

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

**Seventy-Fourth Session
April 30, 2007**

The Committee on Ways and Means was called to order by Chairman Morse Arberry Jr. at 8:05 a.m., on Monday, April 30, 2007, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chairman
Assemblywoman Sheila Leslie, Vice Chairwoman
Assemblywoman Barbara E. Buckley
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblyman John W. Marvel
Assemblywoman Kathy McClain
Assemblyman David R. Parks
Assemblywoman Debbie Smith
Assemblywoman Valerie E. Weber

GUEST LEGISLATORS PRESENT:

Assemblyman David Bobzien, Assembly District No. 24
Assemblyman Pete Goicoechea, Assembly District No. 35
Assemblyman Kelvin Atkinson, Assembly District No. 17

STAFF MEMBERS PRESENT:

Mark W. Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Laura Freed, Program Analyst
Julie Diggins, Program Analyst
Melinda Martini, Education Program Analyst
Todd Myler, Committee Secretary
Patricia Adams, Committee Assistant



Assembly Bill 158 (1st Reprint): Requires the Secretary of State to establish and maintain the Registry of Advance Directives for Health Care on his Internet website. (BDR 40-927)

Chairman Arberry opened discussion on Assembly Bill (A.B.) 158 (R1) and recognized Assemblyman David Bobzien, Assembly District No. 24.

Mr. Bobzien said he originally planned on creating a self-sufficient, self-sustaining program that would be funded by a nominal fee paid by each registrant, as was done in other states. He mentioned that the Secretary of State's staff had done research to find out what would be needed to allow this program to begin. He then introduced Ms. Nicole Lamboley, Chief Deputy Secretary of State.

Ms. Lamboley said the Secretary of State (SOS) was interested in this program and committed resources to support this registry. The SOS staff researched programs administered in other states to determine how a registry might be implemented in Nevada. She said SOS staff believed most of the administration of the registry could be handled with current staff.

Ms. Lamboley explained that the fiscal note dealt with estimated technology costs for support of the registry. She explained that A.B. 158 (R1) required that the registry be secure and available at all times, meaning that three tiers of redundancy was needed so the system would never go down. Ms. Lamboley said the majority of the estimated costs in the fiscal note pertained to a technology staff member to develop the software to administer the registry, information technology staff to manage the registry, and the cost of the hardware for a redundant system. Most of the cost involved would be spent in the first year for the initial setup of the system, with minimal software enhancements and reduced information technology staffing for maintenance in coming years. Ms. Lamboley explained that a \$10 per year filing fee was proposed in the fiscal note, though some states provided this service free of charge. Having a free registry was the SOS's ultimate goal; however, to develop the fiscal note for this bill, a \$10 charge was assumed, which appeared to be the average fee in other states for this service.

Assemblywoman Leslie asked whether the Committee had received a new fiscal note.

Ms. Lamboley noted that the fiscal note the Committee had was the most current.

Ms. Leslie asked why the fee would be charged annually and not once.

Ms. Lamboley clarified that the \$10 fee would be charged every time an individual filed a new or amended document.

Ms. Leslie asked Ms. Lamboley to verify that the main cost for the system was for the initial setup with minimal maintenance costs thereafter.

Ms. Lamboley said that was the case.

Ms. Leslie asked Mr. Bobzien to give the Committee more detail regarding the provisions of A.B. 158 (R1), as most of the members did not sit on the Health and Human Services Committee where the bill was originally heard.

Mr. Bobzien noted that A.B. 158 (R1) required the SOS to create a voluntary tool for individuals who wished to make end-of-life decisions. Oftentimes, persons with completed living wills, or advance directives, either had the document placed in obscure places within their homes, in a safe deposit box, or perhaps with their attorney. Mr. Bobzien knew of individuals who had medical emergencies when family or loved ones were unable to find the living will to properly effect the individual's desires. Assembly Bill 158 (R1) provided for a safe repository for advance directives, for which individuals would receive a directive filing card to certify there was a document on file, which allowed health professionals to verify there was a properly notarized living will. This registry was voluntary, and Mr. Bobzien believed this was a tool that would help Nevadans.

Chairman Arberry said the fiscal note contained revenue from an advanced registry fee and asked whether this was the revenue projected to be received from the \$10 fees mentioned.

Ms. Lamboley explained that the revenue listed in the fiscal note was derived from estimations on the \$10 fees received.

Chairman Arberry asked whether SOS was certain that the level of revenue projected would actually be received.

Ms. Lamboley noted that SOS staff had contacted the Organ Donor Network and other organizations that used similar registries. According to Ms. Lamboley, the average participation rate of those programs was used to determine the projected revenue. Ms. Lamboley noted that the Center for Medical Ethics had agreed to do some community outreach and that she believed the estimate would be met as people learned about the registry.

Chairman Arberry asked what would happen if the projections were not met.

Ms. Lamboley noted that the Interim Finance Committee would have to be approached for more funding in that instance. She noted that the biggest concern with the program was the security of the technology network because it had to be secure, yet available at all times. In the event that a registrant's family or a medical professional needed to access the document on file, it was not acceptable for the server hosting the registry to be down.

Chairman Arberry asked whether the position requested was to be paid for through the fees or whether General Fund monies were needed.

Ms. Lamboley said it was hoped that fees would help fund the position while current technology staff would be used for support; however, she acknowledged that the position might need to be funded through the General Fund.

Chairman Arberry said that the fiscal note did not contain language to that effect.

Ms. Leslie noted that startup money was needed and was the more important number to focus on in considering the budget. She said once the service began to be used, the General Fund could be reimbursed with the fee revenue.

Ms. Lamboley said SOS staff was willing to consider reimbursing the General Fund. She then explained that the goal in assembling the information for presentation to the Legislature was to draft a fiscal note based on what the

estimated fee revenues could support, yet the initial cost needed to be paid for without fee support.

Ms. Leslie noted that the SOS had done a good job in working with Mr. Bobzien to devise this plan including the funding. She hoped the fiscal note could be clarified so the Committee could make a good decision on funding this program.

Ms. Lamboley said she could provide information that was used in developing this program that showed the need for one full-time employee to help with the setup and administration of the system, miscellaneous operating supplies, and the contract to develop the computer application.

Chairman Arberry asked whether the SOS could absorb the cost of the program if the bill was passed but funding was not available.

Ms. Lamboley noted that voluntary budget reductions made by the agency to comply with the Governor's request removed proposed positions in information technology staff, which made it difficult to absorb. She said the nontechnology staff portion of the system could be absorbed, but to ensure the security of the system, SOS would need the technology position requested.

Chairman Arberry recognized Mr. Bobzien.

Mr. Bobzien noted that this bill endeavored to establish a policy that allowed citizens to make any one of various decisions affecting the end of their lives, whether it be to terminate life sustaining measures or to maintain life sustaining measures. Mr. Bobzien explained that this was a "value-neutral" piece of legislation.

Mr. Marvel noted that legal counsel kept his living will for him.

Chairman Arberry recognized Mr. Jon Sasser, representing the Washoe County Senior Law Project (WCSLP) [a non-profit law firm operated by Washoe County Department of Senior Services].

Mr. Sasser said that WCSLP had already given testimony in support of A.B. 158 (R1) in the Health and Human Services Committee. The WCSLP gave assistance to seniors who wanted to draft advance directives, and there were many instances where individuals would lose the document. Mr. Sasser noted that WCSLP would make it a part of their practice to advise clients to place the document with the SOS registry and that WCSLP urged the Committee to support this bill.

Chairman Arberry asked whether anyone else present wished to speak for or against A.B. 158 (R1). With no response, he closed the hearing on this bill and noted that the agenda would be taken out of order.

Assembly Bill 291 (1st Reprint): Revises provisions governing the use of money deposited in a fund established to stabilize the operation of a school district. (BDR 31-189)

Chairman Arberry opened discussion on Assembly Bill (A.B.) 291 (R1) and recognized Assemblyman Pete Goicoechea, Assembly District No. 35.

Mr. Goicoechea explained that he was not familiar with the information in the fiscal note. He said A.B. 291 (R1) did not propose any changes to *Nevada Revised Statutes* (NRS) 362.171, which allowed for the creation of the School

District Mitigation Fund. This fund allowed school districts to take a percentage of net proceeds that were dedicated to the county in question and place them in a savings account. Mr. Goicoechea explained that under present law, the only instances in which this fund could be used was if the county experienced two consecutive years of decline in revenue or if a mine was expected to close and revenues that would have been received from the mine were no longer available. Mr. Goicoechea noted that A.B. 291 (R1) only affected school districts in counties with populations of less than 15,000. The proposed changes allowed counties to access the fund if the county experienced a revenue decline of 10 percent from the previous year or if the money was to be used to retire existing debt, whether bonded or outstanding debt obligations.

Mr. Goicoechea said that NRS 362.171 was "enabling" legislation, so in the past, school districts had suspended the account to access the funds. In the following year, the account was reopened and the district would begin saving again. Mr. Goicoechea noted that page 3 of the handout ([Exhibit C](#)) demonstrated the fluctuation in net proceeds from counties around the State. He said the mitigation fund was designed to ease the burden from the fluctuations in revenue. Mr. Goicoechea credited Assemblywoman Smith with preventing Superintendent Jordan of Lander County School District from suspending the mitigation account to access the funds and avoid cutting 16 positions, many of which were teachers. Mr. Goicoechea said that A.B. 291 (R1) allowed school districts the ability to access the account with a decline of revenue of 10 percent or to retire debt. He reminded the Committee that this bill only pertained to rural counties, which were typically the counties with school districts that faced such large fluctuations in revenue.

Chairman Arberry recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens noted that school districts were aware of the exact net proceeds revenue to be received one year in advance and were budgeting accordingly for the next fiscal period. Therefore, Mr. Stevens wanted to know why it was necessary to allow this type of access to the fund. He mentioned that he understood what had happened with respect to Eureka County; however, he needed more information to understand the issue in Lander County's case. Mr. Stevens acknowledged that the change may need to occur, but he believed he needed more information to understand the need for it.

Mr. Goicoechea noted that though the school districts in question might know the revenues scheduled in advance, it was still difficult to maintain budgets when there were significant fluctuations in the amounts to be received. He believed that allowing access to the fund created by NRS 362.171 would alleviate the difficulties surrounding these large fluctuations.

Mr. Stevens said the "basic support guarantee" for all school districts was adjusted based on estimated property and other local taxes to be received. He said Eureka County received virtually no state support, so there was no mechanism to make adjustments to the "basic support guarantee" based on the expected net proceeds or other resources.

Mr. Goicoechea said the School District Mitigation Fund had already been created by the Legislature, and the money was there for use; however, the only ways to access the fund was to experience two consecutive years of decline in revenue, or when anticipated revenues were not realized because a mine expected to open did not do so or a mine closed unexpectedly. Mr. Goicoechea explained that the money in the fund had already been dedicated to school

districts, and the only change being made to the fund involved when the money could be accessed. In the case of Eureka County, he noted that the school district had to suspend the account, retire the debt, and then reopen the account to save for future years. Mr. Goicoechea believed this was poor management practice. He further explained that this bill allowed for fund access after a 10 percent decline in revenue, which was in most cases \$1 million to \$1.5 million. He acknowledged that the fund would not replace all of that lost revenue, but would help in times of downturn to pay off existing debt. Mr. Goicoechea then said there were two superintendents present to further address this issue.

Mr. Marvel noted that at one time, the money sent to the school districts was based on projections of net proceeds, but that currently the money sent was based on actual realized revenues. He then asked how this bill would affect the General Fund in relation to county governments.

Mr. Goicoechea noted that A.B. 291 (R1) only affected school districts.

Mr. Marvel asked when the net proceeds revenue was known.

Mr. Stevens said he believed that the revenue was known in April of each year and also verified that actual revenue was used, rather than projections.

Mr. Marvel noted that many school districts had faced problems in the past when projections were not met and money had to be refunded to the State.

Mr. Goicoechea contended that whether monies received were based on actual or projected revenue, a decline in funds still hurt the school districts.

Chairman Arberry recognized Mr. Ben Zunino, Eureka County School District (ECSD) Superintendent.

Mr. Zunino explained that A.B. 291 (R1) addressed unanticipated declines in revenue and that the ECSD budget submission was due by April 15 each year. He said the bills for the net proceeds were sent to the mines in Eureka County on April 20. The school district also had to notify its staff by May 1 whether the district intended to reemploy them. Mr. Zunino noted that there was a 30-day period that the mines could appeal the assessed revenue. He explained that ECSD had to pay some debt for a school in Crescent Valley. In the last year, the bond recently passed by Eureka County taxpayers raised approximately \$2.5 million less than expected. As such, another loan was needed to complete construction on the school.

Furthermore, Mr. Zunino said revenue projections from the mining industry and the county became available in February and March, but were rarely close to the same amounts. He drew the Committee's attention to a chart ([Exhibit D](#)) that demonstrated the volatility of ECSD revenues. He acknowledged that Eureka County's situation was unique compared to other Nevada counties. Mr. Zunino said that once a teacher was lost in rural counties, that teacher was lost forever. It was difficult to find teachers to work in the rural counties to begin with, so when positions were cut for just one year, that teacher would probably never come back if the position was restored. One of the criticisms of ECSD has been the lack of money saved for times of shortfall. Mr. Zunino said it was important that the Legislature allow the ECSD Board of Trustees to manage the school district in a "responsible manner," and A.B. 291 (R1) allowed the Board to accomplish this.

Chairman Arberry recognized Mr. Bob Burnham, Board Member of ECSD.

Mr. Burnham noted that he now held the seat that his wife had held for some time and then drew the Committee's attention to the graph ([Exhibit D](#)) that Mr. Zunino had mentioned earlier. Mr. Burnham said his wife was Board President in 2003 when revenue had dropped to an extreme low. He recalled that his wife had come home in tears on a number of occasions with the decisions the school board had to make, specifically with the termination of approximately one-third of the teachers at the high school. Mr. Burnham said the majority of those teachers were outstanding professionals and citizens. One of those was an exceptional young teacher that Mr. Burnham said was the type of teacher that any school district would want to keep on staff for thirty years. He explained that the lost teachers would not be able to be rehired because they were gone and had left the area.

Mr. Burnham explained that the unfortunate situation in 2003 did not have to happen. Had the district been allowed to save wisely in preceding years, the effects of this extreme revenue loss could have been greatly reduced. Mr. Burnham said the programs that were cut at that time could also have been maintained and the stability of ECSD could have been preserved.

Mr. Burnham said any responsible parent or prudent business manager should, in times of prosperity, save money to prepare for times of downturn, especially when it was known that downturns were inevitable. Mr. Burnham said public officials should do the same, yet Nevada's current law prevented small rural school districts from doing so.

Mr. Burnham suggested it was difficult to develop quality staff, curriculum, and programs in small school districts when revenue was so volatile. Consistent performance could not be maintained when funding was inconsistent. Mr. Burnham asked the Committee to allow small school districts to manage revenues "for the long run." In doing so, he stated that school districts could develop consistent, quality educational systems that would better withstand large revenue fluctuations. Mr. Burnham said A.B. 291 (R1) would reduce the State's need to provide emergency funding when severe revenue shortfalls occurred.

Mr. Burnham said education was more important than ever in this rapidly evolving world. This was just as true in small counties as it was in urban areas. According to Mr. Burnham, this bill allowed for the development and preparation to meet the long-term needs of youth so they could reach their potential, which benefited their families, communities, Nevada, and the United States.

Chairman Arberry recognized Curtis Jordan, Superintendent, Lander County School District (LCSD).

Mr. Jordan read testimony ([Exhibit E](#)) in support of A.B. 291 (R1). In addition to his prepared statement, Mr. Jordan also noted that in a recent downturn in revenues from mine proceeds, LCSD had to terminate 16 staff members, of which half were teachers. Additionally, some programs were cut including athletics and buildings and grounds maintenance. The school lunch program raised prices to help offset the lost revenue. According to Mr. Jordan, LCSD had done everything possible to maintain the instructional programs, because LCSD was one of only a few school districts in Nevada that met Adequate Yearly Progress (AYP) requirements in all of its schools. He said once the staff members were terminated, LCSD was concerned about not being able to reach AYP goals again.

Mr. Marvel noted a large difference on the handout ([Exhibit C](#)) in the projected revenues given by the Department of Taxation (Taxation) and the phone conversations with the mines. He asked why there was such a discrepancy.

Mr. Jordan said, "Estimates are estimates." He said what was actually received was different than the estimates as well.

Mr. Marvel asked which number was relied upon, whether it was the figure from Taxation or from the industry.

Mr. Jordan said the estimates from Taxation were relied upon.

Mr. Zunino explained that the school districts were required to use the estimates provided by Taxation. He noted that assessed valuation went from \$500 million in one year to \$300 million. Though a drop in revenue was anticipated because of this change, the fund could not be accessed in a timely manner.

Assemblywoman Smith asked Mr. Zunino whether this bill would change the basic support guarantee or whether it would affect the amount of state funding.

Mr. Zunino said this would have no effect on the basic support guarantee or state funding.

Mrs. Smith asked for verification that this was only a change in the way money was managed by the school districts.

Mr. Zunino explained this bill was designed to allow school boards of trustees to mitigate issues faced. He noted that it was important to maintain a stable staff at schools. When staff was cut, stability was lost, according to Mr. Zunino. Consequently, student achievement suffered. He noted that ECSD was also one of the school districts that met AYP requirements in all of its schools; however, continuing to do so was difficult when staff was changed or lost. For example, in Crescent Valley, multiple grades were taught by the same teachers. This was a very difficult situation for any teacher, but if cuts were made in this area, it would make it even more difficult on the remaining staff, according to Mr. Zunino.

Mr. Marvel asked whether the net proceeds were being used for school district operations or only for capital improvements. He noted that this was "windfall money" and that if it was placed in an operating budget, its potential to disappear would cause problems.

Mr. Zunino said, "We are forced to [use net proceeds funds for operations]."

Mrs. Smith asked why the bill was changed to affect NRS Chapter 354, rather than NRS Chapter 362.

Mr. Goicoechea did not know why it was changed.

Mrs. Smith noted that the Committee should verify that the change was proper with the Legal Division of the Legislative Counsel Bureau.

Chairman Arberry asked whether anyone else wished to speak for or against A.B. 291 (R1). With no response, he closed the hearing on this bill.

Assembly Bill 182 (1st Reprint): Makes various changes concerning the Fund for a Healthy Nevada. (BDR 40-158)

Chairman Arberry opened the hearing on Assembly Bill (A.B.) 182 (R1) and recognized Assemblywoman Kathy McClain, Assembly District No. 15.

Ms. McClain explained that this bill had no fiscal impact on the State, though she believed it had the potential to save money. This bill proposed eliminating the Taskforce for a Fund for a Healthy Nevada (TFHN) and transferring the allocations and grants to the Grants Management Advisory Committee (GMAC). Ms. McClain said this bill also increased the membership on GMAC to include persons who worked in tobacco cessation programs, worked with disabled persons, worked in children's health services and worked on the Nevada Commission on Aging. The bill also provided non-voting members from the Senate and Assembly.

Ms. McClain explained that a grant management unit had been created in the Department of Health and Human Services, which reviewed grants from "Title XX," the Fund for a Healthy Nevada, and other areas, because it had been discovered over the years that small amounts of money had been going to the same areas of concern. All of these grants were consolidated into the grant management unit, which combined GMAC and TFHN and created subcommittees dedicated to specific programs, such as tobacco cessation, disabilities, and children's health. With these new subcommittees working properly, TFHN was no longer needed, according to Ms. McClain, especially with GMAC and the grants management unit allocating grants effectively.

Ms. McClain noted that A.B. 182 (R1) also proposed changing percentages on the money allocated to different program areas for grant funding. Tobacco cessation would receive a reduced percentage, while Nevada Disability RX and disabled persons would receive a higher percentage, which were currently underfunded. According to Ms. McClain, the Tobacco Master Settlement Agreement (TMSA) was designed to not only help with tobacco cessation programs, but also to deal with the health costs of smokers, which she believed involved mainly senior citizens, though some were also persons with disabilities. She noted that her main focus was on senior citizens and persons with disabilities, but mentioned that she was biased toward tobacco cessation programs; however, she did not believe that tobacco cessation programs needed to maintain the same level of funding, especially because the money could be well spent in other areas. She noted that the 2006 election contained a ballot question that outlawed smoking in public areas, so Ms. McClain did not believe there needed to be as much public education regarding second-hand smoke because there was no more second-hand smoke in public places. Ms. McClain then reiterated that there was no fiscal impact on the State from this bill.

Assemblywoman Leslie noted that this bill was a concurrent referral, which is why it came before the Committee; however, it also related to A.B. 599, along with some bills from the Senate that dealt with the spending cap. She believed that if the Committee decided to adopt the policy contained in A.B. 182 (R1), which she thought was a good policy, the different pieces of legislation would need to be combined so the bill could be moved out of the Assembly. She suggested that Ms. McClain work with Mr. Michael Willden, Director, Department of Health and Human Services, to determine whether the administrative cap language in other bills could be included in A.B. 182 (R1).

Ms. McClain noted that she would work on combining the bills. She also noted that there may have been concerns regarding the effective date of A.B. 182 (R1), along with a provision that affected the Division on Aging Services.

Assemblyman Hardy reminded Ms. McClain of a conversation they recently had regarding the reduction of tobacco cessation funding from 20 percent of the grant funds to 10 percent and the total dollars involved. He asked whether Ms. McClain had been able to obtain clarification on the overall effective change in funding.

Ms. McClain said that in the Spring of 2008, more money would be available from the TMSA, though it was not as much as currently received. She said it would, however, help to offset the decrease in tobacco cessation funding. Ms. McClain noted that the total decrease would be approximately \$1 million per year.

Dr. Hardy asked from what total level the funds would be cut.

Ms. McClain said the total funding level was currently approximately \$4 million.

Dr. Hardy asked Ms. McClain to verify that the total tobacco cessation funding would be approximately \$3 million instead of \$2 million.

Ms. McClain verified that the funding level would be \$3 million.

Dr. Hardy then commented that most second-hand smoke was within the homes of smokers. He said the law passed by voters did not affect that circumstance. Therefore, Dr. Hardy still had concerns about smoking prevention and tobacco cessation programs, even if second-hand smoke was not allowed in the workplace.

