

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

**Seventy-Third Session  
May 13, 2005**

The Committee on Ways and Means was called to order at 2:28 p.m., on Friday, May 13, 2005. Chairman Morse Arberry Jr. presided in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Mr. Morse Arberry Jr., Chairman  
Ms. Chris Giunchigliani, Vice Chairman  
Mr. Mo Denis  
Mrs. Heidi S. Gansert  
Mr. Lynn Hettrick  
Mr. Joseph M. Hogan  
Mrs. Ellen Koivisto  
Ms. Sheila Leslie  
Mr. John Marvel  
Ms. Kathy McClain  
Mr. Richard Perkins  
Mr. Bob Seale  
Mrs. Debbie Smith  
Ms. Valerie Weber

**COMMITTEE MEMBERS ABSENT:**

None

**STAFF MEMBERS PRESENT:**

Mark Stevens, Assembly Fiscal Analyst  
Brian Burke, Senior Program Analyst  
Tracy Raxter, Program Analyst  
Carol Thomsen, Committee Attaché  
Connie Davis, Committee Attaché

Chairman Arberry called the meeting to order and announced that the Committee would hear budget closing reports from the Joint Subcommittees.

**BUDGET CLOSINGS**

Assemblywoman McClain, Chairwoman of the Joint Subcommittee on Public Safety, Natural Resources and Transportation, offered the following closing report regarding the Nevada Department of Transportation for the Committee's consideration:

THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL  
RESOURCES AND TRANSPORTATION HAS COMPLETED ITS  
REVIEW OF THE BUDGET FOR THE NEVADA DEPARTMENT OF  
TRANSPORTATION.

**TRANSPORTATION ADMINISTRATION (BA 201-4660):** THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO ADD 22 POSITIONS TO ADDRESS CONSTRUCTION, MAINTENANCE AND ADMINISTRATIVE NEEDS THROUGHOUT THE DEPARTMENT.

THE SUBCOMMITTEE SUPPORTS THE GOVERNOR'S RECOMMENDATION TO ADD BOND AUTHORITY OF \$200 MILLION IN FY 2007 TO FINANCE MAJOR CONSTRUCTION PROJECTS THROUGHOUT THE STATE SUCH AS THE CARSON CITY FREEWAY AND I-580 EXTENSION IN NORTHERN NEVADA AND THE U.S. 95 WIDENING IN SOUTHERN NEVADA. THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDATION TO ADD BOND AUTHORITY IN FY 2006 SINCE THE INTERIM FINANCE COMMITTEE APPROVED \$200 MILLION IN BOND AUTHORITY IN ADVANCE IN FY 2005, WHICH WILL BE CARRIED FORWARD AND ISSUED IN FY 2006.

THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO ADD HIGHWAY FUNDS OF \$1.9 MILLION IN FY 2006 AND \$3.9 MILLION IN FY 2007 TO CONTINUE PHASES FIVE AND SIX OF THE INTEGRATED RIGHT-OF-WAY INFORMATION NETWORK PROJECT IN ORDER TO AUTOMATE THE DOCUMENT RETRIEVAL PROCESS TO MANAGE THE DEPARTMENT'S RECORDS ON PROPERTY RIGHTS, PROPERTY ACQUISITIONS, PERMIT STATUS AND LOCATION OF UTILITIES THAT WILL BE USED BY THE DEPARTMENT'S RIGHT-OF-WAY DIVISION. BASED ON INFORMATION PROVIDED BY THE DEPARTMENT REGARDING THE LIKELIHOOD THAT AMOUNTS RECOMMENDED BY THE GOVERNOR WOULD DECREASE ONCE PROJECT COST ESTIMATES WERE DETERMINED BY JULY 2005, THE SUBCOMMITTEE DIRECTED THE AGENCY TO REPORT BACK TO THE INTERIM FINANCE COMMITTEE WHEN ACCURATE COST ESTIMATES ARE DETERMINED. IF REVISED COST ESTIMATES REFLECT AMOUNTS WHICH ARE LOWER THAN BUDGETED, THE AGENCY SHOULD SUBMIT WORK PROGRAM REVISIONS TO REDUCE FUNDING LEVELS TO REFLECT THE PROJECT COSTS.

Chairman Arberry asked whether there were questions from the Committee regarding the closing report for the Nevada Department of Transportation and, there being none, he stated he would accept a motion.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE THE CLOSING REPORT FOR THE NEVADA DEPARTMENT OF TRANSPORTATION.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED. (Speaker Perkins was not present for the vote.)

BUDGET CLOSED.

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Assemblywoman McClain, Chairwoman of the Joint Subcommittee on Public Safety, Natural Resources, and Transportation, offered the following

closing report regarding the Peace Officers' Standards and Training Commission for the Committee's consideration:

THE JOINT SUBCOMMITTEE FOR PUBLIC SAFETY NATURAL RESOURCES AND TRANSPORTATION COMPLETED ITS REVIEW OF THE BUDGETS FOR THE PEACE OFFICERS STANDARDS AND TRAINING COMMISSION AND DEVELOPED THE FOLLOWING CLOSING RECOMMENDATIONS.

**PEACE OFFICERS STANDARDS AND TRAINING COMMISSION**

**(BA 101-3774):** THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO INCREASE FROM PART-TIME TO FULL-TIME THE EXISTING FACILITY MANAGER POSITION. THIS RECOMMENDATION WAS MADE IN RESPONSE TO INCREASED TIME SPENT BY THE POSITION IN OVERSEEING THE MAINTENANCE AND UPKEEP OF FACILITIES AND EQUIPMENT AT THE AGENCY'S LOCATION AT THE STEWART COMPLEX.

THE SUBCOMMITTEE SUPPORTS THE GOVERNOR'S RECOMMENDATION TO ADD COURT ASSESSMENTS OF \$45,575 IN FY 2006 AND \$86,650 IN FY 2007 FOR TECHNOLOGY UPGRADES INCLUDING: ADDITIONAL SOFTWARE TO ALLOW FOR COMPLETION OF THE COMMISSION'S MICRO-IMAGING PROJECT, ADDITIONAL SOFTWARE TO ENABLE ONLINE ACCESS TO PEACE OFFICER RECORDS BY STATE AND LOCAL POLICE AGENCIES, AN INTER-ACTIVE TRAINING PROGRAM FOR PROSPECTIVE RESERVE OFFICERS THROUGHOUT THE STATE, AND UPGRADED EQUIPMENT AND SOFTWARE TO ENHANCE USE-OF-FORCE TRAINING FOR NEW AND EXISTING LAW ENFORCEMENT OFFICERS.

THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDATION TO PURCHASE NEW VEHICLES FOR EMERGENCY VEHICLE TRAINING BUT APPROVED THE PURCHASE OF SURPLUS VEHICLES WITH POLICE EQUIPMENT AS PRESENTLY USED BY THE COMMISSION.

Chairman Arberry asked whether there were questions from the Committee regarding the closing report for the Peace Officers' Standards and Training Commission. There being none, he called for a motion.

ASSEMBLYMAN SEALE MOVED TO APPROVE THE CLOSING REPORT FOR THE PEACE OFFICERS' STANDARDS AND TRAINING COMMISSION.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Speaker Perkins was not present for the vote.)

BUDGET CLOSED.

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Assemblywoman McClain, Chairwoman of the Joint Subcommittee on General Government, offered the following closing report regarding the budget accounts within the Department of Agriculture and Division of Minerals for the Committee's consideration:

THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT HAS COMPLETED ITS REVIEW OF THE BUDGET ACCOUNTS FOR THE DEPARTMENT OF AGRICULTURE AND THE DIVISION OF MINERALS. THE CLOSING ACTIONS OF THE SUBCOMMITTEE HAVE RESULTED IN GENERAL FUND SAVINGS TOTALING \$115,285 IN FY 2005-06 AND \$147,591 IN FY 2006-07 WHEN COMPARED TO THE GOVERNOR'S RECOMMENDED BUDGET.

**ADMINISTRATION (BA 101-4554) AGRI – 1**

AS REPRESENTED IN THE EXECUTIVE BUDGET, THE DEPARTMENT OF AGRICULTURE'S COST ALLOCATION PLAN DID NOT CONFORM TO STANDARD COST ALLOCATION PRINCIPLES. ACCORDINGLY, SENATOR BEERS AND STAFF WORKED WITH THE DEPARTMENT AND THE BUDGET OFFICE TO COMPLETELY REVISE THE DEPARTMENT'S COST ALLOCATION PLAN USING STANDARD COST ALLOCATION PRINCIPLES. THE SUBCOMMITTEE APPROVED THE REVISED COST ALLOCATION PLAN, WHICH IS BASED ON BOTH FTE COUNTS AND TRANSFERS OF INDIRECT COSTS FROM BUDGET ACCOUNTS THAT ARE FUNDED WITH FEDERAL FUNDS. THE DEPARTMENT'S REVISED COST ALLOCATION METHODOLOGY IS CLEARLY IDENTIFIABLE, AS ARE THE TRANSFERS OF FUNDS FROM NON-ADMINISTRATION BUDGETS INTO THE ADMINISTRATION BUDGET. THE REVISED COST ALLOCATION PLAN REQUIRES THE ADDITION OF GENERAL FUNDS TOTALING \$2,835 IN FY 2005-06, AND A REDUCTION IN GENERAL FUNDS TOTALING \$6,730 IN FY 2006-07.

THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO PROVIDE COST ALLOCATION FUNDS TOTALING \$1,000 IN EACH YEAR OF THE BIENNIUM TO ESTABLISH A HOST FUND FOR THE DEPARTMENT. HOWEVER, PRIOR TO THE DEPARTMENT UTILIZING ANY OF THESE FUNDS, THE SUBCOMMITTEE DIRECTED THE DEPARTMENT TO DEVELOP WRITTEN GUIDELINES DETAILING APPROPRIATE USE OF THE HOST FUND, AND REQUESTED THAT THESE GUIDELINES BE APPROVED BY THE BUDGET OFFICE, THE DIVISION OF INTERNAL AUDITS, AND LCB FISCAL DIVISION STAFF, PRIOR TO BEING USED BY THE DEPARTMENT. THE SUBCOMMITTEE ALSO APPROVED COST ALLOCATION FUNDS TOTALING \$1,307 IN EACH YEAR OF THE BIENNIUM TO CONTINUE A PILOT PROGRAM APPROVED BY THE 2003 LEGISLATURE TO PROVIDE JOB-RELATED AWARDS TO EMPLOYEES FOR MORE EFFICIENT OPERATIONS.

**PLANT INDUSTRY (BA 101 – 4540) AGRI – 16**

AT THE SUBCOMMITTEE'S DIRECTION, THE DEPARTMENT OF AGRICULTURE WORKED WITH LCB STAFF TO RE-PROJECT THE FEE REVENUES IN THE PLANT INDUSTRY ACCOUNT BECAUSE THE REVENUES STATED IN THE EXECUTIVE BUDGET WERE BASED ON A THREE-YEAR AVERAGE OF COLLECTED REVENUES, RATHER THAN ON THE GROWTH TREND OF COLLECTED REVENUES. ACCORDINGLY, THE SUBCOMMITTEE APPROVED NEW FEE PROJECTIONS, WHICH PROVIDE ADDITIONAL FEE REVENUES TOTALING \$91,162 IN FY 2005-06 AND \$112,288 IN FY 2006-07, WITH CORRESPONDING GENERAL FUND REDUCTIONS.

