feedback and comments from the Senate Committee on Government Affairs and our conversations with the OGPCM, we reduced the size of that council from 17 members to 7 members, 2 of whom are the directors of the OGPCM and the Chief of the Department of Administration's Budget Division.

We also eliminated the implementation roles and any other aspects that pertain to implementation. We request that the fiscal note be reduced to reflect the lower administrative burden of the smaller council that does not have an implementation role. If that is not an option, we request that the fiscal note be rescinded if duties can be administered within the Department as newly funded or with the new position.

Mr. Wells:

The fiscal note attached to S.B. 214 is for an administrative assistant to manage the council. This fiscal note will likely be combined with the fiscal note from S.B. 213. The fiscal note on S.B. 213 is more resource driven. Now with the amendment, the fiscal note on S.B. 213 is more system driven. The fiscal note on S.B. 214 should remain and offset the fiscal note for S.B. 213.

Senator Roberson:

I spoke to Mr. Dickson about S.B. 213 and S.B. 214 before Session started. Both of these bills are important pieces of legislation for the future of this State and its ability to obtain federal dollars that we should already be receiving.

I will now hear testimony in support of S.B. 214.

Ms. Carreón:

I have submitted a prepared document entitled "SB 214 Creating The Nevada Advisory Council On Federal Assistance" ([Exhibit F](#)).

I am here in support of S.B. 214 on behalf of the Guinn Center for Policy Priorities. Nevada is not currently maximizing its federal assistance. A study done by the Lincy Institute at UNLV identified several barriers to obtaining federal grant funding. The primary barriers to obtaining federal grant funding were structural incompatibility and lack of capacity.

Some of the federal funding formulas are inherently disadvantageous to Nevada because it is a faster growing state. Several funding formulas were set in place in prior years when Nevada was a smaller state. One of the benefits of the advisory council is that it can look at internal and external structural barriers with the federal government. The council can also take the barriers identified and bring them forward to the Legislature to identify solutions.

Nevada could use federal funds to support many of the current priorities of the State. A good example of recent federal funds received was \$20 million for early childhood learning, which will be of great assistance to the State. There also has been additional grant funding activity in the mental health field. Federal grants provide a great return on investment.

We request that the fiscal note be removed because the coordination of this council could be accomplished with existing resources and other councils. Other councils have been created using existing resources of those departments. We also suggest having somebody on the advisory council who represents the Nevada System of Higher Education (NSHE).

Senator Roberson:

I will close the hearing on S.B. 214 and we will move into work session when the Chair arrives.

Chair Kieckhefer:

I will open the work session on S.B. 128.

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

Alex Haartz (Principal Deputy Fiscal Analyst):

Senate Bill 128, as amended, was heard by the Committee on Wednesday, May 20. The Committee will recall that S.B. 128 revises the Millennium Scholarship to support the Nevada Board of Regent's 15 to Finish initiative. This bill requires Millennium Scholarship recipients attending community colleges to enroll in a minimum of 9 credit hours per semester, which is an increase from the currently required 6 credit hours. The bill also increases the maximum reimbursable number of credit hours per semester to 15 from 12 for each of the tiers per semester. The tiers are grouped into community colleges, State colleges and the universities.

The bill does not change the value of each tier, which currently is \$40, \$60 and \$80 per credit hour, depending on the institution. The bill does not change the total value that a recipient is eligible to receive over the course of the scholarship, which is \$10,000. The Legislative Counsel Bureau's Fiscal Analysis Division staff would note that during the testimony, there was a fiscal impact to the Millennium Scholarship trust fund and the financial solvency of the trust fund was discussed.

The testimony reflected that the fiscal impact would increase the drawdown on the trust fund, in terms of the time frame, if more credit hours were charged. Based on the information provided by the NSHE and Fiscal staff's review, the trust fund would need an infusion by the 2017 Session and would be insolvent by FY 2018, rather than being insolvent in FY 2020 and needing an infusion by the 2019 Session.

Fiscal staff notes that there would be an additional fiscal impact through the funding formula as more credit hours are charged. The funding formulas are converted to weighted student credit hours. The credit hours would be funded as caseload growth under the funding formula for the institutions based on the projections provided by NSHE. The NSHE projections would be based on the weighted student credit hours approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means for FY 2017. This is potentially an \$8.7 million addition to the General Fund per year for caseload growth. The weighted student credit hours would be added to those already generated. While the policy promotes college completion in a more timely manner, there are several potential fiscal impacts to it because of this new funding formula.

