

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session  
May 18, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 1:17 p.m. on Friday, May 18, 2007, 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.

**COMMITTEE MEMBERS PRESENT:**

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

**STAFF MEMBERS PRESENT:**

Bob Atkinson, Senior Program Analyst  
Sarah Coffman, Program Analyst  
Rick Combs, Program Analyst  
Joi Davis, Program Analyst  
Julie Diggins, Program Analyst  
Gary L. Ghiggeri, Senate Fiscal Analyst  
Rex Goodman, Program Analyst  
Eric King, Program Analyst  
Patricia Vardakis, Committee Secretary

**OTHERS PRESENT:**

Dave McTeer, Division Chief, Information Technology Division, Department of Administration  
Robert Chisel, Assistant Director, Administration, Director's Office, Nevada Department of Transportation  
Cara Sala, Administrator, Aging Services Division, Department of Health and Human Services  
Tina Leahy, Administrative Services Officer, Division of Child and Family Services, Department of Health and Human Services  
Daniel Stockwell, Director, Chief Information Officer, Department of Information Technology  
Romaine Gilliland, Chief Financial Officer, Department of Employment, Training and Rehabilitation  
Cynthia A. Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation  
David Haws, Administrator, Information Development and Processing Division, Department of Employment, Training and Rehabilitation

**CHAIR RAGGIO:**

The Committee has Assembly Amendment 686 to Senate Bill (S.B.) 282.

**SENATE BILL 282**: Makes supplemental appropriations to the Department of Corrections for increased costs at various facilities. (BDR S-1258)

Staff indicates the amounts in the amendment are correct. Are there any additions?

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The additional funding added by the Assembly Committee on Ways and Means is \$1,081,738. These are costs that cannot be funded through the salary adjustment monies as appropriated by the 2005 Legislature.

CHAIR RAGGIO:

Does staff agree with the adjustment?

MR. GHIGGERI:

Yes.

CHAIR RAGGIO:

The Chair will accept a motion for the Senate to concur with Assembly Amendment 686 No. to S.B. 282.

SENATOR BEERS MOVED TO CONCUR WITH ASSEMBLY AMENDMENT NO. 686 TO S.B. 282.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR RAGGIO:

We will open the hearing on Assembly Bill (A.B.) 200.

**ASSEMBLY BILL 200**: Makes an appropriation to the Information Technology Division of the Department of Administration to add sites and enhancements to the 800 MHz radio system. (BDR S-1265)

DAVE McTEER (Division Chief, Information Technology Division, Department of Administration):

Assembly Bill 200 appropriates \$7,630,700 from the Highway Fund to the Information Technology Division of the Department of Administration for adding 10 sites and enhancements to the 800 megahertz (MHz) radio system.

CHAIR RAGGIO:

Is this a new phase of the program?

MR. McTEER:

Yes.

ROBERT CHISEL (Assistant Director, Administration, Director's Office, Nevada Department of Transportation):

This would be an enhancement of ten additional sites and three or four are new sites. Additional channels are in the urban areas of Las Vegas, Reno and on Elko Mountain. In addition, there is over the air programming. Over-the-air programming allows the radios to be reprogrammed over the air instead of being brought into a central facility. There is a spare complement for the system and a master tune of the system to bring it up to status. In addition, there is a set of portable repeaters to be used in an emergency or incident command structure.

CHAIR RAGGIO:

What is the present status of the 800 MHz radio project statewide?

MR. CHISEL:

Approximately 95 percent of the State's roads have portable radio coverage. Part of the transition of the Nevada Highway Patrol to the 800 MHz system has occurred. There are some sites in the final stages of completion and some in the early stages. Of the 11 sites, 9 will be completed by the end of this month and the others will be completed soon after. There are still some outstanding issues with sites being built from the last Session.

CHAIR RAGGIO:

I understand nine sites are going to be completed soon. What is the status of the others?

MR. CHISEL:

There are two sites just beginning the stage of construction.

CHAIR RAGGIO:

Some of the sites were hard to access. Has there been any progress?

MR. CHISEL:

Fortunately, the snow has melted from the sites. Due to spring storms there have been some difficulties, but, because of a light winter, there has been progress.

CHAIR RAGGIO:

Is the amount of \$7.63 million correct?

MR. GHIGGERI:

Yes.

CHAIR RAGGIO:

We must hold the bill until the Education Budget has been passed by the Legislature.

SENATOR COFFIN:

What type of system are we using? What is the company's name?

MR. CHISEL:

We are broadcasting on 800 MHz frequencies. It is a M/A-COM system, which was formerly GE Ericsson.

CHAIR RAGGIO:

We will close the hearing on A.B. 200 and open the hearing on A.B. 273.

**ASSEMBLY BILL 273 (1st Reprint)**: Makes an appropriation to the Department of Health and Human Services for computer software and hardware and other equipment. (BDR S-1214)

CARA SALA (Administrator, Aging Services Division, Department of Health and Human Services):

I will read my written testimony ([Exhibit C](#)) concerning an appropriation for computer software, hardware and other equipment. The agency supports this bill.

This is a one-shot appropriation in the amount of \$63,447 to replace computer hardware and software and to purchase air-conditioning for server rooms in Reno and Carson City offices of the Division for Aging Services.

This funding will allow the Division to strengthen our technology infrastructure to support the multiple programs we utilize.

The funding will allow continued productivity. The ability of staff to access computing technology has a direct effect on medical claiming, service authorization and client assessment.

CHAIR RAGGIO:

Is this included in the *Executive Budget*?

MR. GHIGGERI:

Yes.

CHAIR RAGGIO:

We will close the hearing on A.B. 273.

SENATOR COFFIN:

What is the policy we are following on Education First?

CHAIR RAGGIO:

If we pass the bill out of this Committee, it would be held on the Senate Floor until the Education Budget is passed.

CHAIR RAGGIO:

We will now begin the budget closings.

JULIE DIGGINS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

COMMERCE AND INDUSTRY

BUSINESS AND INDUSTRY

B&I, Industrial Relations – Budget Page B&I-166 (Volume II)  
Budget Account 210-4680

The Joint Subcommittee on General Government supports the Governor's recommendation of \$69,915 in fiscal year (FY) 2007-2008 and \$90,415 in FY 2008-2009 of workers' compensation assessment funding to add two positions to the workers' compensation section and one new position to the administrative services unit to assist and support increased administrative workload. The Subcommittee recommends approval of \$270,015 in FY 2007-2008 and \$25,000 in FY 2008-2009 for a workers' compensation data system. The Subcommittee recommends placing the funding in a separate reserve category within the agency's budget, with the provision the agency not proceed until additional information is provided to the Interim Finance Committee (IFC) and the IFC approval is granted.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT (B/A) 210-4680 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

B&I, Occupational Safety & Health Enforcement – Budget Page B&I-175  
(Volume II)  
Budget Account 210-4682

Ms. DIGGINS:

The Joint Subcommittee recommends approval of the Governor's recommendation to provide \$295,015 from the workers' compensation assessment fund over the 2007-2009 biennium to enhance the agency's existing data system. The Subcommittee recommends placing the funding in a separate reserve category within the agency's budget, with the provision the agency will not proceed until additional information is provided to the IFC and the IFC approval is granted.

CHAIR RAGGIO:

What information is to be provided to the IFC?

Ms. DIGGINS:

There were four technology investment requests in the Department of Business and Industry. During the budget hearings, there was discussion about combining these systems to get a better price. The information was not available and the Subcommittee requested that specific information relating to the vendor, the requirements of the systems and related costs be provided prior to spending the funding on these projects.

Further, as recommended by the Governor, the Subcommittee recommends approval of a total of 12 new positions, including 3 inspectors, 5 safety specialists, 1 supervisor and 3 administrative assistants, to address increased growth and corresponding workload. Workers' compensation assessment funding supports the new position costs totaling \$424,074 in FY 2007-2008 and \$863,491 in FY 2008-2009.

CHAIR RAGGIO:  
What is the reason for these new positions?

Ms. DIGGINS:  
Since 1999, there has been an increased workload, and no new positions have been added. With the increased growth in Nevada, there has been an increase in inspections. These inspections are time consuming and the inspectors are delayed in getting to their regular mandated inspections. They provided justification and substantiation for these positions.

CHAIR RAGGIO:  
Was this accepted by the Joint Subcommittee?

Ms. DIGGINS:  
Yes.

SENATOR BEERS MOVED TO CLOSE B/A 210-4682 AS RECOMMENDED  
BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY

BUDGET CLOSED.

\* \* \* \* \*

B&I, Safety Consultation and Training – Budget Page B&I-183 (Volume II)  
Budget Account 210-4685

Ms. DIGGINS:  
The Joint Subcommittee on General Government concurs with the Governor's recommendation to add three new safety specialist positions to assist with the increase in employer work sites and corresponding workload. Assessment revenues of \$173,075 in FY 2007-2008 and \$244,405 in FY 2008-2009 are recommended to fund the new position costs.

SENATOR BEERS MOVED TO CLOSE B/A 210-4685 AS RECOMMENDED  
BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

B&I, Mine Safety & Training – Budget Page B&I-190 (Volume II)  
Budget Account 210-4686

Ms. DIGGINS:  
The Joint Subcommittee supports the Governor's recommendation of \$93,486 in FY 2007-2008 and \$82,051 in FY 2008-2009, funded by workers'

compensation assessments, to add a safety specialist position to support new miner training, in accordance with State and federal mandates.

SENATOR RHOADS MOVED TO CLOSE B/A 210-4686 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

B&I, Dairy Commission – Budget Page B&I-203 (Volume II)  
Budget Account 233-4470

Ms. DIGGINS:

The Joint Subcommittee on General Government recommends approval of budget amendment 76 which reduces projected total fee and assessment revenues by \$247,145 in FY 2007-2008 and \$244,693 in FY 2008-2009. The original projections were based on revenue projections for the previous biennium. They have had some fee reductions so they needed to make the fee projections more realistic.

CHAIR RAGGIO:

Is the population of Nevada drinking less milk?

Ms. DIGGINS:

The population is not drinking less milk, but the price has decreased.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 233-4470 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

B&I, Athletic Commission – Budget Page B&I-209 (Volume II)  
Budget Account 101-3952

Ms. DIGGINS:

The Joint Subcommittee supports the Governor's amended recommendation to add \$267,000 each fiscal year to implement the Advisory Committee's health and safety rules adopted by the Athletic Commission. Included in the recommendations are \$174,000 each fiscal year to provide MRI/CAT scans; \$18,000 each fiscal year for expanded drug and steroid testing; and \$75,000

each fiscal year to hire a part-time physician as a consultant to provide necessary medical expertise to the Commission.

CHAIR RAGGIO:

The addition was prompted by a fatality. Did the Athletic Commission make these recommendations?

MS. DIGGINS:

Yes. This Advisory Committee was created to investigate and research the health and safety of boxers and was motivated by the deaths that had occurred.

SENATOR BEERS MOVED TO CLOSE B/A 101-3952 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR COFFIN:

This is an important measure to improve the safety conditions and help prevent boxers from dying in the ring. It will also give the Athletic Commission benchmarks as to the health status of boxers before they enter into these fights.

SENATOR MATHEWS:

There has been a case where a boxer's life was saved due to a CAT scan.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

B&I, Taxicab Authority – Budget Page B&I-225 (Volume II)  
Budget Account 245-4130

SARAH COFFMAN (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on General Government recommends approving revised fee revenue projections, resulting in an increase in revenues of \$195,606 in FY 2007-2008 and \$533,054 in 2008-2009. The Subcommittee voted to support the Governor's recommendation for a new dispatcher IV position to supervise and provide back-up coverage to four dispatcher III positions.

The Subcommittee concurs with the Governor's recommendation to increase funding for the Division for Aging Services' Senior Ride Program by \$207,925 in FY 2007-2008 and \$213,367 in FY 2008-2009, to increase the Division of Aging Services' monthly coupon sales from an average of \$24,500 in the 2005-2007 biennium to \$36,974 in the 2007-2009 biennium. However, to ensure the Taxicab Authority's reserve remains adequate, the Subcommittee recommends issuing a letter of intent directing the Taxicab Authority to submit a status report on its reserve level to the IFC every six months. The Subcommittee further stipulated all funding associated with expired coupons retained by the Division for Aging Services should revert to the Taxicab Authority.



The Subcommittee also recommends approval of a 3-grade pay increase for 36 sworn peace officers to bring the agency's peace officers into pay parity with the sworn officers in the Department of Public Safety and the Department of Corrections.

SENATOR TITUS MOVED TO CLOSE B/A 245-4130 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

RICK COMBS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The remainder of the Department of Business and Industry budget accounts were recommended for closure with minor technical adjustments. Some adjustments were recommended to be made to the out-of-state travel expenditures for B/A 101-3824 and B/A 210-4684. The Subcommittee determined those expenditures were higher than necessary and adjusted them downward.

B&I, Insurance Education & Research – Budget Page B&I-26 (Volume II)  
Budget Account 101-3824

B&I, Self Insured – Workers Compensation – Budget Page B&I-41 (Volume II)  
Budget account 210-4684

The Committee has a list of other budget accounts which were recommended for closure by the Subcommittee with minor technical adjustments.

B&I, Insurance Recovery – Budget Page B&I-24 (Volume II)  
Budget Account 101-3821

B&I, Nat. Assoc. of Insurance Commissioners – Budget Page B&I-33 (Volume II)  
Budget Account 101-3828

B&I, Insurance Cost Stabilization – Budget Page B&I-36 (Volume II)  
Budget Account 101-3833

B&I, Transportation Services Authority Admin Fines – Budget Page B&I-55  
(Volume II)  
Budget Account 226-3923

B&I, Mfg Housing Education/Recovery – Budget Page B&I-77 (Volume II)  
Budget Account 271-3847

B&I, Consumer Affairs – Budget Page B&I-82 (Volume II)  
Budget Account 101-3811

Senate Committee on Finance  
May 18, 2007  
Page 10

B&I, Consumer Affairs Recovery Fund – Budget Page B&I-87 (Volume II)  
Budget Account 101-3807

B&I, Real Education and Research – Budget Page B&I-99 (Volume II)  
Budget Account 216-3826

B&I, Real Estate Recovery Account – Budget Page B&I-105 (Volume II)  
Budget Account 216-3827

B&I, Financial Institutions Investigations – Budget Page B&I-121 (Volume II)  
Budget Account 101-3805

B&I, Financial Institutions Audit – Budget Page B&I-123 (Volume II)  
Budget Account 101-3882

B&I, Industrial Development Bonds – Budget Page B&I-129 (Volume II)  
Budget account 101-4683

B&I, Low Housing Trust Fund – Budget Page B&I-141 (Volume II)  
Budget Account 101-3838

B&I, Weatherization – Budget Page B&I-146 (Volume II)  
Budget Account 101-4865

B&I, Mortgage Lending Recovery – Budget Page B&I-161 (Volume II)  
Budget Account 101-3912

B&I, Mortgage Lending Ed & Research Budget Page B&I-163 (Volume II)  
Budget Account 101-3913

B&I, NV Attorney for Injured Workers – Budget Page B&I-196 (Volume II)  
Budget Account 101-1013

B&I, Employees Management Relations Board – Budget Page B&I-220  
(Volume II)  
Budget Account 101-1374

B&I, Labor Commissioner – Budget Page B&I-214 (Volume II)  
Budget Account 101-3900

SENATOR TITUS MOVED TO CLOSE BUDGET ACCOUNTS 101-3824, 210-4684, 101-3821, 101-3828, 101-3833, 226-3923, 271-3847, 101-3811, 101-3807, 216-3826, 216-3827, 101-3805, 101-3882, 101-4683, 101-3838, 101-4865, 101-3912, 101-1013, 101-1374, AND 101-3900 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

\* \* \* \* \*

CHAIR RAGGIO:

We have now closed all the business and Industry budget accounts with the exception of the Mortgage Lending budget account, B/A 101-3910.

We will open the hearing on A.B. 272.

**ASSEMBLY BILL 272**: Makes appropriations to the Department of Health and Human Services to replace vehicles, appliances, radios and other equipment at certain youth facilities. (BDR S-1218)

TINA LEAHY (Administrative Services Officer, Division of Child and Family Services, Department of Health and Human Services):

I am joined by Sean Clark, Administrative Services Officer for Juvenile Justice Services. We are here to support A.B. 272. These appropriations will improve safety, reduce utility expenses, maintenance expenses and attain compliance with the State's health and safety codes. The equipment requests maintain eligibility for reimbursement from the Nevada Department of Education through participation in the federal School Lunch Program.

CHAIR RAGGIO:

We will close the hearing on A.B. 272 and resume the budget closings. The Committee will be looking at the closing report of the Joint Subcommittee on K-12 and Human Services dealing with the Department of Health and Human Services, Division for Aging Services.

## HUMAN SERVICES

### AGING SERVICES

HHS - Aging Services Grants – Budget Page AGING-1 (Volume II)  
Budget Account 262-3140

MR. COMBS:

The Joint Subcommittee on K-12 and Human Services recommended to approve the transfer of the grants and project analyst and auditor positions from the Aging Services Grants account to the Aging Older Americans Act account, B/A 101-3151, as recommended by the Governor. Although the positions have been funded entirely with tobacco settlement funds in past biennia, the Division has indicated the positions also manage and audit federal grant programs funded in the Older Americans Act account, in addition to the Independent Living Grants funded in this account. Several positions currently funded in the Older Americans Act account assist in managing the Independent Living grants, in addition to managing federal grants.

The Subcommittee recommends increases in tobacco settlement revenues of \$735,584 in FY 2007-2008 and \$739,913 in FY 2008-2009 over the amounts recommended by the Governor. The increased revenues result in increased funding available for administrative expenditures and increased funding for Independent Living grants. Authority to award Independent Living grants is increased by \$682,197 in FY 2007-2008 and by \$714,419 in FY 2008-2009. The Subcommittee supports the Governor's recommendation to continue the transfer of \$311,631 in tobacco settlement funds to provide funding for Community Home-Based Initiatives Program (CHIP) waiver services

and the transfer of \$192,166 in tobacco settlement funds to the Homemaker Program in each year of the 2007-2009 biennium.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 262-3140 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON K-12 AND HUMAN SERVICES.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

HHS - Aging Older Americans Act – Budget Page AGING-5 (Volume II)  
Budget Account 101-3151

MR. COMBS:

The Joint Subcommittee on K-12 and Human Services recommended the approval of a new personnel officer I position for the Division as recommended by the Governor to assist the Division administrator with personnel matters. The Subcommittee recommended funding a portion of the costs for the position with Title III and Title XIX funds; rather than funding the position entirely with General Funds, as recommended by the Governor. Similarly, the Subcommittee recommended the approval of two new social work supervisor positions as recommended by the Governor, but recommended funding a portion of the costs for the positions with Title III-B, Title VII and Title XIX funds, rather than funding the positions entirely with General Funds. The two new social work supervisor positions will supervise elder rights advocate positions that investigate complaints of abuse or neglect in long-term care facilities. Currently, two elder rights advocate positions receive an increase in salary for serving as lead positions over other elder rights advocate positions but are not able to serve a full caseload because of the supervisory responsibilities.

The Subcommittee concurred in the Governor's budget amendment to eliminate General Funds totaling \$126,699 in each fiscal year of the 2007-2009 biennium that were originally recommended to support the Retired and Senior Volunteer (RSVP) Lifeline Program which is a program currently funded with tobacco settlement funds. The Subcommittee was concerned a precedent might be established if Independent Living grant recipients were allowed to receive General Funds as a more stable source of revenue for their programs. The Subcommittee also concurred with the Governor's recommendation to increase funding for the Division's Senior Ride Program by \$390,014 in each year of the 2007-2009 biennium.

CHAIR RAGGIO:

Is this consistent with how we closed the Taxicab Authority?

MR. COMBS:

Yes. The dollar amounts will look different because I am giving you a total for the expenditures in this account.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3151 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON K-12 AND HUMAN SERVICES.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

HHS - Senior Services Program – Budget Page AGING-17 (Volume II)  
Budget Account 101-3146

MR. COMBS:

The Joint Subcommittee on K-12 and Human Services concurred with the Governor's recommendation to continue 54 slots for the new Assisted Living Waiver which was approved by the Centers for Medicare and Medicaid Services during the 2005-2007 biennium. The new waiver program was the result of the 2005 Legislature's enactment of A.B. 284 and provides funding to serve clients who are in assisted-living facilities financed by low-income housing tax credits and are certified as affordable by the Housing Division of the Department of Business and Industry.

Although the Governor recommended 54 additional slots for a new assisted-living facility in southern Nevada, the Division indicated the number of new slots could be reduced to 25. The new slots are only needed for the final four months of FY 2008-2009, because the facility is not scheduled to open until March 2009.

The Subcommittee concurs with the Governor's recommendation to add Medicaid Title XIX funding in the amount of \$652,132 in FY 2007-2008 and \$922,701 in FY 2008-2009 for caseload growth in the Division's CHIP and Waiver for Elderly in Adult Residential Care (WEARC) Medicaid waiver programs. The Subcommittee also supported the Governor's recommendation to add 25 additional WEARC slots in FY 2007-2008 to enable the Division to support the strategic plan for the Senior Services Accountability Committee's initiative to allow access to waiver services directly from the community rather than only from hospitals and nursing homes. Based on the Division's inability to serve the legislatively-approved waiver caseloads during the current biennium, the Subcommittee did not recommend approval of 73 additional CHIP slots and 34 additional WEARC slots, which were recommended by the Governor to reduce wait times for the waiver programs.

The Subcommittee supports the Governor's recommendation to add General Funds totaling \$53,040 in FY 2007-2008 and \$127,296 in FY 2008-2009 to provide services for nine additional people who require assistance with bathing, toileting and feeding over the 2007-2009 biennium as part of the State-funded program to allow people to remain in their homes instead of being placed in a long-term care facility.

As recommended by the Governor, the Subcommittee recommended approval of a new information services specialist position to serve as a project manager

over the Division's system applications and to support the case management software application used to manage its waiver programs. The Subcommittee did not, however, recommend approval of the Governor's recommendation for a new computer network technician position for the Division based on an analysis of the workload of the existing information systems staff for the Division.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3146 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON K-12 AND HUMAN SERVICES.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR TITUS:

I dislike cutting the possibility of additional CHIP slots because it is such a beneficial program. When we cannot help people, it is a way of calculating need. It demonstrates there is something wrong with the system because people are not being provided with the needed services. I will vote for the budget, but I want the record to show what a good program it is.

MR. COMBS:

There are approximately 451 people on the waiting list for the CHIP. The Subcommittee was concerned because they were not serving the caseload in the current biennium due to the inability to attract and retain social worker positions to serve those slots. The Subcommittee felt it was a reasonable projection of what they would be able to serve during the coming biennium.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

HHS - EPS/Homemaker Programs – Budget Page AGING-27 (Volume II)  
Budget Account 101-3252

MR. COMBS:

The Joint Subcommittee on K-12 and Human Services recommended closing the EPS/Homemaker Account as recommended by the Governor. Minor technical adjustments were made to take full advantage of the Title XX funding available for the account, and to fund one-half of the replacement equipment requested by the agency in each year of the biennium.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3252 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON K-12 AND HUMAN SERVICES.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

HHS - Senior Citizens' Property Tax Assistance – Budget Page AGING-31  
(Volume II)  
Budget Account 101-2363

MR. COMBS:

The Joint Subcommittee on K-12 and Human Services recommended decreasing the Governor's recommended funding for demographic growth for the Senior Citizens' Property Tax Assistance program, based on the expenditures for the program during FY 2006-2007 and the impacts of the Property Tax Abatement legislation approved by the 2005 Legislature. The Subcommittee recommended reducing funding for demographic growth by \$627,363 in FY 2007-2008 and by \$891,095 in FY 2008-2009 and to reduce the General Fund appropriation in FY 2007-2008 by \$335,000 based on carryforward funds estimated to be remaining at the end of FY 2006-2007. The Subcommittee concurs in the Governor's recommendation for General Funds totaling \$48,532 in FY 2007-2008 to convert the program's current Access Database to a Structured Query Language Database.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-2363 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON K-12 AND HUMAN SERVICES.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

SENATOR TITUS:

The Senior Citizens' Property Tax Assistance Program has helped some people, but the growth of the group who qualify for the program was not as great. We should use the savings in this account and apply them to S.B. 179 which expands eligibility and makes the qualifications more appropriate for today's economic times.

**SENATE BILL 179**: Revises provisions governing refunds of accrued property taxes to senior citizens. (BDR 38-1326)

CHAIR RAGGIO:

It is not savings. It is reduced funding.

MR. COMBS:

It was a total of \$962,000 in the first year and \$891,000 in the second year.

JOI DAVIS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

FINANCE AND ADMINISTRATION

ADMINISTRATION

The Joint Subcommittee on General Government developed recommendations for the following budgets of the Department of Administration: Budget Division, Deferred Compensation Committee, Information Technology Projects, Insurance and Loss Prevention, Division of Internal Audits, State Motor Pool, Purchasing Division, and the Victims of Crime Program.

While many of the accounts of the Department of Administration are funded through fees or assessments, the Subcommittee's recommendations resulted in an additional General Fund requirement of \$49,482 in FY 2007-2008 and \$64,511 in FY 2008-2009 for the Department of Administration overall.

Budget and Planning – Budget Page ADMIN-1 (Volume I)  
Budget Account 101-1340

Ms. DAVIS:

The Subcommittee recommended revision to the Governor's proposed budget amendment to increase General Fund support by \$73,078 in FY 2007-2008 and \$77,931 in FY 2008-2009 and decrease cost-allocation reimbursements in like amounts due to an error in the calculation of the Director's Office cost allocation.

The Subcommittee recommended revisions to the Governor's recommendation for the UNIX Server project proposing to consolidate all integrated financial services functions from 16 servers to 2 super servers by eliminating the Office of the Controller as a project participant. The costs of the project have been revised and reallocated among the remaining core users: Nevada Department of Transportation, Department of Personnel, and Budget Division. The reallocation of the UNIX costs results in an increase in General Fund support in this budget of \$55,475 in FY 2007-2008 and \$61,201 in FY 2008-2009.

The Subcommittee recommended approval of the remainder of the budget as recommended by the Governor, with the exception of \$10,191 in FY 2007-2008 for Microsoft project server software which was not recommended for approval by the Subcommittee.

SENATOR BEERS MOVED TO CLOSE B/A 101-1340 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

Deferred Compensation Committee – Budget Page ADMIN-21 (Volume I)  
Budget Account 101-1017

Ms. DAVIS:

The Joint Subcommittee recommended approval of the Governor's recommendation to add an executive officer position to provide administrative, financial and managerial assistance to the Deferred Compensation Plan. The Subcommittee recommended the elimination of the executive assistant position



and recommended funding for contract administrative support. The remainder of the budget was supported by the Subcommittee, as recommended by the Governor, with technical adjustments.

SENATOR BEERS:

Did the Joint Subcommittee make other recommendations?

Ms. DAVIS:

Yes. The Subcommittee recommended revisions to the Statutory Authority, which allows the Deferred Compensation Committee to provide for two vendors for the Committee. Assembly Bill 612 will revise statutory provisions so they can select one or two vendors.

**ASSEMBLY BILL 612**: Revises provisions governing the Public Employees' Deferred Compensation Program. (BDR 23-1491)

SENATOR BEERS MOVED TO CLOSE B/A 101-1017 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

Information Technology Projects – Budget Page ADMIN-36 (Volume I)  
Budget Account 101-1325

REX GOODMAN (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on General Government recommended approval of funding for the replacement of edge router hardware for 13 different State agencies, at a cost of \$64,869. The Subcommittee also made recommendations on nine other projects included in the Governor's Budget to be funded with one-shot appropriations and recommended to be overseen by the Department of Information Technology.

Of these projects, the Subcommittee recommended approval of an 800 MHz Radio System Enhancement Project, at a cost of \$7.63 million in Highway Fund appropriations. Funding for the project is included in A. B. 200 which has been heard by the Assembly Committee on Ways and Means with no action taken. The Subcommittee also recommended approval of a work program module and a Distributive School Account module for the Nevada Executive Budget System, a State Land Management System for the Division of State Lands; an additional travel tracking module for the Nevada Employee Action and Timekeeping System; and a Financial and Clinical Systems Replacement for the Nevada Office of Veterans' Services. The cost of the projects recommended to be funded with General Fund appropriations is \$1.25 million.

The Subcommittee recommended this budget be closed with differences in recommendations between the Assembly and Senate on two projects. The Senate Subcommittee recommended approval of a replacement study of the

emergency medical services radio system, at a cost of \$150,000. Additionally, the Senate Subcommittee did not recommend approval of a public health data warehouse project, at a cost of \$2.2 million. Some concern was expressed over the uncertainty of future financial benefits of implementing the data warehouse project and the lack of staff reductions from implementing an automated, public-access database system.

The Subcommittee, as a whole, did not recommend the approval of an electronic birth registry system project, at a cost of \$1.2 million. Subcommittee members questioned why an electronic death registry system had been implemented previously utilizing federal funding, but this project is proposed to be funded entirely with General Fund appropriations. The Subcommittee also indicated it wished to wait to see if federal funding related to the Real ID project would be available in the future to fund this project. These projects were introduced as Assembly Bill 206 and have been heard and passed by the Assembly Committee on Ways and Means with funding for all projects.

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

SENATOR BEERS MOVED TO CLOSE B/A 101-1325 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE, AND ACCEPTING THE RECOMMENDATIONS OF THE ASSEMBLY ON THE PROJECTS WHERE THERE WAS A DIFFERENCE BETWEEN THE SENATE AND THE ASSEMBLY MEMBERS OF THE SUBCOMMITTEE.

SENATOR CEGAVSKE SECONDED THE MOTION.

CHAIR RAGGIO:  
Are there now no differences in the closure?

SENATOR BEERS:  
Correct.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

Insurance Loss and Prevention – Budget Page ADMIN-40 (Volume I)  
Budget Account 715-1352

Ms. DAVIS:  
The Joint Subcommittee on General Government concurred with the Governor's recommendation to continue all lines of insurance coverage set forth in the *Executive Budget* which included increases in workers' compensation, property and contents, and other miscellaneous lines of insurance, such as aviation, employee fidelity, and excess liability coverage.

The Subcommittee concurred with the Governor's proposed budget amendment to eliminate the purchase of an insurance policy in FY 2008-2009 to cover Nevada workers for inspections and ongoing maintenance of the

Hoover Dam Bridge due to a delay in the completion of the project. The Subcommittee concurred with the remainder of the budget as recommended by the Governor, with technical adjustments.

CHAIR RAGGIO:

What was the reference to the completion of the Hoover Dam Bridge?

Ms. DAVIS:

Risk management was going to issue a policy to cover our workers for the ongoing maintenance of the bridge, which would not be issued until FY 2008-2009.

CHAIR RAGGIO:

It is not necessary at this time.

Ms. DAVIS:

Correct.

SENATOR BEERS MOVED TO CLOSE B/A 715-1352 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

Division of Internal Audits – Budget Page ADMIN-47 (Volume I)  
Budget Account 101-1342

Ms. DAVIS:

The Joint Subcommittee recommended the elimination of an auditor III position which had been vacant for a period exceeding two years, and recommended closing the remainder of the budget as recommended by the Governor, with technical adjustments.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 101-1342 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR MATHEWS SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

Motor Pool – Budget Page ADMIN-52 (Volume I)  
Budget Account 711-1354

Ms. DAVIS:

The Joint Subcommittee on General Government recommended approval of funding the State Motor Pool with modified rates as recommended by the Governor to support the current operations and the increased rent and utilities for the new Las Vegas Motor Pool facility which opened April 23, 2007. The monthly vehicle rental rates are recommended to increase for all vehicle categories, ranging from an increase of \$67 for a compact vehicle to \$184 for a luxury vehicle. Daily rental rates are recommended to increase by \$1 to \$2 for the various vehicle categories. The per-mile surcharge rate has decreased for all vehicle categories, from 19 to 27 cents a mile in the current biennium to 12 to 16 cents a mile in the upcoming biennium.

The Subcommittee concurred with the Governor's recommendation to transfer depreciation and operating expenses to the State Motor Pool vehicle purchase budget for the addition of 164 replacement vehicles, 56 new vehicles and 77 new one-shot vehicles requested by agencies. Since the closing of the Motor Pool budget, a budget amendment was submitted to reduce the one-shot appropriation proposed in Assembly Bill 205 by 11 vehicles. The amendment will reduce the number of new vehicles to be purchased from 77 to 66, for a savings of \$164,541.

ASSEMBLY BILL 205: Makes an appropriation to the Department of Administration for the purchase of motor pool vehicles. (BDR S-1208)

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 711-1354 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

Purchasing – Budget Page ADMIN-64 (Volume I)  
Budget Account 718-1358

Ms. DAVIS:

The Joint Subcommittee concurred with the Governor's recommendation to transfer four positions from the Department of Information Technology's (DoIT) Contract Services Unit to the Purchasing Division. However, the Subcommittee did not recommend approval of \$5,040 in each fiscal year of the upcoming biennium for additional training for these four positions. The Subcommittee concurred with staff adjustments to reduce the rent charges, since the four positions will be housed within existing space at the Purchasing Division.

SENATOR BEERS MOVED TO CLOSE B/A 718-1358 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

Victims of Crime – Budget Page ADMIN-124 (Volume I)  
Budget Account 287-4895

Ms. DAVIS:

The Joint Subcommittee on General Government recommended closing this budget as recommended by the Governor, with the exception of staff adjustments to eliminate four desktop computers and one Ethernet Port Hub. The Subcommittee also recommended providing staff authority to adjust the court assessment revenue in this budget for the increase in projected administrative assessments, pending approval of the revised projections in the Judicial Branch budget closings. The increase in projected court assessments was recommended for approval, resulting in an increase to this budget of \$1,646,199 in FY 2007-2008 and \$2,218,271 in FY 2008-2009 for additional payments to victims.

SENATOR BEERS MOVED TO CLOSE B/A 287-4895 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

Ms. DAVIS:

The Subcommittee also reviewed the budgets for the following accounts: Judicial College/College of Juvenile and Family Justice, Administrative Services Division, Merit Award Board, Information Technology Division, Motor Pool Vehicle Purchase, the Commodity Food Program and the Hearings Division. The Subcommittee recommended these accounts close as recommended by the Governor, with technical adjustments authorized by staff.

Judicial Coll & Coll of Juvenile & Family Justice – Budget Page ADMIN-9  
(Volume I)  
Budget Account 101-1302

Administration - Administrative Services – Budget Page ADMIN-16 (Volume I)  
Budget Account 716-1371

Merit Award Board – Budget Page ADMIN-24 (Volume I)  
Budget Account 101-1345

Information Technology Division – Budget Page ADMIN-29 (Volume I)  
Budget Account 101-1320

Senate Committee on Finance  
May 18, 2007  
Page 22

Motor Pool Vehicle Purchase – Budget Page ADMIN-60 (Volume I)  
Budget Account 711-1356

Commodity Food Program – Budget Page ADMIN-72 (Volume I)  
Budget Account 101-1362

Administration - Hearings Division – Budget Page ADMIN-119 (Volume I)  
Budget Account 101-1015

SENATOR BEERS MOVED TO CLOSE B/As 101-1302,  
716-1371, 101-1345, 101-1320, 711-1356, 101-1362 AND 101-1015  
AS RECOMMENDED BY THE JOINT SUBCOMMITTEE.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

\* \* \* \* \*

## FINANCE AND ADMINISTRATION

### INFORMATION TECHNOLOGY

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

MR. GOODMAN:

The Joint Subcommittee on General Government has completed its review of the budgets for the Department of Information Technology and has made the following recommendations for the Department's 2007-2009 biennial budget. The Subcommittee's actions resulted in savings of \$421,416 in FY 2007-2008 and \$3.1 million in FY 2008-2009 compared to amounts recommended in the *Executive Budget*. Of these amounts, it is estimated the General Fund savings will total approximately \$158,000 in FY 2007-2008 and \$1.2 million in FY 2008-2009.

The Subcommittee did not recommend approval of funding for four new DoIT professional positions recommended to support the Department's security unit. The Subcommittee saw the job functions of the four new positions as similar to positions which were approved by the 2005 Legislature. In light of the security assessment increase which would result from its approval, the Subcommittee did not approve the positions. Equipment to support a new cyber security incident response team and other network assessment tools and office equipment was also not recommended for approval. The Subcommittee commented the use of the recommended equipment appeared to duplicate activities performed by personnel within the Office of the Attorney General Office and the Department of Public Safety.

The Subcommittee did not recommend for approval the reclassification of a chief DoIT manager position to an unclassified chief position, but recommended approval of equipment to expand the Department's secure space access control system at a cost of \$24,668. The Subcommittee recommended approval of the

transfer out of the Department's security unit to a new budget account to better distinguish security expenditures from those of the Director's Office budget. The Subcommittee did not recommend approval of enhanced background checks for the security unit staff, nor did it recommend approval of State funding for security awareness promotional materials. The Subcommittee was informed at an earlier budget hearing that the enhanced background checks were not a high priority among the new department director and new security unit manager.

The Subcommittee did not wish to utilize State funding for security promotional materials previously funded by a federal grant. The Subcommittee recommended approval of an increase of 15 percent in funding for in-state and out-of-state travel for the security unit staff over base year expenditures to support the performance of additional security assessments within the State and attendance at out-of-state conferences.

The Subcommittee recommended approval of the transfer of the DoIT Contract Administration Unit to the Purchasing Division to better align the solicitation of information technology contracts with similar functions performed by the Purchasing Division. The Subcommittee recommended approval of the retention of one position from this unit in the Director's Office budget to perform contract monitoring duties within the Department. The Subcommittee did not, however, recommend approval of additional training for the Contract Administration Unit because the additional training for four staff, in the amount of \$5,040 each year, would exceed the budgeted training funding for all other staff in the Purchasing Division to which the unit is transferring.

The Subcommittee concurred with the Governor's recommendation to transfer a management analyst III position from this budget to the Communications and Network Engineering budget to support fiscal functions within the Communications Division of the Department. The Subcommittee also recommended approval of programming and database administration costs in the amount of \$28,735 to continue the implementation of posting the DoIT billing information for State agencies on the State Intranet as well as one new and one replacement server to implement the Department's internal disaster recovery strategy.

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

SENATOR RHOADS SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

DOIT - Planning & Research Division – Budget Page-20 (Volume I)  
Budget Account 721-1370

MR. GOODMAN:

The Subcommittee concurred with the Governor's recommendation to eliminate the Department's project delivery unit. The unit was created by the

2005 Legislature to provide oversight of large information technology projects, but did not have sufficient billable hours in FY 2005-2006 to be self sustaining. The Subcommittee also recommended approval of the elimination of the chief IT manager position of the Planning and Research Division and the recommendation that this Division be overseen by the manager of the Application Design and Development Unit. The Subcommittee recommended approval of the transfer out of two of three positions recommended by the Governor to transfer to other DoIT units. The capacity planner position was recommended for approval to transfer to the Computing Division budget, as recommended by the Governor, and a planner position was recommended for approval to transfer to the Director's Office budget to implement new department-wide customer service initiatives. The enterprise architect was not recommended for approval to transfer out of the Planning and Programming Division due to the statewide planning responsibilities of this position. The Subcommittee also did not recommend approval of the reclassification of the capacity planner and enterprise architect positions, and instead recommended the classification of these positions be studied by the Department of Personnel.

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

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

DOIT - Application Design & Development Unit – Budget Page DOIT-28  
(Volume I)

Budget Account 721-1365

MR. GOODMAN:

As recommended by the Governor, the Joint Subcommittee on General Government recommended approval of the elimination of two programmer positions from this budget due to a reduced amount of billable programmer hours. The Subcommittee also recommended the elimination of two additional programmer positions to increase the billable hours per position for the remaining programmer positions. The Subcommittee recommended approval for the transfer of one IT manager position to the Department of Taxation, as recommended by the Governor, but recommended the elimination of another information systems specialist position originally recommended for transfer to the Department of Taxation. This second position is currently vacant, and the Department of Taxation withdrew its request for the position transfer to comply with the Governor's budget reduction effort.

The Subcommittee recommended the approval of additional training for staff of this unit, but reduced the amount from approximately \$2,870 per full-time equivalent (FTE) in FY 2007-2008 and \$2,582 per FTE in FY 2008-09 to \$1,500 per FTE in each year of the biennium. The Subcommittee wanted to provide an increase in the training funding did not recommend the approximate 100-percent increase that was recommended in the *Executive Budget*. The



Subcommittee also recommended approval of funding for new file servers and server software in the amount of \$88,924.

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

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

DOIT - Computing Division – Budget Page DOIT-36 (Volume I)  
Budget Account 721-1385

MR. GOODMAN:

The Joint Subcommittee recommended approval of funding for two new mainframe enterprise servers, one for production and development processing and one for disaster recovery/business continuity, to be housed in geographically-separated locations within the State. This represents the Department's recommended hardware solution that was modified after the Governor's budget was submitted, due to a change in available system upgrades from the State's mainframe vendor. The approved mainframe hardware also addresses a recommendation for additional processing and memory capacity on the existing mainframe. The approved solution adds a cost of \$1.94 million over the Base Budget in the 2007-2009 biennium, but the recommended amount is substantially less than what was originally recommended in the Governor's budget for mainframe expenses. Because the project contains large capital equipment purchases, the increased cost is offset by depreciation over time and is not factored into the agency's rates for services. The Subcommittee also recommended the approval of funding for the establishment of a new computer data center in southern Nevada to house disaster recovery and server hosting equipment for the Department.

The Subcommittee recommended the approval of funding to consolidate the file servers that house the integrated financial system software applications into two large servers, with the maintenance and server hosting to be provided by the DoIT. The Subcommittee did not require the participation of the Office of the Controller in this project, as was originally recommended by the Governor, after the Controller's staff objected to the requirements and timeframe of the project. The Controller's Office did not wish to move its financial software application to a new computer operating system and did not wish to have its application and data housed on servers and storage devices maintained by the DoIT. The Subcommittee requested that quarterly reports be provided to the Subcommittee Chairs, the IFC, and the Controller's Office on the progress of the project.

The Subcommittee recommended the approval of a new computer systems programmer II position in FY 2008-2009 to provide additional support for the Department's e-mail, Website and server-hosting services. The Subcommittee also recommended the approval of replacement software for the Department's statewide e-mail and instant messaging systems, but reduced the number of

Senate Committee on Finance  
May 18, 2007  
Page 26

licenses for the instant messaging software from 8,000 licenses to 2,000 licenses.

CHAIR RAGGIO:  
In the event of a disaster, is there a back-up system?

SENATOR BEERS:  
There are two back-up systems.

CHAIR RAGGIO:  
What effect does the Controller's Office have on the project by not participating?

MR. GOODMAN:  
The Controller's Office will continue to expand their disaster recovery system.

CHAIR RAGGIO:  
Do they have a back-up system?

MR. GOODMAN:  
Yes. They want to move their site to Las Vegas.

SENATOR BEERS:  
It is anticipated they will come onboard with the State's system.

SENATOR COFFIN:  
The State experienced a problem with IBM equipment becoming obsolete after just a few years and refusing to support the machines the State purchased. We expressed our concerns about this problem to the DoIT. I would like to know if there has been any progress with IBM.

DANIEL STOCKWELL (Director, Chief Information Officer, Department of Information Technology):  
We met with IBM. I expressed the State's serious dilemma about their pricing structures, obsolescence and the discontinuance of warranties and maintenance on the systems. I explained to them I would be reporting to the Legislature regarding what options would be available. At the direction of the Legislature, we would be looking at other alternatives. We will continue to look at other options and be prepared in the next Legislative Session to address other available hardware and software.

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

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

DOIT - Communications & Network Engineering - Budget Page DOIT-49  
(Volume I)  
Budget Account 721-1386

MR. GOODMAN:

The Joint Subcommittee on General Government recommended the approval of the decentralization of the Department's Personal Computer/Local Area Network (LAN) technical support service, as recommended by the Governor. Three full-time positions were recommended for approval for transfer to other State agencies that had sufficient historical utilization of the service to warrant their own positions. One position was also recommended for transfer to the Communication and Computing Division budget to support the DoIT's internal units and its helpdesk service. Two positions previously assigned to the Personal Computer/LAN technical support service were recommended for elimination and one position was recommended for reclassification and reassignment to the Network Engineering Unit. The reclassification of one other position in the Network Engineering Unit was also recommended.

The Subcommittee recommended additional Point-of-Presence Internet service to provide higher bandwidth speeds and capacity for State agencies. The recommended price of this service was reduced by \$235,746 to eliminate duplication of costs. Other replacement hardware and equipment was supported as recommended by the Governor and as adjusted by budget amendments.

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

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

DOIT - Telecommunications - Budget Page DOIT-61 (Volume I)  
Budget Account 721-1387

MR. GOODMAN:

The Joint Subcommittee recommended the approval of one new administrative aide position to supplement the existing State telephone operator staffing, as recommended by the Governor, and reduced funding by \$3,630 per year for contractor staff in support of this service. The Subcommittee also recommended approval of funding of \$125,000 as recommended by the Governor for additional licenses to add 500 new users to the state's PBX (Private Branch Exchange) telephone system over the biennium and recommended funding for an inventory of replacement equipment to support the existing telephone system.

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

SENATOR RHOADS SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

DOIT - Network Transport Services – Budget Page DOIT-70 (Volume I)  
Budget Account 721-1388

MR. GOODMAN:

The Joint Subcommittee on General Government recommended the approval of funding of \$27,667 for additional training for unit staff, as recommended by the Governor. The Subcommittee also recommended the approval of funding of \$256,796 for spare parts for radio systems and generators that comprise the State's digital microwave system. The Subcommittee recommended reduced funding for travel in the 2007-2009 biennium due to the expected completion of the current digital radio system enhancement project and the microwave system conversion project.

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

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

DOIT - Security Division – Budget Page DOIT-81 (Volume I)  
Budget Account 721-1389

MR. GOODMAN:

The Joint Subcommittee recommended the approval of the establishment of a new budget account to track the expenditures of the security unit and transferred all funding and expenditures related to this unit from the Director's Office budget. The security unit's new budget includes funding of approximately \$1.2 million in each year of the 2007-09 biennium, mainly derived from security assessment revenue.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 721-1389 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

## HUMAN SERVICES

### EMPLOYMENT, TRAINING AND REHABILITATION

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

The Joint Subcommittee on General Government has completed its review of the budgets for the Department of Employment, Training and Rehabilitation (DETR) and has made the following recommendations for the Department's 2007-2009 biennium budget. The Subcommittee did not make a recommendation regarding funding in the Employment Security Division (ESD) Special Fund budget (B/A 235-4771) for a study that would provide the specifications for a replacement unemployment insurance contribution and benefit system. This unresolved issue is the final item in this report and requires action by the full committee. The Subcommittee's recommendations result in a General Fund savings of \$85,173 in FY 2007-2008 and \$80,362 in FY 2008-2009 as compared to the Governor's *Executive Budget* recommendations. The total amount of General Fund savings is contingent on the final administrative cost allocations for the Department.

### ADMINISTRATIVE SERVICES

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

MR. KING:

The Joint Subcommittee recommended approval of the establishment of a management analyst II and an ESD program specialist III position due to the DETR being assigned fiscal agent responsibilities for the Southern Nevada Workforce Investment Board and for implementation of new Workforce Investment Act policies and procedures. The Subcommittee also recommended approval of reclassification of an administrative assistant II to a program officer I to relieve senior level staff of technical leasing and contracting duties. In addition, the Subcommittee accepted the Governor's proposal to reduce expenditures in this budget account so overall Department General Fund expenditures for administrative cost allocations are reduced. Expenditure reductions of \$54,106 during the 2007-2009 biennium were approved by reducing replacement equipment purchases and by deferring the effective date of establishing the new management analyst II and ESD program specialist III from October 2007 to January 2008.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3272 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

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

MR. KING:

The Subcommittee recommended approval of the Governor's proposal to reduce expenditures in this budget account so overall Department General Fund expenditures for administrative cost allocations are reduced. Expenditure reductions of \$359,730 during the 2007-2009 biennium were recommended by eliminating the Governor's recommendation to fund a project to redesign and upgrade the Department's Website and by reducing new and replacement equipment purchases.

SENATOR BEERS MOVED TO CLOSE B/A 101-3274 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

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

MR. KING:

The Joint Subcommittee on General Government concurred with the Department's recommendation to reduce expenses by \$285,448 during the 2007-2009 biennium to align expenditures to anticipated federal Equal Employment Opportunity Commission contract revenue. This expenditure reduction results from the elimination of 2.5 vacant FTE positions. In addition, the Subcommittee accepted the Governor's proposal to reduce General Fund expenditures by \$50,000 during the 2007-2009 biennium in this budget account through personnel vacancy savings.

SENATOR COFFIN MOVED TO CLOSE B/A 101-2580 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

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

MR. KING:

To increase administrative efficiencies and enhance the State Use program and Americans with Disabilities outreach activities, the Subcommittee accepted the Governor's recommendation to consolidate the Office of Disability Employment Policy, B/A 101-3156, within the Rehabilitation Administration Budget. The Subcommittee also recommended approval of the Governor's proposal to reduce General Fund and cost-allocated expenditures by \$15,072 during the 2007-2009 biennium by reducing in-state travel costs and new and replacement equipment purchases.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-3268 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

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

MR. KING:

Although the Governor recommended a 9.9-percent inflationary increase for medical examinations, records and travel costs, the Subcommittee recommended a 6.6-percent increase for examinations and records, and did not recommend an inflationary increase in client medical travel costs. However, even though the Subcommittee's recommendation was less than the recommended percentage increase for inflation for medical records and examination costs, the 6.6-percent inflationary increase results in the addition of \$267,975 more than the amount in the *Executive Budget* for the 2007-2009 biennium because funding for inflation for FY 2006-2007 was omitted from the Governor's recommendation. The Subcommittee also recommended a five-percent increase for contracted medical determination costs totaling \$167,544 during the 2007-2009 biennium. In addition, the Subcommittee recommended approval of reclassification of a vacant computer technician position to a senior physician to compensate for the loss of contracted medical consultant services that result from a limitation set on the number of hours contractors can perform work for the DETR. Based upon a recommendation from staff, the Subcommittee recommended a reduction in contract services of \$122,200 in both years of the 2007-2009 biennium to adjust the budget for medical services that would be provided by the new senior physician position.

CHAIR RAGGIO:

Do persons who are seeking social security payments need to receive adjudication?

MR. KING:  
Yes, for their disability.

CHAIR RAGGIO:  
There have been concerns regarding the long-delayed decisions regarding social security payments. Was there any discussion in the Joint Subcommittee concerning this problem? Does the problem still exist?

MR. KING:  
I do not know.

SENATOR BEERS:  
This account is heavily controlled by the federal government. We operate it as a pass-through. It is 100-percent federal funding and they dictate policy. We did not hear any discussion from the agency or the public regarding the long-delayed waiting periods.

ROMAINE GILLILAND (Chief Financial Officer, Department of Employment, Training and Rehabilitation):  
The main processing time is 95 days and is projected to be reduced to 89 days. The funding is federal and the staffing is controlled by the caseload. The time period is improving slightly, but there is still room for improvement.

CHAIR RAGGIO:  
The average time is three months?

MR. GILLILAND:  
Yes. The applicants need to go through the disability-adjudication process.

CHAIR RAGGIO:  
Are any retroactive payments received?

MR. GILLILAND:  
I cannot answer your question.

SENATOR COFFIN:  
The Subcommittee recommended the hiring of a physician. The additional physician was hired to complete disability determinations.

MR. GILLILAND:  
The Department is limited to 20 hours a week for contract positions. By adding one full-time person, the Department will benefit because of the full concentration, and having the physician available will improve the adjudication time.

SENATOR COFFIN MOVED TO CLOSE B/A 101-3269 AS  
RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL  
GOVERNMENT.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.



BUDGET CLOSED.

\* \* \* \* \*

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

MR. KING:

The Subcommittee recommended reestablishing client services to the modified funding levels recommended by the Governor with an adjustment which provides equal amounts of client-services expenditure authorization in both years of the 2007-2009 biennium. The Subcommittee's action results in client-services funding of \$6,081,157 in both years of the 2007-2009 biennium, which compares to the FY 2005-2006 expenditure amount of \$6,099,927. The net adjustment recommended by the Subcommittee for reestablishment of client services is \$2,802,733 for the 2007-2009 biennium. To allow more effective and efficient evaluation of rehabilitation program data, the Subcommittee recommended \$202,952 during the 2007-2009 biennium to create data warehousing capabilities for the Rehabilitation Automated Information System of Nevada. The Subcommittee also accepted the Governor's proposal to provide for additional General Fund expenditure reductions through personnel vacancy savings, reducing travel and equipment-replacement purchases; eliminating a needs assessment survey and decreasing staff training.

SENATOR RHOADS MOVED TO CLOSE B/A 101-3265 AS  
RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL  
GOVERNMENT.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

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

Budget Account 101-3254

MR. KING:

The Joint Subcommittee on General Government recommended reestablishing client services to the modified funding levels recommended by the Governor with an adjustment that provides equal amounts of client-services expenditure authorization in both years of the 2007-2009 biennium. The Subcommittee's action results in client-services funding of \$1,436,000 in both years of the 2007-2009 biennium which compares to the FY 2005-2006 expenditure amount of \$1,440,603. The net adjustment recommended by the Subcommittee for reestablishment of client services is \$1,523,881 for the 2007-2009 biennium. The Subcommittee also accepted the Governor's proposal to provide for additional General Fund expenditure reductions through personnel vacancy savings, reducing travel and equipment replacement purchases and decreasing staff training.

SENATOR BEERS MOVED TO CLOSE B/A 101-1354 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

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

MR. KING:

The Subcommittee recommended the approval of funding of \$951,098 during the 2007-2009 biennium for expansion of the Blind Business Enterprise Program as recommended by the Governor. The funding will provide for additional training, travel and benefits for blind vendors as well as the remodel of two existing blind vendor facilities and the addition of two new blind vendor facilities during the 2007-2009 biennium.

CHAIR RAGGIO:

How many blind vendor facilities are operating?

MR. KING:

There would be two new facilities and two refurbishments. I do not know the total number of blind vendor facilities, but will provide it to you.

SENATOR BEERS MOVED TO CLOSE B/A 101-3253 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

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

MR. KING:

Due to concerns regarding the appropriateness of the incumbent-worker-training program and the reserve balance in this budget, the Subcommittee did not recommended approval of the Governor's recommendation to increase funding for the program by \$2.5 million in each year of the 2007-2009 biennium. Instead, the Subcommittee recommended approval of \$1 million for FY 2007-2008 to provide funding for the program until existing incumbent-worker-training contracts expire. Funding for the incumbent-worker-training program was not recommended for FY 2008-2009. In addition, the Subcommittee requested a bill draft request that would remove

from statute the authority for the DETR to provide training for incumbent workers. Due to savings generated for the Unemployment Trust Fund, the Subcommittee concurred with the Governor's recommendation to provide funding of \$360,000 in each year of the 2007-2009 biennium for ten intermittent positions to continue the reemployment assessment program that assists unemployed workers return to work more quickly.

CYNTHIA A. JONES (Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation):

I request the Committee to support this budget as recommended by the Governor, especially in decision unit E-325 which requested \$2.5 million in each year of the biennium for client services. Of those client services dollars, \$1 million in each of the biennium years was targeted for incumbent-worker or specialized-training projects.

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

The remaining \$1.5 million was targeted to provide direct-client services through Nevada's JobConnect system. Economic indicators depict the slowing economy in Nevada, specifically decreases in job growth, a slight increase in unemployment insurance rates and unemployment rates as a whole. This is not the time to reduce Nevada's investment in this workforce. It is important to Nevada's economy to sustain our efforts to connect Nevada businesses with a qualified and skilled workforce.

SENATOR BEERS:

The Senate and Assembly Chairs felt this program did not make sense and could not make a case that the program was making an improvement in workforce development. This program was created in a bill the agency had introduced a few years ago. The majority of the Subcommittee members felt the money could be put to better use elsewhere.

MR. GILLILAND:

The enhancement on decision unit E-325 was not just for the incumbent worker program but for client services of the unemployed. The other concerns had to do with the reserves that remained in the budget account and the projected reserves of \$3.5 million at the end of the biennium. Based on the anticipated reserves at the end of our current fiscal year and the cost savings that have occurred in category 1, we are projecting the reserves at the end of the biennium to be closer to \$7.5 million to \$8 million. We feel there is adequate funding for the client services for the unemployed and the incumbent worker program. We respectfully request the Committee to consider the Governor's recommendation.

SENATOR BEERS:

The Subcommittee had contemplated and discussed the reserve. They felt Nevada's economy would be better suited to reduce the evidence of insurability contribution that is considered a component of labor costs by Nevada's employers.

CHAIR RAGGIO:

When does the contract end?

SENATOR BEERS:

It is contracts with multiple entities. The Subcommittee was concerned because this program was providing training for 319 workers at a cost of approximately \$1 million.

Ms. JONES:

The trainee expenditure level of approximately \$3,000 for a trainee is consistent with other programs. The client services funds where we provide employment training assistance to those seeking services individually through the Nevada JobConnect Offices is approximately \$1,000. Through the Nevada JobConnect Offices there has been a significant increase in participation. Last year, we saw 15,900 clients and this year we are seeing approximately 25,000 clients. To serve approximately 10,000 workers, the cost is approximately \$1.5 million in client services.

SENATOR BEERS:

This program is serving 319 workers.

MR. GILLILAND:

Without the decision unit E-325 funding, we will be serving clients at a level below the current fiscal year. This is at a time when unemployment is increasing. It is important to look at decision unit E-325 from the standpoint of the \$1.5 million for current client services and the \$1 million for the incumbent-worker program for the higher professional-level positions within the community.

CHAIR RAGGIO:

The funding for this comes from an assessment on employers. Am I correct? There is a reserve of funds. How much is in the funding reserve?

MR. GILLILAND:

It is approximately \$6.6 million.

SENATOR RAGGIO:

How much was deleted that would have been required to continue the program through FY 2008-2009?

MR. GILLILAND:

At the current level, it would be \$1 million a year for the incumbent-worker program.

SENATOR RAGGIO:

The Joint Subcommittee recommended approval of \$1 million to carry the program through FY 2007-2008 but terminated it for FY 2008-2009. Would it take \$1 million more to continue the program through FY 2008-2009?

MR. GILLILAND:

Yes, at the current level.

SENATOR BEERS:

This would be for new contracts.

CHAIR RAGGIO:

Would your reserve funds be depleted?

MR. GILLILAND:

We are projecting the reserve funds to continue to be at a level of approximately \$7 million at the end of the biennium even with the full funding of \$1 million for incumbent workers and \$1.5 million for client services.

CHAIR RAGGIO:

What would be the total amount?

MR. GILLILAND:

We anticipate approximately \$7 million in reserve funds at the end of the biennium with full funding of decision unit E-325.

CHAIR RAGGIO:

What funds are required that were not recommended by the Joint Subcommittee?

MR. GILLILAND:

An additional \$1 million for incumbent workers for 2009 is required and \$1.5 million each year in the biennium for additional funding for client services.

CHAIR RAGGIO:

Would \$4 million be needed from the reserve funds to carry the program forward?

MR. GILLILAND:

Yes. It is an additional \$4 million. If it is not funded, we are projecting the reserve funds to approach \$10 million which is \$6 million of reserves at the end of the biennium and I have included the \$4 million of additional funding.

CHAIR RAGGIO:

How did the Assembly Committee on Ways and Means respond to this request?

MR. KING:

The Assembly Committee on Ways and Means recommended approval of an additional \$1 million to continue the incumbent worker program in FY 2008-2009.

CHAIR RAGGIO:

Did they recommend approval of funding for training?

MR. KING:

No. There was the \$1 million for the incumbent training program.

CHAIR RAGGIO:

I heard \$4 million. For training, the funds allocated were \$1.5 million in FY 2007-2008 and \$1.5 million in 2009 with an additional \$1 million to carry the program into FY 2008-2009.

MR. GILLILAND:

The original request in decision unit E-325 was for \$2.5 million for each year of the biennium. Of the \$2.5 million, \$1 million each year was identified for the incumbent-worker program and \$1.5 million was identified for client services for the unemployed in Nevada which would total \$5 million over the biennium.

CHAIR RAGGIO:

In 2008, the Governor had recommended \$2.5 million which was reduced to \$1 million. Is this correct?

MR. KING:

Yes.

CHAIR RAGGIO:

The \$2.5 million funding in 2009 was eliminated. The Subcommittee had recommended only \$1 million of the \$5 million requested. What funding has the Assembly Committee on Ways and Means recommend restoring?

MR. KING:

In FY 2008-2009, \$1 million was restored.

SENATOR BEERS:

It was not clear to the Committee that of the \$2.5 million a year, \$1.5 million was for the unemployed worker services. The Subcommittee was clear about discontinuing the incumbent-worker program. I would suggest we add \$1.5 million a year for the unemployed worker training during the biennium, in addition to what has been approved, to satisfy the existing contracts.

SENATOR BEERS MOVED TO CLOSE B/A 205-4767 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT, ADDING \$1.5 MILLION IN EACH YEAR OF THE BIENNIUM IN DECISION UNIT E-325 FOR DIRECT CLIENT SERVICES IN THE NEVADA JOBCONNECT OFFICES.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

MR. GILLILAND:

In 2008, is the \$1 million included for the incumbent-worker contracts?

SENATOR BEERS:

Yes.

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

MR. KING:

The Joint Subcommittee on General Government recommended approval of \$3,463,366 over the 2007-2009 biennium to fund building and grounds maintenance for agency-owned buildings, reducing the Governor's recommended funding by \$411,417 to delete funding for construction of covered parking at the Las Vegas Administrative Building and carpet replacement for the Department's Carson City office. The Subcommittee did not make a recommendation regarding the Governor's proposal to spend

\$2,591,502 to complete a 24-month study that would develop the specifications for an information processing system to replace the current unemployment contribution and benefit systems. At the direction of the Subcommittee, the DETR has reevaluated the Governor's recommendation and determined that although there will be increased risk to the system's replacement, the specifications development project can be reduced by \$593,144 to provide total funding of \$1,998,358 for the 2007-2009 biennium.

The Subcommittee also reviewed the budgets for the Research and Analysis Bureau, B/A 101-3273, the Client Assistance Program, B/A 101-3258, and the Employment Security Program, B/A 205-4770. The Subcommittee recommends these budget accounts be closed as recommended by the Governor with minor technical adjustments.

The Committee has a sheet showing the proposed project reductions for B/A 101-4771 ([Exhibit D](#)).

CHAIR RAGGIO:

Was this the project where no action was taken?

MR. KING:

Yes.

SENATOR BEERS:

It was the largest amount of money any State agency has requested for a project specification. The Subcommittee asked them to return with a better plan.

SENATOR COFFIN:

They have reevaluated the Governor's recommendation and determined that although there will be increased risk to the system's replacement, we can reduce it by \$600,000. What is the risk?

MR. KING:

The probability there would be additional monies spent in the development of a new system increases as the amount of money spent on this study decreases.

MR. GILLILAND:

We reviewed the original proposed funding of \$2,589,000. We believed the amount was appropriate for the requirements planning stage of the user interface (UI) modernization. We looked at ways to reduce the cost. The primary way of reducing the cost was in reduced use of subject matter experts and several elements of the project over the next two-year period. This increases the risk that during the requirements planning phase, some key elements would be missed of what would be a significant modernization program that would take place over a four- to six-year period after completion of phase one of the UI modernization. We are here to recommend the full amount of \$2,589,000 as recommended by the Governor, but have presented an alternative the Department believes is a high-risk alternative.

