

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES &
TRANSPORTATION**

**Seventy-Fourth Session
April 20, 2007**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Public Safety/Natural Resources/Transportation was called to order by Chair Dean Rhoads at 8:08 a.m., on Friday, April 20, 2007, in Room 2134 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, 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).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman David R. Parks, Chair
Assemblyman Tom Grady
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Kathy McClain
Assemblywoman Valerie E. Weber

SENATE COMMITTEE MEMBERS PRESENT:

Senator Dean A. Rhoads, Chair
Senator Bob Beers
Senator Dina Titus

STAFF MEMBERS PRESENT:

Larry Peri, Principal Deputy Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Melinda Martini, Program Analyst
Robin Hager, Program Analyst
Todd Myler, Committee Secretary
Patricia Adams, Committee Assistant



OFFICE OF THE MILITARY
MILITARY (101-3650)
BUDGET PAGE MILITARY – 1

Chairman Rhoads noted that the agenda would be heard out of order and recognized Ms. Melinda Martini, Program Analyst of the Fiscal Analysis Division.

Ms. Martini began a review of Budget Account (BA) 3650, Military. She said there were three major issues in this account for the Subcommittee's consideration.

Ms. Martini first mentioned the Project ChalleNGe Program in Nevada (PCPN) [program through the National Guard for troubled youths]. The Governor recommended funding for this program of \$500,000 in FY 2008 and \$3 million in FY 2009 to establish a new PCPN. Ms. Martini reminded the Subcommittee that data had previously been requested concerning the number of students throughout Nevada that might be eligible for the program. Ms. Martini said that some information was provided by the agency. The number of students who dropped out of Nevada high schools in FY 2005 was 6,436. Ms. Martini said that if approved, the agency had indicated that a multifaceted outreach program would be implemented, including presentations to community based organizations, media advertising, public service announcements, townhall meetings, and so forth. The agency indicated that sufficient numbers of students would be recruited for PCPN, according to Ms. Martini.

Regarding the implementation costs of PCPN, Ms. Martini stated that the agency originally indicated the first class was scheduled to start in January 2008. Since the last budget hearing, the Governor indicated he wanted the first class to begin in July 2008 with full implementation of PCPN in FY 2009. According to Ms. Martini, this requested schedule change also required modifications to the funding and costs.

Ms. Martini explained that seed costs recommended by the Governor were \$500,000 in General Funds in FY 2008 to set up PCPN. The Subcommittee had asked the agency to provide the expenditure plan for the seed money. According to Ms. Martini, the agency provided general information regarding expenditures, but details were lacking. The agency indicated that the \$500,000 would cover initial salaries, facility refurbishment, equipment and supplies, and so forth. Ms. Martini said that personnel would be hired on an incremental plan; however, no information had been provided to staff that listed the type of personnel anticipated.

Ms. Martini said that because the first classes were not scheduled to start until July 2008, the agency indicated that the seed money total would be \$1.25 million, with possible federal matching funds of 60 percent of the total cost, or \$750,000, should the State spend \$500,000. Ms. Martini said, however, these federal funds were not yet committed, according to the agency.

Ms. Martini stated that in addition, a budget modification had not yet been received by staff from the Budget Division supporting either the beginning of classes in July 2008 or the receipt of matching federal funds. Ms. Martini noted that staff needed to know whether the \$750,000 matching funds were anticipated to be received.

Regarding the operational costs of PCPN, Ms. Martini said the federal government paid 60 percent of the program costs, while the State was required to pay the remaining 40 percent. According to Ms. Martini, the revenue for this program was based on a per-student cost of \$14,000, which translated into an annual cost of \$2.8 million, with the federal government paying \$1.68 million and the State funding \$1.12 million. According to Ms. Martini, the Governor was recommending \$3 million in total funding, which would translate into an additional \$120,000 in federal funding and \$80,000 in General Fund support. According to the agency, the federal government would only fund \$1.68 million for the program, so The Executive Budget was overstated in federal funds by \$120,000 in FY 2009. Ms. Martini explained that a budget amendment had not yet been received regarding this change.

Ms. Martini noted that in the previous hearing, the Subcommittee asked why the Governor recommended \$3 million in total funding for PCPN instead of \$2.8 million. The agency submitted information that stated the increased amount was requested "based upon a desire to provide sufficient staffing for the effective 24-hour coverage of the program." Ms. Martini reminded the Subcommittee that a detailed expenditure plan had not yet been provided to staff and it was not clear at this time what amount of funding was needed to provide sufficient staff for 24-hour coverage.

With regard to personnel costs, Ms. Martini explained that there was currently one full-time employee, who was federally funded and oversaw the Project ChalleNGe Program through an agreement with Arizona [Nevada currently sent students to Arizona to participate in an established program]. With the exception of a Recruitment/Placement/Mentor (RPM) Coordinator and three RPM assistants, no other details concerning additional positions had been provided by the agency, according to Ms. Martini. Additionally, no information had been submitted to staff regarding the classification, grade levels, costs, and so forth.

Ms. Martini then explained the facility costs of PCPN. The State was required to pay 100 percent of the facility costs, which were not included in The Executive Budget. Staff understood that the Governor had sent a letter to the Air Force Chief of Staff formally requesting use of the former Federal Prison Camp (FPC) at Nellis Air Force Base as the location for PCPN. Confirmation of the availability of this facility had not yet been received.

With regard to estimated refurbishment costs, Ms. Martini said that necessary modifications and approximate costs could not be determined at this time because of ongoing evaluations by the agency. The agency had conducted a cursory inspection of the facility and indicated that refurbishment would require minimal material and contracting costs to make the facility ready for use. The agency also indicated that if there were delays in obtaining the facility, the Nevada National Guard was prepared to initiate the July 2008 classes at the Stead Training Facility on a short-term basis. In this case, Ms. Martini understood that the dining facilities in Stead could only accommodate approximately 100 students; however, there would be more than 100 individuals using the facility, which would require dining on a rotating schedule.

Ms. Martini then explained that the Governor recommended funding of \$135,865 in FY 2008 and \$135,878 in FY 2009 for continuation of the Arizona agreement, which currently paid for 24 students from Nevada to attend the program in each fiscal year. Ms. Martini said that according to the agency, if the new PCPN was approved, the final graduating class from Arizona would be

in December 2007. This would mean that \$67,200 in FY 2008 and \$134,400 in FY 2009 would no longer be needed to support the Arizona agreement. According to Ms. Martini, the agency requested that the Subcommittee consider leaving these funds in this budget account upon approval for the new program for expanded support of the new PCPN; however, the Subcommittee could consider reducing the requested General Fund support in this account.

Ms. Martini then outlined several options for the Subcommittee's consideration. First, she asked whether the Subcommittee wished to approve funding for PCPN. If the Subcommittee wished to do so, the Subcommittee needed to decide whether to approve state General Funds in the amount of \$500,000 in FY 2008 for start-up costs as recommended by the Governor. With those funds, Ms. Martini explained that the agency would need additional authority to receive additional federal funds of \$750,000.

Additionally, Ms. Martini said that if the Subcommittee wished to approve PCPN funding, then it needed to also decide whether to approve the additional \$80,000 of General Funds recommended by the Governor in excess of the \$1.12 million required by the federal government for support of the program.

Next, Ms. Martini noted that if the Subcommittee wished to approve PCPN funding, it should also consider whether to reduce General Fund expenditures by \$67,200 in FY 2008 and \$134,400 in FY 2009 for the discontinuation of the Arizona agreement or transfer the funds for additional state General Fund support for implementation of the new PCPN.

Finally, Ms. Martini said that if the Subcommittee approved PCPN funding, it should consider allocating the approved funds to the Interim Finance Committee (IFC) for allocation to the Office of the Military once a well documented expenditure plan was presented by the agency to the IFC for consideration.

