

**MINUTES OF THE
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Eightieth Session
April 10, 2019**

The Senate Committee on Government Affairs was called to order by Chair David R. Parks at 1:27 p.m. on Wednesday, April 10, 2019, in Room 2149 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 David R. Parks, Chair
Senator Melanie Scheible, Vice Chair
Senator James Ohrenschall
Senator Ben Kieckhefer
Senator Pete Goicoechea

GUEST LEGISLATORS PRESENT:

Senator Dallas Harris, Senatorial District No. 11

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Committee Policy Analyst
Heidi Chlarson, Committee Counsel
Suzanne Efford, Committee Secretary

OTHERS PRESENT:

Stephen Augspurger, Clark County Association of School Administrators and Professional-Technical Employees
William R. Burks, Brigadier General, The Adjutant General of Nevada, Nevada National Guard, Office of the Military
Kent Ervin, Ph.D., Nevada Faculty Alliance
John Fudenberg, Coroner, Clark County
Rhiann Jarvis Denman, Deputy City Attorney, City of North Las Vegas
Victor Salcido, Nevada Highway Patrol Association

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Matthew Kaplan, President, Nevada Highway Patrol Association
Dan Gordon, Executive Vice President, Nevada Highway Patrol Association
Nicholas Montgomery
Justin Clifford
John Jessee
Jake Kreamer, Game Wardens Association
Richard McCann, Nevada Association of Public Safety Officers
Travis Smaka
Michael Pelham, Nevada Taxpayers Association
David Dazlich, Las Vegas Metro Chamber of Commerce
Mike Ramirez, Las Vegas Police Protective Association Metro
Tina Leiss, Executive Officer, Public Employees' Retirement System
Christopher Nielsen, General Counsel, Public Employees' Retirement System
Heather Lunsford, Henderson Chamber of Commerce
J. D. Calhoun, Muller Construction
Ginnie Salazar, Logistical Solutions
Myisha Williams, Vice Chair, Nevada Commission on Minority Affairs
Julie Macalister, JMac Productions

CHAIR PARKS:

We will open the work session on Senate Bill (S.B.) 111.

SENATE BILL 111: Revises provisions governing collective bargaining by local government employers. (BDR 31-651)

JENNIFER RUEDY (Committee Policy Analyst):

As part of the Legislative Counsel Bureau (LCB), I am nonpartisan staff and neither oppose nor advocate for legislation.

I will present S.B. 111 and its proposed amendment from the work session document ([Exhibit C](#)).

SENATOR KIECKHEFER:

As presented, the bill related exclusively to local governments, not school districts. Does the proposed amendment extend the 16.67 percent ending fund balance provision to school districts as well?

We had two separate bills dealing with ending fund balance issues. It looks like they are being merged. Is the amendment extending the 16.67 percent to

school districts and as well as reducing the ending fund balance percentage for local governments so all the entities are the same level? Maybe I am not reading the amendment correctly.

HEIDI CHLARSON (Committee Counsel):

It is my understanding the intent of the amendment is that the 16.67 percent of the ending fund balance will not apply to school districts. The intent of the amendment is only to require that funds appropriated by the State for purposes of the rollups are subject to collective bargaining. The proponents of the amendment could clarify that if I am under the wrong impression.

STEPHEN AUGSPURGER (Clark County Association of School Administrators and Professional Technical Employees):

The interpretation is correct. The language is clear. Subsection 3 of section 1 of the bill states "For any local government other than a school district." In the past, school districts have been excluded, and they will remain excluded. This amendment is to clarify how the 2 percent rollup money would be used.

SENATOR KIECKHEFER:

I was under the impression that this amendment was coming onto the bill from the school district because it relates specifically to ending fund balance. I was confused.

SENATOR GOICOECHEA:

I am concerned about the reduction from a 90-day to a 60-day reserve in local government operating funds. I do not know how I can support the bill.

SENATOR SCHEIBLE MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 111.

SENATOR OHRENSCHALL SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS GOICOECHEA AND KIECKHEFER
VOTED NO.)

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CHAIR PARKS:

The next bill in the work session is S.B. 135.

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SENATE BILL 135: Provides for collective bargaining by state employees.
(BDR 23-650)

Ms. RUEDY:

I will comment on S.B. 135 and its proposed amendment from the work session document (Exhibit D).

SENATOR SCHEIBLE:

I have read the amendment, but I missed the part where it defines the new composition of the Local Government Employee-Management Relations Board.

Ms. CHLARSON:

The bill, as introduced, changed the makeup of the Board. The intent of the proposed amendment, in sections 46 and 47, was to revert the membership of the Board back to its original composition as contained in law.

SENATOR SCHEIBLE:

To clarify, the composition of the Board is as before wherein the Governor appoints five members to the Board, no more than three from the same party but at least three from southern Nevada, for a term of four years.

Ms. CHLARSON:

Yes, that is correct. On page 20 of the proposed amendment, those changes are covered starting on line 27.

CHAIR PARKS:

To follow up on your question, an individual suggested there should be two from the north, two from the south and one from the rural areas. However, that might be problematic.

SENATOR OHRENSCHALL MOVED TO AMEND AND DO PASS AS AMENDED S.B. 135.

SENATOR SCHEIBLE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS GOICOECHEA AND KIECKHEFER VOTED NO.)

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CHAIR PARKS:

The next bill in the work session is S.B. 153.

SENATE BILL 153: Revises provisions relating to collective bargaining. (BDR 23-405)

MS. RUEDY:

I will present S.B. 153 and its proposed amendments from the work session document ([Exhibit E](#)).

There is a mistake in the work session document on this bill. Two amendments were submitted. I included the unfriendly amendment and not the friendly amendment.

The unfriendly amendment was submitted by the City of Las Vegas. The friendly amendment is from the Clark County Association of School Administrators and Professional-Technical Employees (CCASAPE).

The proposed amendment from CCASAPE says "A principal, assistant principal or other school or non-school administrator... ." It is just that small change to subsection 2 of section 4 of the bill.

SENATOR KIECKHEFER:

What is the asterisk on the upper left corner of the bill for?

MS. RUEDY:

This bill, as introduced, was requested by former Senator Kelvin Atkinson. The name of the bill has been changed.

SENATOR KIECKHEFER:

Yes, that usually means there has been a small change made to the bill.

MS. CHLARSON:

It appears that the only change made to the bill was to change the sponsor to Senator David Parks.

SENATOR SCHEIBLE MOVED TO AMEND AND DO PASS AS AMENDED S.B. 153 WITH THE AMENDMENT PRESENTED BY THE CLARK COUNTY ASSOCIATION OF SCHOOL ADMINISTRATORS AND PROFESSIONAL-TECHNICAL EMPLOYEES.

SENATOR OHRENSCHALL SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS GOICOECHEA AND KIECKHEFER VOTED NO.)

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CHAIR PARKS:

The next bill in the work session is S.B. 158.

SENATE BILL 158: Revises the definition of the term “supervisory employee” for purposes of provisions relating to collective bargaining. (BDR 23-789)

MS. RUEDY:

I will summarize S.B. 158 and its proposed amendment from the work session document ([Exhibit F](#)).

The proposed amendment was submitted by the bill's sponsor at the hearing with the intent of including any peace officers who might have been inadvertently excluded from the original bill.

SENATOR OHRENSCHALL MOVED TO AMEND AND DO PASS AS AMENDED S.B. 158.

SENATOR SCHEIBLE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR PARKS:

The next bill in the work session is S.B. 295.

