

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session
May 15, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 3:54 p.m. on Wednesday, May 15, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Debbie Smith, Chair
Senator Joyce Woodhouse, Vice Chair
Senator Moises (Mo) Denis
Senator David R. Parks
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator Michael Roberson

GUEST LEGISLATORS PRESENT:

Senator Joseph P. Hardy, Senatorial District No. 12

STAFF MEMBERS PRESENT:

Mark Krmptic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Laura Freed, Senior Program Analyst
RJ Keetch, Committee Secretary

OTHERS PRESENT:

Kim R. Wallin, State Controller, Office of the State Controller
Neena Laxalt, Nevada State Board of Psychological Examiners
Keith Lee, Nevada Board of Contractors; Nevada Board of Medical Examiners
James R. Wells, Executive Officer, Board of the Public Employees' Benefits Program

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Vic Redding, Vice Chancellor, Finance and Administration, Administrative Services, Nevada System of Higher Education; Western Interstate Commission for Higher Education

Marla McDade Williams, Deputy Administrator, Health Division, Department of Health and Human Services

Barry W. Lovgren

Martin Bibb, Retired Public Employees of Nevada

James Richardson, Nevada Faculty Alliance

Keith Uriarte, AFSCME-Local 4041

Craig Stevens, Nevada State Education Association

Ron Dreher, Peace Officers Research Association of Nevada; Washoe County School Principals' Association; Washoe County Public Attorney's Association

Stephen Augspurger, Clark County Association of School Administrators

Joan Rassler

Janice Florey

Peggy Lear Bowen

Karen O'Larey

Greg Reed

Renee L. Yackira, Vice Chancellor, Administration and Operations, Administrative Services, Nevada System of Higher Education

Andrew Hysell, Associate Vice President, Policy, Advocacy, and Development, Save the Children

Chloe Chambers, Program Specialist, Nevada, Save the Children

Christopher B. Smith, Administrator, Division of Emergency Management and Office of Homeland Security, Department of Public Safety

Deborah Cunningham, Deputy Superintendent for Administrative and Fiscal Services, Department of Education

Lynn Hettrick, Executive Director, State Dairy Commission, Department of Business and Industry

Chair Smith:

I will open the hearing with Senate Bill (S.B.) 21.

SENATE BILL 21 (1st Reprint): Revises provisions governing state financial administration. (BDR 31-379)

Kim R. Wallin (State Controller, Office of the State Controller):

All fiscal notes, except for fiscal notes from the State Contractors' Board and the Board of Psychological Examiners, have been removed from S.B. 21 as amended. Senate Bill 21 is a comprehensive bill to improve several areas within the Office of the State Controller, particularly with respect to debt collection and vendors.

Section 2 of the bill allows us to charge interest on a debt assigned to our office. The interest rate is set by *Nevada Revised Statutes* (NRS) 99.040 to ensure interest rate consistency. Section 3 of the bill states that the Controller is not required to refund an overpayment made by a debtor if the overpayment is less than \$10 and/or the debtor requests the refund within 1 year. The overpayment threshold is consistent with NRS 680B.120, which sets the refund threshold at \$10 or more for premium tax overpayments. This request is designed to save the State money since processing these refunds costs more than the refund. Processing a refund costs between \$25 and \$35.

Section 4 requires State licensing agencies to provide a list of their licensees to the Controller's Office. This list will be compared to the debtors list our office maintains. If I find there is a licensee that owes a debt to the State, I will contact the licensee and let them know their options. If a licensee owes a debt to the State, the license of the debtor would be revoked.

Section 5 establishes a collection fee the Controller's Office can charge a debtor when the debt is handled in-house. The intent is to minimize the burden on debtors. The collection fee is much higher if we use an outside collection agency. The fee could be 22 percent, or higher, with an outside collection agency. The collection fee for the Controller's Office would offset the resources expended to collect debts. Our collection fee would be approximately 3.5 percent and would be based on the lowest rate charged by an outside collection agency.

Section 6 of the bill would allow the Controller's Office to sell debts that are older than 4 years, or unable to be collected based on the applicable statute of limitations. This section that clarifies if debts are sold the funds would be deposited into the Debt Recovery Account, budget account (B/A) 101-1140, instead of distributing the funds to each agency.

Budget Account 101-1140

Section 7 of the bill establishes that an agency must request funds within 60 days of when it was collected by the Controller's Office if they believe it is not General Fund money. We have agencies asking for General Fund monies 3 years after we collect it. This makes it difficult to accurately account for funds and to use those funds to further our collection activities. This section of the bill would authorize the Interim Finance Committee (IFC) to determine if monies collected should go into the Debt Recovery Account, or to the agencies.

Sections 7.1 through 7.9, and sections 13 through 67, inserts the licensing language of section 4 into each agency's statutes. Section 9 of the bill authorizes the Controller to establish and regulate a fee that may be administered to any vendor with a bank account that refuses to accept a payment electronically. This will encourage vendors to accept electronic payments and will save the State about \$551,000 annually. Forty percent of our vendors are currently paid electronically. Our cost to issue a check is approximately \$5.

Sections 9.1 through 9.3 need to be amended. These sections require all State of Nevada and Nevada System of Higher Education (NSHE) employees to accept payments electronically. This will save the State an additional approximately \$144,000. The NSHE will also save a substantial amount. This estimated savings to the State is based on a banking study that found the cost of each check is approximately \$4 in labor and hard costs.

Chair Smith:

Is using direct deposit currently mandatory for any State employees?

Controller Wallin:

No. Currently, there is no requirement for State employees to accept direct deposits.

Chair Smith:

Will this bill make direct deposits mandatory for NSHE?

Controller Wallin:

Yes, it will.

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Chair Smith:

Please explain the amendments to the bill.

Controller Wallin:

An amendment to Section 8.3 of the bill restores the legal authority of the of the Administrative Division of the Legislative Counsel Bureau (LCB) to pay the salaries of LCB employees and removes the requirement that all such employees be paid by direct deposit. This amendment is further described in my document entitled "Amendment to Senate Bill 21 – Employee Direct Deposit Provisions" ([Exhibit C](#)).

Page 2 of [Exhibit C](#) details an amendment to section 8.5 of S.B. 21, allowing the NSHE Board of Regents to pay all NSHE employees and academic staff by direct deposit. Section 68, an amendment by NSHE described on page 3 of [Exhibit C](#), further clarifies direct deposit requirements for NSHE employees and academic staff.