**LIVESTOCK INSPECTION (BA 101 – 4546) AGRI – 39**

THE SUBCOMMITTEE APPROVED THE ELIMINATION OF 5.03 FTE SEASONAL POSITIONS FROM THE POSITION CONTROL PORTION OF THE EXECUTIVE BUDGET. THE LOSS OF THE SEASONAL POSITIONS IS OFFSET SOMEWHAT WITH SEASONAL SALARY EXPENDITURE AUTHORITY TOTALING \$157,581 IN EACH YEAR OF THE BIENNIUM. THE NET RESULT IS A REDUCTION TO PERSONNEL COSTS OF \$131,671 OVER THE BIENNIUM, AND A CORRESPONDING INCREASE IN RESERVES. THE SUBCOMMITTEE TOOK EXCEPTION WITH THE DEPARTMENT'S BUDGETING METHODOLOGY BECAUSE THE INCREASE IN SEASONAL SALARY COSTS WAS IMPROPERLY PLACED IN THE ADJUSTED BASE PORTION OF THE BUDGET, RATHER THAN IN A DECISION MODULE FOR THE LEGISLATURE'S CONSIDERATION. ACCORDINGLY, THE BUDGET APPROVED BY THE SUBCOMMITTEE REMOVED THE SEASONAL SALARY COSTS FROM BASE, AND MOVED THEM TO A DECISION MODULE WHERE THEY COULD BE PROPERLY CONSIDERED. THE SUBCOMMITTEE CAUTIONED THE DEPARTMENT TO NOT REPEAT THIS PRACTICE IN THE FUTURE. THE SUBCOMMITTEE ALSO APPROVED RESERVE REDUCTIONS TOTALING \$27,493 OVER THE BIENNIUM TO CONVERT TWO SEASONAL POSITIONS TO FULL TIME POSITIONS.

**VETERINARY MEDICAL SERVICES (BA 101 – 4550) AGRI – 49**

THE SUBCOMMITTEE DID NOT APPROVE THE TRANSFER OF \$46,762 OVER THE BIENNIUM FROM THE NEVADA DEPARTMENT OF WILDLIFE (NDOW) TO FUND TRAINING FOR THE SENIOR DIAGNOSTICIAN IN THE DEPARTMENT'S ELKO OFFICE TO ATTEND TRAINING COURSES RELATED TO WILDLIFE ISSUES. THE BUDGET OFFICE, WITH CONCURRENCE FROM NDOW AND THE DEPARTMENT OF AGRICULTURE, REQUESTED THAT THIS DECISION MODULE BE REMOVED FROM THE BUDGET DUE TO FUNDING CONCERNS WITHIN THE DEPARTMENT OF WILDLIFE. THE SUBCOMMITTEE APPROVED THE BASE BUDGET RECOMMENDATION TO PROVIDE GENERAL FUNDS TOTALING \$80,397 IN EACH YEAR OF THE BIENNIUM TO CONTINUE FUNDING FOR THE MANAGEMENT OF WILD HORSES IN THE VIRGINIA RANGE.

**WEIGHTS AND MEASURES (BA 101 – 4551) AGRI – 57**

THE SUBCOMMITTEE APPROVED GENERAL FUNDS TOTALING \$209,443 OVER THE BIENNIUM TO FUND THE PURCHASE OF REPLACEMENT EQUIPMENT, INCLUDING SEVEN SPECIALLY EQUIPPED 2WD PICKUP TRUCKS IN SPARKS AND LAS VEGAS USED FOR WEIGHTS AND MEASURES ACTIVITIES (THE EXISTING PICKUPS ARE BEYOND SCHEDULED REPLACEMENT AND REQUIRE SIGNIFICANT REPAIR COSTS), AND THE REPLACEMENT OF TWO METROLOGY BALANCES. THE SUBCOMMITTEE ALSO APPROVED \$56,000 OVER THE BIENNIUM TO FUND DEFERRED MAINTENANCE FOR THE DEPARTMENT'S SPARKS AND LAS VEGAS FACILITIES. FUNDS FOR THE SPARKS FACILITY WOULD PAY FOR THE REPLACEMENT OF WORN FLOORING, ASBESTOS ABATEMENT, A NEW HVAC SYSTEM, DUCT CLEANING, WINDOW REPLACEMENT, AND INSULATION UPGRADES. FUNDS FOR THE LAS VEGAS FACILITY WOULD PAY FOR DEEP-CLEANING RESTROOMS, A NEW SWAMP COOLER, HVAC SYSTEM DUCT CLEANING, PARKING LOT PAVING, AND SPRINKLER SYSTEM IMPROVEMENTS. BECAUSE ALL REVENUES ARE ACCOUNTED FOR IN THE BASE BUDGET, AND BECAUSE THIS BUDGET DOES

NOT CARRY A RESERVE BALANCE, GENERAL FUNDS WERE APPROVED TO FUND THE PROPOSED ENHANCEMENTS AS RECOMMENDED BY THE GOVERNOR. THE SUBCOMMITTEE ALSO DIRECTED THE DEPARTMENT TO REPORT TO THE IFC REGARDING THE PROGRESS OF A PROPOSED FEE STUDY, INCLUDING WHETHER ANY FEE INCREASES HAVE BEEN OR WILL BE IMPLEMENTED BY THE DEPARTMENT, AT THE FIRST IFC MEETING AFTER JANUARY 1, 2006.

**PREDATORY ANIMAL AND RODENT CONTROL (BA 101 – 4600)**  
**AGRI – 57**

SUBSEQUENT TO THE BUDGET HEARING, THE DEPARTMENT OF AGRICULTURE RECEIVED NOTIFICATION FROM THE U.S. GOVERNMENT CONCERNING ADDITIONAL COSTS RELATED TO PREDATORY ANIMAL AND RODENT CONTROL ACTIVITIES. THE DEPARTMENT WAS NOTIFIED THAT A FUEL SURCHARGE WILL BE ADDED TO THE MILEAGE DRIVEN BY VEHICLES LEASED BY THE FEDERAL GOVERNMENT (11 FIELD STAFF IN THIS BUDGET USE THESE LEASED VEHICLES). THE FUEL SURCHARGE WILL COST AN ADDITIONAL \$5,817 IN EACH YEAR OF THE BIENNIUM. IN ADDITION, THE FEDERAL POSITION CONTRACTUALLY SUPPORTED BY THE DEPARTMENT RECEIVED A 3.26 PERCENT COST OF LIVING ADJUSTMENT (COLA) ON JANUARY 1, 2005, THEREBY REQUIRING AN ADDITIONAL \$8,556 IN EACH YEAR OF THE BIENNIUM. THE SUBCOMMITTEE APPROVED GENERAL FUNDS TOTALING \$14,383 IN EACH YEAR OF THE BIENNIUM TO FUND THESE ITEMS, WHICH WERE NOT ORIGINALLY INCLUDED IN THE EXECUTIVE BUDGET.

**COMMISSION ON MINERAL RESOURCES, DIVISION OF MINERALS (BA 101 – 4219) MINERALS – 1**

THE SUBCOMMITTEE APPROVED THE ADDITION OF ONE NEW FIELD INSPECTOR POSITION FOR THE DIVISION OF MINERALS, FUNDED THROUGH RESERVE REDUCTIONS TOTALING \$158,387 OVER THE BIENNIUM. THIS POSITION WAS NOT ORIGINALLY INCLUDED IN THE EXECUTIVE BUDGET; HOWEVER, DURING THE BUDGET HEARING THE DIVISION MADE A COMPELLING CASE FOR THE POSITION, INDICATING IT WOULD ALLOW FOR MORE FIELD INSPECTIONS—AN AREA IN WHICH THE DIVISION HAS BEEN FALLING SHORT DUE TO THE RECENT INCREASE IN OIL, GAS, AND GEOTHERMAL EXPLORATION. WITH THE ADDITION OF THE NEW FIELD INSPECTOR POSITION, THE DIVISION'S RESERVE LEVEL AT THE END OF FY 2006-07 IS PROJECTED TO BE \$306,738, WHICH IS AN ADEQUATE RESERVE LEVEL FOR THIS ACCOUNT.

THE SUBCOMMITTEE VOTED TO CLOSE THE FOLLOWING BUDGET ACCOUNTS WITH ONLY MINOR AND TECHNICAL ADJUSTMENTS, INCLUDING, WHERE APPLICABLE, ADJUSTMENTS RELATED TO THE DEPARTMENT OF AGRICULTURE'S REVISED COST ALLOCATION PLAN:

- **GAS POLLUTION STANDARDS (BA 101 – 4537) AGRI – 9**
- **GRADE AND ID OF AGRICULTURAL PRODUCTS (BA 101 4541) AGRI – 26**
- **AGRICULTURE REGISTRATION/ENFORCEMENT (BA 101 4545) AGRI – 32**
- **NOXIOUS WEED AND INSECT CONTROL (BA 101 – 4552) AGRI – 66**
- **MORMON CRICKET & GRASSHOPPERS (BA 101-4556) AGRI – 73**

- **NEVADA JUNIOR LIVESTOCK SHOW BOARD (BA 101 4980)**  
AGRI – 80

Chairman Arberry asked whether there were questions from the Committee regarding the budget accounts within the Department of Agriculture and Division of Minerals.

Assemblywoman Giunchigliani noted that BA 4556, Mormon Cricket and Grasshoppers, did not require any revisions because of the Department's new cost allocation plan. She asked whether there could be further adjustments at some point.

Assemblywoman McClain asked staff to explain about possible revisions to BA 4556.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), explained that the closing sheets reflected the recommended revisions in the Department's cost allocation plan, which had been one of the major issues within the Department. The cost allocation recommended in The Executive Budget did not appear to follow the correct cost allocation principles, and Mr. Stevens noted that had been completely taken out of the budget. Senator Beers and Jeff Ferguson, Program Analyst, LCB, had met with the Department of Agriculture and devised a new cost allocation plan that was based on full-time equivalent (FTE) positions. Mr. Stevens stated that the Subcommittee had approved reinstituting a new cost allocation plan, which was reflected in the closing report.

Chairman Arberry called for a motion.

ASSEMBLYMAN DENIS MOVED TO APPROVE THE CLOSING  
REPORT FOR THE BUDGET ACCOUNTS WITHIN THE  
DEPARTMENT OF AGRICULTURE AND DIVISION OF MINERALS.  
ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

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Assemblyman Arberry, Chairman of the Joint Subcommittee on Higher Education/CIPs, offered the following closing report regarding the University and Community College System of Nevada (UCCSN) for the Committee's consideration:

THE JOINT SUBCOMMITTEE ON HIGHER EDUCATION  
COMPLETED ITS REVIEW OF THE UNIVERSITY AND COMMUNITY  
COLLEGE SYSTEM OF NEVADA'S BUDGETS. THE FOLLOWING  
REPORT HIGHLIGHTS THE MORE SIGNIFICANT BUDGET  
CLOSING ACTIONS RECOMMENDED BY THE SUBCOMMITTEE.  
THE SENATE AND ASSEMBLY SUBCOMMITTEES CLOSED  
DIFFERENTLY ON A NUMBER OF ISSUES. COMPARED TO THE  
GOVERNOR'S RECOMMENDATIONS, THE CUMULATIVE ACTIONS  
TAKEN BY THE SENATE SUBCOMMITTEE RESULT IN GENERAL  
FUND SAVINGS OF \$17.15 MILLION FOR THE BIENNIUM, WHILE  
THE ASSEMBLY SUBCOMMITTEE'S ACTIONS SAVE  
\$39.78 MILLION.

CORRECTIONS AND ADJUSTMENTS: THE EXECUTIVE BUDGET CONTAINED A NUMBER OF ERRORS AND OMISSIONS THAT THE SUBCOMMITTEE CORRECTED, NETTING GENERAL FUND SAVINGS OF \$2.2 MILLION FOR THE BIENNIUM. SIGNIFICANT SAVINGS RESULTED FROM THE UCCSN'S PARTICIPATION IN THE MIDWESTERN HIGHER EDUCATION COMPACT PROPERTY INSURANCE CONSORTIUM.