SENATE BILL 295: Creates the Nevada National Guard Youth Challenge Program. (BDR 34-566)

Ms. RUEDY:

I will present S.B. 295 as introduced and its proposed amendment from the work session document ([Exhibit G](#)).

CHAIR PARKS:

It has been brought to my attention that there might be some last-minute changes to this program.

WILLIAM R. BURKS, Brigadier General (The Adjutant General of Nevada, Nevada National Guard, Office of the Military):

Yesterday, we were fortunate to have Mike O'Toole from the Office of the Assistant Secretary of Defense, Reserve Affairs, U.S. Department of Defense, who is in charge of the finances of the Youth Challenge Program and Jeff White from the National Guard Bureau who administers the Program. We flew them out to Carlin to visit the facility yesterday.

In my wildest dreams, I could not believe what they told us. They said that out of the 40 programs, we have one of the top 2 or 3 facilities in the Nation because of the existing campus and the way it has been maintained. They also made some recommendations to our plans that would actually save us about \$200,000 and a great deal of work on the modifications to the facility. They said the campus size could probably handle 300 students instead of the 100 we are proposing per 5-month period or 200 for the entire year.

When we started refining our budget, we came up with some numbers that we are paying that are in the Office of the Military's budget. That actually would make up the \$350,000 we are looking for. Therefore, all we need is already in the Governor's budget of \$500,000, and the rest would make it up. In addition to that, we can also apply for in-kind payment which could represent 10 percent of the State's share. Between all of those figures, we are good to go if this bill passes and our budget passes the money committees.

I do not know how we amend section 24 to reflect all of that. We finished our meeting with Mr. O'Toole and Mr. White last night at about 4:30 p.m. We did not have time to consult with Legal Counsel or the LCB on how to amend section 24.

SENATOR GOICOECHEA:

I am hearing that we can remove the fiscal note. However, if we forward it to Senate Finance, the bill will be kept alive; if we get it through there, we are in good shape.

CHAIR PARKS:

I presume it will still go to Finance. We can make sure it is properly cleaned up.

SENATOR KIECKHEFER:

The appropriations in section 24 are unnecessary. But it will also draw down another 10 percent of State expenditures through the \$500,000 annual appropriation that is in your budget now. Is that correct?

GENERAL BURKS:

No, the in-kind payment is getting additional federal funds. It does not reduce the requirement. If it is reduced by 10 percent, you end up in a loop in which you are constantly deducting because you can only accept 10 percent of it. If you have \$500,000 of earnest money, you can apply for a \$550,000 match times 3.

SENATOR KIECKHEFER:

At this point, are you recommending that the potential number of students be expanded?

GENERAL BURKS:

Not at this time. We want to slowly and methodically establish a successful program. Even though we have modeled our program after one of the premier programs from Stockton, California, Mr. White and Mr. O'Toole have volunteered to send staff here to help us set it up with the best practices they have witnessed through the other 40 programs. They made some staff and training recommendations for the individuals who are part of the cadre versus part of the school and how that works.

SENATOR KIECKHEFER:

The bill is eligible for exemption, but I would prefer the Committee make a motion and pass it out which would make that unnecessary.

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CHAIR PARKS:

Yes, passing it out of Committee would be ideal.

SENATOR GOICOECHEA MOVED TO AMEND AND DO PASS AS AMENDED S.B. 295, CONSIDERING THE CHANGE IN THE BUDGET AND THE APPROPRIATIONS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR PARKS:

The next bill in the work session is S.B. 416.

SENATE BILL 416: Revises provisions relating to the Public Employees' Retirement System (PERS). (BDR 23-895)

Ms. RUEDY:

I will summarize S.B. 416 as contained in the work session document ([Exhibit H](#)).

SENATOR SCHEIBLE MOVED TO DO PASS S.B. 416.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR PARKS:

The next work session bill is S.B. 459.

SENATE BILL 459: Provides for collective bargaining by certain state employees. (BDR 23-536)

MS. RUEDY:

I will summarize S.B. 459 as introduced and its proposed amendment from the work session document ([Exhibit I](#)).

CHAIR PARKS:

Page 2 in the work session document lists the intent of the proposed amendment, [Exhibit I](#).

SENATOR KIECKHEFER:

Senate Bill 135, passed by the Committee earlier today, included classified employees of the Nevada System of Higher Education (NSHE). This bill includes unclassified employees of NSHE.

CHAIR PARKS:

That is correct. Senate Bill 135 contains provisions for classified employees within NSHE. Senate Bill 459 provides for the professional employees who are unclassified.

SENATOR KIECKHEFER:

During testimony, we heard that collective bargaining agreements are in place within certain institutions that cover the entire institution. If separate rules govern classified and unclassified professional employees within one school, would different rules or structures be in place for different employees of the same institution who already have existing collective bargaining agreements in place?

CHAIR PARKS:

It is my understanding that there are collective bargaining agreements within a number of the community colleges. Nevada State College has pursued that.

KENT ERVIN, PH.D. (Nevada Faculty Alliance):

My understanding is that the bargaining units will become completely separate between the classified system under S.B. 135 and professional staff which includes, for NSHE, administrative and academic faculty under S.B. 459.

The bargaining units under S.B. 459 would be negotiated and would be the responsibility of the group seeking recognition. The ultimate authority for a bargaining agreement would be with the Executive Branch, which would be the Board of Regents in our case.

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SENATOR KIECKHEFER:

Do the current collective bargaining agreements at the colleges cover classified employees in the institutions or just the faculty?

DR. ERVIN:

They do not include classified employees. The NSHE code only allows collective bargaining for faculty.

SENATOR KIECKHEFER:

That is where I was confused.

SENATOR OHRENSCHALL MOVED TO AMEND AND DO PASS AS AMENDED S.B. 459.

SENATOR SCHEIBLE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS GOICOECHEA AND KIECKHEFER VOTED NO.)

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CHAIR PARKS:

The next bill in the work session is S.B. 463.

SENATE BILL 463: Revises provisions related to county officers. (BDR 20-1153)

MS. RUEDY:

I will summarize S.B. 463 and its proposed amendment as contained in the work session document ([Exhibit J](#)).

SENATOR KIECKHEFER:

I appreciate the input from John Fudenberg and Jamie Rodriguez in putting this amendment together. They have addressed the majority of my concerns. However, I am still worried that the language in section 4, subsection (b) [2] of the amendment regarding programs that may be established with this additional funding is too broad. It says "a program that provides bereavement services to members of the public within the county." That seems like a broad obligation, and it is not directly related to any specific incident as in subsection (a) [1].

I am still concerned about increasing the fee by \$3 and how much money that generates compared to what these additional programs may cost. The amendment addresses many of my concerns. I would support this amendment coming out of Committee, but I still have questions before I would be ready to vote on the Floor.

SENATOR GOICOECHEA:

I want to make sure this bill extends across the State to all counties. With the fee increase, I am hoping we do not have many issues generating death certificates in some of the rural areas. I would hope the fee increase will assist in that. It is not going to vital statistics, but when someone is on ice for 30 days because there is no death certificate, that is an issue. It is not addressed in this bill, but if we are going to increase the fees, I hope it can be incorporated in some of the rural counties and we can shore that up.

JOHN FUDENBERG (Coroner, Clark County):

Twelve or 13 of the counties have not set up the account to collect the death certificate money because \$500 to \$1,000 is not a significant amount. With the fee increase, it would be more like \$1,500 to \$2,500. I have gotten feedback from the Nevada Sheriffs' and Chiefs' Association that it would set up the accounts to fund six or seven allowable programs under the new bill verbiage. That would help the smaller counties do the job and get appropriate training.

Senator Kieckhefer, was your concern that the bereavement programs are overly broad and should be narrowed in scope?

SENATOR KIECKHEFER:

It seems that you want to set up a countywide counseling service for bereavement that is not tied to any specific incident. Everyone in the county suffers loss; therefore, everyone in the county could be eligible for such a program. I am trying to determine your intent and how much money that would cost as it relates to the \$3 increase in the fee.

MR. FUDENBERG:

Washoe County wanted the bereavement program, and I support that. I will give you an example of what Clark County may use the funding for as it relates to a bereavement program.

The bereavement program would be a small percentage of the funding. There are still the other five or six allowable funded programs under the bill if it passes.

Clark County notifies 5,000 to 6,000 families a year who have experienced a sudden traumatic and unexpected death. We are not talking about all deaths. When we notify these families, it is often in the middle of the night and unexpected. We would like to offer a program to refer those families as we notify them. When they are going through the initial stages of grief, we could give them information and possibly have a bereavement program or some sort of grief counselor in our office to whom they could be referred to help them through the process early on when they are in shock.

In essence, it would create a bereavement program for the entire county; however, the intent is to limit it to the families we have notified on a sudden, unexpected death. That would be about 5,000 or 6,000 deaths. We would probably not officially limit it to them because we are not going to ask them to verify who died and how. But I cannot imagine that people outside of the families we notify would actually be aware of the program. I anticipate it being limited to the people we notify.

SENATOR KIECKHEFER:

How many death certificates do you issue in a year?

MR. FUDENBERG:

In 2018, we issued just over 18,000 death certificates in Clark County. When I say issued, that represents one death certificate per death because we had just over 18,000 deaths. I do not have the final numbers for 2018, but Clark County sold approximately 75,000 to 85,000 death certificates from requests Statewide. The \$1 fee would be increased to \$4 for every death certificate that is sold, not every death certificate that is issued.

SENATOR KIECKHEFER:

That would be about \$250,000 for the County.

MR. FUDENBERG:

That is correct.

SENATOR KIECKHEFER:

Would that \$250,000 a year be used exclusively for these new programs or are we backfilling other duties?

MR. FUDENBERG:

Examples of how that \$250,000 would be used in Clark County are 10 percent to 20 percent on the youth program and 10 percent to 20 percent on continuing medical education credits for our doctors. Specialized equipment is listed as one of the programs eligible for funding; however, the County has not used any funding for that. If we need specialized equipment that we could not get the County to fund, we would use that money, but that is not our intent.

Washoe County has used some of the funding for specialized equipment over the years. If the 15 counties outside of Clark and Washoe Counties could generate \$2,000, \$5,000 or even \$10,000, they might use it for training and other specialized equipment for their death investigations.

Only a small percentage of the funding would be used for the new programs: probably between 20 percent and 35 percent of the entire annual budget.

SENATOR SCHEIBLE MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 463.

SENATOR OHRENSCHALL SECONDED THE MOTION.

SENATOR KIECKHEFER:

I will vote to move the bill out of Committee, but I still have concerns with some of the financial issues. I appreciate their hard work to address my concerns in their proposed amendment.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR PARKS:

The next bill in the work session is S.B. 464.

SENATE BILL 464: Revises the Charter of the City of North Las Vegas. (BDR S-1154)

Ms. RUEDY:

I will summarize S.B. 464 from the work session document ([Exhibit K](#)).

SENATOR GOICOECHEA:

This is somewhat broader than the amendment to the Charter of the City of Las Vegas regarding the hearing commissioners and if traffic violations are going to be treated as civil penalties. Would the court assessment be maintained by the City upon which most of our judiciary depends? How would that work? Has there been any discussion?

RHIANN JARVIS DENMAN (Deputy City Attorney, City of North Las Vegas):

At this time, traffic violations are considered misdemeanors; therefore, the Hearing Commissioner would be hearing misdemeanor citations. However, if the law is changed to civil citations, we would have to see how that law is written to determine whether civil citations would be heard in the municipal courts or through a different administrative proceeding.

SENATOR GOICOECHEA:

Are you saying that at this point, no matter what, if a hearing officer is in place, the administrative fees would be collected and passed on?

Ms. DENMAN:

There are no administrative fees. They would be criminal penalties because the infractions the Hearing Commissioner would be hearing would be misdemeanor traffic tickets. Those would be processed through the municipal court. Right now, it would not be administrative fees.

SENATOR GOICOECHEA:

But if it did go through to the municipal court, would those fees be imposed? That is fine if the venue is not changed.

SENATOR GOICOECHEA MOVED TO DO PASS S.B. 464.

SENATOR OHRENSCHALL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR PARKS:

The last bill in the work session is S.B. 465.

[SENATE BILL 465](#): Revises provisions relating to redevelopment areas. (BDR 22-1159)

Ms. RUEDY:

I will present S.B. 465 from the work session document ([Exhibit L](#)).

At the hearing on this bill, questions were raised by the Committee about whether the authority for a redevelopment agency to require that property taxes attributable to certain tax rates levied for public schools would apply prospectively in the event that another existing agency has pledged those property taxes for bonds. To address this concern, a friendly amendment might be considered to clarify that the provisions of the act do not apply to the extent that the provisions would constitute an impairment of the rights of holders of the bonds or similar obligations issued by the redevelopment agency. There is no draft language, but that is the conceptual amendment.

SENATOR GOICOCHEA:

Is there a conceptual amendment coming that is going to clarify the bill?

Ms. CHLARSON:

We did not provide such an amendment, but the Committee could take action to amend and do pass the bill, including the conceptual amendment described in the work session document. We can amend the bill to include language that existing bond obligations cannot be impaired.

SENATOR OHRENSCHALL MOVED TO AMEND AND DO PASS AS AMENDED S.B. 465.

SENATOR SCHEIBLE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR PARKS:

That concludes the work session.

Senator Nicole Cannizzaro, the sponsor of S.B. 196, has requested that the bill be re-referred to the Senate Committee on Finance without a hearing in this Committee.

SENATE BILL 196: Revises provisions relating to preferences in bidding for certain contracts for businesses based in this State. (BDR 28-66)

SENATOR SCHEIBLE MOVED TO RE-REFER S.B. 196 TO THE SENATE COMMITTEE ON FINANCE.

SENATOR ORHENSCHALL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR PARKS:

We will open the hearing on S.B. 272.

SENATE BILL 272: Revises provisions relating to the Public Employees' Retirement System. (BDR 23-749)

SENATOR MELANIE SCHEIBLE (Senatorial District No.9):

Please do not be fooled by my Slide presentation. I am not an expert on the Public Employees' Retirement System (PERS). This bill does relate to PERS, but it was an excellent learning opportunity for me to meet with representatives from the Department of Public Safety (DPS), Nevada Highway Patrol (NHP) and other State agencies to understand how their compensation packages work and how employees are affected by their contributions and employer contributions to PERS.

In the interest of candor, I am speaking to a group of experts more knowledgeable than I in the realm of PERS; therefore, I hope we will walk through this together and you will educate me as I educate you on the specific issues facing certain law enforcement officers and the problem we are trying to solve.

I will start with a visual representation of the differences in the compensation for NHP officers and Las Vegas Metropolitan Police Department (LVMPD) officers when they start in the academy ([Exhibit M](#)).

