

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Eightieth Session
April 24, 2019**

The Senate Committee on Finance was called to order by Chair Joyce Woodhouse at 8:13 a.m. on Wednesday, April 24, 2019, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Moises Denis
Senator Yvanna D. Cancela
Senator Chris Brooks
Senator James A. Settelmeyer
Senator Ben Kieckhefer
Senator Pete Goicoechea

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Leandra Copeland, Program Analyst
Jaimarie Ortega, Program Analyst
Felicia Archer, Committee Secretary
Desirae Munns, Committee Secretary

OTHERS PRESENT:

Bonnie Long, Director of Administration, Nevada Governor's Office of Economic Development
Megan Hanke, Management Analyst, Department of Education
Brad Keating, Director of Government Relations, Clark County School District
Jason Goudie, Chief Financial Officer, Clark County School District
Mary Pierczynski, Nevada Association of School Superintendents

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Amy Garland, Executive Officer, Department of Veterans Services
Andrew LePeilbet, Board Member, United Veterans Legislative Council

CHAIR WOODHOUSE:

We will begin with the budget closing of Governor's Office of Economic Development.

LEANN DRA COPELAND (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Small Business Enterprise Loan budget account (B/A) 101-1524 begins on page 3 of the Senate Committee on Finance Closing List #3 ([Exhibit C](#)).

COMMERCE AND INDUSTRY

GOED

Small Business Enterprise Loan — Budget Page GOED-5 (Volume II) Budget Account 101-1524

The 2017 Legislature approved General Fund appropriations of \$1 million to establish the Small Business Enterprise Loan Account (SBELA). The SBELA purpose is to provide loans to small business, minority-owned business, women-owned business or disadvantaged business enterprises.

There are no major closing issues for the SBELA budget. There is one other closing item as discussed on page 4 of [Exhibit C](#). The Governor does not recommend additional funding for the SBELA. The \$1 million which was appropriated by the 2017 Legislature is able to be carried forward each fiscal year (FY). The Governor's Office of Economic Development (GOED) entered into an agreement with an outside bank to administer the funds on GOED's behalf. *Nevada Revised Statutes* (NRS) 231.1409, subsection 9 requires payments from the loans be deposited in the General Fund for credit to the SBELA B/A 101-1524

Per the memorandum of understanding (MOU), the bank directly receives principal and interest payments and these payments are not deposited in the SBELA as required by statute. The Committee may wish to request a bill draft request (BDR) to amend NRS 231.1409, subsection 9 to align statute with the GOED's current practices, or the Committee may wish to direct the GOED to

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comply with existing provisions of the NRS which would require GOED to revise its MOU with the outside bank.

Two options the Committee may wish to consider are discussed on page 4 of [Exhibit C](#).

SENATOR GOICOECHEA:

We need to modify the MOU to make it comply with statute.

SENATOR KIECKHEFER:

Either of these options would require them to comply with statute. I do not see a benefit of one option over the other.

SENATOR GOICOECHEA:

I do not see any difference in the two options. I am recommending option 2 which would require the GOED to modify the MOU.

CHAIR WOODHOUSE:

I also prefer option 2.

SENATOR GOICOECHEA MOVED TO DIRECT THE GOED TO MODIFY ITS CURRENT ARRANGEMENT TO REQUIRE LOAN PAYMENTS OF PRINCIPAL AND INTEREST BE DEPOSITED INTO THE STATE GENERAL FUND FOR CREDIT TO THE SBLA B/A 101-1524 IN ACCORDANCE WITH THE EXISTING PROVISIONS OF NRS 231.1409, SUBSECTION 9 WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR WOODHOUSE:

We will move on to the Nevada Main Street Program (NMSP) B/A 101-1532.

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Nevada Main Street Program — Budget Page GOED-6 (Volume II)
Budget Account 101-1532

Ms. COPELAND:

The NMSP B/A 101-1532 begins on page 5 of [Exhibit C](#). The NMSP was created by A.B. No. 417 of the 79th Session. The budget received a \$350,000 appropriation to provide grants for main street revitalization. The appropriation was not intended to finance ongoing expenditures.

There are no major closing issues for this budget. There is one closing item as discussed on page 6 of [Exhibit C](#) which is the elimination of the budget. The Governor does not recommend ongoing funding for the NMSP. There were no grants awarded in FY 2018 due to the "ramp up" of the program.

The table on page 6 of [Exhibit C](#) illustrates the anticipated FY 2019 grants to six cities totaling \$99,206.

SENATOR KIECKHEFER:

Would the NMSP revert approximately \$250,000 to the General Fund?

Ms. COPELAND:

Yes. That is correct. I would like to point out Assembly Bill (A.B.) 104 would make another appropriation of \$350,000.

ASSEMBLY BILL 104: Makes an appropriation to the Account for the Nevada Main Street Program. (BDR S-532)

SENATOR DENIS MOVED TO APPROVE THE ELIMINATION OF THE NMSP B/A 101-1532 AS RECOMMENDED BY THE GOVERNOR AND GRANT FISCAL STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR SETTELMAYER VOTED NO.)

BUDGET CLOSED.

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MS. COPELAND:

The GOED B/A 101-1526 begins on page 7 of [Exhibit C](#). There are three major closing issues in this budget.

GOED - Governor's Office of Economic Dev — Budget Page GOED-8 (Volume II)
Budget Account 101-1526

Major closing issue 1 is regarding the change in funding sources for the mining industry specialist position as discussed on page 8 of [Exhibit C](#). The Governor recommends replacing the Nevada Mining Association (NMA) financial support for the mining industry specialist position with General Funds of \$60,000 in each year of the biennium through enhancement decision unit E-125.

E-125 Sustainable and Growing Economy — Page GOED-10

GOED notes it prefers to have the position funded with General Fund appropriations to ensure it has complete autonomy to direct the position's activities. The NMA has continued to express support for the position. They plan to provide financial support for trade missions, conferences, sponsoring events, etc. The GOED has not included any projected gifts or donations in its budget for the 2019-2021 biennium. Historically, the GOED has not sought authority from the Interim Finance Committee (IFC) for gifts and donations to pay for staff to attend trade missions. The NRS 353.335 indicates the State may not accept gifts from nongovernmental sources without legislative approval or approval from the IFC during the interim if the "value" of the gift exceeds \$20,000.

SENATOR PARKS MOVED TO APPROVE REPLACING THE NMA'S FINANCIAL SUPPORT FOR THE MINING INDUSTRY SPECIALIST IN THE GOED B/A 101-1526 WITH GENERAL FUNDS OF \$60,000 IN EACH YEAR OF THE BIENNIUM WITH A LETTER TO GOED REQUESTING THAT ALL CASH AND NONCASH DONATIONS RECEIVED, REGARDLESS OF THE WORK PROGRAM THRESHOLD, BE REPORTED TO THE IFC AT THE END OF EACH FY.

SENATOR DENIS SECONDED THE MOTION.

SENATOR SETTELMAYER:

Is the NMA not wishing to put forth funds to help support the position, or are we turning down free money?

Ms. COPELAND:

The GOED indicated that they only bill the NMA if they do not have sufficient General Funds to cover position costs such as during the economic hardship. The GOED has indicated they do have sufficient funds to cover all of the positions.

SENATOR GOICOECHEA:

As mining moves forward, especially with the huge joint venture between Newmont Goldcorp Corporation and Barrick Gold Corporation, I think they could afford to participate. I hate to say we are going to replace the funding from the NMA.

Ms. COPELAND:

They have offered to provide financial support in other areas but not necessarily the position.

SENATOR SETTELMAYER:

In the past, during times of extreme economic hardship, we did not have the funds and the NMA stepped forward and supplied funding in a separate account. If necessary, the GOED was able to draw upon the account. Now that the State is in better economic times, it seems we no longer need to have the separate account. The NMA would probably step forward in the future if we had another problem with funding.

THE MOTION CARRIED UNANIMOUSLY.

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Ms. COPELAND:

Major closing issue 2 in the GOED B/A 101-1526 concerns General Fund appropriations for the Nevada Institute for Autonomous System's (NIAS) as discussed on page 9 of [Exhibit C](#). The Governor recommends funding "anticipated emerging programs" not in the scope of the NIAS current

agreement and costs not covered by other funding sources with General Fund appropriations. Enhancement decision unit E-130 requests General Fund appropriations of \$100,000 in FY 2020 and \$75,000 in FY 2021.

E-130 Sustainable and Growing Economy — Page GOED-11

The NIAS is a nonprofit organization tasked with the responsibility to lead and promote Nevada's Unmanned Aircraft Systems (UAS) program. The NIAS generates revenue through fees paid by companies to use UAS facilities providing technical expertise and facilitating the connection between clients and UAS companies.

When the UAS program was initially discussed during the 2013 Legislative Session, GOED anticipated it would become financially self-sufficient around the end of FY 2015. Increased competition and a changing industry landscape has led to slower than expected revenue growth. The NIAS continues to make progress in becoming self-sustaining.

The table on page 10 of [Exhibit C](#) illustrates NIAS' revenue and expenditure projections for the 2019-2021 biennium. As illustrated, the NIAS projects a net profit of \$100,000 in FY 2020 and \$200,000 in FY 2021. The GOED indicates that the NIAS' projections anticipate using the recommended General Fund appropriations to support efforts to secure contracts. Not having the appropriations would directly reduce its projections and indirectly affect its ability to secure contracts, further reducing its ability to become self-sustaining.

Senate Bill (S.B.) 421 would provide a \$1 million appropriation to GOED which would essentially be a pass through to NIAS. The GOED indicates a budget has not been developed for the \$1 million. The bill was declared exempt and passed by the Senate Committee on Revenue and Economic Development on April 11, 2019.

SENATE BILL 421 (1st Reprint): Requires the establishment and carrying out of a program relating to certain unmanned aircraft systems. (BDR 18-31)

Two options the Committee may wish to consider for the NIAS program funding are on page 10 of [Exhibit C](#).

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CHAIR WOODHOUSE:

As a reminder S.B. 421 is within the Senate Committee on Finance for a hearing on a later date.

SENATOR KIECKHEFER:

The projections that are shown for FY 2020 and FY 2021 include the anticipated support in the Governor's recommended budget. However, the appropriations through S.B. 421 are aside from the issue. I wanted to make sure those are separate and not contingent upon the other.

I would move to approve option 1 with the understanding that NIAS needs to become profitable by the end of the 2019-2021 biennium as this will be the cut-off point.

SENATOR KIECKHEFER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR GENERAL FUND APPROPRIATIONS IN THE GOED B/A 101-1526 OF \$100,000 IN FY 2020 AND \$75,000 IN FY 2021 TO SUPPORT THE NIAS'S EFFORTS IN DEVELOPING THE UAS INDUSTRY IN NEVADA.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Ms. COPELAND:

Major closing issue 3 in the GOED B/A 101-1526 concerns Nevada Global Program (NGP) travel as discussed on page 11 of [Exhibit C](#). The Governor recommends additional in-State and out-of-State travel in support of the NGP funded with General Funds of \$26,800 in each year of the 2019-2021 biennium.

The program focuses on companies first founded in foreign countries and ready to move their headquarters and/or operations abroad, invest in Nevada, provide jobs, and transfer technology to Nevada. The NGP began at the end of FY 2018, and the recommended funding would bring the travel funds for this program up to the projected amount needed for a full year of operations.

There are two components in this major closing issue. The first is enhancement decision unit E-128 which requests additional out-of-State travel funded with \$10,000 in General Fund appropriations in each year of the biennium. The additional funding would allow for 2 additional international trips at a cost of \$5,000 per trip.

E-128 Sustainable and Growing Economy — Page GOED-11

The NGP is based on international partnerships. Each foreign partner helps in organizing highly-competitive selection processes where foreign companies compete for selection to travel to Nevada and participate in boot camps in northern and southern Nevada.

Two options the Committee may wish to consider are on page 11 of [Exhibit C](#).

SENATOR CANCELA:

The NGP is and has been in existence. Is there any marked success of the NGP? Have we ever attracted a foreign company to relocate to Nevada?

MS. COPELAND:

The NGP has provided a number of its successes. There was a Polish company who relocated to Nevada. There are others which have moved to Nevada, and there are employees who have been hired as a result of the NGP.

SENATOR GOICOECHEA:

I would move to approve option 1 as a \$10,000 investment in a \$2 million program is a wise investment.

SENATOR GOICOECHEA MOVED TO APPROVE IN THE GOED B/A 101-1526 ADDITIONAL OUT-OF-STATE TRAVEL IN SUPPORT OF THE NGP FUNDED WITH \$10,000 IN GENERAL FUNDS IN EACH YEAR OF THE 2019-2021 BIENNIUM WHICH WOULD PROVIDE FOR 2 ADDITIONAL INTERNATIONAL TRIPS.

SENATOR DENIS SECONDED THE MOTION.

SENATOR PARKS:

Is this \$10,000 in addition to out-of-State funding already allocated in the budget? In FY 2018, the NGP expended \$130,126 of the \$135,889 of authority.

MS. COPELAND:

Yes. That is correct. The \$10,000 appropriation would increase the out-of-State travel authority to \$140,126 in each year of the biennium.

THE MOTION CARRIED UNANIMOUSLY.

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MS. COPELAND:

The second component to the major closing item 3 for the GOED B/A 101-1526 is enhancement decision unit E-129 as discussed on page 12 of [Exhibit C](#).

E-129 Sustainable and Growing Economy — Page GOED-11

The decision unit requests additional in-State travel and operating costs in support of the NGP. The additional in-State travel and operating costs would be funded with \$16,800 in General Fund appropriations in each year of the 2019-2021 biennium. The GOED indicates it experienced high turnover during the base year. The NGP was not operational for the entire base year resulting in less travel costs being incurred. The GOED indicates additional travel funds would allow for travel between Reno, Carson City and Las Vegas to facilitate the NGP boot camps and immersion programs.

The purpose of the boot camps is to provide a series of workshops to introduce participants of the NGP to the Nevada market and the NGP platform. Additionally, the boot camps assist companies to prepare standardized presentations and materials to be sent to the NGP's partners in Nevada for review. For the 2019-2021 biennium, the GOED anticipates organizing 12 programs.

Two options the Committee may wish to consider are on page 12 of [Exhibit C](#).

SENATOR PARKS MOVED TO APPROVE IN THE GOED B/A 101-1526
ADDITIONAL IN-STATE TRAVEL AND OPERATING COSTS IN SUPPORT

OF THE NGP FUNDED WITH GENERAL FUNDS OF \$16,800 IN EACH YEAR OF THE 2019-2021 BIENNIUM WHICH WOULD ALLOW FOR 12 NGP BOOT CAMPS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Ms. COPELAND:

There is one other closing item for the GOED B/A 101-1526. Enhancement decision unit E-710 is discussed on page 12 of [Exhibit C](#). This recommendation appears reasonable to Staff.

E-710 Equipment Replacement — Page GOED-12

SENATOR DENIS MOVED TO APPROVE THE GOED B/A 101-1526 OTHER CLOSING ITEM AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. COPELAND:

The Nevada Film Office B/A 101-1527 begins on page 15 of [Exhibit C](#).

GOED - Nevada Film Office — Budget Page GOED-14 (Volume II)
Budget Account 101-1527

There are no major closing issues for this budget. There is one other closing item for the Nevada Film Office B/A 101-1527. Enhancement decision unit

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E-710 is discussed on page 16 of [Exhibit C](#). This recommendation appears reasonable to Staff.

E-710 Equipment Replacement — Page GOED-16

SENATOR GOICOECHEA MOVED TO APPROVE THE NEVADA FILM OFFICE B/A 101-1527 OTHER CLOSING ITEM AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. COPELAND:

The Rural Community Development (RCD) B/A 101-1528 begins on page 17 of [Exhibit C](#).

GOED - Rural Community Development — Budget Page GOED-18 (Volume II)
Budget Account 101-1528

There is one major closing issue concerning additional out-of-State and in-State travel as discussed on page 18 of [Exhibit C](#). The Governor recommends additional travel and operating costs of \$16,662 in each year of the 2019-2021 biennium in enhancement decision unit E-125. The additional funding will be through a federal grant received from the Department of Housing and Urban Development.

E-125 Sustainable and Growing Economy — Page GOED-20

In subsequent follow up, the RCD confirmed the increase was to bring expenditures up to the maximum amount allowable for the grant. In addition, the RCD stated there was no particular purpose or use planned for the additional travel and operating funds. The RCD further indicated that it would approach

the IFC when it had a need for the funding if the Committee wished to not approve the enhancement.

SENATOR KIECKHEFER:

Will the RCD budget have enough General Fund to match the federal block grant funds?

Ms. COPELAND:

Yes. That is correct.

SENATOR PARKS MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION IN THE RCD B/A 101-1528 FOR \$16,662 IN EACH YEAR OF THE 2019-2021 BIENNIUM TO FUND ADDITIONAL OUT-OF-STATE AND IN-STATE TRAVEL AND OPERATING EXPENDITURES AND INSTEAD RECOMMEND THE AGENCY REQUEST IFC APPROVAL FOR EXPENDITURE AUTHORITY WHEN A NEED FOR THE FUNDING HAS BEEN IDENTIFIED.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Ms. COPELAND:

There is one other closing item for the RCD B/A 101-1528. Enhancement decision unit E-710 which is discussed on page 18 of [Exhibit C](#). This recommendation appears reasonable to Staff.

E-710 Equipment Replacement — Page GOED-20

SENATOR PARKS MOVED TO APPROVE THE RCD B/A 101-1528 OTHER CLOSING ITEM AS RECOMMENDED BY THE GOVERNOR WITH THE TECHNICAL ADJUSTMENT NOTED BY STAFF AND WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. COPELAND:

The Procurement Outreach Program (POP) B/A 101-4867 begins on page 19 of [Exhibit C](#). The POP assists Nevada businesses in obtaining federal government contracts.

GOED - Procurement Outreach Program — Budget Page GOED-23 (Volume II)
Budget Account 101-4867

There are no major closing issues in this budget. There are three other closing items for the POP B/A 101-4867. Enhancement decision units E-125, E-710 and E-900 are discussed on page 20 of [Exhibit C](#). All recommendations appear reasonable to Staff.

E-125 Sustainable and Growing Economy — Page GOED-25
E-710 Equipment Replacement — Page GOED-25
E-900 Remove B&G Owned Building Rent — Page GOED-25

SENATOR PARKS MOVED TO APPROVE THE POP B/A 101-4867 OTHER CLOSING ITEMS 1, 2 AND 3 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. COPELAND:

The Nevada Catalyst Fund (NCF) B/A 101-1529 begins on page 21 of [Exhibit C](#).

GOED - Nevada Catalyst Fund — Budget Page GOED-27 (Volume II)
Budget Account 101-1529

The 2015 Legislature authorized GOED to approve and issue transferable tax credits to new or expanding businesses in Nevada to promote economic development in the State rather than issuing grants through the NCF. The transferrable tax credits were intended to supersede the NCF. The NCF last received General Fund support in FY 2016.

The GOED will continue to allocate the remaining balance of the NCF until they are fully expended. The Executive Budget recommends the balance forward of unexpended funds totaling \$3.5 million to FY 2020. The GOED projects the reserve balance at the end of the 2019-2021 biennium to be approximately \$745,000.

The anticipated NCF grant awards are shown in the table on page 22 of [Exhibit C](#). The total expected grants awards total approximately \$770,000 in FY 2020 and \$463,000 in FY 2021. The GOED projects there will be funds remaining in the NCF through the 2021-2023 biennium.

Staff recommends closing the NCF as recommended by the Governor and requests authority to make technical adjustments to this budget as needed.

CHAIR WOODHOUSE:

I will not be taking a motion on closing the NCF B/A 101-1529 today. I will take any questions or discussion on this budget.

SENATOR KIECKHEFER:

Do we not need to take budgetary action based upon the existing statutory authority since these credits roll over and not revert?

CHAIR WOODHOUSE:

I am in discussion with Assemblywoman Carlton regarding the NCF B/A 101-1529.

MS. COPELAND:

The State Small Business Credit Initiative program (SSBCI) B/A 101-1521 begins on page 25 of [Exhibit C](#). The SSBCI is designed to increase access to credit for small businesses.

GOED - Nevada SSBCI Program — Budget Page GOED-28 (Volume II)
Budget Account 101-1521

There is one major closing issue which is to revise the SSBCI personnel costs as discussed on page 26 of [Exhibit C](#). The Executive Budget recommends eliminating one filled nonclassified position from the SSBCI B/A 101-1521 and transferring the administrative duties to the RCD director in B/A 101-1528. In order to account for time spent on administrative activities, the Executive Budget recommends funding up to 10 percent of the RCD's director salary. The funding would come from the SSBCI B/A 101-1521 if the RCD director position spends time on the SSBCI activities.

There are two components to the major closing item for the SSBCI B/A 101-1521. The first is the elimination of one nonclassified position in enhancement decision unit E-848.

E-848 Non-Classified Position Changes — Page GOED-30

The GOED indicates that one position has been able to absorb both the SSBCI administrative duties and the director of the RCD duties. The GOED has been able to hold a position vacant in the RCD B/A 101-1528 since FY 2015. The intent is to transfer the position to the vacant position in the RCD budget with the duties and position title remaining the same.

The SSBCI program currently consists of two initiatives, the credit support program (CSP) and the Battle Born Venture fund. The GOED provided information on duties associated with the CSP which mainly entails negotiating agreements between GOED and the banks issuing CSP loans and reviewing loan documents. Staff notes the duties associated with the Battle Born Venture fund is limited as the 2017 Legislature approved the outsourcing of the program.

SENATOR PARKS MOVED TO ELIMINATE THE NONCLASSIFIED POSITION IN THE SSBCI B/A 101-1521 WITH THE INTENT TO TRANSFER THE INCUMBENT TO A VACANT POSITION IN THE RCD B/A 101-1528 WHICH WOULD RESULT IN A SAVINGS OF \$242,530 OVER THE 2019-2021 BIENNIUM INCLUDING THE TECHNICAL ADJUSTMENT NOTED BY FISCAL STAFF.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Ms. COPELAND:

The second component to the major closing issue in the SSBCI program B/A 101-1521 is enhancement decision unit E-849. This decision unit establishes support for the SSBCI related personnel costs.

E-849 Non-Classified Salary Adjustments — Page GOED-31

According to the GOED, time spent on the SSBCI program varies depending on the workload from the CSP. Historically, there have been approximately three CSP deals a year. The GOED directed the director of the RCD to track time spent on activities related to the SSBCI and the RCD programs to ensure the position's costs are being properly accounted for.

SENATOR GOICOECHEA MOVED TO APPROVE FUNDING OF UP TO 10 PERCENT OF THE RCD DIRECTOR'S SALARY OR \$8,910 PER FY WITH FUNDING FROM THE SSBCI B/A 101-1521 IF THE POSITION SPENDS TIME ON THE SSBCI PROGRAM WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. COPELAND:

The Workforce Innovations for a New Nevada Account (WINNA) B/A 101-1531 begins on page 29 of [Exhibit C](#).

GOED - Workforce Innovations For A New Nevada Acct — Budget Page
GOED-33 (Volume II)
Budget Account 101-1531

Through enhancement decision unit E-275, the Governor recommends General Fund appropriations of \$4 million in FY 2020 in support of the WINNA.

E-275 Educated and Healthy Citizenry — Page GOED-33

As set forth in NRS 231.151, the GOED may carry forward funds in even-numbered years. The \$4 million will be available in both years of the 2019-2021 biennium.

The Workforce Innovations for a New Nevada Program is administered by GOED in coordination with the Nevada System of Higher Education (NSHE), the Governor's Office of Workforce Innovation (OWINN), the Department of Employment, Training and Rehabilitation (DETR) and the Nevada Department of Education (NDE). Projects align with GOED's State Economic Development Plan and fall within targeted industry sectors.

The GOED indicates agreements for all existing projects expire in FY 2019. However, they have provided a list of potential new WINNA projects totaling \$3.3 million as shown in the table on page 30 of [Exhibit C](#). The GOED indicates that \$730,000 would be available for projects that are unknown at this time.

Assembly Bill 32 would also allow any remaining money in the WINNA at the end of a FY to carry forward to the next FY rather than reverting remaining funds to the General Fund in odd-numbered years.

ASSEMBLY BILL 32 (1st Reprint): Revises provisions governing workforce development. (BDR 18-329)

Does the Committee wish to approve the Governor's recommendation to provide General Fund appropriations of \$4 million in support of the WINNA for use in both FY 2020 and FY 2021 pursuant to NRS 231.151? Fiscal staff requests authority to make technical adjustments as needed.

SENATOR KIECKHEFER:

I disagree with the Governor's recommendation to reduce workforce training for new jobs that are being created in Nevada. Based on our economic development efforts, we should be making sure that Nevadans are going to work. This program was created to ensure we were providing opportunities for Nevadans

to be skilled up to take those jobs. Zeroing out an appropriation in the second year of a biennium takes us in the wrong direction.

SENATOR PARKS:

Will A.B. 32 allow for funds to be rolled forward?

MS. COPELAND:

Yes. That is correct. The funds would roll forward. The Executive Budget projects all funding within the WINNA B/A 101-1531 would be fully expended by the end of FY 2019. I am not sure how accurate the projection is, perhaps the GOED has further information.

CHAIR WOODHOUSE:

Please answer the question as best as you can. However, at this point I will not take a motion on the WINNA B/A 101-1531 today in order to get more information for Committee members.

BONNIE LONG (Director of Administration, Nevada Governor's Office of Economic Development):

If all of the projects are completed on time and billed for the full amount, we will have approximately \$1.2 million at the end of FY 2019.

MS. COPELAND:

The Nevada Knowledge Fund B/A 101-1533 begins on page 33 of [Exhibit C](#). The purpose of the Knowledge account is to spur research and the commercialization of that research in areas in which the State has targeted for economic growth.

GOED - Nevada Knowledge Fund — Budget Page GOED-35 (Volume II)
Budget Account 101-1533

The total General Fund appropriations for the Knowledge account total \$30 million since its inception. The Governor recommends continuing General Fund appropriations of \$5 million in each year of the 2019-2021 biennium in support of the Knowledge account. If approved, it would bring total General Fund support to \$40 million in transfers to the NSHE over the four biennia. In response to the Committee's inquiry about the rationale for distributing funds through GOED to the research universities and the Desert Research Institute, rather than providing funds directly to these entities, the

GOED responded that the allocation through GOED ensures funds are directed toward projects consistent with the State Plan for Economic Development.

The Knowledge account is a continuing fund without reversion allowing any remaining balance at the end of a FY to be carried forward into the next FY and \$2 million is recommended to balance forward to FY 2020.

The 13 Knowledge account projects along with their inception dates and total cumulative grant budgets begin on page 34 of [Exhibit C](#). The GOED has provided a number of metrics on the return of investments. The metrics range from patents filed to spin-off companies to grants and donations received as shown in the table on page 36 of [Exhibit C](#).

The GOED indicates it intends to utilize the recommended funding by focusing on the establishment of a competitive pool for new Knowledge account projects, or they will continue support of existing research.

Does the Committee wish to approve the Governor's recommendation to continue General Fund appropriations of \$5 million in each year of the biennium for the Knowledge account which is included in the base budget? Staff requests authority to make technical adjustments as needed.

CHAIR WOODHOUSE:

I will take questions and discussions on the Knowledge Fund B/A 101-1533. However, I will not entertain a motion for closing the B/A today.

I will open the hearing on [A.B. 88](#), which revises the provisions related to public schools.

MEGAN HANKE (Management Analyst, Department of Education):

[Assembly Bill 88](#) concerns the average daily enrollment (ADE). This bill is essentially a cleanup bill with minor changes to law regarding ADE reporting provided to the NDE by Nevada kindergarten through Grade 12 (K12) public schools.

[ASSEMBLY BILL 88 \(1st Reprint\)](#): Revises provisions relating to public schools.
(BDR 34-333)

The first change is to accommodate weekends and holidays in the quarterly ADE due dates. The second change updates the law to fully reflect implementation of ADE for class size reduction reporting. The third update revises "actual" enrollment to "projected" enrollment for tentative budget purposes.

The ADE represents the enrollment counts of students in Nevada K12 public schools. The ADE is one of the key inputs for monthly public school payments through the Distributive School Account (DSA). Prior to FY 2016, a single annual "count day" based on attendance was used to determine monthly DSA payment amounts to the schools. The shift to ADE better accounts for changes in actual student enrollment during the course of the year.

Section 1 of A.B. 88 addresses NRS 387.1223 which currently requires ADE reports to be provided to the NDE on or before October 1, January 1, April 1 and July 1 of each year.

In discussion with school districts and charter schools, the NDE came to recognize that public schools student information system staff were frequently obligated to work weekends due to quarter end dates corresponding with statutory due dates. Their school districts or charter schools were then obligated to pay overtime in order to meet those prescribed due dates. As a result, ADE reporting was subject to being rushed and more likely to contain errors. Further, the NDE noted that its own staff does not generally begin to validate or aggregate ADE reporting until the following business day regardless of when the report arrives.

Therefore, the NDE determined that if the due date for ADE reporting falls on a weekend, then allowing the reporting to be due by 5:00 p.m. the next business day was a reasonable accommodation. This accommodation would allow public schools to provide the NDE more timely and accurate student enrollment data with fewer subsequent changes. The first section of A.B. 88 updates law to reflect this practice.

The second section of A.B. 88 addresses areas of law for which the prior change from annual "count day" to "quarterly ADE" was not updated. Section 2 cleans up language in NRS 388.723, subsection 1, paragraph (b) to reflect a single change from "attendance" to "enrollment."

Section 3 cleans up language in NRS 388.725, subsection 1, paragraph (a) and paragraph (b) and subsection 2, paragraph (a) to reflect changes from "attendance" to "enrollment."

Section 4 cleans up language in NRS 388G.680 from "actual" to "projected" enrollment for tentative budget purposes. Additional testimony can be found in my written testimony ([Exhibit D](#)).

In summary, section 1 of A.B. 88 provides for policy that would allow ADE reporting to be due by 5:00 p.m. the first business day after the existing due date if the existing date falls on a weekend or holiday. Sections 2 and 3 address areas of the law for which the change from annual "count day" to "quarterly ADE" was not updated. Accordingly, this simply updates language from "attendance" to "enrollment" in a total of four locations in NRS 388.723 and NRS 388.725, respectively.

Finally, the NDE worked with Clark County School District (CCSD) on a friendly amendment which revised NRS 388G.680 to utilize "projected" enrollment instead of "actual" for tentative budget purposes.

SENATOR SETTELMAYER:

I agree with the concepts within section 1 of A.B. 88. I am concerned with the concept of actually counting attendance to enrollment. I am concerned with actually counting the children to estimating how many there are. Why are we doing that?

MS. HANKE:

This is for the tentative budget that CCSD is required to provide in January of each year. By using projected enrollment numbers, it allows the CCSD to provide a more accurate budget to their schools for the upcoming school year. If CCSD used actual enrollment numbers, they could possibly be reporting on inaccurate data as enrollment does change from one year to the next.

SENATOR SETTELMAYER:

Do we true-up enrollment numbers at the end with a final count?

MS. HANKE:

Yes. However, this will allow the CCSD to provide an accurate budget up front in order to indicate what each school can expect to receive.

SENATOR SETTELMAYER:

I am concerned; an actual count is more accurate than estimating.

CHAIR WOODHOUSE:

The issue is the projected budget for the next school year. The CCSD is trying to create an accurate budget in order to be as close as possible when it comes time to true up the budget. This change should be a better alternative.

SENATOR SETTELMAYER:

Can I receive data regarding how far off the budgets have been in the past which is requiring this change? You can email the data to me.

BRAD KEATING (Director of Government Relations, Clark County School District):
The NRS 388G.680 only affects the CCSD; no other school district in the State of Nevada is affected by this change. The reason for this change is to provide our schools with the budget they need, and they will have a better understanding what their budget will be moving forward. We are trying to avoid a situation where they would have to eliminate or add teachers at a later date during the school year. We want to be better prepared at the beginning of the school year.

JASON GOUDIE (Chief Financial Officer, Clark County School District):

We do understand the concerns about using forecast versus actual count. However, every budget which is built in other school districts utilizes prior information based off actual numbers. The actual numbers are adjusted for known factors or factors they believe will be known at the end of the next period.

The CCSD has a demographics group which does an extensive amount of research which includes population growth or shrinkage, birth rates, transiency, construction growth, home developments, movement in populations throughout the school district and macroeconomic factors in the community. This is important because we strive to provide the most accurate information as soon as possible to the individual schools. This allows them to make staffing decisions on how they will staff their schools with the number of teachers, administrators and support professionals. If that number varies significantly, it will impact whether they have overhired or underhired which causes them additional challenges.

The CCSD uses all the information available in order to provide accurate information to the schools. We provide the schools the information in January prior to the next school year. Additionally, we have a "count day." Traditionally, the State used to have a "count day" where they would use the enrollment number on that day for actual funding to the schools. The CCSD has a "count day" which is the Friday after Labor Day to which we count the number of students who are enrolled. We use the same methodology the State does for enrollment to ensure we are matching with the State. We fund CCSD schools based off the information going forward.

CHAIR WOODHOUSE:

Do you have any data that you can provide to the Committee to address Senator Settlemeyer's question regarding how far off the budgets have been? Can you provide data from the last two to three years?

MR. GOUDIE:

That data would be very challenging for us to pull on a school by school basis. Our systems are not up to date on technology. We can pull data on a districtwide basis. We can pull some data on a school by school basis on a sample basis in a reasonable amount of time.

CHAIR WOODHOUSE:

We do not want to pile on extra work. If you can provide the Committee with districtwide data and sample data for individual schools, it would be helpful to address Senator Settlemeyer's concern.

Also, I would like to request the CCSD and NDE work together on a conceptual amendment to A.B. 88 as soon as possible.

SENATOR GOICOECHEA:

When do you actually true up the enrollment to the attendance? Is there a possibility to have a student enrolled who never comes to school?

MR. GOUDIE:

The CCSD uses the enrollment as defined under the NDE guidelines as to what enrollment is for the Friday after Labor Day. Essentially, that same day becomes the CCSD "count day". We take the number of students who are enrolled in that school at that point, and it does take into consideration attendance. I do not know the definition of enrollment. The CCSD uses the same methodology

for how the State funds us on enrollment for the number of students enrolled on that day and then funds the schools accordingly.

SENATOR GOICOECHEA:

I am concerned about how A.B. 88 is written. There might be an opportunity to inflate enrollment numbers and never actually have a student attend.

CHAIR WOODHOUSE:

That issue should be addressed in the conceptual amendment that they bring forward.

SENATOR KIECKHEFER:

Does this all relate to preliminary budgeting? Does this affect how much State funding is allocated to the District or schools based upon our allocation model since it gets trued-up to average daily attendance?

MR. GOUDIE:

Yes. That is correct. To clarify, the CCSD uses the same enrollment data from the Friday after Labor Day which is reported to the State in order to receive funding from the State. We use the same data to fund the schools within CCSD. You are correct. It is preliminary; it does not affect the amount of funding CCSD receives from the State.

SENATOR KIECKHEFER:

If there would be a manipulation of attendance or enrollment, it would be at a school level in order to receive additional allocations from CCSD rather than from the State.

SENATOR CANCELA:

In doing the fund allocation of money, which is sent from the State down to the districts, is there an ability for the State to compare enrollment versus actual attendance numbers? It seems that a gap in the numbers could be problematic. Also, does A.B 88 effect that in any way?

MS. HANKE:

This would not affect what the State pays to the CCSD. The State pays based on quarterly enrollment. Attendance is based upon the student physically being there, and the State does not use those numbers for payment to a district.

This change only affects how CCSD allocates to a school, and they use enrollment figures from the "count day". It does say "attend" in the amendment but that is in part as to what they anticipate. We are talking two different types of funding situations.

SENATOR CANCELA:

Is CCSD going to use projected enrollment numbers for individual school budgets? At the same time, will schools still be accountable for attendance numbers in order to get funding from the State?

Ms. HANKE:

The State uses quarterly ADE numbers to pay the districts. Those are students identified in the specific district for funding purposes. Attendance comes into play for tracking proficiency in some instances. This means the student was physically in the classroom.

The student can be enrolled, but those physically attending on any given day are lower due to a student being sick and not in attendance on a day. For purposes of DSA funding, we use enrollment figures.

SENATOR CANCELA:

I would echo Senator Goicoechea's concerns about the ability to use enrollment as an artificial number which could potentially disincentivize schools from working on ensuring that students are in the classroom every day.

SENATOR DENIS:

Yesterday we approved S.B. 469 which revises provisions to the reorganization of certain school districts. Would A.B. 88 allocate the funding based upon the reorganization?

SENATE BILL 469 (2nd Reprint): Revises provisions relating to the reorganization of certain school districts. (BDR 34-818)

MR. KEATING:

Yes. That is correct. It is no different than S.B. 469. The law was approved in 2015 and implemented in 2017. We are trying to figure out the best way to get our funding to the schools. Every other school district in the State of Nevada is able to account and look at their enrollment in one way, whereas CCSD has to do it in a different way. Per law, we are required to provide budgets and funding

to our principals by January 15 for the next school year. We try to provide the most accurate information possible, so they can make an educated decision and staff their schools appropriately.

SENATOR DENIS:

Is the CCSD the only district in the State that has to do this?

MR. KEATING:

Yes. That is correct. We are the only district to which NRS 388G applies.

SENATOR DENIS:

Does the CCSD have a shorter time frame to get the information in order to build its budgets?

MR. KEATING:

Yes. That is correct. We have to build our budgets much sooner than any other school district in the State. We are moving our timeline back to October or November in order to provide budgets to the schools in January. This will allow principals to make their decisions by February. As stated, we have a true-up period; we are not taking any additional funding from the State in any way.

We are trying to provide our principals with an accurate budget for the upcoming year based on a number of factors, such as population growth. For example, there is a new master-planned community in Henderson called Inspirada; if the law stands, we would have to look at previous enrollment as opposed to any of the growth happening in the community. Under the current law, this would affect staffing levels moving forward. The proposed changes to the law would help our principals make educated decisions to staff schools appropriately in order to maintain appropriate class sizes.

SENATOR DENIS:

The law reads that CCSD has to allocate 85 percent of funding to schools in order for them to make decisions at the local level. Will these changes help?

MR. KEATING:

Yes. That is correct. Currently, the law states 15 percent of funding is restricted and 85 percent is unrestricted. All of this will help the CCSD to build a budget to ensure schools are receiving adequate funding that the law has put into place.

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CHAIR WOODHOUSE:

I will open the floor to public comment in support of A.B. 88.

MARY PIERCZYNSKI (Nevada Association of School Superintendents):

We are in support of A.B. 88 and clearly understand why CCSD needed to add to the bill.

CHAIR WOODHOUSE:

I will close the hearing on A.B. 88. We will move back to budget closings and begin with the Governor's Office of Science, Innovation and Technology (OSIT) B/A 101-1003.

Office of Science, Innovation and Technology — Budget Page ELECTED-36
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Budget Account 101-1003

JAIMARIE ORTEGA (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The OSIT B/A 101-1003 begins on page 39 of [Exhibit C](#). There is one major closing issue. In enhancement decision unit E-275, the Governor recommends \$1 million in General Fund appropriations in each year of the 2019-2021 biennium to continue the Wide Area Network (WAN) Incentive Program. The amount is based on the funding approved by the 2017 Legislature in each year of the 2017-2019 biennium.

E-275 Educated and Healthy Citizenry — Page ELECTED-39

The funding was to be used to develop a Statewide E-rate consortium that would leverage E-rate dollars from the Federal Communications Commission (FCC). The OSIT indicates the federal E-rate program provides discounted telecommunications, internet access, and internal connections to eligible schools and libraries. The discounts range from 20 percent to 90 percent with higher discounts for higher poverty and rural schools and libraries. The OSIT indicates the FCC provides a dollar-for-dollar match of up to 10 percent for a project if the State also contributes 10 percent to the project.

Staff has provided information on page 40 of [Exhibit C](#) regarding WAN program incentives which the OSIT provided during the budget hearing. The OSIT indicates the applications that were submitted to the FCC from various schools

and libraries reflect total project costs of approximately \$58 million in FY 2019. If the FCC approves all the submitted applications, the OSIT projects total funding of \$3.7 million in FY 2019 would be needed from the WAN Incentive Program as shown in the table on page 41 of [Exhibit C](#).

The OSIT currently has \$1.9 million available in FY 2019 of which \$140,533 has been obligated leaving a balance of \$1.8 million. Since subgrant applications total \$3.7 million, the OSIT plans to prioritize the available FY 2019 funding based on a number of factors including impact to students, poverty level, impact on internet speed and the subrecipient's commitment to digital learning.

According to the OSIT, the FCC will make decisions and approval on a flow basis through the end of FY 2019. The OSIT intends to utilize the Governor's recommended budget of \$1 million in each year of the 2019-2021 biennium to fund the FY 2019 applications, if necessary.

SENATOR KIECKHEFER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN THE OSIT B/A 101-1003 TO CONTINUE THE WAN INCENTIVE PROGRAM FUNDED WITH GENERAL FUND APPROPRIATIONS OF \$1 MILLION IN EACH YEAR OF THE 2019-2021 BIENNIUM.

SENATOR DENIS SECONDED THE MOTION.

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

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Ms. ORTEGA:

There are five other closing items for the OSIT B/A 101-1003. Other closing item 1 is discussed on page 42 of [Exhibit C](#). The Governor's recommendation is in regards to the base budget and appears reasonable to Staff.

Other closing item 2 is discussed on page 44 of [Exhibit C](#). The Governor's recommendation deals with base budget and appears reasonable to Staff.

Other closing item 3 is regarding enhancement decision unit E-240 which is discussed on page 44 of Exhibit C. The recommendation appears reasonable to Staff.

E-240 Efficient and Responsive State Government — Page ELECTED-38

Other closing item 4 is regarding enhancement decision unit E-710 which is discussed on page 45 of [Exhibit C](#). This recommendation appears reasonable to Staff.

E-710 Equipment Replacement — Page ELECTED-39

Other closing item 5 is discussed on page 45 of [Exhibit C](#). The Executive Budget recommends this budget retain the ability to transfer General Fund appropriations for the WAN Incentive Program between FY with IFC approval in the 2019-2021 biennium.

SENATOR SETTELMAYER MOVED TO APPROVE THE OSIT B/A 101-1003 OTHER CLOSING ITEMS 1 THROUGH 4 CLOSED AS RECOMMENDED BY THE GOVERNOR AS WELL AS THE BACK LANGUAGE RECOMMENDED FOR THE APPROPRIATIONS ACT IN OTHER CLOSING ITEM 5 WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

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

BUDGET CLOSED.

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Ms. ORTEGA:

The OWINN B/A 101-1004 begins on page 47 of [Exhibit C](#). There are two major closing issues for the budget.

Governor's Office - Office of Workforce Innovation — Budget Page ELECTED-89
(Volume I)
Budget Account 101-1004

Major closing issue 1 is discussed on page 48 of [Exhibit C](#). The Governor recommends converting three contract positions, which are currently filled, to nonclassified full-time positions effective July 1, 2019. The recommendation reflects these positions initially being funded with federal Technical Readiness and Apprenticeship (TRAIN) grant funds and private New Skills for Youth (NSY) grant funds. Once these grants expire, the Governor recommends continuing these positions funded with Workforce Innovation Opportunity Act (WIOA) Governor's Reserve funds.

The OWINN indicates the recommendation to convert these contract positions to State positions would allow the positions to have opportunities for professional growth and development through State trainings and professional development programs.

The table on page 48 of [Exhibit C](#) provides a fund map of the Governor recommended budget for the three new State positions in each year of the 2019-2021 biennium.

The first position is an assistant coordinator position which would provide administrative support for the executive director and the State apprenticeship director and update the Registered Apprenticeship Partners Information Management Data System which is a system that contains registered apprenticeship programs nationwide. Staff would note that the OWINN currently has one nonclassified executive assistant position providing administrative support for the OWINN.

The second position is a youth apprenticeship and work-based learning navigator. The position would be responsible to develop comprehensive resources and monitor and expand the Youth Apprenticeship and Work-Based Learning programs in the State. OWINN further indicates there is no existing infrastructure or agency in Nevada coordinating youth apprenticeships which focuses on developing career pathways for noncollege students and building opportunities for young adults to receive work experience.

The third position is an employer engagement specialist (EES) who would increase partnerships with industry, conduct research to identify employer needs and trends relating to industry growth and encourage employers to hire applicants with certifications.

Fiscal staff would note DETR currently has over 40 positions for its workforce development programs. These positions are designed to assist employers in meeting their workforce needs and aid job seekers in returning to work through job referrals, short-term skill enhancement training and career guidance. These positions appear to have similar functions performed by the EES position.

Fiscal staff recommends a technical adjustment to correct the overstated reduction in contract services in FY 2020 and to continue the TRAIN grant funds that would be available in FY 2021 resulting in an increase in WIOA Governor's Reserve funds of \$123,051 over the 2019-2021 biennium.

Two options for consideration by the Committee are discussed on page 50 of [Exhibit C](#).

SENATOR CANCELA:

The OWINN talks about best practices and how changing these positions from contractors to full-time State employees is more about professional growth and opportunities. Was there a discussion beyond the information provided in [Exhibit C](#) regarding why the change would be necessary?

MS. ORTEGA:

The OWINN indicated by converting the positions to full-time positions would continue the work which has already begun. They did not want to disrupt the services which are currently provided and initiated.

SENATOR CANCELA:

It seems like a big expense without necessarily having a workload necessity component to it.

SENATOR KIECKHEFER:

The recommendation is to move the funding for these positions to the WIOA Governor's Reserve fund. Are there sufficient reserves to cover these expenses?

MS. ORTEGA:

Yes. That is correct. According to DETR, all WIOA Governor's Reserve funds totaling approximately \$6.6 million are proposed to be transferred to the OWINN B/A 101-1004.

SENATOR KIECKHEFER:

Is there a budget plan for the WIOA Governor's Reserve funds?

MS. ORTEGA:

There is a budget proposed to use those funds, and a piece of it will fund the recommendation to convert the contract positions to full-time State employees.

CHAIR WOODHOUSE:

I would recommend the Committee not approve the movement to nonclassified full-time State positions and instead continue the positions through a contract.

SENATOR KIECKHEFER:

Do we want to continue these positions? The NSY grant which is currently funding the employer engagement specialist is expiring. This position seems duplicative to the DETR workforce development program. We need to first decide if we should keep these positions; how they are funded is the second decision.

CHAIR WOODHOUSE:

Since the employer engagement specialist is only funded through December 31, 2019, are you saying not to approve the position?

SENATOR KIECKHEFER:

I do not understand how it is different than the current work which is happening at DETR.

CHAIR WOODHOUSE:

I agree with your comment.

SENATOR CANCELA MOVED TO NOT APPROVE CONVERTING THE THREE CONTRACT POSITIONS TO FULL-TIME STATE POSITIONS IN THE OWINN B/A 101-1004.

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CHAIR WOODHOUSE:

This would mean that the contract positions would continue unless we process another motion to not approve the employer engagement specialist.

SENATOR DENIS SECONDED THE MOTION.

SENATOR KIECKHEFER:

If we are not going to approve the conversion to full-time State positions, we still have to figure out the funding for the contract salaries, or are we going to let the positions expire when the grants expire?

MS. ORTEGA:

If the Committee wishes to not approve the Governor's recommendation to convert these positions to full-time positions, the positions will be funded with the existing grants until the grants expire. The TRAIN grant that funds two of the contract positions will expire in October 2020, and the employer engagement specialist is being paid by the NSY grant.

SENATOR KIECKHEFER:

Will the two positions only be funded for approximately 1 1/2-years?

CHAIR WOODHOUSE:

Yes. The two positions will be funded with the TRAIN grant, until it expires.

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

CHAIR WOODHOUSE:

With approval of this motion, does it mean that the employer engagement specialist will no longer exist as of December 31, 2019?

MS. ORTEGA:

Yes. That is correct.

CHAIR WOODHOUSE:

We will not be putting any further funding towards that position?

MS. ORTEGA:

No.

CHAIR WOODHOUSE:

We need a motion for authority for Fiscal staff to make technical adjustments.

SENATOR CANCELA MOVED TO APPROVE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY FOR THE OWINN B/A 101-1004 AS DESCRIBED ON PAGE 50 OF [EXHIBIT C](#).

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR PARKS WAS EXCUSED FOR THE VOTE. SENATOR SETTELMAYER WAS ABSENT FOR THE VOTE.)

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MS. ORTEGA:

Major closing item 2 is discussed on page 50 of [Exhibit C](#). The Governor recommends revising the funding source for the State apprenticeship director (SAD) position in enhancement decision unit E-225.

E-225 Efficient and Responsive State Government — Page ELECTED-91

The decision unit revises the funding from General Fund appropriations to WIOA Governor's Reserve fund resulting in General Fund reductions of \$220,155 over the 2019-2021 biennium.

The Governor also recommends WIOA Governor's Reserve funds totaling \$37,068 over the 2019-2021 biennium for out-of-State and in-State travel expenditures for the SAD position through enhancement decision unit E-229.

E-229 Efficient and Responsive State Government — Page ELECTED-92

According to OWINN, the recommendation to revise the funding source of the SAD position would align the duties and responsibilities of the position with the appropriate funding source. The funding is to be used for establishing and implementing innovative training programs that demonstrate the capacity to enhance the State's workforce system, education and employment opportunities.

The duties of the SAD position and the parameters for the uses of the WIOA Governor's Reserve fund begin on page 50 of [Exhibit C](#).

SENATOR KIECKHEFER MOVED TO MODIFY THE FUNDING SOURCE IN THE OWINN B/A 101-1004 FOR THE SAD POSITION AND ASSOCIATED OPERATING EXPENDITURES FROM GENERAL FUND APPROPRIATIONS TO WIOA GOVERNOR'S RESERVE FUNDS TOTALING \$220,155 OVER THE 2019-2021 BIENNIUM.

SENATOR DENIS SECONDED THE MOTION.

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

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MS. ORTEGA:

The second part of major closing item 2 concerns travel expenditures which begins on page 51 of [Exhibit C](#). The Governor recommends WIOA Governor's Reserve funds totaling \$17,892 over the 2019-2021 biennium for out-of-State travel for the SAD position to attend three national conferences. This represents a 39.4 percent increase in each year of the 2019-2021 biennium when compared to the legislatively approved travel in FY 2019. In follow-up communication by Fiscal staff, OWINN indicates it could reduce out-of-State travel expenditures by allowing the SAD position to attend one conference per year, as opposed to three conferences per year, reducing WIOA Governor's Reserve funds by \$11,928 over the 2019-2021 biennium.

The Governor also recommends WIOA Governor's Reserve funds totaling \$19,176 for the SAD position to travel from Las Vegas to northern Nevada 12 times each fiscal year of the 2019-2021 biennium to attend the quarterly Nevada State Apprenticeship Council meetings and meet with apprenticeship program sponsors and employers. This represents a 149.1 percent increase in each year of the 2019-2021 biennium when compared to the legislatively approved travel in FY 2019. In follow-up communication by Fiscal staff, OWINN indicates it could reduce in-State travel expenditures by allowing the SAD position to travel from Las Vegas to northern Nevada 4 times as opposed to 12 times each FY reducing WIOA Governor's Reserve funds by \$12,784 over the 2019-2021 biennium.

CHAIR WOODHOUSE:

I will take a motion on the out-of-State travel recommendation.

SENATOR CANCELA MOVED TO APPROVE OUT-OF-STATE TRAVEL EXPENDITURES IN THE OWINN B/A 101-1004 FOR THE SAD POSITION TO ATTEND 1 NATIONAL CONFERENCE AS OPPOSED TO 3 NATIONAL CONFERENCES REDUCING THE WIOA GOVERNOR'S RESERVE FUND BY \$11,928 OVER THE 2019-2021 BIENNIUM.

SENATOR DENIS SECONDED THE MOTION.

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

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CHAIR WOODHOUSE:

I will take a motion on the in-State travel recommendation.

SENATOR BROOKS:

I would prefer to fund in-State travel at the requested 12 trips rather than reducing it to 4 trips.

SENATOR BROOKS MOVED TO APPROVE IN-STATE TRAVEL EXPENDITURES IN THE OWINN B/A 101-1004 FOR THE SAD POSITION TO TRAVEL FROM LAS VEGAS TO NORTHERN NEVADA 12 TIMES EACH FY OF THE 2019-2021 BIENNIUM AS RECOMMENDED BY THE GOVERNOR.

SENATOR CANCELA SECONDED THE MOTION.

SENATOR DENIS:

The original request was for 12 trips per FY. However, did the OWINN indicate it could reduce the travel down to 4 trips per FY?

CHAIR WOODHOUSE:

With the change to 12 trips per year, it would allow the OWINN more opportunities to attend meetings with apprenticeship program sponsors and

employers. The intent of the motion was to keep those opportunities by funding the original request of 12 trips per FY?

SENATOR BROOKS:

Absolutely. As long as the State capitol is in Carson City and 75 percent of the population is in southern Nevada including the SAD position, there is a continued need for in-State travel in order to help and provide opportunities for the people we are trying to help.

SENATOR DENIS:

This funding would allow the SAD position to travel other than for the quarterly Nevada State Apprenticeship Council meetings.

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

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MS. ORTEGA:

There is one other closing item for the OWINN B/A 101-1004. Enhancement decision unit E-710 which is discussed on page 52 of [Exhibit C](#). This recommendation appears reasonable to Staff.

E-710 Equipment Replacement — Page ELECTED-93

CHAIR WOODHOUSE:

The motion to be made would cover any authority which Fiscal staff will need to address regarding the previous two motions.

SENATOR SETTELMAYER MOVED TO APPROVE THE OWINN B/A 101-1004 OTHER CLOSING ITEM AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

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

BUDGET CLOSED.

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MS. ORTEGA:

The Nevada P20 Workforce Reporting B/A 101-3270 begins on page 53 of [Exhibit C](#).

Nevada P20 Workforce Reporting — Budget Page ELECTED-95 (Volume I)
Budget Account 101-3270

There is one major closing issue for this budget. The Governor recommends total General Fund appropriations of \$15,564 over the 2019-2021 biennium. Enhancement decision unit E-226 recommends in-State travel for the strategic data manager (SDM) position to travel from Las Vegas for meetings in northern Nevada.

E-226 Efficient and Responsive State Government — Page ELECTED-97

In addition, through enhancement decision unit E-227 the Governor recommends out-of-State travel for the SDM position to attend the Institute of Education Sciences Conference in Washington, D.C.

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The Governor's recommendation for additional in-State travel represents a 262.4 percent increase in each year of the 2019-2021 biennium when compared to the actual in-State travel expenditures in FY 2018. The OWINN indicates all members of the Nevada P-20W Research Data System (NPWR) Advisory Committee are located in northern Nevada. The SDM position is assigned to the OWINN Las Vegas office.

Fiscal staff would note based on data from the State accounting system travel expenditures incurred in FY 2018 totals \$1,829 which appears to include two trips to attend the NPWR Advisory Committee meetings. In follow-up communication by Fiscal staff, the OWINN indicates it could reduce travel expenditures to \$915 per trip to attend the quarterly NPWR Advisory Committee meetings in Carson City. That figure is based on FY 2018 average

expenditures and would result in General Fund reductions of \$5,938 over the 2019-2021 biennium.

SENATOR DENIS MOVED TO APPROVE TRAVEL EXPENDITURES IN THE NEVADA P20 WORKFORCE REPORTING B/A 101-3270 FOR THE SDM POSITION TO TRAVEL FROM LAS VEGAS FOR MEETINGS IN NORTHERN NEVADA AND TO ATTEND THE YEARLY INSTITUTE OF EDUCATION SCIENCES CONFERENCE IN WASHINGTON D.C. WITH THE NOTED TECHNICAL ADJUSTMENTS THAT WOULD REDUCE EXPENDITURES BY \$5,938 OVER THE 2019-2021 BIENNIUM.

SENATOR CANCELA SECONDED THE MOTION.

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

* * * * *

Ms. ORTEGA:

There are two other closing items for the OWINN B/A 101-3270. Other closing item 1 is discussed on page 54 of [Exhibit C](#). The Governor's recommendation deals with base budget and appears reasonable to Staff.

Other closing item 2 concerns enhancement decision unit E-710 which is discussed on page 55 of [Exhibit C](#). This recommendation appears reasonable to Staff.

E-710 Equipment Replacement — Page ELECTED-98

SENATOR DENIS MOVED TO CLOSE THE NEVADA P20 WORKFORCE REPORTING B/A 101-3270 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

BUDGET CLOSED.

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CHAIR WOODHOUSE:

We have concluded the budget closings. I will open the hearing on S.B. 16 which revises provisions relating to certain gift accounts for veterans services.

SENATE BILL 16 (1st Reprint): Revises provisions relating to certain gift accounts for veterans services. (BDR 37-196)

AMY GARLAND (Executive Officer, Nevada Department of Veterans Services):

Senate Bill 16 authorizes the Nevada Department of Veterans Services (NDVS) director to apply for and accept federal grants and other sources of money and to deposit these funds into the NDVS gift accounts. Currently, the NDVS has six gift accounts; the Gift Account for Veterans, the Gift Account to Assist Veterans Who Have Suffered Sexual Trauma, the Gift Account for the Veterans Home in Southern Nevada, the Gift Account for the Veterans Home in Northern Nevada, the Gift Account for Veterans Cemeteries, and the Nevada Will Always Remember Veterans Gift Account. The language for accepting grants and gifts is not consistent across these accounts.

The statutory language governing most of the gift accounts does not clearly outline the agencies authority to accept gifts and grants into these accounts. The NDVS and the Office of the Governor, Office of Finance (GFO) has recommended that the language in the State statute governing the acceptance of federal grants and other sources of money into these gift accounts be changed to the same language governing the Gift Account for Veterans Cemeteries in NRS 417.215.

Some programs are funded in part by the gift accounts and by grants and other gifts. Without the change, it creates extra work for financial staff, increases the opportunity for accounting errors and lessens transparency as you would have to look across accounts to understand revenue and expense impacts. If the NDVS could accept grants and gifts into the appropriate program a person reviewing the program would understand the complete financial impact and status at a single glance.

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The intent of S.B. 16 is to make the language for accepting grants and gifts consistent across all six gift accounts.

CHAIR WOODHOUSE:
This seems reasonable.

SENATOR KIECKHEFER:
We passed this out of Government Affairs unanimously. I did not see anything that had a fiscal impact on the State.

ALEX HAARTZ (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):
Fiscal staffs' concern focuses around the issue of federal grants being deposited in a nonexecutive budget account and being put into a gift account. Federal grants are traditionally budgeted in the Executive Budget which is overseen by the Senate Committee on Finance, Assembly Committee on Ways and Means and the IFC.

CHAIR WOODHOUSE:
Does the NDVS have a response?

MS. GARLAND:
We are not prepared to answer that right now, as we will need to do a detail analysis with the GFO. We will come back with the analysis to the Committee.

ANDREW LEPEILBET (Board Member, United Veterans Legislative Council for the State of Nevada):
The United Veterans Legislative Council represents 251,000 veterans and 500,000 Nevadans when you include their families. We are in support of S.B. 16, because it clarifies and cleans up vague language in the NRS. The United Veterans Legislative Council fully supports S.B. 16.

CHAIR WOODHOUSE:
The Committee would like to request that the NDVS come back as soon as possible after it researches the issue regarding federal grants being deposited into nonexecutive budget accounts.

I will close the hearing on S.B. 16.

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CHAIR WOODHOUSE:

Having no other business before this Committee and seeing no one for public comment, this meeting is adjourned at 10:07 a.m.

RESPECTFULLY SUBMITTED:

Desirae Munns,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	7		Attendance Roster
	C	56	Leannandra Copeland / Legislative Counsel Bureau	Senate Committee on Finance Closing List #3
A.B. 88	D	3	Megan Hanke / Department of Education	Testimony