ADJUSTED BASE BUDGET: SEVERAL ITEMS WITHIN THE ADJUSTED BASE BUDGET RECEIVED ADDED ATTENTION FROM THE SUBCOMMITTEE:

- PROFESSIONAL MERIT PAY: THE GOVERNOR'S BUDGET INCLUDES A 2.5 PERCENT MERIT POOL FOR PROFESSIONAL EMPLOYEES (EXCLUDING POSITIONS AT OR ABOVE THE ASSISTANT DEAN'S LEVEL). THE BUDGET CONTINUES PARTIAL LIMITS ON FUNDING FOR PROFESSIONAL SALARIES AT OR BEYOND THE MAXIMUM SALARY SCALE LEVEL. THE SENATE AND ASSEMBLY SUBCOMMITTEES CLOSED DIFFERENTLY ON THIS ITEM.

THE ASSEMBLY SUBCOMMITTEE APPROVED A FULL EXCLUSION FROM MERIT ON ALL SALARIES AT OR BEYOND THE MAXIMUM SALARY SCALE, WHICH RESULTS IN GENERAL FUND SAVINGS OF \$842,061 IN FY 2005-06 AND \$1.71 MILLION IN FY 2006-07.

THE SENATE SUBCOMMITTEE APPROVED PROFESSIONAL MERIT INCREASES AS RECOMMENDED BY THE GOVERNOR, CONTINUING PARTIAL LIMITS ON SALARIES AT OR BEYOND THE MAXIMUM SALARY SCALE.

- FICA ALTERNATIVE: EFFECTIVE JULY 1, 2005, THE UCCSN PLANS TO JOIN THE STATE OF NEVADA FICA ALTERNATIVE PLAN, ENABLING THE SYSTEM'S PART-TIME, SEASONAL AND TEMPORARY EMPLOYEES TO CONTRIBUTE 7.5 PERCENT OF THEIR PRE-TAX EARNINGS TO THEIR OWN PERSONAL INVESTMENT ACCOUNTS RATHER THAN SOCIAL SECURITY. PARTICIPATION IN THE FICA ALTERNATIVE PLAN WILL ALLOW THE UCCSN TO ELIMINATE THE MATCHING EMPLOYER CONTRIBUTION FOR THOSE EMPLOYEES, RESULTING IN SAVINGS.

THE UCCSN WAS UNABLE TO QUANTIFY SAVINGS FOR THE UPCOMING BIENNIUM. BECAUSE IT IS NOT POSSIBLE TO RECOGNIZE GENERAL FUND SAVINGS IN THE CURRENT BUDGETS, THE SUBCOMMITTEE APPROVED A LETTER OF INTENT DIRECTING THE UCCSN TO RESERVE FOR REVERSION ANY SAVINGS THAT ACCRUE FROM IMPLEMENTATION OF THE FICA ALTERNATIVE PLAN DURING THE 2005-07 BIENNIUM.

- NEVADA NATIONAL GUARD FEE WAIVERS: ASSEMBLY BILL 9 OF THE 20<sup>TH</sup> SPECIAL SESSION AUTHORIZED THE UCCSN TO TEMPORARILY WAIVE REGISTRATION AND OTHER FEES FOR CERTAIN MEMBERS OF THE NEVADA NATIONAL GUARD. THE AUTHORIZATION EXPIRES AT THE END OF THE 2003-05 BIENNIUM; HOWEVER, S.B. 78 HAS BEEN INTRODUCED TO MAKE THE AUTHORIZATION PERMANENT. WITH THE EXCEPTION OF NSC, THE GOVERNOR'S BUDGET CONTINUES THE NEVADA NATIONAL GUARD WAIVERS AT ALL CAMPUSES. THE SUBCOMMITTEE APPROVED CONTINUATION OF NEVADA



NATIONAL GUARD FEE WAIVERS DURING THE 2005-07 BIENNIUM, SUBJECT TO THE LEGISLATURE'S ACTIONS ON S.B. 78. FURTHER, THE SUBCOMMITTEE ADDED GENERAL FUND APPROPRIATIONS OF \$9,300 IN FY 2005-06 AND \$9,500 IN FY 2006-07 BEYOND THE AMOUNTS RECOMMENDED IN THE GOVERNOR'S BUDGET TO INTRODUCE GUARD WAIVERS AT NEVADA STATE COLLEGE.

- ATHLETIC FEE WAIVERS: DURING THE 2003 LEGISLATIVE SESSION, THE UCCSN REQUESTED GENERAL FUND APPROPRIATIONS TO SUPPORT ATHLETIC FEE WAIVERS. NEITHER THE GOVERNOR NOR THE LEGISLATURE RECOMMENDED OR APPROVED FUNDING. HOWEVER, DURING CLOSING HEARINGS, THE UCCSN INDICATED A WILLINGNESS TO COVER FEE WAIVERS WITH FORMULA FUNDING, WITH THE UNDERSTANDING THAT IN THE 2005-07 BIENNIUM, THE LEGISLATURE WOULD SUPPORT THE FEE WAIVER. THE MONEY COMMITTEES ACKNOWLEDGED UCCSN'S INTENTIONS, BUT INDICATED THEY COULD NOT GUARANTEE THE ACTION OF FUTURE LEGISLATURES. THE UCCSN COVERED ATHLETIC FEES DURING THE 2003-05 BIENNIUM, AND THE GOVERNOR'S BUDGET CONTINUES THE ATHLETIC FEE PAYMENTS IN THE ADJUSTED BASE BUDGET. THE PROCESSES USED TO MAKE THE ATHLETIC FEE PAYMENTS VARIED AT UNLV, UNR AND CCSN. IN THE REVENUE SECTION OF THE CLOSING DOCUMENT, ADJUSTMENTS WERE NECESSARY TO CONSISTENTLY APPLY THE PROCESS.

THE SUBCOMMITTEE APPROVED THE CONTINUATION OF ATHLETIC FEE SUBSIDIES FOR THE TWO UNIVERSITIES VIA DIRECT APPROPRIATION FROZEN AT THE FY 2005-06 LEVEL FOR BOTH YEARS OF THE BIENNIUM. ANNUAL GENERAL FUND APPROPRIATIONS OF \$1.27 MILLION AT UNR AND \$1.71 MILLION AT UNLV ARE SHIFTED FROM THE MAIN CAMPUS ACCOUNTS TO THE INTERCOLLEGIATE ATHLETICS ACCOUNTS. THE SUBCOMMITTEE DENIED CONTINUATION OF ATHLETIC FEE SUBSIDIES AT CCSN AND DIRECTED STAFF TO RESTORE \$223,134 IN WAIVED REVENUES FOR THE 2005-07 BIENNIUM. FURTHER, THE SUBCOMMITTEE DENIED UCCSN'S APPEAL TO ADD ATHLETIC FEE WAIVERS AT THE WNCC CAMPUS.

- UNIVERSITY POLICE OFFICER SALARIES: THE UCCSN ADJUSTED BASE BUDGETS PROVIDE FUNDING FOR THE UNIVERSITY POLICE OFFICER UPGRADES APPROVED DURING THE INTERIM BY THE IFC, PURSUANT TO A.B. 555 OF THE 72ND LEGISLATURE. THE GOVERNOR'S CURRENT TWO-GRADE INCREASE RECOMMENDATION FOR LAW ENFORCEMENT OFFICERS EXCLUDES THE UNIVERSITY POLICE OFFICER SERIES. THE BUDGET DIVISION EXPLAINED THAT THE UNIVERSITY POLICE OFFICER SERIES WAS EXCLUDED FROM THE RECOMMENDED INCREASES IN THE GOVERNOR'S RECOMMENDED BUDGET BECAUSE RESOURCES WERE FOCUSED ON LAW ENFORCEMENT POSITIONS FOR WHICH RECRUITMENT AND RETENTION ISSUES HAVE PROVEN TO BE THE MOST DIFFICULT.

THE SUBCOMMITTEE DEFERRED ACTION ON UNIVERSITY POLICE OFFICER SALARIES PENDING RECEIPT OF ADDITIONAL INFORMATION RELATIVE TO THE SERIES' EXCLUSION FROM THE GOVERNOR'S CURRENT TWO-GRADE INCREASE RECOMMENDATION. SUBSEQUENT TO THE SUBCOMMITTEE

MEETING, THE UCCSN PROVIDED AN INFORMATION PACKET OUTLINING RECRUITMENT AND RETENTION DIFFICULTIES AND SALARY DIFFERENCES BETWEEN THE UNIVERSITY POLICE OFFICER SERIES AND OTHER LAW ENFORCEMENT AGENCIES IN NEVADA. IF THE MONEY COMMITTEES WISHED TO ADD TWO-GRADE INCREASES FOR THE UNIVERSITY POLICE OFFICER SERIES, ADDITIONAL GENERAL FUND APPROPRIATIONS OF \$360,263 AND \$376,056 WOULD BE NEEDED IN FY 2005-06 AND FY 2006-07, RESPECTIVELY.

M-200 – ENROLLMENTS AND FORMULA FUNDING AT 84.09 PERCENT: THE 2003 LEGISLATURE APPROVED FORMULA FUNDING AT 84.09 PERCENT OF THE CALCULATED AMOUNT IN FY 2004-05. THE GOVERNOR RECOMMENDED RETAINING MAINTENANCE FORMULA ALLOCATIONS OF 84.09 PERCENT IN EACH YEAR OF THE 2005-07 BIENNIUM. EXCEPTING NSC, STUDENT FTE PROJECTIONS ARE BASED ON A THREE-YEAR WEIGHTED AVERAGE. UPDATED ENROLLMENT PROJECTIONS USING FINALIZED FY 2004-05 ACTUAL ANNUAL COUNTS SIGNIFICANTLY IMPACTED FORMULA FUNDING. WHILE ENROLLMENTS SYSTEM-WIDE CONTINUE TO REFLECT SIGNIFICANT GROWTH (5.5 PERCENT IN FY 2005-06 AND 5.6 PERCENT IN FY 2006-07), RE-PROJECTED ENROLLMENTS ARE SIGNIFICANTLY LOWER THAN THE AMOUNTS USED IN CALCULATING THE GOVERNOR'S RECOMMENDED BUDGET. NEW ENROLLMENT PROJECTIONS ARE 2,068 FTE LOWER THAN THE GOVERNOR'S RECOMMENDED AMOUNTS IN FY 2005-06 AND 2,940 LOWER IN FY 2006-07.

IF THE TOTAL FUNDING LEVELS RECOMMENDED BY THE GOVERNOR WERE RETAINED, THE LOWER ENROLLMENT PROJECTIONS WOULD CAUSE THE MAINTENANCE FORMULA PERCENTAGES TO INCREASE TO 85.53 PERCENT IN FY 2005-06 AND 85.94 PERCENT IN FY 2006-07. THE SUBCOMMITTEE CHOSE INSTEAD TO APPLY THE GOVERNOR'S 84.09 PERCENT FORMULA RECOMMENDATION TO THE REVISED ENROLLMENTS WHICH DECREASES FUNDING BY \$9.99 MILLION IN FY 2005-06 AND \$13.57 MILLION IN FY 2006-07 (\$23.56 MILLION FOR THE BIENNIUM) BELOW THE AMOUNTS REFLECTED IN THE GOVERNOR'S BUDGET.

SEVERAL CAMPUSES WOULD RECEIVE FORMULA AMOUNTS LOWER THAN THE GOVERNOR'S RECOMMENDATIONS. HOWEVER, EXCEPTING DESERT RESEARCH INSTITUTE (DRI) AND GREAT BASIN COLLEGE (GBC), THE FORMULA RECOMMENDATIONS REFLECT INCREASES BEYOND BASE AND MAINTENANCE FUNDING LEVELS AT EACH CAMPUS. THE NEW ENROLLMENT PROJECTIONS CAUSE GBC'S FORMULA AMOUNTS TO FALL BELOW BASE AND MAINTENANCE LEVELS. THE SUBCOMMITTEE APPROVED THE UCCSN'S APPEAL TO HOLD GREAT BASIN COLLEGE HARMLESS BY RESTORING FORMULA FUNDING TO THE BASE PLUS MAINTENANCE LEVEL.