On the left side of Slide 2, [Exhibit M](#), is the starting salary of an NHP officer and on the right is the starting salary of an LVMPD officer. I took these numbers from the DPS website, from the LVMPD job postings and from the Transparent Nevada website. The largest boxes, as the titles indicate, are the take-home pay. Equal amounts of employer and employee contributions to PERS cap out the total amount of compensation per year.

I want to point out two important points on the graph on Slide 3. The left side is the NHP officer starting salary rounded to the nearest dollar. If I were to apply today to be an NHP officer, I would be offered a compensation package that includes a salary of \$47,000 per year. If I wanted to become a LVMPD officer, I would be offered a compensation package that includes a salary of \$54,000 per year. You will notice on the left side, the NHP arrow points to the difference between the employer and employee contributions; on the LVMPD side, the arrow points to the difference between the take-home pay and the employee contribution. That is because of the way these two different law enforcement agencies advertise their salaries.

The NHP posts their job openings using the highest possible compensation calculation they can which includes both the take-home pay and the employee's contribution to PERS. The LVMPD on the other hand uses the lower of the two options. It reports take-home pay as if it were an individual salary. When someone enrolls in LVMPD, he or she is credited with the additional employee section. The arrows on Slide 4 are demonstrative of the difference.

Both of these employees have a certain amount of money paid into PERS from their salary, and an equal amount is paid by the employer. The way LVMPD explains this to its employees is that the employee is given the take-home pay, and the employer pays the employee portion of the PERS contribution.

The NHP is the inverse of that. Nevada Highway Patrol officers are offered their full pay up front, then they learn they have to take out some of their pay to make the employee contribution to PERS.

This difference comes into play not only in the take-home pay but years down the road when an NHP officer retires versus when an LVMPD officer retires.

The retirement contribution rate is calculated based on the highest three years' earnings for a public employee. That means for every year, a certain number is used to calculate the top three earning years. The number that PERS will use for these two different employees is the NHP employee will be calculated at the rate of \$47,000 per year, and the LVMPD employee will be calculated at \$66,690 as shown on Slide 5. That is probably a number that many LVMPD employees are not familiar with. They have not heard it before, but that represents their take-home pay plus their employee portion of their PERS contribution.

There are a couple different layers of disparity—between the advertised pay, between the take-home pay, between the total amount contributed to PERS by employee and employer—plus, a disparity in the amount that gets calculated into the PERS contribution by the time he or she retires.

We are going to take away the LVMPD officer calculation for a moment and talk about how we bring NHP officers pay closer to LVMPD officers. Slide 6 is basically the same graph. The take-home pay for NHP officers still falls at somewhere around \$37,000. The \$47,000 mark represents the take-home plus the employee contribution and then the employer contribution is on top of it.

The first thing we ask ourselves, I call this Option 1, is what if the employer covered the employee cost because 22 percent is deducted from NHP employees' paychecks to be contributed to PERS.

I forgot to mention that I used the 42 percent calculation for the PERS contribution because that is a standard calculation. If I am wrong, I am wrong throughout my presentation, so the errors cancel each other out. If that is not the correct percentage, the proportions still match up because I applied it to both.

Even if the employer paid the employee portion, the take-home pay and the total amount of benefits will not change. Instead, the amount of the PERS contribution will change as shown on Slide 7. The employee would then be considered to earn \$35,955 per year for the purposes of PERS, and we are nowhere further ahead than where we started.

Let us look as a second option on Slide 8, going in the opposite direction. Instead of having the employees pay into PERS, they are given that difference as take-home pay, and the employer keeps paying the same amount. That increases their take-home pay, it leaves their total benefits flat and their calculated contribution for the purposes of PERS will still be \$47,000. With the added disadvantage of not having paid as much to PERS, this is not legal. It does not fit within the current PERS structure. It is not allowed to have an employer paying approximately \$11,000 into PERS and the employee paying nothing.

That is where we come up with the amendment graph on Slide 9. The amendment graph says that the column on the far left is what is happening now, Option 1 is next to that, then Option 2, the illegal option, and the last column is what we decided to do. The only way to practicably increase the compensation package for an NHP officer is to add something on top. That is the gray box which represents an additional benefit to the employee.

The main reason this is good public policy—this is important for this Committee and this Body to talk about—is that after the officers have completed POST academy training, for which the State has born the burden of paying, the State has not made a return on that investment in the officers' first year on the streets. The State is still making back the amount of money it invested in their education for them to be capable, ready and prepared to serve as NHP officers, protecting individuals in every county in Nevada, on every county road and keeping us safe as State employees. What tends to happen though is that they move on to other employers. After the State pays for their education, they will leave NHP to go someplace like LVMPD that has an overall better compensation package.

Going back to the right column in the graph on Slide 10, I took the employee contribution that I suggested we put on top and moved it to the middle of the graph so it looks the same as the other ones. The column on the left is present day. That is where an employee has a \$47,000 salary and approximately \$35,000 take-home pay if he or she works for NHP. An employee has a \$54,000 take-home pay if he or she works for LVMPD, approximately \$66,000 total compensation. Now we have finally moved the arrow up on the NHP officer salary so that the \$47,000 is more like a floor instead of a ceiling. That is the take-home pay. The PERS calculation is now based on \$58,942. That is a full \$10,000 higher than what he or she was making before. That also

comes almost up to the level of what an LVMPD officer would be making as shown on Slide 11.

I want to be clear that as you look at these graphs, the column labeled "Amendment" on Slides 9, 10, 11, 12 and 13 is where we land if we implement the bill I have proposed. It is still not the same kind of contribution level that an LVMPD officer is going to earn, but it is higher than what an NHP officer was earning before. Slide 12 shows the comparison. We are adding about \$11,000 in an employee contribution which allows them to have a \$54,000 take-home salary and a \$58,000 PERS contribution salary. I missed one of the labels on the left column. It should be employer contribution.

This allows NHP to do a couple of different things as shown in Slide 13. It increases the take-home pay and the PERS calculation, and it allows NHP to advertise their salary at the rate of take-home pay plus the PERS contribution. That would be \$58,942 which is higher than the advertised LVMPD salary of \$54,000. It is not higher than the actual take-home salary or the actual PERS calculation, but going to Slide 10, the disparity is not as great. The arrow between the employee and employer contribution is higher for an NHP officer than the arrow between take-home and employee contribution for an LVMPD officer.

Those many numbers are to help you understand how we came to this solution to this problem. I am not going to lie and say it does not cost money. Obviously, it does, and we worked hard to find a solution. I have worked with representatives from PERS, NHP and DPS to come up with the mathematical side of the equation, but I certainly cannot put into words why this is so important and worthy of our time and attention any better than representatives from NHP and DPS can.

SENATOR GOICOECHEA:

I know you are just talking about DPS. Are you incorporating the Department of Corrections (DOC) and the Division of Parole and Probation within DPS in this bill? Your graph only showed NHP

SENATOR SCHEIBLE:

The purpose of showing NHP was to give a side-by-side comparison. This would include any sworn officer working in DPS or any dispatcher. That would include NHP, DOC, the Division of Parole and Probation and the dispatchers.

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VICTOR SALCIDO (Nevada Highway Patrol Association):

The proposed amendment ([Exhibit N](#)) to the bill would cover all classified employees of DPS. My understanding is that corrections officers are under a different department.

SENATOR GOICOECHEA:

Right, as is the Division of Parole and Probation under DPS.

MR. SALCIDO:

I will add that aside from classified employees of DPS who are sworn personnel, the bill includes dispatchers.