Testimony was provided by Senator Joyce Woodhouse and NSHE Vice Chancellor Crystal Abba. The bill, as amended, is effective July 1, 2015.

Chair Kieckhefer:

Is this the bill that Assemblyman Randy Kirner wants to be added to as a joint sponsor?

Senator Woodhouse:

Yes. He had a similar bill and indicated he would not pursue it if we would add his name to this bill.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS S.B. 128
ADDING ASSEMBLYMAN RANDY KIRNER AS A JOINT SPONSOR.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

I will now hear S.B. 497.

SENATE BILL 497: Makes appropriations to restore the balances in the Stale Claims Account, Emergency Account, Reserve for Statutory Contingency Account and Contingency Account. (BDR S-1152)

Mark Krmpotic (Senate Fiscal Analyst):

Senate Bill 497 replenishes various balances in various accounts that are under the purview of the State Board of Examiners and the Interim Finance Committee (IFC).

This bill is traditionally recommended and processed each biennium to restore those balances for the upcoming interim. Fiscal staff has reviewed the bill and has worked with the Budget Division to come up with some revisions to the appropriations listed in the bill. Section 1, subsection 1, is a restoration to the Stale Claims Account of \$2.5 million. Fiscal staff would recommend that amount be reduced to \$2 million. It would result in a reduction from \$2.5 million to \$2 million in section 1, subsection 1, to the Stale Claims Account.

With respect to the Emergency Account, the original bill calls for an appropriation of \$500,000. Fiscal staff recommends that amount be reduced to \$100,000. The reduction would bring the Emergency Account down to a level that is generally targeted for the interim.

The appropriation in this bill calls for \$5 million to be appropriated to the statutory Contingency Account reserve to restore the balance. Fiscal staff recommends that it be reduced to \$2.5 million.

Under section 1, subsection 4, the IFC Contingency Account calls for an appropriation of \$12 million to restore the balance. Fiscal staff recommends that amount be reduced to \$9 million, which generally places the balance around \$12 million to \$13 million beginning with the upcoming interim.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS S.B. 497 WITH THE CHANGES NOTED BY FISCAL STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

I will open the hearing on S.B. 506.

SENATE BILL 506: Revises provisions relating to state financial administration.
(BDR S-1207)

Mr. Krmpotic:

I have submitted a formal Amendment document entitled "Senate Amendment No. 979 to Senate Bill 506" ([Exhibit G](#)).

When the Committee heard this bill in work session on April 22, Fiscal staff went over a few amendments. The Committee approved an action to amend the bill and requested that amendment be brought back to this Committee for further action. Amendment No. 979 reflects the actions with some minor changes from that meeting, which Fiscal staff will go over. The changes deal

with further information that staff has received and further investigation into areas of concern.

The first item that changed from when this bill was last heard is in section 4. In this section, Fiscal staff is recommending that the transfer from the Office of the Secretary of State be reduced from \$410,000 to \$300,000. This reduction is based on the amount that would be available from the Office of the Secretary of State following other operating expense commitments that they indicated to Fiscal staff.

The next change involves the Fund for Hospital Care to Indigent Persons in section 14. Fiscal staff had indicated a revised amount to be transferred from that account. Based on the small amount available, Fiscal staff recommends that no funds be transferred, resulting in deletion of section 14 from the bill.

The last two items of note involve sections 24 and 25. These changes were transfers of \$8.6 million from the bond reserve account in section 24 to the bond reserve account in the Department of Business and Industry's Housing Division. Based on further discussions with the LCB's Legal staff, it was uncertain whether this transfer could be effected based on the true origin of the funds and whether they were required to meet any bond covenants. To get assurance from the Division's bond counsel would require going through various bond covenants and agreements dating back close to 30 years. In the interest of time and the need to process this bill, that amount has been stricken from the bill because we could not obtain assurance from the Division's bond counsel.

Section 25 was a transfer of excess mortgage settlement monies from the Home Retention Program. Based on the agreement that guides how those monies can be used, those funds cannot be swept into the General Fund.

