

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Eightieth Session
May 6, 2019**

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 8:13 a.m. on Monday, May 6, 2019, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblyman Jason Frierson
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Ellen B. Spiegel
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus
Assemblyman Jim Wheeler

COMMITTEE MEMBERS EXCUSED:

Assemblyman John Hambrick
Assemblywoman Dina Neal

GUEST LEGISLATORS PRESENT:

Assemblyman Steve Yeager, Assembly District No. 9
Assemblywoman Shea Backus, Assembly District No. 37

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Jennifer Ouellette, Program Analyst

Minutes ID: 1171



Kimbra Ellsworth, Program Analyst
Janice Wright, Committee Secretary
Lisa McAlister, Committee Assistant

After a call of the roll, Chair Carlton reminded those in attendance to silence electronic devices, and she reviewed the rules of the Committees. Assembly Bill 519 was processed by the Committee last Friday evening and needed some adjustments.

Assembly Bill 519: Makes appropriations to restore the balances in the Stale Claims Account and the Contingency Account. (BDR S-1240)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that on May 3, 2019, the Committee heard and passed Assembly Bill (A.B.) 519 that made appropriations to restore the balances in the Stale Claims Account [*Nevada Revised Statutes* (NRS) 353.097] and the Contingency Account [NRS 353.266]. The bill was amended to add funds for the Contingency Account. However, there were some additional matters that were forthcoming that might possibly change those amounts. Rather than have the amounts changed in the Senate and the bill returned to the Assembly for a conference committee, the Fiscal Analysis Division staff requested first a motion to reconsider, and second a motion to withdraw the approval of A.B. 519 that was processed with a vote to amend and do pass.

ASSEMBLYWOMAN SPIEGEL MOVED TO RECONSIDER
ASSEMBLY BILL 519.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Hambrick and Neal were not present for the vote.)

Ms. Jones suggested that the second motion would be to rescind the Committee's action and rescind its motion to amend and do pass.

ASSEMBLYWOMAN TITUS MOVED TO RESCIND THE
COMMITTEE'S ACTION TO AMEND AND DO PASS
ASSEMBLY BILL 519.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Hambrick and Neal were not present for the vote.)

Chair Carlton said the Committee would leave A.B. 519 open because there would be additional adjustments to the Contingency Account.

Ms. Jones stated that there might be adjustments to the account, and the Fiscal Analysis Division staff appreciated the opportunity to hold that bill open.

Chair Carlton said the Public Employees' Benefits Program (PEBP) budget was on the agenda to be closed today, and it was important to keep on track because that budget would be closed in the Senate this morning. She planned to take a recess, and upon return, if the Senate had completed its work on the PEBP budget, the Committee would address that budget. The Committee would continue to work through the other budgets and then address the bills on the agenda.

Chair Carlton recessed the meeting [at 8:18 a.m.] until the call of the Chair that would be immediately upon adjournment of the caucus this morning.

Chair Carlton reconvened the meeting [at 9:34 a.m.]. She said the Committee would begin to hear the budget closings and later the bills. It was her intention to address Assembly Bill 267 (1st Reprint) because the Fiscal Analysis Division staff would present a technical amendment for that bill. She moved to the budget closing of the Public Employees' Benefits Program budget account 1338.

SPECIAL PURPOSE AGENCIES
PUBLIC EMPLOYEES' BENEFITS PROGRAM
PEBP - PUBLIC EMPLOYEES BENEFITS PROGRAM (625-1338)
BUDGET PAGE PEBP-6

Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that those members who served on the Subcommittees on General Government had the opportunity to review budget account (BA) 1338 in detail for the Public Employees' Benefits Program (PEBP) earlier. There were a couple of minor changes in his closing notes, but everything else remained the same, and the members would be familiar with the budget items. He said the one major closing issue was the 2019-2021 biennium plan design in Budget Amendment A192861338. On April 3, 2019, Fiscal staff received Budget Amendment A192861338 from the Office of Finance, Office of the Governor (GFO). Budget Amendment A192861338 made six changes to the Governor's recommended budget:

- Revised the projected enrollment of state and nonstate retirees.
- Adjusted the projected rates for medical, pharmaceutical, dental, and Health Maintenance Organization (HMO) inflation.
- Revised certain per-participant, third-party administrator administrative costs.
- Revised the allocation of total projected expenditure for each participant group between inflation decision unit Maintenance (M) 101 and caseload change decision units M-200, M-201, and M-202.
- Increased the recommended one-time Health Savings Account (HSA)/Health Reimbursement Arrangement (HRA) contribution in fiscal year (FY) 2021 from \$100 to \$125 per participant.

- Reduced the FY 2021 state contribution (subsidy) percentages to match the contribution (subsidy) percentages recommended for FY 2020.

The first four amendment changes operated in the background and related to how costs were calculated. The last two amendment changes were important to bring to the attention of the Committee. The fifth change increased the recommended one-time health savings account contribution in FY 2021 from \$100 to \$125 per participant. The sixth change was a reduction of the FY 2021 state contribution (subsidy) percentages to match the contribution percentages recommended for FY 2020. Overall, even with Budget Amendment A192861338, The Executive Budget recommended funding to generally maintain the existing plan benefits adopted by the PEBP Board for plan year (PY) 2019, as well as the plan benefits approved by the Board of the Public Employees' Benefits Program for PY 2020. The table below displayed the PY 2019 benefit levels adopted by the PEBP Board and the benefit levels recommended (funded) by the Governor's recommended budget as amended.

**Summary of Proposed PEBP Benefits Design Elements Recommended (Funded)
for the 2019-2021 Biennium**

Benefit	PY 2019 Current Benefit Level	Governor Recommended Benefit Level: 2019-2021 Biennium (As Amended)
HDHP Deductible	\$1,500 per Individual/ \$3,000 per Family (max \$2,700 for any one family member) Certain preventive and “ACA” wellness care and diagnostic tests covered 100 percent	No Change
HDHP Maximum Out-of-Pocket	\$3,900 individual/ \$7,800 Family	No Change
HDHP Coinsurance	80 percent after deductible was met 100 percent once out-of- pocket was met	No Change
HDHP Prescription Coverage	Preventive Drugs: Deductible waived, plan pays 80 percent	No Change

Benefit	PY 2019 Current Benefit Level	Governor Recommended Benefit Level: 2019-2021 Biennium (As Amended)
	Preferred Generics, Preferred Brand Names, Specialty Pharmaceuticals: plan pays 80 percent after deductible Non-Preferred Brands: Not covered	
HMO/EPO Deductible	\$0.00 per Individual/ \$0.00 per Family	No Change
HMO/EPO Out-of-Pocket	\$7,150 per Individual/ \$14,300 per Family	No Change
HMO/EPO Copay	Varies between \$0.00 for preventive and “ACA” wellness care and diagnostic test services to \$500 per inpatient hospital/ facility admission	No Change
Dental Plan Deductible: Basic and Major Services	\$100 per Individual/ \$300 per Family Deductible waived for annual Preventive Services: four cleanings, two oral exams with bitewing x-rays, sealants, space maintainers, fluoride treatments	No Change
Dental Plan: Maximum Benefit	Plan pays 80 percent up to \$1,500 for either Basic or Major Services per individual once deductible met	No Change
Vision Plan Benefit	One annual exam covered. Copay varies by plan	No Change

Benefit	PY 2019 Current Benefit Level	Governor Recommended Benefit Level: 2019-2021 Biennium (As Amended)
HSA/HRA Contribution	\$700 per Individual + \$200 per covered dependent (up to 3 dependents) Additional \$200 per individual for completing four preventive health activities.	One-time additional \$400 recommended per individual in FY 2020 One-time additional \$125 per individual in FY 2021
Medicare Exchange Retiree HRA Contribution	\$12.00 per month (Base) per year-of-service (YOS). Enhanced by PEBP by \$2.00 per month in FY 2019	Additional \$1, to \$13 per month per YOS.
Medicare Exchange Retiree Part B Premium Subsidy	\$134 per month for retirees not eligible for premium free Part A, remain on HDHP or HMO/EPO, but enroll in Part B	Increase to \$135.50 per month
Medicare Exchange Retiree Fee Subsidy	PEBP pays \$5.58 monthly to cover Medicare Exchange enrollees' monthly HRA administrative fee and monthly life insurance administrative fee	Increases to \$9.24 per month.
Life Insurance	\$25,000 per active participants/ \$12,500 for retired participants	No Change

Mr. Haartz explained that the column on the far left side listed the benefit. The current plan year benefit that participants received was listed in the middle column. The Governor's recommended budget as amended was listed in the right side column. Again, the only change was the budget amendment increased the HSA/HRA contribution from \$100 to \$125 in FY 2021 as compared to the original recommendation in The Executive Budget.

Mr. Haartz said the first matter to be addressed was the increased contribution to participants' HSA/HRA account in decision unit Enhancement (E) 230. The Executive Budget, as amended, recommended excess reserves of \$9.5 million in FY 2020 and \$3 million in FY 2021 (\$12.5 million total) to fund additional one-time HSA/HRA

contributions of \$400 in FY 2020 and \$125 in FY 2021. Budget Amendment A192861338 increased the FY 2021 contribution from \$100 to \$125. Those amounts were in addition to the \$700 high deductible health plan (HDHP) preferred provider organization (PPO) participants (non-Medicare) received in FY 2019, and that was included in the base budget. No additional HSA/HRA contribution was recommended for dependents beyond the \$200 included in the base budget. Based upon 23,779 projected eligible participants in FY 2020 who would receive the additional contributions, each \$100 of contribution cost approximately \$2.38 million. In FY 2021, the cost was approximately \$3 million to provide the additional \$125 to a projected 24,076 participants.

According to Mr. Haartz, in past practices, the Governor and the money committees had used the budgetary process to spend down the one-time excess reserves similar to what the Governor recommended, and the same was done during the 79th Session (2017) with the \$200 of funding. The PEBP Board used excess reserves to enhance benefits. The Board used the rate-setting process and the process that culminated in March with setting the plan design as a way to obligate excess reserves. One of the matters that should be decided by the Committee was that the Governor recommended that the \$400 and the \$100 be approved and provided to participants without any requirements to perform any activities. In FY 2019, PEBP required participants to earn that money by completing activities that included enrollment in Doctor on Demand and Healthcare Bluebook, completion of a preventive care office visit, completion of laboratory work performed, and completion of a dental office visit to receive an additional, one-time \$200 HSA/HRA contribution funded through excess reserves. In FY 2020, participants who had already completed enrolling in Healthcare Bluebook and Doctor on Demand would not otherwise need to do that again to earn the contributions. According to the Office of Finance, Office of the Governor (GFO), the enhanced funding had been recommended without a requirement that participants complete activities to receive the \$400 and \$125 additional HSA/HRA contributions. In PEBP's response to questions asked during the January 31, 2019, presession budget hearing, PEBP indicated that requiring participants to complete activities to receive additional HSA/HRA contributions "had resulted in successful increases in member tools, transparency, and preventive services as shown in the Board reports." The PEBP testified that it intended to require participants to complete similar activities to receive \$200 of the recommended \$400 in FY 2020.

