

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Eighth Session  
May 30, 2015**

The Senate Committee on Finance was called to order by Chair Ben Kieckhefer at 7:05 p.m. on Saturday, May 30, 2015, in Room 2134 of the Legislative Building, Carson City, 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  
Jackie L. Cheney, Committee Secretary

**Chair Kieckhefer:**

I will begin with the introduction of Bill Draft Request (BDR) 23-1276.

**BILL DRAFT REQUEST 23-1276:** Makes various changes relating to the subsidies paid to the Public Employees' Benefits Program for insurance for certain active and retired public officers and employees. (Later introduced as [Senate Bill 513](#).)

SENATOR PARKS MOVED TO INTRODUCE BDR 23-1276.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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

I will be presenting BDR 34-1284, referred to as the Education Funding Bill.

**BILL DRAFT REQUEST 34-1284:** Ensures sufficient funding for K-12 public education for the 2015-2017 biennium. (Later introduced as [Senate Bill 515](#).)

Enrollment for K-12 public education is projected to increase from 443,124 students in FY 2015 to 449,505 students in FY 2016 and 455,124 students in FY 2017.

Sections 1 and 2 of BDR 34-1284 establish the basic support guarantee for school districts for fiscal year (FY) 2016. The weighted average for FY 2016 is \$5,710 per pupil. A weighted average of \$5,774 per pupil is estimated for FY 2017. On or before April 1, 2016, the Executive Director of Taxation shall provide to the Superintendent of Public Instruction an updated certified total of the ad valorem taxes to be received by each school district for FY 2017. The FY 2017 basic support guarantee will be recalculated based upon that updated data.

Section 3 describes the basic support guarantee for the special education program. The State will continue to fund special education through the unit methodology in FY 2016. A total of 3,049 special education units, at a value of \$45,455 each, were approved for FY 2016. Section 3, subsection 2, lists the number of units allocated to each school district and the corresponding values. The State Board of Education (SBE) will reserve 40 special education units for school districts to meet additional needs that cannot be met by the allocations provided. Charter schools can apply directly to the Nevada Department of Education (NDE) for one or more of the reserved special education units. Total funding in FY 2016 for special education is approximately \$138.6 million.

In FY 2017, the special education unit funding has a value of \$55,141 per unit. Senate Bill (S.B.) 508 proposes a change in methodology, replacing the unit funding with a per-pupil amount. Section 4 of BDR 34-1284 prescribes the unit funding for FY 2017 under current law to be \$55,141 per unit. At this rate, the value of 3,049 units is \$168.1 million. Per section 5, if S.B. 508 is passed and approved, the methodology would change effective July 1, 2015 from unit funding to distribution on a per-pupil basis for students identified with disabilities. The policy for the unit funding per pupil is set forth in S.B. 508 and the appropriation is made in section 5 of BDR 34-1284.

**SENATE BILL 508 (1st Reprint)**: Revises provisions governing the Nevada Plan.  
(BDR 34-1184)

Section 6 authorizes a General Fund appropriation to the State Distributive School Account (DSA), budget account (B/A) 101-2610, for the 2015-2017 biennium. The appropriation is \$1.094 billion for FY 2016 and \$1.102 billion for FY 2017. Section 6 is related to section 4 under current law. Section 6 includes for FY 2017 the special education funding of \$168 million prescribed in section 4. If S.B. 508 is approved and the special education funding is distributed on a per-pupil basis, section 7 would require the General Fund appropriation to the DSA be reduced in FY 2017 by the \$168.1 million for special education. The Legal Division of the Legislative Counsel Bureau constructed BDR 34-1284 to incorporate the potential change in methodology as prescribed in S.B. 508.

## EDUCATION

### K-12 EDUCATION

NDE - Distributive School Account — Budget Page K-12 EDUCATION-18  
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Budget Account 101-2610

**Chair Kieckhefer:**

Are sections 4 and 6 linked together under current law, and sections 5 and 7 linked together, should S.B. 508 pass?

**Ms. Waller:**

Yes, that is correct. The special education appropriation of \$168.1 million for FY 2017 discussed in section 5 added to the \$933.4 million appropriation in

Section 7 totals the \$1.102 billion in section 6. These sections are broken out separately in the event S.B. 508 does not pass. If S.B. 508 does not pass, the existing unit methodology would continue. If S.B. 508 does pass, changing the unit methodology, the appropriation set forth in section 5 would apply.