The revisions before you are reflected in Senate Amendment No. 979. The revisions result in total transfers to the General Fund of \$42,077,493. Fiscal staff has no other suggested changes or revisions.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 506 WITH AMENDMENT NO. 979.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

We will stand in recess at 9:34 a.m. until the call of the Chair.

I will reconvene this meeting at 4:11 p.m.

I will now hear S.B. 302. I have distributed Amendment No. 983 which has been replaced by Senate Amendment No. 988 ([Exhibit H](#)) to the Committee members.

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)

Mr. Krmpotic:

Amendment No. 983 proposes some changes to S.B. 302. I would direct the Committee to page 5 of [Exhibit H](#) for the first change. In the existing bill, section 7, subsection 2 states that if an agreement is entered into pursuant to section 7, subsection 1, an education savings account must be established by the parent on behalf of the child. The account must be maintained with a financial management firm qualified by the State Treasurer pursuant to section 10 of this act. The amendment strikes the language "or with a bank or the financial institution." This amendment requires that these education accounts be set up with the financial management firm qualified by the State Treasurer and not with other bank accounts.

In section 8, subsection 2, paragraphs (a) and (b), Fiscal staff notes there are two changes not reflected in Amendment No. 983 that should be. Currently, the language in this amendment reads "for a child with special needs or a child with a household income that is less than 185 percent of the federally designated level signifying poverty, 100 percent of the sum of the basic support per pupil in the county in which the child resides" is available.

In order to identify the dollar amount that should be transferred to the education savings account and instead of indicating a percentage of the sum of basic support per pupil in the county in which the child resides, plus the amount of local funds available, Fiscal staff would suggest striking "the amount of local funds available" and adding "100 percent of the statewide average basic support per pupil" under section 8, subsection 2, paragraph (a). Under section 8, subsection 2, paragraph (b), Fiscal staff would also suggest adding "90 percent of the statewide average basic support per pupil" and striking the rest of that subsection paragraph.

In addition, there is another item of concern not reflected in the amendment under section 8, subsection 2, paragraph (a). That section indicates the legislation is applicable to a child with special needs. The Committee may be interested in adding an amendment in that section to use language that reflects designation of children with disabilities, instead of "a child with special needs," to be consistent with the federal designation as well.

Section 8, subsection 6, paragraph (b) deletes the language "while the child is still required by NRS 392.040 to attend a public school" The entire subsection 6, paragraph (b) reads as amended "when an agreement entered into pursuant to section 7 of this act is not renewed or is terminated, because the child for whom the account was established graduates from high school or for any other reason, reverts to the State General Fund at end of the last day of the agreement." The idea here is to terminate the account once the child graduates from high school and that it does not continue on. Section 8, subsection 6, paragraph (c) is deleted entirely. Under section 9 it changes "except as otherwise provided in subsection 2, money ... " and it just says "money" because that is a conforming section now.

Section 9, subsection 1, paragraph (f) has been deleted entirely. This called for payments to the Nevada Higher Education Prepaid Tuition Trust Fund. Also, under section 9, subsection 2, where it currently indicates "money that is carried forward in an education savings account after the child from whom the account was established graduates ... " has been deleted entirely as well.

Moving on to the more significant portions of the amendment, I would direct the Committee to page 19 of [Exhibit H](#) under section 16.4. This simply adds provisions allowing children who are either in school districts or charter schools to be eligible for this program.

On the last page of [Exhibit H](#), a correction is required. The amendment reads that the bill becomes effective July 1 for the purposes of adopting regulations or other preparatory administrative tasks. It should read on "January 1, 2016, for all other purposes" rather than July 1. That concludes the major changes to S.B. 302.

Senator Lipparelli:

I want to go back to section 9 of the bill. Did Mr. Krmpotic say that section 9, subsection 1 paragraph (c) has been stricken completely?

Chair Kieckhefer:

No. Section 9, subsection 1, paragraph (f) was stricken.

Senator Goicoechea:

In section 8, subsection 2, paragraph (a), is funding support to the school district generated by the average of the basic support per pupil or does it come from the Distributive School Account (DSA)?

Chair Kieckhefer:

No. It will be the average basic support per pupil. For example, if a student were in Eureka County, they would be eligible for a grant of the basic support per pupil despite the fact that Eureka County is not getting an allocation from the DSA.

Senator Goicoechea:

The county would be eligible for average basic support per pupil. Is the funding support coming from the local funds?

Chair Kieckhefer:

The local funds are excluded and the districts would retain their local funds.

