

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Eighty-first Session  
May 25, 2021**

The Senate Committee on Finance was called to order by Chair Chris Brooks at 8:07 a.m. on Tuesday, May 25, 2021, Online and in Room 1214 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Chris Brooks, Chair  
Senator Moises Denis, Vice Chair  
Senator Julia Ratti  
Senator Nicole J. Cannizzaro  
Senator Marilyn Dondero Loop  
Senator Ben Kieckhefer  
Senator Pete Goicoechea  
Senator Scott Hammond  
Senator Heidi Seevers Gansert

**STAFF MEMBERS PRESENT:**

Wayne Thorley, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Eileen O'Grady, Counsel  
Adam Drost, Senior Program Analyst  
Ian Gahner, Committee Secretary

**OTHERS PRESENT:**

Suzanne Bierman, Administrator, Division of Health Care Financing and Policy,  
Department of Health and Human Services  
Julie Butler, Director, Nevada Department of Motor Vehicles  
Jhone Ebert, Superintendent of Public Instruction, Department of Education  
Chris Daly, Nevada State Education Association  
Hawah Ahmad, Clark County Education Association  
Victor Salcido, Charter School Association of Nevada

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Dusty Casey, Cofounder and Chief Financial Officer, Oasis Academy Charter School

Terri Laird, Executive Director, Retired Public Employees of Nevada

Kent Ervin, Nevada Faculty Alliance

Douglas Unger, President, University of Nevada, Las Vegas Chapter of the Nevada Faculty Alliance

Priscilla Maloney, American Federation of State, County & Municipal Employees

Jeanette Belz, Friends of ACE High School

CHAIR BROOKS:

I will open the hearing on Senate Bill (S.B.) 456.

**SENATE BILL 456**: Revises provisions relating to the State Dental Health Officer. (BDR 40-1159)

WAYNE THORLEY (Fiscal Analyst):

Senate Bill 456 is a budget implementation bill related to a budget closing decision made by the Senate Committee on Finance and the Assembly Committee on Ways and Means, also known as the Money Committees, transferring the State Dental Health Officer from the Division of Public and Behavioral Health to the Division of Health Care Financing and Policy. This makes the position unclassified.

SUZANNE BIERMAN (Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services):

Senate Bill 456 implements the Division's budget as closed by this Committee by changing statutes necessary to transfer the State Dental Health Officer position to the Division of Health Care Financing and Policy. Transferring this position results in State General Fund savings because 75 percent federal matching funds are now available for this position.

CHAIR BROOKS:

I will close the hearing on S.B. 456 and open the hearing on S.B. 457.

**SENATE BILL 457**: Revises provisions governing the State Highway Fund. (BDR S-1163)

JULIE BUTLER (Director, Nevada Department of Motor Vehicles):

Sections 1 through 3 of S.B. 457 reenact and extend through June 30, 2026, the maximum amount of Highway Fund dollars the Department of Motor Vehicles (DMV) can use for the cost of administration from 22 percent to 27 percent. Section 4 provides authorization for the DMV to expend up to 27 percent of Highway Fund money for the cost of administration retroactively to June 30, 2020. Section 5 makes the bill effective upon passage and approval and applies retroactively from and after June 30, 2020.

The practical effect of S.B. 457 allows the DMV to use a greater percentage of Highway Fund money to replace the DMV's technology platform and help fund the transformation project to move the majority of our services online in the next four years. During the Covid-19 pandemic, it became clear to us this needed to be our No. 1 goal, as was seen with many other businesses and State agencies. This bill is needed to continue our progress on this critical project for the DMV and Nevada.

SENATOR KIECKHEFER:

Did you go over the cap of 22 percent in terms of administrative expenses from the Highway Fund last fiscal year? Are you expecting to this fiscal year?

Ms. BUTLER:

We did not go over the cap for fiscal year (FY) 2020-2021. The reason is because we paused the transformation project in FY 2020-2021 to conduct a study of what was needed and developed a roadmap forward for our transformation process. Other than the study, there were not many expenditures in the last fiscal year. We are not anticipating that to be the case going forward.

SENATOR KIECKHEFER:

As you make your transformation in the upcoming biennium, that seems logical. What is the need to make S.B. 457 apply retroactively to FY 2020-2021?

Ms. BUTLER:

The need to make S.B. 457 apply retroactively is due to S.B. No. 542 of the 80th Session being declared unconstitutional, and we need the authority to continue spending up to that amount.

SENATOR KIECKHEFER:

If you were not going above 22 percent in FY 2020-2021, then the retroactive provision seems unnecessary. I would understand the need to increase it to 27 percent in the upcoming biennium, but for our current biennium if we do not cross over 22 percent, why do we need this retroactive provision?

MS. BUTLER:

Along with that came the DMV's collection of the \$1 technology fee. The DMV did collect that fee through FY 2020-2021. Making S.B. 457 apply retroactively would ratify that fee.