Mr. Haartz asked whether the Committee wished to approve the expenditure of excess reserves totaling \$9.5 million in FY 2020 and \$3 million in FY 2021 to fund one-time additional Health Savings Account (HSA)/Health Reimbursement Arrangement (HRA) contributions per primary participant of \$400 in FY 2020 and \$125 in FY 2021 as recommended by the Governor and included in Budget Amendment A192861338, with authority for staff to make technical adjustments as necessary. If the Committee approved the additional funding, Mr. Haartz asked if the Committee wished to approve the distribution of the \$400 in FY 2020 to participants without a requirement to complete activities to receive the additional funding as recommended by the Governor.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN SWANK MOVED THAT THE COMMITTEE APPROVE THE EXPENDITURE OF EXCESS RESERVES TOTALING \$9.5 MILLION IN FISCAL YEAR (FY) 2020 AND \$3.0 MILLION IN FY 2021 TO FUND ONE-TIME ADDITIONAL HEALTH SAVINGS ACCOUNT/HEALTH REIMBURSEMENT ARRANGEMENT CONTRIBUTIONS PER PRIMARY PARTICIPANT OF \$400 IN FY 2020 AND \$125 IN FY 2021, AS RECOMMENDED BY THE GOVERNOR, AND INCLUDED IN BUDGET AMENDMENT A192861338; AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY; AND APPROVE THE DISTRIBUTION OF THE \$400 IN FY 2020 TO PARTICIPANTS WITHOUT A REQUIREMENT TO COMPLETE ACTIVITIES TO RECEIVE THE ADDITIONAL FUNDING, AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Haartz said the next item related to the increased contributions to Medicare Exchange retirees' HRA accounts in decision unit E-231. The state subsidized active employees and non-Medicare retirees' contribution percentages that would be discussed later. The state subsidized Medicare Exchange participants through the same mechanism. The Governor recommended increasing the base monthly HRA contribution from \$12 to \$13 for Medicare Exchange participants for each year of service (YOS) up to 20 years. For example, with 15 YOS, a retiree on the Medicare Exchange would receive \$195 per month instead of \$180. The participant could use the funds to offset the monthly Medicare premium as well as other costs. The recommended enhancement was funded with nonstate employer subsidies and state subsidies totaling \$2.8 million in FY 2020 and \$2.9 million in FY 2021 based upon 13,050 and 13,450 projected exchange participants in FY 2020 and FY 2021 respectively. Nonstate subsidy revenues totaled \$2.4 million and funded the increase for a projected 5,464 enrollees, while state subsidy revenues totaled \$3.3 million and funded the increase for an estimated 7,986 enrollees over the 2019-2021 biennium. The enhancement was funded with nonstate and state employer contribution percentages and not funded with excess reserves.

During the 79th Session (2017), the Legislature approved continuing the base monthly contribution at \$12 in each year of the 2017-2019 biennium. However, PEBP subsequently increased the base monthly contribution to \$13 in FY 2018 and to \$14 in FY 2019, likely funded through the use of excess reserves. Therefore, the Governor's recommendation of \$13 would be a decrease in the monthly contribution Medicare Exchange retirees currently received.

Mr. Haartz asked whether the Committee wished to approve nonstate and state employer subsidies, totaling \$2.8 million in FY 2020 and \$2.9 million in FY 2021, to increase by \$1, from \$12 to \$13, the monthly Health Reimbursement Arrangement contribution provided to state and nonstate retirees enrolled in the PEBP-sponsored Medicare Exchange in each year of the 2019-2021 biennium, as recommended by the Governor, with authority for staff to make technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN SWANK MOVED THAT THE COMMITTEE APPROVE NONSTATE AND STATE EMPLOYER SUBSIDIES, TOTALING \$2.8 MILLION IN FISCAL YEAR (FY) 2020 AND \$2.9 MILLION IN FY 2021, TO INCREASE BY \$1, FROM \$12 TO \$13, THE MONTHLY HEALTH REIMBURSEMENT ARRANGEMENT CONTRIBUTION PROVIDED TO STATE AND NONSTATE RETIREES ENROLLED IN THE PUBLIC EMPLOYEES' BENEFITS PROGRAM SPONSORED MEDICARE EXCHANGE IN EACH YEAR OF THE 2019-2021 BIENNIUM, AS RECOMMENDED BY THE GOVERNOR, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Haartz said the next matter was the state contribution percentages. Although not reflected in a specific decision unit, the Governor recommended changes to the state contribution percentages. The state contribution percentages determined the total state contribution revenue needed and were the basis for the per-participant, per-month (PPPM) state contribution for active employees and the base state contribution amount for retirees as well as the monthly premium to be paid by participants.

For the 2019-2021 biennium, the Governor's budget recommended the contribution difference between participants and dependents remain at 20 percent. However, the difference between the PPO and the HMO/Exclusive Provider Organization (EPO) plan contribution percentages was recommended to decrease from the traditional 15 percent to 12 percent. Additionally, for FY 2021, the state's contribution percentage was budgeted to increase by 2 percent for state actives and dependents and 1 percent for state non-Medicare retirees and dependents over the percentages recommended for FY 2020. Budget Amendment A192861338 reduced the FY 2021 contribution percentages contained in The Executive Budget as submitted to match the percentages recommended for FY 2020.

For PY 2019, the PEBP Board approved higher contribution percentages than those approved by the Legislature during the 79th Session (2017) through the use of available funds, likely

including excess reserves. The Board's approval of higher contribution percentages had the effect of decreasing the monthly premium participants paid. Accordingly, premium revenue available to PEBP was also reduced. Based upon the Governor's recommendation, as amended, to return to the "traditional" percentages, participant premiums would increase in both FY 2020 and FY 2021 in comparison to the higher FY 2019 contribution percentages unilaterally adopted by the PEBP Board.

Mr. Haartz presented [Exhibit C](#), a copy of a table titled "Legislatively Approved State Contribution Percentages for PY 2019, PEBP Board Adopted Percentages, and Governor Recommended (as amended FY 2021) Contribution Percentages for the 2019-21 [2019-2021] Biennium." Mr. Haartz read the various contribution percentages listed on [Exhibit C](#). He termed those the traditional percentages. To fund the recommended contribution percentages for FY 2020 (as submitted) and FY 2021 (as amended by Budget Amendment A192861338), state subsidy revenues totaled \$266.5 million in FY 2020 and \$278.0 million in FY 2021. For both fiscal years, approximately 91.5 percent of total subsidy revenue funded the state's contribution for active employees.

At its March 28, 2019, meeting, the PEBP Board adopted the FY 2020 contribution percentages shown in [Exhibit C](#). Subsequently, the PEBP Board had noticed a meeting for April 29, 2019, to consider "possible action to allow and approve PEBP staff to finalize Plan Year 2020 rates and participant premiums upon final decision by the Nevada Legislature to approve employer contributions (subsidy) at PEBP's budget closing hearing." The PEBP April 29, 2019, agenda also contained an agenda item to consider action on delaying and extending open enrollment to allow PEBP staff time to account for the money committees' action(s) on PEBP's budgets.

The PEBP Board's FY 2020 contribution percentages generally reflected the contribution percentages the Board adopted for FY 2019 and remained approximately 2 percent greater than the contribution percentages recommended by the Governor for each year of the 2019-2021 biennium. For comparison purposes, Fiscal staff provided the following information on the effect of increasing the contribution percentages by either 1 percent (BOX 1) or 2 percent (BOX 2) based upon Budget Amendment A192861338.

BOX 1

A uniform 1 percent increase to the contribution percentages recommended in The Executive Budget, as amended, would increase the contribution percentages as follows and require the following additional funding:

Increase Executive Budget Percentages by 1% in FY 2020 and FY 2021

	<u>PPO</u>	<u>HMO/EPO</u>
State Active Employees	94.0%	82.0%
Dependents	74.0%	62.0%
State Retirees (non-Medicare)	65.0%	53.0%
Dependents	45.0%	33.0%

- In FY 2020, approximately \$3.3 million in additional revenue would be needed, of that, \$2 million would be funded through increased General Fund appropriations.
- In FY 2021, approximately \$3.4 million in additional revenue would be needed, of that \$2 million would be funded through increased General Fund appropriations.

BOX 2

A uniform 2 percent increase to the contribution percentages recommended in The Executive Budget, as amended, would increase the contribution percentages as follows and require the following additional funding:

Increase Executive Budget Percentages by 2% in FY 2020 and FY 2021

	<u>PPO</u>	<u>HMO/EPO</u>
State Active Employees	95.0%	83.0%
Dependents	75.0%	63.0%
State Retirees (non-Medicare)	66.0%	54.0%
Dependents	46.0%	34.0%

- In FY 2020, approximately \$6.6 million in additional revenue would be needed, of that \$4 million would be funded with General Fund appropriations.
- In FY 2021, approximately \$6.9 million in additional revenue would be needed, of that \$4.1 million would be funded with General Fund appropriations.

As noted previously, the state contribution percentages determined the total state contribution revenue needed and were the basis for the per-participant, per-month (PPPM) state contribution for active employees and the base contribution amount for retirees, as well as the monthly premium to be paid by participants.

Mr. Haartz noted that the Governor's recommended budget amended the contribution percentage for FY 2021 and reduced it from 95 percent to 93 percent. The difference in funding between those two percentages as submitted and as amended in FY 2021 was \$7.2 million, and approximately 60 percent of that amount was State General Fund. If the Committee were to adopt BOX 2 for a uniform 2 percent increase, that would fully fund the cost of increasing the contribution percentages in FY 2021, but would not fund the first year, and that was an amount that the Committee needed to decide how to fund after the budgets were closed. In BOX 1 the dollar amounts were less. If the Committee wished to fund a uniform 1 percent increase, then the \$7.2 million of funding could be distributed across both years of the 2019-2021 biennium. If the Committee only wanted to fund a uniform 1 percent, then that would use up approximately \$6.8 million of the available money, resulting in no additional cost to approve the uniform 1 percent. Likewise, there would be no additional cost to adopt the Governor's budget as amended. Mr. Haartz noted that whatever decision the Committee made, Budget Amendment 192861338 needed to be adopted because there were several changes occurring in the background such as changes to the inflation percentages that had been included as well as reductions to the per-participant, per-month charge that third-party administrators such as HealthScope Benefits, Express Scripts, and other entities were otherwise charged. Some savings would be generated for the budget overall. Budget Amendment 192861338 should be adopted regardless of the contribution percentages.

Mr. Haartz suggested that before the Committee adopted the contribution percentages, the members should review information on the Active Employee Group Insurance Subsidy (AEGIS) and Retired Employee Group Insurance (REGI) rates. The assessments funded the AEGIS contributions. The state's per-person, per-month (PPPM) AEGIS contribution represented the mechanism to fund the state's contribution toward defraying the total monthly cost of health insurance premiums active employees participating in PEBP would otherwise pay. He provided [Exhibit D](#) that was a copy of a table titled "Active Employee Group Insurance (AEGIS) State Contribution, Governor Recommended (as submitted) AEGIS Contribution for the 2019-21 [2019-2021] Biennium and Governor Recommended, as amended by Amendment A192861338," to illustrate the information. [Exhibit D](#) provided historical information from FY 2016 to FY 2019 and listed what the AEGIS contribution would be for FY 2020 and FY 2021 both as submitted and amended. Correspondingly, BOX 1A provided information on the projected changes to the AEGIS rates if contribution percentages other than those recommended by the Governor as amended by Budget Amendment A192861338 were approved by the Committee. BOX 1A listed the projected AEGIS rates necessary to fund a uniform 1 percent increase in the state contribution percentages. BOX 2A provided the projected AEGIS rates necessary to fund a uniform 2 percent increase.

BOX 1A Projected Active Employee Group Insurance (AEGIS) Per-Participant Per Month (PPPM) Rate Based Upon +1.0 Percent to State Contribution Percentages in Budget Amendment A192861338					
Governor Recommended (as submitted) FY 2020 AEGIS PPPM Contribution	Governor Recommended (as amended) FY 2020 AEGIS PPPM Contribution	Governor Recommended (as amended) +1.0% FY 2020 AEGIS PPPM Contribution	Governor Recommended (as submitted) FY 2021 AEGIS PPPM Contribution	Governor Recommended (as amended) FY 2021 AEGIS PPPM Contribution	Governor Recommended (as amended) +1.0% FY 2021 AEGIS PPPM Contribution
\$ 757.83	\$ 746.05	\$ 754.91	\$ 785.63	\$ 765.13	\$ 774.21

BOX 2A Projected Active Employee Group Insurance (AEGIS) Per-Participant Per Month (PPPM) Rate Based Upon +2.0 Percent to State Contribution Percentages in Budget Amendment A192861338					
Governor Recommended (as submitted) FY 2020 AEGIS PPPM Contribution	Governor Recommended (as amended) FY 2020 AEGIS PPPM Contribution	Governor Recommended (as amended) +2.0% FY 2020 AEGIS PPPM Contribution	Governor Recommended (as submitted) FY 2021 AEGIS PPPM Contribution	Governor Recommended (as amended) FY 2021 AEGIS PPPM Contribution	Governor Recommended (as amended) +2.0% FY 2021 AEGIS PPPM Contribution
\$ 757.83	\$ 746.05	\$ 763.76	\$ 785.63	\$ 765.13	\$ 783.30

Mr. Haartz said as with the AEGIS, BOX 1B listed the projected REGI base state contribution rates necessary to fund a uniform 1 percent increase in the state contribution percentages. BOX 2B provided the projected REGI base state contribution rates necessary to fund a uniform 2 percent increase. Mr. Haartz presented [Exhibit E](#), a copy of a table titled "Retired Employee Group Insurance (REGI) Base State Contribution for Non-Medicare Retirees (with 15 Years of Service), Governor Recommended (as submitted) REGI Contribution for the 2019-21 [2019-2021] Biennium and Governor Recommended, as amended by Amendment A192861338." [Exhibit E](#) listed the state contribution that would be provided to a state non-Medicare retiree to offset the cost of the monthly premium and was also a "composite" amount. As with the AEGIS, BOX 1B listed the projected REGI base state contribution rates necessary to fund a uniform 1 percent increase in the state contribution percentages. BOX 2B provided the projected REGI base state contribution rates necessary to fund a uniform 2 percent increase.