Ms. Martini then stated that if the Subcommittee did not choose to fund this new PCPN, there were sufficient funds in The Executive Budget to continue the Arizona Agreement.

Chairman Rhoads asked Major General Cindy Kirkland, Adjutant General, to update the Subcommittee on any new information regarding PCPN.

Major General Kirkland said the planned facility at Nellis Air Force Base had been visually inspected twice since the last information was submitted to staff. In the last inspection, engineers and other tenants on the base surrounding the facility were present. Major General Kirkland said that all of the tenants were "excited" about PCPN moving onto the base. She said there did not seem to be any remaining questions about the availability or accessibility of the facility; however, there was not yet a final approval from the Air Force. Major General Kirkland said she believed that approval from the Air Force was forthcoming and mentioned that the only cost for the facility would be minor construction required to clean it up and bring it up to code, because it had been empty for almost two years. She said the Office believed that the funds proposed in The Executive Budget were sufficient to cover the necessary construction costs. There was already a commitment from the National Guard engineers and some engineers at Nellis Air Force Base to perform some of this work.

Chairman Rhoads asked whether the federal matching funds had been secured.

Major General Kirkland explained that a formal commitment for the federal funds could not be made because the federal budget for the fiscal year in question was not yet complete. She said that a verbal commitment had been made, but nothing could be formally committed until the federal budget process was complete.

Chairman Rhoads asked Major General Kirkland to clarify that PCPN needed \$500,000 in General Funds to begin.

Major General Kirkland said that \$500,000 was all that was committed to the program at this point by the Office.

Chairman Rhoads asked whether the amount could be reduced to \$200,000.

Major General Kirkland said that reducing the funds would not be adequate to allow for the needed equipment and supplies to begin, especially if federal funds were not received.

Chairman Rhoads asked Major General Kirkland to verify that the plan was for 60 percent federal funding and 40 percent state funding, but that if the federal funds were not received, the State would have to pay another \$300,000 to cover start up costs.

Major General Kirkland said that because there was no class scheduled in FY 2008, the federal funds were not required to be matched. The state funds would be used to upgrade the facilities as mentioned previously, to hire initial staff, and to purchase needed equipment and supplies.

Chairman Rhoads asked whether the first class would still begin in July 2008.

Major General Kirkland said the first class was scheduled for July 2008.

Assemblyman Parks asked whether a list of projects that could potentially not be budgeted for was being assembled for later review.

Principal Deputy Fiscal Analyst Steve Abba said that staff was assembling such a list.

Mr. Parks noted that he was in favor of PCPN, but because of the unanswered questions, he believed that it was necessary to identify all program costs for a beginning date of July 2008 and that it was better to continue funding for the Arizona agreement for the time being. He asked that this project be made a priority with various other education programs that might go unfunded in the final budget.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE
CONTINUE FUNDING THE ARIZONA AGREEMENT IN THE
AMOUNTS OF \$135,865 IN FY 2008 AND \$135,878 IN FY 2009.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION

Chairman Rhoads asked whether \$67,200 in General Fund was still needed to support the Arizona agreement.

Ms. Martini clarified that the \$67,200 would no longer be needed if the new PCPN program received funding by the Subcommittee; however, to continue the Arizona agreement, the entire \$135,865 and \$135,878 recommended by the Governor would be needed.

Chairman Rhoads asked whether the federal government matched those funds.

Ms. Martini explained that Arizona was receiving the 60 percent of their cost in federal funding, but that the funding paid for by Nevada was not similarly matched, though there was a small amount of federal funding provided to Nevada for this purpose.

Chairman Rhoads recognized Mr. Myles Seeley, Administrative Services Officer for the Office of the Military.

Mr. Seeley said that Arizona was receiving 60 percent federal funding on behalf of Nevada, which was put directly to use for the benefit of Nevada's youths attending the program.

Chairman Rhoads asked Mr. Seeley to clarify that the amounts of \$135,865 and \$135,878 represented 40 percent of the total cost for Nevada's students at the Arizona program.

Mr. Seeley verified that it did represent 40 percent.

Senator Beers asked whether there were sufficient personnel at the Office of the Military to compile the detailed expenditure information requested.

Major General Kirkland said the information was already being assembled, including workforce models on personnel needed to run the program, and that the Office would now be working with the Department of Personnel to match the personnel requirements for different positions.

Senator Beers asked whether Major General Kirkland believed their current staff was sufficient to assemble the information.

Major General Kirkland said the Office would be able to do so with existing staff.

Chairman Rhoads asked the Subcommittee to consider the motion.

THE MOTION PASSED UNANIMOUSLY.

Mr. Parks asked whether a separate budget account would be created for PCPN should it be fully funded later.

Ms. Martini said she did not believe a separate budget account would need to be created. She believed a separate category in BA 3650 would be sufficient.

Chairman Rhoads asked Ms. Martini to continue with the review of this budget.

Ms. Martini explained that the second issue for the Subcommittee's consideration in this budget account was a request for a full-time HVAC

specialist 1. For the 2007-2009 biennium, decision unit E326 recommended additional rental income to support a new HVAC specialist. During the previous budget hearing, the Subcommittee questioned why a HVAC system that was just over one year old would need repairs that would make it necessary for an additional maintenance person. Ms. Martini said that, according to the agency, the new HVAC system was a highly sophisticated air-conditioning system as compared to other state buildings because of the need to provide filtered and conditioned air for 24-hour operations in the event of a contaminated outside environment. Because of this, the new HVAC system required more time and effort to maintain and service than other HVAC systems in state buildings.

Ms. Martini said that the Subcommittee should note that during the 73rd Legislative Session, the agency requested and the Governor recommended the same position; however, the money committees did not approve the position because there were two HVAC positions in this area already. One serviced the Stead facility, and one serviced the Carson City offices.

Regarding revenues needed to support this requested HVAC position, Ms. Martini stated that The Executive Budget did not have sufficient rental income to support this new position. She explained that total revenue recommended by the Governor was \$377,788 in each fiscal year, which was short by \$50,828 in FY 2008 and \$47,351 in FY 2009.

Ms. Martini said that, at the request of the Subcommittee, staff worked with the agency and the Budget Division to determine appropriate options to increase revenue for the Subcommittee's consideration. She asked the Subcommittee to note that if the Subcommittee of the State Emergency Operations Center should continue to be funded with rental revenues, it appeared that without a rental increase, there would not be sufficient rental revenues to fund this position. Ms. Martini explained that the Governor recommended that a reserve account be established for rental income that was not expended in any given year, with excess rental income balancing forward to the next year. She said this balance forward would be sufficient to fund this position in FY 2009; however, it was a general rule that General Fund accounts did not have reserves. Based upon this, Ms. Martini presented the following options to the Subcommittee:

- Do not approve the HVAC specialist position and related expenses. Instead, authorize the agency to utilize remaining rental funds of \$35,910 in FY 2008 and \$30,908 in FY 2009 for contract services to obtain a qualified HVAC contractor to perform services as necessary.
- Add state General Fund or increase rental charges of \$7,609 in FY 2008 and \$27,873 in FY 2009 to support the costs of the new position, including tools and equipment. According to Ms. Martini, this option did not include funding for a new pickup truck or a utility box and ladder rack, which the agency had since indicated would not be necessary for this position.

Chairman Rhoads asked what the pleasure of the Subcommittee was with this issue.

Senator Titus noted that she believed that a new full-time HVAC specialist was not justified since the system in question was only just over one year old. She suggested perhaps the Subcommittee should adopt the first option.

SENATOR TITUS MOVED THAT THE SUBCOMMITTEE AUTHORIZE THE AGENCY TO USE EXCESS RENTAL INCOME TO CONTRACT FOR HVAC SERVICES.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

Senator Beers noted that there was testimony previously heard about the sophistication of the HVAC system in question. He asked whether a Letter of Intent to the Office of the Military regarding the raising of rental income was appropriate to fund the requested position in a future biennium.

