

**MINUTES OF THE
JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-fourth Session
May 8, 2007**

The Joint Subcommittee on General Government of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order at 8:16 a.m. on Tuesday, May 8, 2007. Chair Bob Beers presided in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Bob Beers, Chair
Senator Dean A. Rhoads
Senator Bob Coffin

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Kathy McClain, Chair
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblyman David R. Parks

STAFF MEMBERS PRESENT:

Eric King, Program Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Mark W. Stevens, Assembly Fiscal Analyst
Anne Vorderbruggen, Committee Secretary

OTHERS PRESENT:

Martin Ramirez, Deputy Director, Department of Employment, Training and Rehabilitation

CHAIR BEERS:

The Subcommittee has received copies of the Joint Subcommittee on General Government Closing List #8 dated May 8, 2007 ([Exhibit C](#), original is on file in the Research Library), for the Department of Employment, Training and Rehabilitation (DETR).

ERIC KING (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The first budget account for the Subcommittee's consideration is DETR Administration, budget account (B/A) 101-3272.

HUMAN SERVICES

EMPLOYMENT, TRAINING AND REHABILITATION

DETR - Administration – Budget Page DETR-1 (Volume II)
Budget Account 101-3272

There are two major issues in this budget account. The first issue is the recommendation to establish the positions of a management analyst II and an Employment Security Department (ESD) program specialist III.

E-250 Working Environment and Wage – Page DETR-3

The Governor is recommending \$98,520 in fiscal year (FY) 2007-2008 and \$127,707 in FY 2008-2009 to establish the two positions. The management analyst II would be assigned to the Financial Management section to perform fiscal analysis, planning, budgeting and reporting duties. The ESD program specialist III would monitor and audit grantees and assist the director's office with special reports and correspondence.

The Governor has recommended overall department General Fund reductions which would affect this account by incurring vacancy savings of \$21,422 in FY 2007-2008. To accomplish this, staff recommends the start date for the two positions be delayed from October 1, 2007, until January 1, 2008.

The management analyst II position is needed because of changes in the Workforce Investment Act (WIA) cash management policies, as well as a result of the agency being assigned fiscal agent responsibilities for the Southern Nevada Workforce Investment Board. Lower level duties currently being performed by a management analyst III and an administrative services officer III would be assigned to the new management analyst II position. This would allow the administrative services officer and the management analyst III to perform the higher order duties resulting from the change in the WIA and the fiscal management assignment for the Southern Nevada Workforce Investment Board.

The management analyst position was included in the budget at the management analyst I level. The agency has clarified they desire a management analyst II. This would result in an increase of \$3,104 in the first year of the biennium and \$4,493 in the second year. Based upon information provided by the agency, the recommendation to establish a management analyst II appears justified. Does the Subcommittee wish to approve the establishment of a management analyst II, effective January 1, 2008, who would perform fiscal analysis, planning, budgeting and reporting duties?

CHAIR BEERS:

If there are no questions or further discussion, I will accept a motion to approve staff's recommendation to delay the start date of the management analyst II and ESD specialist from October 1, 2007, to January 1, 2008, to generate the recommended vacancy savings.

ASSEMBLYMAN PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ACCEPT STAFF'S RECOMMENDATION TO DELAY THE STARTING DATE OF THE MANAGEMENT ANALYST II AND ESD SPECIALIST FROM OCTOBER 1, 2007, TO JANUARY 1, 2008, TO GENERATE THE RECOMMENDED VACANCY SAVINGS.

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ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

CHAIR BEERS:

I will now accept a motion to establish a management analyst II position, effective January 1, 2008.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ESTABLISH A MANAGEMENT ANALYST II POSITION EFFECTIVE JANUARY 1, 2008.

SENATOR COFFIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

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CHAIR BEERS:

I will now accept a motion to establish an ESD program specialist III position, effective January 1, 2008.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ESTABLISH AN ESD PROGRAM SPECIALIST III POSITION, EFFECTIVE JANUARY 1, 2008.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

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MR. KING:

The second item of major importance in this budget account is the reclassification of an administrative assistant II to a program officer I, decision unit E-805.

E-805 Classified Position Reclassifications – Page DETR-4

ASSEMBLYMAN PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE RECLASSIFICATION OF AN ADMINISTRATIVE ASSISTANT II TO A PROGRAM OFFICER I.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

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MR. KING:

Under Other Closing Items, decision unit E-710 recommends funding of \$104,801 for replacement equipment in FY 2007-2008 and \$20,926 in FY 2008-2009. The replacement equipment includes 1 light-duty truck, 33 personal computers, 6 laptop computers, a facsimile machine, computer software and general office equipment. As a part of the Governor's overall General Fund reductions, he has recommended the elimination of 13 personal computers and associated software suites, resulting in a reduction of \$23,400 in this decision unit. Staff recommends approval of this decision unit as modified by the Governor's General Fund reduction proposal.

E-710 Replacement Equipment – Page DETR-4

The next item is decision unit M-525. The Governor is recommending funding of \$3,420 in each year of the 2007-2009 biennium to reestablish expenditure authority for accommodations needed by staff under the Americans With Disabilities Act (ADA). Staff recommends approval of this decision unit as submitted by the Governor.

M-525 Americans With Disabilities Act – Page DETR-3

The next decision unit is E-813. The Governor is recommending \$21,242 in FY 2007-2008 and \$21,878 in FY 2008-2009 for unclassified salary adjustments resulting from the establishment of a step 10 in the classified employees' salary schedule. The Unclassified Salary Subcommittee will review the recommended salaries for these positions.

E-813 Unclassified Step Adjustments – Page DETR-5

Staff seeks approval to make adjustments to the DETR's administrative cost allocation based upon the final closings of other budget accounts within DETR.

CHAIR BEERS:

I will accept a motion to approve decision unit E-710 as adjusted by the Governor's amendments, decision unit M-525 as recommended by the Governor and give staff the approval to make adjustments to the administrative cost allocations based upon final approval of other budgets within the Department.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-710 AS MODIFIED BY THE GOVERNOR'S GENERAL FUND REDUCTION PROPOSAL; TO APPROVE DECISION UNIT M-525 AS SUBMITTED BY THE GOVERNOR; AND TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE DETR'S

ADMINISTRATIVE COST ALLOCATION BASED UPON FINAL APPROVAL
OF OTHER BUDGETS WITHIN THE DEPARTMENT.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT
FOR THE VOTE.)

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MR. KING:

The next budget account is Information Development and Processing,
B/A 101-3274. There are no major closing items in this budget account.

DETR - Information Development and Processing – Budget Page DETR-7
(Volume II)
Budget Account 101-3274

Under Other Closing Items, in decision unit E-588, the Governor recommended funding of \$140,557 in FY 2007-2008 for Website development services and products and \$5,000 in FY 2008-2009 for ongoing software maintenance related to the nine-month project to refresh and upgrade the agency's Internet Website which was designed in 1999. This decision unit has been proposed for elimination as a part of the Governor's General Fund reduction recommendations.

E-588 Technology Invest: Maximize Internet & Technology – Page DETR-9

Does the Subcommittee wish to support the Governor's General Fund reduction recommendation by denying approval of decision unit E-588 which would provide \$145,557 during the 2007-2009 biennium to complete the project to refresh the Department's Website?

The next item is decision unit E-710. The Governor has recommended \$491,777 in FY 2007-2008 and \$300,490 in FY 2008-2009 for the replacement of office equipment and computer hardware and software. The replacement equipment includes 30 office chairs, 5 modular office systems, 10 printers, a projector, 26 personal computers, 16 laptops, 22 routers, 12 ten-gigabyte Ethernet cards, serial port adapters, pocket personal computers, UPS batteries and 242 software licenses.

E-710 Replacement Equipment – Page DETR-10

If the Subcommittee approves the Governor's proposal for reductions in this budget account, an adjustment would be made to this decision unit that would reduce expenditure authority in FY 2007-2008 by \$23,500 and \$122,979 in FY 2008-2009. The specific items which would be eliminated as a result of the reductions include 14 chairs, 3 modular work stations, 6 personal computers, routers, 6 ten-gigabyte Ethernet cards, 12 network switches, 2 serial-port adapters and a server. Staff recommends approval of this decision unit as

modified by the Governor's General Fund reduction. Does the Subcommittee wish to approve the funding in this decision unit as modified by the Governor's recommended funding reductions?

The next item is decision unit E-720. The Governor is recommending \$550,878 in FY 2007-2008 and \$445,825 in FY 2008-2009 for new equipment. The new equipment recommended for purchase includes two alternative fuel sport utility vehicles for Information Technology (IT) staff's use in supporting nine locations in Las Vegas, one Hitachi 9500 storage server, additional memory boards and compact disk and DVD drives to increase memory and storage capacity, a network printer, a projector, two switches, four Oracle Encryption software licenses, an Oracle XML publishing software license and network monitoring and antivirus software. Also included are \$83,000 over the 2007-2009 biennium for federally-mandated State Unemployment Tax Act (SUTA) dumping software, T-1 lines for backup between the offices in Las Vegas, Reno and Carson City and new DS-3 lines for the Las Vegas administrative building.

E-720 New Equipment – Page DETR-10

If the Subcommittee approves the Governor's proposal for reductions in this budget account, an adjustment would be made to this decision unit that would reduce expenditure authority in FY 2007-2008 by \$64,694 and \$3,000 in FY 2008-2009. The specific equipment that would not be purchased includes one alternative fuel sport utility vehicle, two Sun antivirus software and maintenance agreements, three Heat software licenses and one network printer. Staff recommends approval of decision unit E-720 as modified by the Governor's General Fund reduction recommendation.

Staff also seeks approval to make adjustments to this budget account based upon final approval of other budgets within the Department.

CHAIR BEERS:

I will accept a motion to deny approval for decision unit E-588 in accordance with the Governor's amendments, approve decision units E-710 and E-720 as amended by the Governor and give staff the authorization to make any necessary cost-allocation changes.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO DENY APPROVAL OF DECISION UNIT E-588, WHICH WOULD HAVE PROVIDED \$145,557 DURING THE 2007-2009 BIENNIUM TO COMPLETE A PROJECT TO REFRESH THE DEPARTMENT'S WEBSITE, IN ACCORDANCE WITH THE GOVERNOR'S GENERAL FUND REDUCTION RECOMMENDATION; TO APPROVE DECISION UNIT E-710 AS MODIFIED BY THE GOVERNOR'S GENERAL FUND REDUCTIONS; TO APPROVE DECISION UNIT E-720 AS MODIFIED BY THE GOVERNOR'S RECOMMENDED FUNDING REDUCTIONS; AND TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION BASED ON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

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SENATOR COFFIN:

The Subcommittee has not discussed in detail the Governor's General Fund reduction recommendations. At times, they are confusing.

MARK W. STEVENS (Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The budget closing documents reflect the latest budget reduction information that has been sent over by the Governor and the Budget Office. The latest version of the budget reductions and amendments are included in the closing documents ([Exhibit C](#)).

The Governor's budget reductions will not line up perfectly with the closing documents because in some cases the items had to be cost allocated over a number of accounts within the budget accounts. The numbers come out the same, but if you try to line up the closing documents to the schedule of budget reductions that have been received, it is difficult to get a one-to-one relationship.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

Next is B/A 101-3273, Research and Analysis.

DETR - Research & Analysis – Budget Page DETR-13 (Volume II)
Budget Account 101-3273

There are no major issues in this budget account. Decision unit E-502 recommends \$100,000 in each year of the biennium to continue to employ two intermittent workers to conduct a customer satisfaction survey that is required under the WIA. This recommendation appears reasonable and staff recommends approval of this decision unit.

E-502 Federal Mandate – Page DETR-15

Decision unit E-710 recommends funding of \$68,593 in FY 2007-2008 and \$24,455 in FY 2008-2009 for replacement equipment. This decision unit appears reasonable and staff recommends approval.

E-710 Replacement Equipment – Page DETR-16

Staff also seeks approval to make adjustments to DETR's administrative cost allocation based on final approval of other budgets within the Department.

ASSEMBLYMAN PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3273 AS RECOMMENDED BY THE GOVERNOR; GIVING STAFF AUTHORITY TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST

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ALLOCATION BASED UPON FINAL APPROVAL OF OTHER BUDGETS
WITHIN THE DEPARTMENT.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next budget account is the Equal Rights Commission, B/A 101-2580.

DETR - Equal Rights Commission – Budget Page DETR-19 (Volume II)
Budget Account 101-2580

There are no major closing issues in this budget account. The Governor has recommended a reduction of \$50,000 during the 2007-2009 biennium for personnel vacancy savings as part of his overall General Fund reductions. Does the Subcommittee wish to approve the reduction of \$50,000 for personnel vacancy savings?

Another item in the Base Budget relates to federal Equal Employment Opportunity Commission (EEOC) contract reductions. The DETR has recommended the elimination of 2.5 full-time equivalents (FTE) based upon reductions to the contract funding provided by the federal EEOC. The positions are an administrative assistant and two full-time compliance investigators. These are vacant positions.

CHAIR BEERS:

I will accept a motion to recommend closure of this budget account as recommended by the Governor, including the \$50,000 vacancy savings, reduction of the positions for the federal EEOC contract and approval of decision units E-250, E-710 and M-525 and give staff the authority to make any changes to the administrative cost allocation.

E-250 Working Environment and Wage – Page DETR-22

E-710 Replacement Equipment – Page DETR-22

M-525 Americans With Disabilities Act – Page DETR-21

SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-2580 AS RECOMMENDED BY THE GOVERNOR; TO APPROVE THE GOVERNOR'S PROPOSAL TO REDUCE GENERAL FUND EXPENDITURES BY \$50,000 FOR VACANCY SAVINGS DURING THE 2007-2009 BIENNIUM; TO APPROVE THE ELIMINATION OF 2.5 FTE POSITIONS AND CORRESPONDING COSTS TO ALIGN FEDERAL EEOC CONTRACT REVENUE WITH BUDGETED EXPENDITURES; TO APPROVE DECISION UNITS E-250, E-710 AND M-525; AND TO GIVE STAFF THE AUTHORITY TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION

BASED UPON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN PARKS VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next budget account is Rehabilitation Administration, B/A 101-3268.

DETR - Rehabilitation Administration – Budget Page REHAB-1 (Volume II)
Budget Account 101-3268

The one major item in this budget account is the consolidation of the Office of Disability Employment Policy (ODEP) with the Rehabilitation Administration budget account. The staff of the ODEP provide support for the Nevada State Rehabilitation Council and the State Workforce Investment Board. The ODEP also administers the Nevada State Use Program and assists the Rehabilitation Division in policy research and guidance. The agency has indicated there would be increased efficiencies as a result of the consolidation. This appears reasonable to staff and staff recommends the consolidation.

E-900 Transfer From B/A 3156 to B/A 3268 – Page REHAB-5

E903 Transfer From B/A 3156 to B/A 3268 – Page REHAB-5

E-904 Transfer From B/A 3156 to B/A 3268 – Page REHAB-6

E-905 Transfer From B/A 3156 to B/A 3268 – Page REHAB-6

E-910 Transfer From B/A 3156 to B/A 3268 – Page REHAB-7

CHAIR BEERS:

Are there seven positions in the Rehabilitation Administration budget account?

MR. KING:

Yes, and three positions would be transferred from the ODEP to the Rehabilitation Administration Office.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE CONSOLIDATION OF THE OFFICE OF DISABILITY EMPLOYMENT POLICY WITH THE VOCATIONAL REHABILITATION ADMINISTRATION.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

Under Other Closing Items, Base, the Governor is recommending an overall reduction in General Funds of \$162 in each year of the 2007-2009 biennium. Due to matching requirements, \$598 in federal funds would be lost in each year as a result of this General Fund reduction. Does the Subcommittee wish to accept the Governor's proposal to reduce the General Funds in the Base Budget by \$324 and reduce federal matching funds by \$1,196 during the 2007-2009 biennium?

Decision unit E-710 recommends \$8,250 in FY 2007-2008 and \$8,702 in FY 2008-2009 for replacement equipment. The Governor has recommended eliminating the purchase of three personal computers and software, totaling approximately \$5,400, as part of the General Fund reductions.

E-710 Replacement Equipment – Page REHAB-3

SENATOR COFFIN:

How old are the computers that were to be replaced?

MR. KING:

The machines would be five years old. The Department's policy is to replace the standard desktop computers at five years.

SENATOR COFFIN:

The computers will be seven years old before the next Legislative Session. I think we should approve decision unit E-710.

SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE CHANGE IN THE BASE FOR B/A 101-3268 AS PROPOSED BY THE GOVERNOR, WITH A GENERAL FUND REDUCTION OF \$324.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE ORIGINAL DECISION UNIT E-710 FOR FIVE PERSONAL COMPUTERS, TWO LAPTOPS, OFFICE SUITE SOFTWARE AND GENERAL OFFICE EQUIPMENT.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION FAILED. (SENATORS RHOADS AND BEERS VOTED NO.)

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SENATOR RHOADS, IN A SENATE-ONLY MOTION, MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ACCEPT THE GOVERNOR'S RECOMMENDATION ON DECISION UNIT E-710.

SENATOR BEERS SECONDED THE MOTION.

SENATE: THE MOTION CARRIED. (SENATOR COFFIN VOTED NO.)

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ASSEMBLYWOMAN McCLAIN, IN AN ASSEMBLY-ONLY MOTION, MOVED TO RESCIND THE ASSEMBLY'S ACTION TO APPROVE DECISION UNIT E-710 WITHOUT THE GOVERNOR'S REDUCTION.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN HOGAN VOTED NO.)

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ASSEMBLYMAN HARDY, IN AN ASSEMBLY-ONLY MOTION, MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-710 AS AMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:

The Joint Subcommittee has now recommended closure of decision unit E-710 as modified by the Governor.

I will now accept a motion to approve decision units E-720 and M-525, as recommended by the Governor, and authorize staff to make adjustments to the administrative cost allocation based upon final approval of other budgets within the DETR.

E-720 New Equipment – Page REHAB-4

M-525 Americans With Disabilities Act – Page REHAB-3

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ELIMINATE FUNDING FOR DECISION UNIT E-720, AS RECOMMENDED BY THE GOVERNOR; APPROVE DECISION UNIT M-525 AS SUBMITTED BY THE GOVERNOR; AND TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION BASED UPON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

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ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next budget account is Office of Disability Employment Policy, B/A 101-3156.

DETR - Office of Disability Employment Policy – Budget Page REHAB-9
(Volume II)
Budget Account 101-3156

As indicated in the previous budget account, the major item here is the consolidation of this budget account with Rehabilitation Administration.

CHAIR BEERS:

Although we have already made this motion for the Rehabilitation Administration budget account, I will accept a motion to consolidate the budget account for the office of Disability Employment Policy with the Rehabilitation Administration budget account, to accept the Governor's recommendation for decision units E-261 and E-710 and give staff the authority to make any additional technical adjustments for administrative cost allocations.

E-900 Transfer From B/A 3156 to B/A 3268 – Page REHAB-13
E903 Transfer From B/A 3156 to B/A 3268 – Page REHAB-14
E-904 Transfer From B/A 3156 to B/A 3268 – Page REHAB-14
E-905 Transfer From B/A 3156 to B/A 3268 – Page REHAB-14
E-910 Transfer From B/A 3156 to B/A 3268 – Page REHAB-15
E-261 Working Environment and Wage – Page REHAB-11
E-710 Replacement Equipment – Page REHAB-12

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE CONSOLIDATION OF THE OFFICE OF DISABILITY EMPLOYMENT POLICY WITH VOCATIONAL REHABILITATION ADMINISTRATION; TO APPROVE DECISION UNITS E-261 AND E-710 AS SUBMITTED BY THE GOVERNOR; AND TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION BASED UPON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

Decision unit E-261 increases training funds by \$580 during the 2007-2009 biennium. Decision unit E-710 recommends funding of \$2,250 in FY 2007-2008 and \$5,176 in FY 2008-2009 for replacement equipment. These decision units and the funding in them will be transferred to the Rehabilitation Administration account as a result of the approval of the consolidation.

The next budget account is Disability Adjudication, B/A 101-3269.

DETR - Disability Adjudication – Budget Page REHAB-17 (Volume II)
Budget Account 101-3269

There are three major issues in this budget account. The first is medical inflationary increases including travel and training, decision unit E-250. The Governor is recommending \$216,636 in FY 2007-2008 and \$236,960 in FY 2008-2009 for a 9.6-percent inflationary increase for the cost of medical examinations and records. Decision unit E-250 also includes \$4,927 for employee training.

E-250 Working Environment and Wage – Page REHAB-20

The 9.6-percent inflation factor represents the actual increase in the average cost of a case in FY 2005-2006 over the FY 2004-2005 cost. Staff recommends an annual increase of 6.6 percent be used based on a three-year average. When the agency calculated the recommended 9.6-percent increase, inflation for FY 2006-2007 was omitted from the calculation. To adjust funding for medical examinations and records costs to a three-year average rate of inflation lower than the recommended single-year rate, as well as to adjust for inflation that was omitted from the decision unit, an increase of \$68,101 in FY 2007-2008 and \$199,874 in FY 2008-2009 is necessary.

The inflationary increase of 9.6 percent is applied to client travel. During the last budget process, the agency recommended this, but then agreed with staff it was not appropriate to increase travel by the inflation rate since it was not medical examinations. The total for client travel is \$8,338 in the 2007-2009 biennium. Does the Subcommittee wish to approve the recommended funding for agency staff training, inflationary increases for medical examinations and records costs, with an adjustment to reflect an increase of 6.6 percent, and to delete funding for inflationary increases for client travel?

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE RECOMMENDED FUNDING FOR AGENCY STAFF TRAINING AND INFLATIONARY INCREASES FOR MEDICAL EXAMINATIONS/RECORDS COSTS, WITH AN ADJUSTMENT TO REFLECT AN INCREASE OF 6.6 PERCENT AND TO DELETE FUNDING FOR INFLATIONARY INCREASES FOR CLIENT TRAVEL IN B/A 101-3269.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

SENATOR COFFIN:

Why are we reducing the inflation to 6.6 percent?

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MR. KING:

The agency proposed a one-year average and the Governor recommended a one-year average. Staff feels a three-year average is more appropriate.

SENATOR COFFIN:

This is all federally funded, but what happens if we are wrong?

MR. KING:

The agency could come back with a work program and request an increase from the Interim Finance Committee (IFC) if it is justified.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next item is decision unit M-101, contracted medical review inflationary increases. A 5-percent inflation factor has been applied to hourly rates for contracted medical services. Staff recommends approval of this decision unit as submitted by the Governor.

M-101 Inflation - Agency Specific – Page REHAB-18

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE RECOMMENDED FUNDING FOR INFLATIONARY INCREASES FOR CONTRACTED MEDICAL REVIEWS IN DECISION UNIT M-101.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next item is the reclassification of a computer technician to a senior physician, decision unit E-805.

E-805 Classified Position Reclassifications – Page REHAB-22

The Governor recommends an increase in federal funding of \$122,536 in FY 2007-2008 and \$125,147 in FY 2008-2009 for the reclassification of an existing computer technician position to a senior physician. The duties of the computer technician can be consolidated with two existing computer technicians. The senior physician position that would be created as a result of the reclassification is needed because an Attorney General's Opinion has recommended that hours worked by contracted employees stay below 20 hours a week to ensure there is no employer/employee relationship.

It is also difficult for the DETR to find medical doctors who wish to contract for these services. The Governor's budget has not been adjusted to reduce contract expenditure authorization for the hours that would be provided by the senior physician. As a result, staff recommends a reduction of contract expenditure authorization by \$122,200 in each year of the biennium because the agency would have an employee who would be providing those services. Does the Subcommittee wish to approve the reclassification of a computer technician to a senior physician who will complete disability determinations and reduce expenditure authorization for contracted medical professionals by \$122,200 in each year of the 2007-2009 biennium?

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE RECLASSIFICATION OF THE COMPUTER TECHNICIAN POSITION TO A SENIOR PHYSICIAN WHO WILL COMPLETE DISABILITY DETERMINATIONS AS RECOMMENDED IN DECISION UNIT E-805.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. KING:

The next item under Other Closing Items is decision unit E-814. The Governor recommends funding \$26,951 in FY 2007-2008 and \$28,421 in FY 2008-2009 to increase the salaries of six licensed psychologist I positions based upon salary inequities identified in an occupational study performed by the Department of Personnel.

E-814 Other Salary Adjustments – REHAB-22

Decision unit E-325 recommends funding of \$31,348 in each year of the 2007-2009 biennium for Versa Management, Inc. computer software. This software is required by the Social Security Administration.

E-325 Services at Levels Closest to People – Page REHAB-21

Decision unit E-710 recommends funding of \$30,600 in each year of the 2007-2009 biennium for replacement of office equipment costing less than \$1,000, based upon the agency standard of \$150 for each position. This decision unit appears reasonable and we recommend approval.

E-710 Replacement Equipment – Page REHAB 21

Decision unit M-525 recommends funding of \$2,500 in each year of the 2007-2009 biennium to reestablish expenditure authority for ADA accommodations for employees with disabilities.

M-525 Americans With Disabilities Act – Page REHAB-19

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Decision unit E-813 recommends funding of \$58,626 in FY 2007-2008 and \$60,409 in FY 2008-2009 for unclassified staff salary adjustments.

E-813 Unclassified Step Adjustments – Page REHAB-22

Staff seeks approval to make adjustments to the DETR's administrative cost allocation based upon final approval of other budgets within the department.

CHAIR BEERS:

I will accept a motion to approve the Governor's recommendations for decision units E-814, E-325, E-710 and M-525. Include in that motion reduction of the expenditure authorization for contracted medical professionals by \$122,200 in each year of the 2007-2009 biennium, which was part of decision unit E-805, and authorize staff to make adjustments to the DETR's administrative cost allocation.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS E-814, E-325, E-710 and M-525 AS RECOMMENDED BY THE GOVERNOR; TO REDUCE EXPENDITURE AUTHORIZATION FOR CONTRACTED MEDICAL PROFESSIONALS BY \$122,200 IN EACH YEAR OF THE 2007-2009 BIENNIUM AS PROPOSED IN DECISION UNIT E-805; AND TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION BASED UPON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

SENATOR COFFIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next budget account is Vocational Rehabilitation, B/A 101-3265.

DETR - Vocational Rehabilitation – Budget Page REHAB-25 (Volume II) Budget Account 101-3265

There are two major closing items in this budget account. The first is decision unit E-325, increases for client services. The Governor recommends funding of approximately \$1.4 million in FY 2007-2008 and approximately \$1.5 million in FY 2008-2009 to reestablish client services to the FY 2005-2006 levels. This decision unit results from the agency's decision to reduce client-service expenditures in the Base Budget. Reductions to client services in the Base Budget were made to maintain expenditure authority for the increased operating costs associated with providing services through Nevada JobConnect offices. The Agency has indicated that the alternative to reducing the client-service authorization was to eliminate 16.5 FTE positions or approximately 17 percent of the total positions in this budget account.

E-325 Services at Level Closest to People – Page REHAB-28

Because adequate staffing levels are key to providing client services, the agency decided to reduce client services in the Base Budget and request an enhancement for client services. As part of the Governor's proposal for General Fund reductions, he has recommended reducing client services in FY 2007-2008 by \$190,513 and increasing client services by \$153,694 in FY 2008-2009. The Governor's proposed General Fund reduction would result in a difference of \$344,207 in client-service expenditure authorization between FY 2007-2008 and FY 2008-2009. The net reduction for client-service funding during the 2007-2009 biennium would be \$36,819.

The Subcommittee may consider one of two options. If the Subcommittee wishes to support the recommended reestablishment of client services and the Governor's proposal for General Fund reductions, the Subcommittee may wish to approve decision unit E-325 as submitted by the Governor with an adjustment to provide equal amounts of client-service expenditure authorization in both years of the 2007-2009 biennium.

The second option is if the Subcommittee wishes to support the recommended reestablishment of client services but deny approval of the Governor's proposal for General Fund reductions, the Subcommittee may wish to close the budget account as recommended in the *Executive Budget*.

CHAIR MCCLAIN:

I will accept a motion for the first option, to recommend reestablishment and approve the Governor's reductions with an adjustment to provide equal amounts of client-service expenditure authorization.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-325 AS SUBMITTED BY THE GOVERNOR WITH AN ADJUSTMENT TO PROVIDE EQUAL AMOUNTS OF CLIENT-SERVICE EXPENDITURE AUTHORIZATION IN BOTH YEARS OF THE 2007-2009 BIENNIUM.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

SENATOR COFFIN:

By approving this motion, we would be reestablishing client services. Would we be reducing the expenditure amount in FY 2007-2008 and increasing it in FY 2008-2009?

MR. KING:

There would be a net reduction of \$36,819 for client service over the two years of the biennium. The adjustment would ensure the funding for client service is equal in FY 2007-2008 and FY 2008-2009.

SENATOR COFFIN:

Had the workload changed?

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MR. KING:

As indicated by the Social Security Administration, there are equal caseload projections for each of those fiscal years.

SENATOR COFFIN:

Does that mean there has been no increase from the previous year?

MR. KING:

The caseload amount in the two fiscal years is the same, but I believe there was an increase of 1,000 cases between FY 2006-2007 and FY 2007-2008.

SENATOR COFFIN:

Does your motion intend to maintain a level caseload?

CHAIR MCCLAIN:

Yes, and to level out the requested reductions.

SENATOR COFFIN:

My only problem is that the caseload is level. Will they be able to come to the IFC?

MR. KING:

The agency can come to the IFC with justification for an increase if they find they do not have adequate funding.

CHAIR MCCLAIN:

The motion has been made and seconded on the first option. Is there any other discussion or opposition?

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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

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MR. KING:

The second major item in B/A 101-3265 is data warehousing capabilities for the Rehabilitation Automated Information System of Nevada (RAISON), decision unit E-586. The Governor recommends federal funds of \$195,841 in FY 2007-2008 and approximately \$7,000 in FY 2008-2009 to create a data warehouse and provide analytical tools for mining the data contained in an existing database. The large amount of storage capacity recommended for purchase for the estimated 12-month development phase is necessary to create three data environments. This recommendation appears reasonable and staff recommends approval of decision unit E-586 as submitted by the Governor.

E-586 Technology Invest: Maximize Internet & Technology – Page REHAB-29

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-586 AS RECOMMENDED BY THE GOVERNOR, WITH FUNDING OF \$202,952 FOR THE 2007-2009

BIENNIUM TO CREATE DATA WAREHOUSING CAPABILITIES FOR
RAISON.

SENATOR COFFIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The first item under Other Closing Items on page 18 of [Exhibit C](#) is a Base Budget reduction in General Funds of \$36,653 in FY 2007-2008 and \$36,893 in FY 2008-2009. Because of matching requirements, the reduction in the General Funds would result in a loss of federal funds of \$135,430 in FY 2007-2008 and \$136,316 in FY 2008-2009. The loss of the General Funds and the federal funds would reduce administrative expenditures for travel, a needs-assessment survey and staff training. Personnel vacancy savings of \$262,910 would also be generated.

In decision unit E-326, the Governor is recommending funding of \$35,216 in both years of the 2007-2009 biennium to fund a comprehensive annual consumer-satisfaction survey and to provide an interpreter for a hearing-impaired member of the Nevada State Rehabilitation Council.

E-326 Services at Level Closest to People – Page REHAB-29

In decision unit E-710, the Governor is recommending funding of \$96,900 in FY 2007-2008 and \$59,100 in FY 2008-2009 for replacement equipment. As part of his proposal for overall General Fund reductions, the Governor has recommended eliminating the purchase of 25 personal computers and associated desktop software, totaling \$45,000.

E-710 Replacement Equipment – Page REHAB-29

In decision unit E-720, the Governor is recommending \$10,695 in FY 2007-2008 to purchase five printers. This recommendation appears reasonable and staff recommends approval of this decision unit.

E-720 New Equipment – Page REHAB-30

In decision unit M-525, the Governor recommends funding of \$5,000 in each year of the 2007-2009 biennium to reestablish ADA accommodations for staff.

M-525 Americans With Disabilities Act – Page REHAB-28

Staff also requests approval to adjust this budget account's allocation of agency cost assessments based upon the approved closing of the agency's budget accounts supported by allocated costs.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE ITEMS UNDER OTHER CLOSING ITEMS ON PAGES 18 AND 19 OF [EXHIBIT C](#) AS RECOMMENDED BY THE GOVERNOR, INCLUDING THE REDUCTION TO THE GENERAL FUND AND DECISION UNITS E-326, E-710, E-720 AND M-525; AND TO AUTHORIZE STAFF TO ADJUST THE BUDGET ACCOUNT'S ALLOCATION OF AGENCY COST ASSESSMENTS BASED UPON THE APPROVED CLOSING OF THE AGENCY'S BUDGET ACCOUNTS THAT ARE SUPPORTED BY ALLOCATED COSTS.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next budget account is Services to the Blind and Visually Impaired, B/A 101-3254.

DETR - Services to the Blind & Visually Impaired – Budget Page REHAB-33
(Volume II)

Budget Account 101-3254

This budget account has the same issue as Vocational Rehabilitation, in which the Governor is recommending the reestablishment of client services to the FY 2005-2006 levels as a part of his General Fund reduction recommendations. In FY 2007-2008, the Governor is recommending the reduction of client services by \$47,628, and in FY 2008-2009 he is recommending an increase of \$38,424. The net reduction is \$9,204. Staff is recommending an adjustment in decision unit E-327 to equalize client-services expenditure authorization in each year of the biennium.

Staff is proposing the same two options for the Subcommittee's consideration. If the Subcommittee wishes to support the recommended reestablishment of client services, they may wish to accept the Governor's proposal for General Fund reductions with adjustments to decision unit E-327 to equal out the client-services expenditure authorization in each year of the biennium. The second option is if the Subcommittee wishes to support the recommended reestablishment of client services, but deny the Governor's proposal for General Fund reductions, the Subcommittee may wish to close the budget as recommended in the *Executive Budget*.

E-327 Services at Level Closest to People – Page REHAB-37

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-327 AS SUBMITTED BY THE GOVERNOR WITH AN ADJUSTMENT TO PROVIDE EQUAL AMOUNTS OF CLIENT-SERVICE EXPENDITURE AUTHORIZATION IN EACH YEAR OF THE 2007-2009 BIENNIUM.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

In Other Closing Items on page 21 of [Exhibit C](#), the Governor is recommending General Fund reductions of \$8,900 in FY 2007-2008 and approximately \$8,800 in FY 2008-2009. Due to matching requirements, the reductions to General Funds would result in federal funds being reduced by \$32,756 in FY 2007-2008 and \$32,552 in FY 2008-2009. Administrative expenditures for out-of-state travel, vacancy savings, in-state travel and staff training would be reduced as a result of the General Fund reduction.

In decision unit E-326, the Governor is recommending federal funding of \$30,000 in each year of the biennium to increase the level of client-service expenditures for supported employment services for individuals with severe disabilities. In FY 2005-2006, total expenditures totaled approximately \$3,700 and there have been no expenditures to date in FY 2006-2007. In response to questions from staff, the agency is indicating decision unit E-326 is no longer necessary based upon their estimate of client service need. Staff recommends this decision unit be eliminated.

E-326 Services at Levels Closest to People – Page REHAB-36

In decision unit E-805, the Governor recommends funding of \$1,407 in FY 2007-2008 and \$1,559 in FY 2008-2009 for the reclassification of an administrative assistant I to an administrative assistant II. This position is funded 50 percent in this budget account and 50 percent in the Blind Business Enterprise budget account. Staff recommends approval of this decision unit.

E-805 Classified Position Reclassifications – Page REHAB-38

In decision unit M-525, the Governor recommends funding of \$2,500 in each year of the 2007-2009 biennium to reestablish expenditure authority for ADA accommodations to meet the needs of agency employees with disabilities.

M-525 Americans With Disabilities Act – Page REHAB-35

Decision unit E-325 recommends approximately \$2,800 in FY 2007-2008 and \$1,500 in FY 2008-2009 to fund out-of-state travel for agency staff to attend annual disability training conferences and for certification training for agency staff on script writing to assist clients' use of proprietary software.

E-325 Services at Level Closest to People – Page REHAB-36

In decision unit E-710, the Governor recommends funding of \$50,100 in FY 2007-2008 and \$12,300 in FY 2008-2009 for replacement equipment. As part of his proposal for overall General Fund reductions, the Governor has

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recommended eliminating the purchase of 12 personal computers and associated software, totaling \$21,600 in this decision unit.

E-710 Replacement Equipment – Page REHAB-37

In decision unit E-720, the Governor recommends \$45,562 in FY 2007-2008 and approximately \$1,300 in FY 2008-2009 for the purchase of 5 additional instruction stations and assistive technology equipment which would be used to train an estimated 200 additional individuals with disabilities.

E-720 New Equipment –Page REHAB-37

CHAIR BEERS:

I will accept a motion to accept the Governor's proposal to reduce the General Fund in the Base Budget, eliminate decision unit E-326, approve decision units E-805, M-525, E-325 and E-720 as submitted by the Governor, approve decision unit E-710 as amended by the Governor, and give staff the authority to adjust the budget account's allocation of cost assessments.

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ACCEPT THE GOVERNOR'S PROPOSAL TO REDUCE GENERAL FUND AND FEDERAL FUND EXPENDITURES BY \$17,677 AND \$65,308 DURING THE 2007-2009 BIENNIUM; TO APPROVE DECISION UNITS E-805, M-525, E-325 AND E-720 AS SUBMITTED BY THE GOVERNOR; TO APPROVE DECISION UNIT E-710 WITH THE REDUCTIONS PROPOSED BY THE GOVERNOR; AND AUTHORIZE STAFF TO ADJUST THE BUDGET ACCOUNT'S ALLOCATION OF COST ASSESSMENTS BASED UPON THE APPROVED CLOSING OF THE AGENCY'S BUDGET ACCOUNTS SUPPORTED BY ALLOCATED COSTS.

ASSEMBLYWOMAN McCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next budget account is the Blind Business Enterprise Program, B/A 101-3252.

DETR - Blind Business Enterprise Program – Budget Page REHAB-41 (Volume II) Budget Account 101-3253

The only major item in this budget account is the increase in the number of program facilities. The Governor is recommending funding of approximately \$466,000 in FY 2007-2008 and \$485,000 in FY 2008-2009 to refurbish and equip two existing blind vendor facilities and to construct and equip two new facilities. Based upon information provided by the agency, staff recommends approval of this decision unit.

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E-325 Services at Level Closest to People – Page REHAB-44

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-325 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

Under Other Closing Items, decision unit E-805 is the second half of the reclassification of three administrative assistants by one grade each. The Governor recommends funding of \$7,534 in FY 2007-2008 and \$8,216 in FY 2008-2009. Staff recommends approval of this decision unit as submitted by the Governor.

E-805 Classified Position Reclassification – Page REHAB-45

In decision unit E-250, the Governor is recommending \$18,874 during the 2007-2009 biennium for two staff members to attend a national conference on the Randolph-Sheppard Act in Washington, D.C., two staff members to attend a National Association of Blind Merchants meeting in Denver, Colorado, and four staff members to travel to Las Vegas, Nevada, and Seattle, Washington, to stay current on developments in vending- and food-service industries. This recommendation appears reasonable and staff recommends approval of this decision unit.

E-250 Working Environment and Wage – Page REHAB-44

In decision unit E-710, the Governor is recommending \$6,300 in the first year of the biennium and \$900 in the second year of the biennium for replacement equipment including computers, software and general office equipment. Staff recommends approval of this decision unit.

E-710 Replacement Equipment – Page REHAB-44

CHAIR BEERS:

I will accept a motion to approve decision units E-805, E-250 and E-710 as recommended by the Governor and give staff the authority to make changes to the administrative cost allocations.

ASSEMBLYMAN PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS E-805, E-250 AND E-710 AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION BASED UPON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

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SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next budget account is the Client Assistance Program, B/A 101-3258.
There are no major issues in this budget account.

DETR - Client Assistance Program – Budget Page REHAB-48 (Volume II)
Budget Account 101-3258

Decision unit E-250 under Other Closing Items recommends funding of \$220 in each year of the biennium to reestablish client training at the agency standard of \$110 per position.

E-250 Working Environment and Wage – Page REHAB-50

In Decision unit E-710, the Governor recommends funding of \$2,100 in each year of the biennium to replace equipment including computers and desktop software.

E-710 Replacement Equipment – Page REHAB-51

CHAIR BEERS:

I will accept a motion to recommend closure of this budget account as recommended by the Governor and to give staff authority to make adjustments to the administrative cost allocation.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3258 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT STAFF AUTHORITY TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION BASED UPON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next budget account is Employment Security, B/A 205-4770.

DETR - Employment Security – Budget Page ESD-1 (Volume II)
Budget Account 205-4770

There are no major items in this budget account.

Under Other Closing Items, decision unit E-275 recommends funding of \$211,476 in each year of the biennium to pay the leasing cost of an upgraded telephone system for the Las Vegas, Carson City and Reno offices.

E-275 Maximize Internet and Technology – Page ESD-6

Decision unit E-250 recommends funding of \$354,206 in each year of the biennium for ten intermittent workers to accommodate fluctuations in the unemployment claims workload. Similar recommendations have been made by the agency in past biennia. This recommendation appears reasonable and staff recommends approval of this decision unit as submitted by the Governor.

E-250 Working Environment and Wage – Page ESD-5

In decision unit M-504, the Governor is recommending funding of \$932,943 in each year of the 2007-2009 biennium to pay for postage that was once paid directly by the federal government. This is funded with federal funds. Staff recommends approval of this decision unit as submitted by the Governor.

M-504 Mandates – Page ESD-4

In decision unit E-325, the Governor is recommending funding of \$203,968 in each year of the 2007-2009 biennium to align grant authority with the budgeted expenditure authority. Staff recommends approval of decision unit E-325 as submitted by the Governor.

E-325 Services at Level Closest to People – Page ESD-6

Decision unit M-525 recommends funding of \$5,000 in each year of the biennium for ADA accommodations for staff.

M-525 Americans With Disabilities Act – Page ESD-4

In decision unit E-710, the Governor recommends funding of approximately \$718,000 in FY 2007-2008 and \$268,000 in FY 2008-2009 for replacement equipment. This recommendation appears reasonable and staff recommends approval of decision unit E-710, as submitted by the Governor.

E-710 Replacement Equipment – Page ESD-6

Decision unit E-720 recommends funding of \$101,962 in FY 2007-2008 and \$58,172 in FY 2008-2009 for new equipment. In March 2007, the IFC approved expenditure authorization for a check endorser and a commercial shredder at a cost of approximately \$32,000. Staff recommends approval of this decision unit with an adjustment to remove the cost of the shredder and the check endorser.

E-720 New Equipment – Page ESD-7

In decision unit E-813, the Governor recommends funding of \$6,293 in FY 2007-2008 and \$6,479 in FY 2008-2009 for an unclassified staff salary adjustment to accommodate the addition of a step 10 in the classified salary schedule.

E-813 Unclassified Step Adjustments – Page ESD-8

CHAIR BEERS:

I will accept a motion to approve decision units E-275, E-250, M-504, E-325, M-525, E-710 and E-720 as recommended by the Governor, with the removal of the cost of a shredder and check endorser from decision unit E-720, and authorize staff to make adjustments to the administrative cost allocation.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS E-275, E-250, M-504, E-325, M-525, E-710 AND E-720 AS RECOMMENDED BY THE GOVERNOR, WITH THE REMOVAL OF THE COST OF A SHREDDER AND CHECK ENDORSER FROM DECISION UNIT E-720; AND TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION BASED UPON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. KING:

The next budget account is the Career Enhancement Program, B/A 205-4767.

DETR - Career Enhancement Program – Budget Page ESD-10 (Volume II)
Budget Account 205-4767

There are two major issues in this budget account. The first is for increases to incumbent-worker contracts. The Governor is recommending \$2.5 million in each year of the biennium for additional contracts for incumbent-worker-training programs. Incumbent workers are persons who are currently employed but wish to improve or enhance their job skills. The program is available to qualified businesses through a request for proposal (RFP) process to pay for specialized incumbent-worker-training projects which target skill upgrade enhancements necessary to recruit, retain and prepare individuals for demand occupations in growth industries in Nevada. There are currently 8 employer contracts which vary in duration from 12 to 18 months and total \$936,455. These contracts are anticipated to provide training to 319 individuals. The benefits of the program include increasing workers' job stability and earning potential and, as workers are promoted due to their training, new job opportunities are created for those in the labor force with lower skill sets.

E-325 Services at Level Closest to People – Page ESD-13

The reserve balance in this account is recommended to decrease from a beginning balance of approximately \$7.9 million in FY 2006-2007 to \$3.5 million in FY 2008-2009 or by more than 55 percent. The Subcommittee may wish to consider one of the following options. If the Subcommittee does not wish to support the recommended increase, they may wish to approve \$1 million in each year of the 2007-2009 biennium to continue the current level of funding for incumbent-worker-training programs. Based upon participation in the program and the program's results over the 2007-2009 biennium, the Legislature can evaluate continuing or expanding the program during the 2009 Session, contingent upon available funding.

If the Subcommittee wishes to increase incumbent-worker-training contracts by \$2.5 million in each year of the biennium, the Subcommittee may close the budget as recommended by the *Executive Budget*.

CHAIR BEERS:

A third option, which the Chairs have discussed and supported, is to give them enough money to cover their existing contracts, eliminate this program and request a bill to make a statutory change to remove this program from their list of duties.

CHAIR MCCLAIN:

It has always bothered me that we are funding businesses to train their own employees.

CHAIR BEERS:

It was part of an agency-requested bill in the 2003 Session. It appears to have been designed with the primary purpose of burning through the reserve. Most businesses will do this on their own much more quickly and efficiently than through a State RFP process.

CHAIR MCCLAIN:

This program was approved in the 2003 Session and the first contracts were awarded in September 2006 for terms of 12 to 18 months. I suggest we provide funding for the existing contracts, request the bill draft and phase out the program.

ASSEMBLYWOMAN KOIVISTO:

Who has been using this program?

MR. KING:

According to the information provided by the agency, the contractors include the Las Vegas-Clark County Urban League, Marvin E. Davis, Nevada Partners, Inc., Next Day Gourmet, Vitamin Research Products, Young Electric Sign Company, the Community College of Southern Nevada and the Western Nevada Community College.

CHAIR BEERS:

How many individuals were trained?

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MR. KING:

In these contracts, 319 individuals are anticipated to be trained.

CHAIR BEERS:

What is the cost of these contracts?

MR. KING:

The total cost of the eight employer contracts is \$936,455.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO FUND THE EXISTING INCUMBENT-WORKER-TRAINING CONTRACTS IN DECISION UNIT E-325 UP TO \$1 MILLION IN THE FIRST YEAR; TO REMOVE ANY ADDITIONAL FUNDING FOR THIS PROGRAM AND REQUEST A BILL DRAFT TO DELETE THIS PROGRAM FROM THEIR LIST OF DUTIES IN THE *NEVADA REVISED STATUTES*.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR COFFIN VOTED NO.)

* * * * *

MR. KING:

The next item on page 30 of [Exhibit C](#) is ten intermittent worker positions, decision unit E-326. The Governor recommends funding of \$360,000 in each year of the 2007-2009 biennium for the Reemployment Eligibility Assessment program. The agency has indicated approximately \$4.36 million was saved during FY 2005-2006 as a result of this program. Does the Subcommittee wish to approve funding of \$360,000 in each year of the 2007-2009 biennium for ten intermittent positions to continue the Reemployment Eligibility Assessment program?

E-326 Services at Level Closest to People – Page ESD-14

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE FUNDING FOR THE INTERMITTENT POSITIONS TO CONTINUE THE REEMPLOYMENT ELIGIBILITY ASSESSMENT PROGRAM IN DECISION UNIT E-326.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

Decision unit E-710, under Other Closing Items, recommends approximately \$69,600 in FY 2007-2008 and \$94,200 in FY 2008-2009 for replacement

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equipment. The recommendation appears reasonable and staff recommends approval as submitted by the Governor.

E-710 Replacement Equipment – Page ESD-14

Decision unit E-720 recommends the use of reserve funds of \$5,617 in FY 2007-2008 and \$4,424 in FY 2008-2009 for new equipment. Staff recommends approval of this decision unit as submitted by the Governor.

E-720 New Equipment – Page ESD-14

In decision unit E-250, the Governor recommends the use of reserve funds in the amount of \$768 in each year of the 2007-2009 biennium to restore training for agency staff. Staff recommends approval of this decision unit as submitted by the Governor.

E-250 Working Environment and Wage – Page ESD-13

CHAIR BEERS:

I will accept a motion to approve decision units E-710, E-720 and E-250 as recommended by the Governor and authorize staff to make adjustments for cost allocations.

ASSEMBLYWOMAN McCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS E-710, E-720 AND E-250 IN B/A 205-4767; AND TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION BASED UPON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. KING:

The next budget account is Employment Security - Special Fund, B/A 235-4771.

DETR - Employment Security - Special Fund – Budget Page ESD-17 (Volume II)
Budget Account 235-4771

There are two major items in this budget account. The first is the Unemployment Insurance (UI) Contribution and Benefit System Replacement Study. The Governor recommends funding of \$1,512,399 in FY 2007-2008 and \$899,015 in FY 2008-2009 to conduct a 24-month study to replace the UI Contributions and Benefits System. The Budget Division submitted a budget amendment on February 23, 2007, which modified the Governor's original recommendation by changing the funding source for this decision unit from

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Unemployment Insurance Contribution and Benefits payments to federal Reed Act funding.

E-587 Technology Invest: Maximize Internet & Technology – Page ESD-18

Also added to this decision unit was \$180,088 for Department of Information Technology (DoIT) quality assurance costs. With that amendment, the recommended funding is now approximately \$1.6 in FY 2007-2008 and approximately \$966,000 in FY 2008-2009.

The agency has indicated that the Reed Act funds are an appropriate funding source for the study. The State has approximately \$56 million of federal Reed Act funding available to it. The core UI and benefits systems are 30 years old and do not easily accommodate demand for improved employer- and client-Online services. The study is intended to develop business and technical specifications for the replacement systems, thereby reducing the risk of designing and implementing a completely new core system by defining the project requirements and developing an RFP for a subsequent system replacement project. Overall, the project is intended to provide the basis for a request to the 2009 Legislature for the system's replacement.

Does the Subcommittee wish to approve the UI Contribution Benefit System replacement study totaling approximately \$2.6 million in the 2007-2009 biennium?

CHAIR BEERS:

For what are we allowed to use Reed Act funds?

MARTIN RAMIREZ (Deputy Director, Department of Employment, Training and Rehabilitation):

The Reed Act funds we currently have in our Unemployment Insurance Trust Fund are allowed to support any type of unemployment insurance or infrastructure costs. They could also be used to pay unemployment insurance benefits. We used these funds as the primary funding source for our new building in Las Vegas that just became operational. The funds were deposited into our account in March 2002 as a result of the tragedy of September 11, 2001. A high percentage of the states currently undergoing UI modernization efforts are using Reed Act funds to support that endeavor.

CHAIR BEERS:

The cost of \$2.5 million for a design specification seems excessive.

MR. RAMIREZ:

The budget was built on a number of factors. We plan to bring in a federal agency with a good track record and a lot of experience in unemployment insurance. It has assisted other states in successfully implementing projects such as this. We will also use subject matter experts available to us from a number of sources. The budget is primarily individual contractors. States which have not been as aggressive on the front end have ended up spending millions for a system that does not work.

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CHAIR MCCLAIN:

It is hard to understand why \$2.5 million is needed for a study.

MR. RAMIREZ:

We would be glad to provide quarterly status reports to the IFC to let you know how we are spending the money and how the project is progressing.

CHAIR MCCLAIN:

Are you putting out an RFP for the contractor to do the study?

MR. RAMIREZ:

We are currently looking at a federal agency. It is the UI Information Technology Support Center. They have a good track record and a lot of experience in these types of projects.

CHAIR MCCLAIN:

Do they say they need \$2.5 million?

MR. RAMIREZ:

Our contract with them would not be for \$2.5 million. There are a number of other costs including DoIT costs, project management and some subject matter experts. I do not have the budget detail in front of me, but it has many components. Much of it is based on an average hourly rate multiplied by the number of FTEs estimated to be needed.

CHAIR BEERS:

Staff has the details of your budget. I just cannot fathom spending that much money to develop the program specifications.

MR. RAMIREZ:

Perhaps staff could provide the budget detail to you for your review and that could be part of any budget closing issues if you feel modifications are required.

CHAIR BEERS:

We will hold this item and the Subcommittee will review the budget detail. Would you meet with our staff and management to attempt to reduce the amount required for the study?

MR. RAMIREZ:

We will do that immediately.

MR. KING:

The next item is Maintenance of Buildings and Grounds, decision unit E-730. The Governor recommends the use of reserve funds of \$1,961,968 in FY 2007-2008 and \$584,000 in FY 2008-2009 for maintenance of agency-owned buildings. On February 23, 2007, the budget office submitted a budget amendment adding approximately \$1.3 million for deferred maintenance items omitted from the Governor's original recommendation.

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Based upon questions from staff, a carpet replacement project for the Carson City administrative office in the amount of \$16,500 has been recommended for removal from this decision unit.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-730 IN B/A 235-4771 WITH THE ELIMINATION OF THE CARPET REPLACEMENT PROJECT FOR THE CARSON CITY ADMINISTRATIVE OFFICE IN THE AMOUNT OF \$16,500.

CHAIR MCCLAIN:
Are we leaving the covered parking in the budget?

CHAIR BEERS:
Covered parking is not provided anywhere else in the State unless an agency has leased space in a facility we do not own which provides covered parking.

Senator Rhoads, would you accept an amendment to your motion to not provide covered parking?

SENATOR RHOADS:
That would be acceptable.

MR. KING:
The covered parking is at the Las Vegas Administrative Office building.

SENATOR RHOADS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-730 IN B/A 235-4771 WITH THE ELIMINATION OF THE CARPET REPLACEMENT PROJECT FOR THE CARSON CITY ADMINISTRATIVE OFFICE IN THE AMOUNT OF \$16,500; AND TO ELIMINATE THE COVERED PARKING FOR THE LAS VEGAS ADMINISTRATIVE OFFICE.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:
I will now accept a motion to give staff authority to make adjustments to the administrative cost allocations if necessary.

ASSEMBLYWOMAN MCCLAIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO AUTHORIZE STAFF TO MAKE ADJUSTMENTS TO THE DETR'S ADMINISTRATIVE COST ALLOCATION BASED UPON FINAL APPROVAL OF OTHER BUDGETS WITHIN THE DEPARTMENT.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

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ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BEERS:
There being no public comment or any further business to come before the Subcommittee, the meeting is adjourned at 9:42 a.m.

RESPECTFULLY SUBMITTED:

Anne Vorderbruggen,
Committee Secretary

APPROVED BY:

Senator Bob Beers, Chair

DATE: _____

Assemblywoman Kathy McClain, Chair

DATE: _____