

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

**Eightieth Session
February 20, 2019**

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 9:34 a.m. on Wednesday, February 20, 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 Dina Neal
Assemblywoman Ellen B. Spiegel
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblyman Tyrone Thompson
Assemblywoman Robin L. Titus
Assemblyman Jim Wheeler

COMMITTEE MEMBERS EXCUSED:

Assemblyman John Hambrick

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Carmen M. Neveau, Committee Secretary
Lisa McAlister, Committee Assistant



After call of the roll, Chair Carlton asked for public comment. Hearing no public comment, Chair Carlton explained that Bill Draft Request (BDR) S-435 needed approval for Committee introduction. Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented BDR S-435 to the Committee members. She explained that BDR S-435 was an act related to the Lake Tahoe Basin requiring the issuance of general obligation bonds to carry out certain environmental improvement projects included in the second phase of the Environmental Improvement Program for the Lake Tahoe Basin and providing for other matters related thereto.

BDR S-435 — Provides for the release of the next phase of bonds to carry out Nevada's portion of the Environmental Improvement Program for Lake Tahoe for the 2019-2021 biennium. (Later introduced as [Assembly Bill 220](#).)

ASSEMBLYMAN SPRINKLE MOVED FOR COMMITTEE
INTRODUCTION OF BDR S-435.

ASSEMBLYMAN WHEELER SECONDED THE MOTION.

THE MOTION PASSED (Assemblyman Hambrick was excused).

Chair Carlton opened the hearing for the budget presentation from the Office of the State Treasurer.

Zach Conine, State Treasurer, Office of the State Treasurer, introduced a PowerPoint presentation titled "State Treasurer's Office, Executive Budget Accounts, Assembly Ways and Means Committee," dated February 20, 2019, [Exhibit C](#). As shown on page 2, the Office was divided into six functional areas, including administration, cash management and merchant services, debt management, investments, college savings programs, and unclaimed property. The Office was tasked with the investment of all state funds, including the general portfolio of approximately \$2.85 billion, the Local Government Investment Pool of approximately \$960 million, the Nevada Prepaid Tuition Program of approximately \$293 million, the State Permanent School Fund of approximately \$364 million, and the Nevada Capital Investment Corporation—the state's private equity program—of approximately \$50 million. Additionally, the Office of the State Treasurer issued debt obligations authorized on behalf of the state for approximately \$2.2 billion, served as the administrator of the state's Unclaimed Property of approximately \$75 million per year, and administered the Nevada Collateral Pool Program of approximately \$1.9 billion. Finally, the Office of the State Treasurer was responsible for overseeing the state's college savings programs valued at \$24.5 billion. The programs were instrumental in helping to increase opportunities for all Nevadans.

Treasurer Conine noted that in his capacity as the State Treasurer, he served on the State Board of Finance; the Executive Branch Audit Committee, Office of Finance, Office of the

Governor, as an ex-officio member of the College Savings Board; as administrator of the Nevada Prepaid Tuition Program; and as chair of the Nevada Capital Investment Corporation.

ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - STATE TREASURER (101-1080)
BUDGET PAGE ELECTED-214

Amber Law, Deputy Treasurer for Cash Management, Office of the State Treasurer, referenced a PowerPoint presentation titled "State Treasurer's Office, Executive Budget Accounts, Assembly Ways and Means Committee," dated February 20, 2019, [Exhibit C](#). The Office of the State Treasurer included ten budget accounts, of which six would be presented. As indicated on page 4 of [Exhibit C](#), budget account (BA) 1080, State Treasurer – Administration, included cash management and merchant services, debt management, and investments functions, as well as administrative overhead for the Office. Funding for BA 1080 allowed the Office to manage financial transactions conducted on behalf of state agencies and local governments.

Ms. Law explained that decision unit Enhancement (E) 225 recommended funding for a new accountant technician position for the Debt Management division. Debt Management oversaw \$2.2 billion of debt obligation authorized on behalf of the state and currently operated with two staff members. The recommended new position reviewed and reconciled the custodial program, and managed billings, collections, and various revenues received. The Executive Budget funded the new position with cost-allocations charged to budget account (BA) 1082, Bond Interest and Redemption Account. She said that BA 1082 collected fees when debt was issued, and the funding was similar for the existing two full-time-equivalent positions. All debt positions were funded with fees collected through the bond issuance process; however, the recommended equipment for the new position was funded with State General Fund on a one-time basis. In fiscal year (FY) 2020, the recommendation was for \$56,003, and in FY 2021, the recommendation was for \$71,539.

Ms. Law stated that decision unit E-226 recommended funding for an additional Bloomberg Professional Services license for Zach Conine, State Treasurer, Office of the State Treasurer. Bloomberg Professional Services was a global 24-hour financial news source, and the investment staff at the Office of the State Treasurer used the Bloomberg license to find information relative to realtime financial market movements and trades. The additional license allowed the Office to monitor various portfolios under the purview of the State Treasurer valued at approximately \$4.5 billion and cost \$20,040 in FY 2020 and \$20,280 in FY 2021.

Decision unit E-236, Ms. Law said, recommended maintaining the 2017-2019 biennium budget for out-of-state travel. The recommendation for an additional \$2,579 for each fiscal year in the 2019-2021 biennium allowed Treasurer Conine to remain active and engaged in programs under his oversight.

Decision unit E-710, according to Ms. Law, funded equipment replacement based on the Division of Enterprise Information Technology Services (EITS), Department of Administration, recommended schedule. In FY 2020, three laptops needed replacement at a cost of \$4,737, and in FY 2021 two laptops and nine desktops needed replacement at a cost of \$11,638.

Ms. Law explained that the Office of the State Treasurer recommended amending two enhancements, decision unit E-720 and decision unit E-805. The amended enhancements were submitted to the Office of Finance, Office of the Governor, and were pending approval. Decision unit E-720 recommended the purchase of three server nodes for \$176,922 in FY 2020. The Office changed the request because new information technology (IT) management in the Office of the State Treasurer suggested that EITS could host the server environment. This change in direction resulted in a savings of \$126,922 over the 2019-2021 biennium. The cost for EITS to host the server environment was \$25,004 per fiscal year and the service included Windows server licenses, system patches, and 24/7 monitoring. Decision unit E-805 recommended a reclassification of a management analyst 3 position located in the Investments division. The Office was working on a reclassification study with the Division of Human Resource Management, Department of Administration. The study created an investment analyst series, and would affect two rather than one of the management analyst 3 positions in the Investments division. The reclassification would result in an investment analyst 1 position, grade 38, and an investment analyst 2 position, grade 40. The amended recommendation included an additional \$3,634 in FY 2020 and \$3,810 in FY 2021 to fund the cost of the reclassification of both positions.

Treasurer Conine added that a small investment staff invested large amounts of money. By amending E-805, there would be a career ladder for employees trained in this field. There was not a lot of turnover in this job classification, but training employees for advancement along the ladder was important because the way the Office invested was a detailed process.

Chair Carlton referenced E-225 and the new accountant technician position for the Debt Management division. She believed the position was cost-allocated, but the recommendation was to fund a portion of the costs in the decision unit with State General Fund. She asked whether the State General Fund recommendation was for the position or for equipment. Ms. Law clarified that the State General Fund dollars were for a one-time purchase of equipment. The salary was funded with intraagency cost-allocation from BA 1082.

Assemblywoman Jauregui asked about decision unit E-805 and wondered what duties the management analyst 3 was performing before the reclassification. Kimberly C. Shafer, Deputy Treasurer for Investments, Office of the State Treasurer, provided history on the Investments division. The Investments division consisted of an investment analyst and two management analyst 3 positions. The previous investment analyst had been with the Office for 30 years. That investment analyst retired, and the duties were taken over by a staffer who trained for at least ten years under the previous investment analyst. There was no one trained as a replacement for the future because there was no pathway that led to the investment analyst position. The job duties were not changing, but the position dealt with money and investing, and Ms. Shafer did not believe the duties were properly classified as a management analyst 3. The position duties included distribution of interest to agencies, oversight of funds and budget accounts, and management of the collateral pool. The change from the management analyst series to an investment analyst series would provide a pathway for employee advancement.

Assemblywoman Jauregui asked about the duties of the management analyst 3 position. Ms. Shafer said that the management analyst 3 duties were performed by the employee while the same employee learned to back up the investment analyst's duties.

Assemblyman Kramer appreciated the work done by both the investment analyst and the debt management deputy. Both positions would be difficult to fill because employees who had been in positions for 20 to 30 years often did the work of 2 or 3 employees. He acknowledged the need for succession planning.

Assemblyman Sprinkle referenced decision unit E-805. He wondered what the duties for the management analyst 3 position were and asked how the duties had evolved over time. Ms. Shafer explained that the management analyst 3 positions distributed interest and performed fair market value reconciliations for all portfolios, and one of the management analyst 3 positions was the designated back up for the investment analyst position. The investment analyst was the only employee trained to perform daily trading tasks, and when that person was using either annual or sick leave, Ms. Shafer was assigned those duties.

Assemblyman Sprinkle said the pathway or career ladder made sense, but wondered whether it was difficult to find qualified employees for the investment analyst position. Ms. Shafer recounted that one investment analyst was with the Investments division for more than 30 years before retiring, and the existing investment analyst received training for the investment analyst position over 10 years, but was with the Office for more than 20 years. Ms. Shafer had concerns about bringing someone new into the position if that person was not hired from within the Office, and she had concerns about retaining someone hired from outside because of the low pay scale.

Assemblyman Sprinkle asked when the new investment analyst career path would be in place. Ms. Shafer replied that the Office had created the investment analyst job specifications which were being reviewed by the Division of Human Resource Management, Department of Administration. The next step would be for the specifications to be sent out

for public comment and review for 30 days, and then the classification would be available. She added that the existing investment analyst classification was the only investment analyst in Nevada state government.

Chair Carlton asked whether there was an existing job class series for investment analysts. Ms. Shafer said that there was one investment analyst position, the only classification in that series. This effort would enhance the series to include a level 1 and level 2 position, in addition to the existing investment analyst position that would become a level 3 position. Chair Carlton asked when the Division of Human Resource Management, Department of Administration, would complete their review, and Ms. Shafer said she anticipated it would take about six weeks.

ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - NEVADA COLLEGE SAVINGS TRUST (101-1092)
BUDGET PAGE ELECTED-228

Amber Law, Deputy Treasurer for Cash Management, Office of the State Treasurer, referenced a PowerPoint presentation titled "State Treasurer's Office, Executive Budget Accounts, Assembly Ways and Means Committee," dated February 20, 2019, [Exhibit C](#). As shown on page 6 of [Exhibit C](#), budget account (BA) 1092, Nevada College Savings Trust, was the Nevada college savings program. Nevada offered several unique college savings programs administered by the Board of Trustees of the College Savings Plans of Nevada, Office of the State Treasurer. There were no State General Fund appropriations in this budget account because the trust was funded by program fees received by various program managers. This budget account also funded the Nevada College Kick Start Program, established in 2013. The program had provided 208,874 Nevada public school kindergarten students with \$50 each into a college savings account.

Ms. Law said that decision unit Enhancement (E) 227 was a recommendation for a new program officer position. The position executed the college savings Navigator initiative and functioned as a liaison. The liaison role was intended to build relationships with staff and administration and provide Navigator initiative strategies to partnering institutions, school districts, and community groups. This effort would leverage and align the stakeholders in the community and school districts. The intention of the college savings Navigator initiative was to create and expand a college bound culture in Nevada by developing an increased awareness of the Nevada College Kick Start Program, the 529 savings programs, the Nevada Prepaid Tuition Program, the Governor Guinn Millennium Scholarship Program, financial literacy, and other scholarship opportunities and financial aid. The recommendation contained in decision unit E-227 was for \$64,111 in fiscal year (FY) 2020 and \$79,878 in FY 2021 to fund the position and its associated costs.

Zach Conine, State Treasurer, Office of the State Treasurer, added that the Navigator was intended to fix a marketing hole that had been identified. Many people at marketing events signed up to receive more information about educational funding opportunities, but the

information needed to be tied to the community to create a more efficient way to get residents to go to college. The Navigator program provided a staff member who went into communities, met with labor leaders, faith leaders, teachers, and community leaders and explained the program so that these leaders and teachers could inform other teachers and parents. As Treasurer Conine traveled around Nevada, he frequently found people who were not familiar with educational funding programs, and he believed that the Navigator program was a way to improve efforts and keep Nevadans aware of funding opportunities for continued education.

Ms. Law explained that decision unit E-228 recommended funding to maintain the 2017-2019 biennium funding for in-state travel. The recommendation was \$1,916 for each year in the 2019-2021 biennium.

The next enhancement, Ms. Law said, decision unit E-229 recommended additional funding for the Nevada College Kick Start Program. This funding paid for an increase in the number of public school kindergarten students eligible for the Program. The Office of the State Treasurer used student count projections provided by the Department of Education. The enhancement funded an additional 993 kindergarten students in FY 2020 and 1,446 in FY 2021 compared to the base budget. The cost to fund the additional students was \$49,650 for FY 2020 and \$72,300 for FY 2021.

Decision unit E-236, Ms. Law stated, recommended to maintain funding for the Women's Chamber of Commerce of Nevada annual dues. The Chamber supported higher education programs that benefitted women and underprivileged female high school students as well as provided leadership programs to the community and its members. Because of an oversight, the Office of the State Treasurer did not pay dues in FY 2018, though it considered the Chamber to be a valuable community partner. The recommendation funded \$434 in both FY 2020 and FY 2021 for continued membership.

Ms. Law said, decision unit E-710 recommended funding for equipment replacement and was the final enhancement recommendation under BA 1092. The equipment replacement was based on the Division of Enterprise Information Technology Services (EITS), Department of Administration, recommended schedule. There was no need to replace any computer equipment in FY 2020; however, one laptop and docking station was required in FY 2021 at a cost of \$1,742.

The Office of the State Treasurer's recommended budget, Ms. Law stated, included continued funding for the Nevada College Savings Plan Program's administrative costs from budget account (BA) 1094, Nevada College Savings Endowment Account, per *Nevada Revised Statutes* (NRS) 353B.

Assemblyman Thompson referenced decision unit E-227, which recommended a new program officer position. He asked for more detail on the events that the Navigator position attended and wondered how this effort influenced the target market. Treasurer Conine replied that the goal was to have a bilingual person who could move around in several

different circles. Previous marketing efforts had focused on events with many attendees and tried to get people signed up to receive more information. While there was value in getting email addresses for follow up information, there was more value in having a Navigator position who attended parent/teacher organization meetings, spoke with teachers directly, and attended parent/teacher conferences. The decision about how to save for post-high school education was complicated, and he wanted to ensure that there was a representative present at events to speak to the topic.

Assemblyman Thompson asked about the information gathered by the Navigator position, and he wondered what the next step was. Treasurer Conine replied that the most beneficial way to ensure people signed up and financially prepared for college was to explain the funding options to the decision-makers or to people who the decision-makers trusted. If trusted guides—the labor leaders, faith leaders, teachers, and community leaders—explained the funding strategies to decision-makers, then trust was no longer an issue. The Navigator position allowed the Office of the State Treasurer to reach out to the trusted individuals and brief those individuals properly. The Office, he continued, was data driven. The goal was to ensure the Navigator's work was quantifiable, so the Office could track the number of interactions and look at the return on investment at an event level while also looking at a category level. This category level would determine whether there were more interactions at a union hall or at a church.

Assemblywoman Benitez-Thompson said she believed that the first kindergarten class with funding opportunities from the Nevada College Kick Start Program were now fifth graders. She wondered how the claims process was working and what happened to the dollars that were not claimed by students. Treasurer Conine replied that the money had to be claimed before the student exited fourth grade. There was confusion over whether this action would constitute a state taking if the funds were not claimed. The Nevada College Kick Start dollars were not from the State General Fund, the funds were from the Nevada College Savings Endowment Fund. He added that Senate Bill (S.B.) 82 allowed a change in the actuarial math for the program.

Assemblywoman Benitez-Thompson asked whether the Board of Trustees of the College Savings Plans of Nevada was tracking the financial obligations. She knew it was difficult to identify who had opted into the college funding program and noted that the state of Michigan's first cohort had just turned 18. She wondered whether families were recognizing that these dollars helped. Treasurer Conine said he was focused on ensuring that dollars were spent in an efficient manner, and he hoped that the \$50 investment incentivized families to save more money for education. The early state adopters, however, provided Nevada with an opportunity to adjust the program based on the results from those states.

Assemblywoman Titus asked about decision unit E-229 and the roughly 35,000 kindergarten students. She wondered what percentage of those children were enrolled in the Nevada College Kick Start Program, and whether information on the savings plans was being sent home to parents with the kindergarten children. Treasurer Conine said that there were outreach efforts, and information was sent home to kindergarten students' parents.

For investment decisions, though, he felt that the discussions were private. A pamphlet and awareness were important, but those outreach efforts were not enough to prompt most families into enrolling in the programs. He added that \$50 was not going to help anyone, but the goal of the \$50 was to encourage parents to start saving other monies. He estimated that roughly 15.4 percent of eligible kindergarteners had enrolled, a percentage he believed to be too low.

Assemblywoman Titus asked whether the percentage was over the five years that the savings program had been offered or whether the percentage had been higher in past years. Treasurer Conine explained that he would provide data for how the program had grown over time. As an example, he said that about 1,000 children in the current kindergarten class were enrolled during the first 30 days the program had been available.

Assemblywoman Benitez-Thompson said the trend indicated that 15 percent to 30 percent of the kindergarten population opted into the program. She wondered why funds from the Nevada College Savings Endowment Account were being withdrawn to cover 100 percent of the kindergarten population. Treasurer Conine said that \$50 per student was deposited into the account, regardless of the number of students who enrolled in the program. Treasurer Conine said S.B. 82 included a change to the accounting method to fix that problem.

Assemblywoman Neal asked how financial literacy was being incorporated into the Nevada College Kick Start Program. She noted that many families were targeted in urban communities, and she wondered how the program was encouraging a mindset for educational savings. Treasurer Conine explained that people needed to understand the value of investing before enrolling in the program.

Treasurer Conine asked Sheila Salehian, Deputy Treasurer, Prepaid/College Savings Plans/Governor Guinn Millennium Scholarship Program, to speak about financial literacy from Las Vegas. Ms. Salehian said that several programs focused on this topic. There was a school savings program connected to Senate Bill (S.B.) 249 of the 79th Session (2017). The legislation required that financial literacy be taught in grades 3 through 12 starting in the fall of 2019, and the Office of the Treasurer had created a pilot project rolled out to one school in northern Nevada and one school in southern Nevada. The pilot allowed children to bring deposits of as little as \$1 to school every two weeks, either to be deposited in a savings account or to be deposited in an SSgA Upromise 529 college savings account plan. This pilot project would be rolled out statewide to support the requirement for elementary school teachers to teach financial literacy. For those parents that opened SSgA accounts and made deposits regularly, the Office was going to promote the Nevada College Kick Start Savings Account. These accounts were investment accounts, and families needed to understand the choices about how money was invested. All children were entitled to the \$50 account, but the parents still had to take action, go online, and opt into the account. She added that until the portal was opened in November 2016, families did not have a way to claim the \$50 Nevada College Kick Start Savings Accounts. She asked Committee members

to consider that when looking at the low claim rate; she expected the rate to rise in future years because of the portal, the ease in claiming the accounts, and the recommended additional staff member who would be dedicated to the Nevada College Kick Start Savings Account program.