Chairman Rhoads asked whether Senator Titus agreed with Senator Beers.

Senator Titus said she agreed and amended her motion.

SENATOR TITUS MOVED THAT THE SUBCOMMITTEE:

1. AUTHORIZE THE AGENCY TO USE EXCESS RENTAL INCOME TO CONTRACT FOR HVAC SERVICES.
2. SEND A LETTER OF INTENT TO THE OFFICE OF THE MILITARY REGARDING THE RAISING OF RENTAL INCOME TO FUND A FULL-TIME HVAC SPECIALIST IN A FUTURE BIENNIUM.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Ms. Martini then explained the third major issue in this budget account regarding facility maintenance projects. Decision unit M425 was for deferred maintenance and required \$11,000 from the General Fund and \$15,000 in federal funds. According to Ms. Martini, staff believed that the funding requested by the Governor appeared reasonable.

Regarding decision unit E731, Ms. Martini explained that the projects contained therein were primarily federally funded. State General Fund expenditures in the amount of \$4,020 were requested to combine with \$554,880 in federal funds. Staff also believed this request to be reasonable.

Ms. Martini said there were questions with decision unit E750. The seven projects in this unit were originally recommended to be funded 100 percent by the General Fund. These projects included carpet replacement, caulking and sealing, roof repairs, and a rebuild of a kitchen hood at the Carson City facility. The Governor had initially recommended \$320,000 in General Fund expenditures with no federal funds. In working with the agency, staff discovered there were three projects that should be funded 75 percent with federal funds and 25 percent General Fund. Ms. Martini said those adjustments had been made by staff. The agency also determined that all of the carpet could be replaced at the Henderson Armory for \$20,000 in FY 2008, which resulted in a savings to the General Fund in FY 2009 of \$20,000.

Ms. Martini mentioned that the carpet requested to be replaced at the Office of the Adjutant General (OTAG) was only four years old. According to Ms. Martini, the agency noted that the carpet in the first floor of the building needed to be replaced, but Ms. Martini explained that the second floor carpet could be postponed until the next biennium. She also mentioned that the request for caulking and sealing appeared to be justified.

Ms. Martini explained that the options for the Subcommittee's consideration included the following:

1. Approve state General Fund expenditures in the amount of \$282,000 and federal authority in the amount of \$18,000 for the biennium to support the carpet replacement (General Fund of \$208,000 and federal funds of \$12,000), all caulking and sealing (General Fund of \$34,000 and federal funds of \$6,000), roof repairs (General Fund of \$10,000), and a rebuild of kitchen hoods (General Fund of \$30,000) as recommended by the Governor and adjusted by the agency.
2. Reduce state General Fund expenditures in the amount of \$72,000 in FY 2009 for the carpet replacement for the second floor of the OTAG building that would be postponed until the next biennium, while approving the funding of all other projects as recommended.

Ms. Martini said that staff recommended the second option since the agency noted that the carpet could be replaced in the next biennium.

Chairman Rhoads asked the Subcommittee to consider the options.

SENATOR TITUS MOVED THAT THE SUBCOMMITTEE APPROVE OPTION 2 THAT REDUCED GENERAL FUND BY \$72,000 IN FY 2009 AS CARPET COULD BE REPLACED IN THE NEXT BIENNIUM AND TO CLOSE THE BUDGET AS RECOMMENDED BY STAFF.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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ADJUTANT GENERAL CONSTRUCTION FUND (101-3652)
BUDGET PAGE MILITARY – 10

Chairman Rhoads opened discussion on BA 3652, Adjutant General Construction Fund and recognized Ms. Melinda Martini, Program Analyst from the Fiscal Analysis Division.

Ms. Martini explained that there were no major issues with this budget account, though she acknowledged that the Subcommittee had not previously heard this budget account. She said this account provided authority to the Office of the Military to receive federal funds for major repair projects and also to receive rental funds from the rental of armories.

ASSEMBLYWOMAN MCCLAIN MOVED THAT THE SUBCOMMITTEE CLOSE THIS BUDGET AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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NATIONAL GUARD BENEFITS (101-3653)
BUDGET PAGE MILITARY – 12

Chairman Rhoads opened discussion on Budget Account 3653, National Guard Benefits and recognized Ms. Melinda Martini, Program Analyst, Fiscal Analysis Division.

Ms. Martini explained that state General Funds in this account supported the cost of summer school that were not waived by the Nevada System of Higher Education for guardsmen. This account also included funds for the Nevada War on Terrorism Medal.

According to Ms. Martini, there were no major closing issues with this budget account. She explained that the agency agreed with the Governor's recommended \$20,000 for summer school costs.

Further, Ms. Martini mentioned that the Subcommittee had asked some questions regarding the Nevada War on Terrorism Medal, and the agency indicated that receipt of the medals was anticipated in June 2007 to be distributed to recipients at that time.

ASSEMBLYWOMAN MCCLAIN MOVED THAT THE
SUBCOMMITTEE CLOSE THIS BUDGET AS RECOMMENDED BY
THE GOVERNOR.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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PATRIOT RELIEF FUND (101-3654)
BUDGET PAGE MILITARY – 14

Chairman Rhoads opened discussion on Budget Account 3654, Patriot Relief Fund, and recognized Melinda Martini, Program Analyst, Fiscal Analysis Division.

Ms. Martini reminded the Subcommittee that the Patriot Relief Fund account was created by Assembly Bill No. 580 of the 73rd Legislative Session and was a special account in the General Fund. As created, the funds in this account would earn interest and would not revert to the General Fund at the end of any fiscal year. Ms. Martini explained that this fund helped reimburse the cost of textbooks for national guardsmen, provided monetary relief from economic hardship experienced by guardsmen called into active duty, and also covered the cost of group life insurance premiums once guardsmen were deployed.

Ms. Martini said the major closing issue with this account was its funding. The Governor recommended General Fund support of \$415,000 in each fiscal year. During FY 2006, the agency expended \$21,325 and had spent \$58,925 to date in FY 2007. As of April 16, 2007, there was a total of \$919,751 remaining in the account. Ms. Martini reminded the Subcommittee that any unspent funds would balance forward to the next fiscal year. She stated that the agency projected a total of \$365,000 in FY 2007, which would leave a balance forward of \$613,675. Staff worked with the agency to obtain updated projections on the use of the fund in the upcoming biennium and the Governor-recommended \$415,000 in each fiscal year appeared reasonable.

Regarding the reserve in this account, Ms. Martini said the agency had indicated that a reserve of \$100,000 was appropriate. This reserve level was based on the number of up to 700 guardsmen who would be deployed in the event of a national emergency. The \$100,000 would cover the cost of group life insurance for those guardsmen.

Ms. Martini explained that if the agency's projections were approved by the Subcommittee, no new state General Funds would be needed in FY 2008, providing a savings of \$415,000 from the amount recommended by the Governor. For FY 2009, however, \$316,325 was still needed instead of the \$415,000, providing for an additional General Fund savings of \$98,675. In total, this represented a General Fund expenditure reduction of \$513,675 over the biennium, while still leaving over \$415,000 in the account in each fiscal year.

Chairman Rhoads asked for clarification that staff recommended this reduction to the account for the \$513,675 over the biennium.

Ms. Martini verified that staff recommended the reduction.

Chairman Rhoads asked whether there were any other issues with this budget account.

Ms. Martini explained that there was one more item for the Subcommittee's consideration with this budget account. Even though the account could earn interest, no interest had accumulated from the State Treasurer. Ms. Martini said that if it was the intent of the Legislature for this account to receive interest, it appeared that clear direction needed to be given to the State Treasurer, or a statutory change might be required. Staff suggested that *Nevada Revised Statutes* 412.1435 be amended to include "such interest and income earned will be calculated and credited to the account based on Realized Funding Available as recorded in the state accounting system."

Chairman Rhoads asked for a motion on this budget account to include a Letter of Intent to the Treasurer.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE
CLOSE THIS BUDGET AS RECOMMENDED BY STAFF AND
INCLUDE A LETTER OF INTENT TO THE TREASURER.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Mr. Parks mentioned that full-funding of the Project ChalleNGe Program in Nevada would be considered by the Legislature later.

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DEPARTMENT OF MOTOR VEHICLES
DIRECTOR'S OFFICE (201-4744)
BUDGET PAGE DMV – 1

Chairman Rhoads opened discussion on Budget Account (BA) 4744, Director's Office, and recognized Ms. Robin Hager, Program Analyst of the Fiscal Analysis Division.

Ms. Hager explained that there were no major closing issues with this account, but pointed out that there were other items for the Subcommittee to consider. She said The Executive Budget recommended approximately \$3.1 million in FY 2008 and \$3.8 million in FY 2009 for kiosk expenditures; however, the Department of Motor Vehicles (DMV) had revised its kiosk cost projections using the growth rates from FY 2006 to FY 2007, which resulted in a decrease in kiosk expenditures of \$752,711 in FY 2008 and \$1,055,403 in FY 2009. Ms. Hager said that staff recommended approval of the expenditures as adjusted with language included in the Appropriations Act to continue the ability of the agency to transfer appropriations between fiscal years. Staff also sought approval to make adjustments to the kiosk expenditures upon final approval of the Real ID budget.

Ms. Hager then mentioned the recommended consolidation of the fee-funded BA 4690, Salvage Wreckers/Body Shops, into BA 4740, Compliance Enforcement Division. She stated that this recommended consolidation would change the cost allocation from BA 4740 and affected decision units E914 and E500. Decision unit E914 recommended \$22,254 over the biennium from the Highway Fund to replace the funding lost from the cost allocation. According to Ms. Hager, staff made a technical change to eliminate duplicate cost allocation funding of \$11,405 in FY 2008 and \$10,849 in FY 2009 from the Highway Fund. Staff sought approval to make adjustments to decision units E500 and E914 based on final approval of the budget accounts for the DMV Compliance Enforcement Division and Salvage Wreckers/Body Shops.

Ms. Hager then explained that decision unit E901 recommended the transfer of the Training Unit from the Research and Development Division (BA 4742) to the Personnel Unit in the Director's Office. The Training Unit consisted of ten positions that were recommended for transfer. One of those positions, a Training Officer, was dedicated to emission control training in BA 4722, Motor Vehicle Pollution Control. Ms. Hager stated that after discussions with the agency, staff recommended transferring this particular position to BA 4722 to be funded from Pollution Control fees. She explained that this would eliminate the need for Highway funds for this position and would decrease Highway Fund support of this account by \$79,513 in FY 2008 and \$83,415 in FY 2009.

Ms. Hager said staff made some technical adjustments, beginning with a reduction of computer and software replacement in decision unit E900 by \$12,950 in FY 2008 and \$10,773 in FY 2009. Decision unit E916 was also reduced by \$772 over the biennium to eliminate training classes that did not appear to be critical.

Finally, Ms. Hager said that decision unit E715 recommended funding of \$23,338 in FY 2008 and \$28,142 in FY 2009 to replace computer hardware and software. Staff made technical adjustments of \$14,758 over the biennium to eliminate funding for duplicate monitors, a laptop that did not need to be replaced until 2010, and computer software. According to Ms. Hager, staff also reduced funding for printers by \$6,417 over the biennium as the agency

determined it could operate with more economical printers. Staff sought approval to make necessary technical adjustments for revised computer hardware and software pricing from the Purchasing Division.

Chairman Rhoads noted that the Subcommittee needed to consider a motion that included language for the Appropriations Act to continue the ability of the agency to transfer appropriations between fiscal years, major adjustments to the kiosk expenditures, the elimination of duplicate cost allocation funding, the transfer of a training officer position to BA 4722, and other technical adjustments.

SENATOR BEERS MOVED THAT THE SUBCOMMITTEE CLOSE
BUDGET ACCOUNT 4744 AS RECOMMENDED BY STAFF.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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ADMINISTRATIVE SERVICES (201-4745)
BUDGET PAGE DMV – 32

Chairman Rhoads opened discussion on BA 4745, Administrative Services, and recognized Ms. Robin Hager, Program Analyst, Fiscal Analysis Division.

Ms. Hager said there was one major closing issue with this budget account regarding central issuance of driver's licenses in decision unit E278. She said that The Executive Budget recommended Highway Funds of \$171,865 in FY 2008 and \$353,698 in FY 2009 to centralize the issuance of driver's license cards and identification cards. Ms. Hager said this central issuance would be performed through a vendor located in the state of Washington. She explained that central issuance would prevent an individual from obtaining a state-issued driver's license or identification card with the photo of another individual because facial recognition was a part of central issuance. Ms. Hager reminded the Subcommittee that DMV currently collected \$2.25 from each citizen receiving a driver's license or identification card. This cost directly offset the cost associated with producing the cards. She explained that *Nevada Revised Statutes* 483.347, required DMV to increase the fee charged to citizens to cover the cost of production; however, The Executive Budget proposed to fund the increase in production costs from central issuance with Highway Funds instead of increasing the fee to citizens. According to Ms. Hager, passage of Assembly Bill 582 would allow DMV to fund the increased cost with Highway Funds. She then pointed out that A.B. 582 was scheduled to be heard by the Assembly Committee on Ways and Means on April 23, 2007.

Ms. Hager explained that if A.B. 582 was not approved, the fee established in regulation would need to be increased to fund this decision unit. If the Subcommittee wished to approve this enhancement, staff recommended approval contingent upon passage of A.B. 582. She said that if A.B. 582 was not approved, funding for the enhancement would be removed by staff.

Ms. Hager stated that the Subcommittee should note that central issuance, according to the agency, would not result in any staff or operational savings as staff would be required to issue a temporary receipt rather than the cards.

Based on information received during a previous budget hearing, it would appear as though this decision unit was not "mission-critical" for the department. She then asked the Subcommittee if it wished to use Highway Funds to implement central issuance of driver's licenses and identification cards.

Chairman Rhoads asked what the Subcommittee wished to do regarding central issuance.

Mr. Parks said he was in favor of central issuance, but asked whether sending the driver's licenses through the U.S. Mail was a secure method of distributing the cards.

Ms. Hager said that, to her knowledge, security through the mail was not an issue.

Chairman Rhoads asked whether the cards would be sent by registered mail.

Ms. Hager believed the cards would be sent through regular mail service.

Chairman Rhoads asked for verification that the cost associated would increase to \$2.55.

Ms. Hager verified the increased amount was \$2.55.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE APPROVE DECISION UNIT E278, CENTRAL ISSUANCE OF DRIVER'S LICENSES, AS RECOMMENDED BY THE GOVERNOR AND CONTINGENT UPON PASSAGE OF A.B. 582 AS RECOMMENDED BY STAFF.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED WITH ASSEMBLYWOMAN MCCLAIN DISSENTING.

Ms. Hager then began discussing other items to consider with BA 4745. First, she said the Governor recommended a cost allocation of \$1 million each year of the biennium for an electronic dealer report of sale. In reviewing this budget, it appeared that the \$1 million in fees to fund this program were substantially overstated. Subsequently, Budget Amendment No. 21 was submitted to eliminate overstated fees and to fund the program with Highway Funds in the amounts of \$104,988 in FY 2008 and \$153,806 in FY 2009. Therefore, the cost allocation in BA 4745 no longer existed, and decision unit E800 was eliminated.

Mr. Parks asked Ms. Hager to verify that the elimination of this decision unit was a technical adjustment.

Ms. Hager said it was a technical adjustment.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE ELIMINATE DECISION UNIT E800 AND TO APPROVE HIGHWAY FUND EXPENDITURES IN THE AMOUNTS OF \$104,988 IN FY 2008 AND \$153,806 IN FY 2009.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Titus was absent for the vote.)

Chairman Rhoads asked Ms. Hager to continue.

Ms. Hager said that The Executive Budget included \$5.8 million in FY 2008 and \$6.8 million in FY 2009 for credit card transaction fees. She noted that DMV had revised projections for these fees and recommended an adjustment to decrease Highway Fund expenditures in the amount of \$997,001 in FY 2008 and \$1.6 million in FY 2009. If approved, the total merchant fees would be approximately \$4.7 million in FY 2008 and \$5.0 million in FY 2009.

Mr. Parks noted that the State did not charge for using a credit card to pay for a fee, while the federal government did charge. He believed the State was missing out on a good opportunity to collect this revenue. According to Mr. Parks, there were many beneficial programs the State could fund with that money, while the cost would be borne by those who used credit cards to pay DMV fees. With that said, Mr. Parks supported the adjustment.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE APPROVE THE STAFF RECOMMENDED ADJUSTMENTS RELATING TO FEES CHARGED THE DMV FOR CREDIT CARD TRANSACTIONS.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Rhoads asked Ms. Hager to continue.

Ms. Hager said that decision unit E325 recommended Highway Fund appropriations of \$57,584 in FY 2008 to print teen driver manuals. She reminded the Subcommittee that DMV had been questioned previously about whether these manuals were statutorily mandated. Ms. Hager explained that the teen driver manuals were not specifically mandated; however, *Nevada Revised Statutes* 483.2521 required drivers who were 16 or 17 years of age to submit to DMV, on a form provided by DMV, a log of their driving hours. These logs were signed by the parents assuring that the teen had practiced driving for the required amount of time. Ms. Hager said that if this funding was not approved, DMV would need additional funding for regular driver's manuals that would be given to the teen drivers in lieu of the teen manual. Additionally, DMV would have to give each teen a separate driver's log, which would require additional printing costs. Based on this information, Ms. Hager said that staff recommended approval of decision unit E325.

SENATOR BEERS MOVED THAT THE SUBCOMMITTEE APPROVE DECISION UNIT E325 AS RECOMMENDED BY STAFF.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Rhoads asked Ms. Hager to continue.

Ms. Hager explained that, because of the proposed merger of the Salvage Wreckers/Body Shops account into the Compliance Enforcement account, DMV proposed elimination of the cost allocation to the Administrative Services account from the Salvage Wreckers/Body Shops account. According to Ms. Hager, this resulted in a Highway Fund appropriation of \$76,727 over the biennium. Staff sought approval to make adjustments to decision units E500 and E915 based on final approval of the merged budget accounts.

Ms. Hager said that decision unit E710 recommended funding of \$169,915 over the biennium to replace office equipment. Staff worked with DMV and the agency proposed reducing the funding by \$3,907 over the biennium for calculators, electric staplers, and cubicle furnishings. These adjustments were made by staff, and staff recommended approval of this decision unit.

Ms. Hager explained that decision unit E715 recommended funding of \$62,107 in FY 2008 and \$62,387 in FY 2009 to replace computers and software. Staff made adjustments of \$37,681 over the biennium to eliminate funding for duplicate monitors and software. According to Ms. Hager, staff sought approval to make technical adjustments for revised computer hardware and software pricing from the Purchasing Division.

Finally, Ms. Hager noted that decision unit E720 recommended funding of \$25,437 over the biennium to purchase equipment. Staff worked with DMV to eliminate funding from this account, and the agency proposed eliminating a laptop computer and corresponding software, a fax/printer/scanner that did not need to be replaced until 2010, and an aluminum awning. According to Ms. Hager, DMV concurred with the adjustments, and staff recommended approval of this decision unit.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE APPROVE DECISION UNITS E500, E915, E710, E715, AND E720 INCLUDING THE ADJUSTMENTS MADE AS RECOMMENDED BY STAFF.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Ms. Hager mentioned that funding of \$8,908 over the biennium in decision unit E250 was recommended for additional travel expenses for one employee to attend two National Automated Clearing House Association meetings per year. Since the agency projected paying over \$10 million in merchant service fees over the biennium, staff believed this recommendation was reasonable and recommended approval of this decision unit.

Ms. Hager explained that decision unit E254 contained Highway Fund appropriations of \$1,194 over the biennium to fund one revenue supervisor's travel to rural offices once each fiscal year to provide field services staff with cash-handling training. Staff recommended approval of this decision unit.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE APPROVE DECISION UNITS E250 AND E254 AS RECOMMENDED BY STAFF.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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MANAGEMENT SERVICES (201-4742)
BUDGET PAGE DMV – 112

Chairman Rhoads opened discussion on BA 4742, Management Services, and recognized Ms. Robin Hager, Program Analyst, Fiscal Analyst Division.

Ms. Hager explained that this budget account had one major closing issue. The DMV had requested funding for a program officer position, and The Executive Budget recommended Highway Fund appropriations of \$48,059 in FY 2008 and \$57,316 in FY 2009. She said that it appeared that the position would be created to handle new policies and procedures and also conduct annual reviews of existing policies and procedures. Based on staff's request for further justification for this position, DMV provided information regarding the open projects that existed within this account. As of April 13, 2007, there were 144 open projects, and DMV estimated that it would take approximately 13,024 hours to complete those projects. Ms. Hager said that the agency indicated that the number of open projects was increasing every month, resulting in a backlog. She noted, however, that in December 2007, DMV reported that there were 168 total open projects, but four months later there were 144 open projects showing a decrease of 24 projects. This information regarding a backlog appeared to contradict DMV's claim, according to Ms. Hager.

Ms. Hager noted that one of the largest projects identified by DMV in December was Real ID, which DMV estimated would take approximately 11,600 hours of staff time. She pointed out that the Real ID budget requested a Real ID implementation team, which would consist of three DMV employees and a contract project manager. One of those employees, a management analyst 3, would be responsible for the policies and procedures surrounding Real ID. Based on the information provided, it appeared DMV was able to reduce the backlog of projects with existing positions. Furthermore, positions requested to address the impact of Real ID had been recommended in the Real ID budget. Based on that information, the requested program officer 2 position in decision unit E251 did not appear justified, according to Ms. Hager. She then asked whether the Subcommittee wished to eliminate funding for the program officer position.

ASSEMBLYWOMAN MCCLAIN MOVED THAT THE
SUBCOMMITTEE DISAPPROVE FUNDING FOR THE REQUESTED
PROGRAM OFFICER 2 POSITION.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Rhoads asked Ms. Hager to continue.

Ms. Hager noted that Highway Fund appropriations of \$14,435 over the biennium were recommended in decision unit E253 for additional In-State Travel to provide project management for new projects and support for existing projects. She stated that technical adjustments of \$1,443 in each year had been made by staff to eliminate per diem expenses that were already included in

the base budget. According to Ms. Hager, staff recommended approval of this decision unit.

Ms. Hager said that decision unit E254 recommended \$6,408 in FY 2008 and \$5,269 in FY 2009 to fund additional training. This included per diem and training registration fees. According to Ms. Hager, staff recommended a reduction of \$6,056 over the biennium to eliminate funding for training that was not critical to performing DMV's mission. The classes to be eliminated included "How to Revive the Classroom Experience" and "Leadership and Human Relations." She further explained that staff also recommended reducing the number of staff proposed to attend training on project management from five employees each year to two employees.