Section 9.2 of the bill, as drafted by the Legal Division of LCB, has the Controller's Office paying all bills and payroll for the LCB. This is not one of my current functions and it was not the intention of this bill. The amendment described on page 3 of [Exhibit C](#) corrects this mistake.

Senator Kieckhefer:

Why does paying by direct deposit require Legislative action? Does NSHE support a direct deposit requirement?

Controller Wallin:

I do not know.

Senator Kieckhefer:

Do NSHE employees support the requirement?

Controller Wallin:

Some employees are supportive and others are not.

Ninety-one percent of State employees are receiving their paychecks by direct deposit.

Senator Goicoechea:

When this topic was discussed by the Committee on Government Affairs, there was a fee in the bill for employees that did not want direct deposit.

Controller Wallin:

This is not correct. The fee was for vendors, not employees.

I will now discuss my document entitled "Amendment to Senate Bill 21 - Professional Licensing Provisions" ([Exhibit D](#)). Page 1 of [Exhibit D](#) describes an amendment to section 4.1 of the bill that removes the requirement to explain why an applicant is not required to obtain a State business license number.

Chair Smith:

There is a new bill that proposes anyone doing business with the State be required to have a business license. Will this amendment have an impact on that potential requirement?

Controller Wallin:

There is not a direct correlation. Our amendment will catch those not doing business with the State and ensure they are paying for a business license.

The amendment to section 4.1 of [S.B. 21](#) also simplifies the process for a licensing agency to calculate when the licensee information is required to be provided to the Controller as described on page 1 of [Exhibit D](#). The amendment to section 4.1 removes the requirement for the Controller to provide notice to licensing agencies as described on page 2 of [Exhibit D](#). The amendment to section 4.1 clarifies that information deemed confidential by law, stays confidential. The amendment makes the immunity provisions in the bill consistent with current law regarding immunity for regulatory bodies.

In section 7.4 of the bill, we are proposing a minor language change as described on page 4 of [Exhibit D](#).

Page 5 of [Exhibit D](#) details a proposed amendment and provides that the effective date for the provisions related to the State business license information should be postponed until January 1, 2014. This will allow the licensing agencies time to prepare.

Chair Smith:

The Division of Health Care Financing and Policy is withdrawing fiscal note number 757 as detailed in a letter entitled "Senate Bill No. 21 – Fiscal Note #727" ([Exhibit E](#)).

Neena Laxalt (Nevada State Board of Psychological Examiners):

The fiscal note for the Nevada State Board of Psychological Examiners is related to licensing fees the Board would not get if a license was suspended. These are licensing fees, not General Fund dollars.

Keith Lee (Nevada Board of Contractors; Nevada Board of Medical Examiners):

The original Nevada Board of Contractors fiscal note was established based on the nonamended version of the bill. There is still a fiscal note associated with the Board. The note is related to needed improvements in the information technology system.

James R. Wells (Executive Officer, Board of the Public Employees' Benefits Program):

The original bill required our third-party administrators to check the licenses of our providers to ensure that they had a license in the jurisdiction that they provided services. This would have required these administrators to check business licenses in all 50 states. The fiscal note associated with this original requirement was significant, but has now been eliminated.

Vic Redding (Vice Chancellor, Finance and Administration, Administrative Services, Nevada System of Higher Education; Western Interstate Commission for Higher Education):

The NSHE is supportive of S.B. 21 and the proposed amendments to require direct deposit for NSHE staff. We recently recommended implementing direct deposit in an efficiency and effectiveness study we commissioned. We expect to save approximately \$300,000 per year, in staff time and hard costs.

I am also representing the Western Interstate Commission for Higher Education (WICHE). The WICHE voted last month to urge the consideration of this bill. This bill will provide us another tool to collect funds from past participants. We estimate that we will be able to collect over \$100,000 in debt using this tool. We can currently refuse to provide transcripts to those with debts, but this bill will provide additional statutory abilities to collect debt.

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Chair Smith:

I will close the hearing on S.B. 21 and open the hearing on S.B. 56.

SENATE BILL 56: Revises provisions governing state financial administration.
(BDR 18-378)

Controller Wallin:

Senate Bill 56 creates accounts instead of funds. Funds are contrary to generally accepted accounting principles. I am required to follow these principles when I prepare the State's annual financial report. These changes will not change the intended purpose of these accounts/funds. There are no fiscal notes related to this bill.

Mark Krmpotic:

The LCB's Fiscal Analysis Division Staff needs to consult with the Legal Division of the LCB regarding the distribution of interest for certain accounts, particularly the Nevada Catalyst Fund. The Nevada Catalyst Fund is not currently earning interest.

Controller Wallin:

This bill will only change the name of the Nevada Catalyst Fund to the Nevada Catalyst Account for the purpose of generally accepted accounting principles.

Chair Smith:

I will close the hearing on S.B. 56 and open the hearing on S.B. 501.

SENATE BILL 501 (1st Reprint): Makes various changes concerning substance abuse prevention and treatment. (BDR 40-1141)

Marla McDade Williams (Deputy Administrator, Health Division, Department of Health and Human Services):

Senate Bill 501 had two primary purposes when it was in the policy committee. The first was to require the licensure of all alcohol and drug abuse facilities in the State. The second purpose was to allow the Division to inspect facilities to ensure that certification requirements are fulfilled that were previously handled by the Substance Abuse Prevention and Treatment Agency (SAPTA).

The bill was amended in the policy committee. The amendment has caused conflict. We have a new amendment that will narrow the scope of facilities

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requiring licensure. We do not know how many new facilities would be required to obtain licenses. The initial license fee for alcohol and drug treatment facilities is \$782. There is also a \$182 "bed fee."

My document, entitled "Suggested Amendment – Senate Bill 501, R1" ([Exhibit F](#)), details our amendment request.

Senator Kieckhefer:

Please provide further details about the amendments.

Ms. Williams:

They are primarily related to the certification requirements. It was originally intended that the Health Division would assume responsibility for the certification of detoxification technicians and alcohol and drug abuse facilities.

The amendment proposes to repeal the definition for evaluation centers. There is not a corresponding statute that requires evaluation centers to be licensed or certified.

The primary purpose of the legislation is to license alcohol and drug facilities and that is what sections 1 through 7 of the bill accomplish.

Senator Kieckhefer:

Are we licensing the facilities, but not the individuals?

Ms. Williams:

The SAPTA certifies detoxification technicians, but not all individuals at facilities are certified.

Senator Kieckhefer:

Will the Health Division have oversight of alcohol and drug treatment facilities for the first time?

Ms. Williams:

Yes, all residential alcohol and drug treatment facilities will be required to be licensed. Outpatient alcohol and drug treatment facilities are not included in this legislation. Current law only requires those that receive funds from the SAPTA to be licensed.

Chair Smith:

How has the fiscal impact changed from the original version to the current version?

Ms. Williams:

The fiscal impact has not changed.

Mr. Krmpotic:

Fiscal Staff is concerned about aligning the budget with the bill. Does the bill need to be passed in order to implement the budget?

Ms. Williams:

The bill does not need to be passed to implement the budget. The funds for the contractor are from a block grant. Decision unit E-230 of B/A 101-3170 will reduce funding. Approximately \$200,000 will be freed up from the block grant that can be reprogramed for prevention and treatment activities.

HUMAN SERVICES

PUBLIC HEALTH

HHS-DPBH - Substance Abuse Prev & Treatment Agcy — Budget Page
DHHS-BEHAVIORAL HLTH-59 (Volume II)
Budget Account 101-3170

E-230 Efficient and Responsive State Government — Page DHHS-BEHAVIORAL
HLTH-61

Chair Smith:

I would like to disclose that my son-in-law is the owner of a drug and alcohol treatment facility.

Barry W. Lovgren:

Senate Bill 501 addresses two important issues. The first is a loophole in the law that allows unlicensed residential substance abuse facilities to operate in Nevada.

The second issue addresses alignment of the statutes and the transfer of substance abuse services from the Department of Health and Human Service's

Health Division to their Division of Mental Health and Developmental Services (MHDS). A transfer plan was approved by the Governor and the Legislature in 2005 and called for SAPTA to develop a plan to align the statutes and transfer the substance abuse services from the Health Division to the MHDS. The SAPTA did not complete this task and it is now being addressed in S.B. 501.

This bill is poorly drafted. It blurs the distinction between “facility licensure” by the Health Division, intended to ensure health and safety, and “program certification.” This distinction is described in detail on page 1 of my handout entitled “Proposed Amendment to S.B. 501 (First Reprint)” ([Exhibit G](#)).

Section 2 of the bill is appropriate, but the remaining sections range from inappropriate to comical. Provisions for aligning NRS 484C, NRS 608, NRS 689A and NRS 689C are harmful. These provisions call for referral of those arrested for driving under the influence to clinically inappropriate services. The provisions would also eliminate approximately 12 small businesses operating as legitimate certified evaluation centers and would put many certified outpatient counselors out of business.

The bill should be salvaged. I have submitted 20 amendments to the bill in [Exhibit G](#).

Chair Smith:

I will close the hearing on S.B. 501 and open the hearing on S.B. 34.

SENATE BILL 34 (1st Reprint): Makes various changes relating to group health insurance provided by the Public Employees' Benefits Program.
(BDR 23-377)

Mr. Wells:

Prior to calendar year (CY) 2003 there were about 1,700 nonstate retirees enrolled in the Nevada Public Employees' Benefits Program (PEBP). Page 3 of my presentation, entitled “Public Employees' Benefits Program – Senate Bill 34” ([Exhibit H](#)), provides additional details for the background of this bill prior to CY 2003.

The initial version of A.B. No. 286 of the 72nd Session created a single risk pool within PEBP and required all local governments with retirees in the program to subsidize their retirees. The bill also provided for a onetime

enrollment for non-State employees returning to their employers. In CY 2003, we had about 2,400 non-State employees enrolled in PEBP.

There were numerous issues with the initial version of A.B. No. 286 of the 72nd Session. These issues are detailed on pages 4 and 5 of [Exhibit H](#).

Assembly Bill No. 286 of the 72nd Session was amended as described on page 5 of [Exhibit H](#). There was an open enrollment notice that was sent out in September of 2003. Participants were required to respond by January of 2004.

After CY 2003, a large number of non-State employees joined PEBP at retirement. Page 6 of [Exhibit H](#) details the background of the program after 2003. The more non-State employees joined PEBP, the more the price increased.

Senate Bill No. 544 of the 74th Session was approved in 2007 because of Assembly Concurrent Resolution No. 10 of the 72nd Session. Senate Bill No. 544 of the 74th Session disallowed non-State retirees from joining PEBP. The details of this legislation are listed on page 6 of [Exhibit H](#).

In CY 2008, we added about 3,000 people to the risk pool, which gave us approximately 9,400 participants. Page 7 of [Exhibit H](#) is a description of the eligible State and non-State participants in the program.

Page 8 of [Exhibit H](#) illustrates the historical and projected enrollments for PEBP. Page 9 details the ratio of active employees to retirees in the program.

The PEBP supports the original version of S.B. 34, as described on page 10 of [Exhibit H](#), because it provides a mechanism to increase the State risk pool. This would reverse the deterioration in the employee-to-retiree ratio by adding new employees. This would also provide an opportunity for about 1,000 employees of small local governments to join PEBP.

As amended, S.B. 34 will still create a single risk pool for all participants in PEBP. The non-State employees in the State pool would drop our employee-to-retiree ratio to about 1:39. The issues related to the amended version of the bill are described on page 11 of [Exhibit H](#).

The fiscal note impacts related to the amended version of the bill are described on pages 12 and 13 of [Exhibit H](#). Non-State retirees average a cost of \$789.68 per month compared to an average of \$509.85 a month for active State employees and State retirees. If State and non-State employees are combined into one risk pool, all participants in PEBP will have their premiums increased by \$37.73 per month.

Page 14 of [Exhibit H](#) provides information on medical costs for different age groupings. The higher priced retirees would be comingled into the lower cost risk pool if the bill is approved.

Page 15 of [Exhibit H](#) details the fiscal year (FY) 2013-2014 PEBP rates and provides several examples for various scenarios. State subsidies for State retirees are pooled in the retired employee group insurance account and dispersed to PEBP based on a percentage of the premium that the Title XVIII of the Social Security Act, also known as Medicare, retirees selects. There is an anomaly in the non-State Medicare retiree population which is that we determine an aggregate number for the subsidy that is used for the legislative bill and rate purposes. This number is used for the non-State retirees. This number is adjusted based on the years of service. A non-State non-Medicare retiree on a high deductible plan will have a premium of \$1,019.40, as shown on page 15 of [Exhibit H](#). This premium is increasing exponentially. The Health Maintenance Organization (HMO) subsidy rate, also reflected on page 15, is calculated based on the plan and tier versus on a flat rate.

Page 16 of [Exhibit H](#) details the alternatives for non-State retirees. We could do nothing, but this is not a viable alternative because rates are increasing. Another alternative is to allow retirees to obtain health insurance through their last employer. We could direct retirees to the Silver State Health Insurance Exchange or commingle them with the State pool.

Chair Smith:

Allowing retirees to obtain health insurance through their last employer may not always be a viable option unless the rules change.

Mr. Wells:

Local governments must allow for insurance reinstatement according to NRS 287.0205 regardless of the health insurance model.

The Board of the PEBP has taken an official position as detailed on page 17 of [Exhibit H](#). The Board supports a long-term, sustainable solution to this problem, but opposes solutions that will increase costs for State employees and retirees. The Board supports the original version of S.B. 34 and the creation of a larger State employee risk pool.

Chair Smith:

Please discuss the costs in further detail.

Mr. Wells:

There will be no negative fiscal impact from the original version of S.B. 34. We would be adding primarily younger populations to the State pool. Active employees from local jurisdictions are generally under 50 years old and less expensive to insure as described on page 14 of [Exhibit H](#).

Chair Smith:

What is the cost to commingle with the State pool?

Mr. Wells:

The cost to commingle with the State pool is described on page 12 of [Exhibit H](#). Each State employee will pay between \$36 and \$40 more per year to add the approximately 3,000 non-State, non-Medicare retirees. The total cost is approximately \$8.28 million per year, including the State and participant share of costs. The State is responsible for approximately 75 percent of this amount and the balance is paid by the participants.

Senator Kieckhefer:

Which alternative described on page 16 of [Exhibit H](#) meets the Board's position described on page 17?

Mr. Wells:

The only alternative that does not meet the Board's goal is to commingle the non-State retirees with the State pool.

Senator Kieckhefer:

Is your proposal to revert to the original version of the bill?

Mr. Wells:

Yes, that is correct. The Board is opposed to the bill as amended.

Martin Bibb (Retired Public Employees of Nevada):

We support the amended version of S.B. 34. The non-State pre-Medicare aged retirees are shrinking as a group. This group will eventually end up in the Medicare pool, or they will drop out and find other insurance. As of FY 2011-2012, there are about 4,200 non-state pre-Medicare participants. A PEBP proposal indicated there will be a 30 percent reduction of this risk pool over a 3-year period.

There is approximately \$30 million in savings due to implementing a consumer-driven health plan for active employees/early retirees requiring Medicare aged retirees to use Medicare. There is \$100 million in excess reserves. Contributions have decreased. We support using funds in savings or excess reserves to fund a risk pool that will eventually be eliminated.

The contribution rates have been higher for State employees some years and higher for non-State employees other years. Some non-State employees may not be able to return to their former plans.

Chair Smith:

Some people will not be eligible for Medicare coverage.

Mr. Bibb:

Some State and local government employees may not be eligible for Medicare Part A. This is a small number of State workers.

Chair Smith:

Funding the non-State retiree pool will be an ongoing obligation.

Mr. Bibb:

Yes, but only for a period of time. I would suggest that you could review the program again during the next Legislative Session. The non-State retiree group will shrink quickly.

Senator Woodhouse:

Please provide the PEBP budget enrollment projection for non-State early retirees.

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Mr. Bibb:

I am submitting the numbers to the Committee in my document entitled "PEBP Budget – Account 1338, Enrollment Projections" ([Exhibit I](#)).

PEBP - Public Employees' Benefits Program — Budget Page PEBP-10 (Volume III)
Budget Account 625-1338

James Richardson (Nevada Faculty Alliance):

I am representing the Nevada Faculty Alliance and a benefits coalition. We support the original bill. Unfortunately, this bill has become the vehicle to solve other problems. This bill, as amended, is an example of the law of unintended consequences.

In the past, the Legislature tried to help small local governments by allowing them to put their retirees in a health plan. Fifty-six percent of these people are retired schoolteachers. Of this 56 percent, 1,100 are Clark County retired schoolteachers. There are another 400 retirees from Washoe County. The long-term consequences were not considered when these schoolteachers were enrolled in these plans. Many of these people will be priced out of the market and will end up in emergency rooms or will end up impacting Medicaid budgets.

The health care trusts for teachers in Clark County have told us they do not accept people coming back into the health care trusts. There is an argument that could be made that this is a violation of the law.

There are 3,200 people with rates increasing exponentially. We need a long-term solution to this problem. We support solving this problem.

Keith Uriarte (AFSCME-Local 4041):

We support S.B. 34, as amended. It is time to make Nevada public service employees and retired Nevada public service employees whole.

Craig Stevens (Nevada State Education Association):

We support S.B. 34, as amended. Fifty-six percent of the people affected are educators. This bill, as amended, will help solve the problem.

Senator Woodhouse:

Is it true that the Clark County teacher group may not be able to go back to the health trust?

Mr. Stevens:

I understand that it would be difficult for this group to go back to the trust.

Ron Dreher (Peace Officers Research Association of Nevada; Washoe County School Principals' Association; Washoe County Public Attorney's Association):

I am representing the Washoe County School Principals' Association and the Washoe County Public Attorney's Association. We are a Nevada group in support of the amended version of S.B. 34.

Senator Roberson:

I want to be clear about Mr. Richardson's position on the bill. Mr. Richardson, do you support the original version of the bill or the amended version of the bill?

Mr. Richardson:

We fully support the original bill. We support the amended version of the bill also; however, we recognize there will be difficulty finding the funds to implement this version of the bill.

Stephen Augspurger (Clark County Association of School Administrators):

We support S.B. 34, as amended.

Joan Rassler:

I am a non-State retiree also known as an "orphan." I support S.B. 34, as amended. I chose to work in the public sector even though I had career options that paid better. I chose to work in the public sector primarily as an investment in my retirement. I retired in September of 2008, about 5 years earlier than I was planning, because enrolling in PEBP was only available for a limited time.

I was offered a contract by the Legislators at the time. I accepted the contract. I feel that the Legislature is bound by that existing contract as it was written and in its spirit and intent. I realize that economic situations change, but we as the "orphans" are equal participants in PEBP.

I understand that the priorities for PEBP differ from mine, but they are also bound by the spirit and intent of the prior legislation unless this Legislature changes the contract. Everyone that is a participant in the contract needs to be involved in changing the contract for it to be a valid change.

Over the last 4 years, PEBP has systematically isolated, segregated, disenfranchised and tried to force out retirees. Over the last 4 years, my premiums have increased exponentially. For example, when I first retired in 2008 my monthly premiums were \$129.53 as an individual retiree. Currently, my monthly premium is \$181.27. I qualify for the maximum subsidy for non-State retirees. According to the PEBP Website, my monthly premium in July will be \$391.72. This is a 1-year increase of 216 percent. Over approximately 5 years, the premiums will increase by 302 percent.

The PEBP has proposed using a portion of its approximately \$47 million reserve as a subsidy. There is no such accommodation for non-State retirees. The Legislation, as proposed, would result in me forfeiting the subsidies that I qualified for as a part of my original contract.

Please group the State and non-State retirees in the same risk pool with equal subsidies for both groups. This could be accomplished by using \$8 million per year from the PEBP budget.

Janice Florey:

The retirees in my situation used the best information we had when we retired. Our group of non-State retirees was caught in between well-crafted legislation in 2003 and other legislation in 2007. I called the Teacher's Health Trust of Clark County and they indicated that they would not entertain bringing retirees that retired prior to 2009 back into their group. There are not many good choices for those in our situation. If we leave the State system, we will lose our life insurance and other benefits. I am happy with the current PEBP HMO. Please help us with the cost of our plans.

Peggy Lear Bowen:

I am an "orphan" who will never qualify for Medicare. I am uninsurable.

I became a retiree on October 1, 2007. The Legislature extended the deadline for joining the State health care system until November 2008 to allow people to figure out retirement plans. I joined the State health care system in good faith. The plan cost me \$46.39 per month initially. In 2008, the health plan increased to \$129.53 per month. In 2009, I paid \$264.47 per month and in 2010, I paid \$354.35 per month. For 2013, I will pay \$391.72 per month for health insurance. These numbers are based on a 20-year subsidy.

It is not fair to keep the State employee retiree rates flat while increasing the rates for non-State retirees. All employees contributed to the State. We spend money in our community and contribute to the tax base. Many people in my situation buy Nevada-made products as much as we can.

Please help us. The right thing to do is to support the amended version of S.B. 34.

Karen O’Larey:

I was a teacher in Pershing County for 30 years. The PEBP approached us and told us they could help rural school district employees retire.

My husband joined PEBP in 2008. The PEBP courted us to retire. Our school district was interested in reducing their staff. We were not informed at the time that we would be part of a shrinking pool of retirees or that we would be treated as “orphans.” We were given a commitment of affordable insurance. Our rates have gone up and down over the years. I gave up my salary over the last 5 years when I retired, and my ability to earn a full Public Employees’ Retirement System pension. The PEBP made a commitment to us. Reserve PEBP funds should be used to fulfill their commitment.

Greg Reed:

I am one of the 12 active employees in the plan. My premiums have increased from about \$680 per month in 2008 to \$1,770 per month this year. I will be leaving the plan. We support the amended and original version of the bill. We will stay in the insurance plan if either of these bills is passed. We are still in the plan because of the ability to use the plan in retirement.

Renee L. Yackira (Vice Chancellor, Administration and Operations, Administrative Services, Nevada System of Higher Education):

We are in opposition to the amended version of S.B. 34. The increased health care costs and degradation of benefits have had a significant impact on our employees and on our retention and recruiting efforts. Any solution that increases the cost of health care for our employees or reallocates State funds to offset health care costs for non-State employees is not appropriate. The PEBP reserve funds should be used to help State employees.

Mr. Wells:

The non-State employee pool is shrinking by about 30 members per month. We estimate that about 1,000 people will not be eligible for Medicare Part A in the State and non-State insurance pools. We do not know how many will not be eligible for Medicare Part A in the non-State insurance pool.

Chair Smith:

I will close the hearing on S.B. 34 and open the hearing on S.B. 340.

SENATE BILL 340 (1st Reprint): Revises provisions relating to the delivery of health care. (BDR 40-595)

Senator Joseph P. Hardy (Senatorial District No. 12):

The Department of Health and Human Services (DHHS) has placed a \$1.5 million fiscal note on this bill to write regulations. The Patient-Centered Medical Home proposed by this bill is designed to have quality, availability, satisfaction and cost savings, much like an accountable care organization. This concept is designed to keep patients healthy, allow patients to go to the hospital when it is needed and provide a follow-up exam so that a quick recovery can be assured.

The national models of certification exist so that the State does not have to invent a regulation model from scratch. A key section of S.B. 340 is a provision that protects insurance companies from federal antitrust provisions. Instead of providers getting a fee for service for every visit, an insurance company can pay providers for the cost of keeping patients healthy and out of expensive emergency care.

The bill creates a regulatory framework for instituting and following up on those administering Patient-Centered Medical Homes. The bill allows for monitoring of insurers that are involved in Patient-Centered Medical Homes. Insurers are allowed to offer incentives. The bill sets up an advisory council and provides for efficient record sharing.

Sections 7.5 and 14.5 disallow those without enough capital from setting up Patient-Centered Medical Homes. The bill, as amended, does not require the Legislature to spend any money until funding is available.

Ms. Williams:

There is no fiscal note associated with this bill, as amended. Other states have found a way to privately fund this type of operation. We will work on this project and build the infrastructure to implement the bill using current funding.

Senator Hardy:

The MGM Grand Hotel and Casino and Southwest Medical Associates have Patient-Centered Medical Homes funded by private dollars. Some Medicaid clinics that are involved in Patient-Centered Medical Homes. This concept can be implemented using private or public money.

Chair Smith:

This approach saves money and keeps patients healthier.

Senator Hardy:

Many providers are not involved with a group that can figure this out. That is why we have antitrust provisions in the bill.

Mr. Lee:

We support the proposed amendment to S.B. 340 as detailed in my document entitled "Proposed Amendment 8810 to Senate Bill No. 340 – First Reprint" ([Exhibit J](#)). We appreciate changes that have been proposed to the bill on page 8 of [Exhibit J](#), requiring that records must be available if there is an emergency that threatens the public safety.

Chair Smith:

I will close the hearing on S.B. 340. I will release the gavel to Vice Chair Woodhouse, while I present my bill, S.B. 511, to the Committee.

SENATE BILL 511: Makes an appropriation to Save the Children for in-school and after-school literacy programs in this State. (BDR S-1213)

Senator Woodhouse:

I will now open the hearing on S.B. 511.

Senator Debbie Smith (Senatorial District No. 13):

Senate Bill 511 would appropriate \$150,000 each year of the biennium to the Save the Children organization. It is important that the Legislature show support for varied nonprofit organizations that have helped sustain the State during this

difficult economic time. Organizations like Save the Children and others have provided after school programs for our most at-risk children.

Save the Children is a widely known organization that has been in the State for a number of years. They have met all of their commitments when we have previously appropriated funds for their operations.

This bill requires matching contributions before appropriations would be given. Save the Children would only receive funding 1 year at a time and would have to demonstrate how funding was used in order to be eligible for the second year of funding. I am committed to ensuring that any public funds are used in an accountable and transparent manner.

Andrew Hysell (Associate Vice President, Policy, Advocacy, and Development, Save the Children):

The Save the Children organization works in 160 countries and 18 U.S. states. We have been in Nevada since 2003. We fight poverty by improving educational outcomes. This approach increases economic activity. We also help children during disasters. We focus our efforts in the rural areas where 20 percent of the children live.

We began Nevada operations in Washoe County around Pyramid Lake. We set up our program using funds from private donors. We ran our program for 4 years and then presented our results to the Legislature. After presenting our results, the Legislature granted us funding to expand our operations to Elko County. We would not be in Elko County without the support of the Legislature. We serve approximately 1,700 children in Washoe and Elko Counties.

We have been funding all of the school sites since the economic crisis started a few years ago and the Legislature discontinued funding. We have raised funds from the federal government and private sources to keep the Save the Children program operating. We have kept the services at the same level despite the elimination of State funding. The schools have helped because they appreciate our programs.

We focus on Grade 3 reading. Grade 3 reading improvements have the greatest impact on academic outcomes. If children are not reading at an appropriate level in Grade 3, deficiencies in other subjects such as math and science start to

manifest. Eighty-eight percent of high school dropouts were struggling readers in Grade 3. There is a greater correlation between deficiencies in Grade 3 reading and high school dropout rates than income and high school dropout rates.

Our program supplements what the schools do. Children from low-income communities do not have many opportunities for high-quality reading practice. The schools do a great job teaching reading comprehension and other strategies to help with reading, but children do not get a chance at school to read in a constructive manner.

On average, a child in our program can gain 5.5 months of reading practice during 1 year in our program. This helps children catch up with their peers in reading skills.

Chloe Chambers (Program Specialist, Nevada, Save the Children):

I have encountered many children that work much harder than other children do and yet these children are still behind their peers. The only way to help these children read according to their grade level is to give them extra support.

When working in Elko County as a Grade 3 teacher, I observed a child that was struggling. By the end of Grade 3, after participating in the Save the Children program, this child was enjoying reading and was excited about it. This child met the reading standards at the Grade 3 level because of the Save the Children program.

Another child with a poor home life had a parent that was planning to remove this child from the Save the Children program. I was able to convince this parent to allow the child to stay in the program. This child was helped because someone cared about him. Now in Grade 5, this child is doing well, in part, because of the Save the Children program.

I love the Save the Children program, the lesson plans, the organization and the way that we support the children. It is unique, which is why I left my teaching job with Elko County to join the Save the Children program.

Senator Kieckhefer:

Where are the programs physically located? Are all children eligible for these programs?

Ms. Chambers:

We have in-school and after-school programs. In some cases, we will pull children out of classes to provide programming. Generally, we work with children from Kindergarten to Grade 4. In the after-school program, we would instruct Grade 2 through Grade 4 children. We also teach children about nutrition as a part of our program.

Senator Woodhouse:

Are the children instructed at the school or another location?

Ms. Chambers:

All of our programs are "school based" in Nevada.

Senator Kieckhefer:

How many students will be served with an appropriation of \$150,000 per year?

Ms. Chambers:

In the Elko County School District, we serve around 30 children in school and between 30 and 40 children after school. At Natchez Elementary School, we serve 65 children in an after-school program. We provide two scholastic books per child. The books are shared with the child's parents.

Mr. Hysell:

We received approximately \$709,000 in State funds over the 2007-2009 biennium. These funds were used for operational and expansion purposes in Elko County. We paid for the Washoe County program using our own funds during this period. We have been funding all of the programs using our own resources since FY 2009-2010.

Senator Goicoechea:

Are all the Save the Children schools in Elko County?

Ms. Chambers:

We have three sites in Elko County and one site in Washoe County.

Senator Smith:

Discuss the parent involvement aspect of the program.

Ms. Chambers:

Our program includes a family engagement element. It is important for us to educate parents and to get them involved with their children's education. The parents need certain tools to help their children. Many parents work long hours and have a difficult time supporting their children, or do not know how to support them. We have parent engagement activities and documents to help parents help their children. The documents will help the child throughout their school career.

Senator Smith:

The Save the Children program has been extremely responsive and also made a presentation to the Interim Committee on Education last year.

Senator Woodhouse:

I will close the hearing on S.B. 511 and return the gavel to Chair Smith.

Chair Smith:

We will open the Work Session and begin discussion of S.B. 44.

SENATE BILL 44: Revises provisions relating to allocations from the Disaster Relief Account. (BDR 31-341)

Mr. Krmpotic:

Fiscal Staff has some suggested amendments for S.B. 44, as illustrated in the document entitled "Proposed Amendment 8836 to Senate Bill No. 44" ([Exhibit K](#)). Senate Bill 44 addresses provisions related to the Disaster Relief Fund and revises the process for requesting a loan or a grant from the account. The bill expands the purpose for which a local government may use the fund. It addresses the use of the fund for preventative measures that would mitigate or prevent disasters.

This is a Department of Public Safety, Division of Emergency Management Division bill. The provisions in the bill are practical in nature and mirror some of the practices that the Division undertakes with respect to grants and/or loans.

Fiscal Staff recommends adding language as shown on page 2 of [Exhibit K](#) to address reporting to the Fiscal Analysis Division. Fiscal Staff also recommends adding language as shown on page 3. These amendments also relate to reporting to the Fiscal Analysis Division.

