

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

**Seventy-Third Session
May 18, 2005**

The Committee on Ways and Means was called to order at 3:38 p.m., on Wednesday, May 18, 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 Chairwoman
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

GUEST LEGISLATORS PRESENT:

Senator Terry Care

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Russell Guindon, Deputy Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Mindy Braun, Education Program Analyst
Jeff Ferguson, Program Analyst
Laura Freed, Program Analyst
Janet Johnson, Program Analyst
Carol Thomsen, Committee Attaché
Connie Davis, Committee Attaché

Chairman Arberry called the meeting to order and opened the hearing on S.B. 303.

Senate Bill 303: Revises provisions governing persons appointed to National Conference of Commissioners on Uniform State Laws to represent State of Nevada. (BDR 17-1104)

Senator Terry Care, District No. 7, Clark County, stated there were witnesses present to testify regarding S.B. 303 and he referenced Exhibit B, a letter from Richard Morgan, Dean, William S. Boyd School of Law, University of Nevada, Las Vegas (UNLV).

Senator Care indicated that over the course of their careers, legislators had probably seen a number of Uniform Acts, such as the Uniform Arbitration Act, the Uniform Partnership Act, and the Uniform Commercial Act, Articles I through IX. Those Uniform Acts had to come from somewhere, and the answer was that they came from the National Conference of Commissioners on Uniform State Laws (NCCUSL). Senator Care explained that the NCCUSL had been in operation for approximately 114 years and, during that time, the state of Nevada, prior to the 2005 Legislative Session, had adopted 104 Uniform Acts.

According to Senator Care, the body would meet once a year for 8 days and appoint drafting committees, which could take as long as 2 years to draft a Uniform Bill. When the entire body had adopted the Uniform Act, commissioners were asked to encourage their home states to adopt those Uniform Acts, so that commerce could be conducted with uniform rules across state lines. Senator Care stated that Uniform Acts also addressed issues other than commerce, but that was the basic idea. If a person moved from one state to another with a transaction that began in one state and concluded in another state, everyone would be "playing by the same rules."

Senator Care advised that every state appointed commissioners and in most states the appointments were made by the Governor, the Legislature, or the Supreme Court, however, in Minnesota, commissioners were appointed by all three bodies. In Nevada, commissioners were appointed by the Legislative Commission. Senator Care stated that all commissioners from Nevada were members of the Legislature, except those who were employed by the Legislative Counsel Bureau (LCB). Senator Care indicated that the current active members of the NCCUSL from the Legal Division, LCB, were Brenda Erdoes, Legislative Counsel, and Scott Wasserman, Chief Deputy Legislative Counsel. There were three active legislative commissioners currently serving: 1) Senator Amodei; 2) Assemblywoman Ohrenschall; and 3) Senator Care.

According to Senator Care, he had sponsored S.B. 303 because of Frank Daykin, former Director of the LCB for over 20 years. In Nevada, once a person was appointed to the NCCUSL, that person remained a commissioner until he asked to be relieved of that duty. Senator Care indicated that Mr. Daykin continued to fulfill his duties as a commissioner and attended the national conference every year, paying expenses out of his own pocket. Mr. Daykin was recognized as a lifetime member and, therefore, he was not required to pay the registration fee, but he did pay his own transportation and room and board costs.

Senator Care advised that Section 1, subsection 1, of the bill would allow a commissioner, who continued to serve and attend annual meetings, to serve written notice to the Director of the LCB and receive reimbursement from the Legislative Fund for expenses. The written notice had to state that the commissioner would actively participate and carry out the duties set forth in the *Nevada Revised Statutes* (NRS) 219.030 and 219.040. Basically, stated Senator Care, the NRS indicated that a commissioner had a duty to, "...each legislative session make a report of transactions to the Legislature," and "...at each legislative session make recommendations to the Legislature." That meant that after the National Conference, commissioners would come to the Legislature and actively lobby for passage of the Uniform Acts. Senator Care noted that most members of the Committee were aware that Mr. Daykin performed that duty during each session.

Senator Care reiterated that Section 1, subsection 1, of the bill would simply allow commissioners like Mr. Daykin to be reimbursed for expenses that, up until now, had been paid from their own pockets. Members of the Legislature who served as commissioners, or members of the LCB who served as commissioners, received reimbursement for expenses, and the bill was directed at persons who served as commissioners and were no longer employed by the LCB or no longer a member of the Legislature, who felt the obligation to continue to function as a commissioner.

According to Senator Care, members of the NCCUSL included state and federal trial and appellate court judges, legislators, legal practitioners, and law school professors; however, Nevada had not appointed commissioners from the law school. Most states where law schools resided appointed commissioners from those schools, and Senator Care believed that perhaps the time had come, now that there was a law school in Nevada and for the prestige of the law school, to appoint professors from the William S. Boyd School of Law as commissioners. Section 2 of the bill addressed that issue and would allow for the appointment of two professors from the William S. Boyd School of Law to serve 4-year terms as commissioners. Senator Care pointed out that the appointment would be made by the Legislative Commission from names submitted by the Dean of the law school.

Senator Care advised the Committee that he had talked with Richard Morgan, Dean, William S. Boyd School of Law, UNLV, who indicated that the law school would pay the expenses for its commissioners. Senator Care did not know whether the Legislature would be required to approve the expenses, but Dean Morgan would consider the expenses as a law school issue.

To recap, Senator Care explained that Section 1 of the bill would reimburse commissioners who were no longer employed by the LCB or no longer a member of the Legislature, who continued to function as a commissioner. Section 2 would appoint two professors from the William S. Boyd School of Law, UNLV, as commissioners representing Nevada.

Chairman Arberry asked Senator Care whether costs for the two commissioners from the law school would be paid by the UNLV. Senator Care replied that the expenses for attending conferences would be paid by the UNLV, and the only cost to the LCB budget would be instances where commissioners who were not members of the Legislature or employed by the LCB would seek reimbursement.

Chairman Arberry asked whether there was further testimony to come before the Committee regarding S.B. 303 and, there being none, declared the hearing closed.

The Chair declared the Committee in recess, and called the Committee back to order at 3:55 p.m. Chairman Arberry stated that the Committee would consider budget closings. Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, explained that the budget accounts that would be presented to the Committee had not been heard in subcommittee, and were the responsibility of the full Committee for closure. Budget closing list number 7 represented budget accounts that had not been closed during previous hearings and Mr. Stevens stated that those accounts would be presented once again for Committee consideration.

BUDGET CLOSINGS

JUDICIAL DISCIPLINE, BA 1497

Mr. Stevens stated that the major issue in BA 1497 was the increase in out-of-state travel expenditures. The 2003 Legislature approved out-of-state travel expenditures of \$2,168 in the first year of the biennium and \$6,902 in the second year. Mr. Stevens noted that during FY2004, only \$192 had been expended for out-of-state travel, however, the recommendation for the upcoming biennium was to increase the base budget in FY2006 to \$2,254 and in FY2007 to \$9,610 for out-of-state travel.

Mr. Stevens advised that the Executive Director of the Commission on Judicial Discipline indicated that he anticipated the need to send seven people to the College for Judicial Conduct and Ethics, based on the fact that there would be turnover in membership on the Commission, which would result in additional training. Mr. Stevens said it appeared that, at most, only three current members of the Commission had terms that would expire during the upcoming biennium and, based on that determination and the fact that the 2003 Legislature approved funding for only five people to attend the College, staff would recommend a reduction in the number of people from seven to five who were authorized to attend the College for Judicial Conduct and Ethics during FY2006-07. If the Committee followed that recommendation, it would reduce General Fund appropriations by \$1,641 in the second year of the biennium.

Mr. Stevens pointed out that other closing items in BA 1497 included replacement equipment and updated computer hardware/software prices.

ASSEMBLYMAN SEALE MOVED TO CLOSE BA 1497 AS
RECOMMENDED BY STAFF.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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COMMISSION ON POSTSECONDARY EDUCATION, BA 2666

Mindy Braun, Education Program Analyst, Fiscal Analysis Division, LCB, indicated there was one major closing issue in BA 2666. The agency requested the reclassification of an Administrative Assistant, grade 27, to an Executive Assistant, grade 31, which had not been recommended by the Governor.

Ms. Braun stated that in discussing the issue with the Budget Division, it appeared that there were no specific reasons for not recommending the reclassification, except that it had been placed in an enhancement decision unit. LCB staff review of the supporting information provided by the agency indicated that the reclassification appeared to be justified.

Ms. Braun reported that although the agency originally requested State General Fund support in the amount of \$8,733 in FY2006 and \$8,698 in FY2007 for the reclassification, the agency had found that federal Veterans Administration funds might be available to support the reclassification.

Ms. Braun indicated that the issue before the Committee was whether it wished to consider approving the funding to support the reclassification of the agency's Administrative Assistant, grade 27, to an Executive Assistant, grade 31. If so, Ms. Braun noted that the Committee might wish to approve State General Funds in the amount of \$8,733 in FY2006 and \$8,698 in FY2007 to support the reclassification. However, the Committee might wish to issue a Letter of Intent that indicated it was the intent of the Legislature that if the agency was able to obtain additional federal funds to support the reclassification, the State General Fund support would be reverted.

Ms. Braun reported that other closing issues included a recommendation from the Governor for removal of costs for the Statewide Cost Allocation Program (SWCAP), and staff would concur with that recommendation.

Regarding the Legislative Audit Report, Ms. Braun stated that the Audit Division of the LCB had completed an audit of the agency in March 2005. Three recommendations were included in the audit report and were accepted by the agency, and it had implemented procedures to correct the issues cited in the report.

Ms. Braun indicated that the revised federal reimbursement rates would provide an increase in the federal reimbursement with a decrease in the State General Fund of \$6,190 in FY2006 and \$6,740 in FY2007.

Chairman Arberry said if the Committee approved the reclassification of the position with General Fund support, as recommended by staff, would the agency revert those General Fund dollars if federal dollars became available. Ms. Braun stated that was correct.

ASSEMBLYMAN MARVEL MOVED TO CLOSE BA 2666 AS
RECOMMENDED BY STAFF, INCLUDING A LETTER OF INTENT
THAT IF THE AGENCY WAS ABLE TO OBTAIN ADDITIONAL
FEDERAL FUNDS TO SUPPORT THE RECLASSIFICATION, THE
STATE GENERAL FUND SUPPORT WOULD REVERT.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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WICHE LOAN AND STIPEND, BA 2681

Ms. Braun referenced [Exhibit C](#), "Audit Highlights, Western Interstate Commission for Higher Education," which had been provided to the Committee for its perusal.

Ms. Braun explained that there were several closing issues in BA 2681, and the first concerned the federal matching grant program for the dental program. That program had been authorized by the 2003 Legislature, at which time matching money was provided for two dental slots and State funding was provided for two dental slots, for a total of four slots. Ms. Braun reported that no dental slots had been filled under the program during the first year of the biennium, however, recent information provided by the agency indicated that two slots had recently been filled and three professionals were already interested in the program for the upcoming biennium. The first issue for Committee consideration was whether it wanted to approve the federal matching grant program for dental slots as recommended by the Governor, which would be a continuation of the program.

Regarding the federal matching grant program for mental health, Ms. Braun reported that the Governor recommended expansion of the program into the field of mental health. Five mental health slots were recommended for inclusion in the federal matching program instead of the regular Health Care Access Program (HCAP). Ms. Braun advised that the Committee should note that, although five slots were authorized for mental health in FY2004-05, no students had been placed in the mental health program. The agency was asked why it believed the slots could be filled under the new program when they could not be filled under HCAP, and the agency indicated that the restructuring of the program would include assistance from the Division of Mental Health and Developmental Services, which would ensure that the five slots would be filled in each fiscal year.

Ms. Braun indicated that the second issue was whether the Committee wished to approve the federal matching grant program for mental health slots in addition to the dental slots.

The third issue, stated Ms. Braun, concerned the University Medical Center (UMC) matching grant program. The Governor recommended a new pilot program for nurses where the UMC would match State funds for five nursing slots in return for a 2-year commitment to work at the UMC. Ms. Braun stated that staff had recently received a memorandum from the UMC indicating support of the program.

According to Ms. Braun, the issue for Committee consideration was whether it wished to approve the UMC matching grant program for nursing slots as recommended by the Governor. Ms. Braun stated that because the UMC had not presented a formal written agreement, the Committee might wish to issue a Letter of Intent asking that reports be submitted to the Interim Finance Committee (IFC) during FY2005-06 regarding the status of implementation of the program.

Ms. Braun explained that the fourth issue concerned an increase in support fees for in-state slots. The Executive Budget recommended funding of \$17,809 in FY2006 and additional funding in FY2007 to cover an increase for in-state slot support fees of 1.5 percent. The Regional Western Interstate Commission for Higher Education (WICHE) supported the fees for out-of-state slots and the governing body of WICHE recommended and approved the in-state slots.

The question was whether the Committee wished to approve the increase of 1.5 percent for in-state slots as recommended by the Governor.

Regarding the fifth issue, student fees, Ms. Braun explained that The Executive Budget recommended revenue for student fees at \$45,000 in FY2006 and \$18,800 in FY2007, which represented a 30.5 percent decrease in FY2006 from the actual amount collected in FY2004, and a 71 percent decrease in FY2007. The agency had indicated at a previous hearing that the decrease was a direct reflection of more students going into the HCAP than into the traditional loan/stipend program. Ms. Braun said that during the previous hearing, the Committee had asked the agency to consider assessing a student fee for the HCAP, and the agency had indicated that a fee assessment had not been formally discussed by the Commission at the present time, but would be considered in the future.

Per Ms. Braun, the question for the Committee was whether it wished to issue a Letter of Intent to WICHE urging the Commission to review the impact of more students going into the HCAP and, in addition, as part of the Letter of Intent, urge the Commission to review and make recommendations regarding the potential need for a fee assessment for the HCAP.

