

**MINUTES OF THE MEETING OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
AND  
SENATE COMMITTEE ON FINANCE  
SUBCOMMITTEES ON K-12/HIGHER EDUCATION/CIP**

**Eightieth Session  
March 12, 2019**

The joint meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on K-12/Higher Education/CIP was called to order by Chair Maggie Carlton at 8:11 a.m. on Tuesday, March 12, 2019, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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](http://www.leg.state.nv.us/App/NELIS/REL/80th2019).

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

Assemblywoman Maggie Carlton, Chair  
Assemblywoman Ellen B. Spiegel, Vice Chair  
Assemblywoman Teresa Benitez-Thompson  
Assemblyman Jason Frierson  
Assemblywoman Heidi Swank  
Assemblyman Tyrone Thompson  
Assemblyman Jim Wheeler

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

Senator Chris Brooks  
Senator Moises Denis  
Senator Ben Kieckhefer  
Senator James A. Settelmeyer  
Senator Joyce Woodhouse

**SUBCOMMITTEE MEMBERS EXCUSED:**

Assemblyman John Hambrick

**STAFF MEMBERS PRESENT:**

Sarah Coffman, Principal Deputy Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst

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Jaimarie Ortega, Program Analyst  
Nancy Morris, Committee Secretary  
Lisa McAlister, Committee Assistant

After staff called roll, Chair Carlton reminded everyone of Subcommittee rules and stated that questions would be asked after each budget account was presented.

## **EDUCATION**

### **DEPARTMENT OF EDUCATION**

#### **NDE - OFFICE OF THE SUPERINTENDENT (101-2673)**

#### **BUDGET PAGE K-12 EDUCATION-45**

Andrea Osborne, Director, Fiscal Support, Nevada Department of Education (NDE), began with a brief overview of the Department as illustrated on page 3 in her presentation titled "Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on K-12/High[er] Education/CIP Budget Hearing," dated March 12, 2019 ([Exhibit C](#)). She stated NDE's goal was to become the Fastest Improving State in the Nation (FISN) by 2020. Of the budget accounts scheduled to be heard at this meeting, Ms. Osborne would be covering budget accounts 2673, 2719, and 2720, while her colleagues would be presenting budget accounts 2705 and 2674.

Budget account (BA) 2673 was funded by State General Funds. The Superintendent's Office, according to page 9 of [Exhibit C](#), approved goals of the Department of Education; oversaw the execution of statutory responsibilities; established uniform policies and procedures; approved division budgets, legislative proposals, contracts, and agreements; and provided oversight of the staff development functions to encourage the achievement of the Department's goals. The first decision unit presented was Enhancement (E) 275, which recommended \$188,334 in FY 2020 for the replacement and upgrade of video-conferencing equipment in NDE's boardrooms. The equipment would be used primarily for State Board of Education meetings. She stated that NDE had been using test licenses to stream to other government agencies and wished to expand viewership to the public. Included in E-275 was \$28,555 for 5,000 streaming licenses, which could be reduced to start with only 2,500 licenses and increased as needed. Decision unit Enhancement (E) 276 recommended \$1,188 each year of the biennium for social media archiving. This would include archiving items such as text, photos, links, and public comments from the NDE's constantly updated social media on sites such as Twitter and Facebook. Ms. Osborne then paused for questions from Subcommittee members.

Assemblywoman Spiegel asked why the audio-video equipment was recommended to be replaced when the justification to replace the hardware was primarily related to the software used to operate the equipment.

Ms. Osborne responded that the video-conferencing equipment currently in use was 10 years old and had become obsolete. The desire to stream meetings meant new equipment was needed to work properly over the Internet.

Assemblywoman Spiegel asked how many viewers NDE currently had.

Ms. Osborne clarified that streaming had not been made public and had only been tested with other agencies, such as the Legislative Counsel Bureau (LCB) and the Office of Finance, Office of the Governor. Current audiences were under 40 people, but once opened to the public, NDE expected to have hundreds of viewers for meetings. The 2,500 license quantity was chosen to account for increased demand for high-profile board meetings.

Assemblywoman Spiegel questioned whether NDE was considering 2,500 licenses, not 5,000 as recommended in E-275, and Ms. Osborne explained that the original recommendation was for 5,000 licenses and would be amended to 2,500.

Assemblywoman Spiegel asked how the new equipment was related to complying with the Open Meeting Law.

Ms. Osborne clarified that the new equipment would give meeting access to more of the public. Only two small conference rooms, with no overflow space, were available and did not provide enough capacity for all the people interested in a high-profile board meeting.

Assemblywoman Spiegel questioned whether it was more about access than compliance, and Ms. Osborne agreed.

Senator Denis asked whether the new equipment would eliminate the problems he had witnessed at meetings and allow streaming of both audio and video to outside locations as well as different rooms.

Ms. Osborne anticipated the new equipment would remedy the problems, because it included the replacement of microphones and some other problem-causing equipment. The new hardware would provide both audio and video streaming to other NDE rooms as well as outside of the building.

Chair Carlton asked Ms. Osborne to explain the new methodology for rent expenditures.

Ms. Osborne explained that the methodology in use by the NDE for the last several years allocated a share of the Department's overall rent cost to each person regardless of location. The new recommended methodology allocated the rent cost per person based on the person's location. This change would more accurately reflect the rent for each location.

Senator Woodhouse understood the Las Vegas office would be moving and asked for details.

Jason E. Dietrich, Interim Deputy Superintendent for Educator Effectiveness and Family Engagement, NDE, explained that NDE had outgrown its current space in Las Vegas. The Buildings and Grounds (B&G) Section, State Public Works Division, Department of Administration, found a new facility at 2080 E. Flamingo Road. Nevada Department of Education's space at the new building would be larger than the current space, at a reduced price per square foot, meaning the monthly rent would not change because of the move. The owner of the new location was purchasing cubicles and remodeling the facility to meet NDE's needs, and relocation was planned for April.

Chair Carlton asked how the rent for the grant-funded positions was assigned. She sought clarification on why the rent allocation was calculated for a grant-funded position in the budget account for which the position was providing services rather than the account for which the position was funded.

Ms. Osborne explained that there was one account, with about eight people in it, where grants-funded staff in the grants unit were specifically allocated. The rent was in the same budget that the grant was allocated to, so the rent allocated for the associated staff would also be in the budget that the grant was in. In discussions with the Governor's Finance Office and LCB, it was decided the outcomes were about equal doing it either way, and NDE had looked at moving all of the rent charges into the accounts the staff were actually assigned to, but there was not enough time to make the change before the budget was built.

Chair Carlton wanted to ensure the new methodology would lead to an accurate budget and would not need to be discussed and revised in the future. She was confident that NDE would work with staff of the Fiscal Analysis Division, LCB, to resolve this matter.

Chair Carlton then asked for more detail about the recommended increase in travel and training expenses for the various Department budgets.

Ms. Osborne acknowledged that there were increases, and NDE had gone to the Interim Finance Committee (IFC) for additional travel funds needed because of Every Student Succeeds Act (ESSA) requirements. She added that the superintendent had been traveling for several ESSA events, which had increased the out-of-state travel.

Chair Carlton calculated the total travel and training funding amounted to \$1.3 million for the Department. She asked whether a prioritized list was available in the event that all of the recommended travel and training funding was not approved.

Ms. Osborne stated that none existed, but one would be compiled.

Chair Carlton speculated there would be further discussions about travel, but understood the need to comply with ESSA. Seeing no other questions, she moved on to the next budget account.

**EDUCATION**

**DEPARTMENT OF EDUCATION**

**NDE - DISTRICT SUPPORT SERVICES (101-2719)**

**BUDGET PAGE K-12 EDUCATION-50**

Andrea Osborne, Director, Fiscal Support, Nevada Department of Education (NDE), explained that budget account (BA) 2719 was District Support Services. As noted on page 13, in her presentation titled "Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on K-12/High[er] Education/CIP Budget Hearing," dated March 12, 2019 ([Exhibit C](#)), this budget account funded staff and operating expenditures for the allocation, monitoring, and auditing of state and federal funds to school districts and charter schools, including the Distributive School Account, as well as other state and federal grants. The budget was funded through various cost allocations from multiple grant-funding sources as well as State General Fund appropriations.

The first decision unit, Enhancement (E) 275, recommended a grants and projects analyst position to oversee state grants. One grants and project analyst position currently existed, which oversaw 30 state grants. This position in the NDE processed approximately 450 requests for funds each month. In 2018 the NDE instituted a new method of grants reconciliation, which increased the workload for all grants. Decision unit E-277 recommended an additional auditor. Audit workload had dramatically increased because of aggressive charter school expansion, methodology change for student counting, and the addition of hospitals to the Distributive School Account (DSA) payments. As a result of audit findings in FY 2018, NDE added a new risk assessment monitoring tool and procedure that required new field audits of subrecipients in medium and high-risk categories. These requirements affected not only school districts, but also individual charter schools sponsored by the State Public Charter School Authority and the Achievement School District. Decision unit E-279 recommended a management analyst position to conduct risk assessments on subgrantees, as well as to provide technical assistance, guidance, and training on federal and state laws and regulations. In addition to determining risk levels and developing appropriate monitoring schedules and tools for subrecipients, this position would also work with the Audit Division and grants and project analysts to obtain required documentation for desk audits. The last decision unit in BA 2719 was E-805, which recommended increasing a half-time accounting assistant to a full-time position. Additional workload could be completed with this change, in addition to the compilation and reporting of class-size reduction currently being performed.

Senator Woodhouse asked about the audit findings and any corrective actions taken by the Department to improve its grant management process.

Ms. Osborne stated there were numerous audit findings from both internal and federal audits in the previous two years. The findings centered on the monitoring of state and federal grants and showed the Department was lacking in several areas, including having backup

information for fund requests and providing proper monitoring, timing, and scheduling. The resulting corrective action plan developed and executed a risk assessment plan for better tracking and scheduling. The amount of monitoring for each subrecipient was based on the assessed risk level. The new requirements would increase the workload on NDE, which resulted in the recommendation for the three new positions.

Assemblywoman Swank asked what grant data would be tracked and what outcomes were expected from the addition of a grant analyst position recommended in decision unit E-275.

Ms. Osborne responded that the new grants analyst position would be sharing the grants duties currently covered by the one grants analyst in NDE. The sizable increase in grants meant that tracking was not always done on a timely basis, which affected NDE's ability to analyze spending. The additional position would reduce the delays in data gathering, making NDE better equipped to manage funds.

Chair Carlton asked how the new management analyst would ensure the subrecipients were complying with state and federal grant requirements.

Ms. Osborne stated that the new position would conduct the annual risk assessment and request additional information from high-risk subrecipients. The additional information would provide insight into the nature of the fund requests, in contrast with the current requirement to submit a general ledger form with a fund request. The new model would require more information from higher-risk subgrant recipients, which would provide more specific data about the expenditures resulting from the grants.

Chair Carlton asked whether this meant more desk audits would happen, and Ms. Osborne responded that it would.

Chair Carlton asked what unmet workload the new auditor would be addressing.

Michael Shafer, Chief Auditor, Division of Business and Support Services, NDE, explained that since *Nevada Revised Statutes* (NRS) 387.304 had become law, every district and every charter school must be audited quarterly for Average Daily Enrollment (ADE), which quadrupled the audit staff's workload. Increased efficiencies and better use of information technology had improved NDE's ability to meet requirements, but auditing for federal and state grants had suffered. It was estimated 449 audits for grants were overdue.

Chair Carlton asked how the upgrade of the accounting assistant from part-time to full-time would address an unmet workload.

Ms. Osborne stated that the change would shift some workload from the management analyst who was working on the new funding formula model. Specifically, the expanded position could make some payments and take on the lower-level duties of the management analyst,

freeing up the management analyst to focus more on the new duties for the funding formula model.

Seeing no additional questions on this budget account, Chair Carlton moved to the next account.

**EDUCATION**  
**DEPARTMENT OF EDUCATION**  
**NDE - DEPARTMENT SUPPORT SERVICES (101-2720)**  
**BUDGET PAGE K-12 EDUCATION-56**

Andrea Osborne, Director, Fiscal Support, Nevada Department of Education (NDE), explained that budget account (BA) 2720 was Department Support Services. This account, detailed on page 16 in her presentation titled "Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on K-12/High[er] Education/CIP Budget Hearing," dated March 12, 2019 ([Exhibit C](#)), funded staff and operating expenditures for three general areas in the Department of Education: Budgeting and Purchasing; Information Technology; and Accounts Payable, Receivable, and Payroll. Included in this budget account were functions and services that benefitted several programs and in theory could be charged to those accounts. However, concern for efficiency and practical limitations outweighed benefits of that alternative approach. Rent for the Department's state and some federally-funded offices was also paid out of this account, along with the State Central Services Cost Recovery, Division of Enterprise Information Technology Services (EITS) Silvernet, and the Attorney General's cost allocations. This budget account was funded by indirect costs charged against other accounts that had administrative expenditures. Two rates were calculated each year and negotiated with the United States Department of Education (USDOE). The restricted rate allowed the inclusion of rent as an expenditure for those grants. The unrestricted rate adjusted for rent paid for other NDE budgets that were not allowed to include rent. Rent expenditures for unrestricted grants were included in BA 2720. The current approved rates were 18.9 percent unrestricted and 10.7 percent restricted. The indirect cost rates were calculated each winter and negotiated in the spring for the following fiscal year, so were not known at the time of budget development. The amount of available funding varied based on the budgets established for the other accounts and the extent to which the budgeted funds were actually expended. The Department had tied the budget for BA 2720 to the total potential receipts from the other accounts, plus an end-of-year reserve. Proposed spending levels were maintained below anticipated total indirect costs in the Department's other accounts to allow for potential shortfalls in the amounts recovered.

Ms. Osborne then moved to the first decision unit included with this budget. Decision unit Enhancement (E) 226 recommended an additional information technology technician. As NDE had expanded in Las Vegas, the need for more on-site information technology (IT) support grew. One IT technician was currently responsible for 187 NDE users in three offices between Carson City and Las Vegas. With the recommendation for new

video-conferencing equipment to support an increase in remote communications, the single IT resource would be stretched even further. The new position would administer the Las Vegas video system and monitor and serve as the first line of technical support for users in the southern office. Decision unit E-225 added a budget analyst. The Nevada Department of Education had grown to encompass 32 budgets totaling over \$3.3 billion in federal and state funds. More budgets, increasing oversight and federal reporting, plus the quantity and complexity of work programs and internal needs, meant current budget staff was unable to keep up with the required work volume. Adding this position would help reduce overtime and improve quality of work, employee morale, and response time.

Ms. Osborne continued with decision unit E-277, which recommended a budget analyst to create portions of NDE's biennial budget and monitor the Department's budget accounts and prepare work programs as necessary. Budget tracking was falling behind and had been transferred to the accounting unit. The accounting unit logged each invoice but did not reconcile reports, so declining balances were not tracked. In addition, journal vouchers were being processed in batches and invoices were being coded incorrectly. The additional position in the recommended budget would provide proactive budget tracking and grant application budget reviews. Decision unit E-805 recommended the reclassification of one accounting assistant 2 to an accounting assistant 3. This position's duties had changed to include reviewing and auditing documentation for journal voucher preparation and maintaining complex spreadsheets for every budget account. This assisted the budget and grants analysts with having payroll information ready in almost real-time. The final decision unit was E-806 that recommended the reclassification of one management analyst 3 to a budget analyst 3 position. The duties of this position were heavily focused on budgets, and the change would mean more accurate classification and more likelihood to remain filled.

Chair Carlton asked how it was determined that two new budget analyst positions were needed and asked what workloads would be addressed with the additions.

Ms. Osborne stated that she and her staff had reviewed the budgets and associated workloads. It was determined the addition of two budget analysts would provide the proper amount of monitoring and analysis, with around eight budgets per analyst. She noted that both a budget analyst 1 and budget analyst 2 were recommended to start creating a career path in NDE's accounting function. Starting as a budget analyst 1 and being trained to become a budget analyst 2 would reduce turnover in the Department and alleviate the need to bring in budget analyst 2s from other agencies.

Chair Carlton observed that training people to move up within the Department was a desirable change. She noted that the Department's overtime cycles coincided with legislative sessions and asked whether the additions would address all of the overtime.

Ms. Osborne agreed that the change was expected to address the majority of overtime, but most likely not all of it.



Chair Carlton asked how the position reclassification recommendation was determined and whether the Division of Human Resource Management (DHRM), Department of Administration, had been involved.

Ms. Osborne stated that she had submitted the proper [NPD-19] form to DHRM and had not yet received feedback. She continued that both of the reclassifications would assist with the career ladder in the team and provide a needed accounting assistant 3. The reclassification of the management analyst to a budget analyst would keep the position more in line with budgets and help recruit the correct individual for the position.

Senator Woodhouse asked whether the Department had considered moving an IT person from Carson City to Las Vegas instead of creating a new position by decision unit E-226. She surmised that perhaps the need was too great in Las Vegas, and an additional person was needed.

Ms. Osborne stated that NDE had considered moving a Carson City position to Las Vegas, but the IT technician position needed in the south was at a much lower grade than the IT professionals in the Carson City office. In addition, the Carson City staff already had full workloads. She noted that Jason E. Dietrich, Interim Deputy Superintendent, NDE, and Michael Arakawa, Licensure Program Officer 3, Division of Educator Effectiveness and Family Engagement, NDE, were her de facto IT help in the south, which was not always sufficient when onsite technical difficulties arose.

Senator Denis asked how many staff the Department had in both Southern and Northern Nevada and the correlated technical staff in each. Ms. Osborne responded that the Department had 85 employees and no technical staff in southern Nevada, but had 125 employees in northern Nevada.

Senator Denis recalled the lack of technical staff in the south had always been a problem. He questioned whether the new position would be able to do all of the technical functions, such as networking and video and audio streaming.

Ms. Osborne clarified that the person located in the south would be doing the actual physical work to desktops, videoconferencing, and networking. Higher-level issues would be assigned to higher-level staff in the north, who would use existing communications tools to resolve problems remotely.

Senator Denis expressed his appreciation that this change would provide a more efficient way to correct problems.

Chair Carlton recollected that the cost allocation included in The Executive Budget had incorrect calculations, and staff had provided a chart to aid Subcommittee members. She asked whether this had been communicated to the Office of Finance, Office of the Governor.

She continued by asking how it was going to be corrected and how the revisions would affect State General Fund appropriations.

Ms. Osborne concurred that incorrect rates were used for some grants in the Governor's recommended budget, which would affect some General Fund accounts. She lacked the dollar amount, but did have an upcoming meeting with the Governor's Finance Office to discuss and correct the amounts. Once the Department was in agreement with the Governor's Finance Office on the numbers, they would decide whether budget amendments were needed to adjust the larger changes.

Chair Carlton was pleased to hear a meeting had been scheduled, because some of the differences involved significant amounts of money. She requested that staff be kept apprised as figures were updated, so budgets could be appropriately considered. Ms. Osborne agreed.

Seeing no other questions on this budget account, Chair Carlton moved on to the next.

**EDUCATION**  
**DEPARTMENT OF EDUCATION**  
**NDE - EDUCATOR LICENSURE (101-2705)**  
**BUDGET PAGE K-12 EDUCATION-83**

Jason E. Dietrich, Interim Deputy Superintendent, Nevada Department of Education (NDE), began with budget account (BA) 2705. As detailed on page 19 of his presentation titled "Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on K-12/High[er] Education/CIP Budget Hearing," dated March 12, 2019 ([Exhibit C](#)), this account included two enhancement units and funded the Office of Educator Licensure and the work of the Commission on Professional Standards in Education. The current budget was approximately \$4.7 million over the biennium, which was 100 percent funded by licensure fees. Page 20 of [Exhibit C](#) illustrated the volume of applications processed during calendar year 2018. The new Online Processing for Application for Licensure (OPAL) system went live the third week of January, affecting that month's volume. He explained that page 21 represented the reduction in application processing time, from 16 weeks in 2014 to 6 weeks in 2018. The Office had made significant improvements in workflow and the addition of OPAL allowed a drastic reduction in wait-times for application processing. Efforts were being made to continue decreasing wait-times, with the expectation that by the end of 2019, they would consistently be at four weeks.

Mr. Dietrich then moved to page 22 of [Exhibit C](#), which included the two decision unit Enhancements for this budget. Decision unit Enhancement (E) 275 recommended the addition of a program officer position located in Las Vegas to manage daily operations for the educator licensure program. Decision unit E-276 recommended the addition of a compliance investigator to assist with the background review process, as well as perform

investigations for disciplinary cases related to licensed educators. He reiterated that no State General Funds were required because this was a fee-funded budget.

Mr. Dietrich then provided more detail behind decision unit E-275. The Office had previously used a program officer to manage daily operations, but because of audit findings in FY 2015, the position was repurposed to manage the background/disciplinary program to provide a suggested level of decision-making authority. When Mr. Dietrich became Director of the Office of Educator Licensure, an administrative assistant had been used to make background decisions. The audit also found that to be inappropriate. Since the findings, the Director had been managing daily operations and 14 direct-report staff located in both Carson City and Las Vegas. The increased workload and the growth in volume had increased the work of the Director, and the Office would benefit from a dedicated day-to-day manager to allow for future growth and success. The recommended new position would oversee everyday business operations of the two offices, provide oversight of the OPAL system, and work with the Director to draft regulatory language when necessary. Mr. Dietrich then introduced Michael Arakawa, Program Officer 3, Division of Educator Effectiveness and Family Engagement, NDE, to address decision unit E-276.

Mr. Arakawa stated that E-276 recommended the addition of a compliance investigator in the Office of Educator Licensure. He referenced the 2015 audit findings Mr. Dietrich discussed and was happy to report that the Office was meeting security and processing requirements for background materials as imposed by the Department of Public Safety (DPS). The Office was working on improving efficiency in handling the volume of materials they received and reviewed. He explained the licensure background check process, which was currently being performed by one background investigations manager and one administrative assistant. According to statute, every applicant for an educator license must submit fingerprints for a background check, which averaged 12,000 applicants a year over the last few years. The fingerprints were processed by DPS, and background reports were returned to the Office. The investigator would review the reports, a duty the background investigations manager was now performing, and reports with no findings indicated were given to the administrative assistant for entry into the system to issue a license. Reports with findings, which averaged 1,000 per year, remained elevated for further review to determine eligibility. In addition, when a licensed educator was arrested, the compliance investigator would follow the case through to the outcome and make a determination or elevate the case for review. When a public complaint about a licensed educator was received, the investigator would review and refer to the school for follow-up. In cases when criminal activity was alleged, the report would be elevated to a manager to refer to law enforcement. In addition to background reviews, this position would also work with the Director of Licensure, Superintendent, and Deputy Attorney General on elevated cases, act as liaison with law enforcement, and work with the Department's Office for a Safe and Respectful Learning Environment to address reported instances of misconduct. Mr. Dietrich had no additional comments, so the Chair paused for questions.

Assemblywoman Swank returned to E-275 and asked who was currently performing the listed tasks and how the additional program officer position would increase customer service.

Mr. Dietrich explained that, similar to testimony provided by Andrea Osborne, Director, Fiscal Support, NDE, everyone in the Office of Educator Licensure pitched in to help. The existing program officer had been handling the workload with the help of a licensure analyst. This meant the licensure analyst was unable to perform the analytics portion of issuing licenses. As the previous Director, Mr. Dietrich had also helped when needed. The process became chaotic and priorities were being juggled, which made it difficult to facilitate adequate management. Adding this position would provide a specific individual with the daily responsibility of ensuring the Office was meeting its customer service goals and the needs of applicants.

Assemblywoman Spiegel asked, with reference to decision unit E-276, how the workload would be split between the background investigations manager and the new compliance investigator.

Mr. Arakawa explained that the bulk of the background processing would be handled by the compliance investigator. In times of high volume, the background manager would assist, which was expected during the traditionally heavy summer months when it sometimes took more than a week before a background report from DPS was reviewed. The investigations manager would continue to have oversight of the program and supervise personnel, along with doing higher-level work reviewing determinations and acting as liaison with other agencies.

Assemblywoman Spiegel asked whether the liaison role with other agencies was that of a point person or a more proactive role.

Mr. Arakawa stated that the Office tried to be as active as possible when interacting with other agencies.

Assemblywoman Spiegel asked whether the Department would consider reassigning the existing program officer position to manage the daily activities of the licensure program if the new compliance investigator position was approved, which would eliminate the need for a new program officer.

Mr. Dietrich reiterated that the workload involved was more than one person could manage. Even with everyone contributing to complete background reviews, it was not being handled optimally. Moving the position would not improve customer service or work volume. He stated that additional activities from laws enacted as a result of the 2017 Legislative Session were lacking, including detailed background reviews of charter schools, because there was insufficient time and staff. He stated that his top priority was to ensure background-checked

educators were in classrooms for the safety of the children, and was concerned that low staffing levels would allow something to slip through the cracks.

Chair Carlton followed up by asking how background checks were performed on unlicensed charter school staff.

Mr. Arakawa stated that a separate section of statute mandated that charter schools were responsible for completing background checks on their unlicensed staff.

Chair Carlton asked whether the charter school's checks were done to the same extent as the background checks performed by NDE.

Mr. Arakawa stated that they were. The charter schools used the same process through DPS. He continued that DPS engaged with the Federal Bureau of Investigation (FBI) to pull an individual's state and federal background reports.

Chair Carlton asked how NDE verified that the charter schools were completing the background checks.

Mr. Arakawa admitted that NDE was not verifying this and trusted that the charter schools were doing the checks per statute.

Chair Carlton sought confirmation that the NDE lacked a system to verify that charter schools were actually doing background checks on all personnel in the school, which Mr. Arakawa confirmed.

Assemblyman Thompson asked why there was a \$100 State General Fund appropriation in the budget.

Ms. Osborne responded that this reserve was maintained because it allowed NDE to request Interim Finance Committee contingency funds in case the Educator Licensure account were to run short of fees.

Assemblyman Thompson asked how recently NDE had reviewed the existing license fee structure to determine whether the amounts charged were appropriate.

Mr. Dietrich responded that the Department had increased the licensure fee for initial and renewal licenses by \$19 in the last 18 months to help fund the OPAL system. In addition, the annual support and maintenance of the licensure system of \$144,000 and recommended additional positions would be funded from the licensure fee increase.

Assemblyman Thompson asked whether the fee was based on other states' fees or calculated just to fund OPAL.

Mr. Dietrich explained that many states had a mixed funding model for their offices of educator licensure. Generally those offices were not part of the state department of education and served at the pleasure of a commissioner board. Because of this structure, they were funded by a mix of both fees and state funds. Some of the fee-only funded offices had a similar fee structure to NDE and some were a bit less. He cautioned that the customer service and processing times of the other fee-funded states' licensure offices were much worse than NDE's. The poor customer service was directly related to insufficient funding.

Chair Carlton focused on the fingerprint fee charged by DPS. She recollected the FBI charged \$13.25, the state charged \$23.50, and the Subcommittees on Public Safety, Natural Resources and Transportation would be discussing a proposed increase in the state's portion of the fee. She noted there was a reserve in the budget for the fee, which could potentially be used to offset an increase in fees, and she asked whether NDE had been involved in any of the discussions about raising the fee.

Mr. Dietrich clarified that the licensure fee charged by NDE included the cost of the background processing. The licensing office paid the DPS fingerprint fees and an increase in that fee would lower NDE's revenue. He stated that NDE had not been included in any conversations about a fee increase and would like to be included, because it would affect NDE's budget. He surmised that the NDE budget could support the proposed 50-cent increase.

Chair Carlton warned that \$3.50 [Budget account 4709, Enhancement 231] would be a problem and further discussions were warranted about the treatment of the fingerprint reserves. She was concerned that the work of a different committee would adversely affect the budget, and she would work with Fiscal staff.

Seeing no other questions from Subcommittee members on this budget account, Chair Carlton moved to the next budget account.

**EDUCATION**  
**DEPARTMENT OF EDUCATION**  
**NDE - ACHIEVEMENT SCHOOL DISTRICT (101-2674)**  
**BUDGET PAGE K-12 EDUCATION-157**

Rebecca Feiden, Deputy Director, Achievement School District (ASD), Nevada Department of Education (NDE), began with an overview of budget account (BA) 2674. The ASD budget account included one full-time-equivalent (FTE) and basic operating costs. She explained that page 27 of her presentation titled "Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on K-12/High[er] Education/CIP Budget Hearing," dated March 12, 2019 ([Exhibit C](#)), included the one decision unit for this account. The account was funded through a transfer from NDE and decision unit Enhancement (E) 275 shifted this account to become fee-funded. She explained that the ASD was created

in the 2015 Legislative Session as one piece of the state's approach to improving underperforming schools. Housed in NDE, ASD was in effect a unique charter school sponsor focused on improving outcomes for students zoned to low-performing schools. Four Achievement Charter Schools were located in Clark County and served over 1,500 students, 96 percent of whom qualified for free or reduced-price lunch. She noted that page 28 of [Exhibit C](#) provided additional demographic data. The school fee formula was explained on page 29 of [Exhibit C](#). Ms. Feiden explained that no fee was assessed for the first 50 students at each campus, and a 2-percent fee was assessed for every student beyond the first 50. She explained that the term "campus" was used to describe separate grade configurations, such as elementary or middle school. The projected revenue shown on page 29 exceeded the projected expenditures, and ASD was working with the Office of Finance, Office of the Governor and Legislative Counsel Bureau (LCB) staff to determine whether an adjustment was needed to establish a reserve. She concluded that an amendment to [Assembly Bill 78](#) had been proposed that would transfer the ASD schools and sponsorship functions to the State Public Charter School Authority (SPCSA). Should the proposed amendment be passed, it was anticipated the ASD position and fees paid by ASD schools would also transfer to the SPCSA.

Chair Carlton began with a general conversation about problems that had arisen over the interim. She sought clarification that there were four public charter schools under the ASD's umbrella and under *Nevada Revised Statutes* (NRS) 388; however, those schools did not fit that statute because the schools were under the opt-in or neighborhood options, which did not exist in statute.

Ms. Feiden stated that the Department's interpretation included the schools under ASD. There had been substantial conversations with LCB staff and the Governor's Office about the difference in interpretation.

Chair Carlton interjected that what NDE referred to as a difference of interpretation was deemed by Fiscal staff as outside the boundaries of statute.

Ms. Feiden recognized there were differences and expressed the Department's interest in resolving them. [Assembly Bill 35](#) was introduced to directly address the questions that were raised. The Department was actively working to resolve any outstanding issues and had suggested changes be incorporated under [A.B. 78](#) instead of [A.B. 35](#).

Chair Carlton summarized that NDE recognized there was a problem and brought a bill to fix it. Her concern was that the ASD had worked beyond its jurisdiction by allowing schools to convert in an illegal manner. Her biggest concern was for the children who graduated from these schools and whether the graduates' diplomas would be valid.

Ms. Feiden explained that NDE had worked with the Attorney General's Office, and the Department's interpretation was that the schools were currently in good standing in the ASD. She again expressed the Department's interest in resolving the issue.

Chair Carlton reiterated that the NDE's desire to resolve the issue stemmed from an incorrect process that was used. She recalled her reservations from the 2015 Legislative Session and continued concerns about the ASD. She expressed her fear that bringing forward a bill to clarify statute was not the right way to correct the program. She predicted there would be more discussion about ASD from the policy side and again expressed her worry about what would happen to these schools. She felt the law was very clear on how the schools should be set up.

Assemblyman Thompson asked how the ASD was funded in FY 2019.

Ms. Feiden stated that the ASD was funded through a transfer from Education. It was currently a grant-funded position.

When asked by Assemblyman Thompson for more details, Ms. Feiden explained that when the ASD was first created, it was funded through a federal School Improvement Grant (SIG) and the administrative dollars set aside from it. She anticipated that fees would fund the ASD in the future. She reiterated the desire to have no outstanding issues with the schools, and the fees would be sufficient to fund the ASD.

Assemblyman Thompson asked what alternative approaches the Department used to improve underperforming schools eligible for conversion to the ASD. He specifically asked for more detail on the Rising Stars Schools list.

Ms. Feiden stated that ten schools on the Rising Stars Schools List had signed improvement agreements which required the school to establish targets and take action to improve. The ASD had also collaborated with members of the Office of Student and School Support on other initiatives to improve schools across the state.

Assemblyman Thompson asked what improvement had been seen from the schools with signed agreements.

Ms. Feiden stated that of the ten schools, two lacked back-to-back years of data for comparison. Of the remaining eight, four were on track to be 3-star schools in three years. All ten schools were in rural communities and participating in programs funded through state or federal grants to align to school improvement efforts and Every Student Succeeds Act (ESSA) evidence levels.



Assemblywoman Benitez-Thompson recalled the apprehension about converting public schools to charter schools when the ASD started. She sought confirmation that low-performing public schools were still public schools.

Ms. Feiden confirmed that no district school had been transformed or converted into an ASD.

Assemblywoman Benitez-Thompson asked whether all the charter schools were set up correctly with sponsors, boards, and bylaws and formed in a legal manner, including having the opt-in and neighborhood options.

Ms. Feiden stated that all of the schools complied with applicable sections of NRS 388A, which was the charter school section of NRS.

Assemblywoman Benitez-Thompson asked how the schools were converted and what conversations took place with the parents and families of the affected schools. She asked whether there were mandates such as children being told to move out of the school and go to the charter school.

Ms. Feiden explained that in cases referred to as a neighborhood option, parents were given the first opportunity at available seats in the school, but there was no mandate that the children attend that school.

Assemblywoman Benitez-Thompson expressed her conflicted emotions over the ASD and apologized she could not stay for more of the meeting because she needed to attend a different subcommittee meeting.