STUDENT FEE AND TUITION REVENUE RE-PROJECTIONS: THE SUBCOMMITTEE REVISED FEE AND TUITION REVENUE ESTIMATES TO INCORPORATE NEW ENROLLMENTS; CORRECT REVENUE CALCULATION AND INPUT ERRORS; AND ADJUST REALIZED REVENUE PERCENTAGES TO CONSISTENTLY RECOGNIZE WAIVED REVENUES. THE RESULTING STUDENT FEE AND TUITION REVENUE INCREASES NET TO OFFSETTING GENERAL FUND SAVINGS OF \$5.16 MILLION.

REMEDIAL COURSES: BEGINNING IN FALL 2006 (FY 2006-07), THE UCCSN PLANS TO MAKE REMEDIAL EDUCATION COURSES AT THE UNIVERSITIES SELF-SUPPORTING. HOWEVER, FTE ENROLLMENTS GENERATED BY THE REMEDIAL COURSES ARE INCLUDED IN THE THREE-YEAR WEIGHTED AVERAGE ENROLLMENT PROJECTION AND ARE THEREFORE REFLECTED IN THE STATE-SUPPORTED FY 2006-07 UNIVERSITY ENROLLMENT COUNTS. THE SUBCOMMITTEE EXPRESSED CONCERN THAT STATE SUPPORT COULD BE PROVIDED FOR FTE UNIVERSITY STUDENTS WHO WILL BE IN SELF-SUPPORTED COURSES. THE SUBCOMMITTEE ALSO NOTED THAT THE UNIVERSITIES WOULD RECEIVE FUNDING FOR STUDENTS THAT THE UCCSN MAY PLAN TO EDUCATE AT THE COMMUNITY COLLEGES.

THE SUBCOMMITTEE APPROVED MODIFICATIONS TO THE GOVERNOR'S BUDGET TO SHIFT FUNDING FOR REMEDIAL COURSE FTE ENROLLMENTS FROM THE UNIVERSITIES TO THE COMMUNITY COLLEGES. THE SUBCOMMITTEE LIMITED ADJUSTMENTS TO FY 2007 BASED UPON THE CONCERNS EXPRESSED BY UCCSN RELATIVE TO ACCELERATING THE IMPLEMENTATION DATE.

OPERATIONS AND MAINTENANCE OF NEW SPACE: THE GOVERNOR RECOMMENDS GENERAL FUND APPROPRIATIONS OF \$5.0 MILLION IN FY 2005-06 AND \$5.2 MILLION IN FY 2006-07 TO SUPPORT FORMULA-DRIVEN OPERATING AND POSITION COSTS FOR NEW SPACE ADDED OR ANTICIPATED TO BE ADDED DURING THE 2005-07 BIENNIUM. THE SUBCOMMITTEE ADJUSTED NEW SPACE FUNDING BY \$1.045 MILLION IN FY 2005-06 AND \$725,226 IN FY 2006-07, REDUCING THE TOTAL AMOUNTS TO \$3.96 MILLION AND \$4.50 MILLION, RESPECTIVELY.

UNLV ACADEMIC LEASES: THE SUBCOMMITTEE APPROVED \$202,632 IN FY 2005-06 AND \$208,113 IN FY 2006-07 TO FUND NEW OR AMENDED LEASES FOR THE UNLV ART DEPARTMENT AND UNLV FINE ARTS INSTRUCTION AND STUDIO AS RECOMMENDED BY THE GOVERNOR.

UNLV DENTAL SCHOOL ENROLLMENTS: THE GOVERNOR RECOMMENDS \$2.88 MILLION (\$1.81 MILLION GENERAL FUND) PER YEAR TO ENABLE DENTAL SCHOOL ENROLLMENTS TO GROW FROM 225 STUDENTS TO THE TARGET OF 300 STUDENTS IN FY 2005-06, WHICH WOULD BRING THE SCHOOL TO FOUR FULL CLASSES. THE RECOMMENDATION SUPPORTS 26.5 NEW FTE POSITIONS AT THE DENTAL SCHOOL (11.5 PROFESSIONAL FTE AND 15.0 CLASSIFIED FTE).

THE SUBCOMMITTEE NOTED THAT THE FUNDING INCREASE FOR DENTAL SCHOOL ENROLLMENTS IS HIGHER THAN AMOUNTS APPROVED FOR EQUAL COMPLEMENTS OF STUDENTS ADDED DURING THE 2003-05 BIENNIUM. IN RESPONSE, UNLV REPORTED THAT FOURTH-YEAR STUDENTS ARE MORE COSTLY TO EDUCATE THAN FIRST-YEAR DENTAL STUDENTS. UNLV STATED THAT CLINICAL EDUCATION REQUIRES A FACULTY-TO-STUDENT RATIO OF 1:6, WHILE STANDARD DENTAL CLASSROOM RATIOS ARE 1:75. THE SENATE AND ASSEMBLY SUBCOMMITTEES CLOSED DIFFERENTLY ON THIS ITEM.

THE SENATE SUBCOMMITTEE APPROVED DENTAL SCHOOL ENROLLMENT FUNDING AS RECOMMENDED BY THE GOVERNOR.

THE ASSEMBLY SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S DENTAL SCHOOL ENROLLMENT FUNDING RECOMMENDATION, RESULTING IN GENERAL FUND SAVINGS OF \$1.81 MILLION PER YEAR.

LAW SCHOOL ENROLLMENTS: THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO ACCOMMODATE UNFUNDED ENROLLMENT GROWTH AT THE UNLV LAW SCHOOL. UNLV EXPLAINED THAT THE BUDGET SUBMITTED FOR THE 2003 SESSION OMITTED ENROLLMENT GROWTH. THE FUNDING WILL PROVIDE FOR 5.5 FTE FACULTY AND STAFF, PART-TIME INSTRUCTORS, AND OPERATING FUNDING INCREASES.

FRINGE BENEFIT ADJUSTMENTS: THE EXECUTIVE BUDGET INCLUDES \$1.20 MILLION IN FY 2005-06 AND \$3.26 MILLION IN FY 2006-07 FOR VARIOUS FRINGE BENEFIT COST ADJUSTMENTS. THE SUBCOMMITTEE APPROVED THE FUNDING WITH A CORRECTION TO THE UNEMPLOYMENT INSURANCE ASSESSMENT. THE SUBCOMMITTEE AUTHORIZED STAFF TO MAKE NECESSARY MODIFICATIONS IF THE LEGISLATURE APPROVES THE BUDGET DIVISION'S GROUP HEALTH INSURANCE PREMIUM AMENDMENT.

CLASSIFIED POSITION TWO-PERCENT COLA: THE SUBCOMMITTEE APPROVED FUNDING FOR THE CLASSIFIED POSITION TWO-PERCENT COLA RECOMMENDED BY THE GOVERNOR. APPROPRIATIONS LINKED TO THE INCREASES ARE REFLECTED IN THE BOARD OF EXAMINERS' SALARY ADJUSTMENT ACCOUNT. BUDGETED COLA TRANSFERS REPRESENT 100 PERCENT OF THE COLA COSTS, WHILE THE BOARD OF EXAMINERS' SALARY ADJUSTMENT ACCOUNT IS FUNDED FOR 80 PERCENT OF THE FULL COLA COST.

PROFESSIONAL TWO-PERCENT COLA: THE GOVERNOR RECOMMENDS GENERAL FUND APPROPRIATIONS OF \$5.44 MILLION IN FY 2005-06 AND \$10.99 MILLION IN FY 2006-07 IN THE UCCSN PROFESSIONAL SALARY ADJUSTMENT ACCOUNT TO FUND ANNUAL TWO-PERCENT COLA INCREASES FOR UCCSN'S PROFESSIONAL POSITIONS. THE APPROPRIATED AMOUNTS REPRESENT 80 PERCENT OF THE FULL COLA COST, WHILE THE TRANSFERS REFLECT THE FULL COST OF THE COLAS.

UNLIKE UCCSN CLASSIFIED POSITIONS, THE UCCSN PROFESSIONAL POSITIONS HISTORICALLY HAVE NOT HAD ACCESS TO THE BOARD OF EXAMINERS' SALARY ADJUSTMENT ACCOUNT. AS SUCH, WITHOUT A MODIFICATION TO THE GOVERNOR'S RECOMMENDED BUDGET, THERE WOULD BE NO MECHANISM TO PROVIDE THE FULL COLA AMOUNT TO UCCSN PROFESSIONAL POSITIONS.

THE SUBCOMMITTEE EXPLORED NUMEROUS OPTIONS TO ENSURE UCCSN PROFESSIONAL POSITIONS RECEIVE THE FULL TWO-PERCENT COLA RECOMMENDED BY THE GOVERNOR, BUT

ULTIMATELY THE SENATE AND ASSEMBLY CLOSED DIFFERENTLY ON THIS ITEM.

THE SENATE SUBCOMMITTEE ADDED GENERAL FUND APPROPRIATIONS OF \$1.36 MILLION IN FY 2005-06 AND \$2.75 MILLION IN FY 2006-07 TO ELIMINATE THE COLA FUNDING SHORTFALL.

THE ASSEMBLY SUBCOMMITTEE APPROVED MOVING THE PROFESSIONAL SALARY ADJUSTMENT ACCOUNT TO THE BOARD OF EXAMINERS AND ALLOWING THE UCCSN TO ACCESS UP TO 100 PERCENT OF JUSTIFIED NEED AT NO ADDITIONAL COST BEYOND THE GOVERNOR'S RECOMMENDED AMOUNTS.

INCREMENTAL FORMULA INCREASES: THE GOVERNOR RECOMMENDS INCREMENTAL INCREASES IN FORMULA FUNDING PERCENTAGES FROM 84.09 TO 84.15 PERCENT IN FY 2005-06 AND 84.25 PERCENT IN FY 2006-07. AS WITH THE M-200 MODULE, UPDATED ENROLLMENT PROJECTIONS IMPACT THE DISTRIBUTION OF FORMULA FUNDING IN THIS MODULE. THE SUBCOMMITTEE APPROVED INCREMENTAL FORMULA INCREASES AT THE 84.15 AND 84.25 PERCENT LEVELS, CONSISTENT WITH THE SUBCOMMITTEE'S ACTION ON THE FORMULA MAINTENANCE MODULE.

MEDICAL SCHOOL RESIDENCY: THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO ADD GENERAL FUND APPROPRIATIONS OF \$1.28 MILLION IN FY 2005-06 AND \$2.55 MILLION IN FY 2006-07 TO EXPAND THE NUMBER OF PHYSICIAN TRAINEES BY 17 PER YEAR (34 TOTAL) IN THE SCHOOL OF MEDICINE'S RESIDENCY AND FELLOWSHIP TRAINING PROGRAMS. THE TRAINEES WOULD BE ASSIGNED IN LAS VEGAS AND RENO AND ALLOCATED TO EXISTING PROGRAMS IN FAMILY MEDICINE, INTERNAL MEDICINE, OBSTETRICS AND GYNECOLOGY, PSYCHIATRY AND SURGERY. UCCSN NOTED THAT RESIDENCY AND FELLOWSHIP PROGRAMS PROVIDE THE BULK OF NEW PHYSICIANS THROUGHOUT NEVADA AND THAT APPROXIMATELY 70 PERCENT OF PHYSICIAN TRAINEES REMAIN IN THE COMMUNITY OR STATE IN WHICH THEY WERE TRAINED.

REMOVE DRI CLOUD SEEDING FUNDING: THE SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO REMOVE FUNDING FOR THE DESERT RESEARCH INSTITUTE'S CLOUD SEEDING PROGRAM. INSTEAD, THE SUBCOMMITTEE ADDED GENERAL FUND APPROPRIATIONS OF \$503,277 IN FY 2005-06 AND \$511,690 IN FY 2006-07 TO MAKE THE WEATHER MODIFICATION PROGRAM PART OF DRI'S ONGOING OPERATING BUDGET.

NATIONAL DIRECT STUDENT LOAN (NDSL): THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO ADD \$1,400 PER YEAR TO PROVIDE FUNDING NEEDED TO MATCH FEDERAL STUDENT LOAN ALLOCATIONS. THE SUBCOMMITTEE DISCUSSED REPORTS THAT PRESIDENT BUSH PROPOSES TO RECALL THE FEDERAL SHARE OF THE REVOLVING LOAN FUND. HOWEVER, A RECENT REPORT FROM THE *CHRONICLE OF HIGHER EDUCATION* INDICATES THAT CONGRESS IS CONSIDERING MAINTAINING FUNDING FOR THE LOAN PROGRAM. NOTING FEDERAL

FUNDING FOR THE PROGRAM HAS BEEN TARGETED FOR POTENTIAL CUTS, THE SUBCOMMITTEE ASKED THE UCCSN TO PROVIDE SEMI-ANNUAL STATUS REPORTS TO THE IFC.

RUVO CENTER FOR ALZHEIMER'S: AS RECOMMENDED BY THE GOVERNOR, THE SUBCOMMITTEE APPROVED \$823,380 IN FY 2006-07 TO FUND EIGHT PROFESSIONAL AND TWO CLASSIFIED STAFF FOR THE MEDICAL SCHOOL IN SUPPORT OF THE LOU RUVO CENTER FOR ALZHEIMER'S DISEASE AND BRAIN AGING. UCCSN INDICATES THE PROPOSED CENTER IS PLANNING FOR THE FIRST PHASE OF THE ACADEMIC MEDICAL CENTER ON LAND DONATED BY THE CITY OF LAS VEGAS. THE RUVO CENTER IS A 35,000-SQUARE-FOOT BUILDING THAT WILL BE LOCATED ON THE SOUTH END OF THE NEW UNION PARK DEVELOPMENT IN DOWNTOWN LAS VEGAS. THE UCCSN NOTES THAT MR. RUVO PLANS TO CREATE A TURN-KEY FACILITY THAT WILL BE GIFTED TO THE SCHOOL OF MEDICINE.

RETAIN 100 PERCENT OF INDIRECT COST RECOVERIES: TO SUPPLEMENT COMPETITIVE RESEARCH ACTIVITIES, THE GOVERNOR PROPOSES TO ALLOW UCCSN TO RETAIN 100 PERCENT OF INDIRECT COST RECOVERIES (ICR) CHARGED TO GRANTOR OR CONTRACTING AGENCIES. THE STATE HAS TRADITIONALLY RETAINED PORTIONS OF THE ICR REVENUES, BUT THE RETENTIONS HAVE DECREASED GRADUALLY OVER TIME FROM 75 PERCENT (PRIOR TO 1985) TO THE CURRENT 25 PERCENT RATE. THE RETENTION HAS BEEN VIEWED AS PARTIAL REIMBURSEMENT FOR STATE FUNDING PROVIDED TO CREATE AND MAINTAIN THE INFRASTRUCTURE NECESSARY TO GENERATE UCCSN CONTRACTS AND GRANTS.

TO REPLACE THE ICR REVENUES, THE GOVERNOR RECOMMENDS GENERAL FUND APPROPRIATIONS OF \$5.09 MILLION PER YEAR - THE FULL AMOUNT REQUESTED BY THE UCCSN UNDER ITEMS FOR SPECIAL CONSIDERATION. HOWEVER, THE RECOMMENDED AMOUNTS DO NOT FULLY REMOVE ICR REVENUES FROM THE UCCSN STATE-SUPPORTED BUDGETS. AFTER REPLACING THE \$5.09 MILLION PER YEAR, ICR REVENUES REMAINING IN THE GOVERNOR'S RECOMMENDED BUDGETS TOTAL \$913,954 IN FY 2005-06 AND \$1.26 MILLION IN FY 2006-07. THE SENATE AND ASSEMBLY SUBCOMMITTEES CLOSED DIFFERENTLY ON THIS ITEM.

THE SENATE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO ALLOW THE UCCSN TO RETAIN 100 PERCENT OF INDIRECT COST RECOVERIES. FURTHER, THE SENATE SUBCOMMITTEE ADDED GENERAL FUND APPROPRIATIONS OF \$913,954 IN FY 2005-06 AND \$1.26 MILLION IN FY 2006-07 BEYOND THE AMOUNTS RECOMMENDED BY THE GOVERNOR, IN ORDER TO ENABLE THE UCCSN TO REACH THE 100 PERCENT RETENTION LEVEL.

THE ASSEMBLY SUBCOMMITTEE DID NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO ALLOW THE UCCSN TO RETAIN 100 PERCENT OF INDIRECT COST RECOVERY REVENUES, RESULTING IN GENERAL FUND SAVINGS OF \$5.09 MILLION IN EACH YEAR OF THE BIENNIUM (\$10.17 MILLION TOTAL).

UNLV DISPATCHER GRADE INCREASE: THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO FUND TWO-GRADE INCREASES FOR DISPATCHERS AT UNLV AT A GENERAL FUND COST OF \$34,616 IN FY 2005-06 AND \$35,399 IN FY 2006-07.

TRANSFERS AND REDISTRIBUTIONS: THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION TO TRANSFER CAMPUS-RELATED COSTS FROM THE SPECIAL PROJECTS ACCOUNT TO THE CAMPUS ACCOUNTS. SPECIAL PROJECTS FUNDING GENERALLY PROVIDES FOR ONGOING ACTIVITIES THAT CAN BE DIRECTLY LINKED TO INDIVIDUAL CAMPUSES. EPSCOR RESEARCH FUNDING WOULD REMAIN IN THE SPECIAL PROJECTS ACCOUNT. STUDENT INCENTIVE GRANTS ARE TRANSFERRED FROM THE UCCSN TO THE STATE DEPARTMENT OF EDUCATION.

OTHER MODULES UNRELATED TO THE SPECIAL PROJECTS TRANSFERS INCLUDE A TRANSFER OF \$154,150 PER YEAR FOR THE PARADISE SCHOOL LEASE FROM THE UNLV LAW SCHOOL ACCOUNT TO THE UNLV MAIN CAMPUS ACCOUNT. MODULE E-902 TRANSFERS \$38,585 PER YEAR FROM THE UNR MAIN ACCOUNT TO THE STATE HEALTH LAB ACCOUNT TO CORRECTLY CLASSIFY HEALTH LAB FUNDING. THE E-500 MODULES REDISTRIBUTE FORMULA FUNDS AS A RESULT OF MERGING THE SPECIAL PROJECTS FUNDING INTO THE CAMPUS ACCOUNTS.

THE SUBCOMMITTEE AUTHORIZED STAFF TO MAKE THE NECESSARY ADJUSTMENTS ASSOCIATED WITH MECHANICAL TRANSFER ERRORS. THE SUBCOMMITTEE ALSO AUTHORIZED STAFF TO MAKE ANY REALLOCATION ADJUSTMENTS RESULTING FROM ACTIONS TAKEN ON THE FORMULA MODULES.

STUDENT FEE AND REVENUE ISSUES: THE BOARD OF REGENTS APPROVED ANNUAL STUDENT FEE INCREASES RANGING FROM \$1.75 PER CREDIT TO \$13.75 PER CREDIT DURING THE 2005-07 BIENNIUM. THE EXECUTIVE BUDGET RECOMMENDS IMPLEMENTING THE REGENTS' PLAN WHEREBY SIGNIFICANT PORTIONS OF THE ANNUAL INCREASES ARE DIRECTED TO THE UCCSN CAPITAL AND GENERAL IMPROVEMENT FEE FUNDS AND STUDENT ACCESS FUND. THE SUBCOMMITTEE NOTED THAT THE PORTIONS OF FEE REVENUES DEDICATED TO THESE FUNDS AND TO STUDENT ACCESS ARE NOT REFLECTED IN THE STATE-SUPPORTED BUDGET.

- FEE ALLOCATIONS: THE SUBCOMMITTEE NOTED THE TOTAL SHARES OF STUDENT REGISTRATION FEE REVENUES DEDICATED TO THE UCCSN STATE-SUPPORTED OPERATING BUDGETS HAVE STEADILY DECLINED SINCE FY 2000-01. THE SUBCOMMITTEE ALSO NOTED THAT FEE DISTRIBUTIONS APPROVED BY THE REGENTS FOR THE 2005-07 BIENNIUM ALLOCATE LESS THAN 50 PERCENT OF THE INCREASE AT ALL LEVELS TO THE STATE-SUPPORTED BUDGET. IF SIMILAR ALLOCATIONS CONTINUE INTO THE FUTURE, THE OVERALL PERCENTAGES OF STUDENT FEE REVENUES ALLOCATED TO THE STATE-SUPPORTED BUDGETS WOULD EVENTUALLY DIP BELOW 50 PERCENT.

THE SUBCOMMITTEE APPROVED A LETTER OF INTENT COMMUNICATING TO THE UCCSN THAT ANY FUTURE REGENT-APPROVED FEE ALLOCATIONS TO THE STATE-SUPPORTED BUDGET THAT ARE BELOW CURRENT CUMULATIVE PERCENTAGES MAY NOT BE SUPPORTED BY THE LEGISLATURE IN CORRESPONDING GENERAL FUND APPROPRIATIONS.

- RESEARCH GRANT BALANCE FORWARDS: THE SUBCOMMITTEE CLARIFIED GENERAL FUND APPROPRIATIONS FOR RESEARCH GRANTS CAN ONLY BE BALANCED FORWARD IF COMMITTED AS MATCH FOR KNOWN GRANTS. THE SUBCOMMITTEE APPROVED AN EXPANSION TO THE APPROPRIATIONS ACT LANGUAGE BEYOND THE SPECIAL PROJECTS ACCOUNT TO RECOGNIZE THE TRANSFER OF SPECIAL PROJECTS FUNDING TO THE CAMPUS ACCOUNTS.

- LAW SCHOOL FEES: THE UCCSN INCREASED THE LAW SCHOOL'S RESIDENT FULL-TIME FEES BY \$1,655, OR 23 PERCENT, EFFECTIVE FY 2005-06. AS REFLECTED IN THE GOVERNOR'S BUDGET, THE FEE INCREASES WOULD NOT APPLY TO STUDENTS WHO ARE CURRENTLY ENROLLED IN THE LAW SCHOOL. THE UCCSN EXPLAINED THAT THE 23 PERCENT INCREASE WAS A UNIQUE SITUATION. THE LAW SCHOOL WISHED TO AVOID CREATING AN UNDUE FINANCIAL HARDSHIP ON EXISTING STUDENTS. THE SUBCOMMITTEE MADE MODIFICATIONS TO THE GOVERNOR'S BUDGET TO APPROPRIATE FUNDING COMMENSURATE WITH A 10 PERCENT FEE INCREASE FOR EXISTING LAW SCHOOL STUDENTS, RESULTING IN GENERAL FUND SAVINGS OF \$29,188 FOR THE BIENNIUM. THE 10 PERCENT INCREASE IS SIMILAR TO THE REGISTRATION FEE INCREASES THAT WILL BE EXPERIENCED BY EXISTING GRADUATE STUDENTS AT THE TWO UNIVERSITIES.

- NON-RESIDENT TUITION (S.B. 32): SENATE BILL 32, APPROVED BY THE SENATE AND CURRENTLY IN THE ASSEMBLY, WOULD INCREASE RESIDENCY REQUIREMENTS TO 12 MONTHS. IF S.B. 32 IS APPROVED, THE UCCSN PROJECTS THAT NON-RESIDENT REVENUES WOULD INCREASE BY \$106,923 PER YEAR SYSTEM-WIDE, WHICH WOULD RESULT IN CORRESPONDING OFFSETS TO GENERAL FUND APPROPRIATIONS. THE SUBCOMMITTEE AUTHORIZED STAFF TO MAKE ANY REVENUE ADJUSTMENTS THAT MAY BE NECESSARY IF THE LEGISLATURE ULTIMATELY APPROVES S.B. 32.

ESTATE TAX: THE ESTATE TAX HAS BEEN PHASED-OUT AS A REVENUE SOURCE FOR NEVADA. FOR THE 2003-05 BIENNIUM, THE 72<sup>ND</sup> LEGISLATURE REPLACED \$89.2 MILLION IN UCCSN ESTATE TAX ALLOCATIONS WITH STATE GENERAL FUND APPROPRIATIONS. THE REPLACEMENT APPROPRIATIONS APPROVED BY THE 2003 LEGISLATURE INCLUDED A PAYBACK PROVISION. THE GOVERNOR'S BASE BUDGET CONTINUES THE GENERAL FUND APPROPRIATIONS INTO THE 2005-07 BIENNIUM, WITH NO CORRESPONDING DEPOSITS OF ESTATE TAX TO THE GENERAL FUND. AFTER FULFILLING THE REPAYMENT OBLIGATION, THE UCCSN ANTICIPATES THE FINAL ESTATE TAX REVENUE BALANCE WILL REACH APPROXIMATELY \$29.0 MILLION BY THE END OF THE 2005-07 BIENNIUM. THE



GOVERNOR'S BUDGET DOES NOT ALLOCATE ANY OF THE ESTATE TAX REVENUE BALANCE.

THE UCCSN PROPOSES TO USE THE PROJECTED \$29.0 MILLION UNOBLIGATED ESTATE TAX BALANCE TO FUND CURRENTLY UNFUNDED CAPITAL IMPROVEMENT PROJECTS, WITH \$9.0 MILLION FOR THE NSC LIBERAL ARTS BUILDING AND \$5.0 MILLION FOR THE BALANCE OF THE CCSN CLASSROOM FACILITY. UCCSN PROPOSES TO USE THE REMAINING \$15.0 MILLION BALANCE FOR OTHER UNFUNDED CAPITAL PRIORITIES. THE SUBCOMMITTEE TOOK NO ACTION IN THE UCCSN OPERATING BUDGETS RELATIVE TO THE UNOBLIGATED ESTATE TAX BALANCE OF \$29.0 MILLION.

UCCSN APPEALS: THE UCCSN SUBMITTED NUMEROUS APPEALS FOR MODIFICATIONS TO THE GOVERNOR'S BUDGET, MANY OF WHICH WOULD HAVE BEEN PROCESSED THROUGH THE FORMULA HAD THEY BEEN PRESENTED WHEN THE GOVERNOR'S BUDGET WAS CONSTRUCTED. HOWEVER, INCLUSION OF THESE ITEMS LIKELY WOULD HAVE AFFECTED DECISIONS ON FORMULA FUNDING PERCENTAGES. EXCEPTING THE WNCC ATHLETIC FEE WAIVER APPEAL, THE SUBCOMMITTEE APPROVED THE APPEALS REQUESTED BY THE UCCSN AT A GENERAL FUND COST OF \$7.11 MILLION FOR THE BIENNIUM. THE SUM OF THE SAVINGS FROM PREVIOUSLY-NOTED CORRECTIONS AND ADJUSTMENTS, ALONG WITH REVENUE MODIFICATIONS, WAS SUFFICIENT TO FUND THE APPEALS IN THEIR ENTIRETY.

UNFUNDED ITEMS: THE UCCSN REQUESTED NUMEROUS ITEMS FOR SPECIAL CONSIDERATION TOTALING \$130.45 MILLION, WHICH WERE NOT INCLUDED IN THE GOVERNOR'S RECOMMENDED BUDGET. SEVERAL PROJECTS THAT THE UCCSN CLASSIFIED AS MAINTENANCE ITEMS, SUCH AS FORMULA INCREASES AND TECHNOLOGY, LIKEWISE DID NOT MAKE IT INTO THE EXECUTIVE BUDGET. THE SUBCOMMITTEE TOOK NO ACTION ON THE ITEMS ON THE UNFUNDED LIST.

Mr. Stevens explained that the Committee had been provided with spreadsheets that reflected the Senate closing and the Assembly closing values, along with the three Letters of Intent discussed by the Joint Subcommittee as follows:

1. Letter of Intent related to the FICA retirement alternative
2. Letter of Intent which indicated that the UCCSN should reserve for reversion the savings that resulted from the plan
3. Letter of Intent involving student fees

Chairman Arberry indicated that the items set aside by the Joint Subcommittee for full Committee review were:

- University police officer salaries: Approval required for two-grade pay increase
- Faculty and support for the UNLV Dental School: Approval required for the faculty to support fourth-year dental students
- Community College of Southern Nevada (CCSN): Approval required for salary equity pool

Vice Chairwoman Giunchigliani said, for the benefit of the full Committee, those three items had not been closed by the Joint Subcommittee and Assemblyman Arberry was asking the full Committee to consider the issues.

Mr. Stevens explained that the first issue for consideration was a two-grade salary increase for university police officers. The Joint Subcommittee had discussed the issue during hearings. Basically, The Executive Budget recommended a two-grade salary increase for public safety positions such as Highway Patrol officers, correctional officers, and parole and probation officers, however, no funding had been included for University System police officers. Mr. Stevens stated that the issue had been reviewed by the Joint Subcommittee, which had requested that LCB staff report back to the Joint Subcommittee regarding the additional money that would be required to provide the two-grade increase. Mr. Stevens reported that the figures were \$360,263 in FY2006 and \$376,056 in FY2007. If it was the desire of the Committee to consider that two-grade increase, that would be the additional General Fund amount that would be added to the UCCSN budget closing.

The second item referred to by Assemblyman Arberry was the faculty to support fourth-year dental students, and Mr. Stevens noted that the Joint Subcommittee had closed differently regarding that issue. The Senate had approved The Executive Budget recommendation for approximately \$2.9 million, \$1.8 million of which was General Fund dollars, in each year of the biennium to support the faculty and related costs pertaining to fourth year dental students. Mr. Stevens reported that the Assembly had not taken that action, however, Chairman Arberry had reviewed the issue and would like the full Committee to consider approving the Governor's recommendation regarding the funding to support fourth-year dental students.

Mr. Stevens stated the last item for review by the full Committee involved the funding disparity at the Community College of Southern Nevada. He believed that issue had been discussed by Chairman Arberry and Senator Raggio. By way of background information, Mr. Stevens explained that during the interim, a Committee to Evaluate Higher Education had been formed, which had hired consultants very knowledgeable in the area of higher education, and those consultants had reviewed a number of issues. One of the reports from the consultants was that the funding levels for campuses within the UCCSN were consistent with their peer institutions nationally, with the exception of CCSN and, to a lesser extent, Western Nevada Community College (WNCC).

Mr. Stevens said a review of faculty salaries at various campuses identified that CCSN faculty were receiving lower salaries than the faculty at other community colleges within the system. According to Mr. Stevens, the major reason for the disparity was probably because CCSN had outpaced its funded enrollment for a number of years, which likely required hiring faculty at lower salary levels in order to stretch the funding as far as possible due to the large enrollment increase.

Mr. Stevens stated when the funding formulas had first been instituted approximately 4 years ago, a similar situation had occurred between salary levels at the University of Nevada, Reno (UNR) and the University of Nevada, Las Vegas (UNLV). A salary equity pool had been approved at that time, which provided funding for UNLV over a 6-year period and was designed to equalize salary levels between those two institutions. Mr. Stevens said that same mechanism could be utilized if the Committee chose to address the issue of CCSN salary levels compared to other community colleges within the UCCSN.

To recap, Vice Chairwoman Giunchigliani said the first issue for full Committee consideration was the two-grade salary increase for UCCSN police officers. She noted that the two-grade increase had been included in budget accounts throughout The Executive Budget. The original intent was to increase the salary for those positions that suffered high turnover or problems with retention, and the Committee had been closing budgets without review of the salary upgrade. Vice Chairwoman Giunchigliani believed that there had been a case made for inclusion of the UCCSN police officers in the grade increase based on retention and turnover. As the Committee closed other budgets it should ensure that the salary issue was reviewed for other departments, in order not to miss groups that had a higher turnover rate and were not captured in the two-grade salary increase.

Regarding the UNLV Dental School, Vice Chairwoman Giunchigliani indicated that Assemblyman Arberry's recommendation was that the full Committee close the budget, including staffing for the fourth year the same as that for the second and third year of the Dental School program.

Vice Chairwoman Giunchigliani stated that the recommendation was for a salary equity pool similar to that which had been created for the UNLV in the past. She indicated that she had raised the issue of lack of funding for the CCSN faculty in comparison to other community colleges, and LCB staff had actual breakouts which depicted the salary disparity. This disparity was probably based on the part-time faculty hired by the CCSN because of the increased enrollments. Vice Chairwoman Giunchigliani said that she had agreed to review a different mechanism to address that disparity, and the salary pool was the standard method used in the past. She recommended that the Committee approve the CCSN salary equity pool over the biennium and determine whether that would help the formula in the future.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE CLOSING REPORT FOR THE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA INCLUDING: 1. A TWO-GRADE SALARY INCREASE FOR UCCSN POLICE OFFICERS; 2. FACULTY SUPPORT FOR FOURTH-YEAR DENTAL STUDENTS; AND 3. CREATION OF A CCSN SALARY EQUITY POOL.

SPEAKER PERKINS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chairman Arberry recognized Assemblyman Hettrick.

Assemblyman Hettrick asked whether the motion regarding the UCCSN budget was to approve the entire budget, including amendments. Chairman Arberry replied in the affirmative. Mr. Hettrick indicated that he would like to make a statement for the record. Obviously, some members had supported various parts of the budget and supported the UCCSN budget because it would be necessary to approach the Senate to address differences. Mr. Hettrick stated that he reserved the right to vote according to how he felt when discussing the various issues with the Senate. Assemblyman Marvel said he would echo the comments made by Mr. Hettrick and would reserve the same privilege.

Chairman Arberry asked Assemblywoman McClain to continue her report to the full Committee.

Assemblywoman McClain, Chairwoman of the Joint Subcommittee on General Government, offered the following closing report regarding the Department of Personnel for consideration by the full Committee:

THE DEPARTMENT OF PERSONNEL'S BUDGET IS FUNDED THROUGH A PAYROLL AND A PERSONNEL ASSESSMENT CHARGED AS A PERCENT OF GROSS SALARIES FOR APPROVED POSITIONS. THE GOVERNOR'S RECOMMENDED BUDGET INCLUDES A PERSONNEL ASSESSMENT RATE OF 1.03 PERCENT AND A PAYROLL ASSESSMENT RATE OF .33 PERCENT IN FY 2006. IN FY 2007, THE GOVERNOR RECOMMENDS A PERSONNEL ASSESSMENT RATE OF 1 PERCENT AND A PAYROLL ASSESSMENT RATE OF .31 PERCENT.

THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO IMPLEMENT THE FOLLOWING TECHNOLOGY SOLUTIONS TO THE NEVADA EMPLOYEE ACTION TIMEKEEPING SYSTEM (NEATS): (1) UPDATE OF THE APPLICANT TRACKING SYSTEM, PHASES I AND II (E-275), AT A COST OF \$245,000 IN FY 2006 AND \$40,500 IN FY 2007; (2) ADDITION OF A PAY CLERK TIMESHEET REVIEW MODULE (E-276), AT A COST OF \$50,050 IN FY 2007; (3) ADDITION OF AN INCIDENT REPORT TRACKING MODULE (E-278), AT A COST OF \$98,700 IN FY 2007; AND (4) ADDITION OF AN OVERTIME/LEAVE ELECTRONIC PRE-AUTHORIZATION MODULE (E-279), AT A COST OF \$54,075 IN FY 2006.