The sixth issue concerned pharmacy slots, and Ms. Braun noted that the Governor recommended five new pharmacy slots in each fiscal year of the biennium, however, only three new slots were filled in FY2005. According to the agency, two of the five pharmacy slots had not been filled in FY2005 because the applicants had not been accepted into pharmacy school. Ms. Braun stated that the agency indicated that the current pool had increased 55 percent in FY2006 and it was anticipated that all five slots could be filled in FY2006. In addition to providing the justification for the pharmacy slots, the Committee also requested that the agency provide a plan to phase out the pharmacy slots in the out-of-state program. Ms. Braun reported that, according to the agency, there was one accredited pharmacy program in the state of Nevada, which had not been formally approved by the WICHE, but the Commission would review possible accreditation in the future.

Ms. Braun said the question was whether the Committee wished to approve funding to continue five new pharmacy slots in each year of the biennium, as recommended by the Governor, and whether the Committee wished to issue a Letter of Intent to the WICHE, urging that the Commission review the newly accredited pharmacy school in the state of Nevada for possible inclusion in the program.

Regarding issue number seven, physician assistant slots, Ms. Braun reported that The Executive Budget recommended three new physician assistant slots in each fiscal year, however, only two slots had actually been filled in FY2004-05. Again, staff had discussed the issue with the agency and, according to the agency, one slot had not been filled due to last minute circumstances and the agency believed that it would be able to fill all physician assistant slots during the upcoming biennium. Ms. Braun indicated that the Committee should consider whether it wished to approve funding to continue three physician assistant slots as recommended by the Governor.

Ms. Braun stated that the last issue was veterinary medicine slots, which had been an item for special consideration regarding one additional slot that was not recommended by the Governor. According to information received by the agency, in FY2006 there were 16 qualified applicants for the field of veterinary medicine. The question was whether the Committee wished to consider

approval of one additional slot for veterinary medicine, with a cost of \$24,900 in FY2006 and \$50,800 in FY2007 in additional State General Funds.

Ms. Braun pointed out that A.B. 109 was currently being considered by the 2005 Legislature and would provide an appropriation of \$26,000 in FY2006 and \$52,000 in FY2007 to pay a stipend of \$2,600 to ten students in the teaching field.

Chairman Arberry referenced the first closing issue regarding the federal matching grant program for dental slots, and asked whether the Committee wished to approve the federal matching grant program for dental slots as recommended by the Governor.

Assemblywoman McClain asked whether the dental slots were for out-of-state dental schools, even though there was a dental school at UNLV.

Ron Sparks, Executive Director, Western Interstate Commission for Higher Education (WICHE), explained that the Commission had phased out the out-of-state slots and moved them to the in-state program, with the requirement that anyone who received money in the in-state program was required to serve the underserved population and work in underserved communities. In the past, stated Mr. Sparks, that had not been a requirement for dental slots and the new program would ensure service for persons in rural Nevada and underserved areas.

Chairman Arberry stated it was his understanding that the slots had not been filled in the past, and he asked what made the agency believe that those slots could be filled over the upcoming biennium. Mr. Sparks reported that the slots were filled for the current fiscal year, and they had not been filled in the first year of the biennium because it took time for the agency to build the new program with matching funding. He reiterated that the slots at the UNLV dental school had been filled and the two slots that had been filled during the current fiscal year would be ongoing now that the program was up and running.

Assemblywoman Giunchigliani did not believe that the dental program should continue, other than the students who were already enrolled. She stated that she would not concur with the recommendation for additional slots. Ms. Giunchigliani also commented that she did not believe the Committee should approve expansion of the mental health slot program, since the agency had failed to recruit students to fill existing slots over the current biennium. In light of the audit report, [Exhibit C](#), Ms. Giunchigliani commented that she would have difficulty recommending expansion of the program.

Assemblyman Marvel stated that the Legislature had recognized long ago that there were problems regarding dental care, not only in rural areas, but in southern Nevada as well, and he would be in favor of additional dental slots.

Mr. Sparks reported that the additional dental slots were in response to the need in underserved areas. The request was for two additional dental slots and those persons would work either in rural or underserved communities. Mr. Sparks said, truthfully, that was the only way that underserved communities could receive needed dental care. He noted it was a matching program between the National Health Service Corps and WICHE and that match provided some relief to the State regarding the cost.

Ms. Giunchigliani stated the reason for the dental school in southern Nevada was to provide care for the underserved. Mr. Sparks indicated that was correct, however, the dental slots would guarantee that people would be required to work in underserved communities.

Assemblywoman Weber asked about the length of the commitment to work in an underserved/rural area after a student finished school. Mr. Sparks replied that the person would be required to work 2 years in an underserved community.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE COMMITTEE:

1. NOT APPROVE THE RECOMMENDATION FOR MATCHING FUNDS TO ESTABLISH AND MAINTAIN TWO ADDITIONAL DENTAL SLOTS.
2. NOT APPROVE THE RECOMMENDED EXPANSION OF THE PROGRAM INTO THE FIELD OF MENTAL HEALTH AND NOT APPROVE THE RECOMMENDED FIVE MENTAL HEALTH SLOTS.
3. CLOSE THE REMAINING ISSUES AS RECOMMENDED BY STAFF, INCLUDING LETTERS OF INTENT.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Assemblywoman McClain believed that the Committee should retain the requested dental slots.

Assemblyman Denis asked whether the motion included the Letters of Intent, and Ms. Giunchigliani replied in the affirmative.

Assemblywoman Gansert was concerned that the mental health program had not filled their slots.

Assemblywoman Koivisto voiced concerns about the pharmacy school. She pointed out that the pharmacy school in Nevada did not have the same entrance standards that were in place at other pharmacy schools. Chairman Arberry said the Letter of Intent to the WICHE would urge the Commission to review the pharmacy school in the state of Nevada for possible inclusion. Removal of the slots would require an amendment to the original motion.

ASSEMBLYWOMAN KOIVISTO MOVED TO AMEND THE ORIGINAL MOTION AND REMOVE THE FIVE NEW PHARMACY SLOTS IN EACH FISCAL YEAR OF THE BIENNIUM.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

Assemblywoman Weber referenced the physician assistant slots, and asked whether there was a school in Nevada for physician assistants. Mr. Sparks said there was not currently a school in Nevada and the slots would be for out-of-state students. The only reason the slots were unfilled was because one person had dropped out of the program in the middle of the process, and there was not sufficient time or applicants to fill those slots. Mr. Sparks reported that there was an adequate applicant pool for the upcoming biennium.

Mrs. Gansert asked for clarification regarding the veterinary slots, and would the motion add the one additional slot. Chairman Arberry replied that it would.

Mr. Stevens explained that the addition of one slot in the field of veterinary medicine was an item for special consideration and had not been funded in The Executive Budget. If the Committee approved the additional veterinary medicine slot, funding for that slot would represent an additional amount from the General Fund.

THE MOTION TO AMEND THE ORIGINAL MOTION CARRIED WITH
ASSEMBLYMEN HETTRICK, MARVEL, AND SEALE VOTING NO.

The Chair called for a vote on the original motion before the Committee.

THE ORIGINAL MOTION CARRIED WITH ASSEMBLYMEN
HETTRICK, MARVEL, AND SEALE, AND ASSEMBLYWOMAN
WEBER VOTING NO.

BUDGET CLOSED.

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WICHE ADMINISTRATION, BA 2995

Ms. Braun stated there were two major closing issues in BA 2995. The first concerned a volunteer in the southern outreach Volunteers in Service to America (VISTA). The Executive Budget recommended \$14,377 in FY2006 and \$12,378 in FY2007 to support a VISTA volunteer in Las Vegas with related costs. For the 2003-05 biennium, VISTA volunteer services for WICHE had been paid by the Great Basin Primary Care Association (GBPCA). Ms. Braun indicated that, according to the agency, when all costs were paid by the GBPCA, the VISTA volunteer worked only approximately half of his/her time on issues related to WICHE and, if funding were provided directly through WICHE for the position, the position would provide 100 percent of his/her services to the agency.

Ms. Braun reported that the Committee had requested that the agency work with LCB staff to determine if the recommended funding levels were accurate and to determine other options for consideration by the Committee. The agency had complied with the request, and the following options were presented for the Committee's consideration:

Option 1: Approve the VISTA volunteer as recommended by the Governor with the following adjustments:

- Reduce the volunteer's living allowance from \$10,728 in each fiscal year to \$6,000 in each fiscal year
- Eliminate operating costs of \$1,200 in each year of the biennium
- Increase in-state travel from \$450 to \$810 each fiscal year to allow for travel of 135 days per year at 15 miles per day
- Reduce the cost of one LCD projector from \$1,999 to \$1,699, based upon the most recent pricing information

The revised costs for Option 1 totaled \$8,509 in FY2006 and \$6,810 in FY2007, which would provide a savings to the State General Fund of \$5,868 in FY2006 and \$5,568 in FY2007.

Option 2: The GBPCA had indicated their willingness to pay the cost of the volunteer, not necessarily a VISTA volunteer, but a person. The GBPCA would then ask WICHE to provide \$500 per month for rent, for a total of \$6,000 per year to obtain the services of a person full time for WICHE. The cost for Option 2 totaled \$7,699, which included \$1,699 for one LCD projector for the agency. In FY2007, the cost would decrease to \$6,378. That would provide a savings to the State General Fund of \$6,678 in FY2006 and \$6,378 in FY2007. Option 2 was the option that staff would recommend, as it would provide a person dedicated to WICHE issues and a presence in southern Nevada.

Option 3: Not approve funding for WICHE to obtain outreach assistance from a VISTA volunteer or a person through the GBPCA, and instead approve additional in-state travel funds of \$1,338 in each fiscal year for 6 additional 1-day trips to the Las Vegas area by WICHE staff.

Ms. Braun advised that the second major closing issue in BA 2995 concerned in-state travel. Decision Unit E-400 recommended an increase of \$2,371 in each fiscal year for in-state travel. If approved, in-state travel would total \$5,983 in each fiscal year, which would represent an 89.2 percent increase over the actual amount spent in FY2004 and a 20.9 percent increase over the work program amount of \$4,950 for FY2005.

Ms. Braun stated that based upon questions from the Committee concerning the need for the additional in-state travel, the Committee had asked the agency to work with LCB staff. The agency had indicated that if either Option 1 or 2 were approved by the Committee, additional in-state travel for six 1-day trips rather than the 10 trips recommended by the Governor would be needed. Ms. Braun reported that the costs for the six trips would total \$1,338 over the biennium and would reduce State General Fund by \$1,033 in each fiscal year. However, if Option 3 was approved by the Committee, none of the additional in-state travel funds would be required in Decision Unit E-400.

Ms. Braun indicated that A.B. 104 would provide funding for the agency to update its computer system.

Chairman Arberry asked for comments from the Committee.

Assemblywoman Leslie stated she was hesitant to fund the VISTA position because it would set a precedent and the Legislature would be inundated with requests for VISTA volunteers. Regarding Option 2, Ms. Leslie noted that the volunteer would not necessarily be a VISTA volunteer, but the type of volunteer was not specifically listed. Her feeling was that Option 3 would be sufficient.

ASSEMBLYWOMAN LESLIE MOVED TO CLOSE BA 2995
INCLUDING OPTION 3, WHICH WOULD INCREASE IN-STATE
TRAVEL FUNDING.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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ATTORNEY GENERAL ADMIN FUND, BA 1030

Jeff Ferguson, Program Analyst, Fiscal Analysis Division, LCB, reported that the first major closing issue in BA 1030 was the Attorney General (AG) Cost Allocation Plan. Subsequent to the budget hearing, the AG Cost Allocation Plan had been finalized and presented to staff. Mr. Ferguson reported that staff believed the Cost Allocation Plan to be reasonably accurate. There would be some modifications as a result of the revised AG Cost Allocation Plan, and Mr. Ferguson advised that the adjustments would be increases in AG cost allocation revenues, which would reduce the General Fund need by \$1.48 million in FY2006 and by \$1.26 million in FY2007. Mr. Ferguson explained that those figures represented increases in AG cost allocation funds received in BA 1030, which in turn would reduce the General Fund requirement. Mr. Ferguson indicated that staff would request the authority to modify AG cost allocation revenues in BA 1030 if subsequent modifications were made to the Cost Allocation Plan.

According to Mr. Ferguson, the second major closing issue was the recommendation in The Executive Budget for \$234,925 during the biennium for an additional Investigator position for the Public Integrity Unit, and a Legal Secretary II for the Litigation Division. Those positions would be located in Las Vegas and were necessary to keep up with current and projected workloads. Mr. Ferguson reported that the AG's Office indicated that no new investigators had been added to the Public Integrity Unit since 1987; however, current workload had created a backlog that needed to be addressed through the addition of one investigator. The Attorney General had also testified that due to the paper-intensive workload related to litigation, the additional legal secretary was needed to establish the ideal ratio of one secretary to support two investigators. Mr. Ferguson stated that the Governor recommended funding the two positions over the biennium with General Funds totaling \$128,967, AG cost allocation funds totaling \$97,013, and board and commission billings totaling \$8,945. Based on testimony from the AG's Office and workload data provided to staff, it was staff's opinion that the two positions were justified.

The third major closing issue, stated Mr. Ferguson, was the recommendation for the purchase of replacement computer hardware and software. The Governor recommended \$202,592 in FY2006 and \$173,908 in FY2007 for the purchase of replacement computer hardware and software. The Executive Budget recommended that the entire cost for the hardware and software be funded with General Funds, with the exception of \$23,847 in tobacco settlement funds. Mr. Ferguson noted that the Attorney General had testified that the recommendation for replacement of hardware and software was in accordance with the replacement schedule of the Department of Information Technology (DoIT). The Governor also recommended General Funds totaling \$37,171 over the biennium to purchase three printers, two file servers, and one LCD projector. Mr. Ferguson indicated that the AG's Office had provided staff with a detailed breakdown of the recommended equipment and the replacement schedules to support the recommendation, and staff had reviewed the information and believed that the recommendations were accurate and reasonable.

Chairman Arberry asked whether there were any questions regarding the first three major closing issues.

Ms. Giunchigliani stated that it appeared staff would modify the AG cost allocation revenues in the account and any savings realized would revert to the General Fund. She noted that the new positions appeared to be justified, as

well as the purchase of replacement computer hardware and software, and she offered the following motion:

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE COMMITTEE:

1. APPROVE THE AG COST ALLOCATION PLAN AND GRANT STAFF THE AUTHORITY TO MODIFY THE REVENUES IN BA 1030 IF SUBSEQUENT MODIFICATIONS WERE MADE IN THE AG COST ALLOCATION PLAN.
2. APPROVE THE REQUEST FOR ONE ADDITIONAL INVESTIGATOR POSITION FOR THE PUBLIC INTEGRITY UNIT AND ONE LEGAL SECRETARY II POSITION FOR THE LITIGATION DIVISION.
3. APPROVE THE RECOMMENDATION FOR FUNDING FOR THE PURCHASE OF REPLACEMENT COMPUTER HARDWARE AND SOFTWARE.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

Assemblywoman McClain asked for clarification regarding the use of tobacco settlement funds for the replacement of computer hardware and software. Mr. Ferguson replied that there were a select few programs within the AG's Office that received tobacco revenues, such as investigators who checked the sales of tobacco. The replacement equipment was for those programs and tobacco funds would be used to purchase the replacement equipment. Ms. McClain asked which portion of the tobacco funding would be used to purchase the equipment. Mr. Ferguson stated the AG's Office received a small portion off the top of all tobacco funding that was received by the State. Ms. McClain asked about the amount of tobacco funding allocated to the AG's Office. Mr. Ferguson indicated that he did not know the total amount of funding, but would estimate that the amount was approximately \$200,000 per fiscal year.

Assemblywoman Giunchigliani said there had been many budgets where tobacco funds had been diverted and as the Committee dealt with issues such as the Millennium Scholarship and health care, which had been the original intent of the settlement, funding had become restricted. Ms. Giunchigliani was unsure whether a determination had been made regarding whether it was still appropriate to use tobacco funding in many of the budgets throughout the State. She believed it was a policy decision that the Committee should review across-the-board during budget hearings. Ms. McClain concurred, and believed that over the years, tobacco funding had been placed in budgets to compensate for the lack of General Funds, but it appeared that tobacco money was waning and was needed for tobacco-related programs.

Chairman Arberry called for a vote on the motion before the Committee regarding the first three major closing issues.

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

Continuing his presentation, Mr. Ferguson indicated that the fourth major issue was the recommendation for \$133,509 over the biennium to fund salary and benefit increases for eight unclassified positions. The Attorney General indicated that the upgrades would provide salaries commensurate with current responsibilities and duties of the positions. Mr. Ferguson stated that the

upgrades would be funded primarily with General Funds, and also with cost allocation funding, district court assessments, and boards and commissions billings.

During the previous budget hearing, there had been discussion regarding increasing the salaries of some attorney positions, and Mr. Ferguson explained that those positions would be addressed when the other unclassified State positions were reviewed. Mr. Ferguson advised that the Committee could close the budget knowing that the final decision on the unclassified salaries would be considered prior to the end of session.

The fifth major issue, stated Mr. Ferguson, was the upgrade of two positions that were not included in The Executive Budget. During previous budget hearings, the Attorney General indicated that there had been an oversight in The Executive Budget, which did not contain a decision module regarding the upgrade for the two positions. One position was the Chief Financial Officer and the second was the Assistant Solicitor General position, both unclassified. Mr. Ferguson noted that staff had added Decision Unit E-806, which did provide for the upgrades. The Budget Office supported the upgrades, however, the positions would be considered along with all statewide unclassified salaries near the end of session.

Mr. Ferguson stated that other closing items would add funding over the biennium for additional training. The recommendation would provide for each member of the AG's Information Services Division to attend one training class in each year of the biennium, and one ProLaw training class in each year of the biennium for administration staff. Mr. Ferguson explained that the recommendation would restore \$30,000 in each year of the biennium that had been cut prior to the 2003 Legislature.

Mr. Ferguson reported that Decision Unit E-525 would reduce rent costs by \$89,084 over the biennium due to relocation of the AG's Bureau of Consumer Protection from a non-state owned building to a state-owned building.

Assemblywoman Giunchigliani offered the following motion:

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE COMMITTEE APPROVE THE EIGHT UNCLASSIFIED POSITION UPGRADES ADDRESSED IN DECISION UNIT E-807, BUT NOT ACT ON THE REMAINING UNCLASSIFIED POSITIONS UNTIL THE FINAL DECISION WAS MADE REGARDING UNCLASSIFIED POSITIONS ON A STATEWIDE BASIS, WHEN SALARIES COULD BE ADJUSTED ACCORDINGLY. APPROVE THE UPGRADE OF THE TWO POSITIONS OMITTED FROM THE EXECUTIVE BUDGET DUE TO AN OVERSIGHT AND APPROVE OTHER CLOSING ITEMS AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

ATTORNEY GENERAL TORT CLAIM FUND, BA 1348

Mr. Ferguson indicated that the major issues in BA 1348 included changes in assessment rates. The actuary had provided the study performed for the 2005-07 biennium, which had been reviewed by staff and deemed reasonable.

Also, stated Mr. Ferguson, concerns had been voiced regarding the reserve level in BA 1348 recommended in The Executive Budget at \$3.7 million at the end of the biennium. The actual reserves at the end of FY2004 were projected to be \$4.5 million and the Attorney General had testified that the amount was sufficient. He indicated that it was important to maintain an adequate reserve in BA 1348 due to unforeseen tort claims. Mr. Ferguson stated that the AG had cited a recent case in which the State had settled a claim involving the abuse of a foster child for \$1.7 million. That settlement had required the transfer of \$1 million from reserves and, as a result, staff had made an adjustment to the budget which would allow a \$2.7 million reserve at the end of the biennium. The Attorney General concurred that \$2.7 million was an adequate reserve level.

Mr. Ferguson advised that staff had made adjustments regarding the costs for computer hardware and software and adjustments to reflect the finalized Statewide Cost Allocation Plan.

ASSEMBLYMAN HOGAN MOVED TO CLOSE BA 1348 AS
RECOMMENDED BY STAFF.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

STATE TREASURER, BA 1080

Mr. Ferguson reported that the first major closing issue was the transfer of the Senior Deputy State Treasurer from the Higher Education Tuition Administration budget (BA 1081) to the Treasurer's budget. That transfer would include costs of \$226,519 over the biennium. Mr. Ferguson noted that the Treasurer had testified that the Senior Deputy State Treasurer oversaw all administration activities in the Las Vegas offices, and was assigned duties related to general treasury activities. Mr. Ferguson pointed out that Decision Unit E-906 transferred the same revenue used to support the Senior Deputy State Treasurer position from the Higher Education Tuition Administration budget to the Treasurer's budget (\$226,519 in Higher Education Tuition Trust Funds); however, in Decision Unit E-500, which would be discussed later, the Governor recommended eliminating the Higher Education Tuition Trust Fund revenue and supplanting those revenues with General Funds.

The second major closing issue, said Mr. Ferguson, was the recommended transfer of an Information Systems Specialist III position and related costs and revenues. Currently the 1.0 FTE position was contained 50 percent within the Millennium Scholarship Administration account (BA 1088) and 50 percent in the Higher Education Tuition Administration account (BA 1081). Mr. Ferguson indicated that the recommendation would move that position into the

Treasurer's budget, as well as the funding of \$93,671 from both budget accounts that supported the position. Again, the Committee should note that in Decision Unit D-500, the Governor recommended elimination of the transferred revenues and supplanting those revenues with a combination of General Funds and cost allocation transfers.

Mr. Ferguson stated that the third major issue was the recommendation from the Governor to institute a cost allocation plan to spread Information Technology (IT) costs. Staff was in concurrence with that recommendation, however, in Decision Unit E-500 the Governor recommended expansion of that cost allocation plan to include the costs of the two positions previously addressed, as well as software and maintenance costs that would be transferred. Mr. Ferguson indicated that the result would eliminate the existing funding source for the Senior Deputy State Treasurer position and a portion of the Information Technician III position, supplanting those revenues with General Funds and cost allocation transfers.

Mr. Ferguson reported that the recommended changes in revenue sources would increase the General Fund appropriation in BA 1080 by \$333,008 for the biennium and fund the balance of the costs of \$82,745 with cost allocation funds. Mr. Ferguson noted that at the same time, the revenues that currently supported the two positions, the Higher Education and Millennium Scholarship Trust Funds, would no longer be utilized, having been supplanted with General Funds and cost allocation funds. The Senior Deputy Treasurer would be funded solely with General Funds. Mr. Ferguson explained that during budget hearings, the Treasurer had indicated that the reason for the transfer was to more closely align costs to the actual duties and responsibilities of the positions.

According to Mr. Ferguson, in considering the recommendation to revise the funding sources for the Senior Deputy State Treasurer and the Information Systems Specialist III position, staff offered the following options.

- A. Approve the Governor's recommendation to increase the General Fund appropriation to the Treasurer's Office by \$333,008 over the biennium.
- B. Not approve the Governor's recommendation and continue the current funding sources.
- C. Approve General Funds to support a portion of the Senior Deputy Treasurer position and the Information Systems Specialist III position, with the balance of the funding coming from the Higher Education and Millennium Scholarship Trust Funds. For example, if the positions were funded 50 percent with General Funds and 50 percent through transfers from the Higher Education Trust Fund, there would be a reduction in the General Fund appropriation from \$333,008 to \$166,504. If the Committee wished to approve Option C, it could direct the Treasurer's Office to conduct a study during the interim to accurately determine the amount of time the two positions spent on duties and include the study and associated funding recommendations in the Treasurer's Office budget submittal for the 2007-09 biennium.

The Chair recognized Assemblywoman Giunchigliani.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE COMMITTEE APPROVE OPTION C UNDER THE THIRD MAJOR CLOSING ISSUE, COST ALLOCATION PLAN.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hettrick and Perkins, and Assemblywoman Smith were not present for the vote.)

Chairman Arberry asked for a motion regarding the first and second major closing issues.

Ms. Giunchigliani asked why the recommendation was to eliminate funding from the Higher Education Trust Fund and use General Funds to fund the position in the second closing issue. Mr. Ferguson explained that the Treasurer's Office had indicated it would like to consolidate all information system positions and functions within the Administration budget, where the bulk of the positions would be funded with cost allocation funds. Approximately 50 percent of the position would be funded with General Funds, assuming that 50 percent of the duties of the position would be within the Treasurer's Office.

Ms Giunchigliani asked for clarification regarding the first closing issue, transfer of the Senior Deputy State Treasurer to the Treasurer's budget and elimination of funding from the Higher Education Trust Fund. Mr. Ferguson stated that the Treasurer's Office had indicated that the Deputy position initially had been established to assist the Higher Education Tuition Administration budget, however, it had evolved into a position that did not deal with that budget any longer, and dealt with Treasurer's Office issues on a statewide basis.

Ms. Giunchigliani said that it was somewhat discomfoting, not only in the current budget, but also in other budgets, that the Legislature had approved a position based on the duties submitted in a budget request, and unbeknownst to the Legislature, the position was changed and the agency decided that the funding should also be changed. She did not believe that was a good procedure. Ms. Giunchigliani suggested closing the first issue but continue the same funding source. Mr. Ferguson pointed out that the motion for the third closing issue also addressed the first and second, essentially cutting the General Fund portion in half for the positions, therefore, half of the cost would be funded with General Funds and the remaining half would continue to be funded with Trust Fund monies.

Assemblyman Seale asked about the cost allocation regarding the two positions. Mr. Ferguson replied that there would be cost allocation revenue for the IT position only.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE COMMITTEE APPROVE THE FIRST AND SECOND CLOSING ISSUES, TRANSFER OF THE SENIOR DEPUTY STATE TREASURER AND THE INFORMATION SYSTEMS SPECIALIST III POSITIONS, WITH THOSE POSITIONS FUNDED AS OUTLINED IN OPTION C OF THE THIRD CLOSING ISSUE.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and Assemblywoman Smith were not present for the vote.)

Mr. Ferguson advised that the fourth closing issue was the request from the Treasurer's Office to upgrade six classified positions, which were not included in The Executive Budget. The Treasurer's Office had approached LCB staff and the Budget Division and indicated that it was projected to receive additional revenues from the State's investments. The amounts available would be \$75,744 in FY2006 and \$85,880 in FY2007, in addition to the figures included

in The Executive Budget. Mr. Ferguson stated that the Treasurer's Office proposed to upgrade classified positions with a portion of those funds. The reclassification of an Accountant Technician, grade 30, to a Management Analyst III, grade 37, had already been approved by the State Personnel Department. Mr. Ferguson indicated that the agency was in the process of working with the Personnel Department to complete the NPD-19 forms regarding the remaining position upgrades.

Mr. Ferguson said it was staff's opinion that if the Department of Personnel approved the upgrades of the classified positions, the funding needed to provide the additional revenue as suggested in the recommendation would be appropriate.

In addition to funding the positions, there would be approximately \$47,747 of unspent revenue in FY2006 and \$47,538 in FY2007, and Mr. Ferguson indicated that those amounts would offset the General Fund appropriation in the budget.

ASSEMBLYMAN SEALE MOVED TO APPROVE THE FOURTH CLOSING ISSUE, UPGRADE OF SIX CLASSIFIED POSITIONS, AS RECOMMENDED BY STAFF.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Smith was not present for the vote.)

Mr. Ferguson pointed out that the Governor recommended elimination of one Accounting Assistant I position, which would result in a savings of \$77,432 in General Funds over the biennium. He explained that the Treasurer's Office had been restructured and the position was no longer needed.

According to Mr. Ferguson, other closing issues involved software maintenance costs, replacement equipment and software, and adjustments made by staff.

ASSEMBLYMAN MARVEL MOVED TO CLOSE BA 1080 AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

BUDGET CLOSED.

TREASURER HIGHER EDUCATION TUITION ADMINISTRATION, BA 1081

Mr. Ferguson advised that BA 1081 was also known as the Prepaid Tuition Program, and the major closing issue was the actuarial study. Mr. Ferguson pointed out that in the most recent actuarial valuation report included in the *Nevada Prepaid Tuition Program Fiscal Year 2004 Annual Report*, the Treasurer's actuary, Milliman USA, reported a FY2004 positive reserve balance of \$1.96 million. The actuarial also indicated that the program's fund balance was estimated to have a 54 percent probability of being adequate to satisfy all program obligations.

Mr. Ferguson stated that the figures had improved significantly from the previous year's actuarial report, which reported a reserve deficit of <\$4,334,759> and only a 40 percent probability of being adequate to satisfy all program obligations. He noted that during the 2003 Session, the long-term viability of the program had been a substantial issue, however, with the recent upturn in the market and the recent actuarial report, it appeared that the program had become sound.

Mr. Ferguson indicated that the second closing issue was the recommendation to transfer the Senior Deputy State Treasurer, and that issue was addressed in closure of the budget for the Treasurer's Office, BA 1080.

The third closing issue, said Mr. Ferguson, was the General Fund payback. He explained that the Higher Education Tuition Administration account had been established and maintained with assistance from the General Fund. Mr. Ferguson stated that the General Fund had provided loans of \$4.4 million, and the agency reported that \$726,099 had been repaid or reverted to the General Fund through FY2004. The remaining \$2.67 million was scheduled to be repaid by the end of FY2013.

Mr. Ferguson stated that The Executive Budget recommended General Fund payback amounts of \$125,000 in FY2006 and \$175,000 in FY2007. The funds recommended for General Fund payback were transferred from the Nevada College Savings Trust Fund to BA 1081. Mr. Ferguson reported that the proposed paybacks were consistent with the plan presented to the 2003 Legislature.

Mr. Ferguson indicated that other closing issues included adjustments by staff for computer equipment and for the Statewide Cost Allocation Plan.

ASSEMBLYMAN MARVEL MOVED TO CLOSE BA 1081 AS
RECOMMENDED BY STAFF.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not
present for the vote.)

BUDGET CLOSED.

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MILLENNIUM SCHOLARSHIP ADMINISTRATION, BA 1088

Mr. Ferguson stated that BA 1088 represented the administration portion of the Millennium Scholarship and legislation had been proposed that would address the funding of the Millennium Scholarship Trust Fund, as well as the criteria for eligibility. He advised that the Committee could act on BA 1088 knowing that the pending legislation would likely not have a significant impact on BA 1088.

Mr. Ferguson pointed out that LCB staff and Treasurer's Office staff agreed that the Millennium Scholarship Trust Fund would run out of money in FY2006. Staff estimated that there would be a <\$16.2 million> deficit at the end of FY2006 and a <\$73.5 million> deficit at the end of FY2010, assuming no action was taken by the Legislature.

According to Mr. Ferguson, The Executive Budget initially indicated that \$7.6 million from the Unclaimed Property Trust Fund would be used to retire \$100 million in bonds, which would be placed into BA 1088. Subsequent to that, the Governor had amended the budget to indicate that General Funds totaling \$13.28 million in FY2006 and \$20.27 million in FY2007 would be provided to the Millennium Scholarship Trust Fund. The \$7.6 million from the Unclaimed Property Trust Fund would be deposited directly into the Millennium Scholarship Trust Fund rather than being used to retire the \$100 million of bonds, as originally proposed.

Mr. Ferguson noted that several bills had been considered by the 2005 Legislature regarding the Millennium Scholarship, and all but A.B. 560 and S.B. 463 were "dead." He pointed out that A.B. 560 was still alive and the bill would remove the administration of the Millennium Scholarship from the Office of the Treasurer and place it with the Board of Regents. The Board of Regents would institute a "two strikes and you're out" policy, and an appropriation of \$100 million in General Funds would be provided. Mr. Ferguson indicated that S.B. 463 would increase the transfer recommended by the Governor of \$7.6 million from the Unclaimed Property Trust Fund to \$8 million.

Mr. Ferguson noted that staff requested authority to make changes and/or adjustments to BA 1088 that might be necessary relative to passage of legislation.

Mr. Ferguson stated there had been discussion of the 2 percent administrative cap, and State law required that no more than 2 percent of the amount of money in the Millennium Scholarship Trust Fund could be used to pay administrative costs. The issue would likely be resolved through current legislation that would provide additional funding to support the Millennium Scholarship Trust Fund.

The Governor recommended the addition of one new Administrative Assistant II position in the budget, and Mr. Ferguson stated the cost would be \$75,518 over the biennium, funded with transfers from the Millennium Scholarship Trust Fund. The 2003 Legislature had approved the request to eliminate an Administrative Aide position from the budget because the 2 percent cap had not allowed sufficient funding for the position; however, the Treasurer's Office indicated that the workload had increased and, as a result, the additional position was needed.

Mr. Ferguson indicated there had been adjustments made by staff in the budget for computer costs and for the Statewide Cost Allocation Plan.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE APPROVE THE REQUEST FOR ONE NEW ADMINISTRATIVE ASSISTANT II POSITION, ALLOW STAFF TO MAKE CHANGES TO BA 1088 BECAUSE OF THE PASSAGE OF LEGISLATION, AND CLOSE THE BUDGET AS RECOMMENDED BY STAFF INCLUDING TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

BUDGET CLOSED.

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UNCLAIMED PROPERTY, BA 3815

Mr. Ferguson indicated that the transfer from the Unclaimed Property Trust Fund to support the Millennium Scholarship Trust Fund had been discussed, and the other issue in BA 3815 was the addition of an Auditor III position. The Governor recommended using unclaimed property receipts totaling \$106,680 over the biennium for a new Auditor III position. Mr. Ferguson stated the Treasurer indicated that the position was needed to conduct audits in northern Nevada, including the rural counties. Currently an auditor from Las Vegas conducted those audits and the workload in Las Vegas precluded those positions from conducting the needed audits in northern Nevada. Mr. Ferguson reported that the Treasurer's Office indicated that an additional auditor in northern Nevada could generate collections of over \$800,000 per year. Based on the Treasurer's Office testimony and information provided to LCB staff, the recommendation appeared reasonable.

Other closing items, stated Mr. Ferguson, included a recommendation from the Governor for advertising costs totaling \$113,192 in each year of the biennium, which represented an increase of \$93,272. Mr. Ferguson pointed out that the majority of the advertising costs were currently paid directly from the Abandoned Property Trust Fund, BA 6150, which was not an account within The Executive Budget. That action would move those funds from the non-executive account and place them in BA 3815.

Mr. Ferguson stated those were the main issues, and other closing issues included adjustments by staff for equipment and for the Statewide Cost Allocation Plan.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE APPROVE THE REQUEST FOR AN AUDITOR III POSITION AND CLOSE BA 3815 AS RECOMMENDED BY STAFF INCLUDING TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

BUDGET CLOSED.

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NEVADA COLLEGE SAVINGS TRUST, BA 1092

Mr. Ferguson stated the only issue in BA 1092 was the General Fund payback contribution, which had been discussed by the Committee. The budget account would transfer \$125,000 in FY2006 and \$175,000 in FY2007 to the Prepaid Tuition Program to repay General Fund loans.

Mr. Ferguson indicated that staff had made minor adjustments regarding computer hardware and software costs related to the finalized Statewide Cost Allocation Plan.

ASSEMBLYWOMAN McCLAIN MOVED TO CLOSE BA 1092 AS RECOMMENDED BY STAFF INCLUDING TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN PERKINS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

BUDGET CLOSED.

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MUNICIPAL BOND BANK REVENUE, BA 1086

Mr. Ferguson indicated that the Governor did not recommend any decision modules beyond the base budget for BA 1086 and staff recommended that the account be closed as recommended by the Governor.

ASSEMBLYMAN PERKINS MOVED TO CLOSE THE ACCOUNT AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

BUDGET CLOSED.

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MUNICIPAL BOND BANK DEBT SERVICE, BA 1087

Mr. Ferguson noted that there were no closing issues in BA 1087, and staff would recommend that the budget be closed as recommended by the Governor.

ASSEMBLYMAN MARVEL MOVED TO CLOSE BA 1087 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

BUDGET CLOSED.

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ATTORNEY GENERAL INSURANCE FRAUD, BA 3806

Mr. Ferguson indicated that the main issue in BA 3806 was the recommendation to combine the Insurance Fraud Unit with the Workers' Compensation Fraud Unit. There were ten positions in BA 3806 that would be transferred, and if the transfers were approved, revenues and expenditures totaling \$1.51 million in each year of the biennium would also be transferred. Mr. Ferguson said the Attorney General (AG) indicated the transfers were part of the reorganization plan for the AG's Office, and he had

assured the Committee that proper accounting procedures would be established to make certain that activities of a combined Fraud Unit would be cost allocated so that Workers' Compensation Fraud Unit funds would be used for workers' compensation activities and Insurance Fraud funds would be used for insurance fraud activities.

The second issue, stated Mr. Ferguson, was the recommendation for two new Investigator positions in Las Vegas. The AG indicated that in northern Nevada there was a 2:1 ratio of investigators to prosecutors, and the recommendation would provide that same ratio for southern Nevada. Based on the testimony from the Attorney General and information provided, Mr. Ferguson believed that the recommendation appeared reasonable.

Mr. Ferguson pointed out that during the budget hearing there had been discussion that there would not be sufficient revenues in BA 3806 and, as a result, A.B. 135 was passed by both Houses of the Legislature, however, the bill had been vetoed by the Governor. Information had come to light which indicated that additional revenues were not needed based on modifications to the Statewide Cost Allocation Plan and the Attorney General Cost Allocation Plan. Mr. Ferguson indicated that staff concurred that no changes were necessary in revenues or expenditures in BA 3806.

According to Mr. Ferguson, the third issue was the upgrade of an existing Deputy Attorney General position that was not included in The Executive Budget. The Budget Division indicated that the Governor would support the upgrade and staff had added Decision Unit E-807, which would provide that upgrade. The funding for the upgrade would come from reserve reductions.

Mr. Ferguson noted that other closing items included replacement equipment, which had been adjusted due to lower computer costs.

Chairman Arberry asked whether the Committee wanted to approve the Governor's recommendation to eliminate the Insurance Fraud budget account and combine it with the Workers' Compensation Unit budget.

ASSEMBLYWOMAN McCLAIN MOVED TO ELIMINATE THE INSURANCE FRAUD BUDGET ACCOUNT AND COMBINE IT WITH THE WORKERS' COMPENSATION UNIT BUDGET.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

The Chair asked whether the Committee wished to approve the addition of two new Investigator positions for the southern Nevada AG's Office.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE RECOMMENDATION TO ADD TWO NEW INVESTIGATOR POSITIONS AND ASSOCIATED COSTS FOR THE AG'S SOUTHERN NEVADA OFFICE.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

Chairman Arberry stated that he would accept a motion regarding the upgrade of the existing Deputy Attorney General position, which had inadvertently been omitted from The Executive Budget.

ASSEMBLYWOMAN McCLAIN MOVED TO APPROVE THE UPGRADE OF THE EXISTING DEPUTY ATTORNEY GENERAL POSITION.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

BUDGET CLOSED.

ATTORNEY GENERAL WORKERS' COMPENSATION FRAUD, BA 1033

Mr. Ferguson pointed out that BA 1033 would absorb BA 3806, Insurance Fraud Unit, as previously discussed.

Mr. Ferguson noted that The Executive Budget recommended the elimination of two Investigator positions and the reclassification of two positions. The reclassifications would actually represent salary decreases. He explained that the two positions approved in BA 3806 would be transferred to BA 1033, which would result in no net increase in Investigator positions. Mr. Ferguson stated that Decision Unit E-807 recommended a position upgrade of an existing Deputy Attorney General to a Senior Deputy Attorney General, based on the responsibilities of that position.

According to Mr. Ferguson, other closing items included replacement computer costs that had been adjusted by staff.

ASSEMBLYMAN HOGAN MOVED THAT THE COMMITTEE CLOSE BA 1033 AS RECOMMENDED BY STAFF.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

BUDGET CLOSED.

AG OFFICE OF CONSUMER PROTECTION, BA 1038

Mr. Ferguson explained that BA 1038 housed the Utility Consumer Advocate's Office, and that portion of the budget was funded via utility mil assessments. There was also a Telemarketing and Consumer Fraud Unit and Criminal Securities Unit; that portion of the budget was funded via General Funds.

Three new positions were being requested in BA 1038, stated Mr. Ferguson, at a cost of \$227,518 to the General Fund over the biennium for one new Consumer Fraud Investigator in northern Nevada and one Program Assistant

position to support Consumer staff in southern Nevada. Mr. Ferguson indicated that the Investigator in northern Nevada was needed to provide a 1:1 investigator-attorney ratio and the Program Assistant was needed to assist with the increasing number of consumer complaints in southern Nevada. The third position was a Legal Secretary for southern Nevada, working in the Utility Consumer Advocate's Office. Mr. Ferguson noted that the third position would be funded with mil assessments. Based on the Attorney General's testimony during the budget hearing, and backup information provided to staff, the request for the three positions appeared reasonable to staff.

The second issue, stated Mr. Ferguson, was the Governor's recommendation to provide funding for three unclassified position upgrades, one Senior Deputy Attorney General upgraded to a Supervising Senior, and two Deputy Attorneys General to Senior Deputy Attorneys General. The Attorney General indicated that the duties and responsibilities of the two Deputy Attorneys General were commensurate with the Senior Deputy Attorney General classification, and the reclassification would improve retention and provide advancement opportunities for existing staff.

Mr. Ferguson stated that the third closing issue was the request for a new Consumer Counsel position, which was not included in The Executive Budget. During the budget hearing, the Attorney General indicated that a new Consumer Advocate had been hired and the request was for a Consumer Counsel position to assist with Consumer Advocate activities. Mr. Ferguson indicated that the position would be located in Las Vegas and would be involved in the analysis, supervision, and coordination of all aspects of regulatory matters before the Public Utilities Commission of Nevada, the Federal Energy Regulatory Commission, Nevada district courts, and the Nevada Supreme Court. The Attorney General testified that other states had similar positions. The annual salary would be \$88,737 in each year of the biennium, however, the position would not begin until October 1, 2005, and the total cost over the biennium would be \$214,607. Mr. Ferguson pointed out that staff had added Decision Unit E-253 to include the new Consumer Counsel position, which was supported by the Governor and the Budget Division.

Mr. Ferguson stated that other closing issues included funding for computer replacement equipment, which had been adjusted by staff.

The Chair called for a motion to approve BA 1038.

ASSEMBLYMAN MARVEL MOVED TO APPROVE BA 1038 AS
RECOMMENDED BY STAFF.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not
present for the vote.)

BUDGET CLOSED.

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Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, asked that the Committee review A.B. 338 and indicated that John Orr, Deputy Commissioner of Insurance, Insurance Division, Department of Business and Industry, was present to answer any questions the Committee might have

regarding the bill. Mr. Stevens provided Committee members with [Exhibit D](#), "Proposed Amendments to [A.B. 338](#) (First Reprint)" for their perusal.

**[Assembly Bill 338 \(1st Reprint\):](#) Makes various changes relating to insurance.
(BDR 57-232)**

Mr. Stevens explained that [A.B. 338](#) had been heard by the Committee on May 2, 2005. He indicated that the bill would do a number of things. The bill would address risk retention groups, and would basically reduce the insurance premium tax for risk retention groups from 3.5 percent to 2 percent. Mr. Stevens stated that the bill would also reduce the registration fee from \$2,450 to \$250. The cost of those items was estimated at approximately \$500,000 per year.

According to Mr. Stevens, the bill would also make changes for captive insurers by capping the premium tax for large, captive insurers at \$175,000 and increasing the Division's share of premium tax from 10 percent to 25 percent. Mr. Stevens advised that Mr. Orr would provide additional information regarding the bill. Mr. Stevens reported that the Chairman had asked him to identify the sections of [A.B. 338](#) that would cause a reduction in revenue. Basically, that would relate to the reduction of the risk retention group premium tax from 3.5 percent to 2 percent and reduction of the registration fee from \$2,450 to \$250. Those sections of the bill had been identified as Sections 61, 62, 63, and 65.

Mr. Stevens advised that at their meeting today, the Joint Subcommittee on General Government had voted to change the NRS regarding the \$15 fee that financed the Insurance Recovery Account, basically changing the language regarding payment of a \$15 fee per licensee to "up to \$15 per licensee." The Reserve Fund in the account was rather large and [A.B. 338](#) had been identified as the potential bill into which the amendment would be placed.

Mr. Stevens noted that the Division was concerned about the direction given to LCB staff to eliminate the revenue loss sections within the bill, and Mr. Orr could provide information regarding the impact that would have on the legislation if, in fact, those sections were deleted from the bill.

John Orr, Deputy Commissioner of Insurance, Insurance Division, Department of Business and Industry, indicated that Mr. Stevens had accurately summarized the bill. Mr. Orr expressed his concerns regarding the possible amendment of the bill to delete Sections 62 and 63. He explained that the risk retention group was an insurance mechanism that was created pursuant to the Federal Liability Risk Retention Act of 1986, a law which had been passed during a "hard" insurance market where several risks could not acquire liability coverage. Mr. Orr explained that the Division was very familiar with that law in Nevada presently, where there were classifications of risks that had a very difficult time securing liability coverage, not the least of which were doctors and contractors. Risk retention groups were created at the federal level to encourage similarly situated risks to group together, pool their insurance risks, and achieve their liability insurance in that manner.

Mr. Orr indicated that in order to encourage the mechanism as an alternative to traditional insurance, the Act encouraged states not to discourage risk retention groups by the imposition of excess taxes or fees. Nevada had, by far, the highest taxes and fees in the country on risk retention groups. Mr. Orr stated that created problems and was contrary to, at the very least, the spirit of the federal law. He noted that high taxes and fees discouraged risk retention

groups from coming to Nevada, which created an economic development issue. The Division had been told by representatives of Risk Services Nevada, which was one of the two largest organizers of risk retention groups, that within the last 2 years, of the 17 risk retention groups that had been placed in various states, 7 had been targeted for Nevada, but were placed in Washington, D.C. instead because of the tax rate and fees in Nevada.

According to Mr. Orr, if the high tax rate and high fees were not addressed, Nevada would lose business. Another problem was that the 55 risk retention groups currently located in Nevada might very well choose to leave because of the practice of retaliatory tax by other states, where imputed taxes were raised to the level of the highest taxing state. Mr. Orr explained that if a risk retention group were doing business in Nevada, that group would pay a penalty in the other states in which it did business.

Mr. Orr stated that he appreciated the opportunity to explain that issue to the Committee and if the only way to move the bill was to delete those four sections, then perhaps the issue could be addressed by the Senate and in conference committee. He hoped that the issues could be resolved.

Assemblyman Hettrick remarked that when the bill was originally heard by the Committee, testimony indicated that the revenue would go up if the fees were lowered. The State would actually realize more money by lowering the fees than it would by continuing the higher fees and taxes. Mr. Hettrick stated that he did not know how the Committee could be assured that there would be more money, but he did not believe that it would cost the State \$500,000 per year. Mr. Hettrick opined that the State would gain additional businesses, and it was a matter of the overall outcome. Original testimony had been loud and clear that one of the reasons to reduce the fees and taxes was to gain revenue. Mr. Hettrick did not think the Insurance Division would set out to lower fees so the State would realize less money. In any case, Mr. Hettrick advised that the Committee should be careful before eliminating the sections because, despite the taxes, Nevada was doing reasonably well in getting companies to locate here. With the lower fees and taxes, perhaps the State could really do well, and he opined that the Committee should consider the bill very carefully.

Mr. Orr stated that Alice Molasky-Arman, Insurance Commissioner, had testified at the previous hearing that she fully expected any short-term hit to the General Fund to be more than offset by the economic development. He stated that he could not guarantee that fact, but he would put Ms. Molasky-Arman's record in front of the Committee for consideration. Ms. Molasky-Arman had been the Insurance Commissioner for 10 years and during that period, with the exception of 2001, the income to the General Fund had gone up every year in excess of the projection. Mr. Orr stated that over the past year, the insurance industry had contributed almost \$210 million to the General Fund. The bill addressed less than half of 1 percent of that amount of revenue as a short-term investment, which Mr. Orr believed made good business sense.

Mr. Stevens reported that the bill would be heard by the Committee for possible action in the near future, and he hoped that Mr. Orr's testimony had provided sufficient information for Committee members.

Chairman Arberry asked whether there was further testimony to come before the Committee regarding A.B. 338 and, there being none, declared the hearing closed. The Chair indicated that the Committee would continue budget hearings.

SECRETARY OF STATE, BA 1050

Russell Guindon, Deputy Fiscal Analyst, Fiscal Analysis Division, LCB, explained that BA 1050 was primarily funded with General Funds and transfers from the Special Services Fund. Based on meetings with the Secretary of State's Office and testimony that was provided by the Secretary of State at the budget hearing on February 10, 2005, regarding the Governor's recommended budget, it became apparent that several adjustments to the budget would be required. Mr. Guindon noted that the Secretary of State had also requested several amendments be made to the budget. The budget submitted for the Committee's consideration was based on LCB staff working with the Secretary of State's Office to reflect the agency's proposed budget, and included adjustments agreed upon by the Secretary of State's Office and Fiscal Analysis Division staff.

Mr. Guindon reported that the majority of the funding for the enhancements in the Secretary of State's budget over the next biennium were related to two major projects: 1) Implementation and maintenance cost associated with the E-SoS system, which allowed for electronic filing of commercial recording documents and electronic payment of required fees for the various filing services provided by the Secretary of State's Office; and, 2) Implementation and maintenance of the Statewide Voter Registration System (SVRS), which was required under the Help America Vote Act (HAVA) of 2001.

According to Mr. Guindon, BA 1050 contained five major closing issues and the first was the request to amend the funding in Decision Unit E-212 from \$76,300 in each year of the biennium included in The Executive Budget to a General Fund appropriation of \$826,560 in FY2006 and \$681,260 in FY2007. Mr. Guindon stated the funding was for technical support services, which would be provided under contract, for the maintenance and enhancement of the E-SoS system over the 2005-07 biennium.

Mr. Guindon reported that the requested funding was not included in the agency request or The Executive Budget because the Secretary of State had finalized the service level required for the recently implemented E-SoS system and negotiated the cost with the vendor after the budget process had been completed.

Mr. Guindon stated that the Secretary of State had provided information that the structure of the contract allowed the dedicated levels of support to be decreased during the biennium, if the level of maintenance was lower than anticipated due to minimal problems or issues needing attention. Mr. Guindon stated that LCB staff would recommend, and the agency concurred, that the funding for the decision unit, if approved, should be placed in a separate category, Category 33 within BA 1050, for expenditure of the funds, and that any funds remaining at the end of each fiscal year would revert to the General Fund. Mr. Guindon advised that based on information provided by the Secretary of State's Office, the anticipated maintenance costs for the E-SoS system should decrease to below \$100,000 per year by FY2007-08.

According to Mr. Guindon, the Committee should note that the total General Fund appropriation would be reduced by a net of approximately \$327,000 over the FY2005-07 biennium, compared to The Executive Budget, including the requested \$1.5 million, after all other technical adjustments and recommended changes to the budget were considered and approved.

The question, stated Mr. Guindon, was whether the Committee wished to approve the Secretary of State's request for a General Fund appropriation of \$826,560 in FY2006 and \$681,260 in FY2007 to provide funding for contract expenses to provide maintenance for the E-SoS system.

The Chair called for a motion regarding the request to amend the funding in Decision Unit E-212.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE REQUEST FROM THE SECRETARY OF STATE TO AMEND AND INCREASE THE FUNDING IN DECISION UNIT E-212 TO PROVIDE TECHNICAL SUPPORT SERVICES FOR THE E-SoS SYSTEM.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

The Chair asked Mr. Guindon to address the second closing issue.

Mr. Guindon indicated that Decision Unit E-275 in The Executive Budget recommended six new information technology (IT) positions to be funded by General Funds, however, the Secretary of State indicated that the positions would be funded by transfers from the Special Services Fund. The Secretary of State also asked to amend the request from the six positions included in The Executive Budget to the following three positions: 1) Master Information Specialist I; 2) Information Systems Specialist III; and 3) Computer Network Specialist II. Mr. Guindon stated that the three IT positions were requested to allow the Secretary of State to maintain and support the E-SoS system, as well as provide support for the Statewide Voter Registration System (SVRS). If the three positions were approved by the Committee, Mr. Guindon recommended a General Fund appropriation in FY2006 of \$9,186 for office equipment and associated costs that were not included in The Executive Budget.

Mr. Guindon indicated that the Committee should note that the decision to fund the positions with transfers from the Special Services Fund versus General Fund and the reduction from six to three positions would result in a General Fund savings of \$699,529 over the biennium.

Mr. Guindon said the question was whether the Committee wished to approve the Secretary of State's request to transfer \$152,626 in FY2006 and \$206,894 in FY2007 from the Special Services Fund to fund the expenses of the three new IT positions and associated expenses.

Assemblyman Denis asked for clarification regarding the requested new positions to support the E-SoS system since the Committee had approved the first closing issue to add funding for maintenance and support of that system. Mr. Guindon stated it was his understanding that the funding in Decision Unit E-212 approved by the Committee would support a contract with an outside vendor for maintenance, and the requested positions would work with the vendor, which would reduce the maintenance costs in FY2007-08. The positions would provide maintenance to both the E-SoS system and the SVRS, thereby eventually eliminating the need for vendor services.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE APPROVE THE SECRETARY OF STATE'S REQUEST TO CHANGE THE SIX POSITIONS RECOMMENDED IN DECISION UNIT E-275 TO THREE, AND FUND THOSE POSITIONS VIA THE SPECIAL SERVICES FUND.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and Assemblywoman Giunchigliani were not present for the vote.)

Chairman Arberry asked Mr. Guindon to continue his presentation.

Mr. Guindon explained that the third closing issue was the recommendation in The Executive Budget for an appropriation of \$252,529 in each year of the biennium to create a new category, Category 15 – Securities Enforcement, in BA 1050 to fund expenditures for the Securities Division in excess of those expenditures funded by BA 1053, Investigations and Enforcement. Mr. Guindon stated that BA 1053 was not included in The Executive Budget and was an account used by the Securities Division to account for expenses of implementing the provisions of the Securities Act.

According to Mr. Guindon, the agency stated that the account would not generate enough revenue over the biennium to allow it to fund the necessary level of services. Mr. Guindon indicated that LCB staff had met with the Secretary of State's Office to review the potential revenues and, based on those discussions, the agency had amended the request for a General Fund appropriation to \$125,000 in each year of the biennium, which would result in a General Fund savings of approximately \$127,000 per year.

Should the Committee approve the request, Mr. Guindon noted that the Committee might want to clarify that the intent was for the Securities Division to ensure that it had exhausted all non-General Fund revenues prior to tapping the General Fund monies placed in Category 15. By placing the revenue in a separate category, it could not be used for other purposes. The Committee should also note that BA 1053 was not included in The Executive Budget and the Committee might want to consider placing BA1053 in The Executive Budget in the future for review.

Mr. Guindon said the Committee's decision would be whether to approve the amended request for a General Fund appropriation of \$125,000 in each year of the biennium.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE APPROVE THE AMENDED REQUEST FOR A GENERAL FUND APPROPRIATION OF \$125,000 IN EACH YEAR OF THE BIENNIUM.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

Chairman Arberry asked Mr. Guindon to present the next issue.

Mr. Guindon stated that the fourth issue for consideration by the Committee was the recommendation in Decision Unit E-218 of The Executive Budget to fund a fifth deputy position in the Secretary of State's Office, which would

be funded with a General Fund appropriation of \$83,420 in FY2006 and \$114,730 in FY2007. By statute, the Secretary of State was allowed to appoint a Chief Deputy, Deputy of Commercial Recordings, Deputy of Elections, and not more than two additional deputies in the unclassified service. Mr. Guindon stated that the Secretary of State's Office had hired all but one additional deputy and was requesting funding to fill the last position. That position would assist the Chief Deputy and the Deputy of Elections in providing oversight of the operations of the office, and implementation of the HAVA and ensuring compliance with its provisions.

Mr. Guindon reiterated that funding was not included in The Executive Budget for the associated office equipment for the requested position and, if approved, staff would recommend an appropriation of \$4,287 to address those costs.

The decision for the Committee was whether it wished to approve the Governor's recommended General Fund appropriation of \$87,707 in FY2006 and \$114,730 in FY2007 for the fifth deputy position within the Secretary of State's Office.

ASSEMBLYMAN DENIS MOVED THAT THE COMMITTEE APPROVE THE GOVERNOR'S RECOMMENDED GENERAL FUND APPROPRIATION AND ASSOCIATED COSTS FOR A FIFTH DEPUTY POSITION WITHIN THE SECRETARY OF STATE'S OFFICE.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

Mr. Guindon stated that the fifth closing issue was the recommendation in The Executive Budget for a new Compliance Audit Investigator III position in the Reno office of the Securities Division. There were currently four audit investigators in the Las Vegas office, which utilized two-person teams, and one in the Reno office. The second position in the Reno office would allow the Division to utilize a two-person team in the Reno office as well. Mr. Guindon explained that two-person teams could conduct more audit investigations at security and brokerage firms. The Executive Budget did not include the office equipment or the computer hardware/software for the new position and, if approved, staff recommended a General Fund appropriation of \$3,062 to address that issue.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDED GENERAL FUND APPROPRIATION OF \$42,596 IN FY2006 AND \$57,655 IN FY2007 FOR A NEW COMPLIANCE AUDIT INVESTIGATOR IN THE SECRETARY OF STATE'S RENO OFFICE, AND ASSOCIATED COSTS.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

Mr. Guindon pointed out that technical adjustments had been made in BA 1050 as follows:

1. The Executive Budget included a General Fund appropriation of \$564,953 in FY2006 and \$889,600 in FY2007 for credit card discount fees. After staff review, it was discovered that the recommended appropriation was quite high due to a miscalculation. Staff concurred with the Secretary of State's revised funding request of \$378,300 in FY2006 and \$379,810 in FY2007, which would result in a General Fund savings of \$186,653 in FY2006 and \$379,810 in FY2007.
2. The Executive Budget included a General Fund appropriation of \$227,500 in FY2006 for reimbursement to counties for the cost of ballot stock and printing, based on the estimated costs for the 2006 election. Based on the actual cost of the 2004 election of \$117,000, the Secretary of State had amended the amount to \$117,000 for FY2007, which would result in a General Fund savings of \$110,500.
3. In Decision Unit E-219, the Governor recommended a General Fund appropriation of \$135,000 in both years of the biennium for contract expenses for technical experts to provide services for the SVRS and the E-SoS system. The funding would be used to pay for unanticipated problems that arose with the systems. Based on staff's concerns with obligating General Fund dollars as a contingency against potential unanticipated problems, the Secretary of State's Office had agreed to amend the request to \$10,000 in each year of the biennium, which would result in a General Fund savings of \$125,000 in each year of the biennium. The \$10,000 funding level would allow the Secretary of State to support approximately 2 weeks of expert technical support, if needed.
4. The Executive Budget recommended a General Fund appropriation of \$65,651 in each year of the biennium for replacement office equipment and computer hardware/software in Decision Unit E-710, and a General Fund appropriation of \$247,108 in FY2006 and \$36,520 in FY2007 for new office equipment and computer hardware/software in Decision Unit E-720. Staff asked the Secretary of State's Office to submit a revised request for E-710 and E-720, and the combined request for E-710 and E-720 was \$135,150 greater in FY2006 and \$12,287 greater in FY2007 than the Governor's recommended amounts.
5. Decision Unit E-213 recommended a General Fund appropriation of \$25,000 in each year of the biennium for anticipated overtime costs for personnel, primarily in the Commercial Records Division and the Elections Division. Staff had reviewed the overtime, and the overtime requested for the Commercial Recordings Division would address the Division's annual filings and other periodic filings that required staff overtime. The overtime request for the Elections Division would address the 2006 election. Staff supported the Governor's recommended amount of \$25,000 in each year of the biennium.

The Chair called for a motion.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE APPROVE TECHNICAL ADJUSTMENTS 1 THROUGH 5 AS RECOMMENDED BY STAFF.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

Mr. Guindon continued his presentation regarding technical adjustments.

Decision Unit E-216 recommended a General Fund appropriation of \$29,000 in FY2006 and \$27,500 in FY2007 for out-of-state travel, in-state travel, and training expenses. Primarily, the costs were related to technical and project manager training for IT staff and the travel associated with the training.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE APPROVE DECISION UNIT E-216 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

Mr. Guindon continued his presentation regarding technical adjustments.

Decision Unit E-215 recommended a General Fund appropriation of \$500 in each year of the biennium to establish a Host Account, as the Secretary of State hosted a wide variety of events for the public, city and county clerks, and candidates filing for office. Staff had reviewed the request and accepted the Governor's recommendation.

Decision Unit E-806 recommended changes to the salaries for the unclassified deputy positions in the Secretary of State's Office, which would provide consistency and equity between similar positions. The positions affected were the Chief Deputy, Deputy of Commercial Recordings, Deputy of Elections, and Deputy of the Southern Nevada Office. It was staff's understanding that the issue would be addressed by the Committee via the Unclassified Pay Bill.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE APPROVE DECISION UNIT E-215 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not present for the vote.)

BUDGET CLOSED.

SoS HAVA ELECTION REFORM, BA 1051

Mr. Guindon explained that BA 1051 had been created during the 2003 Session under the Secretary of State's Office to account for the receipt and expenditure of federal and State funds to implement the provisions of the Help America Vote Act (HAVA). The State had received Title I and Title II funding. Mr. Guindon indicated that the Title I funding had been received in late FY2003 and in August 2004 the State received approximately \$5.8 million in Title II funds, which were matched with General Fund dollars. Mr. Guindon explained that the Title II funding and the General Fund dollars would be completely expended by the end of FY2004-05.

Mr. Guindon stated that on November 29, 2004, the Secretary of State received \$10,381,400 in additional Title II funding, which would be balanced forward in FY2006 and provide the funding for that year and FY2007. He noted that at the present time, Congress had not appropriated further authorized funding. Mr. Guindon indicated that the funding for the upcoming biennium would be provided by the funding already received, which would be balanced forward in FY2006.

According to Mr. Guindon, staff had met with the Secretary of State to rebuild the account. One of the major issues was to develop a more current and accurate estimate of the reserve for FY2004-05 which, when balanced forward, would provide the funding for the 2005-07 biennium.

One item for Committee consideration, stated Mr. Guindon, was that Title II funds would be used to provide funding of \$2 million in FY2006 for the purchase of additional Sequoia electronic voting machines for Nevada counties. Mr. Guindon explained that approximately \$500,000 would be used to purchase 125 additional voting machines for 16 counties excluding Clark, and \$1.5 million would be allocated to Clark County for partial funding to replace older model voting machines that could not be retrofitted with a paper trail device. Mr. Guindon stated that the Committee should note that with the allocation of \$1.5 million in Title II funding to Clark County, if the Legislature processed S.B. 501, the \$15 million requested in the bill could be reduced to \$13.5 million to provide funding to Clark County to replace voting machines.

Mr. Guindon said the decision for the Committee was whether it wished to authorize the expenditure of \$7,514,925 in FY2006 and \$734,705 in FY2007 of federal HAVA funds and State matching funds by the Secretary of State's Office to implement the provisions of HAVA.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE APPROVE THE EXPENDITURE OF FEDERAL HAVA FUNDS AND STATE MATCHING FUNDS TO IMPLEMENT THE PROVISIONS OF HAVA.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Giunchigliani and McClain were not present for the vote.)

BUDGET CLOSED.

NEVADA STATE LIBRARY, BA 2891

Mr. Stevens indicated there were no major closing issues with BA 2891. He stated that the Bookmobile program was displayed in a separate category and was recommended for the upcoming biennium at the same level of \$77,953 as was expended in FY2004.

Mr. Stevens advised the Committee that the State Library had requested funding for support of public libraries that was not included in The Executive Budget. He explained that there was an annual 7 percent inflation increase built into the budget for book acquisitions.

Assemblywoman Giunchigliani stated that she had wanted to add the maintenance funding that had been omitted from The Executive Budget of approximately \$1.2 million, as she felt it was appropriate for libraries to have maintenance.

Mr. Stevens reported that maintenance funding had been addressed through A.B. 129, which contained a request to provide funding of approximately \$1.2 million for collection development funding.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE COMMITTEE CLOSE BA 2891 TO INCLUDE FUNDING FOR LIBRARY MAINTENANCE DURING THE FIRST YEAR OF THE BIENNIUM, WITH OTHER ITEMS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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NEVADA ARTS COUNCIL, BA 2979

Mr. Stevens noted that the major issue in BA 2979 was an increase in General Fund support of \$200,000 in each year of the biennium. During the 2003 Session, there had been a \$41,000 reduction in BA 2979 due to the 3 percent budget reduction and The Executive Budget recommended that the \$41,000 be restored plus an additional \$159,000, which would be an enhancement.

ASSEMBLYMAN PERKINS MOVED THAT THE COMMITTEE CLOSE BA 2979 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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STATE RAILROAD MUSEUMS, BA 4216

Mr. Stevens indicated that major closing issues included two new positions and operating expenses for the Boulder City Railroad Museum. The Executive Budget recommended that funding for the decision unit be split between ride charge revenue and a General Fund appropriation. The budget recommended that funding be split 50/50 for FY2006 and that the ride charge revenue support 75 percent of the expenses in FY2007. Mr. Stevens stated that the Department of Cultural Affairs and the Budget Division recommended that funding needed to be modified and that the General Fund support 75 percent of the expenditures in FY2006 and 50 percent in FY2007. Mr. Stevens stated that the recommendation was included in Budget Amendment No. 33.

The second issue, stated Mr. Stevens, was the one-time General Fund appropriation contained in S.B. 103 for the Boulder City Railroad Museum.

Mr. Stevens indicated that the third issue was tourism funding. The State Railroad Museum was the only budget in the Department that received funding from the Nevada Commission on Tourism. The agency received \$114,422 from Tourism in FY2004 and the Governor was recommending transfer of \$126,177 in FY2006 and \$128,712 in FY2007.

According to Mr. Stevens, the major issue for consideration by the Committee was whether it wished to accept Budget Amendment No. 33, which would increase General Fund support for the two new positions.

ASSEMBLYMAN SEALE MOVED THAT THE COMMITTEE
APPROVE BUDGET AMENDMENT NO. 33, AND CLOSE BA 4216
AS RECOMMENDED BY STAFF.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

COMMISSION ON ECONOMIC DEVELOPMENT, BA 1526

Mr. Stevens indicated there were two major closing issues in BA 1526, the request for \$10 million in General Funds for regional development authority grants, and an advertising funding increase. Mr. Stevens advised that the Committee had previously discussed BA 1526 and it had been held.

Laura Freed, Program Analyst, Fiscal Analysis Division, LCB, explained that the budget had been held due to Decision Unit E-151, which was the proposal by the Governor to allocate \$5 million in each year of the biennium to the Nevada Development Authority (NDA) and the Economic Development Authority of Western Nevada (EDAWN). Ms. Freed stated that the State currently allocated General Funds to all regional economic development authorities, and the total of the current grants was \$995,000, which was included in the base budget. Ms. Freed reported that the proposed General Fund support would allocate \$3.25 million to the NDA and \$1.75 million to the EDAWN. She noted that, under the Governor's proposal, the NDA and the EDAWN would not be required to comply with the current grant rules and accountability procedures that had been established by the Commission. Also, no matching funds would be required of the NDA or the EDAWN, while the rural regional development authorities (RDAs) would be required to continue to utilize the grant program established by the Commission.

Ms. Freed indicated that the decision for Committee consideration was whether it wished to approve the addition of \$10 million to the upcoming biennium's General Fund support of RDAs. If the Committee wished to add the funding, would it be added according to the Governor's recommendation or would it utilize a different allocation method. If the Committee chose to increase the funding, what accountability mechanisms, if any, would be required by the Committee.

Chairman Arberry explained that one reason the Committee should remove the \$10 million was that he had asked the agency to create a viable plan that would assist the urban areas, which had not been received to date. He believed that the \$10 million allocation should be removed until an amenable plan was delivered to the Committee and those in affected urban areas. The Chair stated he would accept a motion to remove the \$10 million.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE COMMITTEE NOT APPROVE THE \$10 MILLION GENERAL FUND ALLOCATION FOR REGIONAL DEVELOPMENT AUTHORITY GRANTS (DECISION UNIT E-151), SUBJECT TO RECONSIDERATION UPON RECEIPT OF A VIABLE PLAN THAT WOULD ASSIST THE URBAN AREAS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Giunchigliani stated that her second motion would address the issue of consolidation of the two Commissions, the Commission on Economic Development and the Commission on Tourism.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE COMMITTEE APPROVE THE ACTION NECESSARY TO CONSOLIDATE THE COMMISSION ON ECONOMIC DEVELOPMENT AND THE COMMISSION ON TOURISM.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Assemblyman Seale asked what mechanism would be used for the consolidation of those two Commissions. Ms. Giunchigliani stated that the Committee would request a bill draft request (BDR) and hold a public hearing. Her intent was not to affect the budgets of the two Commissions, but to ask the Commissions to report over the biennium regarding staff savings, program savings, consolidation requirements, et cetera. The State could then begin to focus on economic development and tourism. Ms. Giunchigliani believed that as long as the "territorialism" continued between the two Commissions, there could not be a true focus on either economic development or tourism. There were persons who wanted to promote both economic development and tourism, but because the Commissions were very territorial it was difficult to coordinate such efforts. Ms. Giunchigliani believed it was time to remove the territorialism of the two Commissions.

The Chair called for a vote on the motion before the Committee.

THE MOTION CARRIED WITH ASSEMBLYMEN HETTRICK AND MARVEL, AND ASSEMBLYWOMEN GANSERT AND WEBER VOTING NO.

Continuing her presentation, Ms. Freed explained that the second closing issue was the recommendation from the Governor for a General Fund increase in advertising funding of \$45,734 in FY2006 and \$46,473 in FY2007 to augment the Commission's campaign to attract new businesses to Nevada. The expenditure category was established during the interim to accept donations from RDAs and private businesses to help the Commission develop an ad campaign targeted at California businesses. Ms. Freed stated that, in total, the contributions from other organizations were \$165,000 in FY2004 and

\$163,725 to date in FY2005. Other funding for the ad campaign came from the Commission's existing advertising budget. She noted that the \$165,000 contribution had been continued in the budget for both years of the 2005-07 biennium.

Ms. Freed indicated that it seemed to staff that the program had been successful in its mission to present a unified marketing message and generate interest in Nevada as a business destination by using existing Commission funds, combined with other funds. The agency had asked to increase General Fund support, but had not indicated a commensurate increase in the contributions from other organizations.

Ms. Freed stated that the decision for the Committee was whether to approve the Governor's recommendation, or approve the Governor's recommendation contingent upon the Commission securing additional contributions from private industry, or eliminate the Governor's recommendation to increase General Fund support in advertising funding and require the Commission to seek additional contributions from RDAs and/or private industry.

ASSEMBLYWOMAN McCLAIN MOVED THAT THE COMMITTEE APPROVE THE GOVERNOR'S RECOMMENDATION CONTINGENT UPON THE COMMISSION SECURING ADDITIONAL CONTRIBUTIONS FROM PRIVATE INDUSTRY.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Freed reported that in Decision Unit E-250, the Governor recommended General Fund support in the amount of \$11,266 in both years of the biennium to fund in-state and out-of-state travel for several conferences. With respect to in-state travel, the Economic Development Commissioners would attend a workshop in rural Nevada at an anticipated cost of \$2,854 in each year of the biennium. Ms. Freed indicated that out-of-state travel included a request to attend several conferences, which would increase out-of-state travel by \$7,612 in each year of the biennium:

1. International Economic Development Council Conference
2. Environmental Technology Trade Advisory Committee Meeting
3. American Chamber of Commerce Research Association
4. CoreNet Conferences – 2 trips

Ms. Freed advised that the Committee should note that the Commission's out-of-state travel budget was \$24,646 in the base budget. Also, in the base year, travel accounting provided by the agency indicated that staff had traveled to the following conferences:

1. International Economic Development Council Conference – 4 trips
2. Environmental Technology Trade Advisory Committee Meeting – 3 trips
3. American Chamber of Commerce Research Association – 3 trips
4. CoreNet Conference – 1 trip

Ms. Freed said it appeared that Commission staff had attended the conferences with the funding allocated in the base travel budget. The Commission had not indicated that it would send additional staff to the same conferences, or that the conferences listed in the decision unit were different than those that had been attended with existing travel funds.

Furthermore, said Ms. Freed, during the 2003 Legislature, an enhancement to the Commission's budget was approved for in-state and out-of-state travel and training. The agency had its travel and training budget permanently increased by \$19,378 in each year of the biennium by the 2003 Legislature.

Ms. Freed advised that the Committee might choose to approve the Governor's recommendation for the enhancement in travel funds, modify the amounts of in-state and out-of-state travel in the Governor's recommendation, or eliminate the Governor's recommendation in Decision Unit E-250.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE COMMITTEE ELIMINATE THE GOVERNOR'S RECOMMENDATION FOR GENERAL FUND SUPPORT IN THE AMOUNT OF \$11,266 IN BOTH YEARS OF THE BIENNIUM IN DECISION UNIT E-250, INCLUDING TECHNICAL ADJUSTMENTS AS RECOMMENDED BY STAFF.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

Mr. Stevens requested that the Committee take action regarding the Public Employees' Benefits Program (PEBP), as closure would impact the monthly premium that was built into the budget for each agency. The Fiscal Analysis Division had to input that information within the next few days in order to facilitate completion of the Appropriations Act.

Assemblywoman McClain, Chairwoman of the Joint Subcommittee on General Government, offered the following closing report regarding the Public Employees' Benefits Program for the Committee's consideration:

THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT REVIEWED THE THREE BUDGET ACCOUNTS OF THE PUBLIC EMPLOYEES' BENEFITS PROGRAM. THE RETIRED EMPLOYEE GROUP INSURANCE ACCOUNT (101-1368) AND THE ACTIVE EMPLOYEE GROUP INSURANCE ACCOUNT (101-1390) ARE UTILIZED TO PROVIDE A MECHANISM FOR COLLECTION OF THE STATE CONTRIBUTION FOR ACTIVE EMPLOYEES AND FUNDING TO SUPPORT THE RETIREE SUBSIDIES PROVIDED BY THE STATE. AS SUCH, THESE ACCOUNTS WERE CLOSED BY AUTHORIZING STAFF TO MAKE THE NECESSARY ADJUSTMENTS REQUIRED TO IMPLEMENT THE DECISIONS OF THE SUBCOMMITTEE IN REGARD TO THE PUBLIC EMPLOYEES' BENEFITS PROGRAM BUDGET ACCOUNT (625-1338). FOR THAT ACCOUNT, THE SUBCOMMITTEE DEVELOPED A NUMBER OF RECOMMENDATIONS.

IT WAS BROUGHT TO THE ATTENTION OF THE SUBCOMMITTEE THAT RETIREES IN THE PROGRAM WHO ARE ALSO COVERED BY MEDICARE WOULD BE RECEIVING SIGNIFICANT INCREASES IN THE COST OF THEIR INSURANCE BEGINNING JULY 1, 2005. THE PROGRAM INDICATED THAT THESE INCREASES WERE THE

RESULT OF COMMINGLING THESE RETIREES WITH THE ACTIVE EMPLOYEES AND THE OTHER RETIREES IN THE PROGRAM WHO WERE NOT ELIGIBLE FOR MEDICARE. THE SUBCOMMITTEE DIRECTED THE PROGRAM TO DEVELOP NEW PREMIUM RATES WITH THE MEDICARE-ELIGIBLE RETIREES SEGREGATED IN A SEPARATE POOL FOR RATING PURPOSES. BASED ON THOSE RECALCULATED RATES, THE SUBCOMMITTEE MADE THE FOLLOWING RECOMMENDATIONS:

- NRS SHOULD BE AMENDED TO CLARIFY THAT ONLY ACTIVE EMPLOYEES AND RETIREES WITHOUT MEDICARE SHOULD BE COMMINGLED. THOSE RETIREES WHO ARE COVERED BY MEDICARE SHOULD NOT BE COMMINGLED WITH OTHER PARTICIPANTS IN THE PROGRAM BECAUSE THE PROGRAM ONLY PROVIDES SECONDARY INSURANCE FOR THOSE RETIREES. THE NECESSARY LEGISLATION HAS BEEN REQUESTED FOR INTRODUCTION BY THIS COMMITTEE.
- FOR FISCAL YEAR 2005-06, THE RATES FOR MEDICARE RETIREES SHOULD BE BASED ON THE NEWLY-CALCULATED RATES, BUT FOR ALL OTHER PARTICIPANTS, THE RATES WOULD REMAIN AS PROVIDED IN THE ORIGINAL RATE TABLES PUBLISHED IN THE OPEN ENROLLMENT INFORMATION PROVIDED TO PARTICIPANTS IN THE PROGRAM. FOR FISCAL YEAR 2005-06, THE COST OF SEGREGATING THE MEDICARE-ELIGIBLE RETIREES WOULD BE CHARGED AGAINST THE RESERVES OF THE PROGRAM.
- IN FUTURE YEARS, THE ENTIRE RATE STRUCTURE OF THE PROGRAM WILL BE DEVELOPED WITH THE MEDICARE RETIREES SEGREGATED IN A SEPARATE POOL.

THE FINANCIAL POSITION OF THE PUBLIC EMPLOYEES' BENEFITS PROGRAM HAS IMPROVED SIGNIFICANTLY SINCE THE END OF THE 2003 LEGISLATIVE SESSION. THROUGH A COMBINATION OF FACTORS (PRIMARILY A DECREASE IN THE AMOUNT OF LARGE CLAIMS AND PARTICIPANT UTILIZATION CHANGES), RESERVES IN THE PROGRAM HAVE BEEN REBUILT SUCH THAT THE INCURRED BUT NOT REPORTED (IBNR) LIABILITY OF \$19.2 MILLION IS NOW FULLY FUNDED, AND THE PROGRAM HAS SIGNIFICANT CASH RESERVES IN EXCESS OF THE IBNR. THE EXECUTIVE BUDGET RECOMMENDED, AND THE SUBCOMMITTEE CONCURRED, THAT APPROXIMATELY \$23.9 MILLION OF THIS EXCESS BE PLACED IN A RATE STABILIZATION RESERVE. THE RATE STABILIZATION RESERVE IS DESIGNED TO COVER UNEXPECTED INCREASES IN MEDICAL INFLATION AND UNANTICIPATED LARGE CLAIMS IN FUTURE YEARS.

AFTER THE SUBMITTAL OF THE EXECUTIVE BUDGET, THE BUDGET DIVISION SUBMITTED A BUDGET AMENDMENT TO "SPEND DOWN" THE ADDITIONAL EXCESS RESERVES OF THE PROGRAM TO A LEVEL THAT WOULD BE ALLOWABLE UNDER THE FEDERAL COST ALLOCATION RULES, WHILE STILL PROVIDING FOR THE IBNR AND THE RATE STABILIZATION RESERVE. THE BUDGET AMENDMENT PROPOSED THAT THIS BE ACCOMPLISHED THROUGH A DECREASE IN THE AMOUNT OF

THE STATE CONTRIBUTION FOR ACTIVE EMPLOYEES AND THE AMOUNTS PROVIDED FOR RETIREE SUBSIDIES. BASED ON INFORMATION RECEIVED FROM PEBP THAT APPROXIMATELY 80 PERCENT OF THE REVENUES OF THE PROGRAM IS CONTRIBUTED BY THE EMPLOYERS AND 20 PERCENT BY THE EMPLOYEE, THE SUBCOMMITTEE DEVELOPED A RECOMMENDATION TO "REFUND" 20 PERCENT OF THE REQUIRED REDUCTION IN RESERVES TO STATE EMPLOYEES AND TO EFFECTUATE 80 PERCENT OF THE REQUIRED REDUCTION THROUGH A DECREASE IN THE STATE CONTRIBUTIONS FOR ACTIVES AND RETIREES. THIS REDUCTION IN RESERVES WOULD BE AFTER THE REDUCTION FOR THE COST OF SEGREGATING THE MEDICARE RETIREES AND WOULD PROVIDE FOR RESERVES AT THE END OF FISCAL YEAR 2006-07 IN THE AMOUNT OF \$19.2 MILLION FOR IBNR AND \$23.9 MILLION FOR THE RATE STABILIZATION RESERVE.

BASED ON THOSE RECALCULATIONS, THE RECOMMENDED STATE CONTRIBUTION AMOUNTS FOR THE ACTIVE EMPLOYEES FOR THE UPCOMING BIENNIUM ARE \$506.42 FOR FY 2005-06 AND \$536.39 FOR FY 2006-07. THE RECOMMENDED BASE RETIREE SUBSIDY AMOUNTS FOR THE UPCOMING BIENNIUM ARE RECOMMENDED AT \$321.27 FOR FY 2005-06 AND \$294.21 FOR FY 2006-07. BECAUSE THESE RATES INCORPORATE THE "SPENDING DOWN" OF THE EXCESS RESERVES OF THE PROGRAM, THE RATES ARE LOWER THAN THOSE ORIGINALLY RECOMMENDED IN THE EXECUTIVE BUDGET. THE LEGISLATION NECESSARY TO ESTABLISH THESE RATES HAS BEEN REQUESTED FOR INTRODUCTION BY THIS COMMITTEE.

THE REMAINING PORTIONS OF THE BUDGET FOR THE PUBLIC EMPLOYEES' BENEFITS PROGRAM ARE RECOMMENDED TO BE CLOSED AS RECOMMENDED BY THE GOVERNOR, WITH THE EXCEPTION OF THE PURCHASE OF VIDEO CONFERENCING EQUIPMENT FOR USE IN THE BOARD ROOM IN THE NEW OFFICES OF PEBP. FOR THAT VIDEO CONFERENCING EQUIPMENT, THE SUBCOMMITTEE REVISED THE GOVERNOR'S RECOMMENDATION AND DIRECTED THAT THE PROGRAM TRANSFER FUNDING TO THE DEPARTMENT OF ADMINISTRATION'S INFORMATION TECHNOLOGY PROJECTS BUDGET ACCOUNT IN ORDER TO TAKE ADVANTAGE OF THE AVAILABLE DISCOUNTS AND TO INSURE THE COMPATIBILITY OF THE EQUIPMENT WITH THE OTHER SYSTEMS PURCHASED FOR THE NEW BUILDING.

Vice Chairwoman Giunchigliani voiced appreciation for the excellent closing report from the Subcommittee, and called for a motion.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE APPROVE THE CLOSING REPORT FROM THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT REGARDING THE PUBLIC EMPLOYEES' BENEFITS PROGRAM.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Arberry and Perkins, and Assemblywoman Koivisto were not present for the vote.)

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Assemblywoman Leslie, Chairwoman of the Joint Subcommittee on K-12/Human Resources, thanked LCB staff for assisting the Subcommittee, and offered the following closing report regarding the Department of Human Services, Division for Aging Services, for the Committee's consideration:

THE SUBCOMMITTEE ON K-12 AND HUMAN RESOURCES DEVELOPED THE FOLLOWING RECOMMENDATIONS FOR THE DIVISION FOR AGING SERVICES BUDGETS, RESULTING IN INCREASES TO THE STATE GENERAL FUND OF \$95,393 IN FY 2006 AND OF \$198,095 IN FY 2007.

AGING SERVICES GRANTS (BA 3140) AGING-1

THE SUBCOMMITTEE RECOMMENDS INCREASES IN TOBACCO SETTLEMENT FUNDS OF \$447,692 IN FY 2006 AND OF \$548,152 IN FY 2007 OVER THE GOVERNOR'S RECOMMENDATION. TOBACCO SETTLEMENT MONIES RECOMMENDED FOR EXPENDITURE IN THE AGING SERVICES GRANTS BUDGET WILL PROVIDE ASSISTANCE TO SENIORS THROUGH SERVICES ENABLING OLDER PERSONS TO AVOID INSTITUTIONAL PLACEMENT.

THE SUBCOMMITTEE RECOMMENDS RETURNING ONE-HALF OF THE TOBACCO SETTLEMENT MONIES RECOMMENDED BY THE GOVERNOR IN THE SENIOR SERVICES BUDGET BACK TO THE AGING SERVICES GRANTS ACCOUNT AND REPLACING IT WITH GENERAL FUNDS IN THE AMOUNT OF \$311,631 IN FY 2006 AND \$315,228 IN FY 2007 FOR INCREASES IN INDEPENDENT-LIVING GRANTS. THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO FUND APPROXIMATELY \$200,000 EACH YEAR OF THE BIENNIUM WITH TOBACCO SETTLEMENT FUNDS IN THE HOMEMAKER ACCOUNT.

THE SUBCOMMITTEE ALSO RECOMMENDS INCREASES IN TOBACCO SETTLEMENT FUNDS OVER THE GOVERNOR'S RECOMMENDATION OF \$136,061 IN FY 2006 AND IN THE AMOUNT OF \$232,924 IN FY 2007, BASED ON REVISED REVENUE ESTIMATES FROM THE TREASURER'S OFFICE.

AGING OLDER AMERICANS ACT (BA 3151) AGING-5

THE SUBCOMMITTEE RECOMMENDS CLOSING THE AGING OLDER AMERICANS ACT WITH ADJUSTMENTS TO THE SENIOR RIDE PROGRAM BASED ON ACTUAL COUPON SALES FROM THE TAXICAB AUTHORITY. THE RECOMMENDED ADJUSTMENT RESULTS IN AN INCREASE IN THE SENIOR RIDE PROGRAM OF \$57,738 IN FY 2006 AND \$49,338 IN FY 2007 OVER AMOUNTS RECOMMENDED BY THE GOVERNOR.

THE SUBCOMMITTEE ALSO CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO CONTINUE SUPPORT OF \$666,997 EACH YEAR OF THE BIENNIUM TO FUND THE RURAL SENIOR CENTERS AT THE 1989 "HOLD HARMLESS" LEVEL.

SENIOR SERVICES PROGRAM (BA 3146) AGING-13

THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO ADD MEDICAID TITLE XIX FUNDING IN THE AMOUNT OF \$822,561 IN FY 2006 AND \$1,066,403 IN FY 2007 FOR CASELOAD GROWTH. ADDITIONAL TITLE XIX FUNDING WILL ALLOW SERVICES FOR 1,474 CLIENTS EACH MONTH IN FY 2006 AND 1,515 CLIENTS EACH MONTH IN FY 2007. THE SUBCOMMITTEE ALSO CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO ADD \$97,920 IN FY 2006 AND \$127,296 IN FY 2007 IN TITLE XIX FUNDS FOR NINE MORE CASES, BASED ON THE REQUIREMENTS OF S.B. 174, 2001 LEGISLATIVE SESSION, TO ADDRESS THE NEEDS OF PERSONS REQUIRING ASSISTANCE WITH BATHING, TOILETING AND FEEDING.

AT THE DIRECTION OF THE SUBCOMMITTEE, THE DIVISION FOR AGING SERVICES SUBMITTED A REVISED CASELOAD PLAN TO ACCOMMODATE EACH OF THE CASELOADS RECOMMENDED IN THE EXECUTIVE BUDGET. BASED ON THE DIVISION'S REVISED PLAN, THE SUBCOMMITTEE RECOMMENDED A REDUCTION TO THE GOVERNOR'S RECOMMENDATION FOR 160 ADDITIONAL CHIP WAIVER SLOTS TO 90 OVER THE BIENNIUM, RESULTING IN A REDUCTION TO THE GOVERNOR'S RECOMMENDATION OF TWO SOCIAL WORKER POSITIONS AND AN ADMINISTRATIVE ASSISTANT.

THE SUBCOMMITTEE CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO ADD ONE NEW HEALTH CARE COORDINATOR II POSITION, EFFECTIVE OCTOBER 2005, TO PROVIDE QUALITY MANAGEMENT SERVICES FOR THE COMMUNITY-BASED CARE UNIT.

THE SUBCOMMITTEE ALSO CONCURS WITH THE GOVERNOR'S RECOMMENDATION TO ELIMINATE PATIENT LIABILITY CO-PAYMENTS FROM THE CHIP MEDICAID WAIVER, REDUCING THAT REVENUE SOURCE BY \$167,374 IN EACH YEAR OF THE BIENNIUM, AND REPLACING THOSE REVENUES WITH MEDICAID TITLE XIX MONIES IN THE SAME AMOUNT, WITH THE GENERAL FUND MATCH IN THE AMOUNT OF \$57,031 IN FY 2006 AND \$57,133 IN FY 2007 IN THE MEDICAID BUDGET.

THE SUBCOMMITTEE SUPPORTS THE GOVERNOR'S RECOMMENDED AMENDMENT TO INCREASE THE HOURLY RATE FOR CONTRACTED PERSONAL ASSISTANCE SERVICES FROM \$17 PER HOUR TO \$18.50 PER HOUR. THE SUBCOMMITTEE RECOMMENDED THE INCREASE BE PHASED-IN OVER THE BIENNIUM, WITH AN INCREASE OF \$.75 IN FY 2006 AND AN ADDITIONAL \$.75 IN FY 2007, BRINGING FY 2007 TO THE RECOMMENDED TOTAL INCREASE OF \$1.50.

THE SUBCOMMITTEE RECOMMENDED REDUCTIONS TO TOBACCO SETTLEMENT MONIES OF ONE-HALF OF THE AMOUNT RECOMMENDED BY THE GOVERNOR IN EACH YEAR OF THE BIENNIUM (\$311,631 IN FY 2006 AND \$315,228 IN FY 2007) AND REPLACING THOSE AMOUNTS WITH GENERAL FUND APPROPRIATIONS. FURTHER, THE SUBCOMMITTEE INCREASED INDEPENDENT LIVING GRANTS IN THE AGING SERVICES

GRANTS BUDGET WITH THE TOBACCO SETTLEMENT MONIES DELETED FROM THE SENIOR SERVICES ACCOUNT.

EPS/HOMEMAKER PROGRAMS (BA 3252) AGING-21

THE SUBCOMMITTEE SUPPORTED THE GOVERNOR'S RECOMMENDATION TO ADD FOUR POSITIONS, TWO SOCIAL WORK SUPERVISORS AND TWO SOCIAL WORKERS FOR THE ELDER PROTECTIVE SERVICES PROGRAM, AT A COST OF \$207,356 IN FY 2006 AND \$271,289 IN FY 2007. THE SUBCOMMITTEE RECOMMENDS THE POSITIONS BE FUNDED WITH TITLE XX MONIES, WITH AN OFFSETTING REDUCTION IN GENERAL FUNDS. ONE SUPERVISORY POSITION WILL BE LOCATED IN THE RENO OFFICE, AND ONE IN LAS VEGAS TO REDUCE THE SPAN OF CONTROL IN THOSE OFFICES. THE SUBCOMMITTEE'S RECOMMENDATION INCLUDES AN UNDERSTANDING THAT THE SUPERVISOR POSITIONS WOULD NOT CARRY CASELOADS, AND THAT THE EXISTING SOCIAL WORKER POSITIONS CURRENTLY SERVING AS LEAD STAFF WOULD RETURN TO CARRYING FULL CASELOADS AND HANDLING ASSOCIATED DUTIES. THE TWO SOCIAL WORKER POSITIONS ARE RECOMMENDED TO REDUCE ELDER PROTECTIVE SERVICES CASELOADS FROM A RATIO OF 30:1 TO 25:1, BASED ON THE REPORTED NATIONAL AVERAGE AS PUBLISHED BY THE NATIONAL ASSOCIATION OF ADULT PROTECTIVE SERVICES ADMINISTRATORS.

THE SUBCOMMITTEE CLOSED THE EPS/HOMEMAKER PROGRAMS ACCOUNT BY USING 100 PERCENT OF THE UNALLOCATED TITLE XX FUNDS TO REDUCE GENERAL FUNDS BY \$475,335 IN FY 2006 AND BY \$468,477 IN FY 2007.

SENIOR CITIZENS' PROPERTY TAX ASSISTANCE (BA 2363) AGING-26

THE SUBCOMMITTEE RECOMMENDS GENERAL FUND AMOUNTS OF \$85,943 IN FY 2006 AND \$23,512 IN FY 2007 OVER THE GOVERNOR'S RECOMMENDATION FOR DEMOGRAPHIC GROWTH. THE SUBCOMMITTEE ALSO RECOMMENDS AN OFFSET TO THE ADDITIONAL GENERAL FUNDS IN FY 2006 FROM CARRY-FORWARD MONIES ESTIMATED TO BE REMAINING IN FY 2005 IN THE AMOUNT OF \$84,537.

Vice Chairwoman Giunchigliani called for a motion.

ASSEMBLYWOMAN McCLAIN MOVED THAT THE COMMITTEE APPROVE THE CLOSING REPORT FROM THE JOINT SUBCOMMITTEE ON K-12/HUMAN RESOURCES REGARDING THE DIVISION FOR AGING SERVICES, DHR.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

Vice Chairwoman Giunchigliani commented that the Subcommittee had provided an excellent closing report, and the Senate had closed similarly regarding the use of General Fund monies rather than tobacco funding in the CHIP program, which would help immensely as issues were resolved.

THE MOTION CARRIED. (Assemblyman Perkins and Assemblywoman Koivisto were not present for the vote).

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PUBLIC EMPLOYEES' RETIREMENT SYSTEM, BA 4821

Mr. Stevens explained that BA 4821 had been heard previously by the Committee and had been closed, but the remaining outstanding issue was the recommendation included in the budget for an increase in the salaries of the executive staff of the Public Employees' Retirement System (PERS).

Mindy Braun, Education Program Analyst, Fiscal Analysis Division, LCB, stated that The Executive Budget included \$57,475 in FY2006 and \$93,098 in FY2007 for an increase in salaries for the non-classified positions within the PERS. Historically, the Executive Officer, the Operations Officer, the Investment Officer, and the Assistant Investment Officer, had been paid according to a six-step pay schedule, while other non-classified PERS staff had been paid based on a nine-step pay schedule.

Ms. Braun indicated that in July 2004 the Retirement Board voted to adopt a nine-step pay schedule for all non-classified staff. The Retirement Board also adopted new pay scales for the Manager of Information Services, Administrative Assistant, and Administrative Analyst positions. Ms. Braun reported that the proposed salaries were listed in [Exhibit E](#), "PERS E-805 – Non-Classified Position Reclassifications."

Ms. Braun noted that concerns had been voiced at previous hearings regarding the salary schedule for the Administrative Assistant. She explained that the agency had provided updated information, which indicated that the duties of the position included legislative analysis, management research, budgeting, and revision of policies, which more closely aligned with the Management Analyst series in the State classified service rather than the Administrative Assistant series. The agency also indicated that the proposed increase for the Administrative Assistant would fall approximately in the middle of the salary range.

The Committee had also questioned why the agency used salaries from the State Pharmacy and Medical Boards in determining recommended salary increases for other PERS staff. Ms. Braun stated that in response, the agency indicated that the executive secretaries of the referenced boards were the positions in State government that PERS felt were most similar to its positions, based on the independence of those agencies and the fact that the executive secretaries reported to the boards.

Finally, stated Ms. Braun, the Committee had requested that the agency provide salary information regarding comparable positions within Western public pension systems and that information had been provided. Review of that information indicated that the salaries for the Nevada PERS Executive Director, Investment Officer, and Operations Officer, were most similar to those in Utah.

Ms. Braun stated that the decision for Committee consideration was whether it wished to approve the salaries of the executive staff of the PERS, as recommended by the Governor and the Retirement Board.

Assemblywoman Giunchigliani stated that her problem with BA 4821 was the salary issue as the proposal would increase the salaries so much higher than

those of other State employees. Ms. Giunchigliani indicated that the budget process for the PERS was somewhat "backwards," as the Legislature approved salaries, which also had to be approved by the boards, and if the salaries were approved by the Legislature, the boards would not disapprove the increase. She believed that Committee members should discuss the issue regarding whether to approve the extremely high executive salaries and the Administrative Assistant salary, which would put classified and non-classified salaries "out of whack" with the rest of State government. Ms. Giunchigliani reiterated that she believed the Committee should discuss the issue prior to voting on the budget.

Assemblyman Seale stated he was familiar with the salary structure for investment officers, and he pointed out that the proposed increase for the PERS Investment Officer would be significantly higher than that of corresponding investment officer positions at the State and city/county level. Mr. Seale stated he was bothered by the fact that a single agency would receive such a significant increase in executive salaries. While the PERS positions might deserve the proposed salary increases, the problem was that there were other persons in State positions who performed the same duties for significantly less pay. He concurred with Ms. Giunchigliani's comment that the proposed increases would be "out of whack" with the rest of the State salary structure.

Chairman Arberry suggested that the Committee review and digest the proposal regarding the PERS proposed salary increases, as the budget closing could only be delayed for one day. He asked that members be ready to vote on the issue when the budget was next scheduled. Mr. Stevens concurred and asked that the Committee revisit BA 4821 within the next day or two to resolve the proposed salary issue.

With no further business to come before the Committee, the Chairman adjourned the meeting at 6:27 p.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Attaché

APPROVED BY:

Assemblyman Morse Arberry Jr., Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: May 18, 2005
a.m./p.m.

Time of Meeting: XX:XX

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
SB 303	B	Senator Terry Care	Letter of 3/30/05 from Richard Morgan, UNLV
	C	Mindy Braun, LCB	WICHE Audit Highlights
AB 338	D	Mark Stevens, LCB	Amendments to AB 338
	E	Mindy Braun, LCB	PERS Non-classified Position Reclassifications