Senator Goicoechea:

I am trying to figure out how that is worded in the bill.

Chair Kieckhefer:

It is not. We are amending this in. If you look at section 8, subsection 2, paragraph (a) of the bill, it reads "for a child with special needs," which we are going to change to a child with disabilities, or a child with a household income

that is less 185 percent of the federal designated level signifying poverty, the amount is equal to 100 percent of the statewide average support per pupil.

Senator Goicoechea:

Will we amend the bill to say statewide average?

Chair Kieckhefer:

Yes. It will say statewide average support per pupil.

Senator Goicoechea:

I am fine with that.

Chair Kieckhefer:

The language of a statewide average support per pupil will be conforming in section 8, subsection 2, paragraph (b) of the bill as well. The idea is that the districts will retain their local funds.

Senator Goicoechea:

I am fine with that. Without that change I could see people shopping for districts with a lot of local support to place their children in, especially in the rural counties.

Senator Lipparelli:

I have concern about the section that was struck which prevents students from carrying the money forward to be used for higher education. My other concern is that there should be some sort of merit to value people being judicious with the funds they are being provided. I understand the argument about monies going from kindergarten through Grade 12 (K-12) into higher education.

I have dealt with an incentive-based structure in several sales organizations that I have worked with. The idea is to give an incentive for people being judicious with spending. There are a number of occasions where we have people transitioning out of high school and into that crucible of the first and second year of college. I am curious to see if the Committee is interested in setting a funding cap to enable a student who is judicious with their spending of the funds to be awarded an amount equal to \$5,000 that could be used for that first year of post-high school education.

This would have the effect of extending what we tried to do with the community college money and it still protects some of the money in K-12. I am offering that idea up and think it is a positive incentive for people who would be receiving these funds. If there is a use it or lose it scenario, there is a likelihood that you could have people use the money for less advantageous purposes and expend it if they know it would go away in 6 or 12 months. With this idea, I would accept the fact that we are allowing someone to build a big pile of money for college.

Chair Kieckhefer:

I struggled with the changes as well. Striking the eligibility of the student to use these funds for higher education was something I initiated out of the concern of retaining an appropriate level at which we are funding K-12 education.

I was reluctant to create a system which pulled money out of K-12 and pushed it into higher education despite the fact that we know there are needs in both areas, especially a financial need for students. I would prefer to process this amendment as is. It will move to the Floor tomorrow where we can continue to discuss it and if we decide that we want to go back in that direction, we could potentially look at that as a Floor amendment. I am hesitant to take from one pot of money and move it into the other at this point, but I understand your reluctance.

Senator Woodhouse:

I will be voting no on this bill. In regards to the amendment, we have already processed a voucher that came from the Governor and I think that is enough. I do not want to step any further outside of the box with these types of proposals.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 302 WITH AMENDMENT NO. 983 AND THE ADDITIONAL
CHANGES RECOMMENDED BY FISCAL STAFF.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

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Senate Committee on Finance
May 26, 2015
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Chair Kieckhefer:

Seeing no further business before this Committee, this meeting is adjourned at 4:26 p.m.

RESPECTFULLY SUBMITTED:

Jason Gortari,
Committee Secretary

APPROVED BY:

Senator Ben Kieckhefer, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	3		Attendance Roster
S.B. 213	C	12	Paul Moradkhan/Las Vegas Metro Chamber of Commerce	SB 213 Increasing Tracking And Reporting Of Federal Grant Funds In Nevada
S.B. 213	D	2	Victoria Carreón/Guinn Center for Policy Priorities	Guinn Center Legislative Testimony on SB 213 Database On Federal Grant Activity In Nevada
S.B. 214	E	12	Paul Moradkhan/Las Vegas Metro Chamber of Commerce	SB 214 Creating The Nevada Advisory Council On Federal Assistance
S.B. 214	F	2	Victoria Carreón/Guinn Center for Policy Priorities	SB 214 Creating The Nevada Advisory Council On Federal Assistance
S.B. 506	G	9	Mark Krmpotic/Legislative Counsel Bureau, Fiscal Analysis Division	Senate Amendment No 979 to Senate Bill 506
S.B. 302	H	25	Mark Krmpotic/Legislative Counsel Bureau, Fiscal Analysis Division	Senate Amendment No 988 to Senate Bill 302