

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

**Eighty-Second Session
May 17, 2023**

The Committee on Ways and Means was called to order by Chair Daniele Monroe-Moreno at 8:10 a.m. on Wednesday, May 17, 2023, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Daniele Monroe-Moreno, Chair
Assemblywoman Natha C. Anderson
Assemblywoman Tracy Brown-May
Assemblywoman Jill Dickman
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Sandra Jauregui
Assemblywoman Heidi Kasama
Assemblyman Cameron (C.H.) Miller
Assemblyman P.K. O'Neill
Assemblywoman Sarah Peters
Assemblyman Howard Watts
Assemblyman Steve Yeager

COMMITTEE MEMBERS ABSENT:

Assemblywoman Shea Backus, Vice Chair (excused)

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Sarah Coffman, Assembly Fiscal Analyst
Brody Leiser, Assembly Chief Principal Deputy Fiscal Analyst
Janice Wright, Committee Secretary
Janet Osalvo, Committee Assistant

OTHERS PRESENT:

Nic Steele, Executive Director, ACCESS Community Capital
Matthew J. Jonkey, Colonel, Congressional Affairs Liaison Officer, Nevada National Guard, Office of the Military
Ondra L. Berry, Major General, The Adjutant General of Nevada, Nevada National Guard, Office of the Military
Andrew LePeilbet, Chairman, United Veterans Legislative Council
Anne Milkovich, Chief Information Officer, Executive Director, System Computing Services, Nevada System of Higher Education
Kent M. Ervin, Ph.D., State President, Nevada Faculty Alliance
Dale A.R. Erquiaga, Acting Chancellor, Nevada System of Higher Education
Constance J. Brooks, Vice President, Office of Government and Community Engagement, University of Nevada, Las Vegas
Michael Flores, Vice President, Office of Government and Community Engagement, University of Nevada, Reno
Patrick J. Conmay, Colonel, Nevada Highway Patrol, Department of Public Safety
Curtis Palmer, Administrative Services Officer, Department of Public Safety
John Dekoekkoek, Administrative Services Officer, Contract Manager, Department of Public Safety
Daniel Marlow, Administrator, Administrative Services Division, Department of Administration
Fred E. Wagar, Director, Department of Veterans Services

Chair Monroe-Moreno:

[Roll was called, and the Committee rules and protocols were explained.] We have a few bills on our agenda for today, but we are going to start with the presentation on ACCESS Community Capital. For those of you who were part of the Interim Finance Committee during the interim, you may remember in April 2022 we had a presentation from ACCESS Community Capital. I asked them to come this morning to make a presentation to see how the policies and appropriations that we have discussed are benefiting small businesses in our communities. I would invite Mr. Nic Steele, who is the Executive Director for ACCESS Community Capital, to come to the table.

Nic Steele, Executive Director, ACCESS Community Capital:

It is always a pleasure being here in these chambers seeing everyone do the work to advance our state in so many areas. Today is special as I have the pleasure of sharing some of the accomplishments our organization has had over the past year [[Exhibit C](#)]. I am the Executive

Director of ACCESS Community Capital, a community loan fund and a Community Development Financial Institution fund. We are a mission-driven lender primarily working to serve the underserved. We support entrepreneurs by increasing opportunities for business owners to start and grow their ventures. We support economic development efforts and form partnerships with other organizations and communities across the state.

Most of our focus is on developing products and launching initiatives to increase access to affordable capital. In addition to offering financial products, we also provide guidance and mentorship to entrepreneurs throughout the state of Nevada. Almost one year ago, along with the Office of Economic Development, Office of the Governor, I asked for the support of the Nevada Legislature and the Office of the Attorney General to entrust ACCESS Community Capital with a \$6 million investment to capitalize a revolving loan fund. At that time, we had a plan for how the funds were to be deployed and an idea of how many benefits from the investments would accrue to your constituents.

I am pleased to be here today to provide an update to the Committee and a report on the first year since our capitalization. As a direct result of the Nevada Women and Minority Business expansion plan, ACCESS Community Capital hired three professionals to conduct outreach, underwrite, and follow through with targeted business support services, assisting entrepreneurs with their operational and growth strategies.

Our team, while small in size, has done a tremendous job in year one. In 2022, we were able to accomplish a lot. We processed over \$12 million in loan requests, dispersed over \$2 million in loan funds, supported over 300 small businesses via loans and business support services, and created or retained over 150 local jobs. Over 65 percent of approvals are women-owned businesses [page 4, [Exhibit C](#)]. Over 80 percent of the approvals are minority-owned businesses. As our programming continues to reach more individuals, the momentum is continuing. In total, our organization has dispersed \$2.8 million in the past 18 months and assets have increased fourfold from \$2 million to \$8 million.

Increasing our assets is important because as the asset base grows, so does the sustainability of the organization. Our goal is to create a sustainable nonprofit to pay most, if not all, our operating expenses from service fees and income. I am excited to share that we are well on our way to becoming a self-sustaining organization.

As we enter the second year of operation, post capitalization, we are seeing our impact in more areas than originally planned at this stage. Childcare is an issue that has long been overlooked in our country [page 5]. Not until the pandemic did the conversations regarding childcare and its impact on the economy really take center stage. We are seeing individuals opting out of the workforce because they are unable to either find quality childcare or to justify the cost of working only to earn enough to pay someone else to take care of their children.

Historically, childcare providers have received little compensation for the work they do. Early childcare providers are working with our children at the most influential part of their lives. Yet they are often compensated less than entry-level employees at fast-food establishments. Furthermore, childcare providers often encounter challenges obtaining loans from traditional institutions due to the subsidy nature of their revenue. This is where we can step in, and we have taken a deeper look into the payment process to figure out ways to provide capital to these individuals doing such important work. After participating in several think tank discussions and learning of the challenges providers face, we presented several proposals and decided we could add value by contributing our financial and operational experience.

