

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

**Eightieth Session
March 25, 2019**

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 8:09 a.m. on Monday, March 25, 2019, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, 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
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 roll was called, Chair Carlton reminded members of the Committee rules. The Chair explained that the Committee had two bill draft requests (BDRs) that needed approval for Committee introduction.



BDR S-101: Makes appropriations to provide grants to assist senior citizens and certain other persons with independent living. (Later introduced as [Assembly Bill 414](#).)

ASSEMBLYMAN FRIERSON MOVED FOR COMMITTEE
INTRODUCTION OF BILL DRAFT REQUEST S-101.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Benitez-Thompson and Hambrick
were not present for the vote.)

BDR 23-1110: Revises provisions relating to the Public Employees' Retirement System.
(Later introduced as [Assembly Bill 415](#).)

ASSEMBLYMAN FRIERSON MOVED FOR COMMITTEE
INTRODUCTION OF BILL DRAFT REQUEST 23-1110.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Benitez-Thompson and Hambrick
were not present for the vote.)

Chair Carlton opened the hearing for [Assembly Bill 64](#).

**[Assembly Bill 64:](#) Revises provisions governing the funding provided to school districts
for pupils enrolled in full-time programs of distance education. (BDR 34-455)**

Chair Carlton asked K. Neena Laxalt, paid lobbyist representing the Eureka County School District, whether there was an amendment for [Assembly Bill \(A.B.\) 64](#), and Ms. Laxalt confirmed that there was an amendment ([Exhibit C](#)).

[Ms.](#) Laxalt explained that the purpose of [A.B. 64](#) was to resolve the matter of online charter schools recruiting students from smaller school districts to receive funds those school districts paid per student. Several of the smaller school districts were funded through net proceeds and ad valorem, so the per-pupil spending was higher than the state average. This bill specified that online schools that recruited from school districts with less than 5,000 students would receive the state average rate instead of the amount the school district had been paying.

The amendment, [Exhibit C](#), Ms. Laxalt continued, was needed because the original draft specified that the bill applied to school districts with less than 25,000 students. Therefore, this language included the Carson City school district. The intent was to hold Carson City harmless because it did not pay up to the state average, so the number was lowered to school districts with less than 5,000 students. The second change was needed because the language

indicated that the online charter school was located in the school district, which was usually not the case. Online schools were more commonly located in Nevada, but outside the specific school district.

Chair Carlton noted the change in the number of students in a school district from 25,000 students to 5,000 students and wondered which school districts would be affected.

Dan Wold, Superintendent, Eureka County School District, said that school districts with less than 5,000 students included Lincoln, White Pine, Eureka, Lander, Pershing, Storey, Mineral, and Esmeralda.

Chair Carlton stated that the virtual schools seemed to be recruiting students from school districts that paid a higher rate. Mr. Wold said that online schools sent out flyers and attended community open houses to build interest in online schools. He noted that this was only done in communities with a higher per-pupil expenditure rate.

Chair Carlton asked whether online charter schools were located in Nevada, but not in the specific school district, and Mr. Wold confirmed that the virtual schools were frequently located in Nevada, but not in the specific school district.

Chair Carlton asked whether the per-pupil reimbursement rate was the average rate. Mr. Wold stated that the average rate for the 15 rural school districts would be the basis for reimbursement. The rural per-pupil reimbursement average for 2019 was \$9,178, while the Eureka County School District per-pupil reimbursement rate was \$23,392. That difference helped to demonstrate the problems with the current method of reimbursement.

Chair Carlton asked for the number of students who had left the Eureka County School District to enroll in online charter schools, and the effect the transfers had on the school district. In the last five years, Mr. Wold said, the Eureka County School District had averaged 5.79 students per year who left the school district to attend online schools.

Assemblywoman Neal noted that online charter schools had received the \$9,000 allocation, and she asked how long it would take for the online charter schools to adjust their budgets to reflect the lower per-pupil reimbursement rates. Mr. Wold explained that there would be no phase-in period: the amended reimbursement rate would be effective for the next school year.

Ms. Laxalt noted that schools that provided the reimbursements still had to pay infrastructure costs, including transportation, for the remaining students.

Mr. Wold noted that the State Public Charter School Authority supported this bill.

Chair Carlton asked for a comparison of the average cost to educate a student online in comparison to the in-school rate. Mr. Wold said he had not been able to find that number.

Assemblywoman Swank wanted to see those numbers for comparison as well. She was considering a different per-pupil rate other than the county rate for online schools.

Assemblywoman Spiegel asked about online charter schools and whether there were students from other counties with lower rates. Mr. Wold replied that there were students from most districts enrolled in online charter schools. He believed that there were no students from Esmeralda County, which was only a K-8 district. Clark and Washoe counties were excluded because of economies of scale. Those districts did not receive the same per-pupil reimbursements that rural counties received. Additionally, school districts with more than 5,000 students were paying less than the average rate, and the eight counties that were under 5,000 students were paying more than the average rate.

Assemblywoman Spiegel asked whether online charter schools that received less than the average rate per student were still able to educate students. Mr. Wold confirmed that students were educated at the lower reimbursement rate.

Ms. Laxalt added that the Nevada Association of School Superintendents supported the bill as well, although its lobbyist, Mary Pierczynski, was not in the room at that time.

The Chair opened the hearing for anyone in support of A.B. 64.

Jessica Ferrato, a paid lobbyist representing the Nevada Association of School Boards, spoke in support of A.B. 64 with the amendment, [Exhibit C](#). This bill provided relief for rural school districts that were losing students because of online charter schools' recruiting efforts, and the bill, as amended, was fair to urban school districts.

Chris Daly, a paid lobbyist representing the Nevada State Education Association, spoke in support of A.B. 64, as amended by [Exhibit C](#). He stated that charter schools were under greater scrutiny, and it was important to recognize recruitment efforts that enticed students away from local school districts with higher reimbursement rates. He noted that entities including K-12, Inc. treated the scenario as big business and funded lobbying efforts, especially given the growth in the number of charter schools. Because of this, he said that A.B. 64 was smart legislation intended to level the playing field.

Hearing no one else in support of A.B. 64, Chair Carlton asked for anyone in opposition to A.B. 64. Hearing no one, the Chair asked for anyone neutral on A.B. 64.

Sarah M. Adler, a paid lobbyist representing the Charter School Association of Nevada (CSAN), spoke as neutral. She said she would provide a research report that analyzed the nationwide cost of educating students online. The CSAN was concerned with the effect of the bill on Carson City, but CSAN's concerns were resolved with the amendment, [Exhibit C](#). She acknowledged concerns from Eureka County School District and other rural districts. Rural school districts lacked economies of scale that supported urban school districts. A football field, for example, would cost the same to build and maintain whether there were 200 students or 3,000 students. For smaller school districts, the proportion of total

per-pupil revenues that rural school districts lost when students enrolled in online charter schools was significant. Creating an average reimbursement rate would create more predictability for rural school districts and allowed the school districts to budget for the education provided to students in a more effective way.

Hearing no other testimony on A.B. 64, Chair Carlton closed the hearing on A.B. 64.

Assembly Bill 88: Revises provisions relating to the reporting of average daily enrollment in public schools. (BDR 34-333)

Nate Hanson, Director of District Support, Department of Education, presented Assembly Bill (A.B.) 88 regarding average daily enrollment. This bill included minor changes to law regarding quarterly average daily enrollment reporting that was provided to the Department by public schools.

The first change, Mr. Hanson noted, was to accommodate weekends and holidays that fell when average daily enrollment reports were due, and the second change was to update text which was missed upon the enactment of average daily reporting in the 78th Session (2015). Average daily enrollment was a key input for monthly public school funding through the distributive school account (DSA). Before fiscal year (FY) 2016, a single annual "count day" based on attendance was used to determine monthly DSA payment amounts. The shift from a single count to average daily enrollment better accounted for changes in actual student enrollment during the course of a school year.

Mr. Hanson explained that section 1 of A.B. 88 proposed amending *Nevada Revised Statutes* (NRS) 387.1223. That statute required average daily enrollment reports to be provided on the exact dates of October 1, January 1, April 1, and July 1. Discussions with school districts and charter schools revealed that public school student information systems staff were obligated to work weekends, and the school district or charter school was obligated to pay overtime to meet the due-date deadline. The average daily enrollment reporting was often rushed and more likely to contain errors. Further, the Department noted that its staff did not begin to validate or aggregate the reporting until the following business day, whether the reports arrived on Sunday or Monday.