Ms. McClain agreed with Dr. Hardy, but mentioned that one of the provisions in A.B. 182 (R1) involved the tobacco cessation funds, which she believed focused more on prevention with teenagers and young adults.

Chairman Arberry recognized Mr. Jon Sasser, representing the Washoe County Senior Law Project (WCSLP) and Washoe Legal Services (WLS).

Mr. Sasser explained that WCSLP and WLS had worked with Ms. McClain and Health and Human Services regarding amendments to this bill and now fully supported A.B. 182 (R1). He said this bill did a number of beneficial things compared to the original bill. As currently written, there was no longer competition between senior citizens and persons with disabilities over the same funding. According to Mr. Sasser, A.B. 182 (R1) would also make \$350,000 annually available for independent living grants for seniors. It also added hearing aid services to already available dental and vision services for seniors.

Chairman Arberry recognized Connie McMullen, Chairwoman, Senior Services Strategic Plan Accountability Committee (SPAC).

Ms. McMullen said SPAC was initially not in favor of this bill, but that Ms. McClain had worked hard to amend this legislation and SPAC now supported it unanimously; however, there were still some minor concerns surrounding the provisions affecting the aging and Senior RX programs. Ms. McMullen explained that subsection 4 of Section 3, of A.B. 182 (R1) contained language that allowed for the support of dental and vision benefits, as

well as hearing aids. Ms. McMullen said that SPAC was concerned that the Division of Aging Services (DAS) would have to pay for these benefits. She said DAS currently had three programs—two dental programs and one hearing program. The Nevada Health Center in southern Nevada received \$142,500 for dental benefits, while the Elvirita Lewis Forum [northern Nevada nonprofit organization that provides various services to senior citizens] received \$62,000 for hearing aids and \$176,000 for dental benefits for low-income seniors. Ms. McMullen said these programs had been valuable in providing these services to seniors. Additionally, there was a concern that the Nevada Senior RX program, according to Ms. McMullen, would not have sufficient funding because of language to be deleted that stated "to the extent money is available." She said that current wording mandated that funding would always be available for the program to pay for benefits; however, there was no provision as to where the funding would come from other than from Health and Human Services. Ms. McMullen believed there needed to be more flexibility in this language.

Chairman Arberry asked whether there was anyone else who wished to speak for or against A.B. 182 (R1). He then recognized Ms. Kathy Karrasch, a citizen.

Ms. Karrasch said she was neutral on this bill. Though she recognized that senior citizens needed funding for programs, youth needed smoking cessation programs in schools as well. She had seen cessation programs work with her children and with other children within the Washoe County School District. Ms. Karrasch believed that the State had a moral obligation to continue these programs and that, to her understanding, the funds that were allocated to the American Lung Association (ALA) for FY 2008 would be reduced by 50 percent. She felt there was enough money for programs for seniors to get funding, but asked the Committee to preserve the ALA funding. She agreed with Dr. Hardy's comment about second-hand smoke in homes. Ms. Karrasch believed that young children, if educated against smoking, would encourage parents to stop smoking. She had witnessed this personally and asked the Committee to have this bill amended to allow for the continuation of funding to ALA, while still allowing for the funding for seniors.

Ms. McClain clarified that the grants involved in this bill were competitive and awarded every two years. Therefore, there was no guarantee that any organization would receive funding. Ms. McClain noted that a change in effective date would not change the funding in the upcoming fiscal cycle.

Vice Chairwoman Leslie recognized Mr. Michael Hackett, representing the American Cancer Society (ACS).

Mr. Hackett explained that ACS was opposed to A.B. 182 (R1), but the opposition was only to the proposed cut in tobacco prevention and cessation programs. He noted that testimony was given to this effect in the Committee on Health and Human Services. He said that ALA, the American Heart Association, and the Nevada Tobacco Prevention Coalition also opposed this bill for that reason. Mr. Hackett then referred to a list ([Exhibit F](#)) which showed the current grantees and the amount of money received from the Fund for a Healthy Nevada for tobacco prevention, cessation, and treatment programs. He then explained that if there were other avenues to pursue that would avoid the potential loss of funding for these programs, ACS was willing to work with the bill sponsors to effect that change.

Assemblywoman Koivisto asked how many of the programs on the list were effectively using the funds to "really [do] something" and how many of the programs were committees that had meetings or were "full-employment plans."

Mr. Hackett noted that he did not know how effective the listed programs were. He said, however, that a study was being conducted to determine the effectiveness of these programs. He believed the study would be completed in June 2008. Mr. Hackett said ACS would make the study results available to the Legislature at that time.

Vice Chairwoman Leslie recognized Ms. Jennifer Stoll-Hadayia, representing the Washoe County District Health Department (WCDH).

Ms. Stoll-Hadayia noted that WCDH was in opposition to this bill for the reasons articulated already and had submitted testimony ([Exhibit G](#)) to that effect. In response to Mrs. Koivisto's question regarding the effectiveness of the programs listed on the document submitted by Mr. Hackett, Ms. Stoll-Hadayia explained that the greatest measure of those programs' effectiveness was that smoking rates and tobacco-related fatalities were down. She noted that the study mentioned was currently being conducted, and there were some preliminary results; however, WCDH recommended that the study be completed before any decisions were made that would affect funding levels to grantees. Finally, Ms. Stoll-Hadayia said that in the last month results from a study in Massachusetts showed a direct correlation between the reduction of tobacco prevention funding and reversals in positive trends. The study discovered that as tobacco prevention funding decreased, cigarette sales increased. This was a concern to WCDH.

Vice Chairwoman Leslie noted that the Committee had received a copy of Ms. Stoll-Hadayia's testimony and asked whether anyone else wished to speak for or against A.B. 182 (R1). With no response, she closed the hearing on this bill.

Assembly Bill 154 (1st Reprint): Revises provisions governing the transportation of pupils by certain private schools. (BDR 58-1190)

Vice Chairwoman Leslie opened the hearing on Assembly Bill (A.B.) 154 (R1) and recognized Assemblyman Kelvin Atkinson, Assembly District No. 17.

Mr. Atkinson noted that the Department of Motor Vehicles (DMV) had sent a letter verifying that there were no fees attached to this legislation. This bill exempted nonprofit private schools from paying Taxicab Services Authority (TSA) fees. However, TSA testified in the Assembly Committee on Transportation that there were not any fees charged to private schools to begin with. He then introduced Mr. Edgar Roberts, Administrator, Motor Carrier Division.

Vice Chairwoman Leslie recognized Mr. Roberts.

Mr. Roberts stated that the Committee on Transportation amended the bill to remove the fiscal impact to the Motor Carrier Division.

Vice Chairwoman Leslie asked whether there was any cost to the State involved with A.B. 154 (R1).

Mr. Roberts said there was no cost to the Motor Carrier Division.

Vice Chairwoman Leslie asked whether there was any cost to DMV.

Mr. Roberts explained that the Motor Carrier Division was part of the DMV, and there would be no cost.

Vice Chairwoman Leslie asked whether there was a cost to school districts or to anyone else.

Mr. Atkinson said there was no cost to anyone with this bill and that the bill was merely clarifying current statute.

Vice Chairwoman Leslie asked whether there was anyone else present who wished to speak for, against, or neutrally toward A.B. 154 (R1). With no response, she closed the hearing on this bill.

Assembly Bill 206: Makes an appropriation to the Department of Administration to fund certain information technology projects. (BDR S-1207)

Vice Chairwoman Leslie opened the hearing on Assembly Bill (A.B.) 206 and recognized Mr. Dave McTeer, Information Technology (IT) Division Chief, Department of Administration.

Mr. McTeer explained that this bill requested a General Fund appropriation in the amount of \$4,728,740 to pay for the cost of eight IT projects that were designated as part of Budget Account 1325, IT Projects. This budget account was administered by the IT Division and was included in The Executive Budget.

Vice Chairwoman Leslie asked whether the amount in the bill was correct.

Mr. McTeer said it was the correct amount.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, explained that the various projects included in this bill were being reviewed by the Joint Subcommittee on General Government. These projects were heard in the preceding week. Mr. Stevens said that one of the projects, an electronic birth registration system, was not approved by the Subcommittee. Two other projects, a radio system replacement and a Health Data Warehouse project, were approved by the Assembly side of the Subcommittee but disapproved by the Senate side. Mr. Stevens recommended that the Committee allow the Subcommittee on General Government to make a recommendation to the Committee and then decide whether to follow that recommendation.

Vice Chairwoman Leslie noted that it seemed reasonable to follow that course. She then asked whether anyone else wished to comment on A.B. 206. With no response, she closed the hearing on this bill.

Assembly Bill 318: Makes an appropriation to the Department of Education for allocation to Save the Children for in-school and after-school literacy programs. (BDR S-1085)

Vice Chairwoman Leslie opened the hearing on Assembly Bill (A.B.) 318 and recognized Assemblywoman Debbie Smith, Assembly District No. 30.

Mrs. Smith noted that A.B. 318 requested an appropriation of \$1.5 million to the Save the Children program for after-school programs. She explained that the Committee had recently heard much about the need for after-school programs and that a recent adequacy study that examined school funding

showed the need for before and after-school programs throughout the State. She believed that these programs were not recommended to receive any funding in The Executive Budget. Mrs. Smith noted that the program in A.B. 318 focused on rural areas and lower socioeconomic schools and students. These students particularly needed help with homework and literacy skills. Mrs. Smith said that others present would discuss the recent success with such a program at Pyramid Lake. She then introduced Mr. Alfredo Alonso, Director of Government Affairs Nevada, Lewis and Roca, LLP [a law firm], representing Save the Children (SC) North America.

Mr. Alonso explained that SC was an international organization that focused on rural areas of several states over the years. This organization was a cost-effective program that created partnerships with participating states. Mr. Alonso said SC had good results and he was proud to be associated with it and that SC would benefit Nevada's rural counties for years to come. He believed rural areas were often neglected, particularly in fundraising efforts, for these types of after-school programs. Mr. Alonso noted that a pilot program had been implemented, and he then introduced Mr. Andrew Hysell, National State Policy & Advocacy Director, SC.

Mr. Hysell explained that SC in the United States was focused on helping poor, rural children. He said there were many groups of children in the country that needed help, but SC selected rural children because rural areas often lacked infrastructure. Therefore, SC had set out to develop a state-of-the-art after-school program with an in-school component that would show quantitative improvement in children's reading abilities. A number of states were selected for pilot programs, Nevada being one of them.

Mr. Hysell said the school librarian from Pyramid Lake worked as the program coordinator for the after-school literacy program. Mr. Hysell said the program was focused on increasing reading scores of children who were reading below their respective grade levels. These children were targeted for the program, which utilized a curriculum that was developed with Tufts University in Massachusetts. During the past three years, this program had been improved upon to become more effective. Mr. Hysell claimed that the program had yielded results comparable to what was achieved by private tutors in one-on-one situations. This made the program cost-effective. Mr. Hysell said poor communities and poor schools had little money for private tutors, and programs such as SC's accomplished the same goals at a much reduced cost.

Mr. Hysell explained that SC added a nutrition and fitness component to the program. In light of child obesity problems, it made sense to add this extra component, which was done at a fraction of the cost of one hour of physical education during the school day.