CHAIR PARKS:

Some years ago there was some difficulty because certain individuals were not included. They were sworn officers such as park rangers or wildlife employees. We took every classification in the personnel system that required some kind of POST certification and moved those into the 13.000 series in personnel. What I am hearing in testimony is that we are just talking about a certain group of individuals in the 13.000 class specification.

Just an observation.

SENATOR SCHEIBLE:

That is correct.

MR. SALCIDO:

The Nevada Highway Patrol Association (NHPA) has members in all agencies within DPS representing troopers, dispatchers, parole and probation, emergency management and investigations among others.

I want to thank Senator Scheible for sponsoring this legislation. Throughout the process she never lost sight of the purpose which is to provide some relief to the brave men and women within DPS.

We often talk about public safety being a priority. When we go back to the fundamentals, at its core, the purpose of government—why men and women banded together to build governments in society—is first and foremost to provide for public safety. Those entrusted with providing for the State's public safety are in crisis. When it comes to law enforcement, the one force that

protects the entire State is the force that wears the State's uniforms. They are approximately 35 percent underpaid compared to local law enforcement as Senator Scheible demonstrated.

What does that mean? Thirty-five percent does not sound good, but does that amount to a crisis? Yes it does. It is a crisis because DPS cannot fill vacant positions. It is a crisis because those who serve suffer from low morale and feel undervalued, underserved and forgotten. It is a crisis because of the high turnover rate. There is a crisis based on vacancies. The NHP has approximately 50 vacancies. Forget DPS as a whole, those vacancies signify that troopers patrolling the State are doing so shorthanded. When they are shorthanded, they are putting themselves in greater danger.

If a situation flares up and officers have to call for backup, there might not be backup, or if there is, it would take far longer than it should to reach them. It is not only the troopers who are in greater danger. Being shorthanded means the public is in greater danger. At that point we are failing at government's most basic purpose.

Just before this Committee hearing, I spoke with the president of NHPA. He mentioned that for the area classified as the Carson-Minden-Tahoe area, which includes all of Washoe Valley from Silver Springs and the entire Tahoe Basin, only one patrolman is on duty right now. That is about a 150-square-mile patrol area with only one patrolman on duty.

Not only is pay disparity leading to low morale and greater risk for troopers and the public at large, but it is the high turnover rate that makes this a fiscal crisis as well. The pay disparity is expensive. That is somewhat counterintuitive, but paying our public safety personnel at a level so much lower than other jurisdictions is ultimately expensive for the State. Compared to the risk of putting your life on the line shorthanded, fiscal considerations do not seem as important. However, the truth is we are living in a world where that reality must be considered. We understand that. We live in that same world, which is why costs must be considered and examined. It costs the State approximately \$80,000 to train a cadet, going through the academy and gaining the skills necessary to properly execute his or her responsibilities. Within the first year or two, he or she will leave for another jurisdiction, often in another state because we cannot compete due to the pay disparity. No fiscal note speaks to the loss the State takes on that, but I can assure you it is a real cost.

State law enforcement is in crisis. We heard in an Assembly committee meeting last week about two NHP troopers on food stamps. That is not right. It is not fair to someone who puts on the State uniform and puts his or her life on the line every day to have to turn to food stamps to put food on the table for his or her family. I am asking you to do whatever you can to ease that burden and to begin to solve this crisis. Senate Bill 272 is a great way to do that.

SENATOR KIECKHEFER:

The way I am understanding the proposed amendment, [Exhibit N](#), is we maintain the existing pay rate for the purpose of calculating PERS contributions. Then we bolt additional compensation on the back end where that bolted-on amount is used to calculate the PERS benefit on a go-forward basis. I see that PERS payouts have increased long term, but not enough was paid into the system by either the employee or the employer to fund that actuarial liability. You are increasing the benefit amount without actually increasing how much is going into the system to generate the returns to pay the money at the end when the person retires. How do you reset the actuarial value of PERS by having an artificially low PERS contribution rate for the employee?

SENATOR SCHEIBLE:

It is not an artificially low PERS contribution rate because we have to tack on that additional benefit to the employee that is like a pass-through. The additional amount is being contemplated as part of the employees' salary but not part of their take-home pay because it is being contributed to PERS instead of being put directly in their pockets. Looking at the right-hand column on the graph on Slide 10, instead of the employer covering the whole amount, we are adding this extra block in gray. The employer gives it to the employee who then gives it to PERS. This is an advantage over the employer giving it directly to PERS because that allows for the compensation to be calculated at the \$54,000 rate instead of the \$47,000 rate. That is what happens at LVMPD or the Henderson Police Department or anywhere else.

SENATOR KIECKHEFER:

What is the calculation basis for the employee salary for PERS?

SENATOR SCHEIBLE:

It is always going to be the employee's take-home pay plus the employee's contribution to PERS. If you look at the far left column, Slide 10, they are in a hole. They are being offered \$47,000, but they are only taking home \$35,000.

The NHP is going to fill that hole by increasing their take-home pay plus adding an additional \$11,000 on top of that which will go toward their PERS contribution instead of their take-home. Therefore, the total increase is going to be closer to \$15,000, half of which results in a take-home increase, the other half goes toward their employee contribution to PERS.

SENATOR KIECKHEFER:

The column on the far right, Slide 10, is the proposed amendment. What does the \$47,000 represent?

SENATOR SCHEIBLE:

Their take-home pay.

SENATOR KIECKHEFER:

Is that the basis for the employer and the employee PERS contribution split, or is it the \$58,942 on Slide 11?

SENATOR SCHEIBLE:

The \$58,942 is the calculation for PERS as their full salary. That box in the middle of the far right column is part of their salary, but it is paid to PERS. Another way to think about it is the way an NHP officer's paycheck looks today. If an officer got his or her whole paycheck at one time, it would be total earned is \$47,000; \$11,000 paid to PERS, the officer gets \$35,000 back. We are going to move all of that up and say total earned is \$58,000; \$12,000 of it is paid to PERS and the officer gets \$47,000 of it back.

Does that answer your question?

SENATOR KIECKHEFER:

Yes, it does.

I understand the issue within NHP losing employees, but that is true Statewide. If the concern is over disparities, do you worry about POST-certified employees of other departments having a disparate system as related to other POST-certified employees within State government?

SENATOR SCHEIBLE:

Absolutely. All POST-certified employees who work for the State are underappreciated and undervalued. Obviously, we have serious fiscal

constraints. At this point, I do not bring this forward because NHP officers are more deserving than other POST-certified employees but because they represent the special expense the State is incurring to train them. More people go through the NHP Academy than other law enforcement academies. The NHP has access to the Highway Fund that other law enforcement agencies do not. This gives us a mechanism with which to offset the cost of this plan. We would not have that opportunity for other employees.

MATTHEW KAPLAN (President, Nevada Highway Patrol Association):

It is important that the State considers this bill to end the crisis situation we are in. If something is not done soon and of a significant nature, I fear DPS as a whole will have a large degree of difficulty in meeting its mission to the public, the citizens and visitors to Nevada.

DAN GORDON (Executive Vice President, Nevada Highway Patrol Association):

This has an effect on public safety. We testified last week on the disparity and the differences between LVMPD and DPS officers. It is DPS that is feeling the pinch.

I have the pleasure and honor of being an instructor at the NHP Academy and mentoring many cadets who have a future in law enforcement, hopefully with DPS. Watching them go to another agency within the State for better pay and benefits is tragic for DPS, the citizens and visitors to Nevada.

Something needs to be done to keep those people in order for the whole State to benefit from the great people we are losing.