Section 8 authorizes DSA expenditures of approximately \$318.3 million of non-General Fund revenue in FY 2016 and approximately \$331.1 million in FY 2017. These other revenue sources include excise tax on slot machines, sales tax collected on out-of-State sales, interest earnings on the permanent school fund, revenue from mineral leases, room tax revenues from the IP No. 1 of the 75th Session and the 75 percent of medical marijuana excise taxes.

Sections 11 and 12 are nominal amounts in the DSA account that fund categorical line items. Section 11 authorizes \$128,541 each fiscal year to reimburse schools districts pursuant to NRS 392.015 for additional transportation costs of pupils attending school outside the school district in which his or her residence is located. Section 12 authorizes \$588,732 each fiscal year for the National School Lunch Program state match requirement pursuant to NRS 387.105 to reimburse school districts for the costs of providing these meals.

Sections 14 through 18 pertain to the class-size reduction (CSR) program. The funding is provided in a categorical line item in the DSA account. These funds are intended to provide a pupil-to-teacher ratio of 17:1 in Grades 1 and 2 and 20:1 in Grade 3 in each year of the 2015-2017 biennium.

Section 15 appropriates approximately \$151.1 million to school districts in FY 2016 to those schools that comply with the CSR requirements for Grades 1, 2 and 3. This money must be used to pay the salaries and benefits of not less than 1,950 teachers in FY 2016. Section 16 appropriates approximately \$155.2 million in FY 2017 to support approximately 1,974 teachers in schools that comply with the CSR program.

Section 17 discusses the alternative CSR program available to school districts other than Clark and Washoe Counties. Schools are allowed to file a plan with the State Superintendent of Public Instruction requesting approval for an alternative pupil-to-teacher ratio of 22:1 in Grades 1 through 3 and 25:1 in Grades 4 through 6.

Section 19 appropriates the State General Fund to the Other State Education Programs Account, B/A 101-2699, of approximately \$65.9 million in FY 2016 and \$65.2 million in FY 2017. This account contains pass-through funding to school districts and/or charter schools for programs such as the career technical education programs, educational technology programs, local education library books, public broadcasting, the Jobs for America's Graduates (JAG) program and other miscellaneous programs.

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Budget Account 101-2699

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Section 19, subsection 3 authorizes the NDE to expend approximately \$18.3 million in each fiscal year of the 2015-2017 biennium for the support of the adult high school diploma program in school districts and correctional facilities.

Section 19, subsection 5, paragraphs (a) through (i) finance specific programs within B/A 101-2699 in the 2015-2017 biennium. Funds may be transferred from one fiscal year to the other with the approval of the Interim Finance Committee (IFC) upon the recommendation of the Governor. At the end of the biennium, unexpended funds revert to the General Fund. Some of the programs included are the Nevada Ready 21 Technology competitive grant program, appropriating \$10 million in each fiscal year; Career and Technical Education programs, appropriating \$10.4 million in FY 2016 and \$12.5 million in FY 2017; and the JAG program, appropriating \$2.5 million in FY 2016 and \$3.6 million in 2017.

Section 20 allows the NDE to transfer from B/A 101-2699 \$5.2 million in each fiscal year of the 2015-2017 biennium for pupils enrolled in school districts and charter schools who qualify for the Gifted and Talented Education program.

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Section 21 allows the NDE to transfer from the B/A 101-2699 \$3.3 million in each fiscal year to school districts and community-based organizations for a competitive grant program for early childhood education programs. The back language for this program includes performance measurement requirements and an evaluation that must be conducted biennially. A report of the findings is provided to the Legislature each session.

Section 22 provides new funding in B/A 101-2699 for the College and Career Readiness grant program of \$3 million in FY 2016 and \$5 million in FY 2017. This funding supports dual enrollment for pupils enrolled in high schools and charter schools simultaneously enrolled in college courses. In addition, competitive grants are funded to create a competitive science, technology, engineering and mathematics grant programs for pupils enrolled in middle schools, high schools and charter schools to assist students in becoming college and career ready.

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Section 23 states the NDE shall transfer from the B/A 101-2699 \$5.6 million in FY 2016 for the social worker or other licensed mental health worker grant program. These funds will be distributed in a block grant to school districts and charter schools to provide contract social workers or other licensed mental health workers in schools with identified needs. Section 23, subsection 3, defines those licensed social and mental health workers eligible to be funded through this program.