SENATOR KIECKHEFER:

I do not think that is the case. There is a separate bill in the Assembly that deals specifically with the technology fee. If the indication is S.B. 457 retroactively applies the fee that is not how I read this bill.

MR. THORLEY:

Fiscal staff's understanding is S.B. 457 only applies to moving the administrative cap from 22 percent to 27 percent, and a separate bill has been introduced in the Assembly to address the \$1 technology fee extension.

CHAIR BROOKS:

Would S.B. 457 be necessary to facilitate the passage of that other bill?

MR. THORLEY:

When the Money Committees closed the DMV's budget there was information provided to the members regarding where the Agency would be for the administrative cap with and without the technology fee for the upcoming biennium. In both cases, based on current and approved budget expenses for the upcoming biennium the Agency would be under the cap. However, the DMV does have budget authority to transfer funding related to the modernization project between fiscal years which, as Director Butler explained, precipitates the need for the increased cap. As far as FY 2020-2021 and whether the retroactive 27 percent cap is needed as a result of the \$1 technology fee not being allowable, I would need to check with our DMV analyst to get information.

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MS. BUTLER:

Without extending the cap, we would need more Highway Funds in FY 2021-2022. That is the reason for making S.B. 457 retroactive.

SENATOR KIECKHEFER:

For clarity's sake, for the current fiscal year would your budget go over the 22 percent cap? I am not sure what you mean by saying you need more from the Highway Fund.

MS. BUTLER:

Senate Bill No. 542 of the 80th Session had the technology fee and the listed cap of 22 percent going through June 30, 2022. When it was declared unconstitutional, it created a gap. We need additional Highway Fund appropriations because we cannot collect the technology fee in FY 2021-2022 without S.B. 457.

SENATOR KIECKHEFER:

What will the additional Highway Fund appropriation be used for?

MS. BUTLER:

The funds will be used for the DMV's program for transformation.

SENATOR KIECKHEFER:

Do you mean the technology project?

MS. BUTLER:

Yes.

SENATOR KIECKHEFER:

What is the total amount for that project? I heard it is \$7 million. Will that \$7 million push the DMV over the cap of 22 percent?

MS. BUTLER:

Yes, we would be close to that 22 percent cap.

MR. THORLEY:

For FY 2020-2021, the projected revenue for the \$1 technology fee is about \$5.9 million.

CHAIR BROOKS:

Is the change of the cap in the same piece of legislation as the technology fee?

MR. THORLEY:

Correct. The 27 percent cap only applies to FY 2020-2021 for the retroactive portion of S.B. 457.

SENATOR KIECKHEFER:

My understanding is the DMV will not exceed the 22 percent cap, so applying that change retroactively would be unnecessary. Ms. Butler is indicating that if the DMV brings in more from the Highway Fund for FY 2020-2021 it would maybe cause it to go above the 22 percent; I want to get that dialed down to fully understand. Going forward, I have no problem in raising the cap to 27 percent.

SENATOR SEEVERS GANSERT:

What would help me is a definition of how much money the DMV needs to spend. Perhaps you will not exceed the 22 percent cap in FY 2020-2021. This legislation seems unusual to me because typically we have legislation specifically for projects and what the dollars are. Even if we define what the dollars are, we have to figure out whether they are above or below the 22 percent cap. If we know what the expenses are during the fiscal years, we can figure out exactly where the DMV needs to be for the cap.

Are the dollars in another bill and S.B. 457 is changing the cap so you do not exceed that, or can the dollars be spent outside the cap? This cap is set to expire in 2026. It is concerning to me because we want to make sure that expires. Sometimes we set ourselves up with a temporary bump, and then it never reverts back.

MS. BUTLER:

In looking at our projections for FY 2021-2022, we are only at about 13 percent of the cap without the technology fee revenue. I would agree we do not need the 27 percent in FY 2021-2022. For FY 2022-2023, we are looking at about 18.5 percent of the cap without the technology fee and 20 percent in FY 2023-2024. We need the flexibility to transfer those funds between fiscal years because of the nature of large projects, particularly information technology projects. The practical effect of moving money between fiscal years

may put us over that 22 percent cap. This is why we are requesting the 27 percent cap increase.

SENATOR SEEVERS GANSERT:

Thank you, that is helpful. It sounds like you are substantially below the cap for FY 2021-2022 and FY 2022-2023. Where do you think you will land in future fiscal years? Going from 22 percent to 27 percent is significant. Do you have to come to the Interim Committee on Finance (IFC) to transfer those funds? Perhaps we can narrow down the cap a bit. I think 27 percent, especially when you told us you will not get around 20 percent, is high.

MS. BUTLER:

We do have some margin and would have to go to IFC to request a transfer of funds between those fiscal years. Keep in mind if there are unanticipated expenditures we might need that would also account for additional Highway Fund dollars. We are trying to be proactive and not expend more than we are legislatively authorized by going up to the 27 percent. With IFC approval to transfer money between fiscal years it would give the DMV the flexibility we need to sustain the project going forward for the next four years.