Presently, ACCESS Community Capital is working on three childcare-related initiatives. Our childcare team is comprised of three professionals tasked with three primary responsibilities under a grant awarded by the Division of Welfare and Supportive Services, Department of Health and Human Services. The first initiative is to develop a comprehensive study and plan to promote the expansion of childcare facilities across the state. This includes both licensed facilities and unlicensed homecare. The second initiative is to provide one-on-one support to childcare providers who are interested in either growing an existing business or starting a new one. After launching this initiative in February, our childcare team, comprised of one individual in Reno and two individuals in Las Vegas, has already met with over ten providers, secured capital for two of them, and is working with the Urban Chamber of Commerce to build out an onsite childcare center.

The third initiative, in partnership with The Children's Cabinet, is to directly be involved in the expansion and supply of quality childcare. One of the issues our team noted through surveys with providers was the stressful situations many of them faced with landlords and homeowners' associations (HOAs). In many counties, HOA communities and landlords can ban renters from operating a home-based childcare business. This often leads to providers facing eviction or having to live under stressful conditions.

Since the beginning of May, the childcare team at ACCESS Community Capital has been interviewing providers, conducting financial assessments, and matching providers with homes free of the restrictions they currently face. By the end of this year, over 35 homes will be purchased and dedicated to expanding the supply of quality childcare. At the same time, the providers moving into these homes will increase their revenue along with their capacity, generating more wealth for those who have dedicated their lives to taking care of our future.

Just recently, ACCESS Community Capital was awarded a grant with the city of Las Vegas to launch and operate an accelerator program [page 7, [Exhibit C](#)]. This program provides one-on-one business mentorship and technical assistance to emerging small businesses. The Las Vegas Accelerator launches on June 1, 2023. Many minority- and women-owned businesses find themselves in low-barrier-to-entry, high-rate-of-failure businesses. There are many reasons for this, and we are trying to solve a few.

Without access to capital, those in search of new ventures are sometimes making their decisions based on which industries have a low barrier to entry or will require less capital. The challenge is to enable more existing businesses to transition into high-growth enterprises and develop the pipeline of emerging entrepreneurs prepared to capitalize on promising high-growth opportunities. Businesses and high-growth industries can have a substantial impact on their communities in the form of job creation and wealth distribution. However, an inability to access capital or tap high-growth talent can prevent even those businesses from meeting the minimum requirements for large procurement opportunities.

The Accelerator makes capital introductions to facilitate mergers and acquisitions, or investment in technology and systems required to scale. The Accelerator also utilizes the hands-on business advisory service model. Existing businesses will receive one-on-one needs assessment, customized solutions to existing needs, strategic mentoring and guidance, information regarding procurement opportunities, funding resources, and free outsourced back-office services to improve their efficiency. Think of the Accelerator as the outsourced chief operating officer, chief financial officer, and chief strategy officer for these businesses. Successful execution of the Accelerator will help business owners gain expertise, increase their revenue, and grow their capacity.

One of the benchmarks I am excited about is our ability in year one and year two to leverage the initial capitalization through partnerships, attracting additional capital into our state [page 8, [Exhibit C](#)]. I must thank Karsten Heise, Senior Director of Strategic Programs and Innovation, Office of Economic Development, Office of the Governor, for having the foresight to believe in the mission of ACCESS Community Capital and to go a step further and take it upon himself to research potential partners that were mission aligned. After an introduction from Mr. Heise, and after about nine months of due diligence, I am pleased to share with the Committee that ACCESS Community Capital has secured an additional \$5 million investment to augment our Nevada Women and Minority Business Expansion Fund. This investment will increase our ability to support small businesses in the state and will have a particular emphasis on creating quality jobs. We want to use this capital to share with employers why it is important to pay a living wage, encourage health savings and retirement plans, and bring some of those solutions to employers, saving them the time and cost of researching viable options.

Attracting additional capital and investments is one of our internal benchmarks to gauge how successful our organization is and whether the impact we are having is being recognized. We are excited about our recent history of attracting investments, but we want the Committee to know that we are good stewards of the state's resources and actively seek to create a return on your investment by creating a return in our communities. I hope this provides a glimpse into our organization, our team, our partners, and our impact in year one. I look forward to working with each of you in the future and truly see ourselves as the execution arm for your ideas. There is a lot of work to be done, and it is a pleasure working with you on this. I am here for any questions.

Chair Monroe-Moreno:

Oftentimes we appropriate funding to organizations and the money goes, but we do not get an opportunity to see the results and whether it worked, or did not work, or if we need to do things better. I know we have a few questions.

Assemblywoman Anderson:

First, thank you for the work on this, especially around early childcare. That is wonderful. My question has to do with that. How are you advertising or attracting all these new enterprises or entrepreneurs into this area? How do they know about it, and how are you getting more people interested and involved?

Nic Steele:

With many programs, whether it is childcare or other programs, a program can launch, but the challenge is how do you reach people so that they know about it? We did two things that have been helpful. In both Reno and Las Vegas, there are childcare hubs where there are around 8 to 12 different organizations all housed in the same building. We decided it made sense, if we are going to have this initiative, to rent space in those locations, and we have space in both locations. We perform weekly meetings with the entire group of organizations where we share some of what we are doing. We have expanded our role into helping those organizations become more efficient with their own processes. We also work with the Division of Welfare and Supportive Services, Department of Health and Human Services and The Children's Cabinet to disseminate information through different channels that we are using called the Quality Rating and Improvement System, in which providers must register. We disseminate information through that system as well.

Assemblywoman Kasama:

It is exciting to hear what you are doing. I also had a question in the childcare area. You mentioned that you have been purchasing some homes. I am curious, are they residential homes or commercial sites? If they are residential homes, are they strictly set up for childcare or is the entrepreneur living there as their house as well? How does that look?

Nic Steele:

Our organization is not actually doing the purchase, but we are facilitating the process. From a structural standpoint, it made sense to bring in a partner that was set up as a real estate investment trust. They can purchase the homes and manage the construction and the contractor process that is needed to bring the home up to required standards to house a childcare facility. We are managing that process. We are interviewing the childcare providers and providing them with guidance for the next two years on how to grow their childcare business, put in the best practices, and then put them on a path to owning that home. These are all residential locations. We are only working with existing childcare providers that on average have about four children in their homes. We are moving them into bigger homes where they can care for up to 12 children on average. That is going to almost triple their revenue in most cases. Most of that revenue will accrue to their bottom line. They will be living in those homes as well.

Assemblyman Miller:

We go back a long way, and we have had many good conversations outside of the Legislature in my career capacity. We had conversations about small businesses and how to help them grow. Would you elaborate on the ways that you help businesses outside of the box, in addition to providing capital for them? I think it would be helpful to know everything that is going to make these businesses successful and securing the return on the investment for the state.

Nic Steele:

Capital does not solve every problem. To your point, when you throw money at businesses without the business owner having a true understanding of how to use that capital, it is a bad investment. What we like to do is take a holistic approach. When we are issuing a loan, even through the application process, we are doing an assessment through that underwriting process. We even put together what is called a business road map for different business owners. It is about 14 pages in length, and it goes through an assessment including everything as minute as are they using a Yahoo email address when sending out business communications? Are they using a Gmail account? We try to give them information on why it is important to migrate to a professional email account for security purposes, but also for procurement opportunities. Government agencies do not look fondly on bids that have a Gmail address.

Communicating things like that is important, and not just for startups, but also for existing businesses that are looking to grow. Through that assessment, we are in a good position as the lender because we look at all their bank statements, their financials, their tax returns, and instead of just saying no, which a traditional institution would, we give them a road map on what areas they can improve. Even applicants who are denied and may not be quite credit worthy yet, we still want to give them a road map so that if they do cross those hurdles, we put them on a path to becoming more bankable.

Some of the other things that we are doing are putting them in touch with and increasing their network and access to service providers. We come across many business owners who are doing well. They are making a couple hundred thousand dollars or a couple million dollars a year. But when you ask them for their financial statements, it takes weeks for them to get their financials, even historical financials. As a true business that has all their "I"s dotted and "T"s crossed, you want to have those monthly financials ready to go when someone asks, because if you do not, that means you are not looking at your own financials. It is much harder for that business owner to project into the future. We are pairing them with accountants who we are vetting so that they can prepare monthly financials.

It is going to be good for the businesses that we are bringing into the Accelerator program. They will not have to pay for accounting services, website redesign, or social media management. We are going to outsource all of that. Through the grant opportunity, we are going to hire other small businesses to perform that work for the small businesses in the program. We try to take that holistic approach instead of just being a lender and collecting interest payments.

Chair Monroe-Moreno:

Are there any other questions? [There were none.] We look forward to watching your companies grow and watching the impact that you will have on other businesses within the state grow, especially when it comes to childcare that costs more than college tuition for many families. Thank you for the work that you are doing.

Nic Steele:

It was a huge investment and a lot of trust to place in our organization. We think we have done a good job in year one, and we look forward to doing more. I appreciate all the ideas that have come from this Committee and the support. I am looking forward to the future.

Chair Monroe-Moreno:

Members, with that, we will close the presentation and continue with our agenda, going to the first bill of the day that is Assembly Bill 465. This bill did not have a policy hearing because of some time constraints and other things. We are going to hear this bill today.

Assembly Bill 465: Revises provisions governing the state militia. (BDR 36-1192)

Matthew J. Jonkey, Colonel, Congressional Affairs Liaison Officer, Nevada National Guard, Office of the Military:

I am here today from the Office of the Military to provide comments and answer questions regarding Assembly Bill 465. In the interest of time, I will keep this short as I know many of you had the opportunity to meet with Major General Ondra L. Berry yesterday.

The intent of Assembly Bill 465 is twofold. First, it changes the eligibility criteria for the Adjutant General as well as the Assistant Adjutants General to be from the state of Nevada. Second, it changes the age requirements for membership in the Nevada National Guard, Office of the Military to conform with federal law and service regulations. Existing law authorizes the Adjutant General and their two Assistant Adjutants General to be selected from commissioned officers of the Armed Forces of the United States. This means they may be selected from any component or service, without ever living in Nevada, being a member of the Nevada National Guard, or even being a member of the National Guard from another state. This bill requires the Adjutant General and the two Assistant Adjutants General to be selected from the commissioned officers of the Nevada National Guard.

Regarding age, existing law established the Nevada National Guard as a body of enlisted personnel between the ages of 17 and 64 and commissioned officers between the ages of 18 and 64. This law conflicts with service regulations in the U.S. Code. This bill will align *Nevada Revised Statutes* with federal law and service regulations. In conclusion, A.B. 465 will ensure the senior leaders of the Nevada National Guard are from Nevada. It will also simplify and align the age requirements for service in the Nevada National Guard with U.S. Code and service regulations. We appreciate your time to meet with us. Thank you for your consideration of this bill and your continued support of the state's military.

Chair Monroe-Moreno:

Members, are there any questions for the presenters?

Ondra L. Berry, Major General, The Adjutant General of Nevada, Nevada National Guard, Office of the Military:

I want to say thank you for the opportunity to present the bill. Thank you for your support. Thank you for Nevada being a very promilitary state in terms of what we can do. On behalf of the 5,000 members of the Nevada National Guard, we say we love to serve. The Nevada National Guard is always ready, always there.

Chair Monroe-Moreno:

I do have one question. Section 2 and section 3 change the language from the Armed Forces of the United States to the Nevada National Guard. Was that changed so that we have people who know the state, understand the state, and have working relationships within the state instead of bringing in military professionals who are from out of state who may not have those relationships and understand who we are, because we are unique?

Ondra L. Berry:

Yes, we are unique. That is exactly right. As I remind everyone, if we go back to our COVID-19 operations, one of the first things that the Governor did was to put two different departments under me—the Department of Health and Human Services and the Division of Emergency Management, Department of Public Safety—because of the knowledge of the state, knowing the support resources, knowing where to go to ask how to get personal protective equipment, et cetera. Because of the uniqueness of the state, we felt it was better to have higher level, senior leaders who were selected to serve in these positions really understand our demographics, our resources, and our 17 counties. That is the exact reason.

Chair Monroe-Moreno:

My last question is about section 1, subsection 2, and changing the age requirements. The original legislation was out of compliance with federal law. Will this amended language comply with the U.S. Code?

Ondra L. Berry:

Yes, we are not in compliance with the way the law is written today. State law cannot supersede federal law. This puts us in compliance with the active services in terms of who can serve and how long—we are saying put us under those regulations.

Assemblywoman Jauregui:

I want to say thank you for taking the time to meet with every single one of us one-on-one yesterday. A lot of our questions got answered, which is why today is so easy for you. I also want to say thank you for choosing Nevada because I know you have been called on to fill other roles, which was the genesis of the original bill. I want to say thank you for choosing Nevada and for your service to Nevada and staying here. I cannot imagine having to go through something like COVID-19 with somebody who is unfamiliar with our state.

Chair Monroe-Moreno:

Members, are there any other questions? [There were none.] We will move to testimony in support of A.B. 465.

Andrew LePeilbet, Chairman, United Veterans Legislative Council:

We represent the 279,000 veterans in our state, our National Guard, our active military, and their families. When you take their families into account, that is over a half a million Nevadans who are either directly in our military, or veterans, or their families. We are in support of A.B. 465 for a number of reasons. One, it puts us in line with the federal regulations and laws, which is appropriate. The other issue that changed in this bill or made it clear is a senior officer needs some experience in our state. I am a past combat infantry officer, so I understand the duties of a commissioned officer. The duties are unique for our Nevada National Guard. They are given missions frequently by the Governors or for emergencies within our state unlike our active military. These changes are appropriate changes, bringing this up to date, and protecting our Nevada National Guard.

Chair Monroe-Moreno:

Is there anyone else who would like to testify in support of A.B. 465? [There was no one.] Is there anyone who would like to testify in opposition to A.B. 465? [There was no one.] Is there anyone who would like to testify in the neutral position on A.B. 465? [There was no one.]

I am going to hear from Speaker Yeager.

Assemblyman Yeager:

As members of the Committee may know, under Assembly Standing Rule No. 57.4, we have a 24-hour waiting period from the close of a hearing to any movement on a bill or any work session on a bill. That rule can be waived with the approval of the Speaker. Given where we are in session and the importance of this bill, I am willing and will formally wave Assembly Standing Rule No. 57.4 so that we can work session this bill today.

Chair Monroe-Moreno:

I will accept a motion to move Assembly Bill 465.

ASSEMBLYWOMAN JAUREGUI MADE A MOTION TO DO PASS
ASSEMBLY BILL 465.

ASSEMBLYMAN HAFEN SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED. (ASSEMBLYMEN BACKUS AND O'NEILL
WERE ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblywoman Jauregui. I will close the hearing on A.B. 465 and open the hearing on Assembly Bill 492.

Assembly Bill 492: Makes appropriations to the Nevada System of Higher Education for certain information technology leases and equipment. (BDR S-1179)

Anne Milkovich, Chief Information Officer, Executive Director, System Computing Services, Nevada System of Higher Education:

I am the Chief Information Officer for the Nevada System of Higher Education (NSHE), and with me is my colleague, Kirk Fitzgerald. I would like to provide some context about the System Computing Services Division, NSHE to help you understand the need for this funding. The System Computing Services Division is a division of NSHE. We provide shared digital services to NSHE institutions and to the state of Nevada. Not many people know all the services we provide to Nevada. We are Nevada's statewide research and educational network. We deliver Internet and videoconferencing to more than 200 sites for state agencies, research, distance education, workforce development, health care, and rehabilitation. We are the Internet2 connector for the state. Therefore, we are authorized to provide high-speed bandwidth and services to any organization in the state whose mission includes a research or education component—that includes libraries, state agencies, municipalities, K-12, health care, Department of Corrections, and others.

We are requesting a total of \$5 million for lifecycle upgrades. The reason for this is for technology equipment replacements that we call "bursty." You can spend millions of dollars in one year and then go for several years when you do not spend anything; then another year rolls around when you need to replace the equipment, and much of it you need to replace all at the same time. Since we cannot carry over state funds, we cannot build up a reserve to cover the replacement years. Recent budget cuts have made it impossible for us to replace certain cycles of information equipment at the end of their lifespan. Equipment that is out of warranty is expensive to maintain and risky. It puts the state at risk of catastrophic failure. It is more cost effective to replace equipment on schedule, which is the point we are at now.

We are also requesting \$3 million for circuit leases. Certain segments of the core Nevada network serving the entire state run on leased circuits. Those circuits are leased for a term of 20 years, paid up front, and the leases are coming up for renewal in the upcoming biennium. Again, we cannot carry over money to build up for that expensive cost that comes up every 20 years. Those leased circuit renewals total \$3 million in the next year.

We must have funding for the equipment and the circuits to maintain Internet services for the state. Without funding, statewide Internet service will fail for K-12, health care, corrections, higher education, and the state agencies that are running on the network. We are happy to take questions.

Chair Monroe-Moreno:

Thank you for the explanation of how the funding will be utilized. Members, are there any questions for the presenters? [There were none.] I will invite you to take a seat, and I will open the hearing for testimony in support of the bill. Is there anyone who would like to testify in support of Assembly Bill 492?

Kent M. Ervin, Ph.D., State President, Nevada Faculty Alliance:

The Nevada Faculty Alliance is in support of A.B. 492. For context, Nevada.net is funded through NSHE but provides general services for the state and citizens of Nevada. Other statewide service programs within NSHE include public health, geological services, earthquake monitoring, a legal clinic, and small business development centers, to name a few. These programs are part of the NSHE budgets for various historical reasons, but there can be good synergies with varying degrees of integration with academic and student programs and the ability to secure outside grant funding. Regardless, the state would need to fund these services even if they were not part of NSHE.

Chair Monroe-Moreno:

Is there anyone else who would like to testify in support of A.B. 492? [There was no one.] Is there anyone who would like to testify in opposition to A.B. 492? [There was no one.] Is there anyone who would like to testify in the neutral position on A.B. 492? [There was no one.]

We will close the hearing on A.B. 492 and open the hearing on Assembly Bill 493.

Assembly Bill 493: Makes an appropriation to the Nevada System of Higher Education for an interim study of the funding formula for the System. (BDR S-1178)

Dale A.R. Erquiaga, Acting Chancellor, Nevada System of Higher Education:

It is nice to be with you this morning to talk about this topic in some depth. We discussed this in a couple of the joint money committee meetings, but now we have a bill in front of us. Let me give you some context and a little bit of history, and then I will talk specifically about the bill and perhaps some next steps as this topic has evolved.

The current funding formula for the Nevada System of Higher Education (NSHE), which I am thrilled to lead, dates to about 2013. In 2011, the Governor, for whom I then worked, participated in the National Governors Association Policy Lab that kicked off a study of funding formulas for higher education. In those days, the funding formula conversation in America and in Nevada was focused on performance. That Lab work eventually turned into an interim study. The funding formula was designed by a committee at that time, centered on a couple of things. There is a performance pool of NSHE dollars that is set aside that the institutions earn back if they meet the objectives for graduation and other metrics. In addition, the formula is based on weighted student credit hours. You have heard us talk about that a lot. I remember those conversations focused on two things. Certain kinds of courses cost more to deliver. Also, the state has a compelling interest in certain types of courses. We need more engineers; we do not necessarily need more people like me who

have a political science degree. Those courses are weighted differently in our funding formula. That was the genesis of the program of the committee that led to the funding formula envisioned by this body. We have operated with that funding formula now for a decade.

Last session, at the request of Governor Sisolak, a committee was established pursuant to Assembly Bill 450 of the 81st Session, to look at community colleges and workforce development, which they did. It resulted in a program, which you have funded during the interim, and some additional recommendations dealing with workforce development. Out of that committee also came a request from that body through the NSHE Board of Regents for the Legislature to consider revising the funding formula. What we learned in that committee, and what we have learned over the last decade, unintentionally, is the focus on weighted student credit hours treats our institutions disproportionately. You have heard this conversation quite a bit. The two R1 universities benefit from that formula. Community colleges—which offer different types of courses, have a different kind of student population, a very part-time population who come and go often—are disadvantaged by the current funding formula. The committee, during the last interim, looked at community colleges and said we really should look at this funding formula again just to give it a tune-up, particularly because of the concerns about institution types. That conversation came to me when I became the Acting Chancellor. In my conversations with the institutions and given my own background at communities and schools and as the State Superintendent of Public Instruction, I also have noted concerns with the current funding formula as it pertains to what you have heard me call "student type."

All students are treated the same in our funding formula. It is about the course they take, not about where that student begins their journey with us or what other needs that student may bring. They might be first generation, they might not be an English language speaker at birth, they may live at some level of poverty and yet not be eligible for sufficient financial aid or PELL grants. Our funding formula is neutral to that. What that means is there is not sufficient support or staff for all types of students. If you are a student like me, like I was many years ago, or my children were some years ago, you move through the system in a certain way, and you do not require as many supports. If you are a student who comes from a different background than my family, you move through the system in a different way and may need different levels of support that my institutions cannot afford under the current funding formula.

That led us to request that this body consider a funding formula review during the coming interim. You have embraced that idea in the way you closed our budgets, recognizing there are some challenges with the current funding formula. You have made some changes there. When Governor Lombardo was elected and was preparing his State of the State address, he also embraced this idea. You will recall, he stated in his State of the State address that it was time to review the funding formula for all the reasons I just indicated. He requested that the funding formula study look at the issues of accountability and transparency, particularly in

the self-supporting funds or how student fees that we collect are spent. That is not always transparent to you; those funds in the old formula used to come to this body and then be redistributed to us, and that was changed. There has always been an interest in having more accountability and transparency there, which the Governor expressed.

That is all the history and context. The Governor put this amount of money in his budget, which we appreciate. I will begin by saying something that I do not often get to say in front of this Committee. I would request that this fiscal appropriation be reduced to \$2 million. We have done research with the Office of the Governor on other national studies of note and other states that have done some of this work. I think this will end up being two studies under one umbrella. One study is the issue of a funding formula, which is a complex fiscal modeling process. There would be a consultant or firm hired for that work to do that modeling. Then there is this topic of governance, accountability, and transparency, that potentially is a different kind of request for proposal (RFP). Still, \$2 million is adequate to cover both of those projects under one study. That is my first rare thing I get to say; I do not need as much money. I hope that the context and that focus of the study helps you.

I will give you more information if you are interested. The states of Texas, Illinois, and Massachusetts have done interesting work of late on funding formula studies. Funding formula studies in some places across the country are moving to what we would call an equity and adequacy space. That is different from higher education, but it is common in the K-12 space, as you know from the Pupil-Centered Funding Plan. It is rare in the higher education space. Those three states have done some interesting national work lately. Oregon, North Carolina, and Texas have done interesting work in the governance and accountability space. We have some models. There will be consultants and fiscal firms in the country able to help if this money is approved and the state goes through an RFP process to choose those firms.

The last bit of information that I provide you with before I attempt to answer your questions is a bill started in the Senate Committee on Education as a different bill to deconsolidate NSHE. That bill was reduced to a study of the funding formula and referred to the Senate Committee on Finance. That bill does not have money in it and does not contain an appropriation, but it contains a detailed description of a commission that one would appoint and the tasks of that commission. There are at least five tasks that the studies should address. Three are enumerated in primary sponsor Senator Doñate's bill, and those are to evaluate models for higher education funding, conduct a cost analysis of the delivery by institution and student type, and develop mechanisms for the appropriation of state funding and how it gets to the institutions.

Given the Governor's interest, I would add to that list to assess the current system of governance, oversight, and accountability at NSHE and make recommendations concerning public reporting, collection, and use of funding for programs outside the state operating budget. I think that your bodies may wish to put these two measures together. In my conversation with the Office of the Governor, they are amenable to that; they have seen the

other bill, and they have seen this bill. My hope is that we can work with both bodies as these bills move and that they are either using similar language with an appropriation or we merge the bills. I will be happy to answer any questions.

Chair Monroe-Moreno:

I am overjoyed that NSHE came to the table and said they do not need this much money. I do not think we have ever had that before. I do have a few questions. Did the states you mentioned—Texas, Illinois, Massachusetts, and North Carolina—use outside vendors? Have you been in contact with those vendors to see if they could do the work here in Nevada on these studies?

Dale A.R. Erquiaga:

Very carefully, I have not been in contact with any vendors. We had a problem with that in the last funding formula study. I have consulted with the Lumina Foundation. I had a previous relationship with Lumina. Lumina does not do funding formula studies or governance studies. They are a support foundation for educational organizations, they publish a report about degree attainment, and I know them from my previous life. I phoned a friend who helped me compile information, but I have not spoken to any consultants, nor would I.

Chair Monroe-Moreno:

I was going to mention that. This study will not be conducted by NSHE itself. It will be an outside vendor that will not have any contact, communications, or direction from NSHE in the outcome of that study.

Dale A.R. Erquiaga:

That is correct. This should be done through an RFP process so that multiple businesses have an opportunity to apply their talents. There may be Nevada economic modeling firms that would participate, but this should be an RFP, and it should be done through an outside process. In Senator Doñate's bill, there is a commission established to receive that information rather than NSHE, and NSHE is amenable to that as well. That is how it was done in 2012.

Chair Monroe-Moreno:

Ideally, would you like to see two vendors because you mentioned the two studies, the funding formula, and the governance? Would you ideally like to see two vendors or one vendor that would take on both components?

Dale A.R. Erquiaga:

I think one could structure the RFP in such a way that a firm or a partnership could apply for the whole project, or one firm could choose if they had expertise in one area. I think we should be flexible because I think what you want and what the Governor will want for 2025 is the best information possible. I think that however the RFP is let, it should be flexible.

Chair Monroe-Moreno:

Members, are there any other questions?

Assemblywoman Peters:

I work in consulting, and it is a great plan to have an open and flexible policy for those applicants because you never know who is going to have the best expertise in which area. Bringing together individuals to work within their expert area is how we attract small business to work in the government space. However, I want to ensure we put on the record that the expectation for this formula is to be transparent so that we can see all the parts and pieces. I do not want to see a confidential spreadsheet or proprietary formula come into this building again. Please ensure that is a part of the RFP process and make sure there are checks in place, so we are not getting any nonsensical RFPs with state dollars.

Dale A.R. Erquiaga:

That is important. I have seen some of those confidential algorithms as well.

Chair Monroe-Moreno:

Thank you, Assemblywoman Peters, for getting that on the record. Yes, that has complicated our jobs as legislators, and I am sure ties your hands as well. Members, are there any other questions or comments? [There were none.] I will open the hearing for testimony in support of the bill.

Constance J. Brooks, Vice President, Office of Government and Community Engagement, University of Nevada, Las Vegas:

We are excited about the opportunity for greater transparency, parity, as well as equity within the funding scheme for higher education in this state. We are also grateful for the opportunity for our institutions, including the University of Nevada, Las Vegas (UNLV), to showcase some of the good work that we are doing on somewhat of a shoestring budget to advocate for a greater amount of resources for our students so that we can serve them better. We look forward to working with you in this capacity and designing a funding formula that we think will better serve our students.

Michael Flores, Vice President, Office of Government and Community Engagement, University of Nevada, Reno:

I am happy to be here with my colleague from UNLV, and I will say ditto because she covered everything.

Kent M. Ervin, Ph.D., State President, Nevada Faculty Alliance:

We support this study. The previous formula that was developed ten years ago was successful in one of its goals to equalize the funding between like institutions. If you look at state funding per-student full-time-equivalent enrollment, those have now coalesced for the community colleges and the two universities. I have a chart, but I did not bring it. It has been successful in that one narrow area of what it was intended to do. A formula or funding for higher education in the state should not just be about distribution but should be about the adequacy of the funding. What is required to do our jobs? I would add number six to

the Chancellor's task list and that is to start with a study and evaluation of what level of funding for the various kinds of institutions is needed in the first place, and then figure out how it gets distributed within the budgetary process.

Chair Monroe-Moreno:

Is there anyone else who would like to provide testimony in support? [There was no one.] Is there anyone who would like to testify in opposition to A.B. 493? [There was no one.] Is there anyone who would like to testify in the neutral position on A.B. 493? [There was no one.]

We will close the hearing on A.B. 493 and open the hearing on Assembly Bill 495.

Assembly Bill 495: Makes appropriations to the Nevada Highway Patrol Division of the Department of Public Safety for the replacement or purchase of vehicles, motorcycles, weapons and certain equipment and a staffing study. (BDR S-1163)

Patrick J. Conmay, Colonel, Nevada Highway Patrol, Department of Public Safety:

We are here today to present Assembly Bill 495, which makes a one-shot appropriation to the Nevada Highway Patrol Division, Department of Public Safety for the replacement or purchase of vehicles, motorcycles, weapons, and certain other equipment according to the mileage threshold and/or manufacturers' recommended replacement guidelines. We are also requesting funding to complete a staffing survey.

Section 1 of the bill addresses the replacement of fleet vehicles and associated special equipment. Section 2 is for the replacement of fleet motorcycles and associated special equipment. Section 3 addresses the replacement of vehicle hoists, tire changing machines, and a forklift. I do have an update with respect to the cost of the forklift. The original estimate for that was \$66,620. We have recently been advised that the estimate was revised upward by \$10,500. The total for the forklift would be \$77,120. Section 4 is for the replacement of ballistic rifle vests, helmets, patrol rifles, and red dot sights. Section 5 is for the replacement of taser equipment. Section 6 is for the replacement of mobile data computers. Section 7 is for the replacement of radar certification systems. Section 8 is for the replacement of portable event recording devices and associated software. Section 9 is for the replacement of equipment for weighing vehicles. Section 10 is for the replacement of computer hardware and associated software. Section 11 is for the purchase of oil filter crushers and a steel shipping container for use as a fabrication workspace. Section 12 is for the purchase of oral fluid mobile testing devices and cartridges.

Section 13 is for the completion of a staffing study for the Division. I also note an update with respect to that staffing study. The original estimate was for \$50,000, and we have received an updated estimate of \$75,000. The total one-shot appropriation originally was \$17,187,580. The amount would be \$17,223,080 with those updates I mentioned. We are available to answer any questions you may have.

Chair Monroe-Moreno:

With the updated information, do you know if the amendment has already been submitted for those changes in the amounts for the replacement vehicles and the staffing study or is that forthcoming?

Patrick J. Conmay:

I do not believe the amendment has yet been submitted. The information is new, some of it as new as yesterday [[Exhibit D](#)].

Chair Monroe-Moreno:

Then our staff will keep an eye out for that amendment. I do have a question on the staffing study. Can you explain what you hope to accomplish with the staffing study? I know that this body has approved the Division of Human Resource Management, Department of Administration to perform a compensation and salary study for statewide positions. What will be different in this study that is within this request?

Patrick J. Conmay:

From my perspective, the study really is two pronged. What I want to find out from this study is whether we are appropriately deploying our resources across the state. The last study was conducted in 2006, and that study examined how we were staffed and how we were deploying those positions. We are all aware that we have a situation right now where we have many vacancies. I want the study to look at that and tell us, if we were fully staffed compared to where we should be right now, is that enough? Also, if the staffing is enough or if we require more, are we deploying those resources properly across the state to ensure that we are efficient and effective in the service we are providing. Those are the two high-level areas I hope to learn from this study. We do not need a study to tell you I need more people. I need a study to know whether I have enough people, do I need more people, and if I am fully staffed, am I putting those people where they need to be? That is what I hope to accomplish.

Chair Monroe-Moreno:

Have you identified or have you investigated the vendors who will be conducting that study?

Patrick J. Conmay:

We have reached out to the same organization that helped us with the original study and that is the Center for Crime and Justice Policy, University of Nevada, Las Vegas. We have talked to the Director, and that is where we intend to have this study done.

Chair Monroe-Moreno:

Members, are there any questions? [There were none.] Is there anyone who would like to testify in support of A.B. 495? [There was no one.] Is there anyone who would like to testify in opposition to A.B. 495? [There was no one.] Is there anyone who would like to testify in the neutral position on A.B. 495? [There was no one.]

I look forward to receiving that amendment as soon as possible so we can continue with the processing of your bill. We will close the hearing on A.B. 495 and open the hearing on Assembly Bill 496.

Assembly Bill 496: Makes appropriations to the Department of Public Safety for costs related to the Joint Emergency Training Institute and the replacement or purchase of computer hardware and associated software, radio equipment and certain weapons. (BDR S-1162)

Curtis Palmer, Administrative Services Officer, Department of Public Safety:

Assembly Bill 496 deals with one-shot appropriations in a few different budget accounts. Section 1 contains an allocation of \$2 million to the Director's Office in cooperation with the Joint Emergency Training Institute (JETI) in Clark County. We are happy to be able to participate with them. Sections 2 through 7 are for our Training Division. There is a total of \$47,912 in State General Funds and \$49,866 in State Highway Funds. These funds would be used for the replacement of computer hardware, radio equipment, and taser replacements. Section 8 is a General Fund allocation of \$5,550 to the Office of Cyber Defense Coordination for computer equipment. Sections 9 through 11 are allocations to the dignitary protection detail for a total of \$35,814 in General Fund appropriations for the replacement of computer equipment, portable radios, and for taser replacements. Section 12 defines the terms and conditions for the use of funds as appropriated. Section 13 makes the provisions effective upon passage and approval. I will be happy to answer any questions.

Chair Monroe-Moreno:

I have a question about section 1 and the \$2 million. Is that just the state's portion for the Joint Emergency Training Institute, and who utilizes that? Can you give us more information on that?

Curtis Palmer:

Yes, that is an ongoing project and operation of the Las Vegas Metropolitan Police Department (Metro). They have training facilities, a couple of different buildings, ranges, and so forth, that comprise the total of that operation. Our contribution of the \$2 million will help outfit one of the training centers to equip it with the proper scenario-based training that would be part of that. Yes, we would be in joint operation in use of that facility with Metro. I know that there are a number of different agencies that are involved with that. I do not know all of them. I would just be hypothesizing about who some of those are, but there are multiple agencies involved.

Chair Monroe-Moreno:

I wanted to get on the record that it is not just the state's institute, it includes local municipalities and their police departments. We are doing this training together to be more effective. I think training together will be more effective when we do have an emergency where we must work together.

Assemblyman Watts:

I recall conversations about this in the subcommittee hearing. Correct me if I am wrong or if I am thinking of a different aspect of your operations, but in return for contributing towards the development of this, we also have some cost to be able to utilize it. That is one of the other aspects of this. There is an agreement to make sure that those costs are held stable and predictable over the next several years—is that correct?

Curtis Palmer:

Yes, that is correct. With me is John Dekoekkoek, who has been helping with the negotiations on this. He is more knowledgeable about the details.

John Dekoekkoek, Administrative Services Officer, Contract Manager, Department of Public Safety:

With this \$2 million investment we are becoming a partner/member of the JETI Institute. We are in development of a contract that includes that \$2 million in a 20-year agreement with Metro for their ranges and the JETI facility, which locks us into a nice long-term stable cost—a much lower cost than what was originally anticipated to use these facilities for the next 20 years.

Chair Monroe-Moreno:

I like long-term agreements and stability. You hit a lot of keywords. Members, are there any other questions or comments for these presenters? [There were none.]

Is there anyone else who would like to testify in support of A.B. 496? [There was no one.] Is there anyone who would like to testify in opposition to A.B. 496? [There was no one.] Is there anyone who would like to testify in the neutral position on A.B. 496? [There was no one.]

With that, we will close the hearing on A.B. 496 and open the hearing on Assembly Bill 500.

Assembly Bill 500: Makes a supplemental appropriation to the Office of Finance in the Office of the Governor for an unanticipated shortfall related to costs associated with the preparation of the statewide cost allocation plan. (BDR S-1100)

Daniel Marlow, Administrator, Administrative Services Division, Department of Administration:

I am here to present Assembly Bill 500, which makes a supplemental appropriation to the Office of Finance, Office of the Governor for an unanticipated shortfall in costs associated with preparation of the statewide cost allocation plan.

Chair Monroe-Moreno:

Members, are there any questions or comments on the supplemental appropriation in A.B. 500? [There were none.]

Is there anyone who would like to testify in support of A.B. 500? [There was no one.] Is there anyone who would like to testify in opposition to A.B. 500? [There was no one.] Is there anyone who would like to testify in the neutral position on A.B. 500? [There was no one.]

We will close the hearing on A.B. 500 and open the hearing on Assembly Bill 505, which is the last bill on our agenda for this morning.

Assembly Bill 505: Makes appropriations to and authorizes the expenditure of money by the Department of Veterans Services and the Veterans Home Account for the replacement of computer hardware and associated software, the purchase of information technology peripheral devices and the performance of certain projects. (BDR S-1143)

Fred E. Wagar, Director, Department of Veterans Services:

Assembly Bill 505 makes one-shot appropriations to the Department of Veterans Services and the Veterans Home Account for the replacement of computer hardware and associated software, the purchase of information technology peripheral devices, and the performance of certain projects. We would like to recommend a technical adjustment to section 4 of the bill. We recommend the removal of \$31,871 that was budgeted for the installation of backflow water prevention devices in the Northern Nevada State Veterans Home because this project was funded through a work program approved at the April Interim Finance Committee (IFC) meeting at the behest of several members of this Committee. This would leave \$34,769 remaining in section 4. That concludes my testimony. I stand for questions.

Chair Monroe-Moreno:

My one question was about revising section 4. We will need an amendment to take that out. If you can get that to us as soon as possible, we can continue processing this legislation.

Fred E. Wagar:

To let you know, we were discussing this before we came up here, and you will have that amendment this afternoon [[Exhibit E](#)].

Chair Monroe-Moreno:

Members, are there any questions for the presenters?

Assemblywoman Peters:

I missed our last IFC meeting in which this was brought to us for those backflow devices. I wanted to say thank you for taking that suggestion seriously. I hope that you have been able to get that contractor on board to make that change and are seeing the benefits of it, or at least are not so concerned about the health of your clients there.

Fred E. Wagar:

Thank you for your comments. After that last hearing, we jumped on that, and we are grateful to the IFC for funding that project.

Chair Monroe-Moreno:

Is there anyone who would like to testify in support of A.B. 505?

Andrew LePeilbet, Chairman, United Veterans Legislative Council:

The United Veterans Legislative Council represents 279,000 veterans, their families, our National Guard, and our active military in our state. We are in support of A.B. 505. The water issue was a big problem for us, and we are pleased to hear that it has been fixed.

Chair Monroe-Moreno:

Is there anyone else who would like to testify in support? [There was no one.] Is there anyone who would like to testify in opposition to A.B. 505? [There was no one.] Is there anyone who would like to testify in the neutral position on A.B. 505? [There was no one.] We will close the hearing on A.B. 505.

We have one bill draft request (BDR) introduction, and we will take that next. I will remind the members that a vote in the affirmative on moving this BDR does not constitute your support of the bill once it comes out.

BDR 17-447—Revises provisions governing the Legislative Counsel Bureau. (Later introduced as [Assembly Bill 517](#).)

I will accept a motion for Committee introduction.

ASSEMBLYWOMAN BROWN-MAY MOVED FOR COMMITTEE
INTRODUCTION OF BILL DRAFT REQUEST 17-447.

ASSEMBLYMAN MILLER SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED. (ASSEMBLYWOMAN BACKUS WAS
ABSENT FOR THE VOTE).

The last thing we have on our agenda for today is public comment. Do we have anyone who would like to make public comment? [There was no public comment.] Members, that brings us to the end of our morning meeting, and I will see you all again this evening.

There being no further business before the Committee, this meeting is adjourned [at 9:29 a.m.].

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

Assemblywoman Daniele Monroe-Moreno, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Access Community Capital Update to Nevada State Legislature Assembly Ways and Means Committee," dated May 2023, presented by Nic Steele, Executive Director, ACCESS Community Capital.

[Exhibit D](#) is an amendment and additional information regarding the requested appropriation in [Assembly Bill 495](#), submitted subsequent to the hearing by Patrick J. Conmay, Colonel, Nevada Highway Patrol, Department of Public Safety.

[Exhibit E](#) is an amendment and additional information regarding the requested appropriation in [Assembly Bill 505](#), submitted subsequent to the hearing by Fred E. Wagar, Director, Department of Veterans Services.