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Section 23, subsections 4 and 5 indicate \$11.2 million will be appropriated from the State General Fund to the IFC Contingency Account for FY 2017. The NDE may request through a work program funds to continue the social worker or other licensed mental health worker block grant program for school districts and charter schools with identified needs. Subsection 6 requires the NDE on or before June 30, 2016 to submit a report to IFC detailing the number of licensed professionals for each school district or charter school that were

contracted during FY 2016 and the efficacy of the program. The IFC shall determine the appropriation for FY 2017 based on the results of the first year of the program.

**Chair Kieckhefer:**

What happens to the funding held in the IFC Contingency account that is not released?

**Ms. Waller:**

These funds have a restricted use and cannot be used for any other purpose. Any unexpended funds cannot be committed for expenditure after June 30 of each fiscal year and will revert to the General Fund.

Section 24 authorizes the NDE to transfer from B/A 101-2699 \$2.5 million in each fiscal year for a competitive grant program for underperforming schools. This funding is intended for public schools receiving the two lowest ratings based on the statewide system of accountability to assist those public schools in improving their pupil achievement.

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**Chair Kieckhefer:**

Does section 24 allow this funding to be used for implementation of turnaround schools?

**Ms. Waller:**

Yes. This funding initially was tied to S.B. 77 regarding the Turnaround School Program. That legislation did not move forward; however, the LCB Legal Division indicated the existing statutory language regarding how the NDE should assist schools that are underperforming allows these funds to be used to implement turnaround school provisions aimed at improving pupil achievement.

**SENATE BILL 77**: Revises provisions relating to education. (BDR 34-314)

Section 25 appropriates \$5 million in each fiscal year of the 2015-2017 biennium for the Charter School Harbor Master program as set forth in S.B. 491. This legislation allows the State to recruit persons and charter management organizations to assume leadership roles in the formation of high quality charter schools to serve students living in poverty. The nonprofit

organization must show evidence of the ability to match up to \$5 million per fiscal year to be eligible for this grant funding.

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**SENATE BILL 491 (1st Reprint)**: Provides for the award of a grant to a nonprofit organization for use in Fiscal Year 2015-2016 and Fiscal Year 2016-2017 for the recruitment of persons to establish and operate high quality charter schools to serve families with the greatest needs. (BDR S-1189)

Section 26 appropriates \$4.9 million in FY 2016 and \$22.3 million in FY 2017 from the State General Fund to the B/A 101-2699 to administer the Read by Three program provisions set forth in S.B. 391. This funding will be available to all elementary schools to support literacy programs for pupils enrolled in Grades 1 through 3.

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**SENATE BILL 391 (3rd Reprint)**: Revises provisions governing educational instruction in the subject of reading. (BDR 34-644)

That concludes the funding available in the Other State Education Programs budget, B/A 101-2699.

Section 27 appropriates approximately \$50 million in each fiscal year of the 2015-2017 biennium from the State General Fund to the School Remediation Trust Fund account, B/A 101-2615, which includes Programs for Innovation and Prevention of Remediation.

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Budget Account 101-2615

Support funds are provided for the implementation of the provisions set forth in S.B. 405, which include the Zoom School program and other programs in support of English language learners in the rural school districts and charter schools. Senate Bill 405 expands Zoom schools for the first time to middle and high schools in Clark and Washoe Counties and allows Zoom school funding to



be used for professional development, family engagement and for recruitment and retention incentives for teachers at these schools.

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**SENATE BILL 405 (2nd Reprint)**: Expands the program of Zoom schools and the provision of programs and services to children who are limited English proficient in certain other schools. (BDR S-887)

Section 27, subsection 3, allocates \$39,350,342 to Clark County School District (CCSD) and \$6,985,838 to Washoe County School District (WCSD) in FY 2016, and \$39,350,342 to CCSD and \$6,985,838 to WCSD for FY 2017 to carry out the provisions of S.B. 405.

Section 27, subsection 4, indicates that of the total appropriation of \$50 million in each year, approximately \$3.6 million is available to the State Public Charter School Authority and the school districts, other than the CCSD or WCSD, for the support of English language learners.

Section 28 appropriates approximately \$25 million in each fiscal year of the 2015-2017 biennium to implement the provisions in S.B. 432 to establish Victory schools. This would provide additional services to underperforming elementary, middle and high schools identified as one-or two-star schools in the highest poverty ZIP Codes of the school districts.

