

**MINUTES OF THE
SENATE COMMITTEE ON LEGISLATIVE OPERATIONS AND ELECTIONS**

**Seventy-Eighth Session
March 9, 2015**

The Senate Committee on Legislative Operations and Elections was called to order by Chair Patricia Farley at 3:32 p.m. on Monday, March 9, 2015, in Room 2144 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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 Patricia Farley, Chair
Senator James A. Settelmeyer, Vice Chair
Senator Greg Brower
Senator Kelvin Atkinson

COMMITTEE MEMBERS ABSENT:

Senator Tick Segerblom (Excused)

GUEST LEGISLATORS PRESENT:

Senator Joe P. Hardy, Senatorial District No. 12
Senator Joyce Woodhouse, Senatorial District No. 5

STAFF MEMBERS PRESENT:

Michael Stewart, Policy Analyst
Brenda Erdoes, Legislative Counsel
Andy Donahue, Intern to Senator Joe P. Hardy
Linda Hiller, Committee Secretary
Haley Johnson, Committee Secretary

OTHERS PRESENT:

Craig Stevens, Clark County School District
Seth Rau, Policy Director, Nevada Succeeds

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Lindsay Anderson, Washoe County School District
Lonnie Shields, Nevada Association of School Administrators
Victoria Carreon, Guinn Center for Policy Priorities
Tray Abney, The Chamber
Pat Sanderson
Stacey Shinn, Progressive Leadership Alliance of Nevada
Bradley Shrager
Kiersten Varrette
Bryan Parker
Grace Salazar
Trebor Gibson
Natalie Frey
Justin Howard
Eddie Mars

Chair Farley:

I will open the hearing on Senate Concurrent Resolution (S.C.R.) 1 by inviting Senator Joyce Woodhouse to speak on the resolution's behalf. It has been brought to us by the Legislative Committee on Education for which Senator Woodhouse served as the chair during the interim.

SENATE CONCURRENT RESOLUTION 1: Directs the Legislative Commission to create an interim study concerning the professional development of teachers and administrators. (BDR R-406)

Senator Joyce Woodhouse (Senatorial District No. 5):

I was honored to serve as the chair of the Legislative Committee on Education this past interim and am here today to present Senate Concurrent Resolution 1 for your consideration. I have submitted my prepared remarks ([Exhibit C](#)).

I will provide you with an amendment within the next week or so for an additional piece to S.C.R. 1.

Chair Farley:

Please come forward at this time to speak in favor of S.C.R. 1.

Craig Stevens (Clark County School District):

We provide a lot of professional development across Clark County and the School District, so we hope to be a part of the study and the technical committee Senator Woodhouse spoke of.

Seth Rau (Policy Director, Nevada Succeeds):

We highly recommend the technical advisory group. We support the idea of having outside stakeholders who can act as third parties to hold the system accountable for strong evaluation of data and the \$70 million we spend each year on professional development in the State.

Lindsay Anderson (Washoe County School District):

Washoe County School District supports S.C.R. 1.

Lonnie Shields (Nevada Association of School Administrators):

We conduct about eight conferences a year to meet the professional needs of our administrators across the State through development. We think S.C.R. 1 is a great learning tool for us. We hope to be a part of the technical crew that Senator Woodhouse discussed previously.

Victoria Carreon (Kenny C. Guinn Center for Policy Priorities):

The Guinn Center is neutral on S.C.R. 1. We conducted a study in conjunction with Nevada Succeeds on professional development in Nevada and found many insights as a result. We noticed issues that I want to bring to your attention, detailed in my testimony submitted to the Committee ([Exhibit D](#)).

The first issue is the cost data that Senator Woodhouse mentioned. That data can be received through the annual reports required by *Nevada Revised Statute* (NRS) 387.303. We suggest that information is received through the automated reports that are already filed on an annual basis.

The second issue deals with the evaluation of professional development. In our study, we found there is limited evaluation of professional development and a more rigorous study is needed. Our concern is making sure that there is sufficient funding for evaluation. We suggest that evaluation starts in August in order to have full data from an entire school year to gauge the impact of professional development on student achievement.

The third issue deals with the standards of professional development. The standards must be evaluated to understand how well they are working. There are no uniform standards across the State for professional development. A recommendation in our report is to have the Legislature require the State Board of Education adopt uniform professional development standards that apply to both the Regional Professional Development Program and school districts.

Senator Woodhouse:

Thank you for your time today. I know that you will be receiving a number of requests for studies. We will get in line in hopes that you consider this as one of your top priorities because as an educator, this is a top priority for me.

Chair Farley:

I will close the hearing on S.C.R. 1. Our next bill is Senate Joint Resolution 6 brought to us by Senator Joe P. Hardy.

SENATE JOINT RESOLUTION 6: Amends the Nevada Constitution to revise the method for determining the minimum wage. (BDR C-543)

Senator Joe P. Hardy (Senatorial District No. 12):

Suffice it to say that S.J.R. 6 is dealing with a minimum wage issue. I have provided a proposed conceptual amendment ([Exhibit E](#)) that would repeal section 16 of Article 15 of the Nevada Constitution to reinstitute governance of the minimum wage under NRS 608.250.

In a separate bill, I will propose to provide minimal wage protections for all employees covered under the Nevada constitutional provision and then likewise tie the State minimum wage to the Consumer Price Index (CPI).

Senate Joint Resolution 6 as written is confusing to me and probably anybody else because it is complicated. To illustrate that, my intern will talk to you about how to figure the hourly wage amounts of \$7.25 and \$8.25 an hour and what that would mean.

Andy Donahue (Intern to Senator Joe P. Hardy):

Senator Hardy and I have two potential approaches to this issue. The first repeals and replaces the current minimum wage measures. The second supplements what we do at the State level to mirror the federal level.

The federal standards have three points, one of which is comparable to what is being proposed today. The first is to cap premiums for employees with employee-provided coverage to 9.5 percent of an employee's W2 wages, including reductions for 401(k) contributions and similar deductions. The second is to cap premiums at 9.5 percent of an employee's monthly wages. The third is a proposed 9.5 percent of the federal poverty level.

The purpose of this is to cap premiums at a level of approximately half of the coverage requirement for higher earners purchasing from the Silver State Health Insurance Exchange. Such calculations create discretion for employers and employees to determine their premiums in the most productive way.

As it stands, premiums are capped at 10 percent of gross income which generates approximately \$877 in a premium deduction for an employee working full time yet still earning below the poverty level.

The W2 option creates a discount for the employee of approximately 50 percent compared to the State exchange by capping premiums at 9.5 percent of an employee's W2 wages at \$1,432. The monthly wages also create more flexibility in light of monthly income.

The second calculation is based on 9.5 percent of an employee's monthly wage and calls for a maximum premium of \$1,452 for an employee working 40 hours a week. The third calculation is most similar to S.J.R. 6 as introduced and encourages 9.5 percent of the federal poverty level for a single person to be used as a maximum premium at \$1,118.

This would mirror what we have under the Affordable Care Act (ACA) and would recognize it under the Nevada Constitution. It would create a business-friendly incentive, incentivizing employee-provided coverage with an immediate return on investment to the employer of \$4,000.

That figure is derived by savings from the federal fine of \$2,000 for a full-time employee if the employer does not make coverage available to those eligible. The additional \$2,000 comes from the two-tier system itself. A full-time employee forfeiting \$1 an hour of compensation provides savings to the employer just over \$2,000 as well for a total of \$4,000. This will take us back to the 50 percent discount in premiums.

The working poor will benefit while receiving said coverage and insulating the employee from fines reaching up to \$900 via the ACA. Instead of dollars leaving the State to pay for federal ACA fines, dollars will remain with the employer, providing coverage to the employee at a rate more competitive than doing it alone through the federal exchange.

Senator Hardy:

When we looked at the numbers, we found that if you do away with the dollar difference between the two minimum wage tiers, there is a benefit to be had. For instance, when we compare the minimum wage of \$7.25 to \$8.25 per hour, the employee at \$8.25 an hour is worse off because she or he has to pay for the health care coverage made available through the Exchange. When the employee pays on the Exchange, she or he will pay more than if making \$7.25 an hour.

If the \$7.25-an-hour employee still has an obligation to match premiums, a 9.5 percent cap on the premiums of the W2 or the monthly wage causes that employee to have more in pocket than the \$8.25-an-hour employee. This is because the employee avoids paying fines, coverage for health care and the cost of insurance on the Exchange.

We saw that a repeal is an option to resolve the issue. If we repeal the constitutional amendment added to the Nevada Constitution in 2004 and 2006, the Legislature will put it to a vote of the public in 2015, 2017 and the general election of 2018.

As proposed, the amendment suggests that we get rid of the two-tier system with the minimum wages of \$7.25 and \$8.25 an hour. It will protect even more minimum wage jobs, linking the minimum wage to the CPI through statute and increasing the Medicaid roles.

This occurs because employees will have coverage mandated through statute and will not give \$7.25-an-hour part-time workers health coverage other than through Medicaid. Medicaid will expand and the employer will still be incentivized to make health insurance available to retain employees and to avoid future federal fines.

There is no fiscal note so far.

Chair Farley:

It would be helpful if you give us some scenarios for each case that you have discussed. As you spoke, it was difficult to follow the math, but I would like to believe that everything you said was the truth. Specific examples will be easier for us to understand.

Senator Atkinson:

You are asking them to explain the bill in layman's terms; I would suggest likewise.

Senator Hardy:

We will provide that in an easily understood format.

Senator Atkinson:

Senator Hardy, I would like to spend some time with you later to discuss the bill.

From what I understand, S.J.R. 6 changes the insurance premium cost for minimum wage workers based on the percentage of the federal poverty level. So it is based on that rather than the actual earned income. Can you tell me the reason you chose to go that route?

Senator Hardy:

This has been and still is a work in progress. The proposed conceptual amendment in [Exhibit E](#) takes away the tie to whether an employer provides health insurance.

Now we work under the Affordable Care Act, where both the employer and employee are required to have health insurance or pay a fine. The proposed conceptual amendment repeals the 2004 and 2006 vote.

Once we have taken that away, it will allow us to change things via statute. It will include more categories that are protected or exempt from the minimum wage to give us more flexibility like we used to have.

Senate Joint Resolution 6 would preclude us from doing anything less than the federal minimum wage, but it would not preclude us from doing more than the federal minimum wage.

Senator Atkinson:

I do not understand the second bullet in the proposed conceptual amendment.

In a separate bill, Senator Hardy will propose to amend NRS 608.250 to: (1) provide minimum wage protections to all employees currently covered under the Nevada Constitutional provisions; and (2) tie the State minimum wage to the Consumer Price Index.

I am not understanding how that is an amendment to S.J.R. 6.

Senator Hardy:

The second conceptual amendment bullet point basically admits that I cannot do anything in statute until the constitutional part is deleted. I cannot change the Constitution by statute; we have to first change the Constitution by constitutional amendment, then I am committed to make a statutory change.

Senator Atkinson:

If this is a proposed conceptual amendment to S.J.R. 6, maybe the wording is wrong because ...

Senator Hardy:

You are absolutely correct. The proposed constitutional amendment is the first bullet point. The second bullet point is the statutory change—a totally different bill—once the constitutional amendment is approved.

The statutory change depends on initial passage in 2017 and then a vote of the people in 2018.

Sorry to have confused you.

Chair Farley:

Would anyone like to testify in favor of S.J.R. 6?

Tray Abney (The Chamber):

We support Senator Hardy's conceptual amendment to S.J.R. 6. We have always been uncomfortable with having the minimum wage in the Constitution basically on autopilot with the Consumer Price Index.

We agree with the second bullet point wherein he proposes a separate bill to amend NRS so the Legislature can make changes as it sees fit, instead of it being stuck on autopilot.

We appreciate Senator Hardy bringing this forward, allowing more flexibility for this issue and for businesses.

Pat Sanderson:

When making changes, you often have to go back to fix them. The federal minimum wage is \$7.25. As you all know, we have an index system that goes up or down, but it has not gone up since 2009.

I am not necessarily against S.J.R. 6 because I do not understand the whole thing. We need to have a minimum wage that a person can live on, no matter what it is. And that is for you Legislators to decide. Minimum wage should be a livable wage. I request that you figure out a wage that is fair to a growing State.

I am not saying that Senator Hardy's bill is wrong, but I ask that you please take care of the residents in Nevada. That means considering the best interest of the working men and women in the State of Nevada.

Stacey Shinn (Progressive Leadership Alliance of Nevada):

We should not be making it easier for employers to pay workers less and more difficult for employees to gain access to health care. We should not be creating an even wider base of working poor who depend on government assistance for living necessities such as food, shelter and health care.

A glaring example of the working poor who rely on our taxpayer dollars are fast-food workers. Families of more than half of fast-food workers who are employed 40 hours a week or more are enrolled in public assistance programs.

Senator Atkinson:

I do not know how this figures for setting the minimum wage. The low seems very low and then the high seems very low as well.

I get the impression that states are actually moving toward much higher minimum wages, whereas this bill has the ability to set it much lower. We are

going to have a lot more folks not meeting the threshold and this subsidizes businesses by making workers take Medicaid ...

Chair Farley:

Once we get scenarios where the figures are more easily understood, I would like to get input on what that will look like to the workers, so everyone has those figures next to each other and we can discuss what it means.

Bradley Shrager:

Over the last year, I have thought a lot about the minimum wage amendment, Article 15, section 16 in our Nevada Constitution.

I prepared to talk about a particularly deleterious amendment to the minimum wage amendment that is embodied in S.J.R. 6, but it seems as though we have shifted to the possibility of outright repeal of the minimum wage amendment. As I understand it, that would actually lower the minimum wage in Nevada.

The minimum wage in Nevada right now is \$8.25 an hour. Employers can qualify for the privilege of paying \$1 less, at \$7.25 an hour, if they provide qualifying low-cost comprehensive health insurance benefits to employees and all of the employees' dependents at a capped cost of no more than 10 percent of the wages that the employees earn in 1 year.

Now I understand that the Legislature wishes to tinker with legislation from session to session, but let us remember that this was passed as a constitutional amendment twice by the people with a 2-to-1 margin in highly contested elections of 2004 and 2006.

The people of the State wanted this enshrined in the State Constitution; it is fundamental organic law. The people wanted the particular way in which it was enshrined to continue without tinkering. Now we can certainly question if it should be put back to the people, asking if they want to remove it from the Constitution, but that was the state of play in 2004 and 2006 until today.

Let me speak for one moment on S.J.R. 6 prior to the proposed amendment. If I can provide quick calculations and references to illustrate the potential impact of this legislation, it may shed light on a few things in the conceptual amendment.

A great many minimum wage workers in Nevada in the service industries work between 20 and 30 hours a week. Employers schedule these workers under

30 hours a week because it avoids adhering to the mandate of the Affordable Care Act to provide insurance to their employees.

A worker in Nevada making \$7.25 an hour for 25 hours a week makes about \$10,000 a year. For the privilege of paying that worker down to \$7.25, the employer must provide comprehensive health insurance for no more than 10 percent of that wage each year. This means that employee's premium cap is \$1,000.

If you are not as fortunate and only work 15 hours a week, you make about \$6,000 a year, so your premiums are capped at \$600 annually. This is what the employer must provide in order to pay an employee below \$8.25.

I want to make that point because what we are really talking about is that no one is forced to provide health insurance to any employee outside of the Affordable Care Act in Nevada. You are only forced to do so if you seek to pay the lowest possible subminimum wage.

Qualifying for that privilege is the dollar margin we are discussing. Any employer could make all these problems go away under the minimum wage amendment if the employer paid the full minimum wage of \$8.25 an hour.

Senate Joint Resolution 6 would introduce a new measure by which employers could figure the allowable premium costs for employees. Before the conceptual proposed amendment, it would be the federal poverty level for a family of four, which is roughly \$24,000 a year.

Those making \$10,000 a year who pay \$1,000 annual-capped premium and those making \$6,000 a year who pay \$600 annual-capped premium could potentially pay \$2,400 annual-capped premium. That is four times more for the employee making \$6,000 a year and two-and-a-half times more for the employee making \$10,000 a year.

Essentially what S.J.R. 6 and the conceptual amendment appear to have is employees making \$24,000 a year when in reality, they do not. In fact, some of these workers have to work two or three jobs in order to make ends meet. The bill is assuming that they make \$24,000 a year in every job they have which is clearly not the case.

A worker in Nevada making \$7.25 an hour would have to work 56 hours a week all year with properly paid overtime to make \$24,000—the federal poverty level for a family of four. That is 8 hours a day, every day of the year, including Christmas. That is obviously not a typical scenario. Employers control the numbers of hours their employees work, so a worker getting 15 hours a week, for example, would see a massive rise in allowable costs.

Under S.J.R. 6, employees will not receive any wage raises, mandates of better health coverage or improved benefits. All that S.J.R. 6 achieves is a potential rise in health insurance premiums for the employee.

I will speak to the conceptual amendment. The basic bargain of the 2006 amendment was that employees could choose to get paid a dollar less, knowing that they have comprehensive health insurance available for 10 percent of their wages, or the full minimum wage. In the employers' case, they were forced to make an economic decision.

The minimum wage amendment predated the Affordable Care Act by 4 or 5 years, so in many ways it was ahead of its time. We look at an amendment today through different eyes because of the way the ACA speaks to availability or mandates for employee health care.

If we decouple wages and health insurance, there is some wisdom to that, but it should be revisited as should be the remedies for violations and the sheer amount of the minimum wage.

To entirely repeal a law enshrined in the Constitution—that provides a terrific deal if it works getting real insurance for the proper cost and lowering the minimum wage into the bargain—is not a good policy choice for Nevada.

I am not sure that all of the effects of S.J.R. 6 were clear to the Committee when walking in to the meeting today or when hearing the conceptual amendment introduction, but I would be happy to come back and discuss those further in any form that the Committee so chooses.

Kiersten Varrette:

I am speaking in opposition to S.J.R. 6 because lowering the minimum wage would not benefit me as a fast-food worker. I can barely survive on my own; that is why I do not believe that this will benefit any Nevadan.

Bryan Parker:

As a minimum wage worker, I also do not agree with the proposition of S.J.R. 6. It is true that a majority of people who work in fast food or any minimum wage job cannot afford the health insurance.

I do not see why lowering the minimum wage from \$8.25 to \$7.25 would improve the insurance provided for minimum wage workers because the fact is that 9 times out of 10, most of the workers are reliant on government aid like welfare and food stamps as it is. To lower wages would make it even worse.

Grace Salazar:

I oppose S.J.R. 6. Nevadans can neither live on \$7.25 nor \$8.25 an hour. Some employees are doing a job of two persons and at times not even given insurance. These employees are being paid slave wages, and we need to change this. I know that you will do the right thing for Nevadans.

Trebor Gibson:

I am a senior at University of Nevada, Las Vegas, and I am working on a research project on the issues surrounding the minimum wage in Nevada. I have submitted my prepared testimony ([Exhibit F](#)).

Natalie Frey:

I oppose S.J.R. 6. I am a minimum wage worker and I cannot survive off the minimum wage as it is now. It is very difficult for me and my developing family. I work a decent amount of hours and sometimes even overtime, but I am usually broke not even 2 days after I get paid. Lowering the minimum wage will not benefit any of us.

Justin Howard:

I oppose S.J.R. 6. As a student, I worked part time through my entire college career making minimum wage. I have since graduated from the university and have spent the last 2 years working for minimum wage.

The economy is not going to benefit by lowering the amount that minimum wage workers receive. It is not going to benefit our government because it will cause more funds to come from federal subsidies to pay for these low-wage workers to receive the care that they need. It will not have a positive impact on our economy.

Eddie Mars:

I am a resident of Las Vegas, and I believe that lowering the minimum wage is a bad idea altogether because we cannot live off even \$10 an hour. Minimum wage should be raised and health care should be included. If minimum wage is at least at \$15 an hour, it will still be difficult to afford health care.

Chair Farley:

I will ask the bill sponsor to come forward again at this time. Have you had the opportunity to meet with Ms. Shinn or Mr. Shrager for input on this issue?

Senator Hardy:

No, but I am willing to.

Chair Farley:

Getting something where we have the scenarios written out and the requested input included in analysis of each scenario would help myself and Committee members to better understand the resolution.

Senator Hardy:

The others who spoke made my point well. One of the challenges we have with the two-tiered system is the employee still cannot pay for health insurance.

Mr. Mars said something to the effect of "it is a bad idea to lower the minimum wage; I still cannot afford health care." That is the point of this whole resolution.

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Chair Farley:

I close the hearing on S.J.R. 6 and adjourn this meeting at 4:29 p.m.

RESPECTFULLY SUBMITTED:

Haley Johnson,
Committee Secretary

APPROVED BY:

Senator Patricia Farley, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
	A	1		Agenda
	B	4		Attendance Roster
S.C.R. 1	C	3	Senator Joyce Woodhouse	Prepared Testimony
S.C.R. 1	D	2	Kenny C. Guinn Center	Prepared Testimony
S.J.R. 6	E	1	Senator Joe P. Hardy	Proposed Amendment
S.J.R. 6	F	3	Trebor Gibson	Prepared Testimony