Assemblywoman Jauregui referenced the Navigator program in decision unit E-227, and noted that the senior deputy treasurer would be spending 25 percent of his time working with the Navigator. She wondered about the 25 percent of the deputy treasurer's existing duties that would no longer be performed, which of those duties would be reassigned, and to whom the duties would be reassigned. Treasurer Conine introduced Erik Jimenez, Senior Deputy Treasurer, who had reassured the Treasurer that he could accept the additional tasks into his workload so no work would have to be shifted to others.

Chair Carlton asked how the Office planned to remain within the statutory maximum for marketing contract expenditures provided in NRS 353B. Ms. Law said she was aware of the cap and had no plans to exceed the cap. Ms. Salehian replied that she would follow up on this matter.

Assemblywoman Benitez-Thompson asked about the marketing budgets. The recommended amounts for the SSgA Upromise 529 marketing contract was approximately \$186,000, the Putnam Investments 529 marketing contract was roughly \$50,000, the Nevada College Savings Plan marketing budget was approximately \$153,000 and the marketing budget for the financial literacy effort was roughly \$147,000. The recommended budgets totaled over \$500,000 in each year of the biennium. She believed this amount was the healthiest marketing budget across the state, and she wanted to stay mindful of the dollar amount for future discussions on raising the cap, especially if enrollment remained constant.

ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - ENDOWMENT ACCOUNT (101-1094)
BUDGET PAGE ELECTED-234

Amber Law, Deputy Treasurer for Cash Management, Office of the State Treasurer, referenced a PowerPoint presentation titled "State Treasurer's Office, Executive Budget Accounts, Assembly Ways and Means Committee," dated February 20, 2019, [Exhibit C](#). As shown on page 7 of [Exhibit C](#), budget account (BA) 1094, Nevada College Endowment Account, the Endowment Account had to be used for the deposit of any monies received by the Nevada College Savings Programs. The account was protected by statute, and in accordance with the *Nevada Revised Statutes* (NRS) 353B.350, the money in the Endowment Account could be expended for various educational-related purposes including the Nevada College Savings Program, the administration of the Governor Guinn Millennium Scholarship Program and the administrative costs of the Nevada Prepaid Tuition Program, among others. There were no recommended enhancements for this budget account.

Chair Carlton asked what the long-term spending plan was for funds generated in the Endowment Account and the \$14.3 million reserve balance projected for the end of fiscal year (FY) 2021. Ms. Law replied that she planned to keep the reserve going and to continue funding administrative costs for the education programs, the Nevada Prepaid Tuition Program, the Governor Guinn Millennium Scholarship Program, and the Nevada College Savings Program.

ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - HIGHER EDUCATION TUITION ADMIN (603-1081)
BUDGET PAGE ELECTED-238

Amber Law, Deputy Treasurer for Cash Management, Office of the State Treasurer, referenced a PowerPoint presentation titled "State Treasurer's Office, Executive Budget Accounts, Assembly Ways and Means Committee," dated February 20, 2019, [Exhibit C](#). As shown on page 5 of [Exhibit C](#), budget account (BA) 1081, Higher Education Tuition Administration, administered the Nevada Prepaid Tuition Program. The Nevada Prepaid Tuition Program was established in 1998 and continued to offer a smart savings option to Nevada residents and/or graduates of the Nevada System of Higher Education to lock in Nevada's in-state college tuition rates for their newborn to ninth grade children. The program provided parents, grandparents, extended family members, and friends with a variety of options that made participation easy and convenient. An independent actuarial report as of June 30, 2018, showed that the funded status of the Nevada Prepaid Tuition Program was 142 percent. This increase was the strongest funded status in the program's 21-year history. Contracts for the program may be purchased with a lump sum payment, a monthly payment over five years, a monthly payment over ten years, or monthly until the child entered college. A total of 21,041 children were enrolled in the program at the end of fiscal year (FY) 2018, and the Nevada Higher Education Tuition Trust Fund held assets of \$293 million, an increase of \$25.44 million over the prior fiscal year.

Ms. Law explained that decision unit Enhancement (E) 226, recommended funding to upgrade the existing Nevada Prepaid Tuition Program database application to a cloud-based system. The upgrade increased efficiency for the Office of the State Treasurer staff and added a self-service capability for members through an online portal. The vendor would configure, customize, develop, test, and deploy the database upgrade for the program. Although the contract was approved in FY 2018, the funding was not approved and was contingent upon approval of decision unit E-226. The recommended funding was \$134,508 for FY 2020 and \$56,731 for FY 2021.

Decision unit E-232, Ms. Law continued, was a recommendation for continued funding for DocuSign software, the software used for electronic signatures on Nevada Prepaid Tuition Program documents. The software expenditure was approved in the 2017-2019 biennium,

but because contract negotiations took extra time, the new contract was not approved until August 2018, and expenditures were not included in the base budget. The Office of the State Treasurer had an approved two-year contract with DocuSign, Inc., and recommended funding was \$4,981 in FY 2020 and \$5,687 in FY 2021.

Ms. Law stated that decision unit E-235 recommended \$1,577 in each year of the biennium to maintain the in-state travel budget.

Decision unit E-710, according to Ms. Law, funded equipment replacement based on the Division of Enterprise Information Technology Services (EITS), Department of Administration, recommended schedule. The recommended funding was \$160 to replace small office equipment, including staplers and whole punches, in FY 2020 and \$1,220 to replace one desktop computer in FY 2021.

Chair Carlton referenced previous Interim Finance Committee (IFC) discussions about the system upgrade. She remembered that it had been discussed in June 2017 and declined by the IFC. Additional maintenance costs for the existing system were approved by the IFC in August 2017, and the Office of the State Treasurer was allowed to bring an enhancement recommendation to the 2019 Legislative Session. Because this had been under consideration since June 2017, Chair Carlton asked whether the cost for the upgrades had changed, and she asked for discussion about any additional functionality to be gained if the enhancement was approved. Ms. Salehian replied that the Office had been working with the Nevada Prepaid Tuition Program vendor since 2012. The vendor understood the situation and had honored the pricing as originally proposed. For functionality, she noted that the current system was seven years old, the improvements were on the self-servicing side for both the contract purchasers and the beneficiaries who used the contracts, both in state and out of state, and at over 300 institutions. Parents would be able to log into the system through the portal and determine the number of payments processed, the number of payments remaining, and the payoff amount, if needed, without having to call Office staff. Additionally, the Office had an annual responsibility to send Internal Revenue Service (IRS) 1099 forms out, and the portal could be used as a secure method for families to check the status of documents or view prior IRS 1099 forms. Students could also use the portal to determine whether the Office of the State Treasurer had paid the students' university bills or to determine how many credits had been used. Other upgrades included the automation of manual payment processing and fewer screens for staff to move through in answering customer questions.

Chair Carlton asked whether more self-servicing options implied a need for more staff in the future. Ms. Salehian said that since the program launched 20 years ago, there were fewer staff members supporting the system now than there were at that time. The hope was that existing staff could serve customers more efficiently and continue to develop the program. Roughly 1,000 new contracts were added each year, and the beneficiaries had aged and now needed to access the contracts, putting pressure on staff resources. The system upgrade should help to alleviate that situation, she added.

Assemblywoman Spiegel asked about merchant fees and wondered why it was more appropriate to have merchant fees paid from the Nevada College Savings Endowment Account instead of paying the merchant fees with revenues generated from the Higher Education Tuition Trust Account. Ms. Law explained that inadvertently, in 2017, the fees were moved from BA 1081 to the trust account. The enhancement would move the fees back to BA 1081 to provide a true cost of administration for the program.

Assemblywoman Benitez-Thompson referenced the Nevada Prepaid Tuition Program's 142 percent funded status and asked what consideration was given to adjusting or reducing the fees and administrative costs paid by families. Zach Conine, State Treasurer, Office of the State Treasurer, explained that the figure signified that the program had 142 percent of the dollars needed to pay for college at the current rate. If every student enrolled in the program went to college today, the account could fund those educations with 42 percent remaining. This was a good thing, he assured Committee members because the program had been underfunded in the past. The goal was to ensure the account was as stable as possible because as an investment account, there was no safety net available. The Board of Trustees of the College Savings Plans of Nevada constantly reviewed the cost of contracts and the future cost of enrollment based on known factors trying to keep the contract cost as low as possible. Administratively, if there was an opportunity to lower the cost of the contracts, he wanted to lower the cost, and the upgraded system might lead to this course of action.

Assemblywoman Benitez-Thompson stated that entities that managed the other 529 plans paid administrative fees for the plans. The Nevada Prepaid Tuition Program participants paid the fees, so funding did not come from the State General Fund. She wondered whether payment of fees discouraged families from the Nevada Prepaid Tuition Program and if there should be more fee parity.

ELECTED OFFICIALS

OFFICE OF THE STATE TREASURER

TREASURER - MILLENNIUM SCHOLARSHIP ADMINISTRATION (261-1088)

BUDGET PAGE ELECTED-245

Amber Law, Deputy Treasurer for Cash Management, Office of the State Treasurer, referenced a PowerPoint presentation titled "State Treasurer's Office, Executive Budget Accounts, Assembly Ways and Means Committee," dated February 20, 2019, [Exhibit C](#). As shown on page 8 of [Exhibit C](#), budget account (BA) 1088, Millennium Scholarship Administration, supported the mission to help more Nevadans attain postsecondary degrees. Since the inception of the program, 124,854 students had used the scholarship to make earning a certificate, associate's degree or bachelor's degree more affordable. Of those students, 47,817 students graduated with degrees. The number of students currently eligible within the six-year eligibility period after high school graduation was 30,190 students. The program was funded with 40 percent of the money received pursuant to the settlement with manufacturers of tobacco products, approximately \$15 million per year, as well as a \$7.6 million transfer from the Unclaimed Property Fund. Funds were deposited into the

Millennium Scholarship Trust Fund each year per *Nevada Revised Statutes* (NRS) 120A.620. State General Fund appropriations were needed to fill the gap. Projections provided to the Office of Finance, Office of the Governor, and the Legislative Counsel Bureau, demonstrated that the historic funding streams of tobacco settlement funds and the transfer from the Unclaimed Property Fund were not sufficient to maintain the scholarship beyond fiscal year (FY) 2019. Without a State General Fund appropriation, the program would have a shortfall of approximately \$31 million during the 2019-2021 biennium.

Ms. Law explained that decision unit Enhancement (E) 238 recommended funding an increase for outside postage. Additional postage was required to mail a welcome package to first-time eligible millennium scholarship students, as well as for letters to scholars not maintaining eligibility or students with expired scholarships. The Office of the Treasurer recommended an additional \$992 in each year of the biennium to cover the cost of additional postage.

Decision unit E-710, according to Ms. Law, funded equipment replacement based on the Division of Enterprise Information Technology Services (EITS), Department of Administration, recommended schedule. There was no computer equipment to be replaced in FY 2020; however, one desktop would be replaced in FY 2021 at a cost of \$1,060.

Ms. Law stated that the Office of the State Treasurer recommended continued funding for the Millennium Scholarship Administration from the Nevada College Savings Endowment Account, budget account (BA) 1094.

Chair Carlton asked whether any program changes were under consideration to address the projected shortfalls. Zach Conine, State Treasurer, Office of the State Treasurer, said that Senate Bill (S.B.) 44 created a permanent funding solution for the Millennium Scholarship program using unclaimed property dollars to fund an endowment. He believed that the Millennium Scholarship was an important tool for long-term college affordability plans in Nevada. The program had been successful over the past 20 years, and he said that a reliable funding mechanism should be put in place to continue the scholarships.

Chair Carlton said that there were many questions from Committee members on S.B. 44, but she did not want to get into policy discussions.

Assemblywoman Swank referenced a 10 percent excise tax on the sale of recreational marijuana that appeared to be allocated to two places at the same time. She wondered whether there was anyone present from the Office of Finance, Office of the Governor, to discuss this matter. Paul Nicks, Deputy Director, Office of Finance, Office of the Governor said that the original intent was for the 10 percent retail excise tax to be used to support education. His office intended to fund both the Millennium Scholarship program and school safety with the marijuana fees.

Assemblywoman Swank asked Mr. Nicks how this decision would be prioritized across two programs with a limited source of funds. Mr. Nicks did not have the detail with him, but said

he would provide it. The Office of Finance, Office of the Governor, had looked at the need for the Millennium Scholarship program as well as school safety, and the forecasted excise tax was then allocated across both programs. During FY 2020, there was less need for school safety funding, so more funding went to the Millennium Scholarship program, and in FY 2021, there was more need for school safety funding, so less funding went to the Millennium Scholarship program.

Chair Carlton stated that the Committee had concerns about basing a funding structure on something with the possibility of great fluctuation, such as a 10 percent excise tax on a product with a questionable future. She reminded the Committee that the ongoing funding was originally tobacco settlement dollars alone.

ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - UNCLAIMED PROPERTY (101-3815)
BUDGET PAGE ELECTED-252

Amber Law, Deputy Treasurer for Cash Management, Office of the State Treasurer, referenced a PowerPoint presentation titled "State Treasurer's Office, Executive Budget Accounts, Assembly Ways and Means Committee," dated February 20, 2019, [Exhibit C](#). As specified on page 9 of [Exhibit C](#), budget account (BA) 3815 was for Unclaimed Property. The Office of the State Treasurer served as administrator of the Unclaimed Property Program. The statutes defining unclaimed property were found in *Nevada Revised Statutes* (NRS) 120A. The primary responsibility for the Unclaimed Property Program was to unite the rightful owners and heirs with abandoned property while improving collections from unclaimed property holders. Because owners never lost claim to their property, the state must maintain custody of the assets in perpetuity. The Office staff had expanded the search capabilities on the Office of the State Treasurer's website to allow individuals greater access to unclaimed property data. The Office used free media to promote the program, including radio and television when possible, in addition to the statutorily required annual advertisements in newspapers across Nevada. Education and outreach efforts to unclaimed property owners had increased in an attempt to bring the unclaimed property owners into compliance with Nevada statutes.

Decision unit Enhancement (E) 232, Ms. Law continued, recommended funding for one additional OnBase software license. OnBase was the system used by the Unclaimed Property division with its database solution Wagers for vault inventory, scanning, document imaging, retention of claims and claims related evidence, as well as maintenance of documentation related to contract audits. The additional license was needed to scan inventory sheets directly into Wagers when staff secured, prepped, and inventoried physical inventory while in the vault and allowed staff to perform the full safekeeping intake in a single continuous process. When a box was opened in the vault, the contents were inventoried, photographed, and entered into the database, and the bank inventory was scanned simultaneously. This provided increased efficiency and accuracy. For each year of the 2019-2021 biennium, the recommended funding was \$1,680 for the additional license.

Ms. Law explained that decision unit E-722 recommended funding for a new scanner. This scanner would function with the OnBase software license recommended in decision unit E-232. The scanner would be used to scan unclaimed property assets turned over to the state for rightful owners to claim. The scanner allowed staff to secure, prep, and inventory physical property while in the vault in a single continuous process. The existing process was to collect inventory sheets over months as boxes were opened and inventoried, and when all boxes had been processed, staff returned to the inventory sheet, scanned the sheet, located the property records, and individually matched and loaded the inventory sheets into the corresponding Wagers records. The existing process, she noted, was inefficient and resulted in errors. The recommended funding was \$320 in fiscal year (FY) 2020 to purchase the scanner.

Decision unit E-233, according to Ms. Law, recommended funding for out-of-state travel for an employee to attend the Unclaimed Property Professionals Organization conference. The organization hosted an annual conference that integrated networking and education, helping to minimize the state's risk by offering the latest compliance information related to unclaimed property laws and regulations. The recommended funding was \$2,535 in FY 2020 for a staff member to attend the conference to be held in Arizona and \$3,418 in FY 2021 for staff to attend the conference to be held in Texas.

Decision unit E-710 according to Ms. Law, funded equipment replacement based on the Division of Enterprise Information Technology Services (EITS), Department of Administration, recommended schedule. In FY 2020, three laptops, including a laptop docking station, needed to be replaced at a cost of \$4,900, and in FY 2021, one desktop needed to be replaced at a cost of \$1,060.

The final enhancement, decision unit E-721, recommended funding for a new door-locking system, Ms. Law explained. The Unclaimed Property division was open to the public and had daily walk-in customers. The current keypad door entry opened using a four-digit code. This was a security risk because the keypad was visible to customers waiting in the lobby or standing at the customer window. Additionally, the current process to open the unclaimed property vault door required two staff members to provide separate keys to open the two deadbolt locks. There were times when the vault was inaccessible because staff was out of the office on unplanned leave. A new locking mechanism to the door that separated the public access area from the employee space would eliminate the visible keypad, and a dual-access locking mechanism to the vault door would eliminate other security concerns. She added that a new locking mechanism would identify staff who accessed the secure areas. The recommended funding for FY 2020 was \$8,243 to improve security.

Assemblywoman Titus asked whether the Office held auctions for unclaimed physical property. Zach Conine, State Treasurer, Office of the State Treasurer, said that the funds were held in perpetuity. When physical property was received, the property was liquidated through an auction process, but the dollar value was retained.

Assemblywoman Titus asked for clarification about whether the physical items were held in the vault until the auction, and then when the property was liquidated, she wondered whether the funds were deposited into a different account. Treasurer Conine said that items were held in the vault until the next scheduled auction, and after liquidation, the funds were deposited into a separate account.

Assemblyman Kramer had heard positive comments about the Unclaimed Property portal and the decrease in response time from 100 days to 20 days over the past few years. He asked about how to get companies with uncashed payroll checks to turn those checks over to the Unclaimed Property division. Treasurer Conine said that the response was a combination of education with both a carrot and a stick. Outside auditors spoke to companies who had not filed unclaimed property reports, but were likely to have unclaimed property, such as insurance companies. The auditors encouraged those companies to submit to a self-audit, walked the companies through the process, and encouraged the companies to become compliant with unclaimed property statutes. If that process did not work, the Office of the State Treasurer then authorized separate audits to encourage compliance with unclaimed property statutes. As the systems became easier to use, it became easier for companies to become compliant. The Office did not advertise often, but it had worked to identify businesses that might have unclaimed property.

Assemblyman Kramer believed that when claims were filed, there was not enough information provided for staff to determine the validity of the claim. He hoped that the portal required all necessary information so staff members could establish ownership. Treasurer Conine explained that the staff was diligent at correctly entering necessary information into the system. The vendor was creating artificial intelligence that would flag and return claims that did not have enough information to authenticate.

Chair Carlton expressed frustration with the previous administration because it was difficult to prove her identity when checks were made out to other than her exact name. She hoped the Office of the Treasurer was creating a policy to address future problems of this type.

Hearing no other questions, she asked for public comment from southern Nevada and northern Nevada. Hearing no public comment, the meeting was adjourned at 11 a.m.

RESPECTFULLY SUBMITTED:

Carmen M. Neveau
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 PowerPoint presentation titled "State Treasurer's Office, Executive Budget Accounts, Assembly Ways and Means Committee," dated February 20, 2019, presented by Zach Conine, State Treasurer, Office of the State Treasurer and referenced by Amber Law, Deputy Treasurer for Cash Management, Office of the State Treasurer.