THE SUBCOMMITTEE DID NOT CONCUR WITH THE GOVERNOR'S RECOMMENDATION TO IMPLEMENT THE FOLLOWING ADDITIONS TO THE NEATS SYSTEM: (1) ON-LINE CENTRAL ROOM SCHEDULING (E-280), AT A COST OF \$97,475; AND (2) WAIT LISTING FOR TRAINING CLASSES (E-281), AT A COST OF \$40,075.

THE SUBCOMMITTEE DID NOT APPROVE THE ADDITION OF ONE PERSONNEL ANALYST III POSITION TO THE DISCRIMINATION/SEXUAL HARASSMENT UNIT (E-250) DUE TO THE UNIT NOT HAVING BEEN IN EXISTENCE LONG ENOUGH TO HAVE SUFFICIENT HISTORICAL CASELOAD DATA TO SUPPORT A STAFFING INCREASE.

THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO ADD A PROGRAM OFFICER III POSITION TO STAFF THE IFS-HR HELP DESK.

THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO PROVIDE FUNDING FOR THE CERTIFIED PUBLIC MANAGER PROGRAM TO INSTRUCT 80 PARTICIPANTS OVER THE BIENNIUM. THE SUBCOMMITTEE'S APPROVAL WAS CONTINGENT UPON PERSONNEL REPORTING TO THE INTERIM FINANCE COMMITTEE IN OCTOBER OR NOVEMBER 2005 REGARDING THE RESULTS OF THE FIRST CLASS DURING THE 2003-05 BIENNIUM. SPECIFICALLY, A REPORT ON THE COST SAVINGS PROJECTS UNDERTAKEN BY PARTICIPANTS AND THE RESULTS OF THOSE PROJECTS IS DUE, AS WELL AS

INFORMATION ABOUT THE MATERIALS AND DELIVERY COST OF EACH LEVEL OF TRAINING IN THE PROGRAM.

THE SUBCOMMITTEE ALSO APPROVED THE UNEMPLOYMENT COMPENSATION BUDGET AS RECOMMENDED BY THE GOVERNOR.

Chairman Arberry asked whether there were further questions regarding the closing report for the Department of Personnel. With no questions forthcoming, Chairman Arberry called for a motion.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE THE CLOSING REPORT REGARDING THE DEPARTMENT OF PERSONNEL.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Assemblywoman McClain, Chairwoman of the Joint Subcommittee on General Government, offered the following closing report regarding the Department of Employment, Training and Rehabilitation for consideration by the full Committee.

THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT HAS COMPLETED ITS REVIEW OF THE BUDGETS FOR THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION (DETR) AND HAS MADE THE FOLLOWING RECOMMENDATIONS FOR THE DEPARTMENT'S 2005-07 BIENNIUM BUDGET. THE SUBCOMMITTEE'S RECOMMENDATIONS RESULT IN A GENERAL FUND SAVINGS OF \$152,251 IN FY 2006 AND \$153,057 IN FY 2007 AS COMPARED TO THE GOVERNOR'S BUDGET RECOMMENDATIONS. THE TOTAL AMOUNT OF GENERAL FUND SAVINGS IS CONTINGENT ON THE FINAL ADMINISTRATIVE COST ALLOCATIONS FOR THE DEPARTMENT.

**REDUCTION IN FEDERAL FUNDING:** THE DEPARTMENT SUBMITTED A BUDGET AMENDMENT THROUGH THE BUDGET DIVISION REQUESTING BUDGET REDUCTIONS TOTALING APPROXIMATELY \$4.9 MILLION IN FY 2006 AND \$5.1 MILLION IN FY 2007. THIS WAS DUE TO EXPECTED REDUCTIONS IN FEDERAL FUNDING RECEIVED THROUGH THE U.S. DEPARTMENT OF LABOR FOR THE ADMINISTRATION OF THE UNEMPLOYMENT INSURANCE PROGRAM AND TO ALIGN EXPECTED REVENUE AND EXPENDITURE AUTHORITY FOR THE OTHER FEDERALLY FUNDED PROGRAMS ADMINISTERED BY THE EMPLOYMENT SECURITY DIVISION. THE SUBCOMMITTEE APPROVED THE BUDGET REDUCTIONS WHICH INCLUDED THE ELIMINATION OF 50 POSITIONS AND THE ASSOCIATED POSITIONS OPERATING, EQUIPMENT AND TRAINING COSTS.

**DETR ADMINISTRATIVE SERVICES (BA 101-3272) DETR-1:** THE SUBCOMMITTEE APPROVED THE RECOMMENDED ELIMINATION OF NINE VACANT POSITIONS TO REDUCE THE ADMINISTRATIVE COST ALLOCATION TO THE EMPLOYMENT SECURITY DIVISION

AS PART OF THE BUDGET REDUCTIONS REQUESTED BY THE DEPARTMENT. THE POSITIONS RECOMMENDED FOR ELIMINATION INCLUDE A DEPUTY DIRECTOR, PERSONNEL TECHNICIAN, ACCOUNTANT, AUDITOR AND FIVE ADMINISTRATIVE SUPPORT POSITIONS. THE SUBCOMMITTEE ALSO APPROVED THE ADDITION OF TWO NEW POSITIONS, A MAINTENANCE REPAIR WORKER AND A SUPPLY TECHNICIAN, AS RECOMMENDED BY THE GOVERNOR TO SUPPORT THE SOUTHERN NEVADA OPERATIONS OF THE DEPARTMENT, INCLUDING SERVICING THE NEW LAS VEGAS ADMINISTRATIVE BUILDING FOR THE DEPARTMENT THAT IS PROJECTED TO BE COMPLETED IN APRIL 2006.

**INFORMATION DEVELOPMENT AND PROCESSING (BA 101-3274)**

**DETR-9:** THE SUBCOMMITTEE APPROVED THE RECOMMENDED ELIMINATION OF SEVEN VACANT POSITIONS TO REDUCE THE ADMINISTRATIVE COST ALLOCATION TO THE EMPLOYMENT SECURITY DIVISION AS PART OF THE BUDGET REDUCTIONS REQUESTED BY THE DEPARTMENT. IN ADDITION, THE SUBCOMMITTEE APPROVED FUNDING OF \$138,315 OVER THE 2005-07 BIENNIUM FOR AN ADDITIONAL COMPUTER SERVER TO ACCOMMODATE GROWTH IN DATA WAREHOUSING APPLICATIONS AND TO SERVE AS A TEST AND BACKUP HOST MACHINE FOR THE UNEMPLOYMENT INSURANCE DATA VERIFICATION SYSTEM AND THE ONE-STOP OPERATING SYSTEM APPLICATIONS.

**EQUAL RIGHTS COMMISSION (BA 101-2580) DETR-22:** THE SUBCOMMITTEE APPROVED THE RECOMMENDATION OF THE GOVERNOR FOR ACCEPTING FUNDING FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE NEVADA EQUAL RIGHTS COMMISSION TO ACCEPT AND INVESTIGATE HUD HOUSING DISCRIMINATION COMPLAINTS. THE COMMISSION INDICATED DUE TO A REDUCTION IN ITS EMPLOYMENT DISCRIMINATION CASE INVENTORY AS A RESULT OF LEGISLATION APPROVED IN THE 2003 SESSION, IT WAS ABLE TO DEDICATE 1.5 FTE POSITIONS TO INVESTIGATE HOUSING DISCRIMINATION COMPLAINTS. ALTHOUGH NOT INCLUDED IN THE EXECUTIVE BUDGET, THE SUBCOMMITTEE APPROVED INCLUDING A GENERAL FUND VACANCY SAVINGS AMOUNT OF \$25,201 IN FY 2006 AND \$24,261 IN FY 2007 IN THE BUDGET FOR THE COMMISSION. IN APPROVING THIS ACTION, THE SUBCOMMITTEE NOTED THAT THIS BUDGET ACCOUNT WAS BUDGETED FOR VACANCY SAVINGS IN THE 2003-05 BIENNIUM. THE SUBCOMMITTEE ALSO SUPPORTED THE GOVERNOR'S RECOMMENDATION FOR THE RECLASSIFICATION OF ALL 15 INVESTIGATOR POSITIONS WITHIN THE AGENCY TO ADDRESS INEQUITY WITH POSITIONS IN OTHER STATE AGENCIES.

**DETR EMPLOYMENT SECURITY DIVISION (BA 205-4770) ESD-1:**

THE SUBCOMMITTEE APPROVED THE ELIMINATION OF 33.53 FTE VACANT POSITIONS AS PART OF THE BUDGET REDUCTIONS TO ADDRESS EXPECTED REDUCTIONS IN FEDERAL FUNDING. IN ADDITION, THE SUBCOMMITTEE CONCURRED WITH THE BUDGET AMENDMENT TO REDUCE THE FUNDING FOR INTERMITTENT POSITIONS BY \$1,250,000 IN EACH YEAR OF THE 2005-07 BIENNIUM. THE SUBCOMMITTEE APPROVED THE RECOMMENDATION TO TRANSFER APPROXIMATELY \$1.1 MILLION OVER THE BIENNIUM FROM THE EMPLOYMENT SECURITY SPECIAL FUND FOR THE PURCHASE

OF RECOMMENDED REPLACEMENT EQUIPMENT IN LIEU OF ADDITIONAL BUDGET REDUCTIONS DUE TO THE DECREASE IN FEDERAL FUNDS.

**DETR CAREER ENHANCEMENT PROGRAM (BA 205-4767)**

**ESD-12:** THE SUBCOMMITTEE APPROVED THE ADDITION OF 10 POSITIONS TO PROVIDE EMPLOYMENT AND TRAINING SERVICES TO ADDRESS PROJECTED INCREASES IN THE NUMBER OF SKILLED WORKERS NEEDED IN NEVADA. AS PART OF THE RECOMMENDATION, THE SUBCOMMITTEE APPROVED AN ADDITIONAL \$1 MILLION ANNUALLY FOR SKILLS ENHANCEMENT TRAINING FOR EMPLOYED AND UNEMPLOYED WORKERS. DUE TO THE SAVINGS GENERATED FOR THE UNEMPLOYMENT TRUST FUND, THE SUBCOMMITTEE CONCURRED WITH THE GOVERNOR'S RECOMMENDATION TO PROVIDE FUNDING FROM RESERVES OF \$400,000 IN EACH YEAR OF THE 2005-07 BIENNIUM FOR 10 INTERMITTENT POSITIONS TO CONTINUE THE RE-EMPLOYMENT SERVICES PROGRAM UPON THE EXPIRATION OF THE EXISTING FEDERAL FUNDING FOR THE PROGRAM AT THE END OF FY 2005.