Ms. Hager said that decision unit E715 recommended Highway Fund appropriations of \$99,936 over the biennium to replace computer hardware and software. Staff made technical adjustments to reduce funding by \$45,825 over the biennium to eliminate duplicate monitors and software and also to reduce funding for printers. Ms. Hager said that staff sought approval to make additional technical adjustments based on revised computer hardware and software pricing from the Purchasing Division.

Ms. Hager pointed out that The Executive Budget recommended the transfer of the Training Unit out of BA 4742 to the Personnel Unit within BA 4744, Director's Office. Staff recommended that nine positions within the Training Unit be transferred to the Personnel Unit, while one training officer position was recommended to be transferred to BA 4722, Motor Vehicle Pollution Control. This position was recommended to be funded by pollution control fees.

Ms. Hager then explained that The Executive Budget recommended the transfer of four emission staff to BA 4722, Motor Vehicle Pollution Control in decision unit E902. These positions were previously funded by an allocation from BA 4722. If the transfer was approved, funding for replacement equipment would be transferred to BA 4722 as well. According to Ms. Hager, staff had reviewed the recommendation, and it appeared reasonable.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE
APPROVE THE PRECEDING DECISION UNITS AS RECOMMENDED
BY STAFF, AS WELL AS NECESSARY TECHNICAL
ADJUSTMENTS.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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DEPARTMENT OF PUBLIC SAFETY
ADMINISTRATIVE SERVICES (201-4714)
BUDGET PAGE PUBLIC SAFETY – 8

Chairman Rhoads opened discussion on BA 4714, Administrative Services and recognized Ms. Robin Hager, Program Analyst, Fiscal Analysis Division.

Ms. Hager explained that BA 4714 had no major closing issues, but began reviewing other items. First, she pointed out that decision unit E710 recommended funding of \$10,882 in FY 2008 and \$3,600 in FY 2009 for

replacement computer hardware and software. Staff made a technical adjustment to reduce funding by \$756 in FY 2008 to eliminate computer software. According to Ms. Hager, staff sought approval to make additional technical adjustments for revised computer hardware and software pricing from the Purchasing Division.

Additionally, Ms. Hager said that decision unit E721 recommended funding of \$2,324 in each year of the biennium for an additional copier for the Fiscal Unit of the Administrative Services Division. Agency staff stated that there was only one copier, and the Personnel Unit used it for lengthy periods. When staff inquired about this, it was said that the copier was not available for other employees for approximately eight hours per week. Based upon this information, Ms. Hager said this recommendation did not appear reasonable to staff, and staff made a technical adjustment to eliminate the funding for this recommendation.

Ms. Hager stated that The Executive Budget recommended the reclassification of a personnel analyst 1 to a personnel analyst 2. This resulted in a salary increase of \$6,142 in FY 2008 and \$6,397 in FY 2009. Ms. Hager said it appeared that this position had assumed more duties, and the recommendation for reclassification appeared reasonable to staff.

Ms. Hager explained that decision unit E901 recommended the transfer of a personnel analyst 2 and an administrative assistant 3 from BA 4713, Nevada Highway Patrol Division, which would centralize all positions related to recruitment within the Personnel Unit. This transfer included a change in funding from Highway Fund authorizations to a cost allocation of \$133,798 in FY 2008 and \$141,071 in FY 2009. Ms. Hager said that the Highway Patrol indicated in a previous hearing that it would not request additional positions as a result of this transfer. Staff had reviewed this recommendation, and it appeared reasonable.

Finally, Ms. Hager mentioned decision unit E902, which recommended the transfer of the Background Unit from the Training Division (BA 3775) to reorganize this function within the Personnel Unit. This transfer included one full-time position and four part-time positions, which were funded 10 percent from the General Fund and 90 percent from the Highway Fund, and would change the funding to a cost allocation. That allocation amounted to \$268,832 in FY 2008 and \$283,485 in FY 2009. According to Ms. Hager, a technical adjustment of \$28,444 (\$2,844 in General Funds and \$25,600 in Highway Funds) in each year of the biennium was made to reduce the background investigation expenses. This recommendation appeared reasonable to staff, and staff recommended approval of decision unit E902.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE
CLOSE THIS BUDGET AS RECOMMENDED BY STAFF WITH
TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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EMERGENCY MANAGEMENT DIVISION (101-3673)
BUDGET PAGE PUBLIC SAFETY – 43

Chairman Rhoads opened discussion on BA 3673, Emergency Management Division, and recognized Ms. Robin Hager, Program Analyst, Fiscal Analysis Division.

Ms. Hager explained that there were no major closing issues with this account. Under other items for Subcommittee consideration, Ms. Hager explained that during a previous hearing it was questioned whether the staffing levels needed to be maintained because of a reduction in federal funds. She explained that the agency provided information that stated that even though the funding levels were decreasing, the requirements for the federal grants had not decreased. The agency asserted that a certain level of production and tracking had to be maintained for the federal grants, according to Ms. Hager. Accordingly, staff believed that the current staffing level was adequate; however, Ms. Hager said this issue would be reexamined in the next Legislative session.

Ms. Hager said that decision unit E252 requested \$24,400 in FY 2008 and \$18,360 in FY 2009 from the General Fund for additional training costs, travel expenses, and the State's match requirement for the Nevada Hazard Mitigation Planning Committee. Staff had reviewed this recommendation, and it appeared reasonable, according to Ms. Hager.

Finally, Ms. Hager stated that the Governor recommended \$11,738 in FY 2008 and \$12,223 in FY 2009 in decision unit E806 to increase the unclassified salary of the Division Administrator. Ms. Hager pointed out that changes in salary levels were made by staff based on decisions made by the Subcommittee Reviewing Unclassified Salaries.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE
CLOSE BA 3673 AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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EMERGENCY MANAGEMENT ASSISTANCE GRANTS (101-3674)
BUDGET PAGE PUBLIC SAFETY – 51

Chairman Rhoads opened discussion on BA 3674, Emergency Management Assistance Grants and recognized Ms. Robin Hager, Program Analyst, Fiscal Analysis Division.

Ms. Hager noted that this was a pass-through account with no major issues, and staff recommended closure of this budget account as recommended by the Governor.

SENATOR BEERS MOVED FOR CLOSURE OF BA 3674 AS
RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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HOME DISASTER ASSISTANCE PROGRAM (101-3672)
BUDGET PAGE NEW ACCOUNT

Chairman Rhoads opened discussion on BA 3672, Home Disaster Assistance Program, and recognized Ms. Robin Hager, Program Analyst, Fiscal Analysis Division.

Ms. Hager explained that this budget account was new. She reminded the Subcommittee that the Homeowner's Disaster Assistance Program (HDAP) was created through Assembly Bill No. 572 of the 73rd Legislative Session. She said that \$5 million was placed in an account as a statewide rebate program for grants to persons who owned or occupied homes damaged by disaster. She said that in 2006, the Division received approval from the Interim Finance Committee (IFC) to accept reimbursements of \$1,304,556 under the Emergency Management Assistance Compact into BA 3674, Division of Emergency Management Assistance, for the purpose of reimbursing state and local entities which assisted with Hurricanes Katrina and Rita. Ms. Hager explained that the agency paid local entities first and then submitted reimbursement requests to Louisiana and Mississippi; however, the reimbursement monies did not come in until after the closing of FY 2006. In fact, as of April 10, 2007, the agency reported that \$322,532.79 remained outstanding in unreimbursed claims from Louisiana and Mississippi. Because of this, Ms. Hager said that staff recommended that BA 3672, HDAP, be included in the Authorizations Act in the amount of \$4,948,549 in FY 2008 and FY 2009. Furthermore, staff recommended a Letter of Intent to have the agency report quarterly to IFC on program expenditures.

Chairman Rhoads asked where the funds in this account were from.

Ms. Hager believed the funds were from the federal government.

Assemblywoman McClain asked whether the appropriation made in Assembly Bill No. 572 of the 73rd Legislative Session was from the General Fund.

Senator Titus said she introduced the bill in question and explained that the funds in the account were part of a rebate that was given to Nevada citizens. Some of those citizens could not be located, so the leftover money was set aside in this account.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE:

1. CLOSE BA 3672 AS RECOMMENDED BY STAFF.
2. RECOMMEND PURSUIT OF THE OUTSTANDING \$322,532.79 IN UNREIMBURSED CLAIMS.
3. REQUEST A LETTER OF INTENT FOR QUARTERLY REPORTS TO THE IFC ON PROGRAM EXPENDITURES.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CAPITOL POLICE (710-4727)
BUDGET PAGE PUBLIC SAFETY – 130

Chairman Rhoads opened discussion on BA 4727, Capitol Police, and recognized Ms. Robin Hager, Program Analyst, Fiscal Analysis Division.

Ms. Hager said there were no major closing issues with this budget account. She pointed out that there were some closing items for the Subcommittee's consideration. First, The Executive Budget recommended funding of \$183,330 in FY 2008 and \$329,023 in FY 2009 to pay the Attorney General cost allocation. This amount of money was mistakenly placed in this budget account rather than in the Department of Transportation's budget. Ms. Hager said that Budget Amendment No. 42 was submitted to correct this error and reduce the cost allocation in BA 4727 by \$173,609 in FY 2008 and \$197,436 in FY 2009 accordingly. Staff made technical adjustments to correct the erroneous cost allocation.

Ms. Hager explained that decision unit E710 recommended funding in the amounts of \$7,290 in FY 2008 and \$2,127 in FY 2009 to replace computer hardware and software. Staff sought approval to make technical adjustments for the revised computer hardware and software pricing from the Purchasing Division.

Ms. Hager said that decision unit E711 recommended \$5,556 in FY 2008 to upgrade current weapons by installing night sights. This recommendation appeared reasonable, and staff recommended approval of this decision unit.

Ms. Hager explained that decision unit E720 recommended \$5,528 through a transfer from Buildings and Grounds Division in FY 2008 for light bars, sirens, decals, and red and blue rear window lights for two motor pool cars. The equipment was going to be installed by the Highway Patrol, according to Ms. Hager. Staff recommended approval of this decision unit.

Ms. Hager explained that staff also sought approval to make technical adjustments necessary involving cost allocations. This resulted from pending closings of the Department of Public Safety, Administration and Technology budget accounts, the Highway Patrol dispatch cost, and the Department of Transportation radio cost.

Chairman Rhoads asked the Subcommittee to consider the other items under this budget account.

Mr. Parks asked whether the vehicles on which the Capitol Police planned on spending \$5,528 for upgrades were already owned by the Capitol Police.

Ms. Hager said Capitol Police would be receiving two new vehicles from State Motor Pool.

Mr. Parks noted that this request represented an additional allocation for upgrades to the vehicles.

Ms. Hager verified Mr. Parks' remark.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE
CLOSE BA 4727 AS RECOMMENDED BY STAFF, ALLOWING FOR
FURTHER NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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DIRECTOR'S OFFICE (201-4706)
BUDGET PAGE PUBLIC SAFETY – 1

Chairman Rhoads opened discussion on BA 4706, Director's Office, and recognized Mr. Mark Krmpotic, Senior Program Analyst, Fiscal Analysis Division.

Mr. Krmpotic explained that this budget account contained one closing issue for the Subcommittee's consideration—the Honor Guard in decision unit E259. He explained that the Governor recommended funding to equip the Honor Guard with uniforms and provide for travel expenses, which were for primarily Out-of-State travel. Mr. Krmpotic reminded the Subcommittee that the Honor Guard had operated under the Highway Patrol; however, this recommendation established it as part of the Director's Office budget and allowed for more broad participation.

Mr. Krmpotic stated that the Governor had submitted Budget Amendment No. 48, which reduced funding for this decision unit by \$18,341 in FY 2008 and \$16,209 in FY 2009. Staff reduced the cost of the uniforms by an additional \$3,581 in FY 2008 to take into consideration the 20 officers currently participating in the Highway Patrol, which had been issued trousers and hats as part of the standard uniform.

Mr. Krmpotic reminded the Subcommittee that the Honor Guard was proposed to have 39 members, 19 of which would be located in southern Nevada, while 19 more would be located in Northern Nevada to minimize travel needs and to facilitate simultaneous attendance at various functions. He explained that one captain's position would be the 39th position. If the Subcommittee desired to fund ongoing Honor Guard activities, the funding recommended with adjustments was sufficient.

Mr. Parks asked what percent of time for the captain's position would be dedicated to Honor Guard activities.

Mr. Krmpotic said that staff had not received any information regarding the percent of time dedicated to the captain's Honor Guard duties, nor was it asked for. Mr. Krmpotic said that each Honor Guard position, including the captain, had normal assignments within their respective divisions.

Mr. Parks asked whether there was any request made for overtime pay or additional pay for the discharge of these duties.

Mr. Krmpotic said the Governor did not recommend any additional pay for the discharge of this duty. The base salaries of the Guard's members were to be paid out of their respective budgets.

Mr. Parks asked about the travel cost associated with the Honor Guard.

Mr. Krmpotic said the Governor recommended Out-of-State travel, which included a trip to the National Peace Officers' Memorial in Washington, D.C. Mr. Krmpotic believed it was to be a small group that would go. He also mentioned a trip to California to the California Peace Officers' Memorial in Sacramento. He said In-State travel costs were for attendance at functions within the State. He then reminded the Subcommittee that the Director's intent was not to remove large numbers of officers from their day-to-day duties at once, which might occasionally require an officer from southern Nevada to attend a function in northern Nevada and avoid undue strain on any division.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE
APPROVE DECISION UNIT E259 AS RECOMMENDED BY STAFF.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Rhoads asked Mr. Krmpotic to continue with other closing issues.

Mr. Krmpotic noted that decision unit E250 contained a recommendation by the Governor of \$5,762 each year for In-State travel and gasoline expenses for the Deputy Director. Mr. Krmpotic noted that this position had been vacant since April 2005. The gasoline expenses were for a vehicle that was assigned to the deputy director. Currently, there were vehicle lease expenses for both the director and deputy director, which were determined based on prevailing motor pool rates recommended by the Governor. Mr. Krmpotic said that staff made adjustments to increase this cost by \$1,596 per year to reflect the current recommended rates.

Mr. Krmpotic explained the unclassified pay change included in The Executive Budget under decision unit E811. This was a request for a change in pay for the Deputy Chief of Staff, which would also change the position from classified to unclassified. Staff made no recommendation on this decision unit because final approval of the salary and reclassification of the position would be made by the full money committees later.

Finally, Mr. Krmpotic said there were equity adjustments included in The Executive Budget of approximately \$17,000 each year for the director and deputy director positions. He said that similar adjustments existed in each budget account that contained unclassified positions.

ASSEMBLYWOMAN MCCLAIN RECOMMENDED THAT THE
SUBCOMMITTEE DO THE FOLLOWING:

1. APPROVE DECISION UNITS E250 AND E710 AS RECOMMENDED BY STAFF.
2. APPROVE ADJUSTMENTS TO VEHICLE REIMBURSEMENTS AS RECOMMENDED BY STAFF.
3. HOLD THE RECOMMENDATIONS FOR SALARY ADJUSTMENTS FOR THE DEPUTY CHIEF OF STAFF, DIRECTOR, AND DEPUTY DIRECTOR POSITIONS.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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TRAINING DIVISION (101-3775)
BUDGET PAGE PUBLIC SAFETY – 140

Chairman Rhoads opened discussion on BA 3775, Training Division, and recognized Mr. Mark Krmpotic, Senior Program Analyst, Fiscal Analysis Division.

Mr. Krmpotic explained that this budget account had two closing issues for the Subcommittee's consideration, though the Subcommittee had already approved the transfer of the background unit to the Administrative Services Division. Accordingly, Mr. Krmpotic was not going to discuss this issue further.

Mr. Krmpotic asked the Subcommittee to recall that this budget account was recommended to be funded with 10 percent General Fund and 90 percent Highway Fund monies. Staff pointed this out at a previous budget hearing, and the Division had projected an increase in General Fund support based on the number of Parole and Probation positions needed. Mr. Krmpotic then mentioned that he had submitted to the Subcommittee a handout ([Exhibit C](#)) regarding the transfer of the Parole Board and Division of Parole and Probation (P&P) to the Department of Corrections (DOC). Mr. Krmpotic noted that the Subcommittee directed staff to examine the fiscal impact of such a transfer, and there were three primary areas of fiscal impact. Those areas were indirect cost allocation, technology services, and law enforcement training.

With regard to the indirect cost allocation, Mr. Krmpotic said that the Department of Public Safety (DPS) currently allocated expenses from its Director's Office [BA 4706], Administrative Services [BA 4714], and Office of Professional Responsibility [BA 4707] budget accounts to each budget account in the department. Those budgets collectively totaled approximately \$4.3 million annually as recommended by the Governor. Based on information obtained from the agency, Mr. Krmpotic said it was estimated that three positions, one accounting position and two personnel positions, would transfer to DOC to provide central support for P&P and the Parole Board. Furthermore, one new sergeant position was recommended in BA 4707, Office of Professional Responsibility, and was estimated that this position would transfer to DOC to address internal investigations for P&P. The DOC had an Inspector General staff which performed internal investigations, but based on discussions with DOC those positions were dedicated to issues relating to incidents involving inmates throughout the correctional system. Therefore, staff estimated that the sergeant position would be necessary to address any additional investigations related to P&P and the Parole Board. According to Mr. Krmpotic, staff recalculated the cost allocation assuming P&P and the Parole Board were transferred to DOC and estimated that it would result in a decrease in General Fund expenditures of approximately \$900,000 each year, with a corresponding increase in Highway Fund expenditures of approximately \$710,000 each year, an increase in federal fund expenditures of approximately \$65,000 each year, and increases in other funds, which were primarily fee-based budgets, by approximately \$125,000 each year.

Next, Mr. Krmpotic explained that DPS currently allocated approximately \$1.2 million annually to P&P and approximately another \$33,000 to the Parole Board for technology services. Based on discussions with DPS, it appeared that the computer systems that supported P&P, including the Offender Tracking System and the Dangerous Offender Notification System, were well integrated into the Department's Nevada Criminal Justice Information System, and staff was unable to estimate the fiscal impact on technology services without further analysis from technology specialists, according to Mr. Krmpotic.

Last, Mr. Krmpotic explained that law enforcement training for P&P officers and Highway Patrol officers was provided by DPS for cadets receiving category 1 peace officer training. Currently, the category 1 academy lasted for approximately 19 weeks, with an additional five weeks of specific training relating to the division where a cadet would be assigned. If category 2 training was provided to P&P, which was the minimum training required under statute, the number of weeks of training would be reduced from 19 weeks to 10 weeks, plus four additional weeks for specific training. Mr. Krmpotic pointed out that DOC currently trained its officers at the category 3 level, which took approximately six weeks. He said there were a number of options to consider for training of P&P cadets if this transfer was made. Those included continuing using the DPS Training Division for P&P and Highway Patrol officers, using existing academies in Carson City (POST Commission), and using potential academies in southern Nevada (Clark County Juvenile Justice Services or Southern Nevada Law Enforcement Academy operated by the City of Las Vegas).

In conclusion, Mr. Krmpotic said that staff did not project a cost reduction by transferring P&P to DOC with respect to training.

Chairman Rhoads asked whether there was a bill before the Legislature that recommended this transfer.

Mr. Krmpotic said staff was not aware of such a bill.

Chairman Rhoads asked whether there was anything else regarding this matter that needed to be reported to the Subcommittee.

Mr. Krmpotic said there was not. Continuing, he said that the Governor had proposed in recent budget reductions to only increase General Fund support for the Training Division by \$327,138 in FY 2008 and \$338,065 in FY 2009, which represented an increase to 29 percent of the total support needed from 10 percent. Mr. Krmpotic noted that the 29 percent included training for new officers for the Highway Patrol and P&P. Initially, the Governor had recommended an increase to 32 percent, but because of a reduction in the number of recommended P&P officers, the overall increase was reduced. Mr. Krmpotic then outlined two options for the Subcommittee to consider:

1. To accept the Governor's recommendation and approve the increase of General Funds from 10 percent support to 29 percent, which would result in a General Fund increase of \$319,993 in FY 2008 and \$322,267 in FY 2009. This option increased General Funds to reflect staff turnover and new positions proposed by the Governor.
2. To authorize staff to adjust funding levels based on the closing actions taken by the Subcommittee at a later date with respect to positions requested by the Highway Patrol and P&P. Staff could also report back

to the Subcommittee on potential increases in General Fund expenditures as a result of Subcommittee recommendations for those budget accounts.

Mr. Parks noted that 10 percent support from the General Fund was too low and that he supported the increase of the allocation of General Fund support, but that authorizing staff to adjust funding levels based on closing actions taken by the Subcommittee was acceptable as well.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE:

1. INCREASE THE ALLOCATION OF GENERAL FUNDS FROM 10 PERCENT TO 29 PERCENT AS RECOMMENDED BY THE GOVERNOR.
2. AUTHORIZE STAFF TO ADJUST FUNDING LEVELS BASED ON CLOSING ACTIONS TAKEN BY THE SUBCOMMITTEE.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Rhoads recognized Mr. Steve Abba, Principal Deputy Fiscal Analyst, Fiscal Analysis Division.

Mr. Abba explained that when the Highway Patrol and P&P were closed, staff would provide the Subcommittee with information about the impact on the Training Division budget.

Chairman Rhoads asked Mr. Krmpotic to continue.

Mr. Krmpotic noted that decision unit M425 recommended deferred maintenance projects to be completed at the DPS Stewart Facility. The Governor recommended \$22,100 in FY 2008 for these projects; however, staff removed the funding of \$12,000 for a backflow preventer and \$2,500 for a phone panel enclosure based on information from DPS that these items would be completed in FY 2007.

Mr. Krmpotic explained that decision unit E250 included a recommendation for \$19,665 for vehicle leases from the Highway Patrol for three additional vehicles. One of those vehicles was for a sergeant in southern Nevada, one vehicle was for miscellaneous uses in southern Nevada, and one was for use in northern Nevada. Mr. Krmpotic said that staff made adjustments to reflect current motor pool rates and remove special police equipment for the two unassigned vehicles. Staff recommended approval of this decision unit with the adjustments made.

Finally, Mr. Krmpotic explained that staff sought authority to make changes to cost allocations included in decision units M801, E801, M802, and E802 for DPS's indirect cost allocation and also technology allocation.

Mr. Parks asked whether the two vehicles for the Training Division were older.

Staff present from DPS indicated that the vehicles were on a rotation and that the older vehicles would be used for training.

ASSEMBLYMAN PARKS MOVED THAT THE SUBCOMMITTEE CLOSE THE OTHER ITEMS AS RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chairman Rhoads adjourned the meeting at 9:51 A.M.

RESPECTFULLY SUBMITTED:

Todd Myler
Committee Secretary

APPROVED BY:

Assemblyman David R., Chair

DATE:_____

Senator Dean A. Rhoads, Chair

DATE:_____

EXHIBITS			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Public Safety/Natural Resources/Transportation</u>			
Date: <u>April 20, 2007</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A	-----	Agenda
	B	-----	Attendance Roster
	C	Mark Krmpotic, Sr. Program Analyst	Impact Sheet for DOC