NICHOLAS MONTGOMERY:

I am a board member with the NHPA. I work as a Division of Parole and Probation officer with DPS. I will tell my story because my story applies to every DPS officer in this room and most DPS officers across the State. It is a common experience.

When I started in 2008 and received my first paycheck, I was confused because I was paying \$302 to an entity labeled PER2E. I had no idea it was coming. I did not know what it was for, and I had many questions. I was not prepared for that expense.

On the first payday for those who started employment with the State on Day 1 of the Academy, a classmate of mine actually quit because he could not afford to live on the paycheck minus that \$300. He had the opportunity to get his old job back and he left because of that.

I have done many things with DPS. I have worked as a trooper on fatal accidents and felony prosecution accidents. I have been a trainer and worked at the Academy. While I was at the Academy, two somber dates always occurred. The first one was when human resources personnel came to explain to the cadets that there was a contribution coming out of their checks they were not prepared for. The next date was about one month into the Academy when they got that first paycheck and were not prepared for that added expense.

We lose people purely based on the fact that from the start, we are not open and honest about what the actual take home is going to be. They are not prepared for that. We cannot compete with other agencies.

If PERS was more equitably contributed, our pay is not that far off from other agencies. It is our PERS contribution that greatly deviates from one to another.

I watch officers leave. I have trained officers who have left. It happens again and again. In the Division of Parole and Probation office in Reno, the most senior line-level officer has approximately 11 years as a police officer. This is a skill set that takes years to master. We rely on officers with 15, 20 or 25 years of experience. Those who have been there and done that. We are losing them. They are not there. Officers with only two years of experience are training new officers. They have not become masters of their trade yet, and they are being put in a position where they have to train new officers.

This causes staffing issues and increased caseloads at the Division of Parole and Probation. Fewer NHP troopers on the road means fewer traffic infractions are stopped, fewer citizens are contacted and less is being done to prevent fatalities on the roads.

Why do I stay? Probably for the same reason the rest of us do. Because we love what we do. Most importantly for me is that I love training the people who are coming up. We have to have some sort of continuity. If I leave, and if everyone else in this room leaves, who is left to train those who are coming up?

We need something to help get us through to the next stage or the next generation of officers. We need something right now. I have been waiting many years for some sort of impact, and I hope this is the year for me.

JUSTIN CLIFFORD:

I am employed by the NHP, but I am currently in unpaid status. I started the DPS Academy in February 2017. I am a new trooper. When I started the Academy, 29 cadets were in my class. It was a rather large class. What was unique was that all 29 cadets were able to complete the training successfully. Two years later, ten of my classmates are no longer with DPS. Some were unsuccessful, and some went to other agencies for the pay and benefits. On Day 2 of the Academy, I was excited. I knew I had just accepted an offer for \$48,000 a year, which is a modest salary. Then the human resources person came in and told me that 22 percent of my paycheck was going to the PERS retirement contribution. That took the blood out of my face. My take-home pay in my first year as a trooper was \$2,600 per month. My rent was \$1,300. I decided that for me to stay, it meant bologna sandwiches. I chose not to go on welfare for prideful reasons, but I did need it. I work many overtime hours to make up that 22 percent, and it is still difficult. I love my job and I want to keep doing it. However, seeing other options and with the training I have received from the State, it would be silly for me not to go somewhere else where I could make significantly more money and support my family in a more responsible fashion. I do not want to be the eleventh student out of my class to leave. Please take this bill into consideration.

JOHN JESSEE:

I retired from the NHP in February 2019. I have never seen the NHP in the shape it is in now because of lack of personnel and morale. It is not good. I started in 2001. I went to Tonopah and then came back to Carson City. When I came back to Carson City, there were 18 troopers in this district. I am going to a retirement ceremony on Friday; 11 or 12 troopers remain. That is why there is only one trooper on duty.

The disparity is huge. A local agency is now paying its sergeants what NHP pays its captains. Just prior to retiring, I had stopped a couple of troopers from outside the State. We got to talking, and I asked them about their salaries and told them about NHP's salaries. They said they would not wear a badge for that amount of money, and then we parted ways. To know that this State has people who wear a bullet-resistant vest, carry a gun, put their lives on the line

every day and are dependent on food stamps is shameful. It is important to do something for the next generation or, eventually, we will not have a next generation.

JAKE KREAMER (Game Warden's Association):

I am not in the DPS system. I am a Nevada Game Warden with the Department of Wildlife (DOW) located in the Carson City-Lake Tahoe area. I have two documents with me; one is my written statement, and the other one is the Nevada Game Warden's Association cost breakdown estimate for the cost of employment for game wardens over the first three years of service, attrition rates and so forth ([Exhibit O](#)).

Yesterday, this bill looked much different. I thought I was coming here to testify on my own behalf. However, as of today, I still testify in favor of this bill even though I get no personal benefit from it because it just benefits DPS.

RICHARD MCCANN (Nevada Association of Public Safety Officers):

On behalf of the DPS officers and dispatchers of the Nevada State Law Enforcement Officers Association, the NHPA and for any of those individuals who are not members of any association, we support S.B. 272 as amended.

CHAIR PARKS:

Could I have a show of hands if you do not wish to speak but would like to show support of S.B. 272?

TRAVIS SMAKA:

I am a trooper with the NHP and a board member with the NHPA. I would like to give you a glimpse into a day of my life as a State trooper in Las Vegas.

On October 1, 2017, many State troopers had substantial roles in that tragedy. Several troopers were on the concert grounds when gunfire erupted. After getting not only their families but any person near them to safety under the rain of gunfire, they returned to the concert grounds to save more lives. Several troopers joined LVMPD officers, North Las Vegas officers and Henderson officers to clear all the casinos along the Casino Corridor after multiple reports of active shooters. That night, many NHP officers were on the ground, shoulder to shoulder with city and county police officers in the worst mass shooting in U.S. history. However, NHP officers made 35 percent less than those

counterparts with whom we stood shoulder to shoulder. Our lives are in just as much peril but we make substantially less. There is something wrong with that.

MICHAEL PELHAM (Nevada Taxpayers Association):

We sympathize with State employees who switch over to local governments, but this bill will increase the total amount paid by the State for PERS contributions to 44 percent of wages. Police and fire employee-employer contributions for the next biennium are increasing from 20.75 percent to 22 percent. The taxpayer will ultimately foot the bill for this increase either through reduction in services or through revenue increases where they are available. For those reasons, we oppose this bill.

DAVID DAZLICH (Las Vegas Metro Chamber of Commerce):

We have concerns with this bill. While we understand that the pay disparity facing Nevada law enforcement is a serious concern, we also have concerns based not only on the cost described by Mr. Pelham and the Nevada Taxpayers Association but about the additional burden being placed on PERS and taxpayers. We are not speaking against pay equity for law enforcement, we are concerned that burdening the PERS system as the vehicle to address it is the correct way to go. For that reason we oppose this bill.

MIKE RAMIREZ (Las Vegas Police Protective Association Metro):

I want to clarify LVMPD's contribution to PERS. It was said that LVMPD pays the employees' contribution and whenever there is a PERS increase, the employees forego a raise or negotiate and LVMPD pays its share and the employees' share as one. It is not that LVMPD pays the whole thing. The employees pay their half as well.

SENATOR KIECKHEFER:

I was going to bring that up earlier. The payment is in lieu of a raise. You negotiate that oftentimes.

When salaries are advertised, does it include your 50 percent of the PERS contribution as part of the compensation package?

MR. RAMIREZ:

When salaries are classified, as you saw on the slide that said starting pay is \$54,000, that is what someone would get as starting pay. That does not

include all the other contributions such as health benefits and so forth that are on top of that. That would be the take-home salary.

SENATOR KIECKHEFER:

When you advertise for the job, you advertise take-home pay, not including that 50 percent.

MR. RAMIREZ:

We advertise just the take-home pay.

TINA LEISS (Executive Officer, Public Employees' Retirement System):

The Public Employees' Retirement Board took a position of opposition to S.B. 272 as introduced. However, the proposed amendment, [Exhibit N](#), would remove the Board's opposition. The opposition was based on the fact that the original bill, as introduced, would modify the contribution rate mechanism in the PERS statutes ruled unconstitutional by the Ninth Circuit Court of Appeals in the early 1990s. That language in statute from 1983 to 1993 had to be removed for that unconstitutional provision.

That is the primary reason the Board opposed the bill. My understanding of the amendment is that it will not modify *Nevada Revised Statutes* (NRS) 286 whatsoever. It will not touch the retirement system's laws. It will not touch the contribution rate mechanism itself.

My understanding of the amendment is that it will tie salary increases in NRS 284 to 50 percent of the employer-paid contribution rate. If correct, that will remove the Board's opposition to S.B. 272.

To clarify, the local government salaries are advertised under employer paid because local governments are mandated to contribute under employer pay. That means the employee's half of the contribution rate is coming from the employer on behalf of the employee, but salary has been reduced for that 50 percent of the contribution rate. If on July 1 when our rate increases by 2 percent on the employer pay side for the police/fire, local government police/fire members will either take a salary reduction of 1 percent, which is half the contribution rate, or they will forego a promised in-lieu-of-pay increase. It advertises that way because it only has the one pay schedule.

The State can pay under the employer pay schedule on a reduced salary. It also has the other pay schedule wherein the employee pays his or her contribution rate as an after-tax deduction from salary. That is where you see the higher pay schedule.

If you look at the State's lower employer pay schedule, you will see that lower salary. If you compare the State's employer pay to the local government's employer pay, you will get an apples-to-apples comparison of the salary. It will make the State look like a lower pay because it will be reduced by that 50 percent. That complicated topic is not well understood.

My understanding of the amendment is that it is a salary issue that will not touch the PERS chapter. It will receive the contributions it should be receiving on any salary increases. If that is the case, that will remove the Board's opposition.

SENATOR KIECKHEFER:

That clarifies it. Ultimately, this is not a PERS change, it is a salary change. We are increasing salary on a commensurate amount to their 50 percent share of the PERS contribution.

Ms. LEISS:

That is my understanding. It is a pay increase tied to 50 percent of the employer pay contribution rate to get those take-home salaries comparable. If that is the case, it does not impact PERS directly, and it does not change our statute.

SENATOR KIECKHEFER:

You would still receive contributions from the State and the employee to actuarially fund that increase.

Ms. LEISS:

That is correct. If the pay increases, PERS will still receive the contribution rate as a percentage of pay. It will receive the same percentage of pay one of two ways. If it is the employee-employer pay schedule, it will get that after the tax deduction from the employee side. If it is the employer pay schedule, it will come from the employer on the employee's behalf as a reduction in salary.

CHRISTOPHER NIELSEN (General Counsel, Public Employees' Retirement System):

I thank Senator Scheible and the proponents for reaching out to us and explaining this rather complicated concept. The objective of the proposed amendment, [Exhibit N](#), is exactly what the bill intends to do which is to provide an initial salary increase for sworn officers based on 50 percent of the total PERS contribution rate.

SENATOR SCHEIBLE:

I just want to clear up a couple of things. It is important to understand. If you look at the graph on Slide 8, ignore the column on the far right and just consider the center column and the left column. That is the difference today between an NHP officer electing the employer pay with a corresponding salary decrease and the employer-employee pay model. The PERS representative is correct when she said NHP officers have the choice between those two options. However, the total benefit is identical. There is no reason for anyone to choose this option in which the take-home pay is the same and the PERS contribution is calculated at that rate, rather than get more money and pay some of it to PERS because the take-home rate is the same either way. They just get to choose whether it comes in the form of a "coupon" for PERS or goes directly as a PERS contribution. It is important to understand that when we are talking about the difference between employer-employee pay versus employer pay contributions.

Another thing I want to clarify is advertised rates and take-home pay. The graph on Slide 12 changes the game for NHP because of what I just explained. The NHP has either the employee-employer pay or the employer pay. The NHP can advertise its salary at the rate between the employer mark and the employee mark, or it can advertise at the take-home mark. The LVMPD and other county organizations do not have a choice. It has to advertise at the take-home mark because it is contributing to PERS via its negotiated collectively bargained contracts. This is the only way we can finally give NHP the option to get an edge. If it decides to keep reporting at the rate between the employer contribution and the employee contribution, that number—for the first time—is higher than the take-home number for LVMPD.

I want to emphasize again, this does not mean that the benefits overall are greater. This does not account for health insurance or other benefits. It does not even address the disparity in the take-home pay, but it is an important part in recruiting and retaining employees.

I want to thank Mr. Kreamer from DOW for his altruistic and informative testimony.

The cost of continuously training officers who are going to leave State employment is measurable. The NHPA will have data for us that indicates the cost of training an officer, keeping him or her for three years, training another officer, keeping him or her for three years and then doing the same thing again three more times is more expensive than just training one officer and keeping him or her for ten full years.

I hope we can get to a place to pass this bill and do some important work for our NHP officers and other DPS employees.

CHAIR PARKS:

We will close the hearing on S.B. 272 and open the hearing on S.B. 494.

SENATE BILL 494: Revises provisions relating to emerging small businesses.
(BDR 27-585)

SENATOR DALLAS HARRIS (Senatorial District No. 11):

The Legislature approved A.B. No. 280 of the 79th Session that created a 5 percent preference for a bid or proposal on State purchasing contracts submitted by a Nevada-based business. At the time, contracts offered by local governments were excluded in order to determine how the program performed at the State level.

The bill I am proposing, S.B. 494, will take some of the concepts approved in the Seventy-ninth Session and apply them to emerging small businesses seeking contracts with State and local government purchasing, public work agencies and certain road construction projects.

For a little background, the State of Nevada's Local Emerging Small Business (ESB) Program is designed to encourage the development and growth of small businesses in Nevada. The program seeks to assist small businesses in obtaining work with State and local government agencies by identifying small businesses that want to contract for goods and services. Nevada businesses interested in doing business with the Purchasing Division and the State Public Works Division, both in the Department of Administration, and/or local governments

must apply to the Governor's Office of Economic Development (GOED) to get certified.

To become certified as an ESB, the business must submit a completed application to GOED; be a local business; be in existence, operational and operating for a profit; maintain its principal place of business in Nevada; be in compliance with all applicable licensing and registration requirements; not be a subsidiary or parent company belonging to a group of firms owned or controlled by the same persons if, in aggregate, the group of firms does not qualify pursuant to the program requirements; and be qualified as either a Tier 1 ESB or a Tier 2 ESB. A Tier 1 business and Tier 2 business are based upon the size of the business.

This bill expands the number of preference opportunities to ESBs. In each case, the bill creates a preference of 5 percent. The bill allows ESBs to receive a 5 percent preference on local government purchasing contracts, State purchasing contracts and State public works contracts.

To avoid certain issues related to federal contracting, the preference must not be for the award of any contract which uses federal money, unless such a preference is authorized by federal law, or for any contract which has been procured on a multistate basis.

This bill also imposes certain penalties and restrictions upon a business that makes a material misrepresentation or commits a fraudulent act in applying for the preference or fails to comply with the requirements for the preference.