BOX 1B Projected Retired Employee Group Insurance (REGI) Base Contribution Per-Participant Per Month (PPPM) Rate Based Upon +1.0 Percent to State Contribution Percentages in Budget Amendment A192861338					
Governor Recommended (as submitted) FY 2020 REGI PPPM Contribution	Governor Recommended (as amended) FY 2020 REGI PPPM Contribution	Governor Recommended (as amended) +1.0% FY 2020 REGI PPPM Contribution	Governor Recommended (as submitted) FY 2021 REGI PPPM Contribution	Governor Recommended (as amended) FY 2021 REGI PPPM Contribution	Governor Recommended (as amended) +1.0% FY 2021 REGI PPPM Contribution
\$ 522.68	\$ 537.93	\$ 545.86	\$ 470.20	\$ 461.87	\$ 470.01

BOX 2B Projected Retired Employee Group Insurance (REGI) Base Contribution Per-Participant Per Month (PPPM) Rate Based Upon +2.0 Percent to State Contribution Percentages in Budget Amendment A192861338					
Governor Recommended (as submitted) FY 2020 REGI PPPM Contribution	Governor Recommended (as amended) FY 2020 REGI PPPM Contribution	Governor Recommended (as amended) +2.0% FY 2020 REGI PPPM Contribution	Governor Recommended (as submitted) FY 2021 REGI PPPM Contribution	Governor Recommended (as amended) FY 2021 REGI PPPM Contribution	Governor Recommended (as amended) +2.0% FY 2021 REGI PPPM Contribution
\$ 522.68	\$ 537.93	\$ 553.78	\$ 470.20	\$ 461.87	\$ 478.15

Mr. Haartz said depending on the contribution percentages that the Committee adopted, the Fiscal Analysis Division staff would make the necessary adjustments. A separate motion was not needed for each specific element because those would follow whatever contribution percentages were adopted by the Committee. He asked what contribution percentages the Committee wished to adopt.

Chair Carlton said there were many matters to be addressed in this decision. She asked whether the Committee had questions on the PEBP presentation.

Assemblywoman Titus asked for clarification of the increase in percentages that the Governor recommended for contributions to the REGI in FY 2020 that reflected a 19.2 percent increase. An increase of 6 percent was applied in FY 2017. She asked for details about what the Governor recommended. She believed that contribution would not stay the same if the Committee adopted a different percent change.

Mr. Haartz replied that the REGI per-person, per-month contribution was \$451.23. The contribution increased as recommended by the Governor to \$522.68 PPPM in FY 2020 and increased further as a result of Amendment A192861338 to \$537.93 PPPM. The reason the contribution increased was because there was a shortfall in FY 2018 in the REGI revenue collection and another combined shortfall was projected in FY 2019 of approximately \$4.9 million. The shortfall was approximately \$4.2 million when the Governor submitted his recommended budget. The difference between \$451.23 and \$522.68 was uniformly

attributed to the need to fund that shortfall. The reason the contribution increased to \$537.93 was because the shortfall was projected to increase by approximately \$200,000 more by the end of FY 2019. When the shortfall was compared with the Governor's recommendation for FY 2020 or FY 2021, either as submitted or amended, he noted that the shortfall was eliminated and the balance returned to a more normal level.

Assemblywoman Titus asked whether the shortfall was created because a miscalculation was made of the anticipated contributions.

Mr. Haartz responded that the shortfall was created likely by a number of different factors related to increased inflation and utilization costs compared with projections. The shortfall might have been partly attributed to less revenue being collected from participants' premiums as a result of the adjustment to reduce the participant contribution in the current year. But the shortfall most likely resulted from the state contribution being insufficient to match usage and inflationary claims costs.

Chair Carlton said healthcare was one of the most important things that state employees depended on as a benefit.

Mr. Haartz added that he had neglected to show the Committee another aspect of the program. He presented [Exhibit F](#), which was a copy of a table titled "Attachment 1, Fiscal Year/Plan Year 2020 and 2021 Estimated Participant Premiums for HDHP-PPO Based Upon Contribution Percentages." The table showed the effect on participant premiums based on the actions the Committee might choose. [Exhibit F](#) provided a comparison of the estimated monthly premium active employees and non-Medicare eligible retirees would pay based upon the contribution percentages contained in The Executive Budget as submitted and amended by Budget Amendment A192861338, and if the percentages were increased by a uniform 1 percent and 2 percent. Mr. Haartz reviewed each column of the table for the Committee. The first row represented the cost for an active participant enrolled in a PPO who only covered himself. In the current fiscal year, an active participant paid \$31.73 per month. The next column listed the Governor's recommended budget as submitted, and the cost would be \$43.25 per month. The next column provided the premium that resulted from the PEBP Board's action in March 2019. The premium would be unchanged and remain at \$31.73 per month. The Governor's recommended budget as amended was unchanged because the contribution percentages remained unchanged. The last two columns on the right side reflected the results if a uniform 1 percent increase was adopted or a uniform 2 percent increase was adopted based on the Governor's recommendation as amended. A participant currently paid \$31.73, and a uniform 1 percent increase to the contribution amount increased the current monthly cost to \$37.34. A uniform 2 percent increase to the Governor's recommended budget as amended reduced the monthly cost to \$31.12. [Exhibit F](#) provided other examples. The premium also could decrease for the next group using Health Maintenance Organizations (HMOs). A participant who covered only himself in the current year on the HMO paid \$142.43 per month. The cost increased at the uniform 1 percent rate to \$146.14 and then decreased to \$138.02 at the uniform 2 percent

contribution percentage change. That information would aid the Committee to understand the effects on the participants based on the decision made by the Committee.

There being no further questions or comments, Chair Carlton called for a motion. She suggested the Committee maintain the cost of healthcare premiums as flat and consistent as possible realizing that there had been many changes and uses of reserves over the interim that differentiated what actually was reflected on the employees' pay checks versus what was done by the Legislature during the 79th Session (2017). It was her preference that the employees know what the cost of the healthcare was going to be and that there was some continuity to that cost. She knew the first year cost was approximately \$6 million, but of that \$6 million, \$4 million would be General Fund and the other \$2 million would come from agency-driven fees. She wanted to ensure the Committee proposed the correct amendment. The Committee wanted to provide the Fiscal Analysis Division staff the opportunity to make adjustments for Budget Amendment A192861338 and any other technical adjustments necessary.

Mr. Haartz responded that depending upon the contribution percentages the Committee approved, he suggested the motion should be stated as follows: "Based upon Budget Amendment A192861338, approve the contribution percentages at a uniform 1 percent or a uniform 2 percent increase in FY 2020 and FY 2021 with the corresponding AEGIS and REGI rates and authorize Fiscal Analysis Division staff to make technical adjustments as necessary."

Chair Carlton wanted to ensure that the motion of the Committee was consistent with the action of the Senate to prevent the need for the Committee to address closing differences. She believed the motion should be to accept Budget Amendment A192861338 and increase the actives' percentage to 95 percent in FY 2020 and maintain the original Governor's recommendation in FY 2021 at 95 percent, with the understanding that would require an additional amount of approximately \$6 million in FY 2020, of which \$4 million was General Fund with technical adjustments to be made.

Mr. Haartz said he wanted the record to be clear, and the Senate mentioned the 95 percent but adopted the uniform 2 percent increase. That was just for the record so that everyone was aware that the Committee was not making an adjustment to active participants on the PPO, but was adopting a uniform approach.

Chair Carlton agreed that was the direction that she believed the Committee would approve.

Assemblywoman Titus said she was sympathetic to healthcare costs and what the state employees and retirees would pay, but said she would vote no on a 2 percent increase. The increase would be funded with General Funds. Every taxpayer in the state paid more for healthcare. She would vote no to avoid placing a burden on the taxpayers.

Chair Carlton said that state employees worked hard for the past eight years to ensure that the state functioned normally. Those state employees bore the burden of the economic downturn

with furloughs and no pay raises. In essence, the state had an employee tax for eight years. She believed that anything the Legislature could do to help state employees regain all the benefits lost for eight years was an appropriate action to take today.

Assemblyman Kramer said he appreciated the goal to level the payments and the cost for the past few years to the future. He did not want a big change. He expressed concern about whether the cost was sustainable. He asked if the Legislature during the 81st Session (2021) would be able to decide that the payments could remain at the current amounts. He realized the decision did not burden the reserves, but would be a commitment for the Legislature during the 81st Session (2021). That decision would weigh on his mind.

Chair Carlton stated that the Legislature met every two years to make its decisions, and there was no ongoing commitment from Session to Session. One of her goals was to try to keep everything as stable as possible. The cost was a \$4 million difference in a very large budget. She was sure that cost could be accommodated. No Legislature could tie the hands of a future Legislature. The rates would be studied every session. The Legislature would look at rates again next time and make a decision, and any decision would not obligate a future Legislature. The discussion occurred every two years.

Assemblyman Kramer looked at BOX 1 and believed the 1 percent increase would cost the General Fund \$2 million in the first year and \$2 million in the second year of the 2019-2021 biennium.

Mr. Haartz responded that BOX 1 listed a \$2 million cost in each year. BOX 2 provided a uniform 2 percent increase of approximately \$4 million in each year of General Fund that would be needed. Overall, the General Fund cost was \$6.6 million in the first year and \$6.9 million in the second year of the 2019-2021 biennium.

Assemblyman Kramer believed that the General Fund total cost was \$4 million in each year of the 2019-2021 biennium.

Mr. Haartz clarified that the Governor's recommended budget as submitted funded higher contribution percentages that generated approximately \$7.2 million of revenue that was available. The General Fund would only need to fund the first year cost of \$4 million.

Assemblywoman Benitez-Thompson said that a \$4 million cost was a worthwhile investment for state employees and retirees. She would be happy to make the motion.

Assemblyman Wheeler said the cost was less than a cost-of-living adjustment, and the Legislature needed to take care of the state employees' healthcare. He understood that the budget was tight right now, and the Legislature did not receive the projections desired from the Economic Forum. He would take care of state employees and support the motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE UNIFORM 2 PERCENT CONTRIBUTION PERCENTAGE INCREASES IN FISCAL YEAR (FY) 2020 AND FY 2021 TO THE PERCENTAGES RECOMMENDED BY BUDGET AMENDMENT A192861338, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN WHEELER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Titus voted no. Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Haartz noted that if the Committee approved the state contribution percentages as recommended by the Governor, as amended by Budget Amendment A192861338, the Committee should similarly approve the Active Employee Group Insurance Subsidy and Retired Employee Group Insurance base contribution levels associated with Budget Amendment A192861338. Likewise, if the Committee approved a contribution percentage different from that contained in The Executive Budget, as submitted or as amended, then the Committee should approve the corresponding AEGIS and REGI contribution rates. However, because the Committee approved the Active Employee Group Insurance Subsidy and Retired Employee Group Insurance base contribution levels as recommended by the Governor with Budget Amendment A192861338 and with authority for staff to make technical adjustments as necessary, the Fiscal Analysis Division staff would make the changes necessary. No further action on the matter was required.

Mr. Haartz explained that the next matter was other closing item number 1 for the base budget adjustments. A couple of base-budget adjustments were included in the Governor's recommended budget and consistent with actions that PEBP had previously taken. Both the base-budget adjustments appeared reasonable and were consistent with current PEBP plan benefits. The adjustments were discussed earlier, and the Committee could compare existing adjustments with recommended adjustments.

Mr. Haartz noted that other closing item number 2 was plan inflation trend adjustments. He presented [Exhibit G](#) that was a copy of a table titled "Actual, Budgeted and Governor Recommended Inflationary (Trend) Increases for the High Deductible Health Plan (PPO) and HMO/EPO for FY 2020 and FY 2021." The inflationary trend increases had changed compared to the Governor's recommended budget. The change was one of the reasons that the Fiscal Analysis Division staff encouraged the Committee to accept Budget Amendment A192861338. Those adjustments appeared reasonable to staff. Based upon the updated inflationary percentages and the reallocation of projected medical, prescription drug, and dental claim costs between inflation and caseload decision units contained in Budget Amendment A192861338, the recommendation appeared reasonable.

Mr. Haartz stated that other closing item number 3 related to plan reserve levels. He presented [Exhibit H](#), which was a copy of a table titled "Budgeted PEBP Program Reserve

for the 2019-21 [2019-2021] Biennium (in millions, rounded), as Submitted and as Amended by Budget Amendment A192861338." He said that the Governor recommended using \$21.4 million (\$7.6 million in FY 2020 and \$13.8 million in FY 2021) in excess reserves to fund the actuarially recommended increases to the HRA, Incurred but Not Reported (IBNR), and Catastrophic reserves. The Governor's recommendation to fund the increases to the actuarially required reserves with excess reserves appeared reasonable. For the 2019-2021 biennium, to decrease excess reserves, the Governor recommended excess reserve expenditures of \$21.4 million to fund the actuarially required increases to the HRA, IBNR, and Catastrophic reserves and an additional \$12.5 million over the biennium to fund the one-time Health Savings Account/Health Reimbursement Arrangement contributions of \$400 in FY 2020 and \$125 in FY 2021 as recommended in Budget Amendment A192861338. Mr. Haartz referred to [Exhibit H](#) and stated the column on the far right side was titled "FY 2021 (Gov. Rec.) (as amended)." The reserves were budgeted to end at approximately \$500,000, which was not very much compared to the historical reserves. Excess reserves seemed to grow, and it was likely that excess reserves would materialize in either year of the 2019-2021 biennium. He noted that increasing the FY 2021 distribution to \$125 required an additional \$602,000 from the budgeted excess reserve, as shown in [Exhibit H](#), and reduced budgeted excess reserves to approximately \$500,000 at the end of FY 2021. Given the reduced level of budgeted excess reserves, and in light of the money committees' concerns regarding the plan design being changed annually to add or remove one-time benefits, the Committee could approve back language be added to the 2019-2021 biennium Authorizations Act requiring approval of the Interim Finance Committee (IFC) before any allocation of excess reserves, projected or otherwise budgeted in the excess reserve category, regardless of purpose. The language would allow IFC to review and consider any proposed plan design changes that would be funded with excess reserves in either year of the 2019-2021 biennium.

Mr. Haartz asked whether the Committee wished to approve the addition of back language in the 2019-2021 Authorizations Act requiring PEBP to obtain Interim Finance Committee approval before any allocation of excess reserves, projected or otherwise budgeted, regardless of purpose.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN SWANK MOVED THAT THE COMMITTEE APPROVE THE ADDITION OF BACK LANGUAGE IN THE 2019-2021 AUTHORIZATIONS ACT REQUIRING THE PUBLIC EMPLOYEES' BENEFITS PROGRAM TO OBTAIN INTERIM FINANCE COMMITTEE APPROVAL BEFORE ANY ALLOCATION OF EXCESS RESERVES, PROJECTED OR OTHERWISE BUDGETED, REGARDLESS OF PURPOSE.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Mr. Haartz said other closing item number 4 was plan enrollment and caseload changes among the various participant types, and the adjustments appeared reasonable. Replacement equipment was recommended in decision unit Enhancement (E) 710 that appeared reasonable. In decision unit E-816, the Governor recommended an unclassified position change, and a technical adjustment was required. The Governor recommended that the agency's unclassified financial analyst position be reclassified to a classified administrative services officer 2 position to improve recruitment and retention prospects for the position. If the reclassification was approved, the salary for the position (\$76,717) would not appreciably change (decrease by \$39 per year) although the position would become eligible for overtime compensation and compensatory time. The position was currently filled. Excess budget reserves of \$2,571 (\$1,285 in FY 2020 and \$1,286 in FY 2021) over the biennium were needed to fund the salary and fringe benefit cost of the reclassification. Fiscal staff had entered a technical adjustment to correct a worker's compensation miscalculation that reduced the amount of reserves needed by \$853 over the biennium. The Division of Human Resource Management, Department of Administration, had not reviewed the recommended reclassification. The recommendation appeared reasonable with the technical adjustment.

Mr. Haartz asked whether the Committees wished to approve other closing items numbers 1 through 5 as recommended by the Governor, inclusive of Budget Amendment A192861338, with the technical adjustment noted in other closing item number 6 and requested authority for staff to make other technical adjustments as necessary including those based upon the contribution percentages the Committee approved.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE APPROVE OTHER CLOSING ITEMS NUMBERS 1 THROUGH 5 AS RECOMMENDED BY THE GOVERNOR, INCLUSIVE OF BUDGET AMENDMENT A192861338 AND THE TECHNICAL ADJUSTMENT NOTED ON OTHER CLOSING ITEM NUMBER 6, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY, INCLUDING THOSE BASED UPON THE CONTRIBUTION PERCENTAGES THE COMMITTEE APPROVED.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

BUDGET CLOSED.

* * * * *

SPECIAL PURPOSE AGENCIES
PUBLIC EMPLOYEES' BENEFITS PROGRAM
PEBP – NON-STATE RETIREE RATE MITIGATION (101-1369)
BUDGET PAGE PEBP-16

Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the one major closing issue was the continuation of rate (premium) mitigation for nonstate, non-Medicare retiree participants. To lower monthly premiums for nonstate, non-Medicare retirees and require local governments to contribute additional funding in support of the retirees enrolled in the Public Employees' Benefits Program (PEBP), the Legislature and the Governor approved Senate Bill 552 of the 79th Session (2017) that amended *Nevada Revised Statutes* (NRS) 287.023(4)(b) to align the monthly premium paid by a nonstate, non-Medicare retiree with the premium paid by a similarly enrolled (same plan and tier) state, non-Medicare retiree effective July 1, 2017. To allow local governments time to allocate additional funding for higher subsidy costs, S.B. 552 of the 79th Session (2017) specified a four-year phase-in period, with the state providing State General Fund appropriations to fund the increased local government share as follows: 100 percent in FY 2018, 75 percent in FY 2019, 50 percent in FY 2020, and 25 percent in FY 2021. Local governments were to fund 100 percent of the increased cost effective FY 2022. Consistent with S.B. 552 of the 79th Session (2017), the Governor recommended General Fund appropriations of \$875,981 in FY 2020 and \$380,483 in FY 2021 to fund the third and fourth (final) years of rate mitigation based upon a projected 1,052 and 903 nonstate, non-Medicare retirees in FY 2020 and FY 2021, respectively.

On April 3, 2019, Fiscal staff received Budget Amendment A193461369 from the Office of Finance, Office of the Governor. The amendment incorporated costs resulting from technical adjustments made to PEBP's administrative (contract) costs and revised inflation estimates for FY 2020, all of which were incorporated in PEBP's Active Employee Group Insurance Subsidy (AEGIS) and Retired Employee Group Insurance (REGI) rates. The budget amendment fully funded the state's share of the subsidy (50 percent and 25 percent, respectively) with additional General Fund appropriations of \$159,566 in FY 2020 and \$77,693 in FY 2021.

Mr. Haartz asked whether the Committee wished to approve the Governor's recommendation to continue the nonstate, non-Medicare retiree rate mitigation program for the final two years funded with General Fund appropriations of \$1,035,547 in FY 2020 and \$458,176 in FY 2021, inclusive of Budget Amendment A193461369, to subsidize the monthly amount local governments would otherwise pay on behalf of the nonstate, non-Medicare retirees participating in PEBP at the subsidy percentages of 50 percent in FY 2020 and 25 percent in FY 2021. Fiscal staff also requested authority to make technical adjustments, as necessary, based upon the final AEGIS and REGI rates.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN SWANK MOVED THAT THE COMMITTEE APPROVE THE GOVERNOR'S RECOMMENDATION TO CONTINUE THE NONSTATE, NON-MEDICARE RETIREE RATE MITIGATION PROGRAM FOR THE FINAL TWO YEARS, FUNDED WITH GENERAL FUND APPROPRIATIONS OF \$1 MILLION IN FISCAL YEAR (FY) 2020 AND \$458,176 IN FY 2021, INCLUSIVE OF BUDGET AMENDMENT A193461369, TO SUBSIDIZE THE MONTHLY AMOUNT LOCAL GOVERNMENTS WOULD OTHERWISE PAY ON BEHALF OF THE NONSTATE, NON-MEDICARE RETIREES PARTICIPATING IN THE PUBLIC EMPLOYEES' BENEFITS PROGRAM AT THE SUBSIDY PERCENTAGES OF 50 PERCENT IN FY 2020 AND 25 PERCENT IN FY 2021, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY BASED UPON THE FINAL ACTIVE EMPLOYEE GROUP INSURANCE SUBSIDY AND RETIRED EMPLOYEE GROUP INSURANCE RATES.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

BUDGET CLOSED.

* * * * *

SPECIAL PURPOSE AGENCIES
PUBLIC EMPLOYEES' BENEFITS PROGRAM
PEBP - RETIRED EMPLOYEE GROUP INSURANCE (680-1368)
BUDGET PAGE PEBP-17

Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the Fiscal Analysis Division staff was responsible for developing closing recommendations for the budget. The Subcommittee had not previously reviewed budget account (BA) 1368 that served as the holding account. Each month when budget contributions for the Retired Employee Group Insurance (REGI) assessment flowed out of each state agency budget, the contributions flowed into BA 1368 to defray a portion of the health insurance premiums for employees who retired from state service and continued to participate in the state's group insurance plan. Funding for the budget was through payroll assessments to all state agencies, boards and commissions, the Legislative and Judicial Branches, the Public Employees' Retirement System, and the Nevada System of Higher Education to cover the cost of the state subsidy. Funding was transferred to the Public Employees' Benefits Program (PEBP) operating BA 1338 from BA 1368 each month to provide the employer portion of the state retirees' insurance premiums. There were no major closing issues. The Committee had already made the decisions about the contribution percentages and the corresponding REGI monthly assessment. Because the decision units in

the budget provided the REGI portion of funding for companion decision units within the PEBP operating BA 1338, Fiscal staff recommended closing the budget in accordance with the Committee's closing actions for the PEBP BA 1338 with the noted technical adjustment for Budget Amendment A193481368 and with authority for Fiscal staff to adjust revenues and expenditures in the account and make technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE APPROVE BUDGET ACCOUNT 1368 IN ACCORDANCE WITH THE COMMITTEE'S CLOSING ACTIONS FOR THE PUBLIC EMPLOYEES' BENEFITS PROGRAM BUDGET ACCOUNT 1338, WITH THE NOTED TECHNICAL ADJUSTMENT FOR BUDGET AMENDMENT A193481368, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ADJUST REVENUES AND EXPENDITURES IN THE ACCOUNT AND MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

BUDGET CLOSED.

* * * * *

**SPECIAL PURPOSE AGENCIES
PUBLIC EMPLOYEES' BENEFITS PROGRAM
PEBP - ACTIVE EMPLOYEES GROUP INSURANCE (666-1390)
BUDGET PAGE PEBP-20**

Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the Fiscal Analysis Division staff was responsible for developing closing recommendations for budget account (BA) 1390. The Committee had not previously reviewed BA 1390. The Active Employees' Group Insurance Subsidy (AEGIS) account provided a centralized collection mechanism for the state contributions paid by state agencies for every employee in each budget. Assessments on filled positions were charged to all state agencies, boards and commissions, the Legislative and Judicial Branches, the Public Employees' Retirement System, and the Nevada System of Higher Education. The state contribution composed of all funding sources (State General Fund appropriations, State Highway Fund appropriations, fees, and federal funds) that supported positions to defray a portion of the insurance premiums for state employees and dependents. Funding was transferred to the Public Employees' Benefits Program (PEBP) BA 1338 from BA 1390 each

month to provide the employer portion of the state employees' insurance premiums. There were no major closing issues.

Because the decision units within the budget provided the AEGIS portion of funding for the companion decision units within the PEBP operating BA 1338, Fiscal staff recommended closing the budget in accordance with the Committee's closing actions for the Public Employees' Benefits Program budget account 1338, with the noted technical adjustment for Budget Amendment A193471390 and authority for Fiscal staff to adjust revenues and expenditures in the account and make technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN SWANK MOVED THAT THE COMMITTEE CLOSE BUDGET ACCOUNT 1390 IN ACCORDANCE WITH THE COMMITTEE'S CLOSING ACTIONS FOR THE PUBLIC EMPLOYEES' BENEFITS PROGRAM BUDGET ACCOUNT 1338 WITH THE NOTED TECHNICAL ADJUSTMENT FOR BUDGET AMENDMENT A193471390; AUTHORIZE FISCAL STAFF TO ADJUST REVENUES AND EXPENDITURES IN THE ACCOUNT; AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

BUDGET CLOSED.

* * * * *

ELECTED OFFICIALS
ELECTED OFFICIALS
W.I.C.H.E. ADMINISTRATION (101-2995)
BUDGET PAGE ELECTED-79

Jennifer Ouellette, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Fiscal staff was responsible for developing closing recommendations for the budgets that had not been previously reviewed by the Committee. Budget account 2995 funded the costs of administering Nevada's Western Interstate Commission for Higher Education (WICHE) program, including the Professional Student Exchange Program (PSEP) and Health Care Access Program (HCAP) stipends and loans paid out of the WICHE Loan and Stipend budget account 2681. There were no major closing issues. Fiscal staff

recommended the budget be closed as recommended by the Governor, and authorize Fiscal Analysis Division staff to make technical adjustments as necessary.

There being no further questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE CLOSE BUDGET ACCOUNT 2995, AS RECOMMENDED BY THE GOVERNOR, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, Neal, and Wheeler were not present for the vote.)

BUDGET CLOSED.

* * * * *

ELECTED OFFICIALS
ELECTED OFFICIALS
W.I.C.H.E. LOANS & STIPENDS (101-2681)
BUDGET PAGE ELECTED-83

Jennifer Ouellette, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Fiscal staff was responsible for developing closing recommendations for budget account (BA) 2681 that had not been previously reviewed by the Committee. The program included the Regional Professional Student Exchange Program (PSEP) and the Healthcare Access (HCAP) program. There was one major closing issue, which was the continued funding of PSEP and HCAP participant slots. The Governor recommended continued funding of 85 slots in each year of the upcoming biennium, as reflected in the table below.

PSEP and HCAP Participant Slots for FY 2018 through FY 2021				
Programs	FY 2018 Leg. Approved	FY 2019 Leg. Approved	FY 2020 Gov. Rec.	FY 2021 Gov. Rec.
PSEP Slots	47	47	47	47
HCAP Tuition Assistance Slots	17	35	35	35
HCAP Psychology Internships	3	3	3	3
Total:	67	85	85	85

The recommended slots for the upcoming biennium were consistent with the legislatively approved fiscal year (FY) 2019 slots, with no changes to the overall number of slots or the types of professions supported by the program. The recommended slots for the 2019-2021 biennium were approved by the Nevada WICHE Commission at its June 25, 2018, meeting.

There were no notable changes to the professions recommended in the PSEP program; however, The Executive Budget included a 2.2 percent annual fee increase per slot for all PSEP professions, excluding veterinary medicine. Support fees were set by the Regional WICHE Commission, and inflationary increases were based on the Higher Education Cost Adjustment index.

Ms. Ouellette asked whether the Committee wished to approve the Nevada WICHE Commission's recommended PSEP and HCAP student slot matrix with total funding of \$1.2 million in each year of the 2019-2021 biennium, as recommended by the Governor, and authorize Fiscal Analysis Division staff to make technical adjustments as necessary.

Assemblywoman Titus asked about the expansion of the Nevada System of Higher Education (NSHE) and if some of the degree programs and graduate degree programs that NSHE offered were less appropriate to support. She asked whether NSHE had reassessed programs for focus as it expanded what was available in the state.

Ms. Ouellette replied that WICHE reassessed programs in regard to the increases in certain programming that was offered by NSHE institutions. There had been some difficulty filling nursing slots as NSHE increased those programs. She thought WICHE regularly reassessed the needs going forward. But for the upcoming 2019-2021 biennium, the need was the same as the prior biennium.

There being no further questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE APPROVE THE NEVADA WESTERN INTERSTATE COMMISSION OF HIGHER EDUCATION RECOMMENDED PROFESSIONAL STUDENT EXCHANGE PROGRAM AND THE HEALTHCARE ACCESS PROGRAM STUDENT SLOT MATRIX WITH TOTAL FUNDING OF \$1.2 MILLION IN EACH YEAR OF THE 2019-2021 BIENNIUM, AS RECOMMENDED BY THE GOVERNOR, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, Neal, and Wheeler were not present for the vote.)

Ms. Ouellette noted that there was one other closing item. The Legislature's money committees during the 79th Session (2017) continued (reissued) the Letter of Intent issued to WICHE by the Legislature during the 75th Session (2009), the 76th Session (2011), the 77th Session (2013), and 78th Session (2015) money committees, permitting WICHE to administratively adjust the number of slots per profession to meet student demand. The money committees directed that WICHE inform Fiscal staff in writing of any changes to the mix of slots approved by the Legislature within 30 days from the date the number of slots was altered, in order to allow the information to be reported to the Interim Finance Committee on a semiannual basis. The money committees also requested that WICHE report on an annual basis whether slots had been reduced because insufficient repayment revenues were received. Additionally, during the 79th Session (2017), the Legislature's money committees approved WICHE's request to balance-forward unexpended fee revenues received after May 15th of each year if the balanced forward revenues were to be expended on increasing the number of Health Care Access Program (HCAP) loan repayment slots. The authority was included in the 2017 Authorizations Act (Senate Bill 545 of the 79th Session (2017), Section 20). In fiscal year (FY) 2019, \$11,687 was balanced forward from FY 2018 to support loan repayment slots for the HCAP.

Ms. Ouellette asked whether the Committee wished to issue a letter of intent permitting WICHE to continue to administratively adjust the number of slots per profession to meet student demand, and to permit WICHE to balance forward unexpended fee revenues received after May 15th of each year to support loan repayment slots for the HCAP.

There being no further questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE ISSUE A LETTER OF INTENT PERMITTING THE WESTERN INTERSTATE COMMISSION OF HIGHER EDUCATION (WICHE) TO CONTINUE TO ADMINISTRATIVELY ADJUST THE NUMBER OF SLOTS PER PROFESSION TO MEET STUDENT DEMAND, AND TO PERMIT WICHE TO BALANCE FORWARD UNEXPENDED FEE REVENUES RECEIVED AFTER MAY 15 OF EACH YEAR TO SUPPORT LOAN REPAYMENT SLOTS FOR THE HEALTH CARE ACCESS PROGRAM.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

BUDGET CLOSED.

* * * * *

ELECTED OFFICIALS

ELECTED OFFICIALS

GOE - OFFICE OF ENERGY (101-4868)

BUDGET PAGE ELECTED-20

Kimbra Ellsworth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the Office of Energy, Office of the Governor (GOE), was responsible for enacting the Governor's Nevada Energy Protection Plan and served as the state's point of contact with the U.S. Department of Energy's State Energy Program. The GOE administered grants and contracts that promoted the economic development of the state; encouraged conservation and energy efficiency; encouraged the development and use of Nevada's renewable energy resources; and promoted alternative fuel use in Nevada. The activities of the Office included energy emergency support, energy policy formulation and enactment, technical assistance, public information and education, and administration of the Renewable Energy Account, budget account (BA) 4869, and the Account for Renewable Energy, Efficiency, and Conservation Loan, BA 4875.

The Governor recommended total funding for the GOE BA 4868 of \$2.9 million over the 2019-2021 biennium, a decrease of \$493,452, or 14.5 percent, when compared with the \$3.4 million approved by the Legislature during the 79th Session (2017). The decrease resulted primarily from a reduction in costs associated with the administration of the Renewable Energy Account. Funding consisted mainly of transfers from the Renewable Energy Account, BA 4869, and the Account for Renewable Energy, Efficiency and Conservation Loans, BA 4875, to cover the administrative activities of those budgets and associated programs, as well as from a federal State Energy Program Formula grant. There were no major closing issues.

Ms. Ellsworth said there were three other closing items in BA 4868. Other closing item number 1 was a funding source change for travel in decision unit Enhancement (E) 225. The Governor recommended transfers from the Renewable Energy Account, BA 4869, totaling \$33,540 over the 2019-2021 biennium to fund costs associated with in-state and out-of-state travel and conference registration fees that were previously funded by the U.S. Department of Energy's State Energy Program (SEP) Formula grant. The recommended amount aligned with fiscal year (FY) 2018 actual travel and registration fee costs incurred in the SEP Formula Grant category that were eliminated from the base budget. Fiscal staff noted that a technical adjustment in the Renewable Energy Account, BA 4869, would be necessary to effectuate the transfer, if approved in this account. The recommendation appeared reasonable, contingent upon approval of a commensurate transfer out of the Renewable Energy Account, BA 4869. Other closing item 2 appeared reasonable to staff, and other closing item 3 should be deferred until the Unclassified Pay Bill hearing.

Ms. Ellsworth asked whether the Committee wished to approve other closing item number 1 contingent upon a commensurate transfer out of the Renewable Energy Account and other closing item number 2 as recommended by the Governor. Staff recommended deferring a recommendation on other closing item number 3 because the recommendation would be

heard as part of the Unclassified Pay Bill hearing and authorizing Fiscal Analysis Division staff to make technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE APPROVE OTHER CLOSING ITEM NUMBER 1, CONTINGENT UPON A COMMENSURATE TRANSFER OUT OF THE RENEWABLE ENERGY ACCOUNT BUDGET ACCOUNT 4869; APPROVE OTHER CLOSING ITEM NUMBER 2, AS RECOMMENDED BY THE GOVERNOR; DEFER A DECISION ON OTHER CLOSING ITEM NUMBER 3 BECAUSE THE RECOMMENDATION WOULD BE HEARD AS PART OF THE UNCLASSIFIED PAY BILL HEARING; AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, Neal, and Swank were not present for the vote.)

BUDGET CLOSED.

* * * * *

ELECTED OFFICIALS

ELECTED OFFICIALS

GOE - RENEWABLE ENERGY ACCOUNT (101-4869)

BUDGET PAGE ELECTED-25

Kimbra Ellsworth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the Renewable Energy Account budget account (BA) 4869 was established by Assembly Bill 522 of the 75th Session (2009). As originally funded, the Renewable Energy Account received 45 percent of property taxes paid when an abatement had been granted to a renewable energy facility for projects approved before June 2013. The funding source would continue until the abatement projects expired around 2033. The three major closing issues in budget account (BA) 4869 included:

1. Startup costs for the Nevada Clean energy fund.
2. Lower income solar energy program contributions.
3. Continued funding for programs.

The startup costs for the Nevada Clean Energy Fund were addressed in decision unit Enhancement (E) 351. The Legislature approved Senate Bill 407 of the 79th Session (2017) codified as *Nevada Revised Statutes* (NRS) 701B.930 through 701B.995 that directed the

Office of Energy, Office of the Governor (GOE), to form the Nevada Clean Energy Fund, an independent nonprofit corporation for the public benefit. The purpose of the Nevada Clean Energy Fund was to provide funding for and promote investment in clean energy projects in the state for both commercial and residential properties. In response to questions following the March 11, 2019, budget hearing, the agency said that with the assistance from the Coalition for Green Capital, it anticipated receiving private funding within six to eight months, with an initial capital investment expected from the New York Green Bank. The agency anticipated that the Nevada Clean Energy Fund would be able to issue the first loan for clean energy projects by the end of calendar year 2019. Ms. Ellsworth said the following table showed the recommended start-up funds in The Executive Budget.

Nevada Clean Energy Fund Startup Costs 2019-21 Biennium				
	<u>Expense</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Biennium Total</u>
<i>Personnel</i>				
	Chief Executive Officer	\$ 100,000	\$ -	\$ 100,000
	Director, Business Operations	\$ 50,000	\$ -	\$ 50,000
	Benefits and Payroll Taxes	\$ 20,480	\$ -	\$ 20,480
	<i>Total Personnel</i>	\$ 170,480	\$ -	\$ 170,480
<i>Administrative</i>				
	Insurance	\$ 7,500	\$ -	\$ 7,500
	501(c)(3) Filing Costs	\$ 2,500	\$ -	\$ 2,500
	Rent and Utilities	\$ 6,000	\$ -	\$ 6,000
	Travel and Meeting Costs	\$ 15,000	\$ -	\$ 15,000
	Office Supplies/Other	\$ 6,000	\$ -	\$ 6,000
	<i>Total Administrative</i>	\$ 37,000	\$ -	\$ 37,000
<i>Professional Services</i>				
	Auditor	\$ 8,000	\$ -	\$ 8,000
	Accountant	\$ 7,500	\$ -	\$ 7,500
	Information Technology	\$ 5,000	\$ -	\$ 5,000
	<i>Total Professional Services</i>	\$ 20,500	\$ -	\$ 20,500
<i>Marketing</i>				
	Website Development	\$ 5,000	\$ -	\$ 5,000
	Website Hosting	\$ 500	\$ -	\$ 500
	Logo Branding	\$ 2,500	\$ -	\$ 2,500
	Outreach and Events	\$ 3,000	\$ -	\$ 3,000
	<i>Total Marketing</i>	\$ 11,000	\$ -	\$ 11,000
<i>Other/Miscellaneous</i>				
		\$ 11,020	\$ 150,000	\$ 161,020
	TOTAL	\$ 250,000	\$ 150,000	\$ 400,000

The agency indicated that it did not anticipate a need for ongoing state funding after the initial startup costs and funding from private entities were secured. Beginning in calendar year 2023, the agency anticipated that the fund would be self-sustaining from fees and interest earned from the financing of the projects through loans from the fund. In response to follow-up questions, the agency indicated that the Nevada Clean Energy Fund was an energy offsetting program, suggesting that the funding to support the initial startup costs was an investment in offsetting the cost or use of electricity for retail customers, consistent with the statutory parameters on the use of the funds. Fiscal staff consulted with the Legal Division,

Legislative Counsel Bureau, regarding the recommended use of funds to support Nevada Clean Energy Fund startup costs and was advised that the proposed use was in line with the provisions of *Nevada Revised Statutes* (NRS) 701A.450(4).

As noted in the Governor's Office of Energy Renewable, Efficiency, Conservation Loan (BA 4875) budget, the Governor recommended repurposing the American Recovery and Reinvestment Act (ARRA) revolving loan funds for a new competitive grant program to fund projects related to renewable energy, energy efficiency, energy storage, innovative clean energy technologies, and electric vehicle charging infrastructure. During the March 11, 2019, budget hearing, the Committee inquired as to whether a portion of the \$900,000 in remaining ARRA funds could be repurposed to fund the startup costs associated with the Nevada Clean Energy Fund. In response, the agency said that it appeared that the ARRA funds could be repurposed to support the startup costs associated with the Nevada Clean Energy Fund; however, the final decision would be made by the U.S. Department of Energy (DOE) State Energy Program. The agency would be required to submit a formal request to the DOE to review the proposal. To change the use of the funds to support the startup costs associated with the Nevada Clean Energy Fund, the statute would need to be changed to allow for the ARRA funds to also be used for such other purposes, subject to the approval of the DOE, as authorized by the American Recovery and Reinvestment Act. Bill draft request (BDR) 58-1196 [later introduced as Senate Bill 536] had been submitted to support the repurposing of the ARRA funds to allow for the use of ARRA funds to support Nevada Clean Energy Fund startup costs. However, the language of the BDR and the proposed revisions to NRS 701.590 were not yet available.

Given the possibility of repurposing a portion of the \$900,000 in remaining ARRA funds to fund the startup costs associated with the Nevada Clean Energy Fund in lieu of property tax funding from the budget, the Committee might wish to consider encouraging the agency to submit a formal request to the DOE to repurpose up to \$400,000 in ARRA funds to support the startup costs associated with the Nevada Clean Energy Fund over the 2019-2021 biennium contingent on enabling legislation.

Ms. Ellsworth submitted three options for consideration by the Committee.

- A. Approve the Governor's recommendation to fund startup costs associated with the Nevada Clean Energy Fund with reserves of \$250,000 in fiscal year (FY) 2020 and \$150,000 in FY 2021.
- B. Approve the Governor's recommendation to use reserve funding to support startup costs totaling \$250,000 in FY 2020 associated with the Nevada Clean Energy Fund, and direct the agency to submit a request for additional reserve funding to the Interim Finance Committee should the Nevada Clean Energy Fund require additional support in FY 2021.
- C. Do not approve the Governor's recommendation to reduce reserves by \$400,000 to fund the Nevada Clean Energy Fund, but encourage the agency to seek approval from

the U.S. Department of Energy to use the ARRA funds from the Renewable, Efficiency, Conservation Loan budget for the startup costs for the Nevada Clean Energy Fund, contingent upon passage and approval of enabling legislation and U.S. Department of Energy approval. Under this option, the agency may return to the Interim Finance Committee once it received the aforementioned authorization.

Chair Carlton said there was substantial discussion about the recommendation during the budget hearing. The Committee received a large packet with good answers and all the information requested.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE NOT APPROVE RESERVE REDUCTIONS OF \$400,000 FROM THE BUDGET TO FUND THE NEVADA CLEAN ENERGY FUND, BUT ENCOURAGE THE AGENCY TO SEEK APPROVAL FROM THE U.S. DEPARTMENT OF ENERGY TO USE THE AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS FROM THE RENEWABLE, EFFICIENCY, CONSERVATION LOAN BUDGET ACCOUNT 4875 FOR THE STARTUP COSTS FOR THE NEVADA CLEAN ENERGY FUND, CONTINGENT UPON PASSAGE AND APPROVAL OF ENABLING LEGISLATION AND U.S. DEPARTMENT OF ENERGY APPROVAL. UNDER THIS OPTION THE AGENCY MAY RETURN TO THE INTERIM FINANCE COMMITTEE ONCE IT RECEIVED THE AFOREMENTIONED AUTHORIZATION.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Ms. Ellsworth stated that the second major closing issue was the lower income solar energy program (LISEP) that paid incentives for the installation of solar energy systems that benefited low-income electric utility customers. In fiscal year (FY) 2018, the Office contributed \$200,000 to LISEP, and the funding recommended in The Executive Budget would allow the Office to continue those contributions in the amount of \$200,000 in each year of the 2019-2021 biennium, funded with reserves. In response to follow-up questions, the agency provided the following list of LISEP projects planned for the current fiscal year.

FY 2019 Lower Income Solar Energy Program Projects Supported by the GOE		
Project Name	Summary	Location
Capistrano Pines	3.469 kW solar photovoltaic (PV)	Henderson
CPLC Nevada	14.211 kW solar PV	Carson City
Flamingo Pines Senior Apartments	4 awards for a total of 163.048 kW solar PV	Las Vegas
Henderson Housing Partner	38.282 kW solar PV	Henderson
Hot Springs	91.290 kW solar PV	Carson City
N. 5th Pines Rec. Bldg.	2 awards for a total of 52.642 kW solar PV	North Las Vegas
Rose Gardens	71.028 kW solar PV	North Las Vegas
Silver Springs	10.387 kW solar PV	Silver Springs
Three Square	2 awards for a total of 249.620 kW solar PV	Las Vegas

Ms. Ellsworth asked whether the Committee wished to approve the Governor's recommendation to continue the GOE's contributions to the Lower Income Solar Energy Program funded with reserves totaling \$200,000 in each year of the 2019-2021 biennium.

Assemblyman Kramer said that LISEP was geared to low-income solar panel projects, but the allowance for low-income housing was 20 cents per watt and the allowance for other entities was 50 cents per watt. He asked about the other entities that would receive the higher allowance.

Ms. Ellsworth responded that the higher allowance would be provided to food banks, health clinics, and other nonprofit agencies that served the low-income population.

Assemblyman Kramer noted that \$200,000 was expended last year and asked whether that amount would likely be expended again without any lack of applicants.

Ms. Ellsworth responded that the funds would be expended every year.

There being no further questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE APPROVE THE GOVERNOR'S RECOMMENDATION TO CONTINUE THE OFFICE OF ENERGY, OFFICE OF THE GOVERNOR'S CONTRIBUTIONS TO THE LOWER INCOME SOLAR ENERGY PROGRAM FUNDED WITH RESERVES TOTALING \$200,000 IN EACH YEAR OF THE 2019-2021 BIENNIUM.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Ms. Ellsworth said that the third major closing issue was continued funding for existing programs in the base budget. The Governor recommended base funding of \$2.1 million in each year of the 2019-2021 biennium for four programs, and the first three programs were funded with reserves.

1. The Direct Energy Assistance Loan (DEAL) program at \$350,000 in each year of the 2019-2021 biennium.
2. The Performance Contract Audit Assistance Program (PCAAP) at \$250,000 in each year of the 2019-2021 biennium.
3. The Home Energy Retrofit Opportunity for Seniors (HEROS) program at \$750,000 in each year of the 2019-2021 biennium.
4. The Electric Highway program at \$750,000 in each year of the 2019-2021 biennium funded with Volkswagen Settlement funds.

Ms. Ellsworth asked whether the Committee wished to approve base budget expenditures of \$2.1 million in each year of the 2019-2021 biennium for the DEAL, HEROS, PCAAP, and Electric Highway programs as recommended by the Governor.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE APPROVE BASE BUDGET EXPENDITURES OF \$2.1 MILLION IN EACH YEAR OF THE 2019-2021 BIENNIUM FOR THE DIRECT ENERGY ASSISTANCE LOAN, PERFORMANCE CONTRACT AUDIT ASSISTANCE PROGRAM, HOME ENERGY RETROFIT OPPORTUNITY FOR SENIORS, AND THE ELECTRIC HIGHWAY PROGRAM AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

Chair Carlton called for discussion on the motion.

Chair Carlton expressed concern about the electric highway program.

Assemblyman Kramer said the electric highway program was not funded with General Fund. The Renewable Energy Account BA 4869 was derived from an abatement on taxes for individuals who had spent money to make their properties more energy efficient. Part of that tax abatement (45 percent) went to fund the account and 75 percent of that 45 percent went to fund the four programs discussed. It was not a General Fund appropriation and not an extra tax on individuals. It was an abatement earned because individuals spent their own money to do the right thing, and they received a tax abatement because they made their property more energy efficient.

THE MOTION CARRIED. (Assemblymen Frierson, Hambrick, and Neal were not present for the vote.)

Ms. Ellsworth said the one other closing item was the transfer to the Office of Energy, Office of the Governor (GOE), budget account (BA) 4868. The Office of Finance, Office of the Governor, notified the Fiscal Analysis Division staff of a transfer decision unit that was erroneously omitted from The Executive Budget. Decision unit Enhancement (E) 225 required a technical adjustment. The Governor recommended the transfer of reserve funding totaling \$33,540 over the 2019-2021 biennium to the GOE BA 4868 to fund both in-state and out-of-state travel and conference registration fees that were previously funded by the U.S. Department of Energy's State Energy Program Formula Grant in the GOE budget. To effectuate the transfer, if approved in the GOE, a technical adjustment in the Renewable Energy Account BA 4869 would be necessary to increase transfers to the GOE by \$33,540 over the 2019-2021 biennium and reduce the reserve by a corresponding amount. The technical adjustment appeared reasonable consistent with the approval of decision unit E-225 in the Office of Energy BA 4868.

Ms. Ellsworth asked whether the Committee wished to approve the technical adjustment noted in the other closing item consistent with the approval of decision unit E-225 in the Office of Energy budget account 4868, as recommended by the Governor, and authorize Fiscal Analysis Division staff to make other technical adjustments as necessary.

There being no questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE APPROVE THE TECHNICAL ADJUSTMENT NOTED IN THE OTHER CLOSING ITEM CONSISTENT WITH THE APPROVAL OF DECISION UNIT ENHANCEMENT 225 IN THE OFFICE OF ENERGY, OFFICE OF THE GOVERNOR, BUDGET ACCOUNT 4868 AS RECOMMENDED BY THE GOVERNOR, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Neal were not present for the vote.)

BUDGET CLOSED.

* * * * *

ELECTED OFFICIALS

ELECTED OFFICIALS

GOE - RENEWABLE, EFFICIENCY, CONSERVATION LOAN (101-4875)

BUDGET PAGE ELECTED-29

Kimbra Ellsworth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the Legislature during the 75th Session (2009) authorized the creation of the Renewable Energy, Efficiency, and Conservation Loan budget account 4875 for the purpose of granting low interest loans to renewable energy systems as defined in *Nevada Revised Statutes* (NRS) 704.7815. The federal government initially granted \$8.2 million to the state under the American Recovery and Reinvestment Act (ARRA) of 2009 to fund loans from the program. There was one major closing issue for the repurposing of ARRA Revolving Loan funds in decision unit Enhancement (E) 737. The Governor recommended a change in purpose of the Renewable Energy Loan Program funds that were provided by the U.S. Department of Energy (DOE) under ARRA. Decision unit Enhancement (E) 737 would eliminate revolving loan disbursements in the 2019-2021 biennium and allocate \$900,000 from ARRA reserves in fiscal year (FY) 2020 to fund a new competitive grant program. The grants would fund projects to meet the state's energy goals and initiatives and would be open to all market sectors. The agency indicated that bill draft request (BDR) 58-1196 [later introduced as Senate Bill 536] had been submitted to allow the Office to continue to maintain and monitor all current loans, but apply the remaining balance of ARRA funds and all future loan repayments toward other priority program areas by way of the new grant program. Given the possibility of repurposing a portion of Nevada's remaining ARRA funds to support the startup costs associated with the Nevada Clean Energy Fund in lieu of using property tax funding from the Renewable Energy Account, the Committee might wish to consider the item, contingent upon enabling legislation, in conjunction with major closing issue number 1 in the Renewable Energy Account, BA 4869.

Ms. Ellsworth asked whether the Committee wished to approve directing the agency to explore using ARRA funds to support startup costs for the Nevada Clean Energy Fund, and federal approval and a statutory change to NRS 701.590 to allow for the use of ARRA funds for such costs would be required. Bill draft request 58-1196 [later introduced as Senate Bill 536] had been submitted to revise the allowable uses of ARRA funds that might authorize the use of ARRA funds to support the Nevada Clean Energy Fund. However, the language of the BDR and the proposed revisions to NRS 701.590 were not as yet available. Additionally, as the projected FY 2020 reserve balance in the budget was \$38,975, to ensure sufficient reserve funding was available to support startup costs upon federal and IFC approval, the Committee might wish to reduce the amount of funding allocated for the proposed competitive grant program and leave funding in reserve, as outlined in options B and C below.

Ms. Ellsworth provided four options for consideration by the Committee.

- A. Approve the Governor's recommendation to allocate \$900,000 from the American Recovery and Reinvestment Act reserves in FY 2020 to fund a new competitive grant program contingent upon enabling legislation.
- B. Approve allocating \$650,000 from American Recovery and Reinvestment Act reserves in FY 2020 to fund a new competitive grant program contingent upon enabling legislation. Under this option, \$250,000 would remain in reserve to potentially support startup costs for the Nevada Clean Energy Fund in FY 2020 upon approval of the Interim Finance Committee.
- C. Approve allocating \$500,000 from American Recovery and Reinvestment Act reserves in FY 2020 to fund a new competitive grant program contingent upon enabling legislation. Under this option, \$400,000 would remain in reserve to potentially support startup costs for the Nevada Clean Energy Fund in FY 2020 and FY 2021 upon approval of the Interim Finance Committee.
- D. Do not approve the Governor's recommendation to establish a competitive grant program.

Chair Carlton said there were four options for consideration of the Committee. She preferred Option C that was consistent with the Committee's previous actions.

Assemblywoman Titus said before the Committee considered the options, she asked for clarification of the comments about the program and the renewable energy loan program in its first two years. The state designated 23 eligible programs and funded \$18.8 million to those programs. Approximately \$10.4 million of the \$18.8 million was lost because of defaults of the loans. She acknowledged that the agency improved and appreciated the improvements. Those defaults and problems occurred a number of years ago. She asked whether any of that \$10.4 million was recoverable.

Ms. Ellsworth replied that her understanding was that the defaulted loans had been referred to the Office of the Attorney General, and she could not speak to how likely it would be to recover those funds.

There being no further questions or comments, Chair Carlton called for a motion.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED THAT THE COMMITTEE APPROVE ALLOCATING \$500,000 FROM AMERICAN RECOVERY AND REINVESTMENT ACT RESERVES IN FY 2020 TO FUND A NEW COMPETITIVE GRANT PROGRAM CONTINGENT UPON ENABLING LEGISLATION. UNDER THIS OPTION, \$400,000 WOULD REMAIN IN RESERVE TO POTENTIALLY SUPPORT STARTUP COSTS FOR THE NEVADA CLEAN ENERGY FUND IN FISCAL YEAR (FY) 2020 AND FY 2021 UPON APPROVAL OF THE INTERIM FINANCE COMMITTEE.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick, Monroe-Moreno, and Neal were not present for the vote.)

BUDGET CLOSED.

* * * * *

Chair Carlton said that concluded the budget closings listed on the agenda. There were several bills that the Committee would hear. She opened the hearing on Assembly Bill 267 (1st Reprint).

Assembly Bill 267 (1st Reprint): Provides compensation to certain persons who were wrongfully convicted. (BDR 3-657)

Chair Carlton said the Fiscal Analysis Division staff had a technical amendment for Assembly Bill 267 (1st Reprint) to ensure that the money was appropriate for the bill. Assemblyman Steve Yeager, Assembly District No. 9, introduced the bill. He said that Assembly Bill 267 (1st Reprint) recognized that the American criminal justice system, while the best system in the world, was not perfect. Although rare disastrous mistakes sometimes happened in the criminal justice system, when those mistakes happened that resulted in wrongful conviction and subsequent wrongful incarceration, sometimes for decades, the state had an obligation to compensate those who were wrongfully convicted and incarcerated in Nevada. It was time for Nevada to join approximately 35 other states in righting those wrongs to the extent possible through financial compensation.

Assemblyman Yeager reviewed each section of the bill for the Committee. Section 2 authorized a filing of a civil action against the state to seek compensation. The person had to prove by a preponderance of the evidence that he or she was convicted of a felony and spent time in prison or on probation. In addition, the person had to prove one of the following: that the case was reversed or was vacated and the person was not retried; that the court ordered a new trial and the person was found not guilty or the person was not retried; or that the person was pardoned on the grounds that he or she was actually innocent. Importantly, the bill also required that the petitioner prove that he or she did not commit the crime and was not an accessory or accomplice to the crime. That was crucial. A person did not deserve compensation if the person was unable to prove that he was not at all involved in the criminal activity. Section 2 specified the factors that the court would consider. Section 3 indicated that if a petitioner was successful, the court entered a certificate of innocence and immediately ordered the records sealed. Section 4 indicated that the state waived its typical \$100,000 cap on damages for a lawsuit against the state. Section 5 indicated an individual did not get a jury trial but the decision of the district court could be appealed. Section 6 made clear that there was a two-year statute of limitations for the filing of an action for wrongful conviction. Section 7 specified how much financial compensation a successful petitioner would receive. He said states varied about how much compensation the award

provided, but \$50,000 was a popular starting point. The majority of the states and the federal government provided at least \$50,000 per year. Some states provided less and some provided much more. In the bill, he chose a graduated scale as recognition that a longer sentence should be worth more. The longer a person spent in prison the more money each year was worth. The compensation would start at \$50,000 per year, but when an individual spent 21 years or more in prison, each year could be increased to \$100,000. Eligible individuals would also receive healthcare services, tuition assistance, counseling, and reentry services as the court deemed appropriate. Section 8 was an offset provision that indicated that if a person received compensation under the statute and had received a previous monetary judgement or settlement, there was an offset provision so a person could not double dip. If an individual received the compensation specified in the bill but later chose to sue the state, the individual would need to repay any money that was received. He was ensuring that this was a one-time recovery. He believed that the state was the proper entity to pay awards under the bill because all prosecutions for felony crimes were brought on behalf of the State of Nevada even when through a local prosecuting entity. It was impossible to know how much money the bill might cost because he did not know precisely how many individuals would apply and whether they might be successful. He had in mind some individuals who might be eligible, but because the compensation was not in statute already, the cost was unknown. The state would not know until the statute was enacted. When the court ordered some additional counseling or healthcare services, there could be additional monetary compensation.

Chair Carlton said he had answered most of her questions in his presentation. She asked for other questions from the Committee.

Assemblywoman Titus thanked Assemblyman Yeager for bringing the bill forward. It was an important piece of legislation, and she asked for clarification on section 8.5 of the amendment.

Chair Carlton clarified that the amendment had not as yet been presented.

Assemblywoman Titus said if a person had already been awarded funds and then was awarded again through the provisions of this bill, the award would be offset by the monetary amount that was awarded initially. She asked whether the person could still sue the arresting officer or somebody else and whether the bill prohibited any other suits.

Assemblyman Yeager responded that section 8 of the bill set forth limitations on the award amount a person could receive. If the state had already paid out money in one form or fashion, there would be an offset. The ability to bring a claim under the bill did not preclude the person from seeking any other legal remedy that might be available.

Assemblyman Kramer asked whether there was any thought given to providing an option of an annuity rather than a cash payout or other methods of payout.

Assemblyman Yeager replied that he thought about providing an annuity, but chose to support the language in the bill. Certainly he would leave it up to the Committee to decide if there were better ways to structure the payout. He noted that some states provided an annuity or other forms of payouts. Generally, the other states provided a lump sum that was paid at the beginning and an annuity that would continue for the individual's lifetime. The award would allow the person to move on with his or her life after prison. He was open to the direction of the Chair about how best to structure the financial compensation.

There being no further questions or comments, Chair Carlton called for the presentation of the technical amendment.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented [Exhibit I](#) that was proposed amendment 5864 to Assembly Bill 267 (1st Reprint). She explained that the Fiscal Analysis Division staff worked with the Legal Division, Legislative Counsel Bureau, on the mock-up that she presented. The concern staff raised was that there needed to be a way to pay the claims. The bill originally envisioned that the claims would be paid through the tort fund, but that was a very limited fund. The tort fund usually had a balance of \$3 million to \$5 million, was funded through an assessment against all state agencies, and was composed of the various funding sources of all the state agencies including grant funds, General Fund, fees, and other revenues. The Fiscal Analysis Division staff worked with the Legal Division to recommend the amendment. The amendment provided that successful claims that were made after a civil action occurred would be presented to the State Board of Examiners for the review and for payment out of the Reserve for Statutory Contingency Account [*Nevada Revised Statutes* (NRS) 353.264)]. That Account typically carried a higher balance based on the expected needs of the upcoming biennium. The Reserve for Statutory Contingency Account was supported by General Fund. The amendment in section 8.5 added language indicating that a person who brought an action would present the claim to the State Board of Examiners for its consideration. Other conforming language was included in section 10. That was the substance of the amendment presented by the Fiscal Analysis Division staff with the assistance of the Legal Division.

Chair Carlton said it was her understanding that the bill would be consistent with how other claims to the state would be processed and paid. The claim would go through the same process as other claims.

Ms. Jones clarified that there were different types of claims against the state, and some claims were paid from the tort fund and others were paid from the Reserve for Statutory Contingency Account. The Reserve for Statutory Contingency Account was composed of General Funds rather than a variety of other funding sources and was approved by the State Board of Examiners, while the tort fund was administered by the Office of the Attorney General up to a certain amount.

Chair Carlton said Assemblyman Yeager had an opportunity to review the amendment. The amendment included language that the Fiscal Analysis Division staff and Legal Division determined was the best way to ensure individuals who had already been through the judicial

system and had a claim had an appropriate path to have the claims paid. She thanked Assemblyman Yeager for his presentation. She asked for testimony in support of the bill.

Lisa Rasmussen, representing the Innocence Project and Nevada Attorneys for Criminal Justice, testified that she had an answer to one of the questions posed earlier. Texas provided a combination of an annuity and a lump-sum payout. Texas provided \$80,000 per year lump sum and \$80,000 per year for the rest of that person's life. The statutes varied throughout the states. The bill represented a middle-of-the-road approach. The question of compensation had been a nationwide matter and effort, and 35 states had already developed a scheme to compensate wrongfully convicted individuals. The basis for doing it was that it was fiscally sound. There was no limit to the amount of awards for regular lawsuits. She knew of lawsuits where individuals had recovered \$5 million. The wrongfully convicted individuals would not recover anything close to that under A.B. 267 (R1). She believed that the amount of the award permitted in the bill was sufficient to the extent that individuals would probably just make the claims and not pursue litigation. Litigation took years, and she had clients getting out of prison who had no resources. She and her colleagues were giving those clients money so that they could buy a cell phone. That should not be happening and was not acceptable. She urged the Committee to pass the bill.