SENATOR SEEVERS GANSERT:

Is there is a federal package that will become available? Does the 22 percent apply to all federal dollars that come through, or will it be increased because of incoming federal dollars?

MS. BUTLER:

Any federal funds the DMV acquires would be outside the cap.

SENATOR GOICOECHEA:

Even though the federal dollars are outside the cap, would they be available?

MS. BUTLER:

We are not certain what would be available to the DMV. We have looked at a high level at the Governor's plan for incoming funds and are trying to ascertain where we might fit in. We have not undertaken an in-depth analysis and undergone any sort of application process.

CHAIR BROOKS:

Based upon your updated numbers, removing any retroactive language on the cap would not limit the DMV's ability to do what it is doing as long as you have the flexibility moving forward? Is the cap increase moving forward there so you have the flexibility to move money between fiscal years?

MS. BUTLER:

Yes, that is correct. Looking at our projections in FY 2021-2022, we are fine with the Highway Fund cap. We are concerned about FY 2022-2023. Additionally, if the revenues do not come in as projected for FY 2022-2023, we would need a higher percentage of the Highway Fund to sustain the project, which is where the 27 percent cap comes in.

SENATOR SEEVERS GANSERT:

Right now, S.B. 457 is tying back to the technology fee which was found to be unconstitutional. If we are updating this bill, we need to make sure it is not tied to the technology fee.

CHAIR BROOKS:

I will close the hearing on S.B. 457 and open the hearing on S.B. 353.

**SENATE BILL 353**: Requires the Department of Education to review certain assessments. (BDR 34-528)

SENATOR MOISES DENIS (Senatorial District No. 2):

Senate Bill 353 came out of the Interim Committee on Education. This is an issue we have talked about before. We have done a study before to look at the exams and assessments we do, but it was at a higher level. Senate Bill 353 is more in-depth, looking to see what is being done at the classroom and district level. The concern we heard was we are testing too much. This bill will create a study to look at ways to reduce testing so there is more classroom instruction. This bill requires an appropriation to conduct this study.

CHAIR DENIS:

This bill appears to be straightforward. There is one fiscal note as an appropriation to the Department of Education (NDE) to do this study. Are there any other fiscal impacts to be aware of?



MR. THORLEY:

That is correct, there is just the one fiscal note from the NDE. The amount is \$250,000 over the biennium for contracts to evaluate the existing evaluations and assessments. There is also a \$2,864 note in FY 2022-2023 related to costs associated with promulgating regulations.

CHAIR DENIS:

I also note an effect on future biennia of \$250,000 as well. Is this an ongoing contract or a four-year commitment?

MR. THORLEY:

Based on the language in S.B. 353, the requirement on the NDE to review examinations and assessments appears that this would be an ongoing cost.

CHAIR BROOKS:

Based on the requirements of S.B. 353, would there be a need moving forward with \$250,000 every biennium to maintain the requirements in the bill?

JHONE EBERT (Superintendent of Public Instruction, Department of Education):

If the Legislature would like NDE to continue assessing how school districts are administering the data received from the school district and how it is improving student achievement, then it would be an ongoing, recurring cost.

CHAIR BROOKS:

I must be misunderstanding S.B. 353 because I did not see this as something which is ongoing more than just a onetime study.

SENATOR DONDERO LOOP:

What would happen if we did not have this study ongoing and only did it for one biennium?

MS. EBERT:

The bill is requesting we go deeper than what had transpired during the last Legislative Session. We want to look at not only the federal and State assessments but also dig deeper into what is required on a district and local level for students to take. It is not just creating a baseline of what exists.

If we were just to do a study over the two years, we would collect all that data. The bill asks the NDE and State Board of Education to adopt regulations. Over

two years we would be creating a baseline, and if we wanted to continue deeper we would need additional funding per the bill as written. There are other states which do assessments like this on a repeating basis.

SENATOR DONDERO LOOP:

Can you give us an example of other states that engage in this kind of process? Something else I do not think others realize is these assessments are federally mandated. Can you provide more detail?

MS. EBERT:

Massachusetts and New Hampshire are examples of states which do this kind of process. This is an opportunity for us to truly understand what has transpired over time. We are seeing a shift as well with the new U.S. Secretary of Education who wants to review the require assessments.

The biggest part of this we will need to make sure is clear when we finish is the communication component. There are times when our community does not understand what is federally, State or locally mandated at each district level. That layering, and clearly understanding requirements for us to receive federal funds, is to make sure we are assessing our students. We could all be doing a better job in demonstrating why we assess and making sure once the information is provided we take action.

SENATOR RATTI:

Senate Bill 353 sets limits on the amount of time that can be dedicated to assessments for a school district. In the regulatory process, is it your intent to have an ongoing communication process with school districts to ensure the limitations S.B. 353 are followed?

MS. EBERT:

Yes.

SENATOR RATTI:

Would it be this position's job to check in and see that is happening?

MS. EBERT:

Yes.

SENATOR RATTI:

If it is an ongoing effort, the language in the fiscal note for S.B. 353 says:

Estimates for future biennia impacts were not included in the estimate because the proposed legislation does not indicate the frequency at which to review examinations and assessments.

To Chair Brooks' point, the bill is vague, but if the intent is to do this on an ongoing basis, why use a contractor and not an employee? Is it external expertise we do not have?

MS. EBERT:

At this time, the expertise needed is not something the NDE has.

SENATOR KIECKHEFER:

If a student is taking four advanced placement (AP) exams, would those AP exams potentially count against the cap on the amount of time that could be dedicated to testing?

MS. EBERT:

The AP exams are not required; they are an individual choice by students and families. I would not recommend we include those as mandatory examinations.

SENATOR KIECKHEFER:

Do college entrance exams have an educational benefit?

MS. EBERT:

Yes.

SENATOR HAMMOND:

I am trying to figure out exactly how this process will roll out. When you hire an outside source, you are laying out for the districts what federal and State exams you must take. Then the evaluation is how much the district tests administered to students impact the ability to take the federal and State tests. Basically, you are showing the districts they are taking too much time to administer various testing, while also ensuring they are taking the time necessary for federal and State testing. You are giving them a guide on how to eliminate district tests that are not necessary. That is the way I see this happening. Why do you need to do

this every two years? Once you produce a guide, would that not last for a certain number of years until there are changes in federal and State testing?

MS. EBERT:

You are right in everything you noted. We will most likely see a shift in the federal assessment system; that is what they have been signaling. We should monitor on both the federal and State level why we are doing these assessments and how they are being used.

I do not think we have done a good job as a State to ensure we explain why these assessments are important. Many people do not understand assessments are an equity driven piece so we have an understanding of gaps. Adding to your statement, it is also critically important the teacher piece is examined. We need to make sure we are not duplicative in our assessments, and teachers have the time to teach.

SENATOR HAMMOND:

Adding to Senator Ratti's point, at some point you should bring in the expertise to the NDE instead of hiring a contractor every two years. It is an unnecessary expense. We would want someone around that knows what is going on at the federal level and continually updating everyone.

CHRIS DALY (Nevada State Education Association):

We support S.B. 353. We spoke on the bill in the policy Committee, as a top concern of classroom educators has been too many standardized tests. Since 2017, we have been active on the issue of shifting the focus away from student learning toward a culture of high-stakes testing. We know S.B. 353 would require the NDE to look at the benefits, costs and any inefficiencies in student assessments, and adopt regulations to prescribe limits on the time and number of student assessments. While there is a fiscal note, we believe over time the savings of this bill in terms of fewer payments to testing companies would achieve a cost savings to the State.

CHAIR BROOKS:

I will close the hearing on S.B. 353 and open the hearing on S.B. 458.

**SENATE BILL 458**: Ensures sufficient funding for K-12 public education for the 2021-2023 biennium. (BDR 34-1169)

MR. THORLEY:

Senate Bill 458 is the assigned bill number to the K-12 education funding bill draft request (BDR) that Fiscal staff walked the Joint Meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance through yesterday evening. The language in S.B. 458 is exactly the same as the language that was presented to the Joint Committees in the BDR form.

SENATOR SEEVERS GANSERT:

I still have not figured out the charter school piece and how individual charter schools are not held harmless. Some of them have as much as 15 percent cuts year over year. Even with the small area adjustment, there are more than a few charter schools that will be short. I am not sure how we remedy that.

MR. THORLEY:

There are a couple things to note as S.B. 458 relates to charter schools and when comparing the adjusted base per-pupil amount for charter schools to the adjusted base per-pupil amount for school districts where the charter school may be located. First, the Money Committees approved extending a portion of the equity adjustment to charter schools.

There are two parts of this adjustment. There is an attendance area adjustment for remote locations, and there is also a size adjustment. Small schools with fewer students and in need of more resources receive an adjustment. The charter schools are only getting the attendance area adjustment and not the small size adjustment. The reasoning behind this was charter schools have the ability to control their size. A charter school in a particular county will not necessarily have the same adjusted base per-pupil as the school districts in the county because the equity adjustment is a little different.

It is important to note that the adjusted base per-pupil numbers for a school district include all the schools in that district. A good example would be White Pine County. The adjusted base per-pupil number for White Pine County includes all the schools there, not just those that are in Ely that may not get as much or any adjustment for the remote location. This also includes schools in Lund and McGill, which are far away from the population center in Ely and therefore have a higher adjusted base per-pupil amount. All of that gets rolled into the White Pine County adjusted base per-pupil number, which could cause the individual counties adjusted base per-pupil number to be higher than a charter schools adjusted base per-pupil in the same county. When it comes to

charter schools, that number is specific to that charter school and not to all the schools in the county.

SENATOR SEEVERS GANSERT:

That makes a lot of sense when I look at the smallest schools being hit the hardest and probably the ones who can least afford it because they do not have room to balance their budgets. When you detailed the attendance level and small size adjustment, it sounded like charter schools are being treated differently than your "mainstream" public schools if the "mainstream" public schools are being given both pieces. That is concerning to me because the smaller a school is the more they are hurt. Has a calculation been made to see what it would take to ensure charter schools have the attendance level and small size adjustment?

MR. THORLEY:

That calculation has not been performed.

SENATOR SEEVERS GANSERT:

That would be a good number to have. The schools that have maybe 50 to 250 kids are being hit extremely hard, and the ones that have 9,000 kids are increased almost 3 percent. When you are in a large school district and you have a small school, you can move your dollars around, but when you are an independent charter school that is sponsored by either a local school district or the State, they do not have room to move funds around. Now that we have a level of understanding, that would be an important number to have.

SENATOR GOICOECHEA:

There is also inequity in Elko County. We have a charter school in Elko, and they are receiving significantly less money despite being in the same setting. I understand the calculation that Mr. Thorley explained and why they do not get the small size adjustment. It does not allow for parity. It will be a problem to those charter schools. They are educating those students in their county.

SENATOR DENIS:

If we look at how much charter schools get versus what they would get under S.B. 458, did we make adjustments which increased what they were getting? What are they getting today versus next fiscal year?

MR. THORLEY:

It varies by charter school; there are several in the State and I cannot make a blanket statement. The decision was made to evaluate charter schools as a group rather than on an individual basis when evaluating whether charter schools would be on the Pupil-Centered Funding Plan or on hold harmless. That was only done for purposes of evaluating hold harmless. When that evaluation was done, all the charter schools as a group fell on the Pupil-Centered Funding Plan and not the hold harmless provisions. As a result, there will be variations in the level of funding per charter school.

SENATOR SEEVERS GANSERT:

About a third of the charter schools are not where they were the prior year since they are not held harmless. The smaller ones are having the issues. I had asked about the information in regard to dollars to at least hold them harmless if not to add an increase. How long would it take to get that information? We are under a time crunch.

MR. THORLEY:

It is difficult for Staff to estimate how long that would take.

ADAM DROST (Senior Program Analyst):

We did run calculations comparing the FY 2022-2023 amounts that would be provided to each charter school. There are 56 charter schools. Of those, nine would receive less funding than they received in FY 2020-2021 on revenue received amounts. Of those, two are anomalies because they reflect decreases in enrollment. For the remaining seven, they would receive less funding than they received in FY 2020-2021.

SENATOR SEEVERS GANSERT:

How much funding would that be?

MR. DROST:

For those seven charter schools, the reduction totals to about \$1.4 million in FY 2022-2023.

SENATOR SEEVERS GANSERT:

To hold them harmless as individual schools it sounds like it would be another \$1.4 million, which is not that much to the State but a lot to those schools. This is concerning to me because that would be their base moving forward. This

year is the most critical year for how we set all these numbers. That is why we went back and revised the model to make sure we added to the base substantially before we went to the weights to try to get as many school districts out of hold harmless as possible. To treat charter schools equally, it sounds like we need to add more money.

HAWAH AHMAD (Clark County Education Association):

We support S.B. 458. Throughout the history of education in Nevada we have consistently put our students and educators last. However, this Legislative Session and under this bipartisan leadership we have done what we thought was impossible and consequently we put more money in education than we ever have. There is no way for us to thank everyone on this Committee and in this Legislature for the hard work that has been accomplished over the last week, but we will try.

The one thing we can note is you heeded our call when we asked for help with funding. As we proceed with the implementation of the pupil centered funding plan, we ask we all continue to work together and stand ready to continue the work with this Legislature, the Governor, gaming and mining to ensure we continue to put our students first in Nevada.

VICTOR SALCIDO (Charter School Association of Nevada):

We have the same concerns that were addressed here today after seeing the numbers as they were released yesterday. Mainly, we have at least nine schools that will be in a hold harmless position. Yet, because we are lumped together collectively for the triggering of that provision, we are not held harmless. That is a grave concern because those schools are some of our smaller schools with less margin for error to make ends meet. For those schools, it would be an existential crisis.

We heard over and over in the last two years that during this transition no child or school would be harmed. We are concerned that a number of schools have fallen through the cracks. We would ask that hold harmless be applied on an individual school level because that is how charter schools are funded. We are not funded collectively. It would not make any more sense to say school districts would be held harmless, but they are collectively lumped together as a State to see if funding went up or down. Charter schools are funded individually, lumping them together negates the purpose of hold harmless for many of them. We oppose S.B. 458 as written.



DUSTY CASEY (Cofounder and Chief Financial Officer, Oasis Academy Charter School):

I am speaking today as an administrator of a school, and I oppose S.B. 458 because of the hold harmless issue for charter schools. Hold harmless is in place to ensure no child receives fewer educational resources and thus fewer educational opportunities than they were afforded in FY 2020-2021. Grouping charter schools together for hold harmless and evaluating on total funding is no different than grouping districts and performing the same analysis.

Increased resources in total does not eliminate harm to individual schools and students. Charter schools operate as their own individual districts with the same burdens of running a district. A charter school located in Elko County is no more similar to a charter school in Las Vegas than Elko County School District is to Clark County School District. They are completely different animals. Fundamentally, the Pupil-Centered Funding Plan creates equity for every student by ensuring resources follow the student. Hold harmless should be administered in the same manner. I would ask that you please implement hold harmless, not only at the pupil level for calculation purposes, but at the school level as well for public charter schools to protect educational opportunities for every student in Nevada.

CHAIR BROOKS:

I will close the hearing on S.B. 458 and open the hearing on S.B. 451.

**SENATE BILL 451**: Establishes for the 2021-2023 biennium the subsidies to be paid to the Public Employees' Benefits Program for insurance for certain active and retired public officers and employees. (BDR S-1160)

ALEX HAARTZ (Principal Deputy Fiscal Analyst):

Senate Bill 451 is colloquially known as the Public Employees' Benefits Program (PEBP) rates bill. This is the outcome of the budget hearings and establishing a budget for the 2021-2023 biennium. Senate Bill 451 is a budget-implementation bill. Section 1 establishes the composite State employer monthly contribution of \$727 per month in FY 2021-2022 and \$755 per month in FY 2022-2023. There are a handful of non-State active participants and their employers would potentially contribute as well.

Section 2 of S.B. 451 establishes the contributions for retirees. Section 2, subsection 1 provides the contribution for non-Medicare retirees, which is

\$471.50 per month in FY 2021-2022 and \$498 per month in FY 2022-2023. Section 2, subsection 2 begins the section dealing with the State contribution for Medicare-eligible retirees participating in PEBP. In subsection 2, for those persons who retired before January 1, 1994, the base State contribution is \$195 per month, which is \$13 per month per year of service as the Committee approved at 15 years base service. For retirees who retired after January 1, 1994, it is \$13 per month, up to a maximum of \$260 per month for 20 years of service. This bill becomes effective on July 1 for purposes of funding employer contributions.

TERRI LAIRD (Executive Director, Retired Public Employees of Nevada):

We support S.B. 451. Our members depend on their health reimbursement arrangements of \$13 per month per years of service that max out at 20 years equating to roughly \$260 per month. Our members need this benefit as they are on a fixed income. We are happy this contribution was raised from the original Governor's recommendation. We urge your support of this bill to keep that level of contribution for the retirees and for the active, still working persons who depend heavily on this support.

We would also like to see when the American Rescue Plan Act funds are being distributed that some of that federal aid is used to restore the life insurance benefits for active employees and retirees which was cut. It seems like a yo-yo, being cut one year and restored the next. It would be great to see that benefit restored once and for all. Long-term disability is another benefit we want restored in the near future.

KENT ERVIN (Nevada Faculty Alliance):

I have a PEBP fact sheet ([Exhibit B](#)) I will be using as reference for my testimony. Clearly the PEBP needs to be funded, so we are in support of funding it. We would also say ditto to what Ms. Laird said about the \$13 per month for the retirees. We appreciate that was added back into S.B. 451.

The history I want to give the Committee is in FY 2020-2021, the State contribution was \$761 per month. For FY 2021-2022, that number went up 2.9 percent to \$783.00 per month. In January to March of 2020 before Covid-19, that number was already not enough to fully fund the program because medical inflation was going up more than 3 percent. It was in the 5 to 6 percent range. We were already looking at premium increases because at that point in the biennium there is no way to get another appropriation.

Then, the Covid-19 pandemic hit and the program was asked to save \$25 million. They did that through a combination of things. They raised premiums by 42 percent for the high-deductible plan and 24 percent for the health maintenance organization plan. They reduced the mandatory reserve by various changes of assumptions by \$12 million for the health reimbursement arrangement plan reserves and \$7 million for the catastrophic reserves. They also had pharmacy savings of \$6.5 million. That saved PEBP \$25 million which was taken out of A.B. No. 3 of the 31st Special Session as an employer holiday that is happening in June.

These changes effectively reduced the \$783 that was appropriated. Eleven-twelfths of that is \$718. This number is effectively what we are operating on for this fiscal year. In S.B. 451 for FY 2022-2023, we have \$727 per month, which is a bare increase after those cuts. We had raised rates, we had taken money out, but there was also claim suppression instead of excess expenses that were expected from Covid-19. It turned out better than expected, and reserves have been building up.