According to Mr. Hysell, SC entered schools and worked with school staff to create programs, rather than installing their own employees to run the program. Additionally, SC did what it could to strengthen schools. For example, the nutrition program at Pyramid Lake involved physical activity where the school did not have the time and resources to provide physical education. Mr. Hysell noted that the Pyramid Lake school had been one of SC's greatest successes and that SC wished to open up programs at five other rural schools throughout Nevada. If those programs began, it would allow for the availability of other revenue sources. Mr. Hysell said the seed money asked for in A.B. 318 would allow SC to create a successful program that would open opportunities for more funding from other sources.

Vice Chairwoman Leslie recognized Ms. Debbie Reeder, Librarian, Natchez Elementary School (NES) [Pyramid Lake].

Ms. Reeder noted that she had been the librarian at NES for 18 years and had worked with SC for the past three years. She noted that the program implemented at NES had changed over time. Ms. Reeder said that SC provided her with a very structured program that involved literacy training. This training involved reading to the children, practice reading for the children, and fluency development. Ms. Reeder said that SC had provided the school with books, and the children she worked with came from homes with few books. Children could not learn to read without books at their reading level, according to Ms. Reeder. The school was like a public library for the students because there was no public library in the area. She said that the children were able to get books at their reading level from the school library on a regular basis that allowed the children to develop reading skills at a faster rate. Ms. Reeder said there were between 60 and 80 children participating in the after-school program. Right after school, the participants were given a healthy snack with fruits or vegetables. Then there was one hour of literacy training. Additionally, Ms. Reeder explained that 30 minutes of physical education was given, which NES was unable to provide on its own. This helped the children develop not only physically, but also socially, as the games played were cooperative and helped the children get along.

Dr. Hardy asked whether there were books available for children and parents to check out from the school library before the children entered school to begin developing reading skills together with their parents.

Ms. Reeder said that there was no public library in the area, but the school library was opened to parents. There was also a pre-school program at NES, which SC was examining how to assist with this program as well. Ms. Reeder said the school library was opened to any preschool students or parents, many of which visited and borrowed books. She noted that because the after-school program lasted until 5:30 PM every day, many parents would enter the school library when picking up their children and then check out books.

Mr. Hysell said SC worked with many private partners to acquire large numbers of books for schools. For example, Scholastic [publisher of children's books] gave SC books when there was a surplus. Around the country, SC had given their partner schools more books than were needed so they could be given to children who needed them.

Assemblyman Grady asked whether SC knew what five rural schools would be targeted through the proposed appropriation.

Mr. Hysell said that SC targeted poor, rural schools. He said that SC would rely on guidance from the educational experts in Nevada to determine which schools would be most appropriate to enter. Mr. Hysell said that SC focused on schools that were struggling academically in poor, rural, isolated areas. There was no list of candidate schools assembled yet, and Mr. Hysell said that SC wanted to maintain the program at NES.

Assemblywoman Smith asked whether there had been changes in parent involvement through the interaction SC had with parents as they were picking up their children or coming in after school.

Ms. Reeder explained that there had been an increase in parent involvement. She noted that when scheduling "parent nights," the school tried to schedule

those parent visits right after the after-school program. Some parents came in during the program to work with their children.

Mr. Hysell noted that SC hired local people to be tutors. For example, these individuals were often teachers, school librarians, capable high school students, or parents. This was a good way to get the community involved in the school.

Vice Chairwoman Leslie noted that it appeared that SC had done good work at NES and then thanked SC for their contributions to Nevada. She then asked whether anyone else wished to speak for or against A.B. 318. With no response, she closed the hearing on this bill and turned the meeting over to Chairman Arberry.

Assembly Bill 596 (1st Reprint): Makes certain changes to provisions concerning obligations of support for a child. (BDR 11-1411)

Chairman Arberry opened the hearing on Assembly Bill (A.B.) 596 (R1) and recognized Ms. Nancy Ford, Administrator, Division of Welfare and Supportive Services (WSS), Department of Health and Human Services (HHS).

Ms. Ford drew the Committee's attention to Exhibit H, a packet of information that explained A.B. 596 (R1) and contained four options for the payment of a federally mandated \$25 fee related to child support. Ms. Ford explained that A.B. 596 (R1) proposed three things. First, Section 1 of the bill addressed a Nevada Supreme Court decision which created a loophole in child support enforcement. The bill proposed to clarify language so that when parents lived separate and apart, the parent with custody could get child support.

Second, Section 2 addressed one of the requirements of the Deficit Reduction Act of 2005, which mandated that medical support could now be collected from either a custodial or noncustodial parent. Previously, medical support could only be collected from a noncustodial parent.

Third, Ms. Ford explained that Section 3 could be somewhat controversial. She said the Deficit Reduction Act of 2005 mandated a new \$25 fee in all child support cases where the person paying child support had never received public assistance or temporary assistance for needy families. Additionally, once \$500 of support had been collected in a calendar year, the \$25 fee was imposed. Ms. Ford explained that the federal government would examine the number of all eligible cases and deduct \$25 from federal program reimbursements. In this way, the federal government collected the \$25 fee whether it was actually collected or not. To clarify, Ms. Ford explained that the three points that triggered the fee were that the case never received public assistance, there was a \$500 collection threshold (approximately 30,000 cases in Nevada met this criteria), and the State had to pay the fee if collection efforts failed. The current liability for this fee was approximately \$750,000 annually, which would have to be paid from General Funds. Ms. Ford also noted that in cases where the noncustodial parent resided in another state, Nevada was responsible for the fee because Nevada was the "initiating state."

Ms. Ford stated there were four options for the payment of the fee. First, the fee could be retained from support collected for the custodial parent. Second, the fee could be recovered from the noncustodial parent. Third, the fee could be assessed to the individual applying for child support services, which could be either parent. Fourth, Ms. Ford said the State could pay the fee. She then pointed out that Section 5 was added to the bill to allow the fee to sunset in the event that Congress repealed the fee.

Ms. Ford explained that Option #1—Custodial parent pays the fee—was the option that was originally written in A.B. 596 (R1). This was the method included in The Executive Budget. Any other method adopted required budget adjustments. She also pointed out that this was the only option unlikely to require any additional General Fund support. Ms. Ford then said that currently custodial parents who received child support services paid nothing for the services. This was also the only method with a high probability of recovery because it came from the custodian's next child support collection.

Ms. Ford then reviewed Option #2—Noncustodial parent pays the fee—the option contained in the amended bill. In this method, there were costs that would be incurred. An accounts receivable system, with accompanying staff of 1.5 full-time employees, had to be developed because this was a fee and not child support. Ms. Ford also said this option did not guarantee that the money would be collected because this created a voluntary system that would involve sending the noncustodial parents an invoice with possible legal action for lack of payment. Ms. Ford noted there were 30,000 "orders" outstanding, and this option required amending those orders. The bill provided for the usage of child support collection methods to collect the fee; however, federal law preempted those efforts in many areas. For instance, WSS was unable to use "IRS Intercept" or "Financial Institution Data Match" because the fee was not child support. Because of this, independent legal action for collection of the fees could be required. Ms. Ford noted that 20 percent of the noncustodial parents were living outside Nevada, and initiating states were responsible for collecting the fee. Therefore, 20 percent of the fees were likely uncollectible because Nevada did not have jurisdiction over the paying parent. Additionally, Ms. Ford said that income withholding could be used as a method to collect the fee; however, there were restrictions on the amount of income that could be withheld. For child support, up to 50 percent of a parent's income could be withheld, but for nonchild support, only 25 percent could be withheld. In the event that income was already being withheld exceeding the 25 percent threshold, WSS could not use income withholding to collect the fee. Ms. Ford pointed out that the estimated cost for Option #2 to the General Fund was approximately \$880,000 over the biennium and would be ongoing. She stated that any uncollected fees would have to be paid by the State.

Assemblywoman Leslie asked whether the Assembly Committee on Judiciary amended the bill to require payment by the noncustodial parent.

Ms. Ford verified that was the case.

Ms. Leslie asked why the bill was so amended.

Ms. Ford explained that the Assembly Committee on Judiciary believed it was unfair for the custodial parent to have to pay a fee for child support services, and the \$25 annually would pay for a pair of shoes or be of some other form of help to the custodial parent.

Ms. Leslie asked Ms. Ford to verify that the Assembly Committee on Judiciary wanted noncustodial parents to pay the fee and that it would cost the General Fund \$880,000.

Ms. Ford verified Ms. Leslie's observation.

Ms. Ford noted that the amended bill still needed to be changed if Option #2 were chosen. Subsection 1, Section 3, stated that the fee would be collected

from child support and \$25 could not be added to the noncustodial parent's debt because it was prohibited by federal requirements. Therefore, the language would need to be changed to say "for which the Chief provides services in the amount collected in the case during the year in excess of \$500." She explained that the \$500 was a threshold for WSS to collect the fee, but the fee could not be collected from the child support if the noncustodial parent paid the fee.

Ms. Ford explained that Option #3—Recovered from the Individual Applying for Child Support Services—had the same complexities as Option #2, including the need for an accounts receivable system with accompanying staff. Additionally, WSS current computer system did not identify who applied for services, so there would have to be some computer work to change that. Ms. Ford noted that sometimes noncustodial parents applied for services because they oftentimes wanted a third party to account for payments.

Ms. Ford said that Option #4—Fees Paid with State Funds—would cost approximately \$990,000 over the biennium.

Ms. Ford then pointed to the last page in [Exhibit H](#), which showed how other states were addressing this issue. A survey was conducted to find out what other states and territories were doing to address the collection of this fee. Of the 41 that responded, 26 states/territories collected the fee from the custodial parent, 13 states paid the fee directly, one state collected the fee from the noncustodial parent, and one state split the cost of the fee between parents.

Ms. Ford noted that she was opposed to [A.B. 596](#) as currently drafted because there was a fiscal impact on WSS, and there were insufficient funds to administer the program as the Assembly Committee on Judiciary intended.

Chairman Arberry asked whether anyone else wished to speak for or against [A.B. 596](#). With no response, he closed the hearing on this bill.

[Assembly Bill 608](#): Makes supplemental appropriations to the Department of Business and Industry. (BDR S-1259)

Chairman Arberry opened the hearing on [Assembly Bill \(A.B.\) 608](#) and recognized Mendy Elliott, Director, Department of Business and Industry (DBI).

Ms. Elliott explained that [A.B. 608](#) proposed various supplemental appropriations to DBI agencies. She mentioned that there were changes to the bill that reduced the proposed appropriations. First, terminal leave costs of \$41,839 were eliminated from the bill. Ms. Elliott said other avenues were found to pay those costs. Second, \$8,237 for additional terminal leave was eliminated as well. Third, \$20,000 for the Insurance Division would also be removed once the Department of Administration received a budget amendment. This had to do with a flood that occurred in the Insurance Division's office in January; however, the landlord of the building had agreed to pay for the repairs.

Ms. Elliott noted there were items that needed to remain in the bill, such as charges payable to the Department of Information Technology of \$17,725. This cost was remaining unpaid bills from FY 2004. There was also a proposed appropriation of \$3,125 for the Sprint phone bill for the Consumer Affairs Division. Additionally, \$9,946 was needed for terminal leave costs for a retiring employee from the Athletic Commission. Ms. Elliott also mentioned a "rent status" cost of \$6,280 that needed to remain in the bill at this time, though

there was another appropriations bill that was being worked on that addressed this need.

Chairman Arberry asked whether a copy of this information would be provided to staff.

Ms. Elliott said she would provide a copy to staff.

Chairman Arberry asked whether she knew the total amount needed.

Ms. Elliott did not have a total, but said it would be provided. She noted that she had an email from the Budget Division regarding the amount that would be forwarded to staff.

Mr. Stevens noted that the information may have already been provided to staff, but that it was not yet in his possession.

Chairman Arberry asked whether there was anyone else who wished to speak for or against A.B. 608. With no response, he closed the hearing on this bill.

Assembly Bill 609: Makes an appropriation to the Division of Welfare and Supportive Services of the Department of Health and Human Services for a feasibility study of the NOMADS software application. (BDR S-1476)

Chairman Arberry opened the hearing on Assembly Bill (A.B.) 609 and recognized David Stewart, Deputy Administrator of Information Systems, Division of Welfare and Supportive Services (WSS).

Mr. Stewart noted that A.B. 609 proposed an appropriation to WSS to fund a feasibility study for the possibility of replacing the NOMADS software application, specifically for the child support enforcement program. Mr. Stewart referred to page 3 of the testimony ([Exhibit I](#)) to explain the expected outcomes of the study. He also referred to a letter of support ([Exhibit J](#)) for A.B. 609 from the Assistant District Attorney for Clark County, Bob Teuton.

Chairman Arberry noted that over \$100 million had already been spent on the NOMADS system and now a feasibility study was proposed. He asked whether the system was working.

Mr. Stewart said the software worked if all steps were performed in the correct manner; however, it did not perform its functions in the most effective and efficient way.

Chairman Arberry asked whether the NOMADS system was efficient.

Mr. Stewart said, "Not really."

Chairman Arberry thanked Mr. Stewart for his honesty and asked whether the study was proposed to find out whether doing away with the system was appropriate or whether the system could be adjusted to make it more efficient.

Mr. Stewart noted that WSS wanted to determine what other states were doing to see whether there were opportunities to modify the existing system. He explained that Nevada's counties were all using the system differently, so there were data integrity issues that needed to be addressed.

Chairman Arberry asked whether this proposal was contained in The Executive Budget.

Mr. Stewart said it was not in The Executive Budget.

Chairman Arberry recognized Ms. Nancy Ford, Administrator, WSS.

Ms. Ford explained that this proposal was not in The Executive Budget because this was part of the recommendations made in the MAXIMUS study on the performance of the child support enforcement program. This study was released December 22, 2006, well after the budget submission deadline.

Assemblyman Mo Denis asked for verification that the purpose of the study was to determine whether WSS would get rid of NOMADS or change the system to more adequately meet agency needs.

Mr. Stewart said the study would recommend which course of action to take with regard to NOMADS. He said it was planned to observe what software applications other states were using for child support enforcement. Mr. Stewart explained that WSS was interested in the "service-oriented architecture" of other states' systems. The WSS also wanted to see how NOMADS was used by different Nevada counties, which all handled office work differently.

Ms. Ford said that a child support enforcement system could not be replaced until such replacement was cost-effective, and it would become so within approximately the next year. She also explained that there would, at that point, be federal matching funds for replacement systems. Ms. Ford said this was the reason for the study—to determine what was the most efficient and effective way to deal with NOMADS and develop a more user-friendly system. Accordingly, web-based systems were to be considered.

Mr. Denis noted that it seemed like a significant sum of money for something that would ultimately need to be replaced anyway. He thought that the money would be better spent on the design of a new system instead of performing the study, especially when it would soon be cost-effective to replace the current system. He noted that checking to see what other states were doing did not appear to be a very expensive activity.

Mr. Stewart explained that the last point made in [Exhibit I](#) outlined expectations of the study. Those expectations were for recommendations to be made regarding software improvement, enhancements, or replacement options and the cost analysis and implementation timelines of those options. He noted that "high-level" needs would be identified, which would be included in a Request for Proposal (RFP) to allow for accurate bids.

Mr. Denis asked whether the RFP would use the recommendations from the study.

Mr. Stewart said it would.

Mr. Denis said he did not want to have to fund design of a new system twice.

Ms. Ford said the recommendation of the MAXIMUS study mentioned earlier was to replace NOMADS. This proposed study was to determine the most cost-effective way to do that. She noted that it was important to conduct this study to avoid repeating "errors of the past."

Chairman Arberry asked whether anyone else present wished to speak for or against A.B. 609. With no response, he closed the hearing on this bill.

GAMING

GAMING CONTROL BOARD (101-4061)

BUDGET PAGE GAMING CONTROL BOARD – 1

After a brief recess, Chairman Arberry opened the hearing on Budget Account (BA) 4061, Gaming Control Board, and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens noted that Laura Freed, Program Analyst, Fiscal Analysis Division, would review the budget closings related to the Gaming Control Board.

Ms. Freed explained that BA 4061 had two major closing issues for the Committee's consideration. First, there was a recommendation for the addition of three new unclassified positions with a total cost of \$246,901 in FY 2008 and \$291,827 in FY 2009, including one new supervisor for the Records and Research section of the Administration Division. If this position was approved, staff sought approval to move the office furniture from the Operating category to the Equipment category. Additionally, Ms. Freed explained that the Governor recommended two new Investigations Division agent positions. If these positions were approved, staff sought approval to move the accompanying office furniture from the Operating category to the Equipment category.

Ms. Freed said the second major issue with this budget account was a request for additional travel and training funds in decision unit E175. This decision unit was affected by recent recommended budget reductions by the Governor and had reductions proposed of \$82,051 in FY 2008 and \$16,091 in FY 2009. The In-State Travel, Out-of-State Travel, and training amounts as reduced appeared reasonable to staff, according to Ms. Freed.

Ms. Freed noted that decision unit E710 contained a recommendation for replacement equipment in the amounts of \$123,140 in FY 2008 and \$115,095 in FY 2009 funded by a combination of transfers from the Gaming Investigation Fund and employee registration program fees. She noted that the agency assumed a two- to three-year replacement schedule for computers for the Tax and License, Audit, and Enforcement Divisions. Ms. Freed said DoIT Technical Standard 7.03 stated that standard technology users should replace desktops every four to five years. To comply with the DoIT replacement schedule, staff recommended replacing eight of the requested desktop computers from FY 2008 to FY 2009 as they would be eligible for replacement by FY 2009 anyway. Staff also recommended the elimination of four other desktop computers from the FY 2008 equipment list because those would not be eligible for replacement until 2010, per DoIT's schedule.

Ms. Freed said decision unit E730 originally contained a Governor's recommendation of \$101,667 in FY 2008 and \$111,745 in FY 2009 to fund building improvements and maintenance contracts for the new Las Vegas gaming laboratory as well as carpet cleaning in the Carson City office. Funding for this decision unit was split between transfers from the Gaming Investigation Fund and the General Fund; however, as part of budget reductions, the Governor suggested reducing the General Fund appropriation in this decision unit by \$11,369 in both years of the biennium to remove the carpet cleaning. Ms. Freed said the revised recommendations were \$90,298 in FY 2008 and \$100,376 in FY 2009. This would leave \$5,040 in General Fund expenditures in this decision unit in each year. Ms. Freed said to make expenditure

monitoring more clear, staff sought approval to move the one-time expenses for construction on the gaming laboratory and improvements in the Grant Sawyer Building to a separate category—Category 07, Maintenance of Buildings and Grounds. She then asked whether the Committee wished to approve the Governor's revised recommendation for building improvements and maintenance of \$90,298 in FY 2008 and \$100,376 in FY 2009, along with staff's recommendation to move one-time expenditures into a different category.

Ms. Freed explained that decision unit E822 contained a recommendation for the following upgrades to unclassified positions:

- One senior agent, Enforcement to a special agent, Enforcement (five percent increase).
- One programmer analyst to a senior programmer analyst in the Technology Division (six percent increase).
- One management analyst to a supervisor in the Administration Division (five percent increase).
- One personnel officer to a supervisor in the Administrative Division (five percent increase).
- One hearings officer was recommended to receive a pay increase of two percent.

Ms. Freed noted that none of the pay increases recommended in E822 were a result of Department of Personnel classification studies, and the pay increases were in addition to the generalized five percent pay increase recommended for statewide unclassified service in decision unit E813. Ms. Freed stated that staff examined the revenue streams that supported these positions and the agency's fund map showed that the split in funding was 95 percent from the General Fund and 5 percent transfers from the Investigation Fund. Therefore, staff recommended cost allocation, which represented a savings to the General Fund of \$1,001 in FY 2008 and \$1,047 in FY 2009.

Regarding technical adjustments, Ms. Freed explained that decision unit M300 contained fringe benefit rate adjustments and were funded entirely by the General Fund; however, not all positions within the Gaming Control Board were General Fund supported. Therefore, staff recommended using cost allocations in accordance with the percentage split of all salaries. The split for all positions was 76 percent General Fund, 22 percent transfers from the Gaming Investigation Fund, and 2 percent investigation fees in FY 2008 with slight changes in FY 2009. Ms. Freed said that if M300 was cost allocated according to the percentage split of all salaries, this would result in a General Fund savings of \$232,212 in FY 2008 and \$338,353 in FY 2009.

Ms. Freed said that M304 had a similar cost allocation adjustment for cost-of-living adjustments (COLA). Using the same cost allocation splits as discussed earlier resulted in a General Fund Salary Adjustment savings of \$155,657 in FY 2008 and \$466,882 in FY 2009. She then noted that the actual General Fund appropriated to the unclassified pay bill was typically only 80 percent of what was budgeted across all decision units. Therefore, the eventual savings would only be approximately 80 percent of the savings from the decision unit.

Ms. Freed explained that decision unit E813 contained salary adjustments of \$1.48 million in FY 2008 and \$1.52 million in FY 2009 for a pay increase of approximately five percent for the unclassified employees in this budget. This was instituted budget-wide by the Governor. Ms. Freed noted that the entire salary adjustment was funded by the General Fund, though not all unclassified

positions were supported by the General Fund. Therefore, staff recommended a cost allocation for this decision unit according to actual revenue streams. If cost allocation was approved, there would be a reduction in General Fund salary adjustment funding of \$369,122 in FY 2008 and \$364,938 in FY 2009.

Finally, Ms. Freed noted that credential pay was received by Board employees with certain qualifications. The Executive Budget recommended credential pay of \$475,000 in FY 2008 and \$500,000 in FY 2009. According to Ms. Freed, the Governor had recommended predominantly Investigation Fund support for this increase; however, credential paid positions were 82 percent General Fund supported and 18 percent transfers from the Investigation Fund. Accordingly, staff suggested adding \$217,000 in FY 2008 and \$212,500 in FY 2009 to correct the funding split of credential pay. Additionally, credential pay had historically been appropriated to the Board of Examiners and then transferred to the Gaming Control Board as needed. The Executive Budget contained funding for credential pay directly under the Gaming Control Board's budget. According to Ms. Freed, staff recommended that the General Fund portion of the credential pay be appropriated to the Board of Examiners in the unclassified pay bill consistent with past practice. Finally, staff recommended that the portion of credential pay that remained in the Gaming Control Board's budget from the Investigation Fund have a dedicated object code to make funds-tracking more clear.

Mr. Stevens explained that Gaming Control Board Chairman, Dennis Neilander, was present to address the closing items discussed, particularly cost allocations for salary increases in decision units M304 and E813, as well as the fringe benefit adjustments in decision unit M300.

Chairman Arberry recognized Mr. Neilander.

Mr. Neilander said the Board had no concerns with any of the items mentioned, although it was necessary to point out that the technical adjustments for COLA increases and fringe benefits had always been paid for from the General Fund. If the increases were to be paid for by the Investigative Fund, this would constitute a policy change regarding making this a cost allocation based on the percentage of unclassified employees that worked on a billable hour basis. Mr. Neilander stated that by shifting these increases to the Investigative Fund, the Gaming Control Board would have to increase the hourly investigative rate. It was anticipated that the rate would have to increase in FY 2008 from \$70 per hour to \$80 per hour and again in FY 2008 to \$85 per hour. This increase in fee would offset the difference between what was to be taken out of the General Fund. Mr. Neilander wanted the Committee to be aware that this was the likely result of the cost allocation.

Assemblyman Marvel asked whether there was gaming industry opposition to this increased hourly rate.

Mr. Neilander said he did not know, though he acknowledged that the industry was supportive of increasing fees for the purpose of giving Board employees raises to slow the turnover rate the Board experienced. Whether the industry would support a fee increase for COLA, fringe benefits, and the Governor's five percent increase, Mr. Neilander was not aware.

Mr. Marvel asked how Mr. Neilander personally felt about a rate increase.

Mr. Neilander said the Gaming Control Board had historically tried to tie fee increases to demonstrable benefits for the industry. For example, recent

changes to the Technology Division benefited the gaming industry. In instances where the State benefited but the industry did not, the Gaming Control Board had tried to avoid fees. However, Mr. Neilander acknowledged that other state agencies with fee-based programs tied COLA and fringe benefits to fees.

Mr. Marvel noted that in light of budget shortfalls, it might be appropriate to raise the hourly investigative rate.

Mr. Neilander said that if given his choice, the entire Gaming Control Board would be funded by fees on the industry, similarly to what was done in Colorado. He explained, however, that the Gaming Control Board did not want to be too dependent upon the gaming industry to generate fees because of its regulatory relationship. Historically, Mr. Neilander said fees were used when necessary, but the agency tried to maintain its distance from the industry, a view shared by both the Legislature and the Board.

Assemblywoman Buckley understood Mr. Neilander's comments, but noted that there was a five percent salary increase requested, COLA budgeted, and additional fringe benefits needed as a result. Because of this she believed that it made sense to have a portion of the Investigative Fund pay for it, especially in light of the fiscal situation faced by the State. She then asked whether the Senate Committee on Finance (Finance) closed the budget with this cost allocation.

Mr. Stevens explained that the Finance Committee closed this budget recommending the cost allocation.

Ms. Buckley believed that the cost allocation was the most appropriate course of action.

Mr. Stevens noted that it might be useful for the Committee to hear how the Finance Committee closed this budget account.

Ms. Freed noted that Finance approved:

- Three positions requested.
- Travel and Training funding as recommended for reduction by the Governor.
- Decision unit E710 with the staff recommended move of eight desktop computers from FY 2008 to FY 2009 and the elimination of four others.
- Decision unit E730 as recommended for reduction by the Governor and with technical adjustments from staff to move certain expenditures to a different category.
- Cost allocation.
- Credential pay with staff's recommendation to appropriate credential pay to the Board of Examiners via the unclassified pay bill.

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE
CLOSE THIS BUDGET AS CLOSED BY THE SENATE COMMITTEE
ON FINANCE.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (ASSEMBLYMAN HARDY
WAS ABSENT FOR THE VOTE.)

* * * * *

GAMING COMMISSION (101-4067)
BUDGET PAGE GAMING CONTROL BOARD – 9

Chairman Arberry opened discussion on Budget Account 4067, Gaming Commission, and recognized Laura Freed, Program Analyst, Fiscal Analysis Division.

Ms. Freed explained that there were no major closing issues in this budget account but said that credential pay needed to be addressed by the Committee. Staff recommended moving credential pay from this budget account to the unclassified pay bill.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE CLOSE
THIS BUDGET ACCOUNT AS RECOMMENDED BY STAFF.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (ASSEMBLYMAN HARDY
WAS ABSENT FOR THE VOTE.)

* * * * *

GAMING CONTROL BOARD INVESTIGATION FUND (244-4063)
BUDGET PAGE GAMING CONTROL BOARD – 13

Chairman Arberry opened discussion on Budget Account 4063, Gaming Control Board Investigation Fund, and recognized Laura Freed, Program Analyst, Fiscal Analysis Division.

Ms. Freed said there were no major closing issues with this budget account. She explained, however, that staff requested authority to make technical adjustments to the transfer of investigative fees that may be necessary based on final approval of the Gaming Control Board budget.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE CLOSE
THIS BUDGET ACCOUNT AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (ASSEMBLYMAN HARDY
WAS ABSENT FOR THE VOTE.)

* * * * *

DEPARTMENT OF EDUCATION
COMMISSION ON POSTSECONDARY EDUCATION (101-2666)
BUDGET PAGE K-12 ED – 103

Chairman Arberry opened discussion on Budget Account 2666, Commission on Postsecondary Education (CPE), and recognized Mark Stevens, Assembly Fiscal Analyst.

Mr. Stevens explained that Melinda Martini, Program Analyst, Fiscal Analysis Division, was present to review this budget for the Committee. He noted that this budget account had been previously held, but he believed the Committee should attempt to close it during this meeting. Mr. Stevens said the Senate

Committee on Finance had already taken action on this account, and he noted that there were changes made, including a bill draft request for an increase in the fee charged by CPE so that additional work could be performed regarding all the institutions regulated.

Chairman Arberry recognized Ms. Martini.

Ms. Martini said this account had one major closing issue regarding a request for a new, full-time compliance/audit investigator 3. She reminded the Committee that previous testimony had been heard that explained that the agency could not complete needed reviews of institutions with the current staff. Since that hearing, staff received Budget Amendment #104 from the Governor, recommending an appropriation of \$55,274 in FY 2008 and \$75,200 in FY 2009 to support this new position. This position also had related costs of \$4,185 in FY 2008 and \$1,855 in FY 2009 for a computer, printer, In-State Travel, and operating expenses. According to the agency, 100 percent of active schools would be reviewed by the person holding this particular position, and this position would also be authorized to approve the new alcohol awareness training programs under *Nevada Revised Statutes* 369.625 for the agency. Ms. Martini said the Senate Committee on Finance approved this new position and authorized the bill draft request, which proposed an increase in fees according to Senate Bill 63, which was indefinitely postponed by the Senate Committee on Human Resources.

Assemblywoman Smith noted that she had past concerns with this budget account, especially with veterans in apprenticeship programs. With regard to certification, the veterans had difficulties obtaining certification to qualify for benefits; however, Mrs. Smith had received assurances that this situation would be corrected.

Assemblywoman Leslie believed this budget account should be closed the same as the Senate Committee on Finance had closed it, approving the position with fees based on the rationale that "the people who use the services, should pay for the services."

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE
CLOSE THIS BUDGET ACCOUNT AS CLOSED BY THE SENATE
COMMITTEE ON FINANCE TO INCLUDE THE NEW POSITION WITH
RELATED COSTS.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (ASSEMBLYMAN HARDY
WAS ABSENT FOR THE VOTE.)

* * * * *

DEPARTMENT OF CULTURAL AFFAIRS
NEVADA STATE LIBRARY (101-2891)
BUDGET PAGE CULTURAL AFFAIRS – 47

Chairman Arberry opened discussion on Budget Account 2891, Nevada State Library, and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens noted that Julie Diggins, Program Analyst, Fiscal Analysis Division, would review the remaining Department of Cultural Affairs (DCA) budget

accounts. He reminded the Committee that several other DCA accounts had been closed previously. At that time, there were different budget reductions from the Governor. Since those budget closings, the amount of budget reductions from the Governor was less than the original reductions. Mr. Stevens noted that when the Committee originally closed those other DCA budgets, higher reductions were included. He was unsure how the Committee wished to approach this situation, whether it should be dealt with together with the Senate Committee on Finance, especially in instances where the Senate had closed the budgets with current Governor's recommendations, or whether the Committee wished to give staff the authority to make the necessary adjustments, or whether those budgets in question were to be reviewed again to see whether the lower reductions were agreeable. Mr. Stevens noted that staff needed guidance on how the Committee wished to deal with the budgets that were already closed.

Assemblyman Marvel believed the budgets in question should be reopened so staff could make appropriate recommendations for changes.

Chairman Arberry asked about the burden that course of action might place on staff.

Mr. Stevens noted that staff would be willing to create a short list of the differences in the budget reductions, which would give the Committee the opportunity to take action on those differences, authorizing staff to make those adjustments. He said that an additional closing could be held if the budgets were reviewed again by the Committee.

Assemblywoman McClain asked whether the reductions recommended by the Governor were going to change again.

Mr. Stevens said the revenue outlook since the Governor made original budget reductions was not good. He noted that the amount of budget reductions had been decided; however, there had been additional costs that had been discovered since then. Mr. Stevens noted that the Committee could decide to keep the budgets closed as originally closed, though the new budget accounts to be discussed would be addressed at the lower reduction recommendations. He noted that staff was concerned that the Committee might approve some of DCA's budget accounts with lower reductions and some with higher reductions.

Assemblywoman Leslie noted that she was not inclined to review budget accounts that had already been closed. She said that if the Senate Committee on Finance closed the accounts with different amounts, reconciliations could be made as normally done. This avoided extra work for staff. Ms. Leslie noted that the revenue outlook was not going to improve, and it did not make sense to change what was already done.

Chairman Arberry asked the Committee whether the information on these budgets should be heard so they could be closed.

The Committee agreed that closing the budgets should be considered.

Chairman Arberry recognized Ms. Diggins.

Ms. Diggins explained that there were no major closing issues with Budget Account 2891, Nevada State Library. Regarding other closing items, Ms. Diggins mentioned there were changes to original Governor recommendations. First, decision unit M101, Inflationary Increase for Book

Acquisition, contained a recommendation for a 7 percent inflation increase with \$20,608 in FY 2008 and \$22,051 in FY 2009. Pursuant to the Governor's budget reduction, the agency proposed to eliminate the \$22,051 in FY 2009; however, as part of the revised reductions this amount was recommended for reinstatement. Ms. Diggins noted that the Senate Committee on Finance approved the original Governor recommendations for this decision unit.

Ms. Diggins explained that decision unit E329, Increased Funding for Bookmobiles, contained an original Governor recommendation of \$40,000 each fiscal year to increase bookmobile base-funding from \$77,953 to \$117,953 per fiscal year. The State provided funding to assist with the operating costs of three bookmobiles to serve five rural counties—Elko, Humboldt, Eureka, Lander, and Lincoln counties. Ms. Diggins said the agency indicated that without this support, the bookmobiles would not be able to continue the current level of service. As part of the Governor's proposed budget reductions, \$20,000 of this proposed funding was cut; however, with the restoration the funds were reinstated to the original \$40,000 per fiscal year.

Ms. Diggins said, pursuant to the Governor's proposed budget reductions, the Las Vegas Springs Preserve Museum and the Southern Nevada Records Center (SNRC) were delayed approximately six months. As a result, other agencies that were scheduled to move into the SNRC once the remodel was completed would incur additional rent expenditures. For this budget account, that amount was \$10,733 in FY 2009 to cover those additional costs.

Ms. Diggins noted that staff was concerned with \$1.2 million in one-shot funding for collection-development funding for public libraries. According to Ms. Diggins, the agency claimed that if the funds did not materialize, the State would have to meet the federal match requirement through new funding equal to the amount of the other sources or lose a portion of the federal grant.

Additionally, Ms. Diggins explained that other technical adjustments were made and staff sought authority for additional technical adjustments should they be required.

Assemblywoman Buckley noted an increase in General Fund support in this budget account. In FY 2006, the General Fund support was \$3.4 million, but in FY 2008 it was \$3.9 million and in FY 2009 was \$4.0 million; however, total revenues remained flat. She wanted to know what benefit was being realized with these additional General Fund expenditures and noted that she was somewhat confused with the situation. She noted that federal funds had decreased by approximately \$250,000, but that there might be an issue with the interagency transfer revenue.

Chairman Arberry asked Ms. Buckley to clarify her concern.

Ms. Buckley asked why the General Fund was increasing so much and why the interagency transfer was fluctuating so much.

Ms. Diggins noted that Scott Sisco, DCA's Administrative Services Officer, was present if the Committee wanted him to explain the situation.

Chairman Arberry recognized Mr. Sisco.

Mr. Sisco noted that this budget was originally built with no increase in General Funds; however, during the Governor Recommend budget phase, this budget account received increases in rent in the amount of approximately \$340,000.

He noted that the federal funds in this program were not actually decreasing, but were in fact increasing; however, the federal funds to public libraries throughout the State were drawn down over two years. Depending on how much was drawn down in a particular year, it appeared that the funds fluctuated. He noted that there were no proposed increases in this budget account other than the request for additional funding for the bookmobiles.

Ms. Buckley noted that the General Fund increased by \$0.5 million and asked how this happened when the budget was flat. She also asked about the increased rent Mr. Sisco mentioned.

Mr. Sisco said that rent had increased from approximately \$1.3 million to \$1.7 million.

Ms. Buckley asked who raised the rent.

Mr. Sisco said the rent was determined by the Department of Administration, Buildings and Grounds Division, though he was unsure how the determination was made. He noted that the numbers were inserted during the Governor Recommend phase of the budget process.

Ms. Buckley voiced her displeasure with this increase. She noted that it appeared "like budget machinations."

Mr. Sisco explained that rent increase was approximately \$360,000. The rest of the increase was for cost-of-living adjustments, fringe benefits, and so forth.

Chairman Arberry asked for clarification on the recommendation for the bookmobiles. He noted that \$40,000 was eliminated in the original budget reductions, yet there was one-shot funding in the 22nd Special Session of \$50,000. Chairman Arberry said he did not understand everything going on with this decision unit.

Mr. Sisco explained that historically the bookmobile program had received \$77,953 per year.

Chairman Arberry noted that it had increased to \$117,953.

Mr. Sisco said there was a one-shot appropriation of \$50,000 in the 22nd Special Session. He explained that an enhancement unit was requested through Senator Rhoads during the Governor Recommend phase of the budget process for \$40,000 per year. When the Governor initially requested budget reductions, DCA was asked to cut approximately \$80,000 in FY 2008 and \$847,000 in FY 2009. As a small department, it was difficult to find those funds to cut. Mr. Sisco said this enhancement unit was cut by 50 percent in each year, but the restorations allowed for those funds to return.

Ms. Diggins explained that the \$50,000 one-shot funding was a current bill and was separate from the requested base funding increase.

Chairman Arberry noted her response and recognized Ms. Buckley.

Ms. Buckley asked whether any new space was acquired.

Mr. Sisco said there was no increase in building space, and the increase in rent was due to an increase in the rate charged.

Ms. Leslie noted that she preferred to leave the additional funding for the bookmobiles in a one-shot bill, given the current budget situation. She believed that the Committee needed to be conservative in budgeting until more was known regarding the revenue projections.

Mr. Marvel asked what was going to be left for the bookmobiles and noted that this was a good service for the rural areas served.

Mr. Sisco said that if the requested increases in funding were not approved, the bookmobiles would have to reduce the number of trips made to the rural areas.

Mr. Marvel asked whether the service level would remain the same.

Mr. Sisco said the service would be reduced because of the higher cost of fuel and other things.

Mr. Marvel asked whether the total funding for the bookmobiles would remain the same.

Mr. Sisco verified that the funding level would remain the same as the last biennium, less the one-shot funding of \$50,000.

Chairman Arberry asked the Committee how this budget should be closed.

Ms. Buckley asked staff for more information on the increased rent. She said she wanted to maintain bookmobile service to rural areas, but she was still confused regarding the rent.

Mr. Stevens explained that there was a rent increase. He then asked whether there was an increase in square footage at the Nevada State Library.

Ms. Diggins said that the increase was due to an increase in the rate.

Mr. Stevens noted that state-owned rent rate was derived from the total square footage of all state-owned buildings and that several buildings were closed, such as the vacated Kincaid Building. He explained that the Buildings and Grounds budget was divided by all of the square footage and that became the rent rate. Because of this reduction in overall square footage, every agency's rental rate was going up. Additionally, Mr. Stevens said that utility costs were increasing as well, so the rent rate was not going to change unless the Committee wanted to significantly reduce the Buildings and Grounds budget. He further explained that the Buildings and Grounds budget was allocated to the available state square footage.

Ms. Buckley noted Mr. Stevens's explanation and noted that this particular budget account was greatly affected.

Ms. McClain asked for more information on the delay in the Las Vegas Springs Preserve.

Ms. Diggins said in addition to the budget reduction request there were permit delays which would have delayed the opening date anyway. As such, this was a convenient way to reduce expenditures.

Assemblyman Denis asked whether the Senate Committee Finance closed this budget account with the \$1.2 million collection development funding in the base budget.

Ms. Diggins said it was so closed.

Chairman Arberry asked the Committee for a motion on this budget account.

Ms. Leslie asked what decision the Senate Committee on Finance made regarding the bookmobile program.

Ms. Diggins said the Senate restored the \$40,000 enhancement request.

Ms. Leslie believed that the bookmobile program was important.

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE
CLOSE THIS BUDGET ACCOUNT AS CLOSED BY THE SENATE
COMMITTEE ON FINANCE.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

ARCHIVES AND RECORDS (101-1052)
BUDGET PAGE CULTURAL AFFAIRS – 54

Chairman Arberry opened discussion on Budget Account 1052, Archives and Records, and recognized Julie Diggins, Program Analyst, Fiscal Analysis Division.

Ms. Diggins explained that this account had one major closing issue—four new positions for the new Southern Nevada Records Center (SNRC) program. She reminded the Committee that facilities located at Lorenzi Park in Las Vegas were scheduled to be remodeled to house SNRC as well as additional departmental agencies. As a result of a delayed museum opening at the same facility, the opening of SNRC was also going to be delayed. Ms. Diggins said the original budget reduction involved moving the opening date to June 2009, with the new staff starting at that time; however, with recent budget restorations, Cultural Affairs wished to hire these four positions before the opening date. The delayed date for hiring represented a reduction of \$104,327 to the original Governor recommendation of \$363,984. The four positions included a management analyst 2, a supply technician 3, a supply assistant, and a maintenance repair specialist 1. All existing staff at the Lorenzi Park facility were to be transferred to the new museum site at the Las Vegas Springs Preserve facility; therefore, the agency sought the four new positions to staff SNRC. Because SNRC was to be the largest agency at the Lorenzi Park facility, SNRC was taking responsibility for the maintenance and repair of the building. Ms. Diggins asked whether the Committee wished to approve these four new positions and the new start date of June 2009 or approve the reinstated budget amount which restored the \$104,327. If the Committee restored those funds, the four new positions would begin at earlier times of January, March, and April 2009 to prepare for the opening of SNRC.

Ms. Diggins also noted for the Committee that Budget Amendment #40 eliminated the Attorney General cost allocation for this budget account as the Budget Division now classified this agency as a General Fund agency.

Assemblywoman Buckley believed that the Committee needed to collect the savings to the General Fund that would result from the delayed opening of the Lorenzi Park facility. Additionally, given the fiscal outlook, she wondered if three positions should be approved, rather than the four requested. She mentioned that she was not necessarily in favor of making agency employees work in understaffed situations, but believed this was necessary in light of the expectation for lower revenues statewide. Ms. Buckley suggested eliminating the supply technician 3 and encouraging the agency to split duties between the management analyst 2 and the supply assistant, though she suggested leaving the determination of which position to eliminate up to staff and the agency.

Chairman Arberry asked whether Ms. Buckley wished to make such a motion.

ASSEMBLYWOMAN BUCKLEY MOVED THAT THE COMMITTEE CLOSE THE BUDGET AND APPROVE THREE POSITIONS WITH JUNE 2009 START DATES, ALLOWING STAFF AND THE AGENCY TO DETERMINE WHICH POSITION OF THE FOUR REQUESTED TO ELIMINATE.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

NEVADA STATE LIBRARY – LITERACY (101-2893)
BUDGET PAGE CULTURAL AFFAIRS – 59

Chairman Arberry opened discussion on Budget Account 2893, Nevada State Library – Literacy, and recognized Julie Diggins, Program Analyst, Fiscal Analysis Division.

Ms. Diggins said there were no major closing issues in this budget account, and staff recommended closing this budget as recommended with technical adjustments.

ASSEMBLYMAN DENIS MOVED THAT THE COMMITTEE CLOSE THIS BUDGET AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

NEVADA STATE LIBRARY – CLAN (101-2895)
BUDGET PAGE CULTURAL AFFAIRS – 63

Chairman Arberry opened discussion on Budget Account 2895, Nevada State Library – CLAN, and recognized Julie Diggins, Program Analyst, Fiscal Analysis Division.

Ms. Diggins noted that there were no major issues with this account and staff recommended closing this budget with technical adjustments.

ASSEMBLYMAN GRADY MOVED THAT THE COMMITTEE CLOSE THIS BUDGET ACCOUNT AS RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

MICROGRAPHICS AND IMAGING (101-1055)
BUDGET PAGE CULTURAL AFFAIRS – 67

Chairman Arberry opened discussion on Budget Account 1055, Micrographics and Imaging, and recognized Julie Diggins, Program Analyst, Fiscal Analysis Division.

Ms. Diggins explained that there were no major closing issues with this account; however, she noted that during budget hearings there was concern regarding the ending reserve levels not being sufficient to maintain ongoing operations. In response to staff's request, the agency provided an operational plan that outlined specific actions to increase reserves. Ms. Diggins mentioned that the Committee also requested a list of agencies that had ceased using Micrographic's services. Because of concerns with the program's ending reserve level, Ms. Diggins suggested that the Committee issue a letter of intent for the agency to report to the Interim Finance Committee on a semiannual basis, beginning January 1, 2008, on revenue and expenditure data with the impact to the reserve.

Ms. Diggins also mentioned decision unit E710, replacement equipment. Because of staff's concern regarding reserve levels, agency representation testified that replacement equipment would not be purchased if projected revenues did not materialize. Therefore, staff recommended approval of decision unit E710, but suggested that the Committee stipulate that replacement equipment not be purchased if projected revenues did not materialize and the reserve level was not sufficient to support the purchase.

Ms. Diggins further mentioned that there were technical adjustments made to this budget account.

Chairman Arberry asked how the Committee wished to act on this budget account.

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE CLOSE THIS BUDGET AS RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS AND WITH THE ISSUANCE OF A LETTER OF INTENT REQUIRING SEMIANNUAL REPORTING TO THE INTERIM FINANCE COMMITTEE BEGINNING JANUARY 1, 2008.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

NEVADA ARTS COUNCIL (101-2979)
BUDGET PAGE CULTURAL AFFAIRS – 71

Chairman Arberry opened discussion on Budget Account 2979, Nevada Arts Council, and recognized Julie Diggins, Program Analyst, Fiscal Analysis Division.

Ms. Diggins explained that there were two major closing issues with this account. First, there was a recommendation for a new accountant technician position with General Fund support of \$41,950 in FY 2008 and \$54,921 in FY 2009. This position would be in the Carson City office to provide accounting and fiscal support. Ms. Diggins reminded the Committee that this agency underwent a Legislative Counsel Bureau audit which identified several financial management issues including an existing staff of 10 full-time employees, with only one administrative assistant position for an extensive amount of time accrual activity and grant monitoring. The agency previously testified that with the new accountant technician, it would be able to fully comply with the audit recommendations and the position would provide additional internal controls and levels of checks and balances required by federal and state reporting guidelines. Ms. Diggins said that based on the agency's testimony and information provided to staff, the addition of this position appeared reasonable.

Ms. Diggins noted that there was also an issue with the requested conversion of a half-time contract clerical position into a full-time state classified administrative assistant. This contract position had been utilized for eight years, and there was a legal concern that the duties, supervision, and established work hours could qualify the position as a state employee. Ms. Diggins said the agency would use this position to function as a primary support for professional staff and as the receptionist for the new Southern Nevada Records Center (SNRC). Based on information provided by the agency on existing workload, staff believed this recommendation was reasonable.

Ms. Diggins also noted that Budget Amendment #40 was submitted to eliminate the Attorney General (AG) cost allocation and Statewide Cost Allocation Plan increases of \$8,959 in FY 2008 and \$15,827 in FY 2009. The funding source for these costs was a grant (category 29) which could not be used to pay for administrative costs.

Ms. Diggins noted that this agency was affected by the delay in the opening of SNRC. Therefore, increased rent expenditures were added to this agency. Additionally, the Governor originally proposed a budget reduction to eliminate \$20,000 from this account; however, the agency was able to reduce other categories in the amount of \$17,694 in grant funding. These grants were "challenge grant" funding for artists, and she noted that this had been restored in recent budget restorations to the full funding level in the base budget.

Finally, Ms. Diggins noted some technical adjustments staff made.

Chairman Arberry asked for clarification on the \$17,694 cut in grant funding.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, explained that this cut was originally made by the Governor; however, in revised budget reductions, this amount was restored. Mr. Stevens noted that the Committee could cut the grant funding included in the base budget of \$17,694, or the Committee could adopt the Governor's revised recommendations and leave that funding in the base.

Ms. Diggins noted that this funding was from the General Fund that was used for grants to various local agencies for artistic endeavors. In trying to meet the Governor's targeted budget reduction, the agency was forced to cut the base funding for grants.

Chairman Arberry noted that the amount was restored.

Ms. Diggins acknowledged that it was.

Chairman Arberry asked whether the agency had all of its funding restored.

Ms. Diggins said that depended on how the Committee wished to act.

Assemblywoman Buckley noted that the agency originally proposed eliminating \$20,000, changed course and proposed eliminating \$17,694, and then proposed restoring all of the funding.

Ms. Buckley's comment was verified by staff.

Chairman Arberry asked how the Committee wished to act on this budget account.

ASSEMBLYWOMAN BUCKLEY MOVED THAT THE COMMITTEE:

1. APPROVE THE ACCOUNTANT TECHNICIAN POSITION AS RECOMMENDED BY STAFF.
2. DEFER THE CONVERSION OF THE CONTRACT CLERICAL POSITION TO A STATE CLASSIFIED ADMINISTRATIVE ASSISTANT TO A LATER TIME.
3. APPROVE REDUCING THE GRANT FUNDING OF \$17,694.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

Assembly Bill 131: Revises provisions governing career and technical education. (BDR 34-439)

Chairman Arberry opened discussion on Assembly Bill (A.B.) 131 and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens noted that A.B. 131 was one of two career and technical education bills in the Assembly Ways and Means Committee, though this bill did not involve a fiscal impact. This bill included provisions for career and technical education accountability reports and also provided language concerning two different districts that wanted to share facilities relating to career and technical education.

ASSEMBLYWOMAN BUCKLEY MOVED THAT THE COMMITTEE DO PASS A.B. 131.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

Assembly Bill 154 (1st Reprint): Revises provisions governing the transportation of pupils by certain private schools. (BDR 58-1190)

Chairman Arberry opened discussion on Assembly Bill (A.B.) 154 (R1) and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens explained that this bill was heard earlier in the meeting and involved transportation and private schools.

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE DO
PASS AS AMENDED A.B. 154 (R1).

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

Assembly Bill 437 (1st Reprint): Revises provisions governing the imprinting of a medical condition on a driver's license or identification card. (BDR 43-1293)

Chairman Arberry opened discussion on Assembly Bill (A.B.) 437 (R1) and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens explained that this bill was heard by the Committee the previous week and involved including on drivers' licenses or identification cards any medical conditions that individuals wished to list.

Chairman Arberry asked whether there was any fiscal impact involved with this bill.

Mr. Stevens noted that the bill had to be amended, and the Department of Motor Vehicles (DMV) indicated there was another bill proposing a contract for Central Issuance of drivers' licenses and identification cards. If that bill was approved by the Legislature, DMV indicated that the contract would include this provision, and there would be no additional cost.

Chairman Arberry noted that A.B. 437 (R1) may not be needed and suggested that the bill be held.

Assembly Bill 443 (1st Reprint): Revises provisions relating to communicable diseases. (BDR 40-1057)

Chairman Arberry opened discussion on Assembly Bill (A.B.) 443 (R1) and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens explained that A.B. 443 (R1) was heard by the Committee on the previous Friday. Testimony indicated there was no fiscal impact from this bill.

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE DO
PASS AS AMENDED A.B. 443 (R1).

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

**Assembly Bill 445 (1st Reprint): Revises provisions regarding state personnel.
(BDR 23-1048)**

Chairman Arberry opened discussion on Assembly Bill (A.B.) 445 (R1) and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens noted that this bill was heard by the Committee the previous Friday. He indicated that it involved the Department of Personnel and the Peace Officers Standards and Training Commission (POST) classification of positions that required POST certification. Mr. Stevens noted that there was one suggestion on this bill to have the effective date be amended to October 1, 2007.

ASSEMBLYMAN MARVEL MOVED THAT THE COMMITTEE
AMEND AND DO PASS AS AMENDED A.B. 445 (R1).

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

**Assembly Bill 531 (1st Reprint): Makes certain changes to provisions
concerning the Private Investigator's Licensing Board. (BDR 54-513)**

Chairman Arberry opened discussion on Assembly Bill (A.B.) 531 (R1) and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens noted A.B. 531 (R1) was heard the previous week. This bill proposed changes related to the Private Investigator's Licensing Board (PILB). Mr. Stevens believed it came before the Committee because the Executive Director of PILB was currently included in the unclassified pay bill. The bill contained provisions that would remove that position from the unclassified pay bill, though there were no other positions at PILB that were being removed. Mr. Stevens noted that this unclassified status was retained from the time PILB's budget was contained in The Executive Budget.

Chairman Arberry asked whether this bill would make PILB more comparable to other state board operations.

Mr. Stevens verified that it would.

Chairman Arberry asked the Committee how it wished to act on A.B. 531 (R1).

ASSEMBLYMAN PARKS MOVED THAT THE COMMITTEE DO
PASS AS AMENDED A.B. 531 (R1).

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

Assembly Bill 549: Makes a supplemental appropriation to the Emergency Medical Services Section of the Department of Health and Human Services for radio system repair. (BDR S-1429)

Chairman Arberry opened discussion on Assembly Bill (A.B.) 549 and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens explained that A.B. 549 was a supplemental appropriation of \$79,553 that was included in The Executive Budget for the Department of Health and Human Services. Staff had reviewed the amount and agreed that it was correct.

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE DO
PASS A.B. 549.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

Assembly Bill 573 (1st Reprint): Revises certain provisions governing wildlife. (BDR 45-1413)

Chairman Arberry opened discussion on Assembly Bill (A.B.) 573 (R1) and recognized Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division.

Mr. Stevens explained that this bill was heard by the Committee the previous Friday. This bill involved a one-day group fishing permit that was included in The Executive Budget. It also changed the price of an elk tag from \$1,200 to \$500. He further stated that this bill would generate additional revenue for the Department of Wildlife.

Chairman Arberry noted the reduction in the elk tag fee.

Mr. Stevens said that the one-day fishing permit would also generate additional revenue.

Chairman Arberry asked how the Committee wished to act on A.B. 573 (R1).

ASSEMBLYWOMAN BUCKLEY MOVED THAT THE COMMITTEE
DO PASS AS AMENDED A.B. 573 (R1).

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

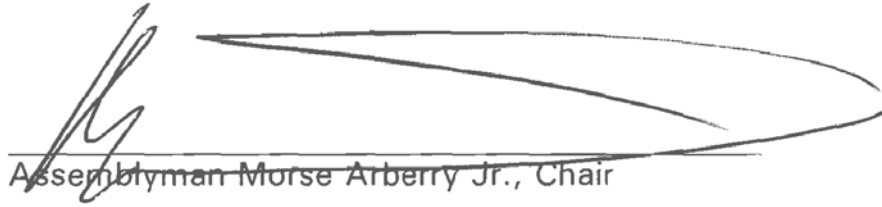
* * * * *

Chairman Arberry adjourned the meeting at 11:06 AM.

RESPECTFULLY SUBMITTED:

Todd Myler
Committee Secretary

APPROVED BY:



Assemblyman Morse Arberry Jr., Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>April 30, 2007</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A	-----	Agenda
	B	-----	Attendance Roster
A.B. 291	C	Assemblyman Goicoechea	Testimony and supporting documents
A.B. 291	D	Ben Zunino / Eureka County School District	Ad Valorem Revenue graph
A.B. 291	E	Curtis Jordan / Lander County School District	Testimony memo
A.B. 182	F	Michael Hackett / American Cancer Society	Fund for a Healthy Nevada grantee list
A.B. 182	G	Jennifer Stoll-Hadayia / Washoe County District Health Department	Testimony
A.B. 596	H	Nancy Ford / Division of Welfare and Supportive Services	Testimony and fee billing options
A.B. 609	I	Dave Stewart / Division of Welfare and Supportive Services	Testimony
A.B. 609	J	Bob Teuton / Clark County District Attorney's Office	Testimony