**DETR EMPLOYMENT SECURITY SPECIAL FUND (BA 235-4771)**

**ESD-20:** THE SUBCOMMITTEE APPROVED FUNDING OF APPROXIMATELY \$1.3 MILLION FOR FURNISHINGS AND EQUIPMENT FOR THE NEW LAS VEGAS ADMINISTRATIVE BUILDING FOR THE DEPARTMENT AND FUNDING OF \$150,475 FOR MOVING STAFF, COMMUNICATIONS AND EQUIPMENT INTO THE NEW BUILDING, AS RECOMMENDED BY THE GOVERNOR. THE SUBCOMMITTEE ALSO APPROVED \$919,000 OVER THE 2005-07 BIENNIUM FOR BUILDING MAINTENANCE OF AGENCY-OWNED BUILDINGS, REDUCING THE GOVERNOR'S RECOMMENDED FUNDING BY \$35,600 TO DELETE MAINTENANCE PROJECTS FOR THE INCLINE VILLAGE BUILDING THAT IS PROPOSED TO BE SOLD. IN RESPONSE TO A BUDGET AMENDMENT SUBMITTED BY THE DEPARTMENT THROUGH THE BUDGET DIVISION, THE SUBCOMMITTEE DID NOT APPROVE FUNDING OF APPROXIMATELY \$1.5 MILLION AS ORIGINALLY RECOMMENDED BY THE GOVERNOR FOR COMPLETION OF PHASE TWO OF THE REWRITE OF THE UNEMPLOYMENT INSURANCE CONTRIBUTIONS AUTOMATED REPORTING SYSTEM. THE DEPARTMENT INDICATED IT HAS DECIDED TO SUSPEND THE BALANCE OF PHASE TWO OF THE PROJECT AFTER DEPLOYMENT OF THE INTERNET EMPLOYER REGISTRATION AND TAX AND WAGE REPORTING MODULES IN JULY 2005. THE DEPARTMENT INDICATED DURING THE 2005-07 BIENNIUM IT WILL REVIEW OPTIONS FOR COMPLETION OF THE SYSTEM, INCLUDING THE PLANNED ACCOUNTING MODULE, AND SUBMIT ANY PROPOSED ENHANCEMENTS TO THE 2007 LEGISLATURE FOR FUNDING. THE SUBCOMMITTEE'S ACTIONS RESULT IN A RESERVE IN THIS ACCOUNT OF \$4.6 MILLION AT THE END OF THE 2005-07 BIENNIUM.

**DETR REHABILITATION ADMINISTRATION (BA 101-3268)**

**REHAB-1:** THE SUBCOMMITTEE APPROVED THE RECLASSIFICATION OF THE BUREAU CHIEFS OF THE BUREAU OF SERVICES TO THE BLIND AND VISUALLY IMPAIRED AND THE BUREAU OF VOCATIONAL REHABILITATION TO DEPUTY ADMINISTRATORS FOR THE REHABILITATION DIVISION AS RECOMMENDED BY THE DEPARTMENT OF PERSONNEL. IN ADDITION, THE SUBCOMMITTEE APPROVED THE TRANSFER OF THESE TWO POSITIONS TO THE REHABILITATION

ADMINISTRATION ACCOUNT TO RECOGNIZE THE RESPONSIBILITIES EACH OF THE DEPUTY ADMINISTRATORS WOULD HAVE FOR MANAGING THE PROGRAM SERVICES AND OPERATIONS FUNCTIONS WITHIN BOTH BUREAUS.

**BUREAU OF DISABILITY ADJUDICATION (BA 101-3269)**

**REHAB-8:** THE SUBCOMMITTEE APPROVED THE ADDITION OF 17 NEW POSITIONS, FUNDED BY THE FEDERAL SOCIAL SECURITY ADMINISTRATION, TO ADDRESS INCREASES IN PROJECTED CASELOADS FOR DISABILITY DETERMINATIONS. THE SUBCOMMITTEE RECOMMENDED ONE EXISTING CLERICAL POSITION BE ELIMINATED FROM THE BUDGET. THIS POSITION WAS APPROVED BY THE INTERIM FINANCE COMMITTEE IN SEPTEMBER 2002 BUT HAS NEVER BEEN FILLED. THE COSTS FOR CONTRACT MEDICAL CONSULTANTS AND MEDICAL EXAMINATIONS/RECORDS RELATED TO THE ADDITIONAL CASELOAD WAS REDUCED BY \$119,787 IN FY 2006 AND \$235,466 IN FY 2007 TO REFLECT AN ADJUSTMENT IN THE AVERAGE CASELOAD FOR THE NEW ADJUDICATOR POSITIONS OF 560 CASES PER YEAR TO ALIGN WITH THE ACTUAL AVERAGE CASELOAD EXPERIENCED IN FY 2004. THE SUBCOMMITTEE APPROVED THE GOVERNOR'S RECOMMENDATION FOR ADDITIONAL FUNDING FOR INFLATIONARY INCREASES IN MEDICAL CONSULTANTS AND MEDICAL EXAMINATIONS COSTS BUT DID NOT APPROVE AN INFLATIONARY INCREASE IN CLIENT MEDICAL TRAVEL COSTS.

**BUREAU OF VOCATIONAL REHABILITATION (BA 101-3265)**

**REHAB-16:** DUE TO CONCERNS RELATIVE TO THE AGENCY'S HISTORICAL UTILIZATION OF FEDERAL SECTION 110 GRANT FUNDING, THE SUBCOMMITTEE APPROVED INCREASING THE REVENUE AUTHORIZATION FOR RECEIPT OF THESE FUNDS AS RECOMMENDED BY THE GOVERNOR BUT THE SUBCOMMITTEE RECOMMENDED THE GENERAL FUND MATCHING FUNDS OF \$427,510 BE APPROPRIATED TO THE INTERIM FINANCE COMMITTEE IN THE GENERAL APPROPRIATIONS ACT. THE SUBCOMMITTEE FELT THE INTERIM FINANCE COMMITTEE SHOULD ALLOCATE THESE FUNDS ONLY UPON EXPENDITURE OF ALL MATCHING FUNDS WITHIN THE BUREAU OF VOCATIONAL REHABILITATION ACCOUNT THAT ARE INCLUDED IN THE BASE BUDGET. ALTHOUGH NOT INCLUDED IN THE EXECUTIVE BUDGET, THE SUBCOMMITTEE APPROVED INCLUDING A VACANCY SAVINGS AMOUNT OF \$78,244 IN FY 2006 AND \$79,072 IN FY 2007 IN THE BUDGET FOR THE BUREAU. IN APPROVING THIS ACTION, THE SUBCOMMITTEE NOTED THAT THIS BUDGET ACCOUNT WAS BUDGETED FOR VACANCY SAVINGS IN THE 2003-05 BIENNIUM. THE SUBCOMMITTEE RECOMMENDED INCLUDING ADDITIONAL FUNDS IN THIS BUDGET IN THE AMOUNT OF \$117,043 IN FY 2006 AND \$110,208 IN FY 2007 FOR THE COSTS OF THE OCCUPATIONAL GROUP STUDY OF REHABILITATION POSITIONS PERFORMED BY THE DEPARTMENT OF PERSONNEL THAT WAS OMITTED FROM THE EXECUTIVE BUDGET.

**BUREAU OF SERVICES TO THE BLIND AND VISUALLY IMPAIRED**

**(BA 101-3254) REHAB-37:** AS SIMILARLY RECOMMENDED IN THE BUREAU OF VOCATIONAL REHABILITATION ACCOUNT, THE SUBCOMMITTEE APPROVED INCREASING THE REVENUE AUTHORIZATION FOR RECEIPT OF FEDERAL SECTION 110 GRANT FUNDS AS RECOMMENDED BY THE GOVERNOR BUT RECOMMENDED THE GENERAL FUND MATCHING FUNDS OF



\$154,802 BE APPROPRIATED TO THE INTERIM FINANCE COMMITTEE IN THE GENERAL APPROPRIATIONS ACT. THE SUBCOMMITTEE FELT THE INTERIM FINANCE COMMITTEE SHOULD ALLOCATE THESE FUNDS ONLY UPON EXPENDITURE OF ALL MATCHING FUNDS WITHIN THE BUREAU OF SERVICES TO THE BLIND AND VISUALLY IMPAIRED ACCOUNT THAT ARE INCLUDED IN THE BASE BUDGET. ALTHOUGH NOT INCLUDED IN THE EXECUTIVE BUDGET, THE SUBCOMMITTEE APPROVED INCLUDING A VACANCY SAVINGS AMOUNT OF \$45,176 IN FY 2006 AND \$45,535 IN FY 2007 IN THE BUDGET FOR THE BUREAU. IN APPROVING THIS ACTION, THE SUBCOMMITTEE NOTED THAT THIS BUDGET ACCOUNT WAS BUDGETED FOR VACANCY SAVINGS IN THE 2003-05 BIENNIUM. THE SUBCOMMITTEE RECOMMENDED INCLUDING ADDITIONAL FUNDS IN THIS BUDGET IN THE AMOUNT OF \$19,423 IN FY 2006 AND \$22,806 IN FY 2007 FOR THE COSTS OF THE OCCUPATIONAL GROUP STUDY OF REHABILITATION POSITIONS PERFORMED BY THE DEPARTMENT OF PERSONNEL THAT WAS OMITTED FROM THE EXECUTIVE BUDGET.

**BLIND BUSINESS ENTERPRISE PROGRAM (BA 101-3253)**  
**REHAB-45:** THE SUBCOMMITTEE APPROVED FUNDING OF \$703,350 IN FY 2006 AND \$484,125 IN FY 2007 FOR EXPANSION OF THE BLIND BUSINESS ENTERPRISE PROGRAM AS RECOMMENDED BY THE GOVERNOR. THE FUNDING WILL PROVIDE FOR ADDITIONAL TRAINING FOR BLIND VENDORS, THE REMODEL OF THREE EXISTING BLIND VENDOR FACILITIES, AND THE ADDITION OF FOUR NEW BLIND VENDOR FACILITIES DURING THE 2005-07 BIENNIUM.

THE SUBCOMMITTEE ALSO REVIEWED THE BUDGETS FOR THE RESEARCH AND ANALYSIS BUREAU (101-3273), OFFICE OF DISABILITY EMPLOYMENT POLICY (101-3156), AND CLIENT ASSISTANCE PROGRAM (101-3258). THE SUBCOMMITTEE RECOMMENDS THAT THESE BUDGETS BE CLOSED AS RECOMMENDED BY THE GOVERNOR WITH MINOR TECHNICAL ADJUSTMENTS. THE FOLLOWING CHART SUMMARIZES THE GENERAL FUND SAVINGS OF THE SUBCOMMITTEE’S ACTIONS:

Budget Account	Budget Description	FY 06	FY 07
2580	Equal Rights Commission	\$25,201	\$24,261
3254	Bureau of Services to the Blind and Visually Impaired	\$50,791	\$49,825
3265	Bureau of Vocational Rehabilitation	\$76,259	\$78,971
Total General Fund Savings:		\$152,251	\$153,057

Chairman Arberry recognized Assemblywoman Smith.

Mrs. Smith stated that she wanted to check on the Blind Business Enterprise Program, and asked whether the Subcommittee felt that the program had made progress and improvements over the previous biennium. Ms. McClain said absolutely, and it had been “night and day” compared to the previous biennium.

Assemblywoman Giunchigliani stated that she would like to make a motion to approve the closing report, however, she would like to hold BA 2580, Nevada Equal Rights Commission. Ms. Giunchigliani explained there was a bill pending that could impact the Equal Rights Commission and once that legislation had been resolved, the budget could be closed.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE THE CLOSING REPORT REGARDING THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION, EXCLUDING BA 2580, NEVADA EQUAL RIGHTS COMMISSION.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED EXCLUDING BA 2580.

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Assemblyman Marvel asked about the backlog of the Equal Rights Commission. Assemblywoman Giunchigliani replied that the Commission had actually reduced its backlog. The question that would be addressed by the pending legislation was that the Commission was attempting to expand into another area in which it had no expertise. Ms. Giunchigliani indicated that there was some concern, and after the bill had been heard, a determination could be made regarding whether to approve that expansion.

With no further business to come before the Committee, Chairman Arberry adjourned the meeting at 3:27 p.m.

RESPECTFULLY SUBMITTED:

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Carol Thomsen  
Committee Attaché

APPROVED BY:

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Assemblyman Morse Arberry Jr., Chairman

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

<b><u>EXHIBITS</u></b>			
<b>Committee Name: <u>Committee on Ways and Means</u></b>			
<b>Date: <u>May 13, 2005</u></b>		<b>Time of Meeting: <u>2:28 p.m.</u></b>	
<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda