

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
May 19, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:15 a.m. on Friday, May 19, 2005, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

GUEST LEGISLATORS PRESENT:

Senator Mark E. Amodei, Capital Senatorial District

STAFF MEMBERS PRESENT:

Bob Atkinson, Senior Program Analyst
Mindy Braun, Education Program Analyst
Michael J. Chapman, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Jeffrey A. Ferguson, Program Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Russell J. Guindon, Deputy Fiscal Analyst
Larry L. Peri, Senior Program Analyst
Tracy Raxter, Program Analyst
Mark W. Stevens, Assembly Fiscal Analyst
Lora Nay, Committee Secretary

OTHERS PRESENT:

Gloria Dopf, Deputy Superintendent for Instructional, Research and Evaluative Services, Department of Education
Douglas C. Thunder, Deputy Superintendent for Administrative and Fiscal Services, Department of Education
Renee Parker, Chief Deputy Secretary of State, Office of the Secretary of State
Dana Bilyeu, Executive Officer, Public Employees' Retirement Board, Public Employees' Retirement System
Miles Celio, Administrative Services Officer, Office of the Military
Terry R. Crawforth, Director, Department of Wildlife
Allen Biaggi, Director, State Department of conservation and Natural Resources
Hugh Ricci, P.E., State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources
Steve Robinson, Advisor on Wildlife, Conservation and Rural Nevada Issues, Office of the Governor

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Joseph Guild, Attorney

Kay Scherer, Assistant Director, State Department of Conservation and Natural Resources

Michael D. Hillerby, Chief of Staff, Office of the Governor

P. Forrest Thorne, Executive Officer, Board of the Public Employees' Benefits Program

Martin Bibb, Executive Director, Retired Public Employees of Nevada

James T. Richardson J.D., Ph.D., Nevada Faculty Alliance

CHAIR RAGGIO:

We are going to close budgets this morning beginning with the Department of Education budgets.

SENATOR MATHEWS:

There are some young people sitting in the back of the room from A-1 Charter School with one of their teachers, Ms. Peterson, and we welcome you to the Committee.

SENATOR RAGGIO:

Welcome to the Committee and I hope we can find something interesting for you to listen to. We are going to be talking about the Department of Education which has a lot to do with your life. Is there anything you would like to tell us?

Are you also making a pitch for \$1 million for charter schools? For those of you who cannot hear, the idea expressed concerned charter-school funding. If we are going to give money to one charter school, we should fund all of them with the same amount. We have heard that message. Thank you for coming here this morning.

Let us go to the Joint Subcommittee on Human Resources/K-12 Closing Report ([Exhibit C](#), original is on file at the Research Library).

MINDY M. BRAUN (Education Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on Human Resources/K-12 completed its review of the 18 budget accounts (B/A) for the Department of Education. The closing actions of the Subcommittee resulted in an increase in the amount of General Fund support in those accounts in the amount of \$1,053,807 for fiscal year (FY) 2005-2006 and \$1,428,508 in FY 2006-2007.

EDUCATION

NDE - Other State Education Programs — Budget Page K-12 ED-7 (Volume I)
Budget Account 101-2699

E-302 Improve Pupil Achievement — Page K-12 ED-10

E-275 Maximize Internet and Technology — Page K-12 ED-9

E-999 Unfunded — Page K-12 ED-10

E-301 Improve Pupil Achievement — Page K-12 ED-9

M-200 Demographics/Caseload Changes — Page K-12 ED-8

SUMMARY Teacher Signing Bonus — Page K-12 ED-11

SUMMARY LEA Library Books — Page K-12 ED-11

SUMMARY Peer Mediation — Page K-12 ED-11

SUMMARY Public Broadcasting — Page K-12 ED-11

SUMMARY Counselor Certification — Page K-12 ED-11

MS. BRAUN:

The Subcommittee approved \$9.95 million, as recommended by the Governor, for educational technology. The funds are approved to be utilized for technology infrastructure (\$4,825,000), high quality content material (\$1,990,000), professional development (\$1,492,500), technical support (\$796,000), pilot projects for best practices in educational technology (\$696,500), and an evaluation of educational technology in Nevada (\$150,000). The funds for the evaluation of educational technology were approved by the Subcommittee to be moved to the budget account of the Legislative Counsel Bureau to be combined with \$50,000 already in that budget account to be used to obtain a contractor for the evaluation.

As recommended by the Governor, the Subcommittee approved \$200,000 in each fiscal year of the biennium to support ongoing maintenance and support of the SAIN program (System for Accountability Information in Nevada). These funds will be utilized to continue the contract with Otis Educational Systems and to support the SAIN Advisory Committee.

The Subcommittee approved funding of \$70,000 in each fiscal year of the biennium to continue reimbursement costs for teachers who successfully complete the national board certification program. This action required an additional \$18,571 in General Fund for each fiscal year of the 2005-2007 biennium. The additional funding is needed to support the projected reimbursement of 40 teachers.

The Subcommittee approved the recommendation of the Governor to have licensing fees for private schools placed in this budget account, rather than in the General Fund as required by Nevada Revised Statute (NRS) 394.331. This recommendation was approved to allow the Department to obtain assistance for completion of inspections of both private and exempt schools. The Subcommittee requested a Letter of Intent requesting that the Department use the funds to hire a contractor in lieu of hiring a 0.25 full-time equivalent (FTE) employee. A bill draft request is being submitted by the Assembly Committee on Ways and Means to amend NRS 394.331 to allow the funds to be deposited in this account.

The Subcommittee approved the continuation of the teacher signing bonus program. Although the Governor recommended \$5.1 million in each fiscal year of the biennium for this program, new projections from the Department showed a potential shortfall in funds of \$938,000 in FY 2005-2006 and \$1.24 million in FY 2006-2007. The Subcommittee approved the additional funds, bringing the total amount approved to \$6.05 million in FY 2005-2006 and \$6.35 million in FY 2006-2007. Supplemental funding for FY 2004-2005 of \$436,000 is being considered in Senate Bill (S.B.) 511.

SENATE BILL 511: Makes supplemental appropriation to Department of Education for signing bonuses for teachers. (BDR S-1464)

CHAIR RAGGIO:

We acted on S.B. 511 last night. It will include putting additional General Funds into the budget.

MS. BRAUN:

The Subcommittee approved funding of \$482,671 in FY 2005-2006 and \$515,393 in FY 2006-2007 for Local Education Association (LEA) Library Books, instead of the \$346,203 in each fiscal year recommended by the Governor. The amounts approved by the Subcommittee include an inflation factor of 3 percent beginning with FY 2004-2005 as the base year.

The Subcommittee also approved funding of \$50,000 in each fiscal year of the biennium for the peer mediation program, instead of the \$49,803 in FY 2005-2006 recommended by the Governor. The Subcommittee also authorized the Department to utilize 5 percent of the funds for technical support of the program. In approving these funds, the Subcommittee approved a Letter of Intent indicating that as part of the funding for technical support, a preliminary report showing the effectiveness of the program during the 2005-2007 biennium should be submitted to the Legislative Committee on Education during the interim, with a final report submitted to the 2007 Legislature.

Other actions by the Subcommittee include the approval of funds, as recommended by the Governor, for public broadcasting, with a Letter of Intent noting these funds are to be utilized to support educational services only. The Subcommittee also approved funds, as recommended by the Governor, to continue the school counselor and psychologist national board certification program that was approved for the first time by the 2003 Legislature. Funds for this program are utilized to add a 5-percent salary increase for all school counselors and school psychologists who hold national certification.

CHAIR RAGGIO:

I will take a motion for approval.

SENATOR BEERS MOVED TO CLOSE B/A 101-2699 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

NDE-Education State Programs — Budget Page K-12 ED-14 (Volume I)
Budget Account 101-2673

M-200 Demographics/Caseload Changes — Page K-12 ED-15

E-303 Improve Pupil Achievement — Page K-12 ED-17

E-710 Replacement Equipment — Page K-12 ED-18

E-500 Adjustments-Transfers In — Page K-12 ED-18

E-900 Transfer from 2706-Discretionary Grants Restrict — Page K-12-ED-19

BOB ATKINSON (Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The *Executive Budget* included two recommendations regarding charter school consultants for the Department. The existing charter school consultant position

is currently funded with 50-percent General Fund support and 50-percent federal funding. Because the federal grant is not being renewed in the upcoming biennium, the Governor recommended and the Subcommittee concurred, that the position be funded with 100-percent General Fund support. In addition, the Governor recommended a second charter school consultant to be funded with 100-percent General Fund. The Joint Subcommittee on Human Resources/K-12 approved the position with the understanding that the position would be dedicated to charter-school issues only 25 percent of the time, with the remaining 75 percent being a social-studies consultant.

CHAIR RAGGIO:

The discussion expressed concern regarding the necessity of two charter school consultant positions. The Department indicated that one position could address charter-school issues with the addition of at least 25 percent of a second consulting position dedicated to charter schools.

MR. ATKINSON:

The Governor's recommendation also included a new education consultant to provide guidance and technical support to non-Title I schools and districts failing to make adequate yearly progress. The Subcommittee approved this position contingent on approval of the \$50 million each year recommended in the remediation trust fund.

CHAIR RAGGIO:

The significance is that the \$100 million trust fund is contingent on legislative approval. The Assembly must make a decision. Closing this budget would be contingent upon their approval.

SENATOR BEERS:

I have recently been approached by a group that advocates for gifted and academically talented education. They contend we once had a part-time person at the state level who acted on getting grants for these programs. That person retired a few years ago and their function has not been replaced. This group contends it is almost a self-funding proposal because there are so many grants available.

SENATOR CEGAVSKE:

Over the Sessions, I have been advocating for a grant writer in education. To my dismay, I have not been able to get a grant writer. Last Session, we actually approved a position. The Department already had half of one position. We approved a full position, but they chose not to utilize it. They might have a different version than my recollection.

We know about the millions of available dollars in federal grant money and education grants this State has missed. We have been told by the federal government over and over for years that we do not apply for grants. One of the saddest things for us in the State of Nevada is the amount of money we return to the federal government because we do not utilize it. We get funding and we do not use it. The people who came to talk to you are absolutely right. We have a problem with not utilizing the federal grants by not going after them. Even when we get the money we end up reverting it back because we did not utilize it.

The excuses I hear are that we do not like the rules and regulations that come along with the federal dollars or we cannot comply with them. I and several Assembly members have been beating our heads against the wall trying to get a grant writer for the State of Nevada. I do not know what else I can do, and I am frustrated. The position can pay for itself once it starts. The Department has been reluctant and it is one of the most frustrating parts about our State in education.

CHAIR RAGGIO:

Is this grant writer proposed for the gifted program?

SENATOR CEGAVSKE:

A grant writer can be utilized for any program. I am talking about overall grant monies.

GLORIA DOPF (Deputy Superintendent for Instructional, Research and Evaluative Services, Department of Education):

I would like to talk about the issue of the grant writer that was allocated by the Legislature. Even though we received a position, the funding was not necessarily attached for the position. We were required to find the funding for the remaining part of the position. At that point, the No Child Left Behind Act (NCLBA) funding did not support such a position and no other funds were available to support that effort. It was not necessarily a willful decision that we do not want a grant writer; it had to do with the modification of the funding requirements under NCLBA. The Department would welcome funding.

CHAIR RAGGIO:

Are you requesting funds for a half-time position?

Ms. DOPF:

The original allocation was for a half position which we then had to match to make it whole. The account we planned to use was modified by NCLBA to support their efforts of the Title V program and we were not allowed to use it otherwise.

CHAIR RAGGIO:

Was there an existing position that could have been used?

Ms. DOPF:

We had the half-time position but we did not have the funding to make it a whole position. Mr. Thunder would talk to the specific elements of the funding. I just wanted to convey the redirection of funding due to the authorization of NCLBA.

CHAIR RAGGIO:

When we authorized the grant-writing position, was it contemplated there would be NCLBA funds available?

Ms. DOPF:

The NCLBA funding was oriented toward the Title V program which did not have grant-writing efforts attached to it. We had to support the efforts under the Title V program.

CHAIR RAGGIO:

Is there a solution to this?

Ms. DOPF:

If the Legislature would fund a grant-writing position for the Department, we would welcome having that position. We have people working on grants, but it is not the full-time effort of a single person so there is no point of focus.

CHAIR RAGGIO:

You have people writing grants, do you not?

Ms. DOPF:

We have people seeking grants as an attachment relating to their own individual programs. No state or federal funds have been specifically designated for a gifted and talented program. There has been indirect support to the program, but there has been no replacement to the original position that had spearheaded the gifted and talented program.

I would like to have Mr. Thunder explain the issue of the return of federal funds. As you know, we have responded numerous times to this issue. Our analyses determined the amount of unused funds has been overstated. We have provided ongoing communication to the Legislature as to how much federal funds have actually been returned. Primarily, the amount returned in federal funds has to do with the 17-month cutoff requirement. When money is granted to the districts, or any agency, and there is a position they ultimately cannot fill, or they have some other reason as to why they cannot utilize the money within the authorized time period and they wait to the 11th hour to return it to us, we do not have time to regrant the funds.

CHAIR RAGGIO:

Is there a way to get them to notify you of any return sooner than the 11th hour? I can understand that if you do not get the notification until the last month or so, there is no way to utilize funds effectively.

Ms. DOPF:

We are working to improve that, but the reality is the percentage of returned funds is quite small. Any amount is too much, but the proportion is small.

CHAIR RAGGIO:

Are you describing onetime or continuing monies?

Ms. DOPF:

It is usually onetime money. Some of the amount attached to this issue is not even funded under our direct jurisdiction. There are other agencies involved for which we are not responsible.

CHAIR RAGGIO:

We are always interested in the available federal funding that is not being utilized.

DOUGLAS C. THUNDER (Deputy Superintendent for Administrative and Fiscal Services, Department of Education):

Just yesterday we received another report from the U.S. Department of Education indicating that the amount of funds being reverted was approximately

\$350,000. Of that amount, \$250,000 was programs the Department administered and represented 0.35 percent of the total amounts of the grants. In almost all of those cases, we can trace back to refunds received right at the end of the time period and not received in sufficient time to reallocate. The amount we do not use is quite low compared to the total amounts of the grants. I will forward the report we prepared yesterday to this Committee.

CHAIR RAGGIO:

What is the State's effort in trying to assist gifted and talented students and does that vary by district?

MR. THUNDER:

The gifted and talented programs are the jurisdiction of the districts. Districts may use some of the special-education units for that purpose, but that decision remains strictly a district responsibility. I am not aware of any programs specifically directed to preschool gifted and talented programs.

MS. DOPF:

We are working with our congressional leadership to see if there are ways the federal law can be modified to allow us to utilize the funds, not just for us but for all states. This issue is not unique to Nevada and the magnitude in other states is even greater than ours. Our congressional leadership is working to introduce a bill and we are actually reviewing the language of that bill to allow an extension beyond the 27 months to anticipate being able to reutilize the grant funds. The issue now becomes in what areas could we utilize the returned funds.

CHAIR RAGGIO:

Is the half-time position still authorized in the budget we are considering?

MR. THUNDER:

That position was originally requested as a temporary position for a grants and project analysis for the educational-technology program. We requested only a half-time position because we did not have the funding even though the Legislature approved the full-time position. Grant-writing efforts are undertaken by various consultants. In most federal programs, the cost of seeking grants is not considered a legitimate expense. We need to consider the possibility of having a state-funded grant writer and try to offset that cost in some way. Trying to meld federal programs or using the funding we get for the administration of these programs into a specific position for grant writing is difficult.

SENATOR CEGAVSKE:

Businesses, companies and nonprofit organizations throughout the United States have grant writers. Some of them can get enough grants, even within their state, to offset their salary. This is not a new concept. We have talked about this since I have been a Legislator and to say we should do this sometime in the future frustrates me because we are missing out on available funding. We did provide the half-time position and we explained to them that a position could be paid for by itself. We need to get this resolved.

CHAIR RAGGIO:

Is the issue that we have funded a half-time position and not a full position?

SENATOR CEGAVSKE:

There was a half-time position and we added a full-time position. We tried to fold them in and our Subcommittee approved that, but I do not remember all of the details.

CHAIR RAGGIO:

Does someone have an answer to this?

MS. BRAUN:

The position was authorized fully with federal money and no State General Fund has gone toward this particular position. There is still a half-time position available with federal money, but it is not being directed toward writing grants per se but toward educational technology. There is no State General Fund for a half-time or any type of position for grant-writing purposes.

SENATOR BEERS:

The advocates that contacted me indicated something like 90 percent of the states, 45 states, have a Gifted and Talented Education (GATE) coordinator at their State Department of Education. We are one of the few that do not.

SENATOR RAGGIO:

Do we want to fund it? We have to pay before it can fund itself. That is the issue. What would it take to fund this position?

MR. THUNDER:

Roughly, just thinking of other positions that we have requested, it is in the neighborhood of \$75,000 to \$90,000.

CHAIR RAGGIO:

Is that for a year? You are suggesting about a \$150,000 or \$180,000 addition to their budget. What is the Committee's pleasure?

SENATOR CEGAVSKE:

We would only have to pay for half a position because you already have the half we approved. General Fund would be needed for the other half.

CHAIR RAGGIO:

I thought it was not funded at all.

MR. THUNDER:

It would depend on if you were talking about a completely new position or if you are funding a half position.

CHAIR RAGGIO:

What is necessary to fund this position? Is there some funding available already for a half position? Do we need to fund a half position or do we have to fund a whole new position for the purpose of grant writing?

MR. THUNDER:

If you want someone completely dedicated to that process, it would be wise to authorize a full-time position if you want the grants-project position only. We have someone working full-time within the technology program until that funding is exhausted.

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SENATOR CEGAVSKE:

I would add a grant-writing position to the budget.

CHAIR RAGGIO:

Where should it be added?

MR. THUNDER:

The appropriate place would be in B/A 2673.

CHAIR RAGGIO:

The motion will be to add a full-time grants writer at whatever the cost is for that position.

MR. THUNDER:

The cost would roughly be equivalent to what we had for the charter school position.

SENATOR CEGAVSKE:

Can we leave it up to staff? I am not sure the comparable salaries of grant writers are as high as Mr. Thunder suggested but we want to get someone qualified and only used for writing grants.

CHAIR RAGGIO:

We will let staff tell us the salary. Do you have any suggestions?

MR. ATKINSON:

Depending on the level of the position, generally positions at the Department of Education are what they call education consultant positions. If we look at the other new positions recommended in the budget, the cost of those were \$63,000 in the first year, which would be starting October 1, 2005, and \$79,000 in the second year.

CHAIR RAGGIO:

Does the total include fringe and all?

MR. ATKINSON:

Yes.

SENATOR CEGAVSKE MOVED TO ADD TO THE RECOMMENDATION OF THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 CLOSING REPORT A FULL-TIME POSITION TO BE DEDICATED TO GRANT WRITING.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

That will be an addition to the recommendation of the Joint Subcommittee. I will then accept a motion to accept the recommendation of the Joint Subcommittee with the added position.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-2673 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 WITH THE ADDITION OF A FULL-TIME (FTE) GRANT WRITING POSITION.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

MR. ATKINSON:

I need clarification. Will the funding used for the grant-writer position be from the General Fund?

CHAIR RAGGIO:

I do not know of any other source. We will open the discussion on Proficiency Testing.

NDE-Proficiency Testing — Budget Page K-12 ED-31 (Volume I)
Budget Account 101-2697

E-300 Improve Pupil Achievement — Page K-12 ED-34

MS. BRAUN:

The Joint Subcommittee on Human Resources/K-12 did not approve State General Funds of \$63,800 in FY 2005-2006 and \$80,193 in FY 2006-2007 for a new FTE education consultant position for the Writing Examination. Instead, the Subcommittee approved this new position and related costs to be funded with federal funds through the Title VI grant which is included in B/A 2713-Improving America's School Act (IASA) Titles II, IV, V, and VI. This decision was made due to the shift in focus of the examination from diagnostic to one of accountability since the examination is now utilized as part of adequate yearly progress. Further, the Federal State Assessment Grant was specifically provided by the federal government to assist states in developing and administering examinations under the NCLBA.

With regard to the High School Proficiency Examination (HSPE), on page 13 of [Exhibit C](#), the Subcommittee approved a Letter of Intent to the Department asking that an annual report be submitted to the Interim Finance Committee (IFC) and the Legislative Committee on Education showing the passing rates on the HSPE by different populations of pupils. In addition, the Subcommittee requested that the Department provide any revised plan by the State Board of Education to increase the passing rate on the mathematics portion of the examination.

SENATOR COFFIN:

Is there legislation concerning the speed with which these tests are graded so they can get back into the hands of the students?

MS. BRAUN:

I do not believe there is any current legislation concerning how to accelerate the process. I understand there was an issue this past week on lost test scores. There has been an ongoing issue throughout these past few years on how fast the information is returned. I know the Department has worked with that specific contractor to get the results returned within a specific time frame and especially for a reduced time frame for the last test administration of each school year, since the results are tied closely to graduation.

SENATOR COFFIN:

Where do we stand with this? The lost results were found and have probably been graded, but the students and their parents are still not finding out their results soon enough. Has the Department found a way to speed the response of the grading results to the students? This particular test is machine graded.

MR. THUNDER:

I do not have a specific answer for you, but I will have our director of testing give a report to you today.

SENATOR COFFIN:

That should be at the top of the list of problem you have to solve. You hear about it every day.

MR. THUNDER:

That is correct. I do not want to provide any details as I am not directly involved in this issue, but I will make sure you get the information requested.

SENATOR COFFIN:

When do you think you will get that information?

MR. THUNDER:

Hopefully, it will be today.

CHAIR RAGGIO:

Is there a motion for approval?

SENATOR MATHEWS MOVED TO CLOSE B/A 101-2697 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

CHAIR RAGGIO:

We will now look at the recommendation for teacher education and licensing.

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M-200 Demographics/Caseload Changes — Page K-12 ED-37
SUMMARY Licensing Reserve — Page K-12 ED-40
BASE Information Services — Page K-12 ED-36
M-100 Inflation — Page K-12 ED-37

MS. BRAUN:

Referring to page 16 of [Exhibit C](#), the Subcommittee approved the revenue projections of the Department for this account, including the projected licensing reserve of \$64,620 in FY 2005-2006 and \$16,126 in FY 2006-2007. The Subcommittee also approved a Letter of Intent to the Department requesting that the Commission on Professional Standards in Education raise fees, if necessary, to support this budget account in lieu of approaching the IFC for a Contingency Fund allocation. In addition, the Subcommittee requested that any improvements made to the teacher-licensure database be contingent upon the licensing reserve maintaining a balance of at least \$80,000 in each fiscal year of the biennium.

CHAIR RAGGIO:

Were there some increases in the fees involved here?

MS. BRAUN:

It is the Commission on Professional Standards that makes fee adjustments, but with the Letter of Intent, the Subcommittee did ask those fees be raised without coming to the IFC.

CHAIR RAGGIO:

That was my understanding and also the understanding from those who were affected. I am getting a nod from the Department of Education.

SENATOR RHOADES MOVED TO CLOSE B/A 101-2705 AS
RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN
RESOURCES/K-12.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

CHAIR RAGGIO:

We will now look at elementary and secondary education.

NDE - Elementary & Secondary Ed —Titles II, V, & VI — Budget Page
K-12 ED-70 (Volume I)
Budget Account 101-2713

SUMMARY State Assessments Admin 84369 — Page K-12 ED-74
E-300 Improve Pupil Achievement — Page K-12 ED-73

MS. BRAUN:

The Subcommittee authorized federal Title VI funding of \$600,000 in each fiscal year for support of the SAIN program; this is in addition to the

General Funds of \$200,000 in each fiscal year approved by the Subcommittee for the SAIN program through the Other State Education Programs B/A 2699.

CHAIR RAGGIO:

Why is this not in the same budget we approved just recently?

MS. BRAUN:

The B/A 2699 is a State General Fund account, while this is a federal account.

CHAIR RAGGIO:

It supports the same effort.

MS. BRAUN:

Exactly. These funds will be utilized for contracting services for enhanced Web reporting, Department technical support and funding for a FTE database manager II. This position was originally authorized by the 2003 Legislature as a computer systems programmer II but was not filled during the 2003-2005 biennium. Based upon outside reviews of the Department's Technology Program, it was recommended that the authorized position be reclassified to a database manager II.

The Subcommittee did not approve a new position, as recommended by the Governor, for test security. This decision was based upon information received from the Department indicating that the recommended position was not necessary at this time due to a similar position being approved by the IFC in September 2004.

The Subcommittee did approve authority for the Department to utilize federal Title VI funds to hire a new 1.0 FTE writing examination consultant and related costs. As previously noted, this position was recommended by the Governor to be funded with general funds through the proficiency testing budget account (B/A 2697).

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-2713 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

CHAIR RAGGIO:

The next budget for continuing education is summarized on page 22 of [Exhibit C](#).

MR. ATKINSON:

The Subcommittee approved the creation of a new position in this B/A using existing funding from the DSA. Currently, the department pays a contractor to manage the adult high school diploma program, with funding from the distributive school account. The Department expressed a desire to add an educational consultant position for the adult high school diploma program in lieu of contracting for those services. The new position does not represent an increase in General Fund support for the Department, since existing administration funds utilized out of the DSA would be transferred to this budget.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-2680 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

Individuals with Disabilities B/A begins on page 24 of [Exhibit C](#).

NDE-Individuals with Disabilities Education (IDEA) — Budget Page K-12 ED-96
(Volume I)
Budget Account 101-2715

E-300 Improve Pupil Achievement — Page K-12 ED-99

MR. ATKINSON:

The Joint Subcommittee approved the Governor's recommendation for the addition of a special education consultant position to this budget. The new position is entirely funded by the Individuals with Disabilities Education Act (IDEA) grant and would focus on special education in charter schools.

The Subcommittee considered the NRS 395 budget for the 2005-2007 biennium, in light of the fact that a supplemental appropriation was approved for that program for FY 2005. Because an additional child was placed in the NRS 395 program to receive out-of-district special education services, the 2005 Legislature approved an additional \$87,590 in General Fund support in S.B. 108, to bring the total General Fund support of the program for the current fiscal year to \$280,000.

SENATE BILL 108 (1st Reprint): Makes supplemental appropriation to Department of Education for unanticipated expenses for Fiscal Year 2004-2005 relating to Individuals with Disabilities Education Act. (BDR S-1227)

The Subcommittee did not recommend adding additional General Fund support to the budget to match the FY 2005 level. Instead, the Subcommittee approved the NRS 395 budget as recommended by the Governor, with the intent that the Department would approach the IFC to request an allocation from the

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Contingency Fund if it becomes necessary in order for the Department to fulfill the General Fund obligations to the program during the 2005-2007 biennium.

CHAIR RAGGIO:

This has always been a difficult program to estimate the costs. This should suffice with the understanding that availability or access to the Contingency Fund is justified.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-2715 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

There are several other accounts with no major closing issues.

NDE-Education Staffing Services — Budget Page K-12 ED-22 (Volume I)
Budget Account 101-2719

NDE-Education Support Services — Budget Page K-12 ED-25 (Volume I)
Budget Account 101-2720

NDE-Drug Abuse Education — Budget Page K-12 ED-42 (Volume I)
Budget Account 101-2605

NDE-School Health Education-AIDS — Budget Page K-12 ED-46 (Volume I)
Budget Account 101-2611

NDE-Gear Up — Budget Page K-12 ED-50 (Volume I)
Budget Account 101-2678

NDE-Discretionary Grants-Unrestricted — Budget Page K-12 ED-54 (Volume I)
Budget Account 101-2706

NDE-Discretionary Grants-Restricted — Budget Page K-12 ED-59 (Volume I)
Budget Account 101-2709

NDE-Improving America's Schools – Title I — Budget Page K-12 ED-64
(Volume I)
Budget Account 101-2712

NDE-Student Incentive Grants — Budget Page K-12 ED-76 (Volume I)
Budget Account 101-2606

NDE-Occupational Education — Budget Page K-12 ED-80 (Volume I)
Budget Account 101-2676

NDE-Nutrition Education Programs — Budget Page K-12 ED-89 (Volume I)
Budget Account 101-2691

MR. ATKINSON:

The Joint Subcommittee also reviewed the budgets for the following accounts: Education Staffing Services, Education Support Services, Drug Abuse Education, School Health Education – AIDS, Gear Up, Discretionary Grants – Unrestricted, Discretionary Grants – Restricted, Improving America's Schools – Title I, Student Incentive Grants, Career and Technical Education, and Nutrition Education. The Joint Subcommittee recommended that these accounts be closed as recommended by the Governor, with minor technical adjustments by staff.

SENATOR CEGAVSKE MOVED TO CLOSE THE OTHER ACCOUNTS WITH NO MAJOR CLOSING ISSUES AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12 WITH STAFF AUTHORITY TO MAKE MINOR TECHNICAL ADJUSTMENTS.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

CHAIR RAGGIO:

These were difficult budgets and took a lot of time on the part of staff as well as the Subcommittee. The Chair appreciates those efforts. We will now consider the budgets listed in Closing List 7 ([Exhibit D](#)).

ELECTED OFFICIALS

Secretary of State — Budget Page ELECTED-105 (Volume I)
Budget Account 101-1050

E-212 New Programs — Page ELECTED-108

RUSSELL J. GUINDON (Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

For your consideration, B/A 1050 is on page 2 of [Exhibit D](#). This is the account that funds approximately 133.5 positions. We have transfers from Special Services which accounts for approximately 46 percent of the funding and then General Fund which accounts for the remaining portion. The transfer from Special Services revenues are generated from the fees they charge for expedited services for people filing with the Secretary of State's Office as shown on page 3 of [Exhibit D](#).

The Committee may also note that the total General Fund appropriation in this budget is reduced by a net of \$327,735 over the biennium compared to the Governor's *Executive Budget*, including the requested \$1.5 million in this decision unit, after all other technical adjustments and recommended changes to the budget are considered if approved.

Does the Committee wish to approve the Secretary of State's request for a General Fund appropriation of \$826,560 in FY 2005-2006 and \$681,260 in FY 2006-2007 to provide funding for contract expenses?

CHAIR RAGGIO:

If this is approved, over the biennium, will the electronic-filing capability be fully implemented or is this request a phase of that process? Where does this take us?

MR. GUINDON:

The commercial recordings part of the e-SoS System has been brought online. The Uniform Commercial Code (UCC) part was brought online a few years ago but this will add the ability to file and pay for filings with regard to corporations or limited liability partnerships (LLPs). This request is for the maintenance and support of the system over the 2005-2007 biennium.

CHAIR RAGGIO:

Will this be a continuing cost?

MR. GUINDON:

The Secretary of State's Office will probably need continuing costs but not at this level. Costs would most likely drop to under \$100,000 for the next biennium. Expenses are higher in the first year because the system became live in the first part of calendar year 2005. Problems are more likely to arise in the initial implementation of the system and costs are usually lower in the second year. Information has been provided by the Secretary of State that if there are few problems occurring with the system, they will return any unused portions of the allocation to the General Fund.

CHAIR RAGGIO:

It also says it will implement and maintain a Statewide Voter Registration System (SVRS). Will someone tell us what we are getting for \$1.5 million that we do not have already?

RENEE PARKER (Chief Deputy Secretary of State, Office of the Secretary of State): This is just the maintenance and support contract. The e-SoS System is already live within our office. Electronic online filing is currently up and running. The original contract only included the ability to file online the annual list of officers. This continuing contract with the vendor will allow maintenance, correct all of the work-arounds and implement the system in total. It will also address any enhancements to expand the system to allow for new filings of corporations and LLPs.

This system is similar to all the other state systems. We did check with other agencies and the percentage of future maintenance costs is comparable to the percentage of the amount of the initial contract. We negotiated with the vendor and if we do not have problems or the work-arounds are finalized within the first few months, we can then pull off the vendor's dedicated staff and reduce the price of the contract. We will be allowed to keep the people who are knowledgeable about the system in addition to transferring all of that knowledge to our staff which is why the cost will go down substantially over the next biennium. This system has nothing to do with statewide voter registration; it is strictly for e-SoS.

CHAIR RAGGIO:

In the narrative on page 4 of [Exhibit D](#), the second paragraph indicates that it did. Do we need funding for the implementation and maintenance of the SVRS or is it covered?

MR. GUINDON:

The majority of the funding for the various enhancements requested in this budget is related to those two issues, the e-SoS system and the SVRS. This decision unit is just for e-SoS.

SENATOR BEERS:

This is a significant fund-raiser for our State, is it not?

MR. GUINDON:

Yes, given the fee increases we assessed during the 2003 Session for the Secretary of State. Overall, the different fees are a relatively large portion in terms of their percentage of the General Fund.

SENATOR BEERS:

Essentially, we are replacing the people we hired to keep information on paper with the people who originate the forms. That is, our customers are going to be doing the data entry. Consequently, we should see a reduction in the staffing levels in the areas that process the large files of paper that arrive via the mail.

MR. GUINDON:

Staff has discussed this issue with the Secretary of State. Since their system has just been implemented, it is difficult to identify its effect. As the system comes online, we should see the elimination of some positions probably through attrition. Staff will make certain we address this for the next Session with regard to their budget in terms of where they are with the system and then the positions that should have been eliminated through the savings from the efficiencies of the electronic system versus the labor-intensive system.

SENATOR BEERS MOVED TO CLOSE DECISION UNIT E-212 AS OUTLINED ON PAGE 4 OF [EXHIBIT D](#) AS RECOMMENDED BY STAFF.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

E-275 Maximize Internet and Technology — Page ELECTED-112

Special Services Fund-Secretary of State
Budget Account 101-1054

MR. GUINDON:

The next item for your consideration in the Governor's *Executive Budget* recommended a General Fund appropriation for six new information technology (IT) positions in decision unit E-275. The Secretary of State at their budget hearing provided testimony that it was their intent to fund these positions with

transfers from the Special Services versus General Fund and also ask to amend the request from the six positions to three positions that you see listed in the closing sheets on page 5 of [Exhibit D](#). These three IT positions are requested to allow the Secretary of State's Office to work with the vendor's staff to maintain the support of the e-SoS system and do the knowledge transfer to these positions and that is one of the reasons why the cost can go down within this biennium but also in the next biennium because they will be able to take over the services of maintaining e-SoS. Also, these positions will provide some technical support for the SVRS as that comes online. If these three positions are approved, staff recommends a General Fund appropriation of \$9,186 in FY 2006 only for office equipment and the computer hardware and software that are provided to new positions that was not included in the Governor's budget. The Committee should note that the decision to fund these three requested positions with transfers from the Special Services Fund results in a General Fund savings of \$699,529 over the 2005-2007 biennium compared to the Governor's recommendation to fund six positions with General Fund dollars.

CHAIR RAGGIO:

Is there adequate funding in the Special Services Fund?

MR. GUINDON:

Yes, I believe so.

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E-275 AS OUTLINED ON PAGE 5, OF [EXHIBIT D](#), AS RECOMMENDED BY STAFF.

SENATOR CEGAVSKE:

Is the Web site for election information on initiatives and petitions fully up and going?

MR. GUINDON:

Staff would have to defer to the chief deputy. I do know there are some items in the technology request with regard to needed equipment and software.

MS. PARKER:

Our Web site is available for use. We put petitions on the Web site. We prepare a booklet containing all the arguments and questions and then the booklet is scanned and uploaded to the Web site.

SENATOR CEGAVSKE:

One of the requests of our Committee was that we wanted everything on the Web site, so I wanted verification.

MS. PARKER:

That information currently goes on the Web site, but it is put up in a PDF format. We do not have search capability on our Web site, so it goes up like it looks in the booklet. We are trying to make our Web site more user-friendly.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

E-222 New Programs — Page ELECTED-111

Investigations & Enforcement-Secretary of State
Budget Account 1053

MR. GUINDON:

The next item is decision unit E-222, on page 5 of [Exhibit D](#). The Governor's *Executive Budget* recommends a General Fund appropriation of \$252,529 in each year of the biennium.

If approved, the Committee should clarify that it is the intent of the Securities Division to exhaust all of their available revenues before using any General Fund revenues in Category 15 of B/A 1050. Also this B/A, as stated, is not currently in the *Executive Budget* and the Committee may want to include it in the *Executive Budget* if General Fund dollars are going to be put into it in terms of future budget periods.

CHAIR RAGGIO:

It is a necessary budget item for the purpose of security investigations. Does the Office have any concern about the suggestion of a separate budget? I am getting a "no" response.

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E-222 AS OUTLINED ON PAGE 5, OF [EXHIBIT D](#), AS RECOMMENDED BY STAFF.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

That includes the new B/A for facilitating reviews.

E-218 New Programs — Page ELECTED-110

MR. GUINDON:

Item 4, on page 6 of [Exhibit D](#), is a recommendation from the Governor's *Executive Budget* for a General Fund appropriation to fund a fifth deputy position in the Secretary of State's Office. Per statute, the Secretary of State may appoint a chief deputy, a deputy of commercial recordings, a deputy of elections and not more than two additional deputies in the unclassified service. Currently, one of the two additional deputy positions is filled as the deputy of the southern Nevada office. In this decision unit, the Secretary of State is requesting to appoint the one remaining deputy position that is authorized by statute. This new deputy position is to support the chief deputy and the deputy of elections, as well as assist in overseeing the day-to-day operations and the budgeting and accounting issues in the Secretary of State's Office. Also, during the election cycles, and with regard to the Help America Vote Act of 2002 (HAVA), this position will work with the chief deputy in implementing those provisions of the HAVA and ensuring compliance with the provisions of the federal law. If this position is approved, staff recommends General Fund appropriation in FY 2006 only of \$4,287 for office equipment and computer hardware associated with the new position that was not included in the

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Governor's *Executive Budget*. Does the Committee wish to approve the General Fund appropriation of \$87,707 in FY 2005-2006 and \$114,730 in FY 2006-2007 for the fifth deputy position?

CHAIR RAGGIO:
Would that include office equipment?

MR. GUINDON:
That is correct.

SENATOR RHOADS MOVED TO ACCEPT DECISION UNIT E-218 AS OUTLINED ON PAGE 6, OF [EXHIBIT D](#), AS RECOMMENDED BY STAFF.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR BEERS:
I am not convinced we have enough workload at the managerial level to support this request. Did you discuss any performance indicators such as overtime reports or anything like that?

MR. GUINDON:
We reviewed the overtime report which is in another decision unit with regard to the Commercial Recordings and Elections Divisions. Based on the information provided by the Secretary of State, they have 133 positions, and this additional position would help manage some of those positions with regard to the daily operations of filing, accounting and budgeting activities.

MS. PARKER:
All of our deputies are unclassified, so there are no overtime reports for them. I can guarantee you, if I had been paid for my overtime over the last two years through the last election cycle, I would have wiped out your Fund to Stabilize Operation of State Government (Rainy Day Fund). Most of our positions are clerical Grade 25 positions, which has caused us some concern. We have tried to upgrade some of them. On the managerial level, we have a deputy and me for elections. During the last election cycle, we worked 80 to 90 hours a week and have continued to do so since then. I oversee the entire budget and all of the legislation, draft it and testify on it all.

The deputy for elections and I work with the HAVA which has become complex in dealing with all of the financial issues, federal funds and compliance reports now required. We basically have the two of us to address all of those duties. We also have a deputy for commercial recordings who oversees the Commercial Recordings Division which has about 65 employees and who oversees all of the hundreds of thousands of filings. We also have a deputy in southern Nevada. This decision unit is to help alleviate some of the ongoing hours the deputies work and assist with operations and elections at a higher level than just our majority Grade 25 clerical levels who are not able to assist us with some of those duties.

SENATOR CEGAVSKE:
Do you have any vacancies?

MS. PARKER:

We have one person on military leave, and I have two people here at the Legislature; that is causing some backup in Commercial Recordings. We have one position that was just reclassified without a grade change, and we are looking to fill that position.

THE MOTION CARRIED. (SENATOR BEERS VOTED NO.)

E-223 New Programs — Page ELECTED-112

MR. GUINDON:

Item 5, on page 6 of [Exhibit D](#), is the Governor's *Executive Budget* recommendation for a General Fund appropriation in decision unit E-223 to fund a new compliance audit investigator position in the Reno office of the Securities Division. Does the Committee wish to approve the Governor's recommendation for this new position?

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E-223, AS OUTLINED ON PAGE 6, OF [EXHIBIT D](#), AS RECOMMENDED BY THE GOVERNOR.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MR. GUINDON:

There are a few other items beginning on page 6 of [Exhibit D](#). These regard technical changes made based on discussions with the Secretary of State. The first one reduced the amount of funding requested for credit card discount fees. During the examination of the budget, it was discovered that the requested amount was calculated in error. Staff now concurs with the Secretary of State's revised amount requested for credit card discount fees. This would result in a General Fund savings of \$186,653 in FY 2005-2006 and \$379,810 in FY 2006-2007.

Second, the *Executive Budget* included a General Fund appropriation of \$227,500 in FY 2006-2007 for reimbursement to counties for the cost of ballot stock and printing for calendar year 2006, as required by statute. This amount was based on an estimate of the costs of the 2004 election. The actual cost was \$117,000; therefore, staff agrees with the Secretary of State's request to reduce the request to \$117,000 in FY 2006-2007, resulting in a General Fund savings of \$110,500.

E-219 New Programs — Page ELECTED-110

MR. GUINDON:

The third item is in decision unit E-219. The *Executive Budget* recommended a General Fund appropriation of \$135,000 in each year of the biennium. This was for potential emergency contract expenses for technical experts to provide services for the Statewide Voter Registration System (SVRS) and the E-SoS

systems, in the event that there was an unanticipated breakdown of this new technology. Based on staff's concerns about obligating General Funds as a contingency against potential problems, the Secretary of State's Office has agreed to reduce the amount to \$10,000 in each year of the biennium. This results in a General Fund savings of \$125,000 in each year of the biennium. This amount would provide approximately two weeks of expert technical support, if needed. If additional funding is need, the Secretary of State's Office would need to come before the IFC.

SENATOR RAGGIO:

With the understanding that there would be access to the funds, or they can utilize the expeditious-action procedure, is there a motion for approval?

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E-219 AS OUTLINED ON PAGE 6, OF [EXHIBIT D](#), AS RECOMMENDED BY STAFF.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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E-710 Replacement Equipment — Page ELECTED-113
E-720 New Equipment — Page ELECTED-113

MR. GUINDON:

The fourth item, on page 7 of [Exhibit D](#), refers to decision units E-710 for replacement equipment and E-720 for new equipment. There seemed to be some concern regarding the request, so staff asked the Secretary of State to reevaluate this request. Between the time they had put their budget together and the time of their review, they had problems regarding some of their networking and other hardware. Therefore, the revised request ended up being higher than the original. Based on the revised requests submitted to staff for replacement and new equipment, this request is \$135,150 higher in FY 2006 and \$12,287 higher in FY 2007 than the Governor recommended.

SENATOR BEERS MOVED TO APPROVE DECISION UNITS E-710 AND E-720, AS OUTLINED ON PAGE 7, OF [EXHIBIT D](#), AS RECOMMENDED BY STAFF.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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E-213 New Programs — Page ELECTED-108

MR. GUINDON:

The Governor's *Executive Budget* recommends a General Fund appropriation of \$25,000 in FY 2006 and FY 2007 for anticipated overtime costs for personnel primarily in the Commercial Recordings Division and Elections Divisions. You have already heard testimony as to the amount of overtime required in these two divisions. Given the level of filing activity occurring in the State of Nevada,

backlogs have been created in trying to maintain the timing of the filing and elections. During the election cycle, staff has met with them to review the overtime costs that occur with regard to these repeatable periodic events in their office. Does the Committee wish to approve the Governor's recommended General Fund appropriation of \$25,000?

CHAIR RAGGIO:
Is that a reasonable amount?

MR. GUINDON:
Yes, I believe so.

SENATOR BEERS MOVED TO APPROVE DECISION UNIT E-213 WITH A GENERAL FUND ALLOCATION OF \$25,000 AS RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

E-216 New Programs — Page ELECTED-109

MR. GUINDON:
Item 6 on page 8 of [Exhibit D](#) recommends a General Fund appropriation of \$29,000 in FY 2006 and \$27,500 in FY 2007.

CHAIR RAGGIO:
Does that include the Host Fund since they are having an International Association of Corporate Administrators meeting?

MR. GUINDON:
Yes, there is a request for \$1,500 included with regard to the Secretary of State hosting that 2006 convention.

CHAIR RAGGIO:
Otherwise, does that request appear to be reasonable?

MR. GUINDON:
Yes.

SENATOR RHOADS MOVED TO ACCEPT THE RECOMMENDATION OF STAFF TO APPROVE DECISION UNIT E-216 AS OUTLINED ON PAGE 8 OF [EXHIBIT D](#).

SENATOR BEERS SECONDED THE MOTION.

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

E-215 New Programs — Page ELECTED-109

E-806 Unclassified Position Salary Increases — Page ELECTED-113

MR. GUINDON:

Decision unit E-215, on page 8 of [Exhibit D](#), recommends a General Fund appropriation of \$500 in each year of the biennium to establish a Host Account in the Secretary of State's Office. They frequently host the county clerks as well as other city and county officials, with regard to election-related activities.

SENATOR RAGGIO:

That is a \$500 appropriation. Decision unit E-806, on page 8 of [Exhibit D](#), is the unclassified issue so we will deal with that separately. Having reviewed all of the issues for B/A 1050 presented to this Committee, I will take a motion for approval of the budget before including decision unit E-215.

SENATOR CEGAVSKE MOVED TO APPROVE DECISION UNIT E-215 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND TO CLOSE B/A 101-1050.

SENATOR MATHEWS SECONDED THE MOTION.

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

BUDGET CLOSED.

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MR. GHIGGERI:

Yesterday, staff received a copy of a correspondence concerning the security's enforcement investigators working in the Office of the Secretary of State. They expressed concern because they were not included in the pay raise that had been recommended by the Governor for all of the other public-safety officers. The officers of the positions located in the Secretary of State's budget are classified as compliance-enforcement investigators which is the same classification as similar positions at the Department of Motor Vehicles (DMV) and who were also not included in the pay-raise proposal.

Staff recommends this issue be studied by state personnel in the biennium with a report being provided to the IFC as to the appropriateness of the reclassification of these positions. Staff is hesitant to recommend the increase, at this time, because the classification is the same as those positions at the DMV that were also not recommended for the pay raise.

CHAIR RAGGIO:

Staff's recommendation is appropriate. We do not need to take action on this matter. The Committee would concur that this is an issue the Department of Personnel should address; otherwise, action here would suggest potential action for other agencies. We will file the letter, dated May 18, 2005, and make it part of the record ([Exhibit E](#)).

MR. GUINDON:

Our explanation of this B/A begins on page 9 of Closing List 7 ([Exhibit D](#)). This is the special account created last Legislative Session to account for the receipt and expenditure of federal and state matching funds to implement the provisions of the HAVA. On October 9, 2004, the Secretary of State's Office received approximately \$5.8 million in Title II funds. These were matched by a General Fund appropriation. The combined funds will be completely expended by the end of FY 2004-2005. In November 2004, the Secretary of State received a further \$10.4 million as an additional allocation of Title II funds appropriated by the U.S. Congress. The required state matching funds was provided by transfers from the Special Services fund, B/A 1054. This was approved by the IFC in June 2004. Title I funds do not require state matching funds; Title II funds do.

The budget before you is amended from the *Executive Budget*. There were concerns about the structure of the budget, and we now have updated information. One of the major concerns staff had was to get a better understanding of expenditures for FY 2005 so we could have an idea of the reserve amount to be balanced forward to FY 2006. Although Congress has authorized additional funding, they have not appropriated any additional funding for Title II funds for the HAVA. The funding for this biennium will be coming from the money that has already been received, and what remains in reserve at the end of 2006 will provide the funding for 2007.

I would like to point out one item in this budget on page 11 of [Exhibit D](#), which has to do with Title II funds in category Election. Title II funds will be used to provide \$2 million to purchase additional voting machines for Nevada counties. Approximately \$1.5 million of this will be used to replace the old-model voting machines in Clark County that cannot be retrofitted with the paper-trail units. The remaining \$500,000 will be used to purchase 125 machines and paper-trail units for distribution among the remaining 16 counties. The Committee should note that with the allocation of \$1.5 million to Clark County, the \$15 million requested by [S.B. 501](#) can be reduced to \$13.5 million.

[SENATE BILL 501](#): Makes appropriation for purchase of voting machines for Clark County. (BDR S-1418)

MR. GUINDON:

Does the Committee wish to authorize the expenditure of \$7,514,925 in Title I, Title II, state-matching funds in 2006 and \$734,705 in FY 2006-2007 to implement the provisions of HAVA? The Committee should note that this leaves reserve balances of approximately \$338,000 of the Title I funds. These are the funds we use in this B/A to provide money for personnel and operating costs in each year. It would leave a reserve balance of approximately \$1.2 million in Title II funds. These will be the funds that will be available to provide financial support for ongoing operations and other costs for the 2007-2009 biennium.

CHAIR RAGGIO:

I am not clear on the \$2 million available under Title II for the additional voting machines. Is that appropriation still available? It is not included in the reserve balance. Is the \$2 million deducted before the reserve balance is computed?

MR. GUINDON:

That will be balanced forward from FY 2005 to FY 2006, and there is \$7.6 million in Title II funds. Those funds also need to be used to implement the statewide voter-registration system as well as other provisions required under the HAVA. Of the \$7.6 million, \$2 million can be dedicated to the replacement of voting machines. The intent is to try to maintain enough money so that we can continue to fund operating costs until the 2007-2009 biennium. Congress may appropriate additional funds; but if they do not, once these funds are exhausted, this appropriation will become a General Fund obligation. We are trying to maintain some of the Title II and Title I money so we can continue to use federal funds to fund this B/A.

SENATOR RAGGIO:

We have a couple of issues here. First, under HAVA, it appears we are required to come up with matching funds for \$7.6 million. Is that the required matching amount for phase 2?

MR. GUINDON:

The amounts I gave you are the amounts they are asking for authorization to expend. That is the total of Title I funds that do not require state matching funds, Title II funds that do require matching funds and the State's matching requirement, which is funds transferred from Special Services. This is a 5.26-percent match against the Title II grant.

CHAIR RAGGIO:

The second issue is the allocation for the remaining \$2 million.

SENATOR BEERS:

There is ongoing controversy about these voting machines. The federal government recently received a research report indicating that a computerized audio read-back of a voter's selections allows them to catch around 85 percent of the errors that were randomly introduced in the voting machines, whereas the printed trail catches only 15 percent to 20 percent of the errors. The jury is still out concerning the paper trail add-on being the answer to all of our problems. It is a technology that exceeds the current HAVA standards set for electronic voting machines. In fact, Clark County is in full compliance with the HAVA but out of compliance with Nevada's more stringent standards, which are not legislatively set and still a matter of some controversy. How would this budget look if we tied Clark County to the machines with the printed trail, or if we just allowed Clark County to purchase replacement equipment as needed?

MR. GUINDON:

Staff may need to defer to the chief deputy to respond to this question. It is my understanding they are asking for the authorization from Category 11 to use the \$500,000 to purchase additional voting machines for the 16 counties. During the past election, they needed more machines in certain counties. The \$1.5 million would be for Clark County to replace machines that cannot be retrofitted, but not to purchase additional machines.

SENATOR BEERS:

Do you know how much flexibility Clark County has?

MS. PARKER:

Clark County would have full flexibility. We would be purchasing additional machines, though technically they could still keep their ADVANTAGE machines and just buy new EDGE machines. It is to allow them the ability to make that choice and not tie them into anything.

SENATOR TITUS:

When we first heard this bill, I was critical of the notion of \$15 million and thought it was an awful lot of money. I wondered why the federal government and the counties could not help us pay for the machines. I have received a lot of calls and e-mails from people in Clark County who say they love these machines. From talking to people in Clark County, I think they can phase in the new machines. They do not need \$15 million now; they need maybe \$5 million to start moving toward some kind of new machine, though not necessarily the kind to which Senator Beers is referring. If we do phase in the new machines, I would like some assurance that election results will not be declared invalid because the machines do not meet State standards.

SENATOR BEERS:

That may be a matter we will have to take up in the Senate Committee on Legislative Operations and Elections. It may not be a budget matter.

SENATOR TITUS:

I was intending to ask the Secretary of State to look into the matter.

CHAIR RAGGIO:

We have two issues before us. One is how to deal with what is in this budget proposal as the use of the existing Title II funds and what match is required under the HAVA. The second issue is how we deal, if at all, with S.B. 501 which is the request for \$15 million.

SENATE BILL 501: Makes appropriation for purchase of voting machines for Clark County. (BDR S-1418)

MS. PARKER:

There are no additional matching funds required. You appropriated all the matching funds for the federal funds we have received. There are some Title II funds being balanced forward. We are not requesting additional matching funds at this time.

CHAIR RAGGIO:

We are authorizing the expenditure of \$7.5 million. That does not seem to be a controversial issue. The other item is how the Title II funds are being used. Is that the issue?

MS. PARKER:

It may be an issue for the Committee. We were just trying to provide additional funds for voting systems. Clark County has had complaints that they only had one paper-trail machine in each polling place. The \$1.5 million would give them the ability to add additional machines. As for the \$500,000, at the last election we had long early-voting lines in Washoe County and some other counties. These funds would give them additional machines.

CHAIR RAGGIO:

Let us first deal with the authorization for the expenditure of the \$7.5 million, the \$734,000 of the HAVA funds and the existing matching funds for the purpose as indicated. That would include the Letter of Intent to maintain the accounting for the Title I, Title II, Special Services matching funds in separate reserve categories and balance forward the revenue in the General Ledger accounts. Is that what staff would like to see?

MR. GUINDON:

Yes, this would help the Secretary of State, the Budget Office and the Fiscal Analysis Division maintain the proper accounting and tracking of the Title II funds, which required state matching funds and be expensed in that matching ratio, and the Title I funds, which do not require a match. When they get all rolled together, it gets a little hard to keep track of it.

SENATOR COFFIN:

I just want to get it clear in my mind concerning the machines. I want to make sure this issue has nothing to do with the distribution of funds for the purchase of machines and/or the certification or decertification of machines.

MS. PARKER:

This has nothing to do with decertification or recertification. It does place money in a category for voting-machine replacement to provide additional machines to the counties but does not mandate that use.

SENATOR COFFIN:

That is my point. There is money here to be distributed in some fashion, and I am trying to determine how we are going to deal with Clark County's problem.

MS. PARKER:

The money here is intended to provide additional machines to the 16 counties that fell short on machines and also to provide some additional machines to Clark County so that they can add additional EDGE machines. They currently have the machines with the paper trails and they want more, because they had complaints that there were not enough in each polling place.

SENATOR COFFIN:

Are you planning on issuing an order decertifying any of their machines?

MS. PARKER:

I do not know what the Secretary plans. It had been considered at one time, but I do not know of any current plans to undertake any type of action in that regard. Obviously, if the federal government comes down with an additional mandate, we may then be forced into that situation.

SENATOR COFFIN:

What you are saying is that you cannot represent what your office is going to do. I hesitate to distribute funds until I know where they are going. If you are going to decertify somebody, and you cannot assure me that you are not, then I need to think about this distribution.

MS. PARKER:

The funds are to provide additional machines and are not contingent on any type of decertification. If you do not allow us to put the money into this, we will

not give them additional machines. There are no plans to decertify their machines. I cannot speak of what might happen in the future based on some change in the federal law or, for example, something that might go awry during a city election. If there was a proven problem, I cannot say we would agree not to decertify the machines.

CHAIR RAGGIO:

I think I heard you say there are no plans at the present time to decertify any machine.

MS. PARKER:
Correct.

SENATOR BEERS:

They have already decertified Clark County's machines.

MS. PARKER:

We have not decertified their machines. The Secretary did issue a proclamation with a mandate to have the paper trail attached by 2006, but we have not issued a proclamation of decertification. In the proclamation, the Secretary of State decertified the punch cards, but we did not decertify the current ADVANTAGE machines.

SENATOR BEERS:

But the Secretary has issued a proclamation suggesting he would do that in the next interim.

MS. PARKER:

The Secretary is saying that the machines should be retrofitted with the paper trail by January 1, 2006.

SENATOR BEERS:

We now know that cannot be done.

MS. PARKER:

You are correct; the machines would have to be replaced.

CHAIR RAGGIO:

What does the Committee want to do on this last issue?

SENATOR BEERS:

We should approve this account if Clark County has flexibility. It is essentially a federal pass-through account, and we should consider the larger issue in the Committee on Legislative Operations and Elections where we could allocate enough time for discussion.

CHAIR RAGGIO:

I am not sure of what you are saying; I need clarification.

SENATOR COFFIN:

We may have to send a Letter of Intent to the Secretary of State's Office to direct them not to decertify these open-faced machines unless money is provided to replace them. It is expensive to retrofit machines, and it is more expensive to buy new machines unless they are bought in quantity. I want

something from the Secretary of State's Office that gives me some feeling of comfort on this issue.

MS. PARKER:

We have a negotiated contract for the voting systems for the 16 counties. Clark County can purchase new machines under that contract until the end of this year or maybe the beginning of 2006. The negotiated contract price for those machines is substantially lower than the company could get for those machines right now. The Committee might want to consider that we have a deadline in that contract for those better prices.

SENATOR BEERS:

I would support Senator Coffin's idea of a Letter of Intent directing the Secretary of State not to decertify any of the compliant machines. The gamble here is that we have the HAVA-compliant platform to which Nevada has added a piece of technology which may not be the direction that HAVA goes, so the type of machine we buy is a gamble. There is no doubt we need more machines in our growing state. I would suggest that we approve this account and include a Letter of Intent that the Secretary of State not decertify any HAVA-compliant machine.

SENATOR COFFIN:

I like Senator Beers' idea. However, a Letter of Intent has no legal standing. It shows intent, but it can be ignored, and then we would have to just chew somebody up in the next Session. We may want to add a line of language in the Appropriations Act relating to that in this budget, and then I could vote for it.

CHAIR RAGGIO:

State a motion that would accommodate the authorization of the expenditures of the funds as well as the utilization of the Title II funds and inclusion of the directive in the Appropriations Act.

SENATOR BEERS MOVED TO CLOSE B/A 101-1051 INCLUDING A LETTER OF INTENT AS RECOMMENDED BY STAFF.

SENATOR CEGAVSKE SECONDED THE MOTION.

MR. GHIGGERI:

Since you are discussing authorized revenues, this would also need to go into the Authorizations Act because you are talking about federal funds.

CHAIR RAGGIO:

It would have to go in both the Appropriations Act and the Authorizations Act. Is that included in the motion?

SENATOR BEERS:

Yes.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR RAGGIO:

We will now go to the Public Employees' Retirement System (PERS) on page 13 of [Exhibit D](#).

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Public Employees' Retirement System — PERS-1 (Volume III)
Budget Account 101-4821

E-805 Classified Position Reclassifications — Page PERS-5

MS. BRAUN:

The Committee heard this closing previously and held the budget. There were three major closing issues in this account.

The first concerns staff salaries. The *Executive Budget* includes \$57,475 in FY 2005-2006 and \$93,098 in FY 2006-2007 for an increase in the salaries for nonclassified positions in the Public Employees' Retirement System (PERS). All other nonclassified PERS staff have been paid on a nine-step pay schedule. In July 2004, the Public Employees' Retirement Board voted to adopt a nine-step pay schedule for all nonclassified staff in PERS. The Board also adopted new salary/pay scales for the manager of information services, administrative assistant and administrative analyst positions. The salaries for these positions have been distributed to you ([Exhibit F](#)).

The Committee requested the agency provide salary information for comparable positions in the western public-pension systems. This comparison is included in page 13 of [Exhibit D](#). The first question for Committee consideration is whether you wish to approve the salaries of the executive staff of PERS as recommended by the Retirement Board.

CHAIR RAGGIO:

These are the salaries approved by the Retirement Board. Why are these called administrative assistant positions if they are really management analyst positions?

DANA BILYEU (Executive Officer, Public Employees' Retirement System):

The administrative assistant position is a named position within our statute. It is a nonclassified position created in the early 1980s. We would have to modify chapter 286 of the NRS in order to change the name.

CHAIR RAGGIO:

It probably should be modified because it gives us heartburn to approve a salary like this and then have our administrative assistants say, "Look at what they get at PERS!" If it is wrongly designated, that ought to be modified.

MS. BILYEU:

I will speak to the Retirement Board and will include something along those lines in our technical legislation for the next Session.

CHAIR RAGGIO:

Are we approving a nine-step situation?

MS. BILYEU:

The Retirement Board expanded the salary range to a nine-step range. What is included in the budget is simply moving from the current step to the next step up. The operations officer and the executive officer are still within the first six steps of those pay ranges. The investment officer would move to step seven.

CHAIR RAGGIO:

We had that information at the time of the hearing, but I want to indicate that we are approving a nine-step pay schedule, not necessarily that they are going to get it.

SENATOR BEERS MOVED TO ACCEPT E-805 OF B/A 101-4821.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS COFFIN AND TITUS WERE ABSENT FOR THE VOTE.)

* * * * *

MS. BRAUN:

The second major closing issue, on page 13 of [Exhibit D](#), in this B/A concerns overtime payment. The *Executive Budget* includes \$73,819 in each fiscal year of the 2005-2007 biennium in the base budget for overtime pay. Normally, overtime pay is removed from the base budget. However, the agency indicates that approval of overtime pay is requested due to the large increase in the workload of staff to complete the paperwork required for the provision of the one-fifth retirement credit for K-12 teachers and educational personnel.

The Committee questioned the need to hire an additional person in lieu of overtime. The agency indicates they would consider whether additional staffing would be the most efficient method when one-fifth retirement purchases are projected to reach 4,000 or more per year. For now, the agency continues to support the request for overtime pay in lieu of a position.

The second question for your consideration is whether the Committee wishes to approve overtime pay as recommended by the Governor.

CHAIR RAGGIO:

In the previous hearing, they justified that request.

SENATOR BEERS MOVED TO APPROVE THE OVERTIME PAY AS RECOMMENDED IN THE *EXECUTIVE BUDGET* AND EXPLAINED ON PAGE 13 OF [EXHIBIT D](#).

SENATOR CEGAVSKE SECONDED THE MOTION.

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

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E-200 Reward More Efficient Operations — Page PERS-3

MS. BRAUN:

The third major closing issue concerns professional training for PERS staff. Decision unit E-200 requests \$17,984 in FY 2005-2006 and \$11,777 in FY 2006-2007 for costs of registration and instructional materials for retirement counselors to obtain certification, as well as costs for other staff-member training including education and continuing professional training in retirement administration, investment administration and business administration.

Does the Committee wish to approve funding for training and certification of staff?

SENATOR MATHEWS:

I am looking at the certification and training request. Can we separate the training from the certification? I object to paying professionals for recertification.

CHAIR RAGGIO:

Is this request tantamount to continuing legal education?

MS. BILYEU:

The retirement-counselor certifications are not professional certifications in the same fashion as you would think of continuing legal education. They are solely related to the actual jobs of the retirement system themselves. They cannot use them for other professional training.

SENATOR MATHEWS:

This is exactly what happens with any other professional license. A license is solely for continuing your job and continuing it at a higher level. I do not understand what you mean by it is not the same. If I have to certify as a nurse, lawyer or doctor, what is the difference?

MS. BILYEU:

Certified retirement administration is not done through a licensing board or through professional-standards education. It is done through a fiduciary training institute such that the individuals themselves have the opportunity to gain enough experience to perform retirement counseling in the public sector for these particular positions. These are not transferable outside of the context of our particular agency within our State.

SENATOR MATHEWS:

I do not have any problems with the initial training that they need to do, but when you start to recertify them at the expense of the State, I have a problem.

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E-200 AS EXPLAINED ON PAGE 14 OF [EXHIBIT D](#) AS RECOMMENDED BY THE GOVERNOR IN THE *EXECUTIVE BUDGET*.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR MATHEWS:

I object only to the recertification. They do not break that out, and I would like to see that happen in future budgets.

THE MOTION CARRIED. (SENATOR MATHEWS VOTED NO.)

E-275 Maximize Internet and Technology — page PERS-3
M-305 Unclassified an Non-Classified 2% COLA — Page PERS-2

MS. BRAUN:

That completes the major closing issues for this account. There was an agency's technology upgrade which the Governor recommended of \$714,713 in FY 2005-2006 and \$709,428 in FY 2006-2007. The Committee requested the agency work with Senator Beers on whether these expenditures appeared reasonable. Everyone felt they did. Staff recommended approval of this item for the upgrade of their computer system. There were also a few technical adjustments to the M-305 decision unit for the classified 2 percent Cost of Living Adjustment (COLA), and those adjustments have been made. That completes this budget.

SENATOR BEERS MOVED TO CLOSE B/A 101-4821 AS RECOMMENDED BY STAFF WITH THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR MATHEWS:

I am voting for the budget with my objections to the certification part.

THE MOTION CARRIED. (SENATORS COFFIN AND TITUS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

MILITARY

Military — Budget Page MILITARY-1 (Volume III)
Budget Account 101-3650

MS. BRAUN:

The Joint Subcommittee on Public Safety completed its review for the Office of the Military ([Exhibit G](#)). The closing recommendations of the Subcommittee resulted in General Fund savings of \$329,068 in FY 2005-2006 and \$556,385 in FY 2006-2007.

In closing this budget, the Subcommittee approved a total of \$849,890 in FY 2005-2006 and \$810,990 in FY 2006-2007 for 58 Class I high-priority maintenance projects, such as roof repairs, Americans with Disabilities Act (ADA) compliance requirements and so on. Of this total, General Fund was approved in the amount of \$332,365 in FY 2005-2006 and \$132,240 in FY 2006-2007. The Subcommittee's action decreased the General Fund amounts recommended by the Governor in the amount of \$177,300 in FY 2006-2007 for state-funded Class II projects, which are necessary but not yet critical and should be completed in two to four years.

The Subcommittee authorized the office to accept federal funds in the amount of \$2.4 million in FY 2005-2006 and \$2.7 million in FY 2006-2007 for 57 FTE new state security employees, with related operating, equipment and computer needs. These funds will be utilized to provide 24-hour security coverage of the Stead Armory, the Carson City Armory and the Clark County Armory.

The Subcommittee authorized the office to accept rent from all parties that will relocate to the new State Emergency Operations Center in April 2006, including the Division of Emergency Management, Division of Forestry, Office of Homeland Security and Highway Patrol. The Subcommittee approved the rent to be utilized for a 1.0 FTE maintenance repair worker II and a 1.0 FTE custodial worker II for the new facility. A 1.0 FTE heating, ventilation and air conditioning (HVAC) specialist I recommended by the Governor for the new center was not approved by the Subcommittee due to the office already having an HVAC specialist for the Carson City/rural Nevada areas. Instead, the Subcommittee approved additional General Funds in the amount of \$34,843 in FY 2005-2006 and \$51,267 in FY 2006-2007 for a 1.0 FTE HVAC specialist for the Las Vegas area; the agency does not currently have an HVAC specialist in Las Vegas.

The Subcommittee did not approve State General Fund in the amount of \$179,310 in FY 2006-2007 to fund the salaries and benefits of 4.0 FTE maintenance and custodial positions for the new Las Vegas readiness center, as recommended by the Governor. Instead, the Subcommittee approved a Letter of Intent requesting the agency to approach the IFC to request an allocation from the Contingency Fund, or to request a supplemental appropriation from the 2007 Legislature for the positions and operating costs if the funds are required prior to July 1, 2007. This decision was made due to the uncertainty of when the new readiness center will be completed; the facility is anticipated to be completed sometime after February 2007. The Subcommittee approved State General Funds in the amount of \$33,585 in FY 2005-2006 and \$49,422 in FY 2006-2007 for a new facilities supervisor position for the Las Vegas area to be hired in October 2005. This new position will oversee all facility maintenance and custodial projects in southern Nevada.

The Subcommittee approved the reduction of State General Funds in the amount of \$120,000 in each fiscal year of the 2005-2007 biennium, with a corresponding increase in federal funds for utilities. During the 2003 Legislative Session, the agency received an agreement with the United States Planning and Financial Office (USPFO) to increase the federal share of funds provided to support maintenance and utilities at the Army armories from 0 percent to 50 percent. Because the federal government has indicated that it may not be able to continue the 50/50 split, the Governor recommended additional State General Funds to cover utility expenses in the event the USPFO agreement is cancelled. Instead of approving the Governor's recommendation, the Subcommittee approved a Letter of Intent requesting the agency approach the IFC to request an allocation from the Contingency Fund, or to request a supplemental appropriation from the 2007 Legislature in the event of a shortfall in utilities as a result of the federal government eliminating the agreement to pay 50 percent of utilities for Army armories.

Finally, the Subcommittee included the reduction of General Funds in the amount of \$146,996 in FY 2005-2006 and \$153,248 in FY 2006-2007 for

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costs related to personnel, which were paid 100 percent with State General Funds and should have been paid 75 percent with federal funds and 25 percent with General Funds.

SENATOR COFFIN:

Do we have a breakdown of the rent received from the occupants? What is their proportion?

Ms. BRAUN:

Yes, there is a certain percentage for General Funds based upon the square footage of the new facility.

SENATOR COFFIN:

Is family support also included in this budget?

Ms. BRAUN:

Family support is not included in this particular B/A, but it is a part of the Base Budget to continue family support for the active military.

CHAIR RAGGIO:

Concerning the Letter of Intent allowing access to the Contingency Fund, is there adequate funding available?

MR. GHIGGERI:

The Contingency Fund has \$12 million for the FY 2005-2007 biennium. Funding has historically been provided from this account for the Desert Research Institute (DRI) which will not be required over the 2005-2007 biennium, giving us more flexibility in that account than has historically been available. Both the Senate Committee on Finance and the Assembly Committee on Ways and Means have closed the university budgets, with the funding for DRI included in those budgets freeing up a little over \$1 million paid from the Contingency Fund in the past for cloud-seeding activities. There will be some combustible-fuel expenses, but the Joint Subcommittee on Public Safety, Natural Resources and Transportation funded a new helicopter and bucket which will come in handy.

SENATOR COFFIN MOVED TO CLOSE B/A 101-3650 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION INCLUDING THE LETTER OF INTENT IN LIEU OF THE GENERAL FUND APPROPRIATION.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

Adjutant General Construction Fund — Budget Page MILITARY-10 (Volume III)
Budget Account 101-3652

Ms. BRAUN:

The next account is the Adjutant General Construction Fund, B/A 101-3652, on page 8 of [Exhibit G](#). The Subcommittee approved the budget for the Adjutant

General Construction Fund as recommended by the Governor. The Governor recommends authority of \$35,568 in FY 2005-2006 and \$35,871 in FY 2006-2007 for this fund. This fund is a flow-through account for environmental, construction and repair projects for new or existing facilities.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3652 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

National Guard Benefits — Budget Page MILITARY-12 (Volume III)
Budget Account 101-3653

MS. BRAUN:

The Subcommittee approved the budget for the National Guard Benefits Program as recommended by the Governor. The Governor's budget recommends \$104,572 in each fiscal year of the 2005-2007 biennium to continue the National Guard Benefits Program as it was prior to the passage of A.B. No. 9 of the 20th Special Session, which provided the Tuition Waiver Program for the National Guard. In making this decision, the Subcommittee also approved the reduction of \$84,572 in each fiscal year of the biennium if S.B. 78 is approved by the Legislature; this bill would continue the Tuition Waiver Program for fall and spring semesters.

SENATE BILL 78: Makes permanent authority of Board of Regents of University of Nevada to grant waivers for registration and laboratory fees for active members of Nevada National Guard. (BDR S-89)

MS. BRAUN:

The budget for the National Guard Benefits Program would continue to provide tuition reimbursement to National Guard members who attend summer school. The Subcommittee approved \$20,000 in each fiscal year to remain in this B/A for purposes of summer school tuition reimbursement. Senate Bill 78 has been approved by the Senate Committee on Finance.

MR. GHIGGERI:

The legislation is currently in the Assembly Committee on Education. It needs to move out of that Committee before Friday, otherwise it is going to die.

MILES CELIO (Administrative Services Officer II, Office of the Military):

The bill was passed by the Assembly Committee on Education last night.

CHAIR RAGGIO:

We can approve this budget and base it on the passage of S.B. 78. What would we do if S.B. 78 does not pass?

MR. GHIGGERI:

Staff would recommend to go ahead and make the reduction.

CHAIR RAGGIO:

The motion would appropriately be that we approve the recommendation of the Joint Subcommittee and authorize staff to make the necessary adjustments in the event that S.B. 78 is not processed.

SENATOR COFFIN MOVED TO ACCEPT THE RECOMMENDATION OF THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION TO APPROVE B/A 101-3653 AND GIVE STAFF THE AUTHORITY TO MAKE ADJUSTMENTS IF S.B. 78 IS NOT PROCESSED.

SENATOR RHOADS SECONDED THE MOTION.

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

BUDGET CLOSED.

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CHAIR RAGGIO:

Our next budget is the closing report from the Joint Subcommittee on Public Safety, Natural Resources and Transportation, Department of Wildlife, ([Exhibit H](#), original on file at the Research Library).

WILDLIFE

Wildlife — Budget Page WILDLIFE-1 (Volume III)
Budget Account 101-4452

MIKE CHAPMAN (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on Public Safety, Natural Resources and Transportation developed recommendations for the budgets of the Department of Wildlife (NDOW), including the boating program, trout management and obligated reserve. The Subcommittee's recommendations for NDOW result in General Fund savings of \$253,725 in FY 2005-2006 and \$124,638 in FY 2006-2007.

The Governor's recommended budget, although balanced, recommended a minimal reserve level of \$52,680 at the end of FY 2006-2007 that was considered insufficient to maintain ongoing operations. In response to the Subcommittee's direction, the Department submitted a number of suggested modifications in order to improve the agency's budgeted ending reserve balance.

CHAIR RAGGIO:

Does that reserve include the COLA that is proposed by the Governor?

MR. CHAPMAN:

Yes.

CHAIR RAGGIO:

If the COLA were increased beyond the 2 percent, there would not be any money available.

MR. CHAPMAN:

Correct, based upon the Governor's recommended budget.

CHAIR RAGGIO:

I am just using that as an example. We are getting down to a very low reserve in this account.

MR. CHAPMAN:

The Subcommittee suggested closing the Wildlife Account as follows: Increase the FY 2005-2006 reserve balance forward by \$447,709 based upon the agency's revised revenue projections and expenditure reduction actions taken in FY 2004-2005; reduce transfers from the boating program account (B/A 4456) by \$100,000 each year in order to improve the budgeted ending reserve balance in that account; establish vacancy savings of \$200,000 each year in the personnel category; and eliminate the purchase of 13 vehicles budgeted in module E-710 in FY 2006-2007 at a cost of \$484,577.

CHAIR RAGGIO:

Were the vacancy savings not included in the *Executive Budget*?

MR. CHAPMAN:

No. Vacancy savings are not typically budgeted in this account. In previous bienniums, it had a minimal amount of General Funds.

CHAIR RAGGIO:

How was the amount of \$200,000 for vacancy savings determined? What was it based upon?

MR. CHAPMAN:

That was from information provided by the Department by looking at previous amounts of remaining authority in the personnel category. It appears to be reasonable.

In addition, the subcommittee voted to restore transfers of lodging tax receipts from the Commission on Tourism of \$200,000 each year that were eliminated from the Department's budget in the 2003-2005 biennium. Incorporating these actions, partially offset with increases in the statewide cost allocation plan and the Attorney General's cost allocation plan expenditures totaling \$281,896, increases the projected ending reserve balance to \$1.3 million at the end of FY 2006-2007. This reserve level, although not optimal, is a substantial improvement over the amount recommended by the Governor.

The *Executive Budget* recommended General Fund appropriations totaling \$2.93 million in the FY 2005-2007 biennium, an increase of \$1.58 million, or 117 percent, when compared to the 2003-2005 legislatively approved appropriations of \$1.35 million. The reasons behind the recommended increase are primarily three-fold: Appropriations totaling \$228,363 representing 50 percent of the recommended cost for deferred maintenance items including facility roof repairs and replacements; residence carpet and linoleum replacements; HVAC cleaning and maintenance; and building exterior repairs,

replacements and refinishing; appropriations totaling \$1.0 million as reimbursement to NDOW for the difference between the full value and the discounted value of low-cost licenses and tags sold to senior citizens, youth, servicemen, disabled citizens and Native Americans; and an appropriation of \$300,000 in FY 2005-2006 to fund five projects for sage grouse habitat improvements.

The Subcommittee closed NDOW's budget approving these three decision modules, but replaced General Fund appropriations with Question 1 bond proceeds and interest of \$228,363 in the 2005-2007 biennium for the deferred maintenance items/projects, and reduced General Fund appropriations by \$150,000 in FY 2005-2006 for the sage grouse projects that are replaced with transfers of upland game bird fees from the Obligated Reserve account. These closing actions reduce 2005-2007 biennial General Fund appropriations from \$2.93 million as recommended by the Governor to \$2.56 million, an increase of 89.1 percent when compared to General Fund appropriations totaling \$1.35 million in the 2003-2005 biennium.

The subcommittee closed the remainder of the Wildlife Account as recommended by the Governor with technical adjustments noted by fiscal staff.

SENATOR RHOADS:

After we closed this budget, I learned that money from the sage grouse fund had already been allocated to wildlife water guzzlers and other projects. I would like to amend the Subcommittee's report on two different items. I suggest the Legislature increase the transfers of lodging tax receipts from the Division of Tourism \$200,000 per year, as recommended by the Subcommittee, to \$400,000 per year if additional funds are available. Also, I suggest the funding for sage grouse projects totaling \$300,000 in FY 2006 be 100-percent General Fund as recommended by the Governor and not authorize \$150,000 transfer of upland game bird fees from the Obligated Reserve account as recommended by the Subcommittee.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4452 AS RECOMMENDED BY THE SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION REPORT WITH THE ADJUSTMENTS INDICATED THAT AN ADDITIONAL AMOUNT OF ROOM TAX IN THE AMOUNT OF \$400,000 AND FUNDING THE SAGE GROUSE IN THE AMOUNT OF \$300,000 BE FUNDED TOTALLY WITH GENERAL FUND ALLOCATION.

SENATOR BEERS SECONDED THE MOTION.

MR. GHIGGERI:

That is a total of \$400,000 per year in room-tax funds and not an additional \$400,000, correct?

SENATOR RHOADS:

Yes.

SENATOR COFFIN:

I know we have had some protests on the allocation of the room tax already from the Lieutenant Governor and others. Is that the only source of revenue that we have? Where else can we go?

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CHAIR RAGGIO:

We have had testimony that the room-tax revenue was much greater than had been anticipated.

SENATOR COFFIN:

That may be true. I just wanted to make sure that we do not make tourism a cash cow for everything.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Wildlife-Boating Program — Budget Page WILDLIFE-14 (Volume III)
Budget Account 101-4456

E-710 Replacement Equipment — Page WILDLIFE-17

MR. CHAPMAN:

Similar to the Wildlife Account as previously discussed, the Governor presented a budget that was also balanced but with a minimal ending reserve of \$45 at the end of FY 2006-2007. In response to the Subcommittee's direction, the Department submitted three budget modifications in order to improve the agency's projected ending reserve balance in this account. Based upon these suggestions, with modifications and corrections recommended by staff, the Subcommittee closed the Boating Program account as follows: Decrease the FY 2005-2006 reserve balance forward by \$63,507 based upon the agency's revised revenue projections and expenditure actions taken in FY 2004-2005; as previously noted, reduce transfers to the Wildlife Account (B/A 4456) by \$100,000 each year in order to improve the budgeted ending reserve balance in this account; and eliminate the purchase of a 25-foot replacement boat for Lake Tahoe recommended in module E-710 at a cost of \$160,475.

The Subcommittee's closing actions improve the budgeted reserve balance in FY 2006-2007 from \$45 as recommended by the Governor to \$297,013. The Subcommittee closed the remainder of the Boating Program account as recommended by the Governor with technical adjustments noted by fiscal staff.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4456 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

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Wildlife Account – Trout Management — Budget Page WILDLIFE-21 (Volume III)
Budget Account 101-4454

MR. CHAPMAN:

The Subcommittee recommended closing this B/A as recommended by the Governor. The *Executive Budget* continues the statewide hatchery refurbishment project approved by the 2001 Legislature utilizing \$17.6 million in general obligation bonds that are paid back through trout stamp revenues and federal Dingell-Johnson funds. The project also utilizes \$5 million in Question 1 bond funds and interest earnings.

CHAIR RAGGIO:

How is the fish hatchery at Baker coming? Have you remodeled that one? It has a lot of leaks.

TERRY R. CRAWFORTH (Director, Department of Wildlife):

The hatchery at Baker is still functioning as it was previously. It is a valuable facility. We are keeping it going in order to cover for the other facilities as we redo them, after which we will look at Spring Creek or the Baker facility.

CHAIR RAGGIO:

When are you going to look at Baker?

MR. CRAWFORTH:

It is going to be in about two years.

CHAIR RAGGIO:

What do you mean, "about two years"?

MR. CRAWFORTH:

It depends on how well construction on the other facilities proceeds. We should complete the Lake Mead Hatchery early this fall, and we are already working on Mason Valley and starting on the one in Ruby Valley. We need to keep Baker at full production to cover for the others while they are partially down.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4554 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR MATHEWS WAS ABSENT FOR THE VOTE.

BUDGET CLOSED.

CHAIR RAGGIO:

We will now look at B/A 4458 on page 17 of [Exhibit H](#).

Wildlife Obligated Reserve — Budget Page WILDLIFE-23 (Volume III)
Budget Account 101-4458

MR. CHAPMAN:

As noted earlier, the Subcommittee voted to transfer \$150,000 in upland game bird fees from this account to the Wildlife Account in support of sage grouse

habitat projects in FY 2005-2006. However, the Committee's action moments ago regarding the replacement of the upland game bird fees with General Fund would negate this action. I would suggest closing this budget as the Governor recommended, with staff technical adjustments as needed.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4458 AS RECOMMENDED BY THE GOVERNOR WITH STAFF TECHNICAL ADJUSTMENTS.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

SENATOR RHOADS:

I would like to thank staff and Terry Crawford and the Department of Wildlife. This was a difficult budget to get through, and he spent a lot of time on it and did a good job.

CHAIR RAGGIO:

Your people are dedicated and do a great job and are sometimes unappreciated. This Committee wants you to know that we appreciate the dedication and efforts of all of your personnel.

We are going to recess and return after Senate Floor Session. The Committee is recessed at 10:43 a.m.

CHAIR RAGGIO:

The meeting will come back to order at 12:39 p.m. We will begin our afternoon budget review with the Joint Subcommittee on Public Safety, Natural Resources and Transportation, Department of Conservation and Natural Resources Closing Report ([Exhibit I](#), original is on file at the Research Library).

CONSERVATION AND NATURAL RESOURCES

CNR Administration — Budget Page DCNR-1 (Volume III)
Budget Account 101-4150

E-525 Office Relocation — Page DCNR-4

MR. CHAPMAN:

The Joint Subcommittee for Public Safety, Natural Resources and Transportation developed recommendations for the budgets of the Tahoe Regional Planning Agency (TRPA) and the Department of Conservation and Natural Resources (DCNR) including: the director's office (Administration), Nevada Natural Heritage Program, Division of Conservation Districts, Heil trust fund for wild horses, Division of State Lands, TRPA, Division of State Parks, Division of Water Resources and Division of Forestry.

The Subcommittee approved budget office amendment #69 reducing General Fund appropriations by \$295,880 for deferred maintenance projects for the

Winnemucca facility, along with an additional \$18,500 reduction for an ADA project currently under way. The Subcommittee agreed with the Governor's recommendation to transfer operational and budgetary responsibility for the facility to the Division of State Lands. The Subcommittee also approved funding in decision module E-525 for minor furnishings and office supplies related to the move into the new DCNR building in Carson City on or about July 1, 2005.

SENATOR MATTHEWS:

I was wondering about the Wild Horse Foundation. Since we do not put any General Fund monies into it anymore, is that foundation still active?

MR. CHAPMAN:

The Wild Horse Program does not have General Funds in that account. It is founded on a bequest from Leo Heil, who left approximately \$485,000 to the State in the 1970s. This money was placed into a trust fund, and the interest from that trust fund is used to fund the operations of the Commission for the Preservation of the Wild Horses.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-4150 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR RHOADS SECONDED THE MOTION.

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

BUDGET CLOSED.

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CHAIR RAGGIO:

We will now look at the Nevada Natural Heritage B/A 101-4101 on page 6 of [Exhibit I](#).

Nevada Natural Heritage — Budget Page DCNR-8 (Volume III)
Budget Account 101-4101

MR. CHAPMAN:

The Subcommittee approved the Governor's recommendation to continue a biologist II position with funding split equally between a U.S. Fish and Wildlife Service Biodiversity Initiative Cooperative Agreement and additional transfers from the Nevada Department of Transportation (NDOT). The position performs continuous data entry of sensitive species into a new biotics software system provided by NatureServe to heritage programs nationwide. The agency's sensitive-species database is primarily supported by NDOT, as they are the core user of the database and require immediate and reliable information that is essential in the early planning stages for NDOT's Environmental Services Division.

The Subcommittee also approved the continuation of an environmental scientist III position for developing and maintaining a wetlands database inventory and a statewide wetlands conservation plan required by the National Parks Service in order to maintain eligibility for federal Land and Water

Conservation Funds (L&WCF). In approving the position, the Subcommittee replaced General Fund appropriations of \$45,918 in FY 2005-2006 with transfers of Question 1 funds from the Nevada Department of Wildlife (NDOW). This funding supports one-half of the position's costs in order to prepare a wetlands priority conservation plan that will be incorporated into NDOW's comprehensive wildlife conservation plan.

CHAIR RAGGIO:
When is that plan due?

MR. CHAPMAN:
They have started developing the plan. I do not have an idea of when it is planned for completion.

The position was approved to continue in FY 2006-2007, although there may not be sufficient Land and Water Conservation Funds (L&WCF) available to support one-half of the position's costs. The agency has the option of approaching the State Board of Examiners and the IFC to seek Contingency Funds to continue this position, if warranted, and after all other revenue resources are exhausted.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4101 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:
Next is the budget for State Lands.

State Lands — Budget Page DCNR-28 (Volume III)
Budget Account 101-4173

MR. CHAPMAN:
The Subcommittee approved the Governor's recommendation for a new land agent I position with associated staffing costs. The Division processes an average of 400 land projects/transactions each year with a consistent backlog of 250 projects/transactions, and indicates those projects and transactions have increased in difficulty and complexity. The Division's goal is to complete acquisitions and disposals of property within six months, and to complete lease and easement transactions within three months. As noted earlier, the Subcommittee approved the Governor's recommendation to transfer operational and budgetary responsibility for the Winnemucca facility from the director's office to the Division of State Lands.

CHAIR RAGGIO:
What is the reason they are transferring that to State Lands?

MR. CHAPMAN:

The State Lands administrator oversees the facility anyway and deals with the rent and maintenance issues. It is a more appropriate designation.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4173 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

Next is State Parks on page 13 of [Exhibit I](#).

State Parks — Budget Page DCNR-40 (Volume III)
Budget Account 101-4162

E-811 Position Upgrades — Page DCNR-48
E-809 Sworn Salary Adjustments — Page DCNR-48

MR. CHAPMAN:

The Subcommittee approved a number of deferred-maintenance projects for the Division's facilities statewide but reduced funding by a total of \$32,600 for projects that are either already under way or will be incorporated in other non-General Fund projects. The Subcommittee approved the Governor's recommendation for a new park ranger II position, three seasonal park aid positions and one seasonal maintenance worker position with associated staffing costs to support a 70-unit campground expansion and related facilities at Big Bend State Park on the Colorado River. The Subcommittee approved user-fee revenue and expenditure reductions totaling \$127,447 in FY 2006-2007 associated with the revised February 2007 opening date for the expanded facility.

The Governor recommended two-grade salary increases for the Division's law-enforcement staff, but did not include the chief of operations and maintenance position as that position is recommended to transition from classified to unclassified service. The Subcommittee approved fiscal staff's recommendation to include the position in the law-enforcement two-grade salary increase module, should the Legislature not approve transitioning the position to unclassified service, in order to maintain salary parity in the Division's law-enforcement occupational series.

The Subcommittee recommends the Committee introduce legislation that would amend subsection 4 of NRS 536, which was last amended by Senate Bill No. 502 of the 72nd Session, extending the reversion date of General Fund appropriations for improvements at Fort Churchill – Buckland Station phase II to June 30, 2007. In addition, the Subcommittee recommends the Committee introduce legislation to amend subsection 1 of NRS 586 and subsection 17 of

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NRS 328 authorizing state parks to balance forward lodging tax receipts from the Commission on Tourism for the Sand Harbor maintenance building and roadway/parking renovation projects.

CHAIR RAGGIO:
What needs to be done with reference to these recommendations?

MR. CHAPMAN:
Staff would recommend legislation be introduced by the Committee to amend these various pieces of legislation that would authorize extension of the General Fund appropriation for the Buckland Station.

CHAIR RAGGIO:
Is Buckland Station Fort Churchill?

MR. CHAPMAN:
Yes. It is on Highway 95 Alternate.

CHAIR RAGGIO:
If we approve the Subcommittee recommendation, we should also request a bill draft request (BDR) for these purposes. Or is the Assembly Committee on Ways and Means doing that?

MR. CHAPMAN:
We closed this budget earlier in the Assembly Committee on Ways and Means, but they closed it as recommended by the Subcommittee. They did not indicate they would introduce this legislation.

MR. GHIGGERI:
Upon recommendation of the Committee on this budget, staff will work with the Assembly Committee on Ways and Means to make sure that legislation is requested for this.

CHAIR RAGGIO:
Should we request the BDR?

MR. GHIGGERI:
You can do that.

CHAIR RAGGIO:
Would the salary increase for the position that was omitted?

SENATOR RHOADS MOVED TO CLOSE B/A 101-4162 AS
RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY,
NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

MR. CHAPMAN:
Are you authorizing staff to put the position back into E-809 for the two-grade law-enforcement upgrade if the position does not go to law enforcement?

CHAIR RAGGIO:
I assumed that was part of the report.

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

BUDGET CLOSED.

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CHAIR RAGGIO:

I will entertain a motion to obtain the necessary bill drafts for the Fort Churchill reversion date on the General Fund appropriation until June 30, 2007, and also to authorize State Parks to balance forward the room tax for the Sand Harbor maintenance building and roadway/parking renovation projects.

SENATOR MATTHEWS MOVED TO REQUEST A BDR FOR THE FORT CHURCHILL REVERSION DATE ON THE GENERAL FUND APPROPRIATION UNTIL JUNE 30, 2007, AND TO AUTHORIZE THE DIVISION OF STATE PARKS TO BALANCE FORWARD THE ROOM TAX FOR THE SAND HARBOR MAINTENANCE BUILDING AND ROADWAY/PARKING RENOVATION PROJECTS.

SENATOR RHOADS SECONDED THE MOTION.

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

* * * * *

SENATOR MATHEWS:

Could someone from the Division of State Parks tell me if they are still raising those big shrimps down at Fort Churchill?

ALLEN BIAGGI (Director, Department of Conservation and Natural Resources):
Senator, the shrimp were at the Fort Churchill Power Generation Station and not at the state park. They were raising shrimp and other things there, but I do not know if they are continuing that project.

SENATOR COFFIN:

Did State Parks update the issue of Beaver Dam? Is there a planning element somewhere?

MR. BIAGGI:

Beaver Dam is under the jurisdiction of the Department of Wildlife. They went forward with the breaching project in January or February 2005. They are still looking at whether it is cost-effective to restore that dam or the area around it back to a natural state.

CHAIR RAGGIO:

We will go to the next account, Environmental Protection Administration, found on page 20 of [Exhibit I](#).

Environmental Protection Administration — Budget Page DCNR-63 (Volume III)
Budget Account 101-3173

JEFF FERGUSON (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The budgets for the Nevada Division of Environmental Protection contained a number of errors and omissions related to the agency's Indirect Cost (IDC) transfers. These errors and omissions were corrected by staff, with concurrence from the Budget Office and the Division. The Subcommittee approved staff's revisions for the administration budget, as well as the Division's other budgets. The Subcommittee also approved the transfer of 3.0 FTE information technology positions from other Division budgets to the administration budget in order to consolidate information technology functions. The Subcommittee approved \$213,626 over the biennium for increased legal, travel and training costs, as well as \$241,348 over the biennium for replacement equipment, including computers, servers, printers and shredders.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3173 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

The Air Quality Budget is found on page 28 of [Exhibit I](#).

DEP Air Quality — Budget Page DCNR-73 (Volume III)
Budget Account 101-3185

MR. FERGUSON:

The Subcommittee approved \$220,000 in each year of the biennium for contracts to conduct additional ambient air-quality monitoring in the Pahrump Valley, and to prepare a plan for submission to the U.S. Environmental Protection Agency (EPA) to bring Pahrump Valley into compliance with federal air-quality standards. The Pahrump Valley currently does not meet the federal standards for particulate matter (PM-10). The Subcommittee also approved the Governor's recommendation to add \$100,000 in each year of the biennium to boost the air-quality account's reserve levels. Funding for this recommendation is through transfers of \$75,000 in each year of the biennium from the DMV pollution control account, and \$25,000 in each year from permit and licensing fees.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3185 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED.

BUDGET CLOSED.

CHAIR RAGGIO:

The U.S. EPA Water Programs are found on page 30 of [Exhibit I](#).

DEP Water Pollution Control — Budget Page DCNR-80 (Volume III)
Budget Account 101-3186

Safe Drinking Water Regulatory Program — Budget Page DCNR-97 (Volume III)
Budget Account 101-3197

Safe Water Drinking Act — Budget Page DCNR-101 (Volume III)
Budget Account 746-3211

HR, Consumer Health Protection — Budget Page HEALTH-25 (Volume II)
Budget Account 101-3194

MR. FERGUSON:

The Subcommittee approved the Governor's recommendation to transfer the Drinking Water State Revolving Loan Program from the Safe Drinking Water Act Budget (B/A 101-3211) to the Water Pollution Control Budget. Included in this transfer are 5.0 FTE positions and revenues and expenditures totaling \$3.3 million in each year of the biennium. The Clean Water State Revolving Loan Program for Wastewater Treatment is already housed in the Bureau, and the addition of the similar Drinking Water State Revolving Loan Program will increase the operational efficiency and effectiveness of these programs. To address caseload, the Subcommittee also approved the addition of three new positions in the water pollution control budget—one administrative assistant III in Carson City, one environmental scientist III in Carson City, and an administrative assistant II in Las Vegas.

The Subcommittee also approved creating a new budget account entitled Division of Environmental Protection (DEP) Safe Drinking Water Regulatory Program (B/A 101-3197), and transferring the Safe Drinking Water Act from the Consumer Protection Budget in the Health Division (B/A 101-3194) to this new budget. Included in the transfer are 17.51 FTE positions and associated revenues and expenditures totaling \$2,370,000 in FY 2005-2006 and \$2,380,000 in FY 2006-2007. The Drinking Water State Revolving Fund was transferred to the Division last Session; this transfer would complete the consolidation of water programs from the Health Division to the DEP.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3186 AND B/A 101-3197 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGETS CLOSED.

CHAIR RAGGIO:

The next two budgets, 3187 and 3198, begin on page 35 of [Exhibit I](#).

DEP Waste MGMT and Federal Facilities — Budget Page DCNR-109 (Volume III)
Budget Account 101-3187

Bureau-Federal Facilities — Budget Page DCNR-123 (Volume III)
Budget Account 101-3198

Environmental Protection Administration — Budget Page DCNR-63 (Volume III)
Budget Account 101-3173

MR. FERGUSON:

The Subcommittee approved the Governor's recommendation to eliminate the Federal Facilities Budget (B/A 101-3198) and transfer the EPA One-Stop Grant functions to the Administration Budget (B/A 101-3173) and the balance of the account's revenues and expenditures—including 14.0 FTE positions—to the Waste Management and Federal Facilities Budget. This recommendation reverses the legislatively approved recommendation from the 2003-2005 *Executive Budget* to create the Bureau of Federal Facilities budget. The reversal is recommended because the timing of the collection of federal funds owed the Division by the U.S. Department of Energy created serious cash flow problems for the new budget.

The Subcommittee approved the Governor's recommendation of federal grant funds and transfers from various division trust funds totaling \$1.4 million over the biennium to fund technical support contracts, microfilming, standby pay for environmental responders and travel and per diem costs. The Subcommittee also approved hazardous waste fees totaling \$165,766 over the biennium for one new environmental scientist position in Las Vegas, and transfers from the petroleum trust fund totaling \$140,842 over the biennium for one environmental scientist III position in Carson City.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3187 AND B/A101-3198 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGETS CLOSED.

CHAIR RAGGIO:

Account 3188 is the Waste Mining found on page 42 of [Exhibit I](#).

DEP Mining Regulation/Reclamation — Budget Page DCNR-132 (Volume III)
Budget Account 101-3188

MR. FERGUSON:

The Subcommittee approved reserve reductions totaling \$146,844 over the biennium for one new environmental specialist III position to address the increased workload in the mining-reclamation branch. The Subcommittee also approved reserve reductions totaling \$108,457 over the biennium to provide anticipated additional travel, training and operating costs for the Bureau, due to statewide increases in mining activity.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3188 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

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CHAIR RAGGIO:

We will now go to the Division of Forestry B/A 4195 found on page 44 of [Exhibit I](#).

Forestry — Budget Page DCNR-144 (Volume III)
Budget Account 101-4195

MR. FERGUSON:

The Subcommittee voted to restore funding for base seasonal salaries that were omitted from the Governor's budget. The Subcommittee approved a number of deferred-maintenance projects at the Western Region Headquarters, Minden Air Operations, Lee Canyon Fire Station, and at the Division's Elko facilities. The Subcommittee authorized fiscal staff to eliminate a fire sprinkler system and an asphalt resealing project at the Western Region Headquarters, should the Legislature approve these projects in the Capital Improvement Program (CIP) budget. The Subcommittee approved the Governor's recommendation to approve two full-time permanent and two six-month seasonal fire dispatcher positions for the Elko and Minden dispatch centers in response to overtime issues experienced by the Nevada Division of Forestry (NDF.)

The Subcommittee did not concur with the Governor's recommendation to replace federal United States Forest Service funding with General Fund appropriations that support one-half of the costs for a fire dispatcher position due to the inability of the Division or the Budget Office to reconcile how the Forest Service funds are utilized in the Governor's recommended budget. The Subcommittee voted to increase the administrative assessment in the Forestry Intergovernmental Account by \$43,973 to \$330,000 each year. This offsets General Fund appropriations in the Forestry Account in support of staff and operating costs associated with the Fire District Program.

CHAIR RAGGIO:

Where does that assessment come from?

MR. FERGUSON:

The assessment comes from the counties. The Intergovernmental Account is the various fire-protection districts that are funded by the counties. Part of their payment includes an assessment that transfers over to the Forestry main account.

CHAIR RAGGIO:

Will they increase the assessment, or did they underestimate the amount of money from the assessment?

MR. FERGUSON:

During the budget hearings, the assessment remained static. There were some questions posed to the NDF and the Budget Division. Apparently this item was not looked at during the building of the Governor's budget, so they were directed to evaluate the assessment. They returned with a request for a greater amount. The Nevada Association of Counties (NACO) had some concern about that amount, and this reduced amount was agreed upon by the NDF and NACO.

The Subcommittee voted to add General Fund appropriations of \$162,460 in FY 2005-2006 and \$33,800 in FY 2006-2007 that will be utilized to rehabilitate a military-surplus helicopter currently owned by the NDF. The helicopter will increase the NDF's fleet from two to three helicopters and will allow the flexibility to keep two helicopters in the air at a given moment instead of one, especially during peak fire season.

SENATOR COFFIN:

I notice the base closure came down after this budget had been closed. I suspect this fire season we will have our C-130 airplanes for use in the field. What about the second year of the biennium? Do we know what we would have as a backup? We are not using the C-130 airplanes currently to drop water or retardant, but I am told they are used for seeing through the smoke.

MR. FERGUSON:

The Division of Forestry owns one fixed-wing aircraft. It is used as a lead aircraft to lead in the helicopters and C-130 airplanes on fire attacks. The federal co-operators are in control of fixed-wing aircraft like the C-130s, so they are the ones called in for fire resources when needed.

SENATOR COFFIN:

I was just reading the news stories describing how the infrared capability of the C-130s is used to find hot spots through a whole column of smoke and direct the planes and helicopters more accurately. I do not think that has been a federal function. I thought that was just our own National Air Guard planes. We will now possibly lose those planes.

CHAIR RAGGIO:

I read the same story concerning the Nevada Air Guard planes. Does anyone have additional information? What is the outlook? If it follows through, the U.S. Department of Defense is going to phase out the aircraft at the Air Guard whose planes have been available, to our understanding, for these purposes.

They have the capability of vision through smoke and are of great assistance. What kind of an impact is that going to have?

STEVE ROBINSON (Advisor on Wildlife, Conservation and Rural Nevada Issues, Office of the Governor)

It definitely will have an impact. The planes are great for taking pictures, especially infrared pictures, and locating the hot spots so we can direct our fire-fighting capabilities to the right places. We have in-state resources we can always depend on, but we must compete with other states for federal resources. During the fire season, the planes may be elsewhere. It will be a loss if the C-130s are relocated.

SENATOR COFFIN:

Given that knowledge, should we be planning for the next fire season? What would be the cost to have a similarly equipped airplane?

MR. ROBINSON:

It would be extremely expensive to have a C-130 as a state asset. We would probably try to get a federal asset we could depend on that would be dedicated to the State.

SENATOR COFFIN:

Are you suggesting we bargain for that help?

MR. ROBINSON:

We do with all the resources every year; we just have to do it more so.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4195 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

SENATOR RAGGIO:

The budget will be closed as recommended.

CHAIR RAGGIO:

Let us go to Forestry Fire Suppression Budget on page 52 of [Exhibit I](#).

Forest Fire Suppression — Budget Page DCNR-159 (Volume III)
Budget Account 101-4196

MR. FERGUSON:

The Subcommittee did not approve the Governor's recommendation to establish prior-year reimbursement and prior-year claims authority in this account due to concerns regarding the lack of legislative oversight and the potential for setting precedent in establishing stale-claims authority in the *Executive Budget*.

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CHAIR RAGGIO:
What is the result?

MR. FERGUSON:
The only budget adjustment that this effectuates would be eliminating the authority out of the account to accept prior-year reimbursements of \$100,000 with offsetting expenditure authority to pay prior-year claims.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4196 AS
RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY,
NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

CHAIR RAGGIO:
This budget is closed with the understanding that the recommendation to establish the authority is not included in the budget.

THE MOTION CARRIED. (SENATORS BEERS AND MATHEWS WERE
ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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CHAIR RAGGIO:
Now for Forestry Conservation Camps, B/A 4198 on page 54 of [Exhibit I](#).

Forestry Conservation Camps — Budget page DCNR-164 (Volume III)
Budget Account 101-4198

MR. FERGUSON:
The Subcommittee approved the Governor's recommended reorganization of the camp program that eliminates the assistant camp supervisors from each of the ten camps and establishes four sections that are supervised by new section chief positions. The Subcommittee also approved a new conservation staff specialist who is charged with implementing and coordinating training programs for camp staff, and a program officer II position who will provide program and administrative support to the current camp coordinator and the new conservation staff specialist position.

The Subcommittee did not concur with the Governor's recommendation to reduce camp revenues associated with projects, as the Division indicated that the reorganization will not reduce the number of inmate crews in the field.

CHAIR RAGGIO:
Are these the revenues that come from the cities when they do projects?

MR. FERGUSON:
That is correct; the revenues come from various local governments and even state agencies.

General fund appropriations were decreased an additional \$70,343 in FY 2005-2006 and \$69,280 in FY 2006-2007 associated with the camp

reorganization. The Subcommittee also agreed with the Governor's recommendation for an additional \$40,000 each year for increased crew training in inmate supervisor training, first responder/CPR, rookie wildland firefighting and intermediate fire behavior, basic incident command and other similar training opportunities. The Subcommittee closed the remainder of the budget as recommended by the Governor, with technical adjustments by staff.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4198 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS BEERS AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

CHAIR RAGGIO:

Forestry, Intergovernmental Agreements is the next budget for consideration and is found on page 57 of [Exhibit I](#).

CNR Forestry Inter-governmental Agreements — Budget Page DCNR-171 (Volume III)
Budget Account 101-4227

MR. FERGUSON:

As noted earlier, the Subcommittee voted to increase the administrative assessments to the fire-protection districts in support of an NDF position and operating costs in the Forestry Account by \$43,973 to \$330,000 in each year of the 2005-2007 biennium.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4227 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS BEERS AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

CHAIR RAGGIO:

Tahoe Regional Planning Agency is the next budget and can be located on page 60 of [Exhibit I](#).

Tahoe Regional Planning Agency — Budget Page DCNR-180 (Volume III)
Budget Account 101-4204

MR. FERGUSON:

The Subcommittee recommends approval of funding to implement the findings of a salary comparability study for employees of the TRPA. The findings of the salary comparability study indicate the TRPA's salaries were lower when compared to similar positions in state government in California and Nevada. The funding approved provides for an across-the-board salary adjustment of 8 percent.

The Subcommittee recommends approval of General Funds in the amount of \$200,000 each fiscal year to continue the Pathway 2007 program, a three-phase program of threshold research, synthesis and plan development. The funding recommended will complete the third phase of the six-year program and will provide a current set of environmental threshold attainment standards and an updated 20-year regional plan for the Tahoe Basin.

The Subcommittee also recommends approval of General Funds in the amount of \$300,000 for FY 2007 for TRPA to purchase and implement an off-the-shelf GIS parcel-based permitting system. The system is web-based and will allow the TRPA to track and manage all of the agency's land-use and community development activities, including permits, inspections, project plans and code enforcement. The Subcommittee recommends the funding be placed in reserve and a Letter of Intent be issued instructing TRPA the funding cannot be spent until the IFC grants approval to proceed with the project. The IFC's approval will be contingent on California's participation in funding the project and TRPA providing an implementation plan that includes definitive estimates for each component of the project's cost.

CHAIR RAGGIO:

In all situations within this budget, Nevada's share is one-third and California's is two-thirds. Is that correct?

MR. FERGUSON:

That is correct.

CHAIR RAGGIO:

Our action would be contingent upon the proportionate share of funding being provided by the state of California.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4204 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION WITH THE CONDITION OF THE PROPORTIONATE SHARE OF FUNDING BE PROVIDED BY THE STATE OF CALIFORNIA.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS BEERS AND MATHEWS WERE ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

CHAIR RAGGIO:

We will next consider the Division of Water Resources B/A 4171 on page 70 of [Exhibit I](#). We will reopen this budget.

Water Resources — Budget Page DCNR-55 (Volume III)
Budget Account 101-4171

MR. FERGUSON:

The Subcommittee closed the Division of Water Resources B/Aas recommended by the Governor with minor and technical adjustments as noted by staff. To my understanding, there are now concerns regarding additional funding.

JOSEPH GUILD (Attorney):

I am representing the mining industry of Nevada and others in this matter. It recently came to our attention that there were concerns due to the building burden in the Division of Water Resources. This burden includes pending applications, some continuing activities that will come forth over the next few years, and the Division's need to deal with substantial increases in applications for change of use. Nevada has experienced unprecedented growth in many of its counties. Lyon County is the fastest growing county in the State.

After conversations with many people, it became abundantly clear the needs of the Division had been underestimated. There is a clear need to help the Division by enhancing resources and adding personnel and technical capabilities to bring the Division's ability to record and transmit information, and to input into a database all of the records of the Division which have been built up for 102 years.

CHAIR RAGGIO:

This Committee needs to know the workload, the backlog and the recommendation of the Division. It is also important to know whether the Governor's Office supports an enhancement of this budget.

MR. ROBINSON:

The Governor favors this enhancement. We outlined to the Governor that we needed to do something with the Division to make it more capable of dealing with Nevada today. The Division has always been a conservative, well-run operation. When Mr. Biaggi came on as director, he had the state engineer assess the operation, and the report to the Governor was that we do need some help.

CHAIR RAGGIO:

What is the proposal?

KAY SCHERER (Assistant Director, State Department of Conservation and Natural Resources):

I have handed out our proposal ([Exhibit J](#)). The number of new applications being filed is staying steady at more than a thousand applications per year. This is not a number that was anticipated. Compounding that problem, the filings have become more complex and contentious year-to-year. In addition, the number of reports of conveyances and deeds submitted for title transfers continues at rates never before seen by the Division. Subdivision reviews for Clark County continue at a pace not seen anywhere else in the United States, and the purchases of Truckee River Water Rights for conversion to municipal

use are ongoing within the Division. We are seeing hundreds of change applications contemplating the change of as little as 0.1 acre-foot at a time. In addition, water rights are becoming more valuable, and therefore litigation is becoming more prevalent, requiring more staff time and also the time of our deputy attorneys general.

In addition, there exists a large amount of data that currently is not accessible over the Division's Web site, but if made accessible, would help the public a great deal with their water-rights questions. Desire has been expressed for access to that information. When this data is in electronic form, efficiencies in the office will increase as well. The proposal will add 11 new full-time positions to the Division of Water Resources. Eight will be in Carson City for use statewide, two in Las Vegas and one in the Elko office. There is computer hardware and software within this request to help accomplish the tasks outlined.

The four goals of this enhancement would be to reduce the number of backlog reports of conveyance, to reduce the number of backlog water rights applications, to conduct field investigations to support the adjudication process and to create a user-friendly state-of-the-art Web site.

HUGH RICCI, P.E. (State Engineer, Division of Water Resources):

The last page of [Exhibit J](#) is a breakdown of the 11 new FTE positions requested, including a list of some of the duties these positions will be doing.

We have a backlog of about 3,000 applications. We count as backlog any application that has been in our office more than one year from the last day we could take action. We receive about a thousand applications per year. Just in the last 2 months, April and May, we received over 450 applications. When those are added to the 300 we had already received this year, we have exceeded what we normally expect for 1 year. We seem to get further and further behind. We also have 70 pending adjudications. The requested staff will help with active adjudications and start new requests.

We will have one hydrologist, who is essential in the technical reviews we do of the impact of pumping in particular areas. The information specialist will maintain a state-of-the-art Web site where anyone using the site can find anything about any particular application in any area of the State by knowing the permit number, the application number or the location. The Web site will have a map where the public can find specific information such as a copy of a permit, certificate, ownership or any rulings. The proposal also includes staff engineers, technicians and administrative assistants to support all of those types of requests.

The rest of the costs are annual expenses such as office travel and contracts for digitizing and scanning all of our documents. We have approximately 72,000 water-right applications on file and about 9,000 claims of vested and reserved rights.

CHAIR RAGGIO:

You have 72,000 applications that have not been finalized?

MR. RICCI:

No. That is the number of applications we have on file dating back to 1905. These are the documents we want to have on our Web site so anyone can find out about anything on those applications. We would also like to make available other documents, such as reports of conveyance showing how ownership transfers from one person to another, permits and the 5,000 rulings that have been issued since the beginning of our office.

CHAIR RAGGIO:

This is a large enhancement request. Does the Governor's Office support this amount? There is an annual cost of \$858,810, and in FY 2006 the request for \$1,100,000 includes the \$251,000 startup costs. For FY 2007, there is \$894,000 representing a 5-percent salary increase. Where does the 5-percent salary increase come into this?

MR. RICCI:

Most of the new positions, in addition to all of our present positions, would get the 5-percent merit increase on a yearly basis.

MR. ROBINSON:

We would endorse the proposal as presented.

CHAIR RAGGIO:

We are talking about \$2 million.

MR. ROBINSON:

I understand, Mr. Chairman.

SENATOR TITUS:

How does this new proposal fit with S.B. 216 that would reorganize the Division of Water Resources or move it under your jurisdiction?

SENATE BILL 216 (1st Reprint): Eliminates Division of Water Planning of State Department of Conservation and Natural Resources and transfers former duties of Division to newly created Water Planning Section. (BDR 18-469)

MS. SCHERER:

It would fit smoothly. None of this request works against what is proposed in that bill, and in fact they would work well together. They are completely separate duties and responsibilities.

SENATOR TITUS:

The activities you assign to these new positions would seem to enhance water planning and those kinds of duties. Is that accurate?

MS. SCHERER:

That is accurate. Water planning is an activity that is discussed in your bill and includes the Public Outreach Committee as well. These positions will maintain our Department at a service level the public expects.

SENATOR COFFIN:

Where is the \$2 million for the biennium and the \$1 million for the out-years going to come from?

CHAIR RAGGIO:

As noted on page 70 of [Exhibit I](#), all of this would be General Fund. What impact, if any, would this have on state revenues? Would this provide any additional state revenues?

MR. RICCI:

Yes, it should. We have a revenue projection every year in our budget. This fiscal year, it was \$1,530,000; we are currently projected to collect \$1.8 million, or about \$300,000 more than was projected. However, the Division does not want to be put into the position that we are a revenue-generating source. We are a regulatory agency and must deal with the prospect of the applications and fit within the criteria of the law. It would not be responsible for me to say yes, this is going to be a revenue generator. However, I would expect it to generate revenue.

CHAIR RAGGIO:

I have not yet heard what effect this will have on your backlog.

MR. RICCI:

The whole purpose of this enhancement would be to eventually eat away at that backlog.

SENATOR RHOADS:

I would like to amend the Subcommittee report and include this additional request.

SENATOR RHOADS MOVED TO CLOSE B/A 101-4171 BY AMENDING THE RECOMMENDATION OF THE JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION TO INCLUDE THE PROPOSED REQUESTS OF THE DIVISION OF WATER RESOURCES WITH ADDITIONAL FUNDING FROM THE GENERAL FUND FOR THE ENHANCEMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS CEGAVSKE AND MATHEWS VOTED NO. SENATOR BEERS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

MR. FERGUSON:

There are still a number of budgets that have not been closed by the Committee. The first one is the closing report from the Joint Subcommittee on Public Safety, Natural Resources, Transportation, Department of Conservation and Natural Resources. The Subcommittee voted to close the following DCNR accounts as recommended by the Governor with minor technical adjustments: the Division of Conservation Districts (101-4151), the Heil Wild Horse Bequest (607-4156), the Nevada Tahoe Regional Planning Agency (101-4166), the Division of Water Resources (101-4171), DEP Water Planning Capital Improvement (101-4155), DEP Water Quality Planning (101-3193), DEP Safe Drinking Water Act (101-3211), DEP State Environmental Commission (101-4149) and Forestry Nurseries (257-4235).

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNTS 101-4151, 607-4156, 101-4166, 101-4171, 101-4155, 101-3193, 101-3211, 101-4149 AND 257-4235 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR STAFF TO MAKE MINOR TECHNICAL ADJUSTMENTS.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGETS CLOSED.

CHAIR RAGGIO:

The Committee will recess at 1:35 p.m. and will reconvene at 5 p.m.

CHAIR RAGGIO:

This meeting will come back to order at 5:32 p.m. We will start with budget closings beginning with Department of Human Resources (DHR), Division of Child and Family Services (DCFS) ([Exhibit K](#), original is on file at the Research Library). This is from the Joint Subcommittee on Human Resources/K-12.

CHILD AND FAMILY SERVICES

HR, Child and Family Services Administration — Budget Page DCFS-6 (Volume II)

Budget Account 101-3145

HR, Rural Child Welfare — Budget Page DCFS-55 (Volume II)

Budget Account 101-3229

LARRY L. PERI (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

In closing this budget, the Subcommittee approved the Governor's recommendation to add 23 new positions, including 6 positions for the creation of a performance-based contracting unit and 2 new positions for a cost-allocation unit. The performance-based contracting positions are part of the Department of Human Resources' proposal for the redesign of mental health residential treatment services for children. The Subcommittee approved that concept and the addition of specific language in the General Appropriations Act which would require the Division to obtain IFC approval to transfer positions and funding to implement the redesign proposal. Fifteen of the new positions were approved for transfer to the Division's rural child welfare budget as part of the Division's reorganization and budget realignment process.

CHAIR RAGGIO:

As we go through these, please indicate any differences there were in closure.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3145 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR MATHEWS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:
Next is Clark County Integration, B/A 3142.

Clark County Integration — Budget Page DCFS-20 (Volume II)
Budget Account 101-3142

MR. PERI:

The Subcommittee approved this budget, primarily as recommended by the Governor, which continues Child Welfare Integration Budget and includes funding for 34 new positions over the 2005-2007 biennium. Nine positions were approved for projected caseload increases in foster care licensing, and 24 new positions were approved to reduce the foster care caseload ratio from 1:28 to 1:25 in FY 2006 and to 1:22 in FY 2007. The Subcommittee modified the budget by approving a phase-in schedule for the positions, as it is expected that the projected caseload will gradually increase over the biennium. The Subcommittee also approved the Governor's recommendation of \$3.6 million over the biennium for projected caseload increases in foster care placement and adoption subsidies costs.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3142 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR BEERS SECONDED THE MOTION.

SENATOR BEERS:

My wife works for Clark County in the family services arena but is not involved in any of this request, so I will be voting.

SENATOR COFFIN:

How is the integration working? It was controversial at one time.

MR. PERI:

The last phase was implemented with the transfer of the last complement of existing DCFS positions to Clark County in October 2004. There has not been that much time for Clark County to proceed under full implementation. However, judging by the lack of complaints, it is successfully proceeding as planned.

THE MOTION CARRIED.

BUDGET CLOSED.

CHAIR RAGGIO:

A similar budget is B/A 3141 which is the Washoe County Integration.

Washoe County Integration — Budget Page DCFS-34 (Volume II)
Budget Account 101-3141

MR. PERI:

The Subcommittee approved this new budget which was recommended to split out the cost for child welfare integration for Washoe County into a separate budget account. The Subcommittee's approval included funding for 18 new positions to accommodate projected foster care caseload growth and to reduce the foster care staffing ratio from 1:28 to 1:25 in FY 2006 and to 1:22 in FY 2007. The Subcommittee approved a phase-in schedule for the new positions similar to that in the Clark County integration budget. The Subcommittee also approved \$3.5 million over the biennium for projected caseload increases in foster care placement and adoption subsidies costs.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3141 AS
RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN
RESOURCES/K-12.

SENATOR MATHEWS SECONDED THE MOTION.

CHAIR RAGGIO:

There was a lot of discussion about a plan for future funding which is not noted in this report. The Department is to develop a plan to determine their future funding. They have one year after the integration in Clark County, and that is up in October 2005. The issue has always been the future proportionate funding between the State and local counties. The plan is expected to be completed without any further alibis by the time the IFC meets.

The transfer of higher levels of care is also an issue under discussion. Is there a bill on this?

MR. PERI:

There will be comment on that matter in a B/A we will be discussing in a moment.

CHAIR RAGGIO:

I want the Committee to be alert to that because it will continue to be an issue that needs to be finalized. There is a lot of discussion that went into all of these, and we only see a succinct summary.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

HR, Rural Child Welfare — Budget Page-DCFS 55 (Volume II)
Budget Account 101-3229

MR. PERI:

The Subcommittee closed this budget by approving the Governor's recommendation for \$4.6 million over the biennium for provider rate increases for higher levels of care and \$3.2 million over the biennium for projected caseload increases in higher levels of care placements. The Subcommittee approved the Department's proposal to redesign mental health residential-treatment services for children. That proposal includes beginning the process of eventually transferring the responsibility for higher levels of care for foster children to Clark and Washoe Counties. As noted earlier, approval of this concept requires the Department of Human Resources to obtain IFC approval for the transfer of positions and funding necessary to implement the redesign proposal.

The Subcommittee also approved 15 new positions to reduce the foster care caseload ratio in rural Nevada from 1:28 to 1:22 in FY 2006 and to 1:19 in FY 2007. The Subcommittee approved a revised phase-in schedule for the positions, which is designed to assist in recruiting and retaining social workers in rural Nevada. A Letter of Intent was approved that will require the Division to report to the IFC semiannually on the status of hiring the new positions and on the vacancies in social worker positions. The Subcommittee also approved the transfer in of 100.57 existing positions to this budget based upon the Division's reorganization and budget realignment process. All child welfare resources for the rural region will now be included in this budget.

SENATOR RHOADS:

What do you mean by "The proposal includes beginning the process of eventually transferring the responsibility for higher levels of care for foster children to Clark and Washoe Counties"?

MR. PERI:

The integration process began with the transfer of resources to Clark and Washoe Counties and the transfer of responsibilities for child welfare. Along with that, the legislation that began the transfer also called for the transfer of the higher levels of care, for which the State currently retains all responsibility. "Higher levels of care" are defined as levels of care above what is known as Basic Family Foster Care. There was also to be a funding formula to clearly define how future increases in child welfare were to be handled and paid for between the State and the counties.

This particular proposal was developed by DHR during budget hearings since the beginning of the Session and proposes to make changes for the better for mental-health services offered to children in the foster-care system. A part of the improvement plan calls for the beginning stages of transferring the lower levels of the advanced higher levels of care to the counties. There are four to five tiers of higher levels of care that begin with group homes and go all the way to residential treatment centers, which is inpatient hospitalization. The beginning levels of the higher levels of care in this redesign proposal are to be transferred to the counties.

CHAIR RAGGIO:

This is a continuation of the desire to have a seamless transition of services. It has been working effectively at the lower levels of care, and they want to continue to phase in these areas.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3229 INCLUDING THE LETTER OF INTENT AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

HR, Victims of Domestic Violence — Budget Page DCFS-74 (Volume II)
Budget Account 101-3181

MR. PERI:

The Subcommittee closed this budget by increasing the amount available for grants to slightly over \$3.2 million annually, the same level as expended in FY 2004. The budget had recommended a decrease in grant funding to approximately \$2.9 million per year.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3181 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

HR, Youth Alternative Placement — Budget Page DCFS-84 (Volume II)
Budget Account 101-3147

MR. PERI:

The Subcommittee approved the restoration of the historical funding ratio for the continuation budgets of the China Spring Youth Camp and the Aurora Pines Girls Facility located in Douglas County. The Governor's budget did not include that recommendation which required the addition of \$338,682 in General Fund support over the biennium and represents 36.8 percent of the operational costs of the two facilities. China Spring's enhancement request totals \$363,976 in additional General Fund, and Spring Mountain's enhancement request is \$1.4 million in additional General Fund support over the biennium.

SENATOR CEGAVSKE:

China Springs was historically funded until the funding was switched for some reason. The State already had a formula for funding, and then the county paid more than they normally did with the formula. It then became an issue about who pays what. We met with the county and agreed to a formula, and then Spring Mountain Youth Camp from Clark County wanted to be included. We have never included them in the budget, and now they are asking for a \$1.4 million contribution.

CHAIR RAGGIO:

If the Committee wants to look at pages 28 and following of [Exhibit K](#), both of the facilities have presented strong arguments as to their need for continued enhanced services, particularly China Spring and Aurora Pines. China Spring has a request for after-care services at their youth camp. The Committee approved funding at the historical level and placed the additional requests on what we call a priority list. As we go through this budget, and others, there are items still on priority lists that probably will be addressed once we know what our final situation is budget-wise.

SENATOR CEGAVSKE:

If these facilities did not take care of these youth, the State would have that responsibility.

CHAIR RAGGIO:

In both situations, if the counties that fund these facilities did not do so, the State would have that responsibility. The juveniles would have to be committed by a court to our facilities in either Elko or Caliente or whatever else we would have to provide. Over the years, the courts have felt it was more desirable to place juvenile offenders in less restrictive environments. In both detention centers, the cost is shared by the counties, which has been helpful to the State. Otherwise, these children would be State charges, and we would have to pay for them. The facilities provide a good service.

SENATOR CEGAVSKE:

Both Houses overwhelmingly supported putting these requests on the priority list.

CHAIR RAGGIO:

If we decide to address these priorities later on, can we do so without reopening the budgets? Can we do that in the Appropriations Act?

MR. GHIGGERI:

When we get to that point, perhaps having a list of the items you wish to add back in and handling it in a blanket motion of some sort would be appropriate.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-3147
AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN
RESOURCES/K-12.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED.

BUDGET CLOSED.

HR, C&FS-Juvenile Correctional Facility — Budget Page DCFS-86 (Volume II)
Budget Account 101-3148

MR. PERI:

This budget is for Summit View Correctional Center located in Clark County. Staff report begins on page 36 of [Exhibit K](#). The Subcommittee closed this

budget by reducing the debt-service payments for the construction costs of the facility by \$1,273,494 in FY 2006 and \$1,099,297 in FY 2007. The reductions are based upon savings realized from refinancing and are direct offsets to the General Fund. The Subcommittee also increased funding for the overtime costs for the facility by \$90,537 based on a recalculation of necessary overtime costs.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3148 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR MATHEWS SECONDED THE MOTION.

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

BUDGET CLOSED.

CHAIR RAGGIO:

There are nine budgets that were recommended by the Governor with technical adjustments suggested by staff. We have that information beginning on page 39 of [Exhibit K](#).

CFS Juvenile Justice Programs — Budget Page DCFS-1 (Volume II)
Budget Account 101-1383

HR, UNITY/SACWIS — Budget Page DCFS-39 (Volume II)
Budget Account 101-3143

HR, Child Care Services — Budget Page DCFS-48 (Volume II)
Budget Account 101-3149

Transition from Foster Care — Budget Page DCFS-68 (Volume II)
Budget Account 606-3250

HR, Child Welfare Trust — Budget Page DCFS-72 (Volume II)
Budget Account 645-3242

HR, Child Abuse and Neglect — Budget Page DCFS-76 (Volume II)
Budget Account 101-3271

HR, DCFS–Juvenile Accountability Block Grant — Budget Page DCFS-80
(Volume II)
Budget Account 101-3262

HR, Youth Parole Services — Budget Page DCFS-105 (Volume II)
Budget Account 101-3263

SENATOR CEGAVSKE MOVED TO CLOSE THE NINE BUDGETS AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12.

SENATOR TITUS SECONDED THE MOTION.

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

BUDGETS CLOSED.

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CHAIR RAGGIO:

There were five budgets that were held, and the Chair's recommendation would be to hold those budgets until we have an opportunity to discuss them with the other House.

HR, Caliente Youth Center — Budget Page DCFS-92 (Volume II)
Budget Account 101-3179

HR, Nevada Youth Training Center — Budget Page DCFS-98 (Volume II)
Budget Account 101-3259

HR, Northern Nevada Child & Adolescent Services — Budget Page DCFS-112
(Volume II)
Budget Account 101-3281

HR, Southern Nevada Child & Adolescent Services — Budget Page DCFS-123
(Volume II)
Budget Account 101-3646

CHAIR RAGGIO:

We did not agree with the Assembly, so we will hold those budgets. Is there anything else in this packet?

MR. PERI:

Not in the packet. I have one other request. We are expecting an amendment from the Budget Division on the Federal Medical Assistance Percentage, the rate changes that have been discussed in numerous Human Resources accounts. We have not yet received that amendment, but when we do, the Committee must understand we do not have much choice with Medicaid. General Fund will have to be added to the budgets. We are requesting your approval to make adjustments.

SENATOR CEGAVSKE MOVED TO AUTHORIZE STAFF TO MAKE NECESSARY ADJUSTMENTS TO AFOREMENTIONED FIVE BUDGETS BASED UPON THE AMENDMENT WHEN IT IS FINALIZED BY THE BUDGET DIVISION.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED.

* * * * *

CHAIR RAGGIO:

We need to resolve the Public Employees' Benefits Program (PEBP), and I have requested options. There seems to be concern about the impact on carving out the Medicare-eligible retirees and the potential rebate and impact upon rates. I would like closing options for this Committee's consideration. We need to make a decision in order to close budgets in a timely manner.

MICHAEL D. HILLERBY (Chief of Staff, Office of the Governor):

We have discussed some options. We have left out the refund option as it was clear to us that it was something in which the Committee was not interested. You have been provided with a handout ([Exhibit L](#)).

CHAIR RAGGIO:

We were under the impression that the employee groups were not interested in the rebate either since they had heard what might be the impact.

MR. HILLERBY:

We heard that as well. The remaining issue is the impact of the rates on Medicare-eligible retirees. There are two options. One would be to progress with the Subcommittee's notion of un-commingling them, pulling them out of the risk pool with the other employees and seeing where their rates land and what is the impact. The approximate cost of that proposal is about \$7.5 million, and it has an impact on every other group of active state employees and other retirees across the plan. The administration, in working with the PEBP, thinks this is the less attractive of the two options.

The second proposal begins about halfway down the page of [Exhibit L](#). It leaves commingling in the plan and provides a direct subsidy to get them to the same rates in 2006 as they would have paid if they had gotten out of commingling.

CHAIR RAGGIO:

This is the group that gets secondary coverage. That would provide an additional subsidy for the Medicare retiree who has a spouse, or for the surviving spouse or for a retiree who has a spouse, one with and one without Medicare.

MR. HILLERBY:

Those were the three groups that were hardest hit. This proposal would be to apply a direct subsidy to those three groups to bring their premiums artificially down to the same level they would have been if they had un-commingled in 2006.

CHAIR RAGGIO:

It has the effect of a carve-out.

MR. HILLERBY:

Yes, it has that same effect. The total cost for the biennium is \$4,850,000. In 2006, it brings rates down to the same place they would have been with un-commingling for a cost of \$3,080,000 with the idea that we will eventually get to the plan we started with this Session. However, the retirees will have more notice, and during the interim we will continue to develop other options for a different kind of benefit that recognizes Medicare as a primary payer. The total cost is \$4,850,000. This proposal does not change anybody else's rates in

the plan. This leaves the rates as they were submitted within the budget with the amendment we submitted in February.

On the third page of [Exhibit L](#), we wanted to make clear to remind everyone that during plan year 2005, all of our rates as employees and retirees dropped substantially as we used up reserve. It is important to make a comparison between the 2004 participant share cost and the 2006 proposed participant share cost. The idea was to bring the percentage increases more in line with what everyone else in the plan was paying and make those Medicare retiree rates in 2006 the same as they would have been had they gotten out of commingling.

SENATOR MATHEWS:

Where does a Medicare retiree who has never been married fit in?

MR. HILLERBY:

That group was not particularly hard hit in the original proposal. If you look at page 3 of [Exhibit L](#), in the third set of figures, it says Medicare Retiree with an asterisk next to it, and their 2004 cost was \$80.96, 2005 was \$92.56, and in 2006 it would go to \$148.89.

SENATOR MARK E. AMODEI (Capital Senatorial District):

I have just heard this proposal and will take a look at it. I will reserve my comments for when an appropriate budget bill comes through.

CHAIR RAGGIO:

This would be part of the budget closing on the PEBP, and staff has indicated we need to resolve this issue by tomorrow.

SENATOR AMODEI:

I am mindful of the Committee's job in terms of the calendar. Some of the concerns that were discussed on the Senate Floor were what appeared to be a moving target in terms of the issues of stability and predictability. Stability and predictability are fine things to shoot for, and we still have a long way to go.

CHAIR RAGGIO:

The second option seems to be the preferable one. I am looking at the cost. The first option would cost \$7.5 million. The second option is in effect what the carve-out would be otherwise, and you are not affecting the monthly rate increase.

MR. HILLERBY:

That is exactly correct. The other issue is not only cost to the General Fund, the Highway Fund and other funding sources, but also the increase in rates to everyone else in the plan. That would impact all of the other employees throughout state government, retirees and otherwise. The rates presented for retirees on the page 3 of [Exhibit L](#) are the base rate for 15 years of service. About half of those Medicare retirees receive an additional \$120 off that actual printed rate because of their years of service. Therefore, that rate can be deceptive, both for the recipients and as we look at it.

The larger picture is that we will never reach the point where everybody is happy with the plan. The plan provides a good health benefit, but it is expensive for taxpayers. We also want to strive for predictability and stability. Those are

important things for us as administration and you as the Legislature. It is important for the employees and retirees to have an idea of what their benefits are going to be. We want to continue to head in that direction.

SENATOR BEERS:

I do not understand the second bullet point from the end of page 2 of [Exhibit L](#). It states, "If the 'refund' is included in the budget closing, the FY 2006 Active subsidy increases from \$481.19 to \$506.42 (approximately \$7,350,000)."

P. FORREST THORNE (Executive Officer, Board of the Public Employees' Benefits Program):

The calculation of the refund/rebate is for the Subcommittee closing. This was included in case you wanted to discuss it.

SENATOR BEERS:

This is incorrect. The refund, as we closed it in Committee, does not affect the total amount of the budget amendment. It does not affect the rates and/or the subsidy.

MR. THORNE:

The funding for the subsidy was to provide enough to pay for a refund instead of fully decreasing the State subsidy for actives.

SENATOR BEERS:

The refund simply represents 20 percent of the budget-amendment amount. The amount of the budget amendment has not changed. What has changed is the distribution of the budget amendment. Before, it was allocated 100 percent to the employer and now it is going to be 80 percent to the employer and 20 percent to the employee. That is how it was closed in Subcommittee. It should have no impact on the subsidy assuming that the budget amendment is going to continue. In whatever form, the net distribution of the budget amendment is proposed to continue.

MR. THORNE:

That is what we are proposing in the second major bullet on page 1 of [Exhibit L](#). This buy down is an additional infusion into the budget for the retiree subsidy in the amount of \$4,850,000 over the biennium and does not affect any of the subsidy rates.

SENATOR BEERS:

Essentially, the value of that 20-percent piece is roughly \$25 per month, per person.

MR. THORNE:

Correct.

MARTIN BIBB (Executive Director, Retired Public Employees of Nevada):

We have had a brief opportunity to review the proposal. We would tend to favor Option 2. It is our understanding the rate of \$391 per month for a Medicare member and retiree does not, in addition, presume that the Medicare retiree is going to have to pay the cost for Medicare Part B.

MR. THORNE:

The illustrations are net including the payout for Part B.

MR. BIBB:

The question is whether or not the Medicare retiree still has to pay Part B in addition to the \$391 rate.

MR. THORNE:

Under the second proposal, they would be reimbursed for 80 percent of Part B.

SENATOR BEERS:

Does this mean that we will be mailing them a monthly check if we approve the second choice?

MR. THORNE:

Yes, sir.

JAMES T. RICHARDSON, J.D., PH.D. (Nevada Faculty Alliance):

I pledge to work during the interim if there is an opportunity to deal with these problems so this kind of thing does not occupy so much time during the Session. Speaking for my organization, we prefer Option B. Given the realities of the Session, we would prefer that available money be used for things other than a refund, including a potential additional COLA.

SENATOR BEERS:

I hope the Committee remains cognizant that the bonus is onetime money and a COLA is ongoing. Your employees would benefit more financially if we spent that on reducing health-plan costs to the employees versus a pay raise because of the taxability impact.

CHAIR RAGGIO:

There is nothing in either option that says anything about a COLA or a pay raise.

SENATOR COFFIN MOVED TO ADOPT OPTION 2 OF [EXHIBIT L](#), AND GIVE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

We will now go to the next budget closing which is the Department of Information Technology (DoIT). There is a closing report from the Joint Subcommittee on General Government ([Exhibit M](#), original is on file at the Research Library).

TRACY RAXTER (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on General Government has completed its review of the budgets for DoIT and has made recommendations for the Department's 2005-2007 biennium budget as shown in [Exhibit M](#).

INFORMATION TECHNOLOGY

DoIT Director's Office — Budget Page DOIT-1 (Volume I)
Budget Account 721-1373

MR. RAXTER:

The Subcommittee approved five of the nine new positions recommended by the Governor for the Department's security unit. The positions approved by the Subcommittee will allow for staffing in the areas of disaster recovery planning, security awareness training, security program assessments and security accreditation program development, thereby assisting in mitigating vulnerabilities with the State's technology utilization. The Subcommittee did not concur with the Governor's recommendation to add a new position in the Department's rate development unit, as documentation provided by the Department did not indicate an increase in workload to justify additional staffing. The Subcommittee did approve funding of \$5,000 per year for an annual review of the rate model by an outside contractor. The Subcommittee did not approve the Governor's recommendation to establish a new enterprise information technology (IT) assessment for costs of the chief information officer (CIO) function, based on insufficient identification of authority and functional responsibilities for the CIO to justify the allocation of costs for that function.

SENATOR BEERS MOVED TO CLOSE B/A 721-1373 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR COFFIN:

In the Joint Subcommittee, we played "Let's Make a Deal" on how many positions we would hire in this security unit because this was where the DoIT was hit hardest by our own audit. We only gave them half of what they wanted. It should be noted that they did appeal for those positions because security of our systems is a major issue. We need to make sure we remember for next Session that we shorted them this time.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

The next budget begins on page 7 of [Exhibit M](#).

DoIT Planning & Research Unit — Budget Page DOIT-11 (Volume I)
Budget Account 721-1370

MR. RAXTER:

The Joint Subcommittee on General Government approved the reallocation of two existing project-management positions and the transfer of an existing database-management position in the Application Design and Development Unit to staff a new Project Oversight Unit to provide oversight of information technology (IT) projects of state agencies. The Subcommittee approved the elimination of a project-management position approved by the 2003 Legislature,

as federal funds were no longer available to support the position. The Subcommittee did not concur with the Governor's recommendation to establish a new assessment to fund the Project Oversight Unit, but recommended the costs be funded through direct billings for actual hours of service provided for individual information technology projects. The Subcommittee did approve the Governor's recommendation to fund a new management analyst position to provide research and administrative support for the planning and research unit and to support the eight statewide information technology policy committees.

SENATOR BEERS:

We did close the budget as explained. Since then, it has been interesting to hear the nearly universal lack of acclaim for the services this B/A provides. We may need to look at this down the road and see if we are delivering needed services efficiently or if there may be some big-picture change that provides a better result for our dollars.

SENATOR BEERS MOVED TO CLOSE B/A 721-1370 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

The next B/A is 721-1365 as explained in [Exhibit M](#).

DoIT Application Design & Development Unit — Budget Page DOIT-19
(Volume I)
Budget Account 721-1365

MR. RAXTER:

The Joint Subcommittee on General Government approved the recommendation of the Governor to transfer 33 positions dedicated to the Nomads Program to the Welfare Division, and 2 positions dedicated to the Unity Program to DCFS. This recommendation was included in the report of the information technology optimization study that was completed during the 2003-2005 interim. The Subcommittee did not concur with the Governor's recommendation to change the billing methodology for hourly billable services. The Subcommittee felt this proposal to charge state agencies the budget amount instead of an amount representing actual hours worked, with a reconciliation in the subsequent biennium, was not necessary, as the department had made a concerted effort to identify projected utilization of services for the 2005-2007 biennium. The Subcommittee did approve the Governor's recommendation to establish training funding at \$1,450 per position in each year of the biennium. The Subcommittee noted that due to revenue shortfalls in this account during the previous two fiscal years, expenditures for training were curtailed.

SENATOR BEERS MOVED TO CLOSE B/A 721-1365 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGET CLOSED.

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CHAIR RAGGIO:

Next is B/A 721-1385 beginning on page 17 of [Exhibit M](#).

DoIT Computing Division — Budget Page DOIT-30 (Volume I)
Budget Account 721-1385

MR. RAXTER:

The Joint Subcommittee on General Government approved the addition of 1.5 FTE computer systems programmer positions to support the Internet-services section and to address workload in mainframe performance monitoring and systems programming. The Joint Subcommittee on General Government directed the Department to request approval from the IFC for an additional computer systems programmer position, funded from reserves, to support the Linux Operating System Environment on the Mainframe Computer once a user base has been developed for this service. The Joint Subcommittee on General Government concurred with the Governor's recommendation to approve funding for a Virtual Tape Storage facility to serve as a Second Disaster Recovery Site. In approving this decision unit, the Subcommittee recommended the approximate \$1.9 million General Fund portion of the project funding be repaid through computing Division charges in a four-year period instead of the eight years recommended by the Governor.

The Subcommittee approved funding of \$528,584 over the 2005-2007 biennium to expand the mainframe capacity. The recommended funding includes the costs for activating an additional processor and for additional software licensing costs. The Department's capacity planning indicates that mainframe utilization is expected to reach 85 percent of current capacity in March 2006. The Subcommittee did not concur with the Governor's recommendation for funding of \$437,500 for a single sign-on/authentication program to allow users of multiple state computer systems to have one user identification and password for the sign-on process. The Subcommittee had concerns about the depth of the analysis regarding the number of users and systems applications for the single sign-on application and the degree of analysis performed on other authentication technologies that may be available.

In addition, the Subcommittee did not concur with the Governor's recommendation for funding of \$137,000 over the 2005-2007 biennium for standby pay for computer facility staff. The Subcommittee did not feel the Department provided sufficient justification for budgeting standby pay for 24-hour, seven-days-a-week coverage of all seven functional areas within the facility, exclusive of the systems operation unit. Also, the Subcommittee noted the Department could continue to utilize callback pay as needed for providing services at the facility.

SENATOR BEERS MOVED TO CLOSE B/A 721-1385 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR RHOADS:
What is callback pay?

MR. RAXTER:
Callback pay is when you have completed your normal eight-hour work shift, and then you are called back by your employer for some work-related task. You are eligible for a minimum of two hours of your pay and any additional time over that if you incur additional time.

SENATOR BEERS:
When we investigated the number of callbacks in the current biennium, we found there were not many.

MR. RAXTER:
That is correct. We asked the agency how many instances of callbacks they had in FY 2004. They indicated there were 16 instances at a total cost of \$1,332.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:
The next B/A is 721-1386 beginning on page 25 of [Exhibit M](#).

DoIT Data Communications & Technical Services — Budget Page DOIT-45
(Volume I)
Budget Account 721-1386

MR. RAXTER:
The Joint Subcommittee on General Government approved the recommendation of the Governor to transfer ten technical services positions dedicated to the Unity Program to the DCFS. This recommendation was included in the report of the IT optimization study that was completed during the 2003-2005 interim. The Subcommittee did not concur with the Governor's recommendation to add a new position for implementing and maintaining service-level agreements with state agencies and for providing financial and management analysis of computing, data communication and technical-services operations. Based on an apparent duplication of functions performed by other staff and lack of a sufficient increase in workload to justify additional staffing, the Subcommittee did not feel the position was adequately justified.

SENATOR BEERS MOVED TO CLOSE B/A 721-1386 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

The next B/A begins on page 28 of [Exhibit M](#).

DoIT Telecommunications — Budget Page DOIT-53 (Volume I)
Budget Account 721-1387

MR. RAXTER:

The Joint Subcommittee on General Government approved the budget of the Telecommunications Unit as recommended by the Governor, with technical adjustments as recommended by staff. The budget, as recommended, includes new and replacement equipment totaling \$917,500 to keep the State Telecommunications System operational and for enhancements to the system to allow for increases in the number of state agencies connected to the system and for new technologies.

SENATOR BEERS MOVED TO CLOSE B/A 721-1387 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

The next B/A is 721-1388 and begins on page 31 of [Exhibit M](#).

DoIT Communications — Budget Page DOIT-60 (Volume I)
Budget Account 721-1388

MR. RAXTER:

The Joint Subcommittee on General Government approved funding of \$687,897 for new and replacement equipment for operation and maintenance of the State's Microwave Communication System. In approving the equipment funding, the Joint Subcommittee approved the replacement of only one vehicle, instead of three vehicles as recommended by the Governor. The Joint Subcommittee noted that the agency previously received and expended funding for replacement of two of the vehicles in the 2003-2005 biennium. The Joint Subcommittee also approved the reclassification of four communication systems specialists II positions to the computer network specialist I classification and the reclassification of a maintenance repair technician to the development technician classification.

SENATOR BEERS MOVED TO CLOSE B/A 721-1388 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

CHAIR RAGGIO:
Is there any further discussion? Hearing none, I will adjourn the Senate Committee on Finance at 6:40 p.m.

RESPECTFULLY SUBMITTED:

Lora Nay,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____