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**SENATE BILL 432 (3rd Reprint)**: Provides for the distribution of money to certain public schools designated as Victory schools. (BDR S-1187)

Section 29 appropriates from the State General Fund to B/A 101-2615 approximately \$76.1 million in FY 2016 and \$97.4 million in FY 2017 for the expansion of the full-day kindergarten (FDK) program to all school districts and charter schools by the end of FY 2017. Section 32 stipulates the FDK class size must be maintained at a student-to-teacher ratio of 21:1 with a maximum variance approved by a principal of 25:1. When a remote rural school district is unable to meet the required ratio of 25:1, they may submit a proposed plan of corrective action to the SBE.

Section 33 appropriates \$5 million in each fiscal year of the 2015-2017 biennium from the State General Fund to B/A 101-2615 to provide financial incentives to newly hired teachers. This is in addition to the financial incentives provided for in S.B. 511. On or before August 31, 2015, the board of trustees of a school district may apply to the SBE for a grant of money to provide financial incentives to newly hired teachers that meet the criteria established within this section.

**SENATE BILL 511**: Establishes the Teach Nevada Scholarship Program and incentives for new teachers in certain schools. (BDR 34-1277)

Section 34 appropriates approximately \$7.6 million in each fiscal year of the 2015-2017 biennium to a new budget account known as the Professional Development Programs Account. In Section 35, approximately \$7.5 million of those funds are allocated to the three Regional Professional Development programs.

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Section 36 contains an additional \$100,000 in each fiscal year of the 2015-2017 biennium that is to be transferred to the Statewide Council for the Coordination of the Regional Training Programs. This is for additional training opportunities to be provided to educational administrators throughout the State.

Section 37 appropriates from the State General Fund to the Great Teaching and Leading Fund created by S.B. 474 approximately \$4.9 million in each fiscal year of the 2015-2017 biennium. This funding provides additional professional development opportunities as well as incentives, increasing the teacher pipeline and providing leadership-training opportunities.

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**SENATE BILL 474 (3rd Reprint)**: Makes various changes concerning the professional development of teachers, school administrators and other educational personnel. (BDR 34-1183)

Section 38 appropriates \$5 million in each fiscal year of the 2015-2017 biennium from the State General Fund to the new Contingency Account for Special Education Services. This account would be used to reimburse school districts and charter schools for extra ordinary expenses related to the education of high cost students with disabilities.

Section 39 appropriates \$2 million for each fiscal year of the 2015-2017 biennium from the State General Fund to the Grant Fund for Incentives for Licensed Educational Personnel to continue the purchase of one-fifth of a year of retirement service credit to fund the outstanding liability projected for that program.

Sections 40 and 41 continue the transfer of an estimated \$154.7 million in FY 2016 and \$159.2 million in FY 2017 from the State Supplemental School Support Account, B/A 101-2617, to the DSA as a State funding source for the 2015-2017 biennium. This provision extends the sunset date for utilizing these funds through June 30, 2017.

NDE - State Supplemental School Support Account — Budget Page K-12  
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Budget Account 101-2617

Section 44 lists the effective dates of the various sections of BDR 34-1284 and the various policy bills connected to this legislation.

**Chair Kieckhefer:**

What is the total General Fund appropriation in BDR 34-1284 for all the educational accounts?

**Ms. Waller:**

The total General Fund appropriation is \$1,339,663,358 for FY 2016 and \$1,390,877,688 for FY 2017 for a total General Fund appropriation over the biennium of \$2,730,541,046.

**Chair Kieckhefer:**

I have a question pertaining to section 25, subsection 3. Does this language prohibit a nonprofit organization tasked with program development and recruitment of a charter management organization from expending dollars in years beyond the 2015-2017 biennium?

**Ms. Waller:**

The appropriations are only available for the biennium. Any unexpended funding would revert to the General Fund by September 15.

**Chair Kieckhefer:**

Would any unused grant money issued to a nonprofit organization have to be sent back at the end of the biennium?

**Ms. Waller:**

Yes.

**Chair Kieckhefer:**

I need to think about that. I am not sure that accomplishes the intention of the program.

**Ms. Waller:**

The language in S.B. 491 coincides with the language in BDR 34-1284. There is opportunity to change the language in S.B. 491.

**Chair Kieckhefer:**

I will entertain a motion to introduce BDR 34-1284.

SENATOR ROBERSON MOVED TO INTRODUCE BDR 34-1284.

SENATOR LIPPARELLI SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

Seeing no public comment or any further business before this Committee, this meeting is adjourned at 7:43 p.m.

RESPECTFULLY SUBMITTED:

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Jackie L. Cheney,  
Committee Secretary

APPROVED BY:

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Senator Ben Kieckhefer, Chair

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

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster