

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-ninth Session
May 12, 2017**

The Senate Committee on Finance was called to order by Chair Joyce Woodhouse at 8:05 a.m. on Friday, May 12, 2017, 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 Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Moises Denis
Senator Aaron D. Ford
Senator Ben Kieckhefer
Senator Becky Harris

COMMITTEE MEMBERS ABSENT:

Senator Pete Goicoechea (Excused)

GUEST LEGISLATORS PRESENT:

Senator Julia Ratti, Senate District No. 13

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Cathy Crocket, Program Analyst
Cindy Clampitt, Lead Committee Secretary
Mary Sullivan, Committee Secretary

OTHERS PRESENT:

Trista Gomez

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Susan Nielsen
Ronald Dreher, Government Affairs Director, Peace Officers Research
Association, Washoe County Principals Association
Taliyah Wilson
Chappelle White
Melissa Sadler
Leah Sadler
Tiecha Ashcroft
Julie Hereford, NevadansCAN Network
Randall Sparks
Jennifer Hainley
Connie Stolworthy
Sherrie Morris
Chris Daly, Deputy Executive Director, Nevada State Education Association

CHAIR WOODHOUSE:

We will begin with work session and Senate Bill (S.B.) 519.

SENATE BILL 519: Makes supplemental appropriations to the Division of Child and Family Services of the Department of Health and Human Services for a projected shortfall for adoption subsidies. (BDR S-1181)

MARK KRMPOTIC (Senate Fiscal Analyst):

Senate Bill 519 is a supplemental appropriation to the Division of Child and Family Services. The supplemental appropriation involves an appropriation included in the bill of \$3,378 for a projected shortfall to the Washoe County Child Welfare account for adoption subsidies. Fiscal staff would note in testimony by the Division of Child and Family Services (DCFS) when this bill was heard they indicated an increase in the appropriation was necessary from \$3,378 to \$15,608 for a \$12,230 increase. Fiscal staff has reviewed the revised amount, and it is determined it appears to be reasonable.

In section 2, there is an appropriation of \$340,067 as it appears on the bill for a projected shortfall in the adoption subsidies in the Clark County Child Welfare account. The Division testified to a necessary increase in that appropriation from \$340,067 to \$377,244 for a \$37,177 increase. Fiscal staff has reviewed the estimates, and determined them to be reasonable.

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 519.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR DENIS WAS EXCUSED FOR THE VOTE.)

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CHAIR WOODHOUSE:
We will move on to Senate Bill 526.

SENATE BILL 526: Makes supplemental appropriations to the Division of Child and Family Services of the Department of Health and Human Services for projected shortfalls related to child and adolescent services. (BDR S-1169)

MR. KRMPOTIC:
Senate Bill 526 is a supplemental appropriation to DCFS. In section 1, there is a \$201,329 appropriation for a projected shortfall related to the Certified Public Expenditure cost settlement of the Children's Mental Health cost allocation plan dating back to fiscal year (FY) 2014-2015. Fiscal staff has reviewed this amount and has determined it to be reasonable. Testimony from DCFS confirmed the same.

In section 2, there is an appropriation of \$1,156,544 for the same purpose as stated in section 1 above. This appropriation would be to the Southern Nevada Child and Adolescent Services program. Fiscal staff has determined the amount to be reasonable. The Division testified the same. Fiscal staff would note for the Committee's information this is an appropriation that was not included in the *Executive Budget* but Fiscal staff has accounted for it in tracking the General Fund balance.

SENATOR PARKS MOVED TO DO PASS S.B. 526.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR WOODHOUSE:
We will go to S.B. 233.

SENATE BILL 233 (1st Reprint): Requires the State Plan for Medicaid and health insurance plans to provide certain benefits. (BDR 38-817)

MR. KRMPOTIC:
Senate Bill 233 was heard May 11, 2017, in Committee. This bill requires a State Plan for Medicaid and health insurance plans to provide certain benefits. The sponsor of the bill, Senator Ratti, offered Proposed Amendment 4590 to S.B. 233 ([Exhibit C](#)) and testimony was provided regarding this amendment ([Exhibit D](#)).

With respect to the fiscal note, the Division of Health Care Financing and Policy had testified that if section 5, subsection (a) of the proposed amendment was deleted from the bill, it would remove the fiscal impact to the Division of Health Care Financing and Policy.

Fiscal staff received information from the Public Employees' Benefits Program, who submitted a fiscal note on this bill, that this amendment would remove their fiscal note. We received an email this morning confirming their removal of the fiscal note.

Senator Ratti also requested that Assemblywoman Teresa Benitez-Thompson be added as a primary sponsor to the bill.

Steven Cohen and Amy Sue Hayes provided written public comment ([Exhibit E](#)) and ([Exhibit F](#)).

SENATOR FORD MOVED TO AMEND AND DO PASS AS AMENDED S.B. 233 WITH SECTION 5, SUBSECTION (a) OF AMENDMENT NO. 4590 DELETED AND WITH ASSEMBLYWOMAN TERESA BENITEZ-THOMPSON ADDED AS A PRIMARY SPONSOR OF THE BILL.

SENATOR DENIS SECONDED THE MOTION.

SENATOR KIECKHEFER:
I am going to vote against this bill. I think that putting all the mandates into Medicaid reduces flexibility to manage the benefits plan that is part of their job.

It also mandates that the State pick up the nonfederal share of all of these services as Senator Ratti indicated in her testimony yesterday. Uncertainty over health care could mean that changes to the federal government could result in a significant spike in cost for the State.

THE MOTION CARRIED. (SENATORS KIECKHEFER AND HARRIS VOTED NO.)

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CHAIR WOODHOUSE:

That concludes the work session. We will go to budget closings. We will begin with the Governor's Office, Office of Workforce Innovation (OWINN), budget account (B/A)101-1004.

ELECTED OFFICIALS

OFFICE OF WORKFORCE INNOVATION

Office of Workforce Innovation — Budget Page ELECTED-88 (Volume I)
Budget Account 101-1004

CATHY CROCKET (Program Analyst):

This budget account begins on page 3 of Closing List No. 6, ([Exhibit G](#)). There is one major closing issue. It is the establishment of the OWINN. The Governor recommends permanently establishing the OWINN to elevate the focus on workforce development issues and provide Statewide workforce development leadership, strategy and coordination. The budget is recommended to be established through adding one position, transferring in four positions and operating costs from the Department of Employment Training and Rehabilitation (DETR), and transferring in costs associated with the State Apprenticeship Council from the Department of Business and Industry (B&I). In addition, the Nevada P20 Workforce Reporting budget, which contains expenditures that support the Nevada P20 Workforce Research Data (NPWR) system, is recommended to transfer from DETR to OWINN.

E-125 Sustainable and Growing Economy — Budget Page ELECTED-88

E-503 Adjustments to Transfer — Budget Page ELECTED-88

E-509 Adjustments to Transfer — Budget Page ELECTED-88

E-900 Transfer Apprenticeship Council to OWINN — Budget Page ELECTED-89
E-903 Transfer from BA 4770 to OWINN — Budget Page ELECTED-89
E-909 Transfers from R&A to OWINN — Budget Page ELECTED-90

After considering all decision units and technical adjustments completed by Fiscal staff, General Fund appropriations of \$191,672 and federal Workforce Innovation and Opportunity Act (WIOA) funding transferred from DETR in the amount of \$874,294 are recommended over the 2017-2019 biennium to support OWINN. General Fund appropriations support costs associated with apprenticeships and WIOA funding supports other functions of the office. The table on page 4 of [Exhibit G](#) displays the different decision units.

As discussed at the April 18, 2017, workforce development work session, workforce development activities are conducted by multiple entities in the State including the Governor's Workforce Development Board (GWDB) and the Industry Sector Councils, DETR, the Nevada Department of Education (NDOE), the Nevada System of Higher Education (NSHE), the Governor's Office of Economic Development (GOED), the Office of Science, Innovation and Technology and the Department of Health and Human Services.

Challenges with the current workforce development governance structure include limited cooperation and coordination among entities resulting in siloed workforce development efforts and a lack of resources focused solely on workforce development.

On March 16, 2016, Governor Sandoval issued Executive Order 2016-08 to increase focus on workforce development, which established OWINN within the Office of the Governor.

At the June 30, 2016, meeting of the Interim Finance Committee (IFC), two work programs were approved to fund OWINN in the DETR Employment Security budget with \$327,333 in WIOA funding in fiscal year (FY) 2015-2016 and FY 2016-2017.

Testimony by the Governor's Office at that time indicated that the intent of the Executive Order was to establish OWINN for the current biennium. At that time, it was uncertain whether OWINN would continue beyond that point in time.

The *Executive Budget* does recommend to permanently establish OWINN within the Governor's Office as part of the statewide workforce development initiative. According to the Governor's Office, they also note that federal WIOA calls for closer coordination between educational workforce programs, as well as the alignment of workforce and economic development goals, and the establishment of OWINN would further the State's efforts to increase collaboration between these two activities.

To implement the establishment of OWINN the Governor's Finance Office (GFO) has requested S.B. 516.

SENATE BILL 516 (1st Reprint): Revises provisions governing workforce innovation and apprenticeships. (BDR 53-913)

According to the Governor's Office, the overarching goals of the State's workforce and economic efforts are to prepare all K-12 students for college and career success; increase the number of Nevadans with a postsecondary credential or college degree; and increase employment outcomes in training and credential programs. The OWINN would play a central role in implementing the Governor's strategy to achieve these goals.

The goals of OWINN itself are to establish and address workforce needs through evidence and outcome-based strategies, to develop a career pathways strategy, to identify innovative workforce practices and to recommend improvements in the allocation of workforce development funding.

The responsibilities of OWINN are outlined in S.B. 516, which establishes OWINN in the Governor's Office, transfers the NPWR system to OWINN, transfers the State Apprenticeship Council from B&I to OWINN, requires the Governor to appoint an OWINN Executive Director and a State Apprenticeship Director, and modifies the structure of the State Apprenticeship Council to align with federal requirements. Senate Bill 516 was amended and passed by the Senate Committee on Commerce, Labor and Energy on April 7, 2017, re-referred to this Committee on April 24, 2017, and heard by this Committee on May 4, 2017.

The OWINN would assume responsibility for overseeing the State's apprenticeship program, the State Apprenticeship Council and the NPWR system and the Office would also be responsible for supporting the GWDB and

the Industry Sector Councils. The Governor's Office indicates OWINN would work to streamline efforts among the GWDB, the Industry Sector Councils, the Local Workforce Development Boards, NDOE, NSHE, DETR and the Division of Welfare and Supportive Services (DWSS).

During the work session, the Committees inquired to what degree OWINN would have authority over workforce development activities conducted in other State agencies. Testimony by the Governor's Office indicated OWINN would have direct authority over the NPWR system and the State Apprenticeship Council and a coordinating and leadership role with other State agencies involved in workforce development.

The Agency indicated that locating OWINN within the Governor's Office would provide some level of responsiveness and accountability as State agencies do report to the Governor.

Testimony at the work session indicated that OWINN is considered to be the first step in aligning the State's workforce development activities. Future steps identified may include consolidating activities within welfare and supportive services such as the New Employees of Nevada training program, the Supplemental Nutrition Assistance Program Employment and Training program, DETR, and Senior Community Service Employment program operated through the Aging and Disability Services Division within one department.

The staffing recommendation for this budget is on page 7 of [Exhibit G](#). The Governor recommends nonclassified staffing for OWINN. The Governor recommends a new apprenticeship director position in OWINN and transferring the State Apprenticeship Council from the Office of the Labor Commissioner to OWINN. This would establish OWINN as the entity that oversees apprenticeships in Nevada. The OWINN would maintain focus on apprenticeships as a workforce development tool for the State. Fiscal staff would note that the duties of the State Apprenticeship Director and the State Apprenticeship Council appear to be primarily regulatory in nature, which differs from OWINN's stated mission of providing statewide workforce development strategy and leadership.

Regarding OWINN and the GWDB and industry sector councils, historically DETR has been responsible for supporting the Workforce Development Board and

industry sector councils. However, OWINN has assumed this responsibility in 2016 through an executive order issued by the Governor.

The responsibilities of the Workforce Development Board appear to overlap with those of OWINN to some degree. The Governor's Office has indicated that although both OWINN and the Workforce Development Board engage stakeholders to develop the State's workforce development system, the Workforce Development Board is primarily focused on WIOA-funded activities. The OWINN would provide leadership and coordination across a broader spectrum of workforce development activities.

At the work session, the Governor's Office indicated that the GWDB should have had stronger oversight over the State's workforce development activities. The Governor's Office believes that providing a stronger coordinating staff that is part of the Governor's Office would increase accountability and result in improved coordination among GWDB stakeholders and alignment among workforce development activities throughout the State.

The P20-W Advisory Council recommended a position within the Governor's Office that would promote effective pre-K to third grade education governance, analyze NPWR data and make policy recommendations. It appears this function would be partially fulfilled by the OWINN Director in the 2017-2019 biennium. The Council's recommendation was supported by the Legislative Committee on Education in its 2017 Bulletin 17-10. The DETR indicates that locating the NPWR in an agency within the Governor's Office would increase accountability and cooperation among agencies. It appears that the NPWR produces data and reports that are integral to OWINN's role of aligning workforce efforts throughout the State, and that OWINN would be a key stakeholder in the system going forward.

The *Executive Budget* does not contain performance measures to track the success of OWINN's workforce development activities other than apprenticeships. During the work session, OWINN mentioned two quantifiable goals by 2019: to expand apprenticeships in the State by 10 percent, and increase the percentage of Nevadans age 24 to 35 with a postsecondary credential to 60 percent by 2025. Additionally, the Agency indicated it is working with stakeholders of the NPWR system to develop meaningful reports, which may provide data that quantifies the success of the Office. The OWINN stated it is difficult to quantify outcomes and is still working to develop

additional measures of success. Considering OWINN is still developing these goals, the Committee may wish to issue a letter of intent instructing the Agency to provide semiannual reports to the IFC concerning the efforts and achievements of OWINN in the 2017-2019 biennium.

Fiscal staff has completed technical adjustments, shown on the closing document, to support \$38,004 in salary costs that were understated with federal WIOA funding transferred from DETR. The GFO concurs with this adjustment.

The *Executive Budget* recommended locating board and commission pay and operating costs associated with the State Apprenticeship Council in the personnel and operating categories. Considering that OWINN would have nonclassified staff, locating board and commission pay in the personnel category would make it difficult to calculate an appropriate amount of nonclassified salary authority in future biennia. The GOED uses a special use category for board expenditures, and it has nonclassified staff. Fiscal staff has completed technical adjustments, shown in the closing document on page 9 of [Exhibit G](#) in decision unit E-500, to locate \$2,692 in annual costs associated with the State Apprenticeship Council in a separate special use category. The GFO concurs with this technical adjustment.

Fiscal staff asked the GFO whether the Administrative Services Division (ASD) of the Department of Administration would provide fiscal and administrative support to OWINN in the 2017-2019 biennium, and it was determined that it would. Fiscal staff has completed technical adjustments to reduce operating expenditures by \$10,000 annually and to establish a \$10,000 ASD cost allocation expenditure with appropriations of \$3,500 and federal WIOA funding transferred from DETR of \$16,500 over the biennium. The GFO concurs with this technical adjustment.

There are two options to be considered by the Committee:

a) Approve the Governor's recommendation to establish the OWINN within the Office of the Governor, included for nonclassified positions; fund a new nonclassified State Apprenticeship Director position; and transfer the State Apprenticeship Council from the Office of the Labor Commissioner, contingent upon the passage and approval of S.B. 516 or other enabling legislation, with technical adjustments.

b) Do not approve the Governor's recommendation to establish the OWINN.

If the Committee approves the Governor's recommendation, does the Committee wish to issue a letter of intent to require semiannual reporting to the IFC concerning the efforts and achievement of the OWINN?

Fiscal staff requests authority to make technical adjustments to fund position salaries at a Step 10 equivalent, to locate State Apprenticeship Council expenditures in a special use category, to establish the ASD cost allocation and to make other necessary technical adjustments.

SENATOR KIECKHEFER:

For clarity purposes, a letter of intent on the performance measures should also be included.

SENATOR FORD MOVED TO APPROVE B/A 101-1004 WITH OPTION A AND TO INCLUDE A LETTER OF INTENT TO REQUIRE OWINN TO PROVIDE SEMIANNUAL REPORTS TO THE IFC CONCERNING EFFORTS AND ACHIEVEMENTS OF OWINN AND PERFORMANCE MEASURES AND AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS TO FUND POSITION SALARIES AT A STEP 10 EQUIVALENT AND TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED.

BUDGET CLOSED.

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CHAIR WOODHOUSE:

We will recess. I call the meeting back to order. We will start with B/A 101-1080.

SARAH COFFMAN (Principal Deputy Fiscal Analyst):

The State Treasurer's Office (STO) begins on page 11 of [Exhibit G](#). There is one major closing issue, the establishment of a public information officer position (PIO). A PIO was established during the 2015-2016 Interim. This position was not previously approved by the Legislature or the IFC. It is being brought forth today for the Committee's consideration.

During the 2015 Legislature, the STO did request the PIO; however, the money committees did not approve the position because the committees indicated that there was not sufficient justification for the position.

On July 15, 2015, the STO established a new PIO position. When asked by Fiscal staff how the position would be funded because the STO did not come to the IFC to establish this position, they indicated they could generate savings from underfilling a deputy cash management position as well as some vacant positions and another position that was budgeted at a Step 10 but was filled at a Step 3. In total, they were able to generate approximately \$76,000 in FY 2015-2016. Due to the salary savings, it did not require approval from the IFC to establish the position.

In October of 2015, the STO did provide the IFC with an informational item reporting that they had established the PIO position. The justification behind it was the additional workload they had regarding S.B. No. 302 of the 78th Session, which established the Education Savings Account (ESA) program. During that time, the STO indicated their workload increased significantly and within a 30-day span, they received 1,500 phone calls and 500 emails related to the ESA program. In order to continue funding the PIO position into FY 2016-2017 the STO underfilled some of its vacant positions as seen on page 12 of [Exhibit G](#). It should be noted that in the *Executive Budget* these positions are budgeted for salary and benefits they would receive based on the position classifications approved by the 2015 Legislature inclusive of merit increases. The STO would have a total of \$50,000 in FY 2017-2018 and \$52,604 in salary savings built into its budget if the budget were approved as recommended by the Governor.

Does the Committee wish to approve total funding of \$78,679 in FY 2017-2018 and \$81,673 in FY 2018-2019 to support the PIO position?

SENATOR FORD:

I think the answer is no, I do not want to approve the funding for the PIO position.

SENATOR FORD MOVED TO NOT APPROVE TOTAL FUNDING OF \$78,679 IN FY 2017-2019 AND \$81,673 IN FY 2018-2019 TO SUPPORT THE PIO POSITION.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Ms. COFFMAN:

There are three other closing items in this budget account described on page 13 of [Exhibit G](#). Fiscal staff has no issues with any of these. I will note that item 2 will be considered at a later date. Fiscal staff recommends the Committee approve other closing items 1 and 3 as recommended by the Governor, and provide Fiscal staff with authority to make technical adjustments as necessary.

SENATOR HARRIS MOVED TO APPROVE OTHER CLOSING ITEMS 1 AND 3 IN B/A 101-1080 AND TO PROVIDE FISCAL STAFF WITH AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY. OTHER CLOSING ITEM 2 WILL BE DETERMINED AT A LATER DATE.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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SENATOR KIECKHEFER:

I am going to step away before we move into the next budget account on the ESA, B/A 101-1097. Recognizing the action taken by the Assembly Ways and Means Committee to remove both the funding for the ESAs and the programming costs associated with it, this is a work in progress. I support the

initiative in the Governor's bill to create a new office to oversee ESAs within the NDOE. Consistent with that bill and ongoing discussions, I would be supportive of removing this funding from the STO at this time. Knowing we are still working together, we need to get to a place where this funding gets back into the budget somehow. I agree this is not the place to have it.

CHAIR WOODHOUSE:

Senate Bill 506 is the Governor's bill regarding the ESAs, which will be heard within the next few weeks. It is a work in progress.

SENATE BILL 506: Revises provisions relating to education savings accounts and education funding. (BDR 34-1101)

We will move on to the Education Savings Accounts B/A 101-1097.

Treasurer - Education Savings Accounts — Budget Page ELECTED-220
(Volume I)

Budget Account 101-1097

MS. COFFMAN:

The ESA, B/A 101-1097, begins on page 15 of [Exhibit G](#). The 2015 Legislature passed S.B. 302, which established the ESAs program. In September 2016, the Nevada Supreme Court determined the mechanism proposed to fund the ESAs was unconstitutional. During the 2015-2017 biennium, no ESAs were funded. The *Executive Budget* proposes to create a new ESA budget within the STO and fund it with General Fund appropriations of \$25 million in FY 2017-2018 and \$35 million in FY 2018-2019.

On page 16 of [Exhibit G](#), there are four major closing issues. The first relates to the grant awards for the ESA program, E-228.

E-228 Efficient and Responsive State Government – Budget Page ELECTED-220

The Governor recommends \$25 million in FY 2017-2018 and \$35 million in FY 2018-2019. Of that amount, \$24.3 million in FY 2017-2018 and \$34.1 million in FY 2018-2019 would support ESA grant awards. During the February 9, 2017, Senate Finance hearing and the February 21, 2017, Assembly Ways and Means hearing, the Committees asked several questions related to the Governor's recommendations to revise the statutory provisions

governing ESAs; however, at the time of the hearings, the Governor's bill to revise the provision governing the ESA program had not been introduced, so the Agency was unable to answer a number of the Committees' questions. Senate Bill 506 was introduced on March 27, 2017, and is currently in Senate Finance. The tables on pages 16 and 17 of [Exhibit G](#) provide a comparison of the current law associated with the ESAs and the provisions being proposed in S.B. 506.

Originally, there were no appropriations provided by the 2015 Legislature to fund the ESA program. Instead, corresponding reductions to the Distributive School Account were intended to be the funding source of the ESA grants.

Senate Bill 506 provides for General Fund appropriations of \$723,646 in FY 2017-2018 and \$891,444 in FY 2018-2019 for the administrative expenses related to the ESA program and \$24,276,354 in FY 2017-2018 and \$34,108,556 in FY 2018-2019 for ESA grants.

Currently, the STO is responsible for administering the ESA program. In S.B. 506 a new Office of Educational Choice within the NDOE and the Director of the Office of Educational Choice would be responsible for administering the ESA program.

Currently, students eligible for the ESA program must attend 100 consecutive days of public school without interruption immediately preceding the establishment of an ESA. In S.B. 506 students eligible for the ESA program would need to attend two consecutive quarters of public school without interruption immediately preceding the establishment of an ESA.

Currently, there are no laws established on the eligibility of children between the ages of 5 and 7 years of age who have not previously attended public school. Statute is also silent regarding the ESA eligibility of children with a parent who serves in the Armed Forces. Senate Bill 506 provides that a child is eligible for an ESA grant if they are at least 5 years of age and less than 7 years of age on or before September 30, or if the parent of the child is a member of the Armed Forces.

Currently, a child who is a pupil with a disability or with a household income that is less than 185 percent of the federally designated level of poverty would receive a grant equivalent to 100 percent of the Statewide average basic

support per pupil. All other eligible pupils would receive 90 percent of the Statewide average basic support. Senate Bill 506 makes no changes to the current law.

Currently, there is no limit to the number of ESAs that can be established. Senate Bill 506 indicates that if more applications for grants are received in a school year than the amount available, grants must be awarded in the order of the number assigned to the grant agreement. Senate Bill 506 also limits the number of first-time applicants in a school district not to exceed 5 percent of the average daily enrollment of pupils in the school district for the quarter that was reported on or before October 1 of the immediately preceding school year.

Currently, not more than 3 percent of each ESA grant may be deducted from the award to support administrative costs. In S.B. 506, there is no change.

Currently, if the enrollment of pupils in a school district or a charter school experiences a decline in enrollment that is 5 percent or more, hold harmless provisions apply regardless of whether the decline is due to students receiving ESA grants. Senate Bill 506 would exclude children who receive ESA grants from the calculation to determine the reduction in enrollment, as it applies to the hold harmless provisions.

On page 17 of Exhibit G, there is a table providing the maximum number of grants that could be funded in FY 2017-2018 and FY 2018-2019. It is approximately 4,000 in FY 2017-2018 and approximately between 5,700 and 6,300 in FY 2018-2019.

I would note that the STO has indicated that they have received approximately 8,500 applications to date related to the ESA program. The total amount provided in the grant funding would not support the full number of applications. As previously indicated, if there is not enough funding in the grants awards then it would become a first-come first-served basis by the numbers assigned to the grant agreement.

During the Committee meeting there were concerns expressed about the demographical information for the applicants who were applying for ESA program. Fiscal staff has provided three tables on page 18 of Exhibit G that breaks down some of the demographical information related to applicant income, county of residence and school districts. There is some variation

between the numbers and the tables that relates to the fact that some of the applications did not contain the information.

The Committee expressed concerns regarding the outreach that the STO conducted related to informing low-income communities of the opportunity to apply for the ESA programs. The STO indicated because it did not have a budget during the 2015-2017 biennium it was limited in its outreach. However, the STO did partner with Nevada Policy Research Institute and the Nevada School Choice Partnership. These entities conducted informational workshops over the past 18 months to inform low-income families of their ability to apply for the ESA program.

The Committee should note that this budget can be funded without the passage of S.B. 506, and as such, the approval of this budget is not contingent upon the approval of S.B. 506; however, S.B. 506 provides clarifying language related to the provisions governing the ESA program.

Options for consideration are:

A. Approve the Governor's recommendation to provide General Fund appropriations of \$24.3 million in FY 2017-2018 and \$34.1 million in FY 2018-2019 to support ESA grant awards.

B. Remove the General Fund appropriations of \$24.3 million in FY 2017-2018 and \$34.1 million in FY 2018-2019 from this budget for ESA grants, with the understanding that if S.B. 506 is approved, the funding included in the bill will be placed in the appropriate budget.

If the Committee approves the noted grant awards within this budget, Fiscal staff would recommend eliminating the General Fund appropriations included in S.B. 506.

SENATOR FORD MOVED TO REMOVE THE GENERAL FUND APPROPRIATIONS OF \$25 MILLION IN FY 2017-2018 AND \$35 MILLION IN FY 2018-2019 FROM THE ESA GRANTS IN B/A 101-1097 WITH THE UNDERSTANDING THAT IF S.B. 506 IS APPROVED THE FUNDING INCLUDED IN THE BILL OR SOME OTHER AMOUNT WILL BE PLACED IN THE APPROPRIATE BUDGET.

SENATOR DENIS SECONDED THE MOTION.

CHAIR WOODHOUSE:

Just to be clear on the record, the \$25 million that Senator Ford has placed in the motion and the \$35 million for the second year includes all the major closing items on page 16, item 1, Grant Awards for the ESA Program; item 2, New ESA Program Staff; item 3, Payback of the IFC and Statutory Contingency Accounts; and item 4 the Supplemental Appropriations. Is that correct?

Ms. COFFMAN:

That is correct.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

BUDGET CLOSED.

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CHAIR WOODHOUSE:

We will move to page 23 of [Exhibit G](#), B/A 101-1092.

Treasurer - Nevada College Savings Trust — Budget Page ELECTED-224
(Volume I)

Budget Account 101-1092

Ms. COFFMAN:

On page 23 of [Exhibit G](#) is the College Savings Trust Account B/A 101-1092. There is one major issue related to the continuation of the College Kick Start Program (CKS). The Governor recommends transferring from the Endowment Account \$2.2 million in each year of the biennium to support the continuation of the CKS program.

E-127 Sustainable and Growing Economy — Budget Page ELECTED-226

E-275 Educated and Healthy Citizenry — Budget Page ELECTED-227

As background information, the College Savings Board approved a pilot program in FY 2013-2014 to deposit \$50 into savings accounts for each kindergarten student who attended public school. The IFC did approve the funding. The

2015 Legislature also approved the continuation of the pilot program through FY 2015-2016. The goal of the program was to encourage families to open up their own college savings accounts or the prepaid tuition contracts.

At the June 30, 2016, IFC meeting, the STO requested \$2.5 million in Endowment Account funds to continue the CKS program through FY 2016-2017 with \$2.3 million allocated to the deposits and \$250,000 to be allocated to the marketing of the CKS program.

Fiscal staff will note that as part of that recommendation the STO was also seeking to expand the eligible population to kindergarten students that are in private schools as well as students in first grade through third grade, who did not attend public school in kindergarten.

The STO also recommended added incentives of up to \$1,000. On page 24 of [Exhibit G](#) is the list of these incentives.

The IFC did not approve the STO's request for funding to provide new financial incentives and reduced the amount requested by the STO by \$310,429.

They did indicate that the STO could approach the 2017 Legislature with the request for the added incentives.

Subsequent to the IFC meeting, the STO met with the College Savings Board. They indicated that the IFC had included funding in the work program for the expanded population that was not previously in the pilot program of the CKS account. As such, the only amount they needed to pay for the public school kindergarten students was \$1.78 million. The STO had a surplus of \$166,900.

The STO approval from the College Savings Board utilizes the excess funding to provide \$200 incentives to each family who were eligible for the CKS program and who started a 529 College Savings account or entered into a prepaid tuition contract in FY 2016-2017.

After the incentives were established, the STO indicated that in November 2016 they opened up 147 accounts compared to 71 accounts in November 2014. In December 2016, they opened up 116 accounts compared to 53 accounts opened in December 2014.

Fiscal staff has provided a table on page 25 of [Exhibit G](#) that identifies how many accounts have been established from calendar year 2013 to date, when the CKS program was first established. The total amount of accounts established is 13,960 accounts. It is approximately 10.3 percent of the 135,348 students that are currently participating in the CKS program.

When asked to provide statistical information about the demographics of the students who had a college savings account established on their behalf, either through a 529 savings account or a prepaid tuition contract, the Agency indicated that it did not collect any demographical data on those individuals.

The Governor's recommendation does include the expanded population for the CKS accounts. It includes both public and private school students and the expanded population of first through third graders who would have otherwise been eligible for the CKS program. The table on page 26 of [Exhibit G](#) identifies the total amount that is being requested or the estimated kindergarten population as estimated by the STO of 39,018 students in FY 2017-2018 and 39,018 students in FY 2018-2019.

The NDOE projects the kindergarten student population will be 35,501 in FY 2017-2018 and 35,874 in FY 2018-2019 for all public school kindergarten students.

There are three options for the Committee to consider:

1. Approve the Governor's recommendation to provide Endowment Account funds of \$1.95 million in each year of the 2017-2019 biennium to provide all public and private kindergarten students, as well as students in first through third grades who would have been eligible for a CKS account had they attended kindergarten, with a deposit of \$50 into a CKS account.
2. Approve fund transfers from the Endowment Account of \$1.7 million in each year of the biennium to fund \$50 deposits into CKS accounts for public school kindergarten students only, utilizing the estimates provided by the STO of 33,969 students in each year of the 2017-2019 biennium.
3. Approve fund transfers from the Endowment Account of \$1.78 million in FY 2017-2018 and \$1.79 million in FY 2018-2019 to fund \$50 deposits into CKS accounts for public school kindergarten students only, utilizing the

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estimates provided by the NDOE of 35,501 kindergarten students in FY 2017-2018 and 35,874 in FY 2018-2019.

SENATOR HARRIS:

Do these options include funding for those six additional incentives listed on page 24 of [Exhibit G](#)?

Ms. COFFMAN:

No. The Governor's proposal does not include added incentives; it is only the \$50 deposit into a CKS account.

SENATOR FORD MOVED TO FUND B/A 101-1092 WITH TRANSFERS FROM THE ENDOWMENT ACCOUNT OF \$1.78 MILLION IN FY 2017-2018 AND \$1.79 MILLION IN FY 2018-2019 TO FUND \$50 DEPOSITS INTO CKS ACCOUNTS FOR PUBLIC SCHOOL KINDERGARTEN STUDENTS ONLY, UTILIZING THE ESTIMATES PROVIDED BY THE NDOE OF 35,501 KINDERGARTEN STUDENTS IN FY 2017-2018 AND 35,874 IN FY 2018-2019.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

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Ms. COFFMAN:

The next area is the marketing of the CKS program. The Governor is recommending an additional \$250,000 in each year of the biennium to market the CKS program. Fiscal staff notes that in the base budget for this account, the Governor recommends approximately \$1.4 million in each year of the biennium for the marketing expenditures listed in Table 3 page 26 of [Exhibit G](#). The last three rows on Table 3 identify "in-kind" marketing dollars and not actual dollars. Those marketing dollars do go to these programs.

If the \$250,000 in additional marketing is approved the STO would have \$1.68 million in each year of the biennium for marketing. Fiscal staff notes that during the June 30, 2016, IFC meeting the STO received authority to fund an \$800,000 marketing campaign. On page 27 of [Exhibit G](#) Fiscal staff has provided a table that identifies the funding sources associated with the

\$800,000 marketing campaign. The second item on the table indicates that there was \$250,000 already established for the marketing of the CKS program. If the additional \$250,000 recommended in the Governor's budget is approved, the STO would have \$500,000 in each year of the biennium to market the CKS program. The marketing expenditures for the CKS program are included in the CKS account. The STO would have \$2.2 million in its CKS account to be utilized for related expenditures.

The STO has \$68,944 in each year of the 2017-2019 of the biennium for miscellaneous marketing expenditures. They also have \$746,816 budgeted for each year of the biennium for the Umbrella Marketing Campaign. The STO indicated that the College Savings Board approved the flat \$800,000 for their Umbrella Marketing Campaign. If you take both of those categories together the total amount for those expenditures is \$815,760, which is \$15,760 more than what the College Savings Board approved.

Does the Committee wish to approve the Governor's recommendation to provide additional Endowment Account funds of \$250,000 in each year of the 2017-2019 biennium to market the CKS program, which would be in addition to the \$250,000 that is included in the College Savings Trust base budget?

In addition, does the Committee wish to provide Fiscal staff with authority to combine miscellaneous marketing expenditures of \$68,944 in each year of the 2017-2019 biennium with the \$746,816 budgeted for each year of the biennium to support the Umbrella Marketing Campaign and provide staff with authority to reduce the total amount each year by \$15,760 in order to reflect the \$800,000 recommended by the College Savings Board, annually?

SENATOR PARKS:

Their request is to add \$250,000 to an already \$250,000 that is in the College Savings Trust base?

MS. COFFMAN:

That is correct.

SENATOR PARKS MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION FOR THE ADDITIONAL \$250,000 IN EACH YEAR OF THE BIENNIUM TO MARKET THE CKS PROGRAM IN B/A 101-1092 AND GIVE FISCAL STAFF THE AUTHORITY TO COMBINE

MISCELLANEOUS MARKETING EXPENDITURES OF \$68,944 IN EACH YEAR OF THE 2017-2019 BIENNIUM WITH \$746,816 BUDGETED FOR EACH YEAR OF THE BIENNIUM TO SUPPORT THE UMBRELLA MARKETING CAMPAIGN AND PROVIDE STAFF WITH AUTHORITY TO REDUCE THE TOTAL AMOUNT EACH YEAR BY \$15,760 IN ORDER TO REFLECT THE \$800,000 RECOMMENDED BY THE COLLEGE SAVINGS BOARD, ANNUALLY.

SENATOR FORD SECONDED THE MOTION.

SENATOR HARRIS:

With regard to the marketing expenditures for the CKS program, I would like to know how those dollars are spent. Is it a general advertising campaign or is there focus on at-risk populations who are not likely to go to college or maybe first time college attendees?

Ms. COFFMAN:

The Agency may be able to provide a better response. It is my understanding there is a global marketing campaign, and a portion of that is related to the CKS program. The Agency does market to children to promote opening up 529 savings plans as well as the prepaid tuition contracts and saving for college. It is a global marketing campaign for all of their college savings programs.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

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Ms. COFFMAN:

On the bottom of page 27 of [Exhibit G](#), Fiscal staff would note that the "in-kind" marketing expenditures are identified in separate categories as shown on table 3, on page 26 of [Exhibit G](#). Currently, the way the budget is organized, the Umbrella Marketing Campaign, as well as the Financial Literacy program, are within the operating expenditures of the STO.