Going forward, assuming that things return to normal by the time we get to FY 2023-2024, the \$755 per month will be below where we were without any medical inflation in FY 2020-2021 or FY 2019-2020. To get back to where we were with an average medical trend of 4 percent increase per year, instead of the \$755 per month, you would need around \$847 per month. For all 27,000 State employees, that would be an additional \$30 million of funds needed. Senate Bill 451 would be one place to do that. I realize this is after all the other budgets are in, and that is hard to do. It could be done somehow with federal money, but I would note that as Mr. Haartz pointed out, some of these employees are on non-State funds so you can get non-State funds into the program by charging on an individual basis. We cannot do that because it is too late in the process. Putting in the money that was taken out would let us restore these benefits. The important ones are the long-term disability, which for one fiscal year before restoring in FY 2023-2024 would be \$4.6 million. Restoring life insurance benefits to prepandemic levels would be \$3.5 million.

DOUGLAS UNGER (President, University of Nevada, Las Vegas Chapter of the Nevada Faculty Alliance):

Thank you to all of those who worked to restore the retiree benefits from previous cuts. I am testifying in opposition to S.B. 451 because the whole process of the budget cuts and the way they occurred did not conform to

*Nevada Revised Statutes* Chapter 287. The PEBP Board was supposed to make the decisions as to what to cut, how to cut and where to cut. This whole budget was a steamroller which started in November 2020 and worked its way throughout the year leading to what you are looking at now, which is a severe cut compared to the needs of Nevada State employees and faculty.

You must realize these PEBP plans we have are noncompetitive. They are substandard compared to other states in the western U.S. We are now basically the only ones within this Nevada budget who are suffering severe cuts due to Covid-19 that have not yet been restored. I implore you to work toward restoring PEBP benefits at least to 2019 levels. This would cost \$25 million to \$30 million dollars to do so from the American Rescue Plan Act funds. What you are passing today will not sit well with Nevada State employees or their families, and it will be something bitter we will look at unless there is effort made to restore PEBP benefits to previous levels.

PRISCILLA MALONEY (American Federation of State, County & Municipal Employees):

We are neutral to S.B. 451. I say that with compassion and love for my home State. This Country has been through an extraordinary experience and every State government is wrestling with difficult decisions. We understand that. We are grateful for our small part of PEBP. I say small because we have 27,000 active employees who are members of PEBP. We have a total of 72,000 members of PEBP in the program when you bring in dependents and retirees. For us, we total to around 12,000 State and non-State Medicare employees.

We are grateful for how hard both Money Committees worked on coming to a resolution for that one component of the plan. One thing I want to make clear for the record is specifically in A.B. No. 3 of the 32nd Special Session. For the emergency environment we were in, the employer, State of Nevada received a premium holiday and then going forward this budget was balanced with a premium holiday for the workforce. That was a fix that was creative and shows the extraordinary efforts to try to fix this program which has many moving parts. We would hope that the American Rescue Plan Act funds may be a component of putting money back into the program.

CHAIR BROOKS:

I will close the hearing on S.B. 451 and will open the work session on S.B. 353.

MR. THORLEY:

Senate Bill 353 was heard earlier this morning. The bill is the result of a recommendation from the Interim Legislative Committee on Education. The bill would provide for a study of all exams, assessments and testing performed in K-12 education. Superintendent Ebert provided testimony on S.B. 353 and said the cost included in the NDE's fiscal note is related to evaluating the assessments and would be ongoing if the Legislature wanted NDE to continue the work of evaluating assessments in future biennia.

Regarding the fiscal impact, according to NDE's fiscal note the impact would be \$250,000 over the 2021-2023 biennium for a vendor to perform the evaluation and then approximately \$3,000 in FY 2022-2023 for costs related to promulgating regulations. If the Committee wishes to move forward with S.B. 353 and wishes to indicate that the funding for the evaluation of the assessment be one-time in nature and not included in the Agency's base budget moving forward, the Committee should include that in any motion to amend the bill and add the funding.

CHAIR BROOKS:

I will entertain a motion of amend and do pass as amended with a one-time appropriation of \$250,000 to NDE, with the understanding it is not in their base budget. We will then come back in future years to see the success of implementing the program before building it into the base budget. The motion would be amend and do pass as amended with a \$250,000 one-time appropriation.

MR. THORLEY:

Would that also include \$2,864 dollars for regulations?

CHAIR BROOKS:

Yes, everything that is in the fiscal note for the 2021-2022 biennium.

SENATOR DENIS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 353 WITH A ONE-TIME APPROPRIATION OF THE FUNDS LISTED IN THE FISCAL NOTE.

SENATOR DONDERO LOOP SECONDED THE MOTION.

SENATOR DENIS:

The discussion we had was helpful. For S.B. 353 to be effective, coming back next Session after the first study will give us a way to have an ongoing evaluation of what we are doing down to the classroom level. This will ensure we are eliminating anything that is taking away from classroom instruction. This bill is a good first step.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR BROOKS:

I will close the work session on S.B. 353 and open the work session on S.B. 451.

MR. HAARTZ:

Senate Bill 451 establishes for the 2021-2023 biennium the subsidies to be paid to the PEBP for insurance for certain active and retired public officers and employees. This bill was heard this morning. It is a budget implementation bill.

CHAIR BROOKS:

I will take a motion to do pass S.B. 451.

SENATOR DENIS MOVED TO DO PASS S.B. 451.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR BROOKS:

I will close the work session on S.B. 451 and open the work session on S.B. 456.

MR. HAARTZ:

Senate Bill 456 revises provisions relating to the State Dental Health Officer. This bill was heard this morning. It was presented by Suzanne Bierman, Administrator of the Division of Health Care Financing and Policy. This is a

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budget implementation bill due to approval by the Money Committees of the transfer of this function from the Division of Public and Behavioral Health to the Division of Health Care Financing and Policy. There are no amendments to this bill. If the Committee wishes to pass S.B. 456, it would be do pass.

CHAIR BROOKS:

I will entertain a motion to do pass S.B. 456.

SENATOR DENIS MOVED TO DO PASS S.B. 456.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BROOKS:

I will close the work session on S.B. 456 and open the work session on S.B. 457.

MR. THORLEY:

Senate Bill 457 was presented by DMV Director Butler who explained the bill increases the administrative cap from 22 percent to 27 percent, both retroactively to FY 2020-2021 and going forward through FY 2025-2026. There was discussion about whether the increase in the administrative cap is needed for FY 2020-2021. Director Butler agreed the cap increase does not need to be applied retroactively to the current fiscal year. Accordingly, the Committee may wish to consider an amendment to amend that provision so the increase in the administrative cap only applies to FY 2021-2022 through FY 2025-2026.

SENATOR SEEVERS GANSERT:

I appreciate that S.B. 457 needs to be prospective, but I also think we need to clean up the language in the Legislative Counsel's Digest because it talks about ratification of prior actions for the DMV that were found unconstitutional. This needs to be a simple bill deciding if we will allow the DMV to extend its cap and not have the preamble that it has in the Digest.

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CHAIR BROOKS:

That makes sense. If we remove the retroactive piece of S.B. 457, it does not appear the preamble needs to even exist in this bill.

SENATOR SEEVERS GANSERT:

I would agree.

CHAIR BROOKS:

I will entertain a motion to amend and do pass as amended with the amendment taking out all references of anything retroactive, including in the Legislative Counsel's Digest.

SENATOR DENIS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 457, TAKING OUT ALL REFERENCES OF ANYTHING RETROACTIVELY APPLYING, INCLUDING IN THE LEGISLATIVE COUNSEL'S DIGEST.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR BROOKS:

I will close the work session on S.B. 457 and open the work session on S.B. 458.

MR. THORLEY:

Senate Bill 458 is what is commonly referred to as the K-12 education funding bill. This bill was presented to the Joint Meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance yesterday evening in BDR form. The language that Fiscal staff went through with the committee's yesterday evening has now been transferred to S.B. 458 in exactly the same form; no changes have been made.

SENATOR SEEVERS GANSERT:

I appreciate the discussion about charter schools, making sure they are held harmless and following up with legislation so Fiscal staff can talk to the Nevada State Public Charter School Authority.



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CHAIR BROOKS:

I will entertain a motion to do pass S.B. 458.

SENATOR DENIS MOVED TO DO PASS S.B. 458.

SENATOR DONDERO LOOP SECONDED THE MOTION.

CHAIR BROOKS:

To build upon the comments made by Senator Seevers Gansert, we have identified some gaps as we are transitioning. While S.B. 458 mechanically and procedurally is not the place to fix those gaps, we are standing up a model right now. There is a desire to close those gaps in the small sampling of schools that were identified. We will work as a Committee diligently with Staff to figure out in a potentially separate piece of funding how to close those gaps.

SENATOR DENIS:

This is an exciting step. We put new funding in place for education, and now we are putting the money behind getting it going. While we have had discussion of things we need to look at, we have enough flexibility and transparency to have that discussion. For me, this is an exciting day to see S.B. 458 move forward.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR BROOKS:

I will close the work session on S.B. 458 and move to public comment.

MR. ERVIN:

We appreciate this Committee is doing all this work to juggle the budgets and understand the budget process many of these have to move forward. It is not over, and there is American Rescue Plan Act funding coming. We are not privy to the discussions how that might be handled, but we hope PEBP restoration and collective bargaining for State employees is reintroduced with S.B. 373.

**SENATE BILL 373**: Provides for collective bargaining by certain State employees. (BDR 23-675)

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JEANETTE BELZ (Friends of ACE High School):

We appreciate the remarks made about charter schools, but remember there are two kinds of charter schools. There are charter schools that are part of the Charter School Authority and those part of a school district. In any conversations about hold harmless, we would appreciate they include the district charter schools as well.

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CHAIR BROOKS:

Seeing no further public comment, the meeting is adjourned at 9:56 a.m.

RESPECTFULLY SUBMITTED:

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Ian Gahner,  
Committee Secretary

APPROVED BY:

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Senator Chris Brooks, Chair

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

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Begins on Page	Witness / Entity	Description
	A	1		Agenda
	B	1	Kent Ervin / Nevada Faculty Alliance	PEBP Fact Sheet