Senator Denis asked why the decision was made to no longer use SIG money to fund the ASD.

Ms. Feiden stated that the SIG was under the No Child Left Behind era, and since ESSA had been passed, the grant was being phased out. The \$113,000 balance available at the end of the current fiscal year would not be enough to fund the ASD budget and the additional position that was funded from the SIG. She clarified that until the issues were resolved with the neighborhood options and opt-in, ASD's funding would remain under the previous structure. Once that disagreement was resolved, the fee funding would be a viable way to support ASD.

Senator Denis asked what schools were in ASD. Ms. Feiden explained the four schools were Democracy Prep at the Agassi Campus, Futuro Academy, Nevada Preparatory Charter School, and Nevada Rise Academy. She clarified that Nevada Prep Charter School and Nevada Rise Academy had just opened in the fall under the neighborhood option.

Senator Kieckhefer asked how many students were in the schools and what grades were in each school.

Ms. Feiden stated that Nevada Preparatory Charter School opened with about 120 students in fifth and sixth grades and would expand to fifth through eighth grades. Nevada Rise Academy opened with a similar headcount in kindergarten and first grade and would expand to cover kindergarten through fifth grade. Both schools would increase headcount as the grade bands expanded.

Senator Kieckhefer asked whether the ASD was tracking from which traditional public schools their students were being pulled.

Ms. Feiden explained that 70 percent of the students enrolled in ASD schools would otherwise be attending 1- or 2-star schools.

Senator Woodhouse announced that she did not have a question on this topic, which had been discussed at every IFC meeting and all other meetings for quite some time. For the record, she shared Chair Carlton's frustration with the ASD. She was appalled by what was going on with the program and felt it was wrong.

Chair Carlton stated that there was a lot of work to be done and the ultimate goal was to ensure children were getting the best education possible and their diplomas were valid. She reiterated her interest in getting the ASD corrected.

Seeing no other questions from Subcommittee members, Chair Carlton opened the meeting for public comment. Seeing none in Las Vegas, she asked for public comment in Carson City.

Ruben Murillo, Jr., President, Nevada State Education Association (NSEA), expressed his concern about budget account 2705, Educator Licensure. He stated that the fee-funded structure of this account inhibited efforts to recruit and retain teachers and educators into Nevada. He requested the Subcommittees consider a dedicated funding stream to the Educator Licensure budget account so the funding for OPAL and other upgrades were not funded by teachers. He referenced funding provided to the Clark County School District from the 2017 Legislative Session to create infrastructure and protect data. He suggested that some of the \$1.9 million balance being carried forward be used to offset some of the licensure fees charged to teachers. Options he presented were to waive the fingerprint fee or have a graduated scale where license renewals would have lower fees than initial applications, as a way to incent teachers to remain in Nevada.

Chris Daly, Deputy Executive Director of Government Relations, NSEA, read his statement, [Exhibit D](#), in support of defunding the Achievement School District.

Brad Keating, Director of Government Relations, Community Engagement Unit, Clark County School District (CCSD), expressed similar concerns to those expressed by Chair Carlton, Senator Woodhouse, and his NSEA colleagues about the ASD. He stated that CCSD believed the ASD was a failed experiment from the start and should not continue. Regarding the difference of interpretation between Legislative Counsel Bureau (LCB) and the NDE, CCSD believed the LCB's interpretation was correct. He continued to the recommendation for NDE's travel expenses, partially to meet ESSA requirements. The Clark County School District had changed its travel policy to one where the superintendent must preauthorize travel based on a submitted statement outlining how the requested travel would improve student achievement. Three months after the travel, a second statement explaining how the conference helped increase student achievement was submitted. He encouraged NDE to adopt a similar policy to ensure travel was having the desired benefit of increasing student achievement. Regarding budget account 2705 and Assemblywoman Swank's question about who was currently performing the duties included in the recommended program officer 3 position, he stated all those duties were listed on the Division of Human Resource Management, Department of Administration, website under the Educator Licensure Director's duties. He contended that adding a position unnecessarily lessened the Director's role and increased staff. Mr. Keating also spoke in favor of reducing the licensure fees in light of the 47 percent ending fund balance being carried forward. He stated that lowering fees would help attract more teachers to Nevada.

Seeing no additional public comment, Chair Carlton adjourned the meeting at 9:55 a.m.

RESPECTFULLY SUBMITTED:

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Nancy Morris  
Committee Secretary

APPROVED BY:

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Assemblywoman Maggie Carlton, Chair

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

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Senator Joyce Woodhouse, Chair

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

## **EXHIBITS**

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on K-12/High[er] Education/CIP Budget Hearing," dated March 12, 2019, presented by Andrea Osborne, Director, Fiscal Support, Nevada Department of Education (NDE) and other NDE staff.

[Exhibit D](#) is a letter dated March 11, 2019, to members of the K-12 Budget Subcommittee, presented by Chris Daly, Deputy Executive Director of Government Relations, Nevada State Education Association.