SENATOR COFFIN:

Are you saying if we do not allocate appropriate funds, we will not have people of the highest qualifications to give advice as to how we should design our system?

DAVID HAWS (Administrator, Information Development and Processing Division, Department of Employment, Training and Rehabilitation):

To produce the reduction, we would reduce the hours of the experts which would place more pressure on the Department staff to complete the number of hours estimated within the project. Expertise would backfill requirements analyst-type personnel and persons who understand unemployment insurance. The Information Technology Support Center, which is sponsored by the U.S. Department of Labor, intended to use 1,800 hours of their time, not only to help us understand the requirement within the State but also what was happening across the nation. Reducing the hours for expert services puts more reliance on the internal resources to complete the project. Our concern is we may not evaluate some of the key changes that are occurring in the nation in the roles associated with unemployment insurance.

SENATOR COFFIN:

How many hours were reduced?

MR. KING:

Originally it was 1,800 hours and 900 hours were recommended for reduction.

SENATOR COFFIN:

The hours were reduced by half, but the reduced cost is not half.

MR. KING:

I direct you to the last two columns of [Exhibit D](#).

SENATOR COFFIN:

I am not clear.

MR. HAWS:

We were including hours to bring in staff who would be able to backfill for some of our internal subject matter experts so they could attend development sessions. We are experiencing a large turnover of staff due to retirement. There were expectations of bringing some retired staff to backfill so current staff could participate and complete the requirement definition.

There were federal funds from 2001 set aside specifically for this type of project. There are 10 states that have completed modernization and 20 states in the process. These states are spending between \$20 million to \$50 million to complete their upgrade. To reduce the risk within Nevada, our intent was to do a thorough requirements definition, understand our requirements and needs and investigate what solutions would satisfy the UI modernization.

SENATOR COFFIN:

How much federal funding is involved?

MR. HAWS:

It is 100-percent federally funded.

SENATOR BEERS:

The computerization function that needs to be replaced is one common throughout the 50 states. The Subcommittee felt it should not be this difficult. A compromise would be to go back to the drawing board, take their reduced



amount of \$2 million and have the IFC hold it until the Department can devise a more acceptable plan.

MR. GHIGGERI:

The funds could be left in the budget in a reserve category, and when they develop the plan they could return to the IFC.

SENATOR BEERS:

The Department should not be able to spend the funds until it receives IFC approval.

SENATOR COFFIN:

I suggest we authorize the full amount and track the funds. With all the other states involved in this modernization, we will not need to plow new ground.

SENATOR BEERS:

There is no doubt the dollars could be consumed.

SENATOR COFFIN:

It will be federal employees hired with federal money.

MR. HAWS:

There are those individuals who are specializing in this type of modernization. The approach we anticipate using is to use Master Services Agreement (MSA) resources off the MSA that is already in place for the State. Therefore, we are using a reduced rate by using those individuals to complete the project. We anticipate using the company sponsored by the U.S. Department of Labor to evaluate our requirements, making certain they are on target and spend the \$2 million so that when we go out to bid for a system costing \$30 million we will know what requirements are needed. There are multiple solutions. Typically, the solution will be ported from another state into Nevada. Some states are similar to Nevada, but they use different hardware and software. We need to understand our requirements and the technological needs of the State.

SENATOR BEERS:

For less than \$20 million, we have replaced the entire Department of Corrections application, operated simultaneously in dozens of locations throughout the State, which involves a far more varied set of functionality and different tasks.

The Subcommittee thought the DETR was not completely aware of the systems available and how to access such systems and they should talk with the Department of Corrections.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 235-4771 PUTTING THE \$2.5 MILLION INTO A RESERVE ACCOUNT UNTIL THE DETR PRESENTS THE IFC WITH A PLAN FOR THEIR APPROVAL TO PROCEED.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

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

The Joint Subcommittee on General Government reviewed the recommendations in the *Executive Budget* and two budget amendments regarding the three budget accounts of the Public Employees' Benefits Program. With the exception of a portion of one budget amendment, the Subcommittee recommended these accounts be closed as recommended by the Governor.

#### SPECIAL PURPOSE AGENCIES

#### PUBLIC EMPLOYEES BENEFITS PROGRAM

PEBP, Public Employees' Benefits Program Budget Page PEBP-1 (Volume III)  
Budget Account 625-1338

The program continues to experience positive financial results and anticipates ending the current biennium with both the Incurred But Not Reported (IBNR) claims liability and the rate stabilization/catastrophic reserve fully funded, along with excess reserves of \$44.3 million. To spend down the excess reserve in the account, the Budget Office submitted a budget amendment for a "premium holiday" for the month of July 2007. A premium holiday was recommended rather than a reduction in the premium rates to mitigate the effect of onetime reductions on future rate increases. The holiday would apply to all participants in the program, including the State contribution, active and retiree deductions and contributions made on behalf of local government participants. Included in the budget amendment would be the reserving of the excess received through the Retired Employee Group Insurance Assessment to assist with pre-funding of the liabilities created by the retiree subsidy. The elimination of one month of premium collections would reduce revenues in the program by approximately \$22.1 million in FY 2007-2008 and would reduce State contributions by approximately \$13.9 million, which would result in General Fund savings, spread throughout the General Fund budget accounts, of approximately \$8.8 million in FY 2007-2008.

The Subcommittee recommended the approval of the premium holiday along with the balance of the account as recommended by the Governor. These recommendations included an expansion of the cardiac wellness and disease management program, enhanced communication efforts and quarterly audits of the enrollment and eligibility systems. These recommendations anticipate spending down the excess reserves over the upcoming biennium, leaving the IBNR fully funded at \$29.7 million and the rate stabilization/catastrophic reserve funded at \$28.5 million.

SENATOR BEERS MOVED TO CLOSE B/A 625-1338 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\*\*\*\*\*

PEBP, Retired Employee Group Insurance – Budget Page PEBP-9 (Volume III)  
Budget Account 680-1368

MR. ATKINSON:

For the Retired Employee Group Insurance Account, the Governor recommended the current program of insurance be continued without any benefit changes. He also recommended \$25 million, from a combination of all revenue sources, be placed in an irrevocable trust fund for partial pre-funding of the Governmental Accounting Standards Board liabilities for retiree health insurance in each year of the upcoming biennium. The creation of this trust fund is included in Senate Bill 547 which is currently in the Senate Committee on Finance and will need to be processed to implement this recommendation.

[SENATE BILL 547](#): Makes various changes regarding the management of the Public Employees' Benefits Program. (BDR 23-1414)

The Budget Office provided a budget amendment recommending the investments of the trust fund be managed by a newly-created investment officer position at PEBP. The Subcommittee did not approve that portion of the amendment, but rather recommended that the Public Employees' Retirement System manage the investments of the trust fund through the Retirement Benefits Investment Board and the Retirement Benefits Investment Fund created in Senate Bill 457.

[SENATE BILL 457](#): Provides for the creation, administration and investment of a trust fund for the management of certain retirement benefits provided by a local government. (BDR 23-736)

With the recommended \$25 million each year, combined with the interest and investment earnings and the premium holiday, the trust fund should end the biennium with a balance of approximately \$57.1 million.

SENATOR COFFIN MOVED TO CLOSE B/A 680-1368 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR BEERS SECONDED THE MOTION.

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

BUDGET CLOSED.

\*\*\*\*\*

PEBP, Active Employees Group Insurance – Budget Page PEBP-12 (Volume III)  
Budget Account (625-1390)

MR. ATKINSON:

The Active Employees Group Insurance account was approved by the Subcommittee as recommended by the Governor and amended by the premium holiday.

The recommended monthly State contribution amounts for the active employees for the upcoming biennium are \$557.30 for FY 2007-2008 and \$626.16 for FY 2008-09, compared to the rate for the current year of \$500.20. The recommended monthly base retiree subsidy amounts for the upcoming biennium are \$365.34 for FY 2007-2008 and \$410.48 for FY 2008-2009, compared to the rate for the current year of \$336.97. The legislation necessary to establish these rates has been requested for introduction by the Assembly Committee on Ways and Means.

CHAIR RAGGIO:

Would the rate for active employees be \$557.30 monthly?

MR. ATKINSON:

The State contribution for every employee is \$557.30.

CHAIR RAGGIO:

If an individual paid for benefits, would it be \$557.30?

MR. ATKINSON:

I cannot answer your question because I do not have a rate table with me.

SENATOR TITUS:

Are we going to do anything this Session to address the problem of unfunded liability other than putting \$50 million towards it? Are there any systemic changes in the Public Employees Benefit Program (PEBP)?

SENATOR BEERS:

Senate Bill 544 addresses the PEBP. A meeting was held to discuss S.B. 544 but no decisions have been made.

**SENATE BILL 544**: Makes various changes relating to the Public Employees' Benefits Program. (BDR 23-126)

SENATOR BEERS MOVED TO CLOSE B/A 625-1390 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

Senate Committee on Finance  
May 18, 2007  
Page 45

SENATOR RAGGIO:  
There being no further issues before us today, I will adjourn the meeting of the Senate Committee on Finance at 3:55 p.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Patricia Vardakis,  
Committee Secretary

APPROVED BY:

\_\_\_\_\_  
Senator William J. Raggio, Chair

DATE:\_\_\_\_\_