Kendra Bertschy, Deputy Public Defender, Washoe County Public Defender's Office, testified on behalf of her office and on behalf of John Piro of the Clark County Public Defender's Office, and thanked Assemblyman Yeager for bringing the bill forward. She added that when a state convicted an innocent person, the state had a responsibility to help that individual rebuild his life. The bill presented the fiscally sound way to help wrongfully convicted individuals rebuild their lives. A statute existed that allowed for eminent domain, and when the federal government seized property, the federal government had to provide just compensation for that property. That same provision should extend to when someone was wrongfully convicted by the state.

Megan Ortiz, representing the American Civil Liberties Union, testified that the previous two speakers had presented all her concerns. She supported the bill and echoed their sentiments.

Tonja Brown, Advocate for the Innocent, echoed the previous speakers' comments and urged the Committee to pass the bill.

Alanna Bondy, representing the Nevada Attorneys for Criminal Justice and the Innocence Project, testified in support of the bill. All the points she planned to make had been made by the previous speakers. She introduced DeMarlo Berry who was an exoneree who was in prison for 23 years based on a wrongful conviction. He was present to answer any questions of the Committee about how the legislation could have helped him and how it could help him in the future. He had the opportunity to meet with some Legislators previously.

DeMarlo Berry, Private Citizen, Las Vegas, representing himself said the bill was the right thing to do, was the right fiscal thing to do for the state, and saved money. The bill saved the

state from a complete loss. The bill was a smart solution, and the Committee should give the bill consideration.

Chair Carlton asked for any further testimony in support of, in opposition to, or neutral on the bill, but there was none. Chair Carlton closed the hearing on A.B. 267 (R1) and opened the hearing on Assembly Bill 151.

Assembly Bill 151: Provides for the protection of children who were victims of commercial sexual exploitation. (BDR 38-457)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division. Legislative Counsel Bureau, stated that Assembly Bill 151 provided for the protection of children who were victims of commercial sexual exploitation. The Division of Child and Family Services, Department of Health and Human Services, identified it would need an appropriation from the General Fund of \$153,050 in fiscal year (FY) 2020 and \$186,629 in FY 2021 and other funds of \$149,402 in FY 2020 and \$194,456 in FY 2021 to administer the provisions of the bill. However, the agency said that aside from the cost of development of regulations, the fiscal note reflected costs included in budget account (BA) 3229 decision unit Maintenance (M) 502. The Subcommittees on Human Services recommended approval of five new intake positions to comply with changes in public law that were enacted to prevent and address sex trafficking of children in foster care. The recommendation would be considered by the full committees next week. The only remaining cost would be related to the adoption of regulations. Staff was unable to identify the specific cost that was included in the fiscal note related to the regulations and whether the agency could absorb those costs.

Assemblywoman Daniele Monroe-Moreno, Assembly District No. 1, introduced the bill. She had the honor to serve as Chair of the Child Welfare and Juvenile Justice Committee during the interim. One of the important measures that was brought before that committee was protection of children who were victims of commercial sexual exploitation.

Ross E. Armstrong, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services, Co-chair of the Nevada Coalition to Prevent the Commercial Sexual Exploitation of Children, testified that A.B. 151 was the culmination of more than two years of work by the Coalition that included stakeholders from across the state and from different disciplines. The Coalition developed numerous resources to address the problem. One of the key things that the Coalition identified was a need for change in the statutes.

Brigid Duffy, Juvenile Division, Clark County District Attorney, reviewed each section of A.B. 151 for the Committee. Section 1 created a new chapter of the *Nevada Revised Statutes* (NRS) that was envisioned as being titled the Prevention and Treatment of Child Victims of Sex Trafficking. Section 2 through Section 11 provided definitions. Section 12 created a mechanism for the general public to report a case of suspected child sexual exploitation to a child welfare agency's hotline. Section 12, subsection 2 created a requirement for all mandated reporters of child abuse and neglect to report child sexual exploitation to a child

welfare agency. Section 12, subsection 3 required a report to a law enforcement agency when any mandated reporter saw the alleged perpetrator of the exploitation present with the child victim. Section 12, subsection 4 was the penalty for willfully violating any mandated reporting requirements. Section 13 provided information on the process that would occur when the child welfare agency received a report of suspected child sex trafficking. The agency would screen the report and cross-report it to a law enforcement agency. If a child was from another state, Nevada's agency would then contact the other state and cross-report the information. The child welfare agency would conduct an assessment to determine whether the parent or guardian of the alleged child victim of sex trafficking was the perpetrator of the exploitation and, if so, open a case under NRS 432B. Section 13, subsection 2 specified that if the exploiter was not the parent or guardian, then a child welfare agency might conduct an assessment of the family and the child to determine what services were needed or might refer to an organization in the community that had contracted with the agency to perform that assessment. The child welfare agency or the contracted agency might provide services to the child victim and the family. If the child welfare agency reported or referred to an outside agency for assessments or services and if the family or child failed to participate in those assessments or services, then there was a requirement that the outside agency would re-refer the case to the child welfare agency for further assessment to determine whether that child was a victim of abuse or neglect by a parent or guardian. Section 14 created confidentiality of information. Section 15 created a penalty for unlawful release of confidential information. Section 15 provided exceptions to confidentiality. Sections 16 through 19 provided additional confidentiality and reporting requirements of mandated reporters.

Chair Carlton asked DCFS about the positions that were needed to enact the provisions of the bill. The outlying costs were the regulation costs because those costs were typically not included in the budget unless the costs accumulated to a substantial level. She asked for an indication of the regulation costs and whether the costs could be absorbed in the agency's budget.

Mr. Armstrong responded that the regulation costs could be absorbed in the agency's existing budget. There were a number of federal regulations that the agency would be developing, and the total costs could be absorbed in the budget, thus eliminating the entire fiscal note.

Chair Carlton confirmed the fiscal note for DCFS would be a zero. There being no further questions or comments from the Committee, Chair Carlton asked for additional testimony in support of the bill.

Bailey Bortolin, Statewide Advocacy, Outreach, and Policy Director, Nevada Coalition of Legal Service Providers, urged the Committee to approve A.B. 151 as an important investment that would provide benefits for the youth.

Ms. Duffy added that the Clark County Child Welfare agencies supported A.B.151. The bill would help those agencies to come into compliance with the federal law.

There being no further testimony in support of the bill, Chair Carlton asked for testimony in opposition to or neutral on the bill. There was none. Chair Carlton closed the hearing on A.B. 151 and opened the hearing on Assembly Bill 298 (1st Reprint).

Assembly Bill 298 (1st Reprint): Requires an agency that provides child welfare services to adopt a plan for the recruitment and retention of foster homes. (BDR 38-1061)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that Assembly Bill 298 (1st Reprint) required an agency that provided child welfare services to adopt a plan for the recruitment and retention of foster homes. The fiscal note from the Division of Child and Family Services, Department of Health and Human Services, estimated it would need approximately \$370,000 in fiscal year (FY) 2020 and \$475,000 in FY 2021. However, decision unit Enhancement (E) 226 associated with the bill was included in the Rural Child Welfare budget account 3229 and added five positions. The Committee approved the Subcommittee recommendation to add those five positions; therefore, the fiscal note would be removed in its entirety.

Assemblywoman Shea Backus, Assembly District No. 37, said she was a pro bono attorney for children subject to abuse and neglect, and sponsor of A.B. 298 (R1) that was approved by the Assembly Committee on Health and Human Services. She introduced Bailey Bortolin, Statewide Advocacy, Outreach, and Policy Director, Nevada Coalition of Legal Service Providers, who would also speak on the bill. The bill originated from discussions she had with Legal Aid during her work as a pro bono attorney regarding children being placed throughout the town and far from the other family members, neighbors, and community organizations such as churches. Foster parents had difficulty transporting children across town and finding appropriate placement for children who might have heightened mental health and physical needs. It was difficult to place siblings together. She sponsored A.B. 298 (R1) to address those problems. When the bill was originally drafted, it included a second section. The amendment removed a \$7 million fiscal note from Clark County that resulted from other requirements of enforcing the plan. The current bill would require child welfare agencies to adopt an annual plan for recruitment and retention of foster homes.

Ross E. Armstrong, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services, said that all the positions listed in the fiscal note were not approved by the Subcommittee. The DCFS had received sufficient resources during the budget closings for the rural regions to rearrange the managerial tasks, and no additional staff would be needed. The fiscal note could be changed to zero.

Chair Carlton said an amendment was brought to the Committee, but the amendment was more of a policy matter. She suggested that future discussions regarding the policy be held with the Senate Committee on Health and Human Services. The Assembly Committee on Ways and Means was not opposed to the amendment, but believed it was not within the Committee's jurisdiction to address the policy. She suggested that the discussion continue as the bill moved forward.

Assemblyman Kramer asked whether the Nevada Association of Counties weighed in on the bill or whether there was a county cost to the bill, or whether it was a state cost only. He asked how the other counties addressed the bill.

Ms. Backus responded that the bill originally had a zero fiscal note from Washoe County and a \$7 million fiscal note from Clark County that had since been removed.

Mr. Armstrong replied that the rural counties outside of Washoe County and Clark County were assessed for child protective services activities, and that was typically referred to as the front end of the child welfare system. The state provided the back end of the child welfare system. The child welfare system structure changed, and Clark and Washoe Counties performed all child welfare services for those two counties. The state provided the services for the rural counties. There was a long-term back end, and that had always been funded as a state cost. The state would provide the plan for foster homes for the rural counties with no increase in cost of county assessments.

There being no further questions or comments from the Committee, Chair Carlton asked for further testimony in support of, in opposition to, or neutral on the bill. There was none. Chair Carlton closed the hearing on A.B. 298 (R1). She said the Committee completed a little more work than originally expected. There were three remaining bills on the agenda, but the Committee was unable to hear the following bills because of time constraints and would reschedule them for another day.

Assembly Bill 505: Makes appropriations to the Division of State Parks for self-pay kiosks, replacement of vehicles, a paving project and maintenance at Ice Age Fossils State Park and maintenance of equipment for Sand Harbor at Lake Tahoe Nevada State Park. (BDR S-1180)

Assembly Bill 511: Makes appropriations to the Investigation Division of the Department of Public Safety for the replacement of vehicles and computer software and hardware. (BDR S-1194)

Assembly Bill 512: Makes appropriations to the Office of Finance as loans for the implementation and replacement of computer applications. (BDR S-1216)

Chair Carlton opened public comment, but there was none. There being no further business before the Committee, Chair Carlton adjourned the meeting [at 11:29 a.m.].

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a table titled "Legislatively Approved State Contribution Percentages for PY 2019, PEBP Board Adopted Percentages, and Governor Recommended (as amended FY 2021) Contribution Percentages for the 2019-21 [2019-2021] Biennium," submitted by Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit D](#) is a copy of a table titled "Active Employee Group Insurance (AEGIS) State Contribution, Governor Recommended (as submitted) AEGIS Contribution for the 2019-21 [2019-2021] Biennium and Governor Recommended, as amended by Amendment A192861338," submitted by Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit E](#) is a copy of a table titled "Retired Employee Group Insurance (REGI) Base State Contribution for Non-Medicare Retirees (with 15 Years of Service) Governor Recommended (as submitted) REGI Contribution for the 2019-21 [2019-2021] Biennium and Governor Recommended, as amended by Amendment A192861338," submitted by Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit F](#) is a copy of a table titled "Attachment 1, Fiscal Year/Plan Year 2020 and 2021, Estimated Participant Premiums for HDHP – PPO Based upon Contribution Percentages," submitted by Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit G](#) is a copy of a table titled "Actual, Budgeted and Governor Recommended Inflationary (Trend) Increases for the High Deductible Health Plan (PPO) and HMO/EPO for FY 2020 and FY 2021," submitted by Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit H](#) is a copy of a table titled "Budgeted PEBP Program Reserve for the 2019-21 [2019-2021] Biennium (in millions, rounded), as Submitted and as Amended by Budget Amendment A192861338," submitted by Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit I](#) is proposed amendment 5864 to [Assembly Bill 267 \(1st Reprint\)](#) presented by Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.