Does the Committee wish to direct Fiscal staff to create individual categories for the various marketing expenditures currently within the STO's Operating category, for the Umbrella Marketing Campaign and the Financial Literacy

program to isolate these expenditures for their specific uses, consistent with how the in-kind marketing expenditures are accounted for within the Nevada College Savings Trust budget?

SENATOR HARRIS MOVED TO DIRECT FISCAL STAFF TO CREATE INDIVIDUAL CATEGORIES FOR THE VARIOUS MARKETING EXPENDITURES CURRENTLY WITHIN THE STO'S OPERATING CATEGORY FOR THE UMBRELLA MARKETING CAMPAIGN AND THE FINANCIAL LITERACY PROGRAM TO ISOLATE THESE EXPENDITURES FOR THE SPECIFIC USES CONSISTENT WITH HOW THE IN-KIND MARKETING EXPENDITURES ARE ACCOUNTED FOR WITHIN THE NEVADA COLLEGE SAVINGS TRUST BUDGET.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

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Ms. COFFMAN:

The next issue is the reclaiming of CKS funds. When the pilot program was first established it was determined that the \$50 on behalf of each kindergarten student would be deposited into a College Savings Account and would remain in that account until the child graduated high school and entered into college. The Governor is recommending through decision unit E-127 that these funds be reclaimed if the family does not claim the money prior to the child entering fourth grade. These monies would be returned to the Endowment Account. Fiscal staff notes that in the *Executive Budget* the reclaimed funding goes directly to the CKS category within the Nevada College Savings Trust. It does not reflect the transfer that goes to the Endowment Account.

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Does the Committee wish to approve the Governor's recommendation to reclaim CKS funds if the participant has not claimed their fund before their child enters fourth grade?

If so, does the Committee wish to return the noted funds directly to the Endowment Account as opposed to being returned to the Nevada College Savings Trust? Fiscal staff requests authority to make technical adjustments as necessary.

SENATOR FORD MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN B/A 101-1092 TO RECLAIM CKS FUNDS, IF THE PARTICIPANT HAS NOT CLAIMED THEIR FUND BEFORE THEIR CHILD ENTERS FOURTH GRADE AND TO RETURN THE NOTED FUNDS DIRECTLY TO THE ENDOWMENT ACCOUNT AS OPPOSED TO BEING RETURNED TO THE NEVADA COLLEGE SAVINGS TRUST AND WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR HARRIS SECONDED THE MOTION.

SENATOR HARRIS:

What is the difference between having the money go back into the CKS program or the Endowment Account?

MS. COFFMAN:

Currently, as recommended by the Governor it goes into the College Savings Trust, and within that it will go into the category that is associated with the CKS account. It is then up to them to process a second transaction to put it into the Endowment Account so that it can be used for other purposes. That was the original funding source for this. If it stays within the College Savings account it can be utilized for other reasons.

SENATOR HARRIS:

It seems to me that I would like the money to be utilized to further college access to children. Which account allows for that the best?

MS. COFFMAN:

The Governor's recommendation intended for that money to go back to the Endowment Account. It was a technical error that they did not put in the transferring decision unit. When we get to the Endowment Account you will see that the transfer is there. There is currently not a connection between the two accounts built into the College Savings Trust Account, which is a technical error. Once it is placed in the Endowment Account it can be used for any other

purpose that promotes postsecondary education. Within the CKS account it can only be used for CKS purposes.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

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Ms. COFFMAN:

There are five other closing items, beginning on page 28 of [Exhibit G](#). On other closing item 5, Assembly Bill (A.B.) 475, if this bill is approved, it would limit the purposes for which the STO is authorized to expend money in the Endowment Account and it would affect the funding for this particular account. Fiscal staff requests authority to make technical adjustments to this budget contingent upon the passage of A.B. 475. Fiscal staff requests other closing items 2 and 3 be closed as recommended by the Governor with the technical adjustments noted in other closing items 1, 4 and 5. Fiscal staff requests authority to make any other technical adjustments as necessary.

ASSEMBLY BILL 475: Revises provisions relating to education (BDR 31-975)

SENATOR PARKS MOVED FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS TO B/A 101-1092 CONTINGENT UPON THE PASSAGE OF A.B. 475 AND TO CLOSE OTHER CLOSING ITEMS 2 AND 3 AS RECOMMENDED BY THE GOVERNOR WITH THE TECHNICAL ADJUSTMENTS NOTED IN OTHER CLOSING ITEMS 1, 4 AND 5 AND WITH AUTHORITY FOR FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

BUDGET CLOSED.

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CHAIR WOODHOUSE:

We will move on to the Endowment Account, B/A 101-1094.

Treasurer - Endowment Account — Budget Page ELECTED-230 (Volume I)
Budget Account 101-1094

Ms. COFFMAN:

The Endowment Account begins on page 31 of [Exhibit G](#). There are no major closing issues. There are seven other closing items beginning on page 32 of [Exhibit G](#). Fiscal staff notes that other closing item 2 should reflect the recommendations that are consistent with the closing decision related to the reclaiming of the CKS funds that were previously heard. Fiscal staff also notes there is a technical adjustment related to the Attorney General cost allocation plan in other closing item 5.

Fiscal staff recommends other closing items 1, 3, and 4 be closed as recommended by the Governor, other closing items 5, 6, and 7 be closed with the noted technical adjustment authority and other closing item 2 be closed consistent with the closing recommendations approved by the Committee in the related decision unit included in the College Savings Trust budget with authority for Fiscal staff to make any other technical adjustments as necessary.

SENATOR FORD MOVED TO APPROVE B/A 101-1094 INCLUDING OTHER CLOSING ITEMS 1, 3, AND 4 AS RECOMMENDED BY THE GOVERNOR, OTHER CLOSING ITEMS 5, 6 AND 7 WITH THE NOTED TECHNICAL ADJUSTMENT AUTHORITY, AND OTHER CLOSING ITEM 2 CONSISTENT WITH THE CLOSING RECOMMENDATIONS APPROVED BY THE COMMITTEE IN THE RELATED DECISION UNIT INCLUDED IN THE COLLEGE SAVINGS TRUST BUDGET AND THE AUTHORITY OF FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

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BUDGET CLOSED.

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CHAIR WOODHOUSE:

We will move on to B/A 603-1081, Higher Education Tuition Admin beginning on page 35 of [Exhibit G](#).

Treasurer - Higher Education Tuition Admin — Budget Page ELECTED-237
(Volume I)

Budget Account 603-1081

Ms. COFFMAN:

Budget account 603-1081 is the Higher Education Tuition Administration Account. Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously heard by the Committee.

There are no major closing issues. There are four other closing items described on page 36 of [Exhibit G](#). Fiscal staff will note if A.B. 475 were approved as it currently exists the funding for this budget account would be eliminated. Fiscal staff recommends other closing items 1 and 2 be closed as recommended by the Governor, with technical adjustments noted in other closing items 3 and 4, and requests authority to make additional technical adjustments as necessary.

SENATOR PARKS MOVED TO APPROVE OTHER CLOSING ITEMS 1 AND 2 IN B/A 603-1081 AS RECOMMENDED BY THE GOVERNOR, WITH TECHNICAL ADJUSTMENTS NOTED IN OTHER CLOSING ITEMS 3 AND 4, AND GRANTS AUTHORITY FOR FISCAL STAFF TO MAKE ADDITIONAL TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

BUDGET CLOSED.

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CHAIR WOODHOUSE:

We will move on to B/A 101-3815, Unclaimed Property.

Treasurer - Unclaimed Property — Budget Page ELECTED-250 (Volume I)
Budget Account 101-3815

Ms. COFFMAN:

Unclaimed Property begins on page 37 of [Exhibit G](#). There are two major closing issues associated with this budget. The first one relates to a request for a new administrative assistant position, decision unit E-230. The Agency is requesting that this position be located in its Las Vegas office and funded with abandoned property funds. This position would process claims on abandoned property. Currently, there are two administrative assistant positions that perform these duties. However, the Division has incurred expenditures of \$46,421 on temporary staff services in FY 2015-2016, \$1,269 in overtime and \$4,180 in compensatory time in order to process its claims within 90 days as required by *Nevada Revised Statutes* 120A.640.

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According to the Agency, when it provides its yearly advertisement it receives an influx of approximately 75 percent of its claims within a short period of time after the advertisements are posted, and it is difficult to process the influx of claims within 90 days. In addition, they have also indicated that they currently have a backlog of 2,066 claims. If this position is approved, the backlog would be resolved.

The Legislative Counsel Bureau, Audit Division, conducted an audit in 2015. One of their recommendations was that the STO have better practices to ensure the unclaimed properties were addressed in a timely manner. Fiscal staff would note that the STO did eliminate an auditor position in its base budget to offset the expenditures associated with this new position.

Does the Committee wish to approve the Governor's recommendation to add a new administrative assistant position to its Unclaimed Property Division?

SENATOR HARRIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ADD A NEW ADMINISTRATIVE ASSISTANT POSITION IN B/A 101-3815 UNCLAIMED PROPERTY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

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MS. COFFMAN:

The second major closing issue is the base budget contract adjustment described on pages 38 and 39 of [Exhibit G](#). There is a technical adjustment that the STO is requesting. During the adjusted base budget phase there was \$25,000 that was removed from the STO's budget as sufficient justification was not provided at the time and it was eliminated. However, on March 23, 2017, the STO submitted to the GFO and the Fiscal Analysis Division some justification related to those expenditures.

During the November 2015 LCB audit, the audit division indicated that the STO Fast Track automated claims processing did not have the means to verify the identification of a claimant. As a result, one individual received \$186,000 by filing fictitious property claims. That individual was ultimately arrested. This identified a significant error in the system. The Audit Division recommended implementing additional controls for Fast Track claims to help prevent and detect fraud.

In January 2016, the STO entered into an agreement with Xerox Corporation the vendor that operates STO's Fast Track system to partner with LexisNexis to provide identification services. LexisNexis is able to validate the identification of individuals who use the Fast Track system.

This recommendation does appear reasonable to Fiscal staff, however, it has been included as a major issue as this request was not discussed at the Committees hearing.

Does the Committee wish to approve \$25,000 in fund transfers each year from the Abandoned Property account to verify the identity of claimants who utilize the Fast Track automated claims processing system?

SENATOR HARRIS MOVED TO APPROVE \$25,000 IN FUND TRANSFERS EACH YEAR FROM THE UNCLAIMED PROPERTY ACCOUNT IN B/A 101-3815 TO VERIFY THE IDENTITY OF CLAIMANTS WHO UTILIZE THE FAST TRACK AUTOMATED CLAIMS PROCESSING SYSTEM.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

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Ms. COFFMAN:

There are three other closing items in this budget described on page 39 of [Exhibit G](#). They appear reasonable. Fiscal staff recommends that all other closing items be closed as recommended by the Governor, and seeks authority from the Committee to make technical adjustments as necessary.

SENATOR FORD MOVED TO APPROVE ALL OTHER CLOSING ITEMS IN B/A 101-3815 AS RECOMMENDED BY THE GOVERNOR AND GRANT AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR HARRIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS EXCUSED FOR THE VOTE.)

BUDGET CLOSED.

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CHAIR WOODHOUSE:

We will go to public comment.

TRISTA GOMEZ:

I am a resident of Washoe County. I would like to talk to you ESAs and whether to use State funding and not education funding to fund these accounts. Based on what I could find, public education spending accounts for roughly 25 percent of the overall spending in Nevada. Families who are asking for a choice in their child's education are .002 of 1 percent of the overall budget. The money allowed for ESAs is not taking anything from public schools. This funding is coming from other tax dollars for families who feel that putting their children in failing schools, the lowest ranking in the Nation, should not be the best and only option for their child. They should not have to put their children in the lowest performing schools in the Nation. Parents have no say in the education their children receive. Parents do not have a choice in schools. If you live in a lower socio-economic area known for low student performance and other issues related to poverty, you have no choice but to put your children there.

Statistically these families are not in a financial position to home school or put their children in private schools. Having no choice in schools hurts poor families the most. In addition to having no choice in schools, parents have no choice in teachers, the person arguably having the most time with their children each day. If it is a situation that does not fit families, they have little or no recourse.

Parents have no choice in curriculum if they have questions about what is or is not being taught. There is very little or nothing that can be done. We say we value diversity and ensure an equal chance for all students without regard to income level, race, etc., but that cannot be true when the outcomes of our choices leave no chance for a diverse curriculum. This cannot be true for the poorest of our community who are subjected to an only option of the poorest performing schools, which in many cases steals their futures. In Nevada, median income has increased slightly. The percentage of children living in poverty has decreased slightly. Per pupil spending has increased and yet our national standing has fallen to the bottom in education. We are paying administrators more while teacher's wages are basically stagnant, parents have less knowledge of what their children are doing in the classroom and no venue to question curriculum.

We need diversity and we need to advocate for the poor in our community. We need families to have financial options not solely tied to an expensive house in a good school zone that they know will give their child the best shot at success. We need a starting point of some change and measurement to allow our

students to rise above last place. I am asking you to give our families and kids a chance by funding ESAs.

SUSAN NIELSEN:

I will read from my prepared testimony ([Exhibit H](#)). We have carefully watched Arizona, Texas, Tennessee and Wisconsin and hopefully learned from their examples. I will continue to read from my prepared testimony.

RONALD DREHER (Government Affairs Director, Peace Officers Research Association, Washoe School Principals Association):

We want to go on record in opposition to ESAs. You heard from previous speakers in the Nevada State Education Association (NSEA) and others; we echo all of those objections. We believe that our public school system educators and administrators do an awesome job of educating our children. We do not have to provide the dollars out there for people who want to have private education. It is perfectly understandable if they want to and it is great for them. We are opposed to ESAs.

TALIYAH WILSON:

I am 14 years old. I have been in public school since kindergarten through eighth grade. I have been denied a full potential class due to overcrowding and a lack of empathy of teachers. I would please like you to ask for S.B. 506 to support ESAs so kids like me can have a marvelous education and help them go to college.

CHAPPELLE WHITE:

I have three school age children. I am in support of ESAs. Please have the hearing for the S.B. 506. I have one child that does awesome in public school. However, I have two other children that public school has miserably failed from bullying, to not being heard, to failing grades. It came to a choice for me as a single mom, low-income, I work six to seven days a week, nightshifts to support what I believe in, which is a choice of education for my children. It is not a one-size that fits all. I believe in putting action into my standards and what I believe in. I am paying for my two children that did not do well in public school for their education. I am asking you to help families who are struggling with education and are at their wit's end. They want their education to be open-minded. It is not about public schools. It is about education of our children and their needs. Every child is different.

MELISSA SADLER:

I am respectfully asking for a hearing on S.B. 506. We are here as Nevada residents. I will read from my prepared testimony ([Exhibit I](#)).

CHAIR WOODHOUSE:

I will let you know when we will have a hearing on S.B. 506.

LEAH SADLER:

I am 12 years old and support ESAs. I will read from my prepared testimony ([Exhibit I](#)).

TIECHA ASHCROFT:

I am a mother of four children ages ten, eight, five and three. My eldest daughter was enrolled in kindergarten in a local charter school. I noticed she struggled. I spoke with her teacher, and she told me she was fine. By spring, I was receiving correspondence she would be held back because she was not meeting the standards. In first grade, she was displaying the same issues. She had an awesome teacher who was able to work with her and myself. Through tutoring she works best in small groups or one-on-one. As you know, Clark County School District cannot provide the resources whether in charter or the standard public school to work in small groups with children. A public school setting does not work for her. Feeling that I had no other choice, I home-schooled my children. I did so until S.B. No. 302 of the 78th Session passed in 2015. An amazing private nonprofit school opened. With the promise of ESA funding, the director of the school worked with individual families until the ESA funding comes through. My daughter is thriving in that school. She gets the one-on-one attention she needs. She is not failing anymore and loves school. She has gained mounds of confidence in her work ability due to the current school setting. Without the ESA being funded, that will be ripped away from my kids. It will not exist for my family because I cannot afford as a middle-class family to send three or four children to a private school.

I ask that you consider funding S.B. 506 and the ESAs. Every child deserves an opportunity to reach its fullest potential. Not every child thrives in a public school setting but still deserves an exceptional education.

JULIE HEREFORD (NevadansCAN Network):

I live in Assembly District 2 and Senate District 8. I will read from my prepared written testimony ([Exhibit J](#)).

RANDALL SPARKS:

I have five children and a granddaughter. Three of my children are still minors in the public school system. I am actually having them enrolled in a program called Odessey. They are doing better than in the big classrooms. I also represent over 30 children and 9 families who applied over 2 years ago for school choice (the ESAs). I am speaking for all of them. I want to thank you for giving us a hearing for S.B. 506. As you know, ESAs are constitutional. I was at the Supreme Court hearing about the funding not being constitutional but the actual school choice being constitutional. In addition, as it was stated, the funding should follow the children, not any particular school system or program. It should be based about the kids. As a parent, I know my children better than anyone; I know what works for them and what does not. I have one son who is very outgoing and does great. I have another one that is very quiet and needs personal attention. Please hear the pleas from all of us, over 8,000 families. Our society does place high value on choice and diversity. We hear this every day. We are asking for choice and we are getting push back. Thank you for the hearing on S.B. 506 and ESA funding.

JENNIFER HAINLEY:

I will read from my prepared written testimony ([Exhibit K](#)).

CONNIE STOLWORTHY:

My father was in education. I am one of ten children. I am in education. I happily worked in public education for 18 years until I saw too much evidence that the schools did not care about the children. The focus is too often on money and test scores. We should all be concerned and focused on what we can do for our future by providing every opportunity for our children to learn and grow. The evidence is that this is not happening. Too many of our schools are taking away recess from children. This is just one point of evidence. I am sure if you ask people that you know, what was your favorite part of school, many of the them will say recess.

Children need to play. When those in authority take away these important things from our children that is evidence to me they do not care about the children or they do not understand what children need.

Please support the ESAs. Please give choice to parents who love their children, who care about their children. Allow teachers to teach. Too often in our society teachers cannot teach because they are too busy doing testing. I left public

education because I wanted to help children find the joy of learning. Learning is joyful. When kids are afraid to go to school or when they hate school, nothing good is going to happen in that school. I have also submitted written testimony, ([Exhibit L](#)).

SHERRIE MORRIS:

I have been a public teacher, private school teacher, a homeschool mother, a public school mother and private school mother. I have a plethora of experience in education. I want to thank you for allowing the ESAs to go to hearing. I need to let you know I differ with the woman who spoke about Bill Gates taking over private schools.

As public school teachers, we were given a computer for every one of our children. We had to go to trainings that were offered through Microsoft, Inc. We had to give tests through Microsoft. Bill Gates is part of the common core. I do not know where she got her information, perhaps they have more agendas to make more money. I know from my experience that the public school system is desperate for change. The ESAs can be a positive part of that change. Not every child is going to succeed in public schools. We know that public schools are not the same as when we went to school. What can we do to change it? We can give an opportunity to children to go to other schools. We are not taking away from the wonderful job my teacher friends are doing. We are allowing them to do a better job. They are desperate just like the parents to get help so we can have every one of our children and students succeed. I have taught thousands of children. I have loved every one of them. I am so anxious for those children to be productive in society. We need to provide every option available to them. The ESAs provide those options.

CHRIS DALY (Deputy Executive Director of Government Relations, Nevada State Education Association):

Thank you for your work every day at the Legislative Session. The NSEA opposes private school vouchers. We will be opposing the Governor's bill, S.B. 506. There is some common ground between proponents and opponents of private school vouchers. The common ground is that public schools should be doing better. In Nevada, public school funding is perhaps the top political issue. Despite your efforts and many before you, Nevada still ranks about 47 in per pupil funding in the Nation. It is not surprising to hear that public education has not been everything that it should be for every Nevada student. Despite the fact that proponents of vouchers like to talk about the issue of choice, I think

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there is a very big choice in front of Nevada Legislators and decision makers. That choice is: do we redouble efforts to invest in public education to improve it, or do we go in the other direction and abandon the public schools. I hope that your choice is public education for all Nevada students. I have submitted written testimony in opposition to ESAs ([Exhibit M](#)).

CHAIR WOODHOUSE:

Let the record reflect we have written testimony in support of ESAs ([Exhibit N](#)) and written testimony in opposition to ESAs ([Exhibit O](#)).

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CHAIR WOODHOUSE:
This meeting is adjourned at 11:01 a.m.

RESPECTFULLY SUBMITTED:

Mary Sullivan,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	6		Attendance Roster
S.B. 233	C	80	Senator Julia Ratti	Proposed Amendment 4590
S.B. 233	D	2	Senator Julia Ratti	Remarks
S.B. 233	E	1	Steven Cohen	Neutral Testimony
S.B. 233	F	2	Amy Sue Hayes	Testimony on SB 233
	G	39	Fiscal Division/S. Coffman	Closing List #6
S.B. 506	H	1	Susan Nielsen	Testimony in Opposition
S.B. 506	I	4	Melissa and Leah Sadler	Testimony in Support
S.B. 506	J	1	Julie Hereford	Testimony in Support
S.B. 506	K	2	Jennifer Hainley	Testimony in Support
S.B. 506	L	1	Connie Stolworthy	Testimony in Support
S.B. 506	M	2	Chris Daly / NSEA	Testimony in Opposition
S.B. 506	N	37	Public Comment	Testimony in Support
S.B. 506	O	3	Amanda Morgan / Educate Nevada Now	B/A 1097 Testimony in Opposition