Christopher B. Smith (Administrator, Division of Emergency Management and Office of Homeland Security, Department of Public Safety):

I support the changes proposed by Fiscal Staff. This bill makes the intent clearer for local jurisdictions and other State agencies that may apply for disaster relief funds. We support informing the LCB when documents have been produced for the Disaster Relief Fund.

SENATOR GOICOECHEA MOVED TO AMEND AND DO PASS AS AMENDED S.B. 44.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Mr. Krmpotic:

Senate Bill 58 relates to distance education. The bill was heard by the Committee on May 13. The bill eliminates and/or modifies limits on pupil enrollment in distance education programs. Pupils may enroll in these programs unless prohibited from doing so by statute, or if the pupil fails to meet the qualifications and conditions established by the State Board of Education.

SENATE BILL 58 (1st Reprint): Revises provisions relating to distance education. (BDR 34-396)

If a pupil is qualified to enroll in a program of distance education, the school district board of trustees must grant permission for the student to enroll. Additionally, the measure provides that the superintendent of public instruction may grant permission for licensed personnel to supervise pupils attending a course of distance education.

The Department of Education (NDE) has addressed the fiscal note and stated that, if there is a significant increase in the use of this provision, they may not have enough auditing resources to implement the bill. Fiscal Staff has no issues with the bill.

SENATOR WOODHOUSE MOVED TO DO PASS S.B. 58.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Mr. Krmpotic:

Senate Bill 303 was heard by the Committee on May 8. This bill provides for the issuance of driver authorization cards.

SENATE BILL 303 (1st Reprint): Provides for the issuance of driver authorization cards. (BDR 43-596)

To qualify for the card, the applicants must furnish documentation showing proof of identity and residency in the State. The measure allows the applicant to present various documents, such as a birth certificate or a passport issued by a foreign government, to demonstrate proof of age. To show proof of residence applicants must present any two original or certified copies of documents accepted by the Department of Motor Vehicles (DMV).

The driver authorization cards must contain clear statement and design elements indicating that it may not be accepted for certain purposes. The cards expire 1 year after issuance or renewal. The effective date of this bill will be upon passage and approval, and is for the purpose of adopting regulations and other tasks. The effective date of the bill for other purposes shall be January 1, 2014.

A fiscal note was submitted by the DMV and includes expenses of \$75,000 in the first year of the 2013-2015 biennium for a vendor to redesign the driver authorization card. The fiscal note also included \$1,992 for regulation costs. The DMV also requested 18 positions associated with the increased expected workload from implementation of this bill.

The issuance of the cards will generate additional fees that will exceed the costs of the implementation of the bill. However, to implement the bill, the Committee should understand that DMV fees collected are deposited into the State Highway Fund. If the Committee wishes to implement the bill, Fiscal Staff

recommends a State Highway Fund appropriation of \$739,110 in FY 2013-2014 and \$893,852 in FY 2014-2015. Those appropriations would be applied toward different divisions within the Department, but Fiscal Staff recommends that the appropriations be made to the DMV and then transferred into the pertinent accounts.

Proposed Amendment No. 8781 requires that the driver authorization card and the driver's license be the same design, with only the minimum number of changes to comply with subsection 5 of the bill. This will minimize the cost of redesigning the driver's license.

The amendment contains a provision that requires compliance with the REAL ID Act of 2005. There is language stricken from the first reprint of the bill requiring the driver's authorization card, or instruction permit, to be obtained in accordance with these sections.

Senator Denis:

We are trying to obtain written confirmation from the federal government about what language is required to be on the card according to the REAL ID Act. This bill will allow the DMV the flexibility to make changes to the card, according to the federal government requirements.

Senator Kieckhefer:

Will the recommended State Highway Fund appropriation be replenished with fees over the biennium?

Mr. Krmpotic:

Yes, revenues would exceed expenditures by approximately \$700,000 in the first year of the biennium, and \$1.1 million in the second year of the biennium once the onetime expenses expire. This is based on 60,000 new driver authorization cards being issued. There is a 22 percent funding cap associated with the State Highway Fund. The proposed bill would comply with the funding cap.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 303.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Krmpotic:

Senate Joint Resolution (S.J.R.) 14 of the 76th Session was approved by the voters in 2012. The resolution would create an appellate court within the State judicial system. The Committee heard this resolution on March 4. If approved by the voters in 2014, the appellate court would be effective in 2015.

SENATE JOINT RESOLUTION 14 OF THE 76TH SESSION: Proposes to amend the Nevada Constitution to create an intermediate appellate court. (BDR C-1013)

In FY 2014-2015, approximately \$791,000 in funding would be needed for salaries of appellate court judges and associated support staff. Four budget accounts would be impacted by this resolution: the judicial education account, B/A 101-1487, which is self-funded and would require \$10,662 from reserves; the state judicial elected officials, B/A 101-1490, which would pay judges salaries and would require about \$327,000; the judicial support, governance and special events account, B/A 101-1493, requiring approximately \$458,000; and the judicial selection account, B/A 101-1498 requiring about \$7,100 to recommend candidates to the appellate court office. The ongoing costs would be approximately \$1.6 million per biennium.

Judicial Education — Budget Page JUDICIAL-40 (Volume I)
Budget Account 101-1487

State Judicial Elected Officials — Budget Page JUDICIAL-18 (Volume I)
Budget Account 101-1490

Judicial Support Governance and Special Events — Budget Page JUDICIAL-46
(Volume I)
Budget Account 101-1493

Judicial Selection — Budget Page JUDICIAL-21 (Volume I)
Budget Account 101-1498

If this resolution is approved by the voters, the Judicial Branch should approach the IFC for a contingency fund allocation to implement the appellate court in FY 2014-2015. The contingency fund balance is about \$7 million. If the resolution was approved by the voters in November of 2014, it is likely the judicial branch would approach the IFC in December of 2014 for a funding allocation.

There is a sufficient balance in the Contingency Account that could be used to support the appellate court. We may need to consider the Marketplace Fairness Act of 2013, if implemented by the U.S. Congress. Fiscal Staff recommends approval of S.J.R. 14 of the 76th Session.

Chair Smith:

Do we need to amend this resolution?

Mr. Krmpotic:

No, we do not need to amend the resolution.

Senator Kieckhefer:

I mistakenly voted against this resolution during the 2011 Legislative Session. I have since learned much more about the needs of the judicial system. I am convinced that the appellate court is something that is needed in our State.

SENATOR PARKS MOVED TO DO PASS S.J.R. 14 OF THE 76TH SESSION.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR DENIS WAS ABSENT FOR THE VOTE.)

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Mr. Krmpotic:

Senate Bill 463 is the enabling bill to implement S.J.R. 14 of the 76th Session. In section 193 of the bill, it indicates that this act becomes effective on January 1, 2015, if S.J.R. 14 of the 76th Session is approved by the Legislature and the voters.

SENATE BILL 463 (1st Reprint): Provides for the implementation of the Court of Appeals. (BDR 1-1197)

SENATOR ROBERSON MOVED TO DO PASS S.B. 463.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR DENIS WAS ABSENT FOR THE VOTE.)

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Mr. Krmptic:

Senate Bill 464 was heard by the Committee on May 15. This is a budget implementation bill. The bill is consistent with the budget closing actions that the money committees have made related to the Nevada Department of Agriculture (NDA). The bill becomes effective July 1, 2013. Fiscal Staff recommends approval.

SENATE BILL 464: Renames the State Sealer of Weights and Measures and the Division of Measurement Standards within the State Department of Agriculture. (BDR 50-1148)

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

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR DENIS WAS ABSENT FOR THE VOTE.)

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Mr. Krmptic:

Senate Bill 465 was heard by the Committee on May 13. This is a budget implementation bill related to the NDA. The bill increases the head tax for livestock. The bill will be effective July 1, 2013. Fiscal Staff recommends approval of this bill. This bill requires a two-thirds majority approval.

SENATE BILL 465 (1st Reprint): Revises provisions governing the special tax on certain livestock. (BDR 50-1147)

SENATOR GOICOECHEA MOVED TO DO PASS S.B. 465.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Krmpotic:

Senate Bill 466 is a budget implementation bill. The money committees have approved the budgets of the NDA and they are consistent with the provisions in this bill. However, an amendment is required before this bill can move to the Assembly. Fiscal Staff notes the bill strikes language in section 12 of the bill related to the NDE Superintendent of Public Instruction apportioning the match dollars for nutrition education. Section 5 of the bill places that authority with the NDA. The match for State nutrition education remains with the Distributive School Account. Fiscal Staff has reviewed this portion of the bill with Legal Division Staff and recommends an amendment to strike the language in section 5 of the bill and to include the stricken language in section 12 of the bill.

SENATE BILL 466: Transfers authority over programs of nutrition from the Department of Education to the Director of the State Department of Agriculture. (BDR 34-1146)

Deborah Cunningham (Deputy Superintendent for Administrative and Fiscal Services, Department of Education):

We support the proposed amended version of the bill.

Lynn Hettrick (Executive Director, State Dairy Commission, Department of Business and Industry):

On behalf of the NDA, we are in support of S.B. 466 and the suggested amendment.

SENATOR WOODHOUSE MOVED TO AMEND AND DO PASS AS AMENDED S.B. 466.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Krmpotic:

Senate Bill 469 is a budget implementation bill. The money committees have approved the budgets related to this bill. Fiscal Staff recommends approval of the bill.

SENATE BILL 469: Transfers the State Dairy Commission from the Department of Business and Industry to the State Department of Agriculture. (BDR 51-1145)

SENATOR ROBERSON MOVED TO DO PASS S.B. 469.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Krmpotic:

Senate Bill 490 transfers the State commodity food program from the Department of Administration Purchasing Division to the NDA. The money committees have approved the budgets associated with this bill. Fiscal Staff recommends approval of this bill.

SENATE BILL 490: Revises provisions relating to certain commodity food programs. (BDR 27-1149)

SENATOR PARKS MOVED TO DO PASS S.B. 490.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Krmpotic:

Senate Bill 471 transfers the responsibility to administer the account for charter schools from the NDE to the State Public Charter School Authority. The bill also revises the maximum amount of a loan that may be made to a charter school. The Executive Budget recommends about \$750,000 in General Fund appropriations for the charter school loan program. This bill would assist in implementing that budget provision.

SENATE BILL 471 (1st Reprint): Revises provisions relating to the Account for Charter Schools. (BDR 34-1133)

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 471.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Krmpotic:

Senate Bill 473 is a budget implementation bill to allow internal service funds to receive interest distributions from the General Fund based on the earnings of each of the enterprise accounts. The accounts include the administrative services fund, information services fund, personnel fund, buildings and grounds fund, insurance premiums fund, the purchasing fund, motor pool fund, general services communication fund and the mail services fund.

SENATE BILL 473: Revises provisions relating to certain internal service funds. (BDR 18-1128)

Alex Haartz (Principal Deputy Fiscal Analyst):

In February, Fiscal Staff met with the Department of Administration to discuss this bill. The Department indicated that they were proposing this change to come into compliance with federal requirements. Fiscal Staff is unable to determine whether the change is truly necessary. It appears to be a preventative measure rather than a federal requirement.

Laura Freed (Senior Program Analyst):

I concur with Mr. Haartz's comments.

Senate Committee on Finance
May 15, 2013
Page 35

Chair Smith:

Is there a need to process the bill?

Mr. Krmpotic:

We need to make some changes to various budget accounts. Approximately \$60,000 will need to be reduced from the General Fund balance in each year of the biennium.

Senator Parks:

Interest should stay with the account that earns the income. Internal service funds will not accumulate much interest. The job of calculating interest and transferring the funds is hardly worth the effort.

Chair Smith:

Seeing no further business before the Committee, we will adjourn at 7:06 p.m.

RESPECTFULLY SUBMITTED:

RJ Keetch,
Committee Secretary

APPROVED BY:

Senator Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	2		Agenda
	B	8		Attendance Roster
S.B. 21	C	4	State Controller	Amendment
S.B. 21	D	5	State Controller	Amendment
S.B. 21	E	1	DHHS, Division of Health Care Financing and Policy	Withdraw Fiscal Note 757
S.B. 501	F	1	DHHS, Health Division	Amendment
S.B. 501	G	9	Barry W. Lovgren	Proposed Amendment
S.B. 34	H	18	PEBP	Presentation
S.B. 34	I	1	Martin Bibb	PEBP Budget-Account 1338
S.B. 340	J	11	Keith Lee	Proposed Amendment 8810
S.B. 44	K	4	LCB	Proposed Amendment 8836