Mr. Hanson said that the Department recognized that when average daily enrollment reporting was due on a weekend, the change that allowed reporting to be due by 5 p.m. on the next business day was a reasonable accommodation. This change would allow public schools to focus on providing more accurate data the first time with negligible effect on subsequent timing. In combination with the Department's support of school districts and public charter schools to develop better practices for the review and validation of student enrollment data on a regular basis before reporting average daily enrollment, this accommodation allowed public schools to provide the Department with more timely, accurate student enrollment data that required fewer subsequent change requests. The first part of A.B. 88 updated law to reflect that practice.

The second part of A.B. 88, section 2 through section 4, Mr. Hanson continued, addressed areas of law for which the prior change from annual "count day" to quarterly average daily enrollment was overlooked in several instances. Accordingly, the change updated language from "attendance" to "enrollment."

Mr. Hanson said that section 2 revised language in NRS 388.723 from "attendance" to "enrollment" in subsection 1(b). He further stated that section 3 revised language in NRS 388.725 to reflect three changes from "attendance" to "enrollment" with one change each in subsections 1(a), 1(b), and 2(a). Section 4 revised language in NRS 388G.680 as follows:

- Subsection 1 reflected a single change from "attend" to "are enrolled in."
- Subsection 2 reflected a single change from "attending" to "enrolled in."
- Subsection 3 reflected two changes from "attend" to "be enrolled in."
- Subsection 4 reflected a single change from "attend" to "are enrolled in."

In summary, Mr. Hanson stated, section 1 of A.B. 88 accommodated current practice by allowing average daily enrollment reporting to be due on the first business day after an existing due date when the existing date fell on a weekend or holiday. Section 2 through section 4 of A.B. 88 revised citations for which the prior change from an annual "count day" to quarterly average daily enrollment appeared to have been overlooked. Accordingly, in nine places, NRS language was updated from attendance to enrollment.

Chair Carlton mentioned that an amendment had not been proposed, but one would be submitted in the future.

Assemblywoman Spiegel asked for the difference between "attendance" and "enrollment." She knew that attendance implied enrollment, but she wondered if "absent" meant "unenrolled." She further asked for clarification about families who moved away.

Mr. Hanson replied that enrollment and attendance differed. When a student moved to a new school, the parent would enroll the student at that time. When that student was sick, there was no attendance that day, but enrollment was still valid. When a student moved from one Nevada school to another Nevada school, the student information system, Infinite Campus, automatically registered the student in the new school and resolved the lack of a withdrawal notice at the first school, when needed. When a student dropped out or otherwise unenrolled, there was a period after consistent lack of attendance that the Infinite Campus system would withdraw the student. This, he noted, was a problem with more transitory students.

Assemblywoman Spiegel asked whether schools needed to gear up for staff and supplies for the number of enrolled students, not necessarily the number of students who attended school on any given day. Mr. Hanson replied that schools prepared based on the number of enrolled students.

Assemblywoman Neal recognized that school budgets were developed based on student attendance and wondered what the difference would be when budgets were developed based on enrollment. Mr. Hanson explained that enrollment would be marginally higher than attendance: enrollment was the maximum number of students who could attend. Now that budgets had been prepared for several years based on enrollment, the change should not affect budgets.

Assemblywoman Neal asked whether the change resulted in losses in 2015, 2016, 2017, and 2018 because the prior year attendance drove the new budget. Mr. Hanson was not sure how the budgets had been developed. Chair Carlton said she would get more information for Assemblywoman Neal.

Hearing no other questions from Committee members, Chair Carlton asked to hear from those in support of, in opposition to, or neutral on A.B. 88. Hearing no responses, she mentioned that when the amendment to A.B. 88 was submitted, Committee members would want to see the amendment as soon as possible.

Chair Carlton closed the hearing on A.B. 88.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that 260 budgets, or 84.4 percent, had been heard out of 308 budgets. This was a crossover period when the remainder of the budgets would be heard while budget closings would begin. On Thursday, March 28, 2019, the General Government Subcommittee would recommend closing budgets for the Office of the State Controller, the Department of Administration, and the Office of the Secretary of State.

In anticipation of these closings, Ms. Jones wanted to review the process with Committee members. Budgets heard in subcommittees were closed in the subcommittees. Budgets that were heard in full committees were closed in full committees. Fiscal Analysis Division staff suggested work sessions when necessary for discussion of certain topics. These work sessions provided opportunities for staff to bring matters to the Committee's attention when staff needed guidance and direction before budget closings. The meetings were also an opportunity for staff and Committee members to discuss complicated matters. Work sessions had been identified for topics such as the Division of Child and Family Services; the Division of Health Care Financing and Policy, also known as Medicaid; the Department of Corrections; the Nevada System of Higher Education; and the Capital Improvement Program. Those work sessions were scheduled for the remainder of March.

Ms. Jones referred Committee members to various examples of closing documents from last session. She discussed an example from a completed subcommittee closing that reflected decisions made by a subcommittee to recommend elimination of certain decision units and other technical changes that resulted in adjustments to revenues and expenditures. For more complicated matters, subcommittee members would be provided with options for how budgets could be closed. Ms. Jones asked for any questions.

Chair Carlton stated her understanding that options were from discussion points during hearings and from questions asked by subcommittee members. Ms. Jones confirmed that Chair Carlton was correct. Ms. Jones noted that for full committee closings or subcommittee closings, the best way to prepare was to review staff documents from throughout the session, as well as noting written responses to Committee questions from different agencies. She recognized that this effort was time-consuming, but would prepare Committee members to make decisions. Full committee closing documents would look similar.

Assemblywoman Neal wondered whether members would sit with chairs and Fiscal Analysis Division staff to review the options that were provided, similar to a briefing. Ms. Jones replied that briefings occurred throughout the session with committee chairs.

Chair Carlton noted that the chair would be available to discuss or join in any briefing meetings, especially for more complicated matters because the intent was to ensure that committee members were comfortable with decisions. Ms. Jones stated that more difficult matters typically had work sessions for additional discussions.

For full closings, Ms. Jones continued, documents with all necessary supporting information and detail were provided to the full committee on behalf of subcommittee chairs. In the past, subcommittee chairs had made speeches to the full committee, but that process changed several years ago, and now Fiscal Analysis Division staff presented the speeches. Although each subcommittee had many decision points and votes, the full committee voted on the closing as a whole and could make changes as needed. At both the subcommittee and full committee levels, the Assembly and the Senate may close items differently. There was a point in the schedule, she noted, when closing differences needed to be resolved, usually in a joint meeting of the full committees.

Ms. Jones noted that Fiscal Analysis Division staff often requested authority to make technical adjustments throughout the closing process. Technical adjustments acknowledged a change in volume or a change in rate for certain budget items, and each subcommittee budget closing included necessary technical adjustments. Statewide decision unit adjustments or global decision unit adjustments were pertinent to internal service funds. For example, the Division of Enterprise Information Technology Services' (EITS) budget contained many decision units, and based on actions taken on decision units, the rates charged to other state agencies by EITS would change. Examples of other internal service funded budgets included the Purchasing Division and the Fleet Services Division. At the full committee closing meetings, Fiscal Analysis Division staff would request authority

through a motion, a second, and a vote to make technical adjustments for internal service rates.

Ms. Jones explained that staff would work to balance budgets the weekend of May 18, 2019 and afterward commence work on the money bills. The five money bills provided state appropriations, authorized state expenditures of other funds, funded the Capital Improvement Program, funded K-12 public education, and provided for the compensation of state employees.

Chair Carlton stated that there would be individual meetings with subcommittee chairs for review and practice.

Ms. Jones read the following statement into the record:

Therefore, fiscal staff requests the Committee grant staff the authority to make technical adjustments to the line items in the budget accounts as they are closed for internal service funds and other rates, including personnel assessment, payroll assessments, changes to Enterprise Information Technology assessments and rates, Purchasing assessments, Attorney General cost-allocations, building rents, vehicle insurance, property and contents insurance, statewide cost allocation, and fleet services as those budgets are finalized—and any other internal service funds and rates that we need to adjust. There are some minor ones that were not included in the list.

Chair Carlton asked Committee members to consider that statement as a motion. She asked for any questions on the statement as read into the record by Ms. Jones.

Assemblyman Kramer asked about changes in salaries and wondered whether those changes were rolled into the technical adjustments. Ms. Jones said that changes in salaries were a different decision unit. Included in the motion for technical adjustments were changes to personnel related rates, such as the retirement contributions or health insurance contributions, which she forgot to mention. The Governor's proposed increase of three percent would be included in the Pay bill. Any individual pay changes requested as part of the budget process would be included in those budget closings.

Chair Carlton explained that this motion was part of an accounting mechanism rather than a policy vote. Combined with the policy vote, Fiscal Analysis Division staff would then have the authority to make technical changes.

Assemblywoman Neal referenced technical adjustments and referred to one agency that kept repeating an item in several budgets that had not been approved or agreed upon. She believed that the agency kept adding that item to different budgets seeking approval. She asked how to strike that item from a budget so it was not incorporated unintentionally.

Chair Carlton said that action would occur during subcommittee hearings for closings. She explained that would have been a higher-level decision.

Ms. Jones added that there would be a budget hearing on statewide decision units on April 2, 2019. Discussions about internal service fund rates would be held at that time. The technical adjustments authority and motion were needed because some budgets would close earlier.

As a follow-up to earlier questions, Ms. Jones indicated that Fiscal Analysis Division staff continued to work with the respective agencies and Division of Human Resource Management staff to provide the details necessary to make informed decisions on individual position reclassification recommendations.

ASSEMBLYMAN FRIERSON MADE A MOTION TO ACCEPT THE
TECHNICAL ADJUSTMENT STATEMENT AS PROPOSED.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Benitez-Thompson, Hambrick, and
Swank were not present for the vote.)

Ms. Jones added that Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, had noted that closing documents were provided to members as budgets were closing. The closing documents became public documents, but they were not provided in advance of the budget closing.

Chair Carlton noted there were two or three differences between the Assembly and the Senate closing processes during the 79th Session (2017), but with joint subcommittee meetings, differences between the houses were identified and worked out earlier.

Ms. Jones reminded the Committee members that weekend and evening meetings would be required as May approached. Chair Carlton explained that evening meetings worked well because bills were often proposed by colleagues who were in other committee meetings during the day. A large number of bills could be dealt with and processed during an evening meeting. Two weekend sessions had been scheduled so far: Saturday, May 4, 2019, and Saturday, May 18, 2019, with more weekends and nights to be scheduled as needed. She recognized that graduations were approaching, but she wanted Committee members to be advised of this.

Chair Carlton asked for any public comment, and hearing none, she recessed the hearing at 9:05 a.m.

Chair Carlton called the meeting back to order behind the bar of the Assembly Chambers at 5:56 p.m. The Chair explained that the Committee had two Bill Draft Requests (BDRs) that needed approval for Committee introduction.

BDR S-1247: Makes an appropriation to the Department of Veterans Services to provide financial assistance and support for the Adopt a Vet Dental Program. (Later introduced as [Assembly Bill 487](#).)

ASSEMBLYMAN FRIERSON MOVED FOR COMMITTEE
INTRODUCTION OF BILL DRAFT REQUEST S-1247.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Hambrick was not present for the vote.)

BDR 18-840: Creates the Division of Outdoor Recreation within the State Department of Conservation and Natural Resources. (Later introduced as [Assembly Bill 486](#).)

ASSEMBLYMAN FRIERSON MOVED FOR COMMITTEE
INTRODUCTION OF BILL DRAFT REQUEST 18-840.

ASSEMBLYMAN THOMPSON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Hambrick was not present for the vote.)

Chair Carlton recessed the meeting at 5:58 p.m.

With no further business to come before the Committee, Chair Carlton adjourned the meeting at 6:51 p.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 proposed amendment to [Assembly Bill 64](#) presented by K. Neena Laxalt, a paid lobbyist representing the Eureka County School District.