In addition to the preferences mentioned previously, this bill also expands the ESB Program to contractors and authorizes them to receive a weighted 5 percent preference as an ESB for State public work projects with an estimated cost of \$250,000 or more.

The final preference is for design-build teams. Design-build is a project delivery method in which a government agency contracts with a single entity to complete the design and construction of a project. Characteristically, a project is approximately 25 percent to 35 percent designed with a well-defined scope and knowledge of project risk at the point invitations to bid are requested via a value-based procurement. This bill authorizes design-build teams to use a

preference as an ESB on contracts related to construction, reconstruction or improvement of a highway.

The government contract marketplace is increasingly competitive. Small business certification such as the ESB Program provides local Nevada small businesses with an opportunity to highlight their capabilities and set themselves apart from their competition. This bill will allow us to build up our industry base, expand opportunities to new market entrance and provide new job opportunities to a broader segment of the workforce in our State.

SENATOR KIECKHEFER:

Section 20 of the bill allows the State Public Works Board to develop a similar program. Is that correct, or is it just regulatory authority?

SENATOR HARRIS:

The second part of what you said is correct. It gives the Board the ability to adopt regulations necessary to do what we would like them to do.

SENATOR KIECKHEFER:

On the issue of contracting, the regulations under certified ESBs have low-revenue thresholds and so forth. Did you hear from any contractors fitting that description as to whether they can meet bonding requirements and things like that for State public works jobs?

SENATOR HARRIS:

I have not heard from any contractors worried about meeting bonding requirements. It is my understanding that on a preliminary basis, and please allow me to follow up with you, no other requirements for projects will necessarily be waived, although I imagine the State Public Works Board may adopt regulations to make it easier for these contractors to participate. The idea is to give them that 5 percent preference to make them competitive.

MR. DAZLICH:

The Las Vegas Metro Chamber of Commerce supports S.B. 494. This bill is a great opportunity to help develop ESBs in Nevada and to keep taxpayer dollars here while supporting Nevada jobs.

HEATHER LUNSFORD (Henderson Chamber of Commerce):

The Henderson Chamber of Commerce supports S.B. 494. The bill will provide a bidding preference to small, young businesses in Nevada. This is an avenue that can support and encourage entrepreneurship and provide small businesses with the opportunity to grow and flourish.

J. D. CALHOUN (Muller Construction):

We support this bill. This is something that should have been done a long time ago. Small businesses have a hard enough time trying to start up and sustain themselves. Doing this would help small businesses and help the economy grow.

GINNIE SALAZAR (Logistical Solutions):

I own an environmental contracting firm called Logistical Solutions. It is a certified woman-owned business and a Tier 2 ESB. I support S.B. 494 to put a 5 percent preference to local emerging small businesses. This will be a great addition to statute and would help keep the funds awarded on those contracts in our local communities. When you support local small businesses, you are supporting the strength and growth of the local economy.

I thank Senator Harris and Senator Spearman for putting this bill together and for supporting small business communities in Nevada.

I support S.B. 494 and hope you do the same.

MYISHA WILLIAMS (Vice Chair, Nevada Commission on Minority Affairs):

The Nevada Commission on Minority Affairs is a proud advocate of our State's small businesses, and we appreciate Senator Harris for bringing this bill forward. We support S.B. 494 because it is an important first step in assisting these entities to overcome common barriers that have historically made it challenging for them to obtain work with State and local government agencies.

Small businesses are a vital contributor to the local economy as well as to the State's growth while supporting approximately 42 percent of Nevada's workforce, according to the U.S. Small Business Administration. For this reason, there should be a shared interest in their development and growth through public procurement opportunities. The proposed amendment to NRS pertaining to emerging small business certification would award a preference in total awarded score for ESB certification holders if they submit a bid in which the

difference between it and the lowest bidder, that is not ESB certified, is within 5 percent of the award.

It is clear that the State sees the benefit in investing in its small businesses as it has already committed time and resources to the existing certification program. However, many businesses are not renewing their certifications. We believe that a 5 percent preference will bring the necessary value added to the certification, promote recertification and encourage even more small businesses to emerge, seek certification and successfully compete to the benefit of the entire State.

JULIE MACALISTER (JMac Productions):

Two years ago, I had the opportunity to go through the Clark County Small Business Opportunity Program. This is a 12-week course I and 20-plus other companies were educated and informed about certifications such as ESB, the U.S. Small Business Administration, the Disadvantaged Business Enterprise program and many others. We had a choice to take the next step. Some of these certifications take a couple days to complete, others took three to four months. Some were just paperwork and others required taxes and so much more. But the point is that in order to get these certifications, we had to go through a process and a checklist, and it took time and money to invest in this. I and others took the effort to go through this process to be able to bid on State and government contracts.

I have opportunities to bid on contracts, but if I am not the lowest bidder, no money is awarded to my company in any way as a local company. I also bid against companies that do not have certifications and against out-of-state companies. A large contract came out for media. It is rare to have a contract for media. A few companies, including mine, got together and we went after this contract. The contract went to an out-of-state, minority-based company because it was the lowest bidder. Over \$200,000 went out of state and was not spent in Nevada.

Nevada offers so many different programs. A friend of mine suggested that I check out these programs, otherwise I would have had no idea. However, it is disappointing that businesses go through the programs, take the extra step, get multiple certifications, meet all the requirements and lose the contract to a lower bidder that has no certifications or some certifications, or the money goes to an out-of-state company.

Passing this bill would be excellent for businesses. It would be great for Nevada as a whole because it would encourage businesses to get to know the certifications that are out there. It also will give businesses opportunities to connect with the State and counties on a different level.

Businesses getting their certifications is key because it gives businesses accountability to reach a certain level. When a business gets its certification, it is not just a piece of paper. There are interviews, questions and meeting many requirements. Some of them are simple, but most of them are not.

Having the 5 percent preference would be a great payoff and a great incentive for local businesses. In the last two years, I have seen some of the benefits of having these certifications. Mostly, it is the people I have gotten to know. I have also felt the sting of losing contracts to out-of-state companies when I had the team, the players and the capability right here within Las Vegas.

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CHAIR PARKS:

We will close the hearing on S.B. 494.

Having no further business to come before the Senate Committee on Government Affairs, we are adjourned at 3:56 p.m.

RESPECTFULLY SUBMITTED:

Suzanne Efford,
Committee Secretary

APPROVED BY:

Senator David R. Parks, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	11		Attendance Roster
S.B. 111	C	3	Jennifer Ruedy	Work Session Document
S.B. 135	D	25	Jennifer Ruedy	Work Session Document
S.B. 153	E	3	Jennifer Ruedy	Work Session Document
S.B. 158	F	3	Jennifer Ruedy	Work Session Document
S.B. 295	G	5	Jennifer Ruedy	Work Session Document
S.B. 416	H	1	Jennifer Ruedy	Work Session Document
S.B. 459	I	23	Jennifer Ruedy	Work Session Document
S.B. 463	J	10	Jennifer Ruedy	Work Session Document
S.B. 464	K	1	Jennifer Ruedy	Work Session Document
S.B. 465	L	1	Jennifer Ruedy	Work Session Document
S.B. 272	M	13	Senator Melanie Scheible	Presentation
S.B. 272	N	1	Victor Salcido / Nevada Highway Patrol Association	Proposed Amendment
S.B. 272	O	4	Jake Creamer / Nevada Game Wardens Association	Testimony in Support; Game Warden Attrition and Cost Estimates