

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Eightieth Session
February 20, 2019**

The Senate Committee on Finance was called to order by Chair Joyce Woodhouse at 8:02 a.m. on Wednesday, February 20, 2019, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E 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 Kelvin Atkinson
Senator Yvanna D. Cancela
Senator James A. Settelmeyer
Senator Ben Kieckhefer
Senator Pete Goicoechea

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Tom Weber, Committee Secretary
Jennifer McEntee, Committee Secretary

OTHERS PRESENT:

Zach Conine, Nevada State Treasurer
Amber Law, Deputy Treasurer of Cash Management and Merchant Services,
Nevada State Treasurer's Office
Lori Chatwood, Deputy Treasurer of Debt Management, Nevada State
Treasurer's Office
Paul Nicks, Deputy Director, Governor's Finance Office

Kimberly Shafer, Deputy Treasurer of Investments, Nevada State Treasurer's Office

Tara Hagan, Chief Deputy Treasurer, Nevada State Treasurer's Office

Sheila Salehian, Deputy Treasurer for Prepaid Tuition, College Savings Plans and Governor Guinn Millennium Scholarship Program, Nevada State Treasurer's Office

CHAIR WOODHOUSE:

We will be hearing several budget accounts for the Nevada State Treasurer's Office, beginning with budget account (B/A) 101-1080.

ELECTED OFFICIALS

Treasurer - State Treasurer — Budget Page ELECTED-214 (Volume I)
Budget Account 101-1080

ZACH CONINE (Nevada State Treasurer):

We have submitted our presentation titled "State Treasurer's Office Executive Budget Accounts" ([Exhibit C](#)). The Treasurer's Office is divided into six functional areas: administration, cash management, debt management, investments, the college savings programs and unclaimed property as seen on page 2.

Our Office is tasked with several responsibilities. We handle the investment of all State funds including the General Investment Portfolio of \$2.85 billion; the Local Government Investment Pool, which hovers around \$960 million; the Nevada Prepaid Tuition Program, approximately \$293 million; the Permanent School Fund, \$364 million; and the Nevada Capital Investment Corporation (NCIC), the State's private equity program, which is \$50 million.

Additionally, the Treasurer's Office issues debt obligations authorized on behalf of the State which is currently approximately \$2.2 billion. The Office administers the State's Unclaimed Property that brings in about \$75 million per year as well as the State's Collateral Pool Program that is approximately \$1.9 billion. Finally, the Treasurer's Office is responsible for overseeing the State's college savings programs that are valued at approximately \$24.5 billion. We believe these programs are instrumental in helping to increase opportunity for all Nevadans.

The State Treasurer also serves on the State Board of Finance and the Executive Branch Audit Committee, as an ex officio member of the Board of Trustees of the College Savings Plans of Nevada "College Savings Board", the Administrator of the Nevada Prepaid Tuition Program and Trust Fund, and Chair of the NCIC.

AMBER LAW (Deputy Treasurer of Cash Management and Merchant Services, Nevada State Treasurer's Office):

The Treasurer's Office operates under ten separate budget accounts, six of which will be discussed today as shown on page 3 of [Exhibit C](#). First is B/A 101-1080, State Treasurer Administration, summarized on page 4. This account operates Cash Management, Merchant Services, Debt Management and the Investment Divisions, and includes the administrative costs for the Treasurer's Office. The State Treasurer Administrator budget manages financial transactions conducted on behalf of State agencies and local governments.

Our first enhancement unit for B/A 101-1080 is decision unit E-225 and requests funding for an accountant technician I position for the Debt Management Division (DMD). This Division oversees \$2.2 billion of debt obligation authorized on behalf of the State and currently operates with only 2 staff members. This position is needed to review and reconcile the Custodial Account Program. The position will also manage billing and collections as well as other revenues received. The position would be funded from B/A 395-1082, the Bond Interest and Redemption Account, through the Treasurer's Office intraagency cost allocation. We are requesting \$56,003 in fiscal year (FY) 2020 and \$71,539 in FY 2021 for the cost of this new position.

E-225 Efficient and Responsive State Government — Page ELECTED-217

Treasurer - Bond Interest & Redemption — Budget Page ELECTED-221
(Volume I)

Budget Account 395-1082

Our next enhancement is decision unit E-226, which requests to fund an additional Bloomberg license for State Treasurer Conine. The State Treasurer's Office investment staff utilize Bloomberg, global 24-hour financial news, to provide information relative to real-time financial market movement and trades. The State Treasurer would like to request a license to monitor various portfolios under his purview which total approximately \$4.5 billion. The additional license will cost \$20,040 in FY 2020 and \$20,280 in FY 2021.

E-226 Efficient and Responsive State Government — Page ELECTED-217

Decision unit E-236 requests to maintain the FY 2017-2019 biennium funding as legislatively approved for in-state travel. When the Treasurer's Office submitted its budget request in August 2018, the Office wanted to provide the new State Treasurer with the same travel budget and opportunities that were approved under our past administration. State Treasurer Conine will be active and engaged in all Treasurer's Office programs. Therefore, we are requesting an additional \$2,579 in each year of the upcoming biennium.

E-236 Efficient and Responsive State Government — Page ELECTED-218

Our next enhancement is decision unit E-710. This request is for computer replacements based on the Enterprise Information Technology Services (EITS) replacement schedule. We will need 3 laptops replaced in FY 2020 at a cost of \$4,737; 2 laptops and 9 desktops will be due for replacement in FY 2021 at a cost of \$11,638.

E-710 Equipment Replacement — Page ELECTED-218

The Treasurer's Office is also requesting to amend two enhancement units: decision units E-720 and E-805. The amended enhancements have been submitted to the Governor's Finance Office and are pending approval. Decision unit E-720 originally requested the purchase of three server nodes at a cost of \$176,922 in FY 2020. Under new Information Technology management, the Treasurer's Office would like to move in a different direction. Our server environment can be hosted by EITS rather than purchasing the costly server nodes. This will create a savings of \$126,922 over the next biennium. EITS can host our server environment at a cost of only \$25,000 per fiscal year, and that is what we are requesting in our budget amendment. This service will include Microsoft Windows server licensing, system patches and 24/7 monitoring.

E-720 New Equipment — Page ELECTED-218

E-805 Classified Position Changes — Page ELECTED-219

We are requesting to modify decision unit E-805 which requested a reclassification of a management analyst 3 position located in our Investments Division. Our Office is currently working with the Nevada Department of

Administration Human Resources Division (DHRM) to complete a reclassification study to create a new investment analyst series. This series is specific to the State Treasurer's Office. Although the findings are not yet complete, we do anticipate that this will effect two of our management analyst 3 positions in the Investment Division instead of the one originally requested. We expect that these positions will be reclassified to an investment analyst I, grade 39, and an investment analyst II, grade 40. The amendment requests an additional \$3,634 in FY 2020 and \$3,810 in FY 2021 to cover the cost of both position reclassifications.

SENATOR KIECKHEFER:

In regard to the new accountant technician position, will it be funded out of the Bond Interest and Redemption Account, B/A 395-1082, including General Fund appropriations?

Ms. LAW:

This will be funded through B/A 395-1082 through a transfer.

SENATOR KIECKHEFER:

Decision unit E-805, as originally presented, reclassified one position, and now there are two. If the original request was for \$15,000 per FY, how are you able to accomplish two position reclassifications for \$18,000 per FY?

Ms. LAW:

The exact amounts are \$19,004 for FY 2020 and \$19,801 for FY 2021.

SENATOR KIECKHEFER:

What is changing in the duties that is requiring the reclassification?

TREASURER CONINE:

We are creating a more distinct pipeline of investment analysts. We currently have one employee who is exceptionally talented, Staci Mraz. The position is backed up by our Deputy Treasurer of Investments, Kimberly Shafer. This will allow us to more firmly cement the other two individuals in the office as potential replacements for Mrs. Mraz upon her retirement. They are managing a massive amount of money. It is very difficult for us to find people that we can train from the private sector within the salary restrictions of public service. The pipeline will ensure the State's investments are protected, provides two

individuals to move into that training capacity and allows us to hire replacements behind them.

SENATOR DENIS:

Historically, the only position funded by General Fund appropriations is the State Treasurer. The budget request proposes that individuals in the DMD, that have historically been 100 percent cost allocated, be partially funded by General Fund appropriations. Please explain the rationale.

LORI CHATWOOD (Deputy Treasurer of Debt Management, Nevada State Treasurer's Office):

Prior to the Great Recession, the DMD was funded by General Fund dollars. It was then determined that the DMD would charge a fee on our bond issuance which would cover the employee costs in the Division. When we issue bonds on behalf of the State, the Treasurer's Office has included a fee for multiple biennia which pays the costs for the DMD. The new account technician I would also be included in that fee. Should that fee ever be insufficient to cover the cost of the employees, or if we did not issue enough bonds to generate the funding for the employees, the expenses would be paid by interest earnings from the Bond Interest and Redemption Fund to cover any shortfall. After that, it would be paid by reserve funds and transferred to B/A 101-1080.

SENATOR DENIS:

What is it that you are not currently doing in the Cash Management Division (CMD) as a result of sharing an account technician between CMD and DMD?

Ms. CHATWOOD:

It has put a strain on other divisions, as we are a very small office. There are 17 employees in Carson City, all of whom are tapped out in their current duties. However, they step in and help us out. The DMD administered 17 different debt programs along with the Permanent School Fund with just myself and a management analyst. When we have to tap the other divisions to come in, it takes them away from their current duties. Extra effort is required every time there is a new debt program or refund issuances. The implementation of federal compliance issues through the Governmental Accounting Standards Board; the Member State's Regulatory Body; and the U.S. Securities and Exchange Commission; for ongoing disclosure also require additional staff resources. All of those things in aggregate have hit the limits of what we are able to do in our

Division with the two of us leaning on the other divisions. It is hit and miss when help is available. Consistent staffing in our DMD is preferable.

CHAIR WOODHOUSE:

I would like to ask the Governor's Finance Office to come forward. Please provide a status on the amendments.

PAUL NICKS (Deputy Director, Governor's Finance Office):

At this time, we have no objections to the amendments that they are requesting.

CHAIR WOODHOUSE:

Please comment on the original duties of the management analyst position—what they were, how they have evolved—and the difficulties that you are having that is generating this request.

KIMBERLY SHAFER (Deputy Treasurer of Investments, Nevada State Treasurer's Office):

We had an investment analyst that had been with our office for 30 years. She ran the Investments Division (ID); it left a big vacancy in our office. Stacey Mraz has now filled that position, and she had been in that line of supervision for ten years. Since then, we do not have anyone in our ID that has that kind of history or access to understanding the cash flows for the State. We need a path into that position. The duties of the two management analysts and the investment analyst are fairly consistent. They do a large amount of investing on a daily basis, anywhere from \$50 million to \$100 million. Yesterday, they invested \$175 million. We do need that expertise and consistency in the positions and the ability to train them. Currently, that investment analyst is the sole investment analyst for the State. Working with DHRM, we are looking to create a classification specifically for the investment analyst series that is geared to monitoring the cash flows for the State, daily investing, distribution of interest to different agencies and funds of the State, and security monitoring such as the collateral pool. There is a requirement for expertise.

CHAIR WOODHOUSE:

When do you anticipate DHRM will have the class series available?

Ms. SHAFER:

We are in the process of completing the investment classifications right now. The initial review has been completed and sent to DHRM. Once they review the document, they will publically post for 30 days. Once the posting period is completed, the series will be available. The classifications should be complete within approximately six weeks.

CHAIR WOODHOUSE:

We will now hear the Nevada College Savings Trust, B/A 101-1092.

Treasurer - Nevada College Savings Trust — Budget Page ELECTED-228
(Volume I)
Budget Account 101-1092

Ms. LAW:

Budget account 101-1092 operates the Nevada College Savings Program (NCSP). Nevada offers several unique college savings programs which are administered by the Board of Trustees of the College Savings Plans of Nevada. The NCSP does not receive General Fund appropriations. It is funded by program fees received from various program managers.

This B/A also funds the Nevada College Kick Start Program (CKSP). Established in school year 2013, the program provides Nevada's public school kindergarten students with \$50 in a college savings account. The Treasurer's Office is pleased to report that the program currently has 208,874 participating students.

Our first enhancement unit for this B/A, decision unit E-227, requests a new program officer I position. This position will execute the College Savings Navigator Initiative (CSNI). The program officer I will act as a liaison to build relationships with staff and administration, as well as provide CSNI strategies to partnering institutions, school districts and community groups to leverage and align key stakeholders. The intention of the CSNI is to create and expand a college-bound culture in Nevada by increasing awareness of the CKSP, 529 saving programs, the Prepaid Tuition Program, Governor Guinn Millennium Scholarship Program, financial literacy and other scholarship opportunities and financial aid options. We are requesting \$64,111 in FY 2020 and \$79,878 in FY 2021 to fund this position and the associated costs.

E-227 Efficient and Responsive State Government — Page ELECTED-230

Our next enhancement is housed in decision unit E-228. This request is to maintain the 2017-2019 biennium legislatively approved in-state travel budget to provide the new State Treasurer with the same opportunities provided to the prior administration. State Treasurer Conine will be active and engaged in all Treasurer's Office programs, especially trips needed for the education and outreach of our Prepaid Tuition and college savings plans. Therefore, the Office requests an additional \$1,916 in in-state travel for each fiscal year of the upcoming biennium.

E-228 Efficient and Responsive State Government — Page ELECTED-231

Our next enhancement is decision unit E-229 requesting additional funding for the CKSP to cover the increase in the number of eligible public school kindergarten students. Pursuant to the 2017 Legislature, the State Treasurer's Office uses student count projections provided by the Nevada Department of Education. It is anticipated that school year 2019-2020 will have 36,199 students enrolled, an increase of 993 students compared to the 2018-2019 school year. School year 2020-2021 will have 36,652 students enrolled, an increase of 1,446 students. The cost to fund these student increases are \$49,650 in FY 2020 and \$72,300 in FY 2021.

E-229 Efficient and Responsive State Government — Page ELECTED-231

Decision unit E-236 requests to maintain funding for the U.S. Women's Chamber of Commerce annual dues. This Chamber supports higher education programs supporting women and underprivileged female high school students and brings leadership programs to the community and its members. Due to an oversight, the Treasurer's Office did not pay dues in the base year but considers the Chamber a valuable community partner. Therefore, we are requesting \$434 in each of the fiscal years of the upcoming biennium to continue our membership.

E-236 Efficient and Responsive State Government — Page ELECTED-231

Our last enhancement for B/A 101-1092 is decision unit E-710 for computer equipment replacements per the EITS recommended schedule. There is no equipment due for replacement in FY 2020. There is one laptop and docking station due for replacement in FY 2021 at a cost of \$1,742.

E-710 Equipment Replacement — Page ELECTED-232

CHAIR WOODHOUSE:

Please share the type of events that you plan to attend and how attending those events will influence your target market.

TREASURER CONINE:

Over the last few years, staff representing the College Savings Programs have attended many events. There was a mandate to attend 30 events per month, which we have determined is not the most efficient way to increase enrollment. We are moving toward the Patient Protection and Affordable Care Act model and bringing in a navigator who can go into individual segments and teach the teachers. We are anticipating events like Parent Teacher Organization meetings, union hall get-togethers, faith leaders' meetings, community partner meetings—all focused toward outcomes. We are less interested in getting additional leads and emails for the database and more interested in getting people on the path to a post high school education. This is an exceptionally important position because we need someone out in the communities. As a State, we have spent time and money to create fantastic programs, but people do not know about them. While touring the State, I met kindergarten teachers who did not know about the CKSP—a program for kindergartners. The navigator will look for outcome-based solutions as opposed to quantitative metrics.

CHAIR WOODHOUSE:

Have you looked at reassigning or eliminating any duties in order to spend more time on that initiative?

TREASURER CONINE:

We have, and we continue to look at the college savings universe to ensure we are spending the time most efficiently. We are excited that the time previously spent on random events can be focused on the navigator duties, if the position is approved. It is anticipated that the navigator and existing staff will be out doing the work. There are too many people that we need to reach for just one person to handle.

CHAIR WOODHOUSE:

Would you indicate any plans that you have to adjust your marketing contract to ensure that your total marketing expenditures generated from the proposed

position and the Treasurer's Office marketing contract will remain within the statutory maximum?

TREASURER CONINE:

We are looking at the current marketing contract that is currently due for a request for proposal. Since I was inaugurated, we are deeply evaluating the contract to make sure that it matches our initiatives and our goal of being in the communities with a high degree of efficacy.

CHAIR WOODHOUSE:

Let us proceed with B/A 101-1094, the Nevada College Savings Endowment Account.

Treasurer - Endowment Account — Budget Page ELECTED-234 (Volume I)
Budget Account 101-1094

MS. LAW:

The Treasurer's Office budget request includes continued funding of the NCSP, and the administrative costs from the Nevada College Savings Endowment Account contained in B/A 101-1094 per *Nevada Revised Statutes* (NRS) 353B. The Endowment Account must be used for the deposit of any money received by the NCSP, and the account is protected by statute. In accordance with NRS 353B, the money in the account may be expended for any purpose related to the NCSP and to administer costs of the Millennium Scholarship program. Fees from the NCSP are deposited into the Endowment Account and are used for the legislatively-approved administrative costs for the Prepaid Tuition Program, Millennium Scholarship Program and the NCSP. There are no enhancements in this budget request.

CHAIR WOODHOUSE:

We would like to discuss the reserve amounts. What is your long-term spending plan for the funds that are generated in the account and the \$14.2 million reserve balance projected through FY 2021?

MS. LAW:

We would like to request that this budget account continue funding for the administrative costs for all three of the education program budget accounts and would request that the reserve amounts remain in B/A 101-1094.

SENATOR PARKS:

Please describe the program management fees and the contract service provider that manages the programs.

TARA HAGAN (CHIEF Deputy Treasurer, Nevada State Treasurer's Office):

In terms of the contract, we do have a program manager, Ascensus, Inc. Under that company, we have four different investment firms: Vanguard, United Services Automobile Association, Wealthfront and State Street Global Advisors. These contractual relationships provide fees through those partners at varying levels with varying agreements. We also have another agreement with the Putnam Investments firm. They provide the program manager and the investments; there is a contract for fees with that company as well. This totals five different firms that provide fees into B/A 101-1094.

SENATOR PARKS:

Is there a set percentage of assets that generate the fees?

MS. HAGAN:

Some contracts are based on contracts under management, others are based on flat fees plus an inflationary component.

SENATOR KIECKHEFER:

Are the funds in this account related to the Millennium Scholarship limited to exclusively administrative costs, or can they be used to shore up the account?

MS. HAGAN:

They currently are used for administrative expenses. Historically, there was a cash transfer of approximately \$4 million. We will provide the specific information to the Committee.

SENATOR KIECKHEFER:

Madam Chair, this may be an option to shore up the Millennium Scholarship as this B/A contains excess reserves.

CHAIR WOODHOUSE:

The next B/A is 603-1081, Higher Education Tuition Administration.

Budget Account 603-1081

Ms. LAW:

This budget account administers the Nevada Prepaid Tuition Program, which began in 1998, and continues to offer a smart savings option to Nevada residents and/or graduates of the Nevada System of Higher Education to lock in Nevada's in-state college tuition rates for their newborn to 9th grade children. The program provides parents, grandparents, extended family members and friends a variety of options which makes participation in the program easy and convenient. The program is summarized on page 5 of [Exhibit C](#).

Contracts may be purchased with a lump-sum payment, monthly over five years, monthly over ten years or monthly until the child is ready to attend college. At the end of FY 2018, a total of 21,041 children were enrolled in the program, and the Nevada Higher Education Tuition Trust Fund held assets of \$293 million. This is an increase of \$25.44 million respectively over the prior year.

As of the latest actuarial report ending June 30, 2018, which was completed by an independent, outside firm, the funded status of the program is 142 percent. This is an increase from the previous fiscal year and the strongest funding status in the program's 21-year history.

Decision unit E-226 requests funding to upgrade the existing Prepaid Tuition Program's database application. This upgrade will increase efficiencies for Treasurer's Office staff and will add self-service capabilities for members through an online portal. The upgrade consists of moving to a cloud-based application. Our vendor, Libra Inc., will configure, customize, develop, test and deploy the program. The contract was approved in FY 2018 contingent upon approval of this enhancement unit. We are requesting \$134,508 in FY 2020 and \$56,731 in FY 2021.

E-226 Efficient and Responsive State Government — Page ELECTED-240

Our next enhancement is decision unit E-232 which requests continued funding for DocuSign software used for electronic signatures for prepaid tuition documents. This software expense was previously approved in the last biennium; however, due to unanticipated contractual negotiations, the new maintenance agreement was not approved until August 2018. Therefore, we did

not incur expenditures in our base fiscal year. The State Treasurer's Office does have an approved 2-year contract with DocuSign and is requesting \$4,981 in FY 2020 and \$5,687 in FY 2021.

E-232 Efficient and Responsive State Government — Page ELECTED-240

Decision unit E-235 requests to maintain the FY 2017-2019 biennium funding as legislatively approved for in-state travel. The justification is the same as previously explained with the prior budget accounts. We are requesting an additional \$1,577 in each year of the upcoming biennium.

E-235 Efficient and Responsive State Government — Page ELECTED-240

Equipment replacements are requested in decision unit E-710. In FY 2020, we are requesting \$160 for small office equipment such as staplers and hole punches. In FY 2021, we need to replace one desktop computer, at a cost of \$1,220, in accordance with EITS recommended replacement.

E-710 Equipment Replacement — Page ELECTED-241

CHAIR WOODHOUSE:

Please discuss additional functionality that will be gained with upgrading the Prepaid Tuition database.

SHEILA SALEHIAN (Deputy Treasurer for Prepaid Tuition, College Savings Plans and Governor Guinn Millennium Scholarship Program, Nevada State Treasurer's Office):

The additional functionality includes more options for parents and students using the benefits of this program. In today's environment, students cannot log into a database and see how many credits they have used. They must contact us to determine the status of their contracts. This upgrade will provide a student portal where the participants can monitor their usage. Parents can currently make a one-time payment toward their contract, but they cannot easily find out how much and what the discount would be if they paid it off early. That functionality would be provided with this upgrade. We currently mail 1099 forms, and we are anticipating a portal available to participants to access their information through secure channels. Annual statements and other mailings would also be available through this self-service platform.

CHAIR WOODHOUSE:

The costs associated with the system upgrade have not changed since June 2017. Have you confirmed with the vendor that the price is the same?

MS. SALEHIAN:

We have confirmed with our vendor that they will honor the original pricing.

CHAIR WOODHOUSE:

In decision unit E-239, please briefly explain why it is more appropriate to have merchant fees paid from the Endowment Account, B/A 101-1094, rather than from revenues generated from the Higher Education Tuition Trust Account, B/A 603-1081.

E-239 Efficient and Responsive State Government — Page ELECTED-241

MS. LAW:

The merchant services fee are currently paid out of our Higher Education Tuition Trust Account. To better align and account for all administrative costs of the Prepaid Tuition Program, we would like to move those costs to B/A 603-1081 so that the cost is accurate for all administrative costs for the program.

CHAIR WOODHOUSE:

Budget account 261-1088, Millennium Scholarship Administration, will now be heard.

Treasurer - Millennium Scholarship Administration — Budget Page ELECTED-245
(Volume I)

Budget Account 261-1088

MS. LAW:

The Governor Guinn Millennium Scholarship program supports the State's mission to help more Nevadans attain postsecondary degrees as described on page 8 of [Exhibit C](#). Since the inception of the program, 124,854 students have utilized the scholarship to make earning a certificate, associate or bachelor degree more affordable. Out of those, 47,817 have graduated with a degree. The number of students currently eligible within the six-year utilization period after high school graduation is 30,190 students. This program is funded with 40 percent of all money received by the State pursuant to any settlement with

the manufacturer of tobacco products. This is approximately \$15 million per fiscal year as well as a \$7.6 million transfer from the Unclaimed Property Fund. These funds are deposited into the Millennium Scholarship Trust Fund each fiscal year per NRS 120A. General Fund appropriations, such as those in the Governor's recommended budget, are increasingly needed to fill this gap. In projections previously provided to the Governor's Finance Office and the Legislative Counsel Bureau, the historic funding streams of Tobacco Settlement funds plus the \$7.6 million transfer from Unclaimed Property are not sufficient to maintain the Millennium Scholarship past FY 2019. Without the appropriation in the Governor's recommended budget, this program will have a shortfall of approximately \$31 million in the impending biennium.

Our first enhancement for B/A 261-1088 is decision unit E-238 which funds an increase in outside postage. Additional postage is needed to mail first-time eligible Millennium Scholarship students a welcome packet as well as letters to scholars that are not maintaining their eligibility and whose scholarships have expired. The Treasurer's Office is requesting an additional \$992 for each year of the biennium to cover the additional postage. Decision unit E-710 requests one desktop computer in FY 2021 in accordance with EITS recommended replacement schedule for \$1,060.

E-238 Efficient and Responsive State Government — Page ELECTED-247
E-710 Equipment Replacement — Page ELECTED-247

The State Treasurer's Office requests a continuation to fund the Millennium Scholarship administrative costs from the Nevada College Savings Endowment Account, B/A 101-1094.

CHAIR WOODHOUSE:

Our biggest question is the solvency of the Millennium scholarship program. This Committee is dedicated to ensuring that the Governor Guinn Millennium Scholarship continues.

TREASURER CONINE:

We have spent a lot of time determining effective ways to ensure solvency. Senate Bill (S.B.) 44 seeks to create a permanent endowment by using some of the funds available in our Office, but we welcome all ideas and thoughts on how to shore up this exceptionally important program in its 20th anniversary.

SENATE BILL 44: Revises provisions of the Uniform Unclaimed Property Act.
(BDR 10-480)

SENATOR SETTELMAYER:

Why have only 44,000 of the 124,000 students, that have taken advantage of the scholarship graduated? That is a ratio of almost 33 percent which is the standard ratio of people in America that actually start and finish college. That does not include those that are going to school full-time; of those students, nearly 77 percent graduate. Do you have any insight why any of these students that are going full-time and having the State pick up such a large portion of the cost are not graduating? Is our criteria correct given the fact that so many are not finishing? The solvency is a concern but so is the completion rate.

TREASURER CONINE:

I am not an education expert. Our job is to pay for it and ensure that it remains solvent in the future. I want to make sure it is an effective program, but I am not comfortable claiming to be an expert on something that I am not.

SENATOR SETTELMAYER:

I agree with the program, but we really need to look at this. We are spending a lot of money to have students start but not finish; we are not using our monies correctly.

CHAIR WOODHOUSE:

To Senator Settelmeyer, this is something we have grappled with in kindergarten through 12th grade (K-12) and higher education over the years. The optimistic viewpoint is that with the efforts occurring now in the middle schools and high schools, partnering with Nevada System of Higher Education and the institutions, we will find those graduation completion rates increase. A greater percentage of students completing the program is anticipated. A university degree is not the answer for every student. We have to be careful using graduation rates as the marker. Using completion rates of what the student is going to higher education for is a better measure.

TREASURER CONINE:

Functionally, this is a percentage over a longer period of time. We are happy to provide those percentages from the last couple of years that have exceeded the 33 percent ratio.

CHAIR WOODHOUSE:

I would like to ask Mr. Nicks from the Governor's Finance Office to come back to the table and share the thoughts of your office and the Governor on how it was determined that the 10 percent excise tax on the sale of recreational marijuana would be appropriate funding to address the solvency of the scholarship.

MR. NICKS:

The thought process was that the marijuana money was initially supposed to be used toward education. While looking at the different educational pieces to be funded, we really looked at the funding for the Millennium Scholarship and School Safety.

CHAIR WOODHOUSE:

Thank you for putting that on the record. We will next go to the Unclaimed Property account.

Treasurer - Unclaimed Property — Budget Page ELECTED-252 (Volume I)
Budget Account 101-3815

MS. LAW:

Budget account 101-3815 is summarized on page 9 of [Exhibit C](#). The State Treasurer serves as the Administrator of the Unclaimed Property Program. The relevant statutes are contained in NRS 120A. The primary responsibility of the Unclaimed Property Program is to unite the rightful owners and their heirs with abandoned property while at the same time improve collections from unclaimed property owners. Since owners never lose ownership of their property, the State must maintain custody of these assets in perpetuity. The State Treasurer's Office has expanded search capabilities on the website to allow individuals greater access to the unclaimed property data. We also use free media whenever possible to promote the program, including radio and television. Yearly advertisement in newspapers across the State is completed as required by statute. We have also increased our education and outreach to unclaimed property holders to bring them into compliance with Nevada statutes.

Our first enhancement request is decision unit E-232 which requests one additional OnBase software license. This software is utilized by the Unclaimed Property Division in conjunction with the Unclaimed Property database solution Wagers for vault inventory, scanning, document imaging, and retention of

claims and claim-related evidence. It also maintains documentation related to contract audits. The additional license is needed to scan inventory sheets directly into Wagers at the time staff is securing, prepping and inventorying physical inventory while in the vault. This will allow staff to do full safe-keeping intake in a single continuous process where boxes are opened, inventoried, photographed and entered into the database. Bank inventory will be scanned in simultaneously. This will provide increased efficiency as well as accuracy. We are requesting \$1,680 in FY 2020 and FY 2021 to pay for this additional license.

E-232 Efficient and Responsive State Government — Page ELECTED-254

Our next enhancement request is E-722 which requests a new scanner. This request works in conjunction with the OnBase software license request. This item is needed to scan unclaimed property assets that are turned over to the State for rightful owners to claim. The scanner will allow staff to secure, prepare and inventory physical property while in the vault in a single continuous process. The current process is to collect inventory sheets over months as boxes are opened and inventoried. After all the boxes have been processed, staff go back into the inventory sheets to scan them, find the property records, and individually match and load the inventory sheets into the corresponding Wagers record. This current process is inefficient and can cause unintentional errors. Therefore, we are requesting \$320 in FY 2020 to purchase a scanner for use in the vault.

E-722 New Equipment — Page ELECTED-256

Our next enhancement is decision unit E-233 requesting out-of-state travel funds for an employee to attend the annual Unclaimed Property Professional's Organization conference. This conference integrates networking and premier education that minimizes states risk and offers the latest compliance with unclaimed property laws and regulations. The request amounts to \$2,535 in FY 2020 for one staff member to attend the Arizona conference and \$3,418 for a staff member to attend the conference that will be held in Texas in FY 2021.

E-233 Efficient and Responsive State Government — Page ELECTED-254

Decision unit E-710 requests equipment replacement based on EITS recommended schedule. In FY 2020, we are requesting to replace 3 laptops at a

cost of \$4,900. One desktop computer is requested in FY 2021 at a cost of \$1,060.

E-710 Equipment Replacement — Page ELECTED-255

Our last enhancement is decision unit E-721 requesting a new door locking system. The Unclaimed Property Division is open to the public and has daily walk-in customers. The current keypad door entry consists of a four-digit code and is visible to customers waiting in the lobby or standing at the customer window, creating a security risk. In addition, the current access to the vault door consists of two deadbolt locks, each with a separate key. These keys are assigned to different staff as two staff members must provide their keys to open the vault door. When staff that are assigned these keys are on unplanned leave, there are times when the vault is inaccessible. Installing a new locking mechanism to the door separating the public access area of the office from the employees' space, eliminating the visible keypad and providing a dual-access locking mechanism to the vault door would eliminate these safety and accessibility concerns. The new locking mechanism will also provide documentation of staff who access the secure areas. We are asking for \$8,243 in FY 2020 to fund the request.

E-721 New Equipment — Page ELECTED-255

CHAIR WOODHOUSE:

We do not have any major issues on this account. We noticed that S.B. 44 will also address some Unclaimed Property concerns. Is that correct?

TREASURER CONINE:

We do have some opportunities for Unclaimed Property in S.B. 44.

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CHAIR WOODHOUSE:

This concludes everything in the Treasurer's Office budgets scheduled this morning. As there is no comment, we stand adjourned at 9:01 a.m.

RESPECTFULLY SUBMITTED:

Jennifer McEntee,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	4		Attendance Roster
	C	9	Zach Conine / Nevada State Treasurer	Treasurer's Office Presentation