

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session
May 24, 2007**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:18 a.m. on Thursday, May 24, 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:

Gary L. Ghiggeri, Senate Fiscal Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Jeanine Wittenberg, Committee Secretary

OTHERS PRESENT:

T. Arthur Ritchie, Jr., District Judge, Department H, Family Division, Eighth Judicial District, Clark County
Sabra Smith-Newby, Director, Intergovernmental Relations, Clark County
Charles J. Short, Clark County Court Executive Officer, Eighth Judicial Court;
Las Vegas Justice Court
The Honorable James W. Hardesty, Associate Justice, Nevada Supreme Court
Lisa Gianoli, Washoe County
Laura Hale, Chief, Grants Management Unit, Department of Health and Human Services
David L. McTeer, Chief, Information Technology Division, Department of Administration
Andrew Clinger, Director, Department of Administration
Mary C. Keating, Committee on Deferred Compensation for State Employees
John Borrowman, Administrative Services Officer, Nevada Highway Patrol, Department of Public Safety
Rajendra Mehta, Deputy Director, Nevada State Office of Energy, Office of the Governor
Hatice Gecol, Ph.D., Director, Nevada State Office of Energy, Office of the Governor
Lorne J. Malkiewicz, Director, Legislative Counsel Bureau

CHAIR RAGGIO:

I will now open the hearing on Assembly Bill (A.B.) 246.

ASSEMBLY BILL 246 (1st Reprint): Increases the number of district judges in the Second and Eighth Judicial Districts. (BDR 1-654)

T. ARTHUR RITCHIE, JR. (District Judge, Department H, Family Division, Eighth Judicial District, Clark County):

This bill, which emphasizes judges in the Family Division, is a continuation of the investment that this Legislature and the voters have made in this important court. The creation of the Family Division of the District Court required resolve, commitment and leadership and an amendment to the *Constitution of the State of Nevada*. The Family Division of the District Court not only is a model court but it handles a wide variety of matters including: juvenile delinquency, juvenile abuse and neglect, juvenile guardianships, adult guardianships, protective orders against domestic violence, divorce and annulment cases, paternity and child custody cases, child support enforcement, termination of parental rights, name changes, voluntary mental health matters, adoptions and post-judgment relief concerning custody. I do not think it is a stretch to say that many of our citizens at some point in time will probably have some interaction with that Division of the court.

We are providing you with a handout that shows the request for additional judges is supported by not only our evaluation but an independent evaluation of case filings ([Exhibit C](#)).

The population and optimum workloads indicate we need additional judges. Over the last few years, the growth in the courts, especially the Eighth Judicial District, has been devoted to criminal and civil judges. We have only had one new judge added to the Eighth Judicial District Family Division since January 2003. It is not an accident that the bill, which provides for five additional family court judges in the Eighth Judicial District and two in the Second Judicial District, is an indication of the high caseloads, which are some of the highest in the country per judge. [Exhibit C](#) shows the increase in filings with no real increase in the number of judges. Juvenile delinquency and dependency is a matter we want to emphasize and we have already added resources there. We have a need as it relates to medical malpractice cases and construction defect cases and also the need to provide judges for specialty courts to help in parole and probation issues.

I urge your support of this bill.

CHAIR RAGGIO:

It has been the policy, at least of this Committee, to require the affected county to approve the request for additional judges. The State pays the salaries and the county has to provide the facilities and other costs associated with the addition of a new judge position. This bill only affects the Eighth Judicial District and the Second Judicial District so we would need input from Clark and Washoe Counties stating they can provide the facilities and are supportive of the costs that would be pertinent to the counties for these purposes.

DISTRICT JUDGE RITCHIE:

Over the last several months, we have had meetings with individual members of the board and the Clark County manager to discuss whether or not we can reach an agreement. Washoe County testified to the Assembly Committee on Ways and Means they were neutral on the bill requesting the two additional judges in their district.

CHAIR RAGGIO:

What do you mean by neutral? Does that mean that, if necessary, they will provide the facilities and costs associated with the additional judicial positions?

DISTRICT JUDGE RITCHIE:

I would defer that to someone from Washoe County, but I understand they recently dealt with the issue of facilities. I would like to specifically address the Eighth Judicial District. We do not have an agreement on the seven judges. This is a policy decision that you will have to make. The difference between what Clark County would like to pass in this bill and what we are asking for is the difference between five and seven judges. Originally, the bill asked for 10 judges, and based on caseload studies, we need 16. Obviously, we are not going to get the number of judges actually needed to meet the projected needs. Essentially, we are talking about a compromise.

As far as the issue of affordability, we believe we can show that Clark County can afford this so if they do not agree to seven you can justify the policy decision behind passing this bill at seven judges for the Eighth Judicial District.

CHAIR RAGGIO:

Unless we put a waiver into the bill, statute precludes us from doing anything that results in an unfunded mandate to the counties.

How could we realistically authorize these positions if you are saying to us that Clark County is not willing to provide the additional money for the operation of the court?

DISTRICT JUDGE RITCHIE:

We are a separate branch of government. If Clark County were to take the position they are not going to fund any new judges, consider the need for courtrooms and consider the number of cases assigned per judge, there would be an issue of whether or not the county is appropriately funding this branch of government. As it is now, we have judges bearing caseloads that are almost double the American Bar Association standards. I think we have a decent argument that not only can the county afford it, but they are compelled to provide these services for the citizens of Clark County.

CHAIR RAGGIO:

I would like to hear from someone from Clark County.

SABRA SMITH-NEWBY (Director, Intergovernmental Relations, Clark County):

We agree the judges, district attorneys and public defenders have large caseloads. We have agreed to provide funding, staffing and the facilities for five additional judges for the Eighth Judicial District.

CHAIR RAGGIO:

Are they trial or family court judges?

MS. SMITH-NEWBY:

I believe the offer was for five additional judges to be placed wherever the court chose. This year their emphasis is on the Family Division. We would be fine if all five went there. If you look at the projected cost in [Exhibit D](#), there is a difference in cost depending on the division to which a judge is assigned.

CHAIR RAGGIO:

What is the cost to which you are referring?

Ms. SMITH-NEWBY:

The first section of [Exhibit D](#) is capital costs, which is our main issue at this point. To accommodate the five judges, we are going to have to move one section of district attorney offices to some other location; move the district attorneys that are currently in the space the judges would occupy into the Clark Building and renovate that entire floor to accommodate the judges in terms of courtrooms and chambers. Our rough estimates on those costs are \$11.2 million to build out the ninth floor.

CHAIR RAGGIO:

What is presently on the ninth floor?

Ms. SMITH-NEWBY:

I believe that would be a section of the district attorney's office.

CHAIR RAGGIO:

You are going to move them out?

Ms. SMITH-NEWBY:

Yes.

CHAIR RAGGIO:

Where will they go?

Ms. SMITH-NEWBY:

They would go into the Clark Building, which is currently occupied by another section of the district attorney's office, the Child Support Enforcement Division. They would have to move out of their location into a separate location we have yet to identify.

CHAIR RAGGIO:

To accommodate even five judges, you have to move that section of the district attorney's office to another location and move someone in the district attorney's office to an uncertain location? What is the total cost to the County?

Ms. SMITH-NEWBY:

We do not have an exact estimate for the first move, but we are looking at somewhere in the low-to-mid \$30 million range just for the moves. As the bill is currently written, the annualized cost of five new judges can range from \$5.7 million to \$9.9 million for the support staff.

CHAIR RAGGIO:

That is for the support staff?

Ms. SMITH-NEWBY:

Yes. Those are ongoing costs.

SENATOR COFFIN:

Are there two different sizes of courtrooms?

MS. NEWBY-SMITH:

I do not know if there are different sizes.

DISTRICT JUDGE RITCHIE:

There are three different size courtrooms in the Family Division. The tenth floor of the Regional Justice Center has been built out and will open in June. It has two traditional size courtrooms and four smaller hearing rooms. Chief Justice Maupin testified to the Assembly Committee on Ways and Means that the shell-house space on the 17th floor, which is half of that floor, would be available for hearing rooms. I do not agree that the district attorney's staff will have to move before 2009. Currently, we can accommodate in existing space and have courtrooms available, both in the Regional Justice Center and the Phoenix Building across the street, to house the seven judges that are in the Clark County portion of A.B. 246.

SENATOR COFFIN:

Are you saying you will not need a build-out space to accommodate either five or seven new judges?

DISTRICT JUDGE RITCHIE:

There will be build-out costs associated with this. In the Family Division, we have a courtroom that is designed to be two courtrooms, but it is now one courtroom. A wall would have to be installed to divide that courtroom. We completed a small renovation last year that came in \$600,000 under budget and we could add another courtroom. We have hearing rooms that can accommodate family-type matters, which generally do not have a huge public need, because you typically only have 10 or 20 people in the room. We have already discussed this with the County, as recently as yesterday, where these judges would go. The suggestion that the district attorney has to move because of this bill is wrong.

SENATOR COFFIN:

Courtrooms are like movie theatres. There is an intense amount of work for a certain amount of time each day and then people are gone from the courtroom because they have to write opinions and do other things. Can we "hot bunk" some of these courtrooms? You take the junior judges, however many we approve, and use the same courtrooms. If you are a junior judge, you do not have ownership of a courtroom. We are eventually going to need a lot more judges than what is being requested in this bill and we have to make a change.

DISTRICT JUDGE RITCHIE:

We do share courtrooms. In fact, the protective order courtrooms would float. We have senior judges who are participating in settlement programs and I have them in a different courtroom every morning and every afternoon. Courtrooms are available because the judges are performing administrative duties. We also have overflow programs in the Civil Criminal Division in which they float and use different courtrooms. These are the type of innovative approaches we are going to have to take out of necessity. What you are doing is looking ahead because even the County projections we have shown illustrate we have fewer judges than we need. The fiscal needs of where to put them is going to be a challenge. My point is the challenge is going to be more acute, not necessarily for this group of judges, but for the judges that will be necessary for the long-range planning.

SENATOR COFFIN:

We cannot tolerate the lack of planning for this any further. We have been told by the Clark County Commissioners and the Las Vegas City Council that we are going to have unlimited development. We will never stop letting people build houses and we will never stop building roads. This means we will have more criminals and we are going to double and triple the amount of judges, but we cannot double the buildings. Find a way to do this intelligently.

CHARLES J. SHORT (Clark County Court Executive Officer, Eighth Judicial Court; Las Vegas Justice Court):

In response to Senator Coffin's questions, I would like to put on the record that the court currently does have night court in the Family Division for uncontested divorces as well as Drug Court and Mental Health Court. We are sharing courtrooms among our judges and when we occupy the tenth floor, thanks to your investment two years ago, we have six chambers on that floor as well as two hearing rooms, a conference room and two courtrooms. Those six judges will be sharing those facilities. We currently move judges around to appropriate-sized courtrooms depending on the nature of the matter. The plan for any expansion would be to continue to share facilities and maximize their capacity. We recognize this is a considerable investment.

CHAIR RAGGIO:

In addition to capital costs, there is also the cost of staffing. I think that is the secondary issue. If I heard District Judge Ritchie correctly, there was some implication that if we ordered these judges, there would be an order issued to the county that regardless of their willingness, you were going to order them to pay. I do not know how you do that, particularly on the capital costs. We really do not want to do something unless there is an agreement between the judiciary and the affected county.

THE HONORABLE JAMES W. HARDESTY (Associate Justice, Nevada Supreme Court):
With respect to Washoe County, they have been putting this into their budget in anticipation of these additional judges. Their position has been neutral throughout this entire Legislative Session.

CHAIR RAGGIO:

We need them to testify that they are willing to assume the costs.

LISA GIANOLI (Washoe County):
Washoe County took a neutral position.

CHAIR RAGGIO:

In the first reprint, A.B. 246 would add how many new judges to the Second Judicial District?

Ms. GIANOLI:
Two.

CHAIR RAGGIO:
Only two?

Ms. GIANOLI:
Yes.

CHAIR RAGGIO:
Are those Family Court judges?

Ms. GIANOLI:
Yes.

CHAIR RAGGIO:
Is the County in a position to supply the facilities and associated annualized costs when they become effective?

Ms. GIANOLI:
The budget approved by the Washoe County Board of Commissioners included dollars to renovate the area that was vacated by the district attorney in the old courthouse. Approximately \$2.1 million was included. The remainder of the costs would be included in the 2008-2009 budget because those judges would not be seated until January 2009. If this occurs, we will be prepared to add the money to the budget in the upcoming fiscal year.

JUSTICE HARDESTY:
Knowing the policy of this Committee on this topic, a lot of effort has gone into negotiating for the additional judges in Clark County. There comes a point in any negotiation where the parties reach an impasse. On this topic, the Committee is faced with the question of whose position is being reasonable and whose calculations reflect sincere effort to save dollars and accommodate this need. I think it is fair to say the need for these judges has been demonstrated and indeed admitted. In fact, the number of judges originally requested was less than what was needed and, nevertheless, the judiciary cut the number of judges from ten to seven. Every effort has been made by the judiciary to accommodate the costs and the impact. In fact, over two months ago, the Supreme Court suggested that the space on the 17th floor be made available to Clark County to accommodate.

CHAIR RAGGIO:
Is that where the Supreme Court is now?

JUSTICE HARDESTY:
Yes. We use half of that space but the other half of that space could be accommodated. We made the suggestion to Clark County that if they needed space for two civil or criminal judges, they could put them on that floor. That suggestion was rejected. My point is when you get into the details, work through the numbers and see the effort the judges have made concerning courtrooms, Senator Coffin, and by the way this is not new. In the Second Judicial District, we share courtrooms between masters and judges. The masters use the judges' courtrooms so there has been an enormous sharing of facilities, staff and personnel.

SENATOR COFFIN:
I would like to be provided a list of the hourly usage of the courtrooms in the Second Judicial District and the Eighth Judicial District over the last two months. I would be curious to see if more than the Family Division are sharing courtrooms.

JUSTICE HARDESTY:

Certainly, there has been an accommodation of space and there is a proposed utilization of space.

There comes a time on this issue when this Committee has to say there is clearly a demonstrated need. The amount being requested does not even meet that need. The plan that has been offered by the judges is reasonable and should be endorsed.

SENATOR MATHEWS:

I trust the judges to make their own calendar because I realize calendars can vary for a variety of reasons. I can vote without seeing your calendar. Please do not send that to me.

We need to bite the bullet at some point. We know the need is there. We know the growth is going to continue. You have verified the need, and we need to do this to the fullest extent that we can. Both counties need to step up and support this. At some point, we need to stop equivocating about what we can and cannot do. If they have already compromised at seven, we should go with that.

MS. SMITH-NEWBY:

Clark County has had to step up in many different ways. This year has been particularly difficult for us with uncompensated care at the University Medical Center, 120 new positions in child welfare and an overcrowded District Court that needs to be expanded. Unfortunately, while there has not been an agreement on five judges, we are fully willing to fund the personnel and accommodations for the five judges and also provide one additional hearing master for child welfare.

I have to confess, I have never been to the Supreme Court offices on the 17th floor. From what I understand, putting the new courtrooms there will require redoing that area because there is security and grand entrances and the space they are talking about is in the back.

JUDGE HARDESTY:

Senator, you have a case being made here by someone who has not even been in the space we are discussing.

CHAIR RAGGIO:

This Committee is going to request that those representing the judiciary in Clark County bring forth a plan as to what space would be utilized and how it would be utilized to accommodate the number of judges in the first reprint of A.B. 246. We will want a detailed plan on how you will accommodate this and the associated costs of that plan. That also needs to be presented to the County. At that point, we will make a decision. It may require us to divert from our long-established policy. I think the better way would be if the judiciary and Clark County would revisit this to see if they could come to a mutual accommodation. This is not an easy decision, and it is one we would rather have you make than have this Committee just arbitrarily do so.

I will now close the hearing on A.B. 246 and open the hearing on A.B. 203.

ASSEMBLY BILL 203 (1st Reprint): Makes an appropriation to the Grants Management Unit of the Department of Health and Human Services for the benefit of Family Resource Centers. (BDR S-1212)

LAURA HALE (Chief, Grants Management Unit, Department of Health and Human Services):

Assembly Bill 203 gives us \$260,000 in one-shot funds that will allow us to build capacity with our Family Resource Centers so they may implement differential response programs which set up an alternative direction for child welfare cases. Rather than an investigative approach, we use an assessment approach. I have provided the Committee with [Exhibit E](#) which illustrates how the money would be allocated. We are rolling out the differential response programs to all of the Family Resource Centers statewide. In the coming biennium, we would have 13 Family Resource Centers which would implement this program. We are looking to split the \$260,000 among those 13 sites. Each site will receive approximately \$20,000 so they can purchase vehicles, improve facilities or technology and implement the differential response programs.

CHAIR RAGGIO:

Staff has advised me this is consistent with the budget closings and the amount in the first reprint of this bill is \$260,000. That includes not only the vehicles but also the improvements to facilities. That was part of the change in the original bill. This bill is on a list of bills we have to hold until we get through the education funding.

I will close the hearing on A.B. 203 and open the hearing on A.B. 206. This is an appropriation that was included in the *Executive Budget* for information technology projects.

ASSEMBLY BILL 206 (1st Reprint): Makes an appropriation to the Department of Administration to fund certain information technology projects. (BDR S-1207)

DAVID L. MCTEER (Chief, Information Technology Division, Department of Administration):

This bill appropriates from the General Fund to the Department of Administration a sum of \$4,728,740 to pay the costs of 8 information technology projects. Those projects are a system replacement study for the 25-year-old aging Emergency Medical Services (EMS) radio system, a Nevada Executive Budget System (NEBS) work program module, a NEBS Distributive School Account processing module, a center for health data and research data warehouse, an electronic birth registration system, a State lands management system, an enhancement to the Nevada Employee Action and Timekeeping System and veteran services financial and clinical software. These items have been heard by the Joint Subcommittee on General Government.

SENATOR BEERS:

Mr. Ghiggeri, did both Houses close budget account (B/A) 101-1325 without the \$150,000 study for the replacement of the EMS system?

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

I was not in that Subcommittee meeting. I would have to defer the question to Mr. Larry Peri.

LARRY L. PERI (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):
Senator, I do not recall. I will get the information to you.

CHAIR RAGGIO:

We are not going to process this bill. It is an appropriation and we have to wait for the education budget to pass, so we will get that information.

I will close the hearing on A.B. 206 and open the hearing on A.B. 275.

ASSEMBLY BILL 275: Makes appropriations to restore the balances in the Stale Claims Account, Emergency Account and Reserve for Statutory Contingency Account. (BDR S-1267)

ANDREW CLINGER (Director, Department of Administration):

This bill appropriates \$4.5 million to the Stale Claims Account. It contains an appropriation of \$154,973 to replenish the balance in the Emergency Account and also includes a \$5 million appropriation to replenish the balance in the Reserve for the Statutory Contingency Account. I will note, for the record, we did ask the Assembly to increase the appropriation to the Reserve for Statutory Contingency Account to \$6.5 million. Obviously, the Assembly did not agree and indicated, should we run short in that account, we should come to the Interim Finance Committee (IFC).

CHAIR RAGGIO:

What was the reason to increase it to \$6.5 million?

MR. CLINGER:

The reason for the increase was based upon our most recent projections, primarily in the area of the employment of outside legal counsel. I know we have had discussions in this Committee about reducing outside legal counsel. If the Office of the Attorney General is able to do that, it should help alleviate the need for the additional \$1.5 million.

CHAIR RAGGIO:

This would restore the balances in the respective accounts to what level?

MR. CLINGER:

Based upon our projections, the Stale Claims Account essentially would start at the \$4.5 million level. Based on the current claims we have pending, we are going to deplete that account down to zero.

It would restore the balance in the Emergency Account to approximately \$500,000.

Again, the reserve for the statutory Contingency Fund, based on current claims we are processing, will also be down to zero. This would restore that balance to \$5 million as well.

SENATOR COFFIN:

What is the current balance in the Fund to Stabilize Operation of State Government, commonly known as the rainy-day fund?

MR. CLINGER:

The current balance is \$270 million.

CHAIR RAGGIO:

I will close the hearing on A.B. 275 and open the hearing on A.B. 612.

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

MARY C. KEATING (Committee on Deferred Compensation for State Employees):

This bill would allow the Committee on Deferred Compensation for State Employees (CDCSE) to make the selection of one or more vendors to manage the CDCSE.

For many years, there was one vendor. In 1995, the Legislature authorized the CDCSE to select two vendors. The funding was lower, the vendors were dictating the investment options and our participants wanted choices. Since that time, our plan has grown to over \$400 million, we have over 20 local governments participating and we have hired outside consultants that choose our investment options. Many of our participants choose to invest in the stable value account. This is a guaranteed-fixed account. That is the major moneymaker for many of the vendors. When that account is split, the economies of scale are lost. We would like the ability to choose one vendor through the bid process.

CHAIR RAGGIO:

You are currently required to select at least two?

MS. KEATING:

Yes.

CHAIR RAGGIO:

The reason is it would be more effective?

MS. KEATING:

Based upon information received, having more than one vendor dilutes the earnings all the participants can make. Having one vendor will result in the maximum earnings for all participants.

SENATOR CEGAVSKE:

If we pass this bill, would it require going out to bid again?

MS. KEATING:

Most likely what would happen is the CDCSE would ask our consultants if we would have to do that. I do not think we would have to redo everything. These types of vendors bid this sort of plan all of the time, and there probably would be a cost for them to have to bid as one provider versus bidding for two. Remember, our current makeup consists of one vendor at 85 percent of the market and the other vendor at 15 percent. Anyone who is bidding at the 85-percent level will not experience much of a difference bidding at 100 percent. I will not deny that having to bid again is a possibility, but the long-term benefit outweighs having to bid again.

CHAIR RAGGIO:

You have indicated that in the Deferred Compensation Program the investment fund is about \$400 million and there are currently 2 vendors?

MS. KEATING:

Yes, the fund is in excess of \$400 million.

CHAIR RAGGIO:

Are you saying, with this bill, you only need one vendor?

MS. KEATING:

Yes. We will bid it as one or two and look at the options.

CHAIR RAGGIO:

Under current law, you have to look at a change every five years. Is that why this is pertinent at this time?

MS. KEATING:

Yes. Our five-year deadline is up this coming December.

SENATOR BEERS:

This was requested by the Subcommittee. The unanimous decision was to staff the plan, which had not been done before, and this person will be able to go out and aggressively market participation in this plan to other governmental entities throughout the State. In anticipation of that significantly increasing the size of the plan, larger plans usually have one provider. Smaller plans have two.

CHAIR RAGGIO:

How many local governments are participating?

MS. KEATING:

We have over 20 local governments and are negotiating with many more.

CHAIR RAGGIO:

I will close the hearing on A.B. 612 and open the hearing on A.B. 616. This budget was closed the other day in our Joint Committee Meeting with the Assembly Committee on Ways and Means. Staff, is this consistent with that closure?

ASSEMBLY BILL 616 (1st Reprint): Makes a supplemental appropriation to the Department of Public Safety, Dignitary Protection, for unanticipated shortfalls in Fiscal Year 2006-2007 for dignitary protection. (BDR S-1424)

MR. GHIGGERI:

This is a supplemental appropriation that would be required this fiscal year (FY).

JOHN BORROWMAN (Administrative Services Officer, Nevada Highway Patrol, Department of Public Safety):

We are charged with protecting the Governor and First Lady and also providing security for the Governor's Mansion by utilizing the services of the Capitol Police Division. In this bill, the Nevada Highway Patrol is requesting a supplemental appropriation of \$50,240 to cover the shortfalls in category 1 for the protection of the Governor and First Lady and category 21 for the

Governor's Mansion security. The shortfall is related to services provided for two different administrations. Additionally, it is also related to the Capitol Police Division not being funded for the cost-of-living adjustment (COLA) in the tenth step.

CHAIR RAGGIO:

I misspoke because this is for FY 2006-2007, the amount necessary for this fiscal year.

Since this is a supplemental appropriation, we can act on this measure.

SENATOR COFFIN MOVED TO DO PASS A.B. 616.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

I will now open the hearing on A.B. 618. This is the contingent appropriation to the Tahoe Regional Planning Agency. Do we have any information on this?

ASSEMBLY BILL 618: Makes a contingent appropriation to the Tahoe Regional Planning Agency for replacement of vehicles. (BDR S-1222)

MR. GHIGGERI:

This is Nevada's one-third share of the cost of replacing vehicles.

CHAIR RAGGIO:

Mr. Clinger, do you have any information on this? The information provided to us is that this is to replace eight vehicles between seven to sixteen years old with hybrid four-wheel drive vehicles contingent upon the State of California providing their usual two-thirds of the cost.

MR. CLINGER:

I do not have any further information on this with me today. We can get the information and come back on this bill.

CHAIR RAGGIO:

That is what we will do. I will close the hearing on this bill. We need to take a motion on A.B. 612.

SENATOR BEERS MOVED TO DO PASS A.B. 612.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

We will now do budget closings. The Committee has been provided Closing List #7 ([Exhibit F](#), original is on file in the Research Library).

MR. PERI:

[Exhibit F](#) has four budgets and I will start on page 11, the State Controller's Office.

ELECTED OFFICIALS

Controller's Office — Budget Page ELECTED-102 (Volume I) Budget Account 101-1130

This budget was heard in Committee on March 5, 2007. On the top of page 12, [Exhibit F](#), there are two major issues; Integrated Financial System (IFS) Server Consolidation and Enhancement Requests not included in the *Executive Budget*.

There is a total of \$976,649 in General Fund support recommended in this budget account in decision unit E-225, for the State Controller's portion of the proposed IFS consolidation. That recommendation proposed to consolidate 15 servers that currently house the IFS applications into 2 super servers.

E-225 Eliminate Duplicate Effort – Page ELECTED-104

CHAIR RAGGIO:

Committee, I think you need to note and remember the *Executive Budget* takes the budget submitted by the Constitutional Officers and does not make changes in them. Is that correct? I want to make sure of the starting point. Does the Governor make changes in these budgets?

MR. GHIGGERI:

That is correct. The Governor does not make changes in the Judiciary or Legislative budgets.

MR. PERI:

Yes, there are changes in these accounts.

One of the super servers would be in Carson City and one in Las Vegas. It also has disaster recovery as a major component. Four State agencies were affected: the Office of the State Controller, the Department of Personnel, the Budget Division of the Department of Administration and the Nevada Department of Transportation.

The Office of the Controller did not support that recommended proposal and instead submitted an alternative proposal at an estimated cost of \$593,366. Included with their proposal was a Technology Investment Request and a position paper. That information was provided to the Committee at the hearing on March 5, 2007. Because of that issue and because the Joint Subcommittee on General Government reviewed the Department of Information Technology budgets, this issue was referred to that Subcommittee. On March 27, 2007, the Subcommittee recommended closing the Department of Information Technology budgets and approved the IFS Server Consolidation project without the participation of the Office of the Controller. The Subcommittee recommended

approval of the Office of the Controller's alternative proposal. That proposal is summarized for you in the third paragraph on page 12 of [Exhibit F](#). A summary of the breakdown is included for you on page 15 of [Exhibit F](#).

This proposal, if approved, would provide for the purchase of a new server for the Carson City Office of the Controller. The new server would free up an existing server that would be transported to Las Vegas to function as a disaster recovery server.

The Committee should note that during the Subcommittee hearing on March 27, 2007, Department of Administration representatives offered to provide the Office of the Controller with existing Oracle software licenses worth \$120,000. That was a part of the estimated cost by the State Controller within the \$593,366. That could be reduced from those estimated costs. If so, that would leave a net of \$473,366 needed to implement the State Controller's alternative proposal.

CHAIR RAGGIO:

If we approve the estimated revised cost, that is consistent with our closings. This Committee did adopt the recommendations of the Subcommittee.

MR. PERI:

Correct. The next issue is Item 2 on page 12 of [Exhibit F](#), Enhancement Requests not Included in the *Executive Budget*.

During the initial hearing on March 5, 2007, the State Controller also requested consideration of several additional enhancements. Those enhancements included accountant and information technology (IT) staff upgrades at an estimated cost of \$271,595, accountant and IT training at \$162,513 and IT equipment requests of \$129,166 which totaled \$563,274. This would have required an additional \$179,991 over the amount left in this decision unit after funding the disaster recovery proposal.

On Friday, May 18, 2007, the State Controller submitted a revised enhancement request. A copy of that request is shown on Attachment 2 on page 16 of [Exhibit F](#). The revised request totals \$485,288 and is within the remaining funding recommended in this decision unit. Once again, \$976,649 is recommended. If you were to remove the \$473,366 for disaster recovery, that would yield available funding in this decision unit of \$503,283.

Those particular enhancement requests consist of salary upgrades for comprehensive annual financial report accountants at \$92,055 in FY 2007-2008 and \$97,072 in FY 2008-2009, for a total of \$189,127 over the biennium. This request is unchanged from the original request presented to the Committee on March 5, 2007. It proposes to increase a chief accountant from a Grade 41 to a Grade 43 and seven accountant III positions from a Grade 38 to a Grade 41. The Office of the Controller indicates that funding for the reclassifications was approved by the 2005 Legislature, but the Department of Personnel did not approve the classification changes. A review of the 2005 legislatively approved position listing shows approved funding for upgrades for the accountant III positions from a Grade 38 to a Grade 39, and no funding approved for an upgrade of the chief accountant position. The State Controller indicates the upgrades are necessary to attract and retain the most-qualified people for the positions. In response to a request for information,

the Office of the Controller indicates additional information was provided to the Department of Personnel on April 6, 2007, to assist the Department with a determination of the request. To date, the State Controller has not received a response from the Department of Personnel on the accountant upgrade requests.

Information Technology staff upgrades are for \$31,732 in FY 2007-2008 and \$34,208 in FY 2008-2009, for a total of \$65,940 over the biennium. This request has been reduced from the March 5, 2007, request of \$82,468. The request includes four positions; a computer operations supervisor II, Grade 37 to a database administrator III, Grade 39, a computer network specialist II, Grade 38 to a database administrator III, Grade 39, a computer network technician I, Grade 33 to the II level, Grade 35 and a computer systems technician III, Grade 29 to a database administrator I, Grade 34. In response to a request for information, the Office of the Controller indicates it has received written confirmation from the Department of Personnel supporting three of the requests, with more study required for the request to upgrade a computer operations supervisor II, Grade 37 to a Database Administrator III, Grade 39.

Accountant and Information Technology Staff Training is for \$42,500 in each year of the 2007-2009 biennium, for a total of \$85,000. This request has been reduced from the March 5, 2007, request of \$162,513. An itemization of the proposed training is provided as Attachment 3 on page 18 of [Exhibit F](#). The Committee should note that continuation funding of \$26,968 per year is included for training in the Base Budget. The additional \$42,500 requested, plus the continuation funding of \$26,968, equals \$69,468 per year, a 158-percent increase over the actual FY 2005-2006 expenditure of \$26,968, or \$1,544 per employee in the Office of the Controller, 45 full-time equivalent (FTE) positions. The Committee could choose to approve this request as submitted, or reduce it in increments of 25 percent or any other amount. For example, a reduction of the \$42,500 per year by 25 percent would result in approval of \$31,875 per year, a 50-percent reduction would result in approval of \$21,250 per year and a 75-percent reduction would result in approval of \$10,625 per year.

Information technology equipment and software licensing and maintenance is \$26,161 in FY 2007-2008 and \$30,036 in FY 2008-2009 for a total of \$56,197. This request has been reduced from the March 5 request of \$129,166. An itemization of the request is provided as Attachment 4 on page 19 of [Exhibit F](#). The listing includes a total of \$3,308 for Windows Vista software upgrades for existing personal computers. Staff would not recommend consideration of this purchase, as the new Windows Vista operating system software would be provided when the existing computers are replaced. The State Controller indicates that software maintenance and support are critical in allowing their office to receive upgrades and technical support from vendors. Removal of the Windows Vista software would result in revised amounts of \$24,323 in FY 2007-2008 and \$28,566 in FY 2008-2009.

The Committee should note that the State Controller has also offered to reduce a one-shot appropriation recommended in the budget for information technology equipment and software for the Office from \$137,714 to \$86,467. The reduction includes \$7,500, the cost of 5 replacement personal computers, and 43 sets of Microsoft Office Pro software, \$12,900, purchased with current FY 2006-2007 funds. The one-shot appropriation is contained in [A.B. 197](#), which is currently in the Assembly Committee on Ways and Means.

Unclassified pay upgrades are \$44,512 in each year of the biennium for a total of \$89,024. This is new and was not included in the March 5 request. The request seeks parity with top management staff in the Office of the State Treasurer and would increase the salary of the Chief Deputy Controller to that of the Chief Deputy State Treasurer, which is recommended at \$115,729 in FY 2007-2008. This is exclusive of the recommended two-percent COLA. It would also increase the salary of the assistant Controller to \$115,729, which is the level of the Chief of Staff in the Office of the State Treasurer. A copy of the State Controller's request is provided as Attachment 5 on page 20 of [Exhibit F](#). The Committee should note that the requested amount appears to be salary only and does not contain fringe costs. A conservative calculation of 20-percent fringe costs would add \$17,085 to the required amounts.

The requested salary increases would ultimately be reviewed and set as part of the finalization of the unclassified pay bill.

CHAIR RAGGIO:

Does staff feel any of these requests are unreasonable?

MR. PERI:

I would not say unreasonable, but there are some potential adjustments that could be made.

CHAIR RAGGIO:

That is what we would like to hear.

MR. PERI:

Regarding the IT staff upgrades, The Department of Personnel supports three of the four requests and indicates more study is required for the fourth.

CHAIR RAGGIO:

That appears reasonable.

MR. PERI:

I have provided detail on page 18 of [Exhibit F](#) regarding the accountant and IT staff training. I have concerns with the attendance requested for a Reno women's conference, but I do not have concerns with the rest of them.

The next one is information technology equipment and maintenance. We have looked at that and it has been reduced substantially. The itemization of that is included on page 19 of [Exhibit F](#). There is a request for \$3,308 for Windows Vista software. To remain consistent with some of the actions taken by the subcommittees, we would not recommend consideration for that purchase. As new replacement computers are purchased, my understanding is software will come installed on new computers and we are suggesting that it not be purchased for existing computers. That would be a small change.

It should be noted in the second-to-last paragraph on page 14, the State Controller has offered to reduce the one-shot appropriation recommended in the budget contained in A.B. 197. That is a one-time appropriation for technology equipment and software. The reduction is from \$137,714 to \$86,467. Part of that is to remove equipment that was purchased in this current fiscal year.

The unclassified pay grades will be looked at in conjunction with the review of the unclassified pay bill.

Beyond that, I have no real concerns or alternatives to provide for your consideration.

CHAIR RAGGIO:

I would defer to Senator Beers on the salary upgrades for comprehensive annual financial report accountants. According to the State Controller, the upgrades are necessary to attract the most qualified candidates. Does the Committee have any concerns over that? If not, that would be acceptable. We have not received a response from the Department of Personnel, so how do we proceed?

MR. PERI:

You have a number of alternatives. If you were to take the first consideration and put the money in the budget and the reclassifications are not approved, then you have overfunded the budget.

CHAIR RAGGIO:

We would fund it, but would it be contingent upon an affirmative response from the Department of Personnel?

MR. PERI:

Yes. If we could get a response quickly, we could make final adjustments, if necessary, in the budgets. An alternative might be to appropriate the money to the IFC.

CHAIR RAGGIO:

Mr. Ghiggeri, what is the best way to do this?

MR. GHIGGERI:

In the past, you appropriated the money to the agency and if the Department of Personnel approves it, they have the money to pay for it. If it is not approved, they should reserve or offset that money against any salary adjustment.

CHAIR RAGGIO:

We will authorize the funding, contingent upon approval for the upgrades coming from the Department of Personnel. Otherwise, the funding would not be utilized. Does the Committee agree with that?

SENATOR COFFIN:

Yes.

CHAIR RAGGIO:

Have three of the IT staff upgrades been approved by the Department of Personnel?

MR. PERI:

Correct, on three out of the four positions the Department of Personnel has indicated their support of the request.

CHAIR RAGGIO:

I would suggest the Committee approve the three positions that have been approved by the Department of Personnel.

What about the IT staff training issue? I am not sure what you are saying when you indicate we could approve the amount or reduce it in increments of 25 percent.

MR. PERI:

I am first calling your attention to the revised amount of \$42,500 in each year of the upcoming biennium. This is reduced from the original enhancement request of \$85,000. All I am suggesting is that alternatives range from approving that revised request of \$42,500 in each year of the biennium to reducing it.

CHAIR RAGGIO:

Senator Beers, since this is your area of expertise, what is your thought? Do you want to approve the reduced request amount or do you want to reduce it further?

SENATOR BEERS:

I think \$42,500 a year makes sense.

CHAIR RAGGIO:

Would you recommend approval of the reduced request of \$85,000?

SENATOR BEERS:

Yes.

CHAIR RAGGIO:

We will now review the issue of the Windows Vista software. Mr. Peri, does the \$3,308 reduction appear reasonable?

MR. PERI:

Yes.

CHAIR RAGGIO:

The one-shot appropriation has been reduced to \$86,467?

MR. PERI:

That was informational to make you aware the State Controller has offered to reduce it in a separate bill that is still in the Assembly Committee on Ways and Means.

CHAIR RAGGIO:

That bill is not here yet?

MR. PERI:

No.

CHAIR RAGGIO:

That means we cannot act on it. With those changes, I would accept a motion to approve those items.

SENATOR BEERS MOVED TO APPROVE THE THREE IT STAFF SALARY UPGRADES SUPPORTED BY THE DEPARTMENT OF PERSONNEL AND THE INFORMATION TECHNOLOGY STAFF TRAINING REQUEST.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

I will take a motion for approval of the revised cost of \$473,366 for the IFS consolidation issue.

SENATOR BEERS MOVED TO APPROVE THE REVISED COST OF \$473,366 FOR THE IFS CONSOLIDATION ISSUE.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Having approved those two items, is there a need for technical adjustments? Hearing none, I will accept a motion to close the budget with those items as approved and any technical adjustments that staff may feel necessary.

SENATOR COFFIN MOVED TO CLOSE ALL REMAINING ITEMS IN BUDGET ACCOUNT 101-1130 WITH STAFF'S TECHNICAL ADJUSTMENTS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED

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CHAIR RAGGIO:

We will now go to budget account 101-4868.

Governor's Office Of Energy Conservation — Budget Page ELECTED-28
(Volume I)
Budget Account 101-4868

MR. PERI:

This budget is on page 8 of [Exhibit F](#). This budget was heard for closing purposes in this Committee on April 11, 2007, and was held at that time. There were some issues regarding the proposed restoration of two grants and project analyst positions that were submitted to this Committee in budget amendments 5, 6 and 7. The question was, if restored, would the agency be able to obtain additional federal grant funds that could support the cost of the restoration of the two grants and projects analyst positions?

I have provided a separate handout for you, ([Exhibit G](#), original is on file in the Research Library). This is a response to the Committee's request for additional

information from the Nevada State Office of Energy (NSOE). The response to our question is the last paragraph on page 6 of [Exhibit G](#). It says additional federal grant funds cannot be obtained to fund the cost of the two vacant positions.

CHAIR RAGGIO:

Would that have to be funded with General Funds to retain those two positions?

MR. PERI:

The Governor has submitted an amendment indicating they are existing positions. The Governor's original recommendation proposed they be eliminated because of the reduction in the number of federal grants and federal funds that could be received. Therefore, they were eliminated. Then, through three budget amendments, the Governor requested they be continued with General Fund support.

CHAIR RAGGIO:

That is budget amendment 5 in decision unit E-251 for a cost of \$120,437 in FY 2007-2008 and \$131,504 in FY 2008-2009.

MR. PERI:

Yes. That was an issue for the Committee in the meeting of April 11, 2007, and they asked the NSOE to obtain additional information. The conclusion is in the middle of page 8 of [Exhibit F](#) in bold type. The Committee asked if they could obtain additional federal money and they have responded they cannot. That is a consideration for the Committee.

E-251 Working Environment Wage – Page ELECTED-4

Another portion of the Governor's revised budget requests the transfer of the existing nonclassified Energy/Science Advisor from the Office of the Governor into this budget account. That is included in decision unit E-900. In conjunction with decision unit E-811, it would propose to change the classification from nonclassified to unclassified and similarly fund the Energy Advisor's position with General Fund appropriations in this budget account. That is another decision for the Committee.

E-811 Unclassified Change – Page ELECTED-4

E-900 Transfer from BA 1000 TO BA 4868 – Page ELECTED-5

On page 9 of [Exhibit F](#), item 2, in response to the need to reduce General Fund appropriations, the Governor submitted a reduction to this budget account. That reduction was initially \$11,945 in FY 2007-2008 and \$14,145 in FY 2008-2009. The Governor's current proposal suggests a reduction in the General Fund of \$6,268 in FY 2007-2008 and \$2,063 in FY 2008-2009. That concludes the decisions before the Committee in closing this budget account.

CHAIR RAGGIO:

The first item we need to discuss is the funding for the two grants and projects analyst II positions in the NSOE. The federal funding is no longer available and, according to the information from the NSOE and the Governor in his amendment, these positions are now necessary.

MR. CLINGER:

The original Governor's budget had recommended elimination of these positions. Shortly after submittal of the Governor's *Executive Budget*, we submitted revisions to fund those positions with General Fund appropriations.

CHAIR RAGGIO:

Why are the positions necessary? Are they currently vacant?

MR. CLINGER:

They are currently vacant. I will defer to a representative from the NSOE to answer your question.

RAJENDRA MEHTA (Deputy Director, Nevada State Office of Energy, Office of the Governor):

The two positions we are requesting are necessary for the NSOE to fulfill its statutory requirements as part of A.B. No. 3 of the 22nd Special Session to develop programming for renewable energy. As you can see in our calculations and forecast, we do not even have enough federal grants to support our existing four employees who are supported through federal grants. In [Exhibit G](#), page 25, you can see that the funding required to support four classified positions for the biennium is \$817,554. The expected funding from federal grants would be approximately \$700,000. That means we have a shortfall of approximately \$100,000. There is no way we can obtain additional funding for the new positions being discussed. To fulfill our responsibilities, we need support for these two positions through General Fund appropriations.

CHAIR RAGGIO:

Those two positions have been vacant. Are they now necessary?

MR. MEHTA:

Those positions are necessary for us to perform our renewable energy duties related to A.B. No. 3 of the 22nd Special Session.

SENATOR COFFIN:

Our State still stands out as being the only western state which has not joined the Western Regional Climate Action Initiative to undertake the obligation of trying to reduce greenhouse gas emissions. Are you advising the Governor he should recognize this and Nevada's contribution to the problem?

HATICE GECOL, PH.D. (Director, Nevada State Office of Energy, Office of the Governor):

Before I address your question, Senator Coffin, I will address Senator Raggio's question regarding the two positions.

I would like to make it clear for the record that if you look at [Exhibit G](#), the second page explains why the two positions are necessary. Originally, these two positions were titled grants and projects analyst II. After I began in my position, I reviewed the duties of the NSOE and what we are and are not accomplishing. I requested the Governor to restore these eliminated positions with a different title. The first position is the renewable energy specialist II which will assist the renewable energy industries to fill their bonding application for submittal to the Department of Business and Industry. We have not fulfilled this application since 2001. The explanation on page 3 of [Exhibit G](#) explains the

duties of the renewal energy specialist II position as mandated by the Legislature since 2001.

The second position is the energy conservation and efficiency specialist II. Page 4 of [Exhibit G](#) explains the duties of the NSOE through the Legislative mandates for this position.

We are struggling to fulfill the Legislative mandates without having these two positions.

In response to Senator Coffin's question, that is not a responsibility of the NSOE. The issue of greenhouse gas emissions is something that is coordinated with the Division of Environmental Protection and the Governor is evaluating the issue.

SENATOR COFFIN:

Thank you for your testimony. I just want to make sure you are advising the Governor.

SENATOR TITUS:

During the first hearing on this, one of the issues I had was about what grants are available. You indicated you would come back with some specifics regarding grants for which we may be able to qualify. What I am hearing today is there will not be enough grants out there to even cover the two requested positions you have outlined.

In [Exhibit G](#) is a letter regarding Leadership in Energy and Environmental Design (LEED). In that letter, you stated you had deep concern over the impact to local government so you structured the regulation to include processes to ensure the highest level of oversight. Could you explain to us why you were willing to extend beyond the LEED requirements to allow buildings that allow smoking to be counted as green?

DR. GECOL:

If you look at page 6 of [Exhibit G](#), we indicate how we obtain the federal grants and how we distribute the grants. On page 25, we also included a table that illustrates what possible grants are available for the NSOE. Our office oversees and monitors these grants. Those are pass-through funds. Whatever we obtain of these funds we can probably retain 10 to 15 percent and the rest we give out as a sub-grant. There are a lot of related renewable energy grants available. Those are on page 26 of [Exhibit G](#). That illustrates the possible grants currently available through the next biennium. We can either directly obtain them or we can encourage the universities to apply.

SENATOR TITUS:

I appreciate that, but why are you unable to get enough grant money to cover these two positions?

DR. GECOL:

These grants support projects rather than positions. When we get the grant, we distribute it as a sub-grant to other agencies or nonprofit organizations.

Going back to LEED and why we waived the environmental tobacco smoking issues, I started my position in January 2007. When we started workshops and

hearings, this was an issue because certain areas in casinos allow smoking. They decided to wait on Question 5, which was the Nevada Clean Indoor Air Act and voted on in November 2006. The NSOE had a hearing on that in December and, based on that, typed up the regulation but it was not filed. When I began employment, I was told it needed to be filed to comply with the Nevada Clean Indoor Air Act.

SENATOR TITUS:

I do not understand the connection. As I understood it, the Nevada Clean Indoor Air Act was clean air everywhere except casinos. The casinos were exempted from Question 5.

DR. GECOL:

Question 5 exempts certain places such as casinos and bars that do not serve food.

SENATOR TITUS:

I understand that, but I do not understand why. If casinos were exempted from Question 5, they needed this provision to say they could get LEED because they could still smoke in the casino. Did you accommodate the casinos' desire to get the LEED with the smoking because they were exempted from Question 5?

DR. GECOL:

I did not personally accommodate that. That was already done through the hearing and workshops. I spoke with the bill sponsors, and it was explained to me it was mainly for energy, water conservation, and sustainability. It was not mainly to ban smoking in casinos. It was explained to me that it would not be fair to punish one industry and not others. With approval of Question 5, the citizens decided where people can and cannot smoke.

I would like to bring to your attention that in the new energy bill from this Legislative Session, this will most likely be repealed.

SENATOR TITUS:

It should be.

CHAIR RAGGIO:

The first decision is whether or not to fund these two existing positions through the General Fund.

SENATOR RHOADS MOVED TO FUND THE TWO EXISTING POSITIONS WITH GENERAL FUNDS AND DELAY THE FUNDING FOR THE POSITIONS UNTIL OCTOBER 1, 2007.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

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CHAIR RAGGIO:

Mr. Peri, what is the next issue?

MR. PERI:

The next issue is on page 8 of [Exhibit F](#). In the second-to-last paragraph are the amendments that address transferring the Energy/Science Advisor position in decision unit E-900 from the Office of the Governor to this account and changing it from a nonclassified to an unclassified employee. That is in decision unit E-811.

CHAIR RAGGIO:

Is that the request in the budget?

MR. PERI:

That is the amended request.

CHAIR RAGGIO:

Is there a motion to that effect?

SENATOR RHOADS MOVED TO ALLOW THE TRANSFER OF THE EXISTING NONCLASSIFIED ENERGY/SCIENCE ADVISOR FROM THE GOVERNOR'S OFFICE TO THE GOVERNOR'S OFFICE ON ENERGY CONSERVATION AS AN UNCLASSIFIED EMPLOYEE.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. PERI:

The next item is on page 9 of [Exhibit F](#), item number 2, the Governor's proposed budget reduction. This a reduction to the General Fund of \$6,268 in FY 2007-2008 and \$2,063 in FY 2008-2009.

SENATOR COFFIN MOVED TO APPROVE THE GOVERNOR'S REVISED PROPOSED BUDGET REDUCTION.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Mr. Peri, are there other items in this budget?

MR. PERI:

No.

SENATOR RHOADS MOVED TO APPROVE THE REMAINING ITEMS IN B/A 101-4868 AS RECOMMENDED BY THE GOVERNOR.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

The next budget is for the Office of the Governor.

ELECTED OFFICIALS

Office of the Governor — Budget Page ELECTED-1 (Volume I)
Budget Account 101-1000

MR. GHIGGERI:

On February 1, 2007, the Budget Division, submitted budget amendments 1 and 2 which provided for the elimination of positions 22 and 28 and the addition of position 24. Position number 24 is later transferred in budget amendment 2 to the NSOE, which was just approved by the Committee. Additionally, the budget amendment deleted longevity pay, since no incumbents in the Office of the Governor will qualify. Budget amendment 1 also reduced funds budgeted for fees for the National Governors Association which were overstated by about \$3,400 in FY 2008-2009. The amendment also provided for a reduction of copy machine costs of approximately \$3,500 per year.

CHAIR RAGGIO:

We have already approved amendment 2 in the other budget.

MR. GHIGGERI:

Yes. Staff has implemented budget amendments 1 and 2 on these closing sheets. The elimination of positions 22 and 28 and the transfer of the added position 24 will result in the Office of the Governor having 22.51 FTEs which compares to the 19 FTEs as approved by the 2005 Legislature. The net reduction in General Fund support to the Office of the Governor over the biennium is approximately \$151,000.

CHAIR RAGGIO:

Is there any objection to this budget as indicated? If not, I will take a motion to close the budget as recommended with the appropriate budget amendments.

SENATOR RHOADES MOVED TO CLOSE B/A 101-1000 AS
RECOMMENDED BY STAFF.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

Next is the Governor's Mansion Maintenance Account B/A 101-1001.

Governor's Mansion Maintenance — Budget Page ELECTED-5 (Volume 1)
Budget Account 101-1001

MR. GHIGGERI:

There are two closing issues in that account which are budget amendments 3 and 4 and the Governor's recommended budget reductions.

On February 6, 2007, the Budget Division submitted budget amendments 3 and 4 which provided for the reduction of General Fund support in this budget by \$92,178 in FY 2007-2008 and \$96,043 in FY 2008-2009 for adjustments to eliminate position 5 plus other technical adjustments.

Budget amendment 4 proposed a reduction of General Fund support in this budget of \$6,082 in FY 2007-2008 for elimination of a file server and color printer. The closing recommended by staff provides for partial implementation of budget amendments 3 and 4.

Revisions as implemented by staff of budget amendment 3 include the reduction of FTEs by 1.49. This will provide for an increase of 0.51 staffing in the Governor's Mansion by approximately a 0.50 FTE position over the level approved by the 2005 Legislature. The Governor's initial recommendation provided for an increase of two FTEs in this account.

The reduction of salary levels, as recommended in budget amendment 3, is the Governor's initial recommendation provided for salary increases in addition to the 2- and 4-percent COLA as provided for other State employees. It also eliminates a non-State-owned building rent for a storage unit no longer required.

M-304 2% YR 1 AND 4% YR 2 COLA – Page ELECTED-6

Revisions not implemented or not recommended by staff in budget amendment 3 include the elimination of out-of-state travel as presented by the budget amendment and the reduction of in-state travel.

Staff has implemented budget amendment 4 as recommended in the amendment. This eliminates a file server, color printer and ink jet printer. Funding provided will enable the purchase of a desktop computer, software and surge protectors with battery backup based upon a reevaluation of need by the Governor's Mansion.

E-710 Replacement Equipment — Page ELECTED-7

Budget reductions included in the Governor's recommended budget reductions proposed to reduce utilities for the Governor's Mansion by \$15,390, with the provision the Governor's Mansion would access funding provided to the Interim Finance Committee for utility funding if required. That budget reduction is not recommended for adoption by staff.

CHAIR RAGGIO:

I think funding should be available. The money we are putting into the IFC is going to be in different categories. Are we not going to have one for K-12 and an access fund for higher education? I think we need to be consistent.

I appointed a subcommittee of Senator Cegavske and Senator Mathews. Is there anything additional that we need for this budget?

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May 24, 2007
Page 28

SENATOR CEGAVSKE:

No. I think staff has done a good job in relating all of the needs.

CHAIR RAGGIO:

I will entertain a motion to close this budget with the revisions recommended and implemented by staff.

SENATOR COFFIN MOVED TO CLOSE BUDGET ACCOUNT 101-1001 AS RECOMMENDED BY STAFF.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR RAGGIO:

We will now go to the budget accounts for the Legislative Counsel Bureau (LCB).

Legislative Counsel Bureau – Budget Page LCB-1 (Volume I)
Budget Account 327-2631

Nevada Legislature Interim – Budget Page LCB-7 (Volume I)
Budget Account 327-2626

Printing Office – Budget Page LCB-10 (Volume I)
Budget Account 741-1330

LORNE J. MALKIEWICH (Director, Legislative Counsel Bureau):

I have provided the Committee with the proposed budget closing for the LCB, ([Exhibit H](#)).

Early in this Legislative Session, when it became clear that the revenue projections were not going to be met, the Office of the Governor requested we reduce our enhancements by about \$1.5 million. Thereafter, we received a modified proposal from the Governor's Office requesting a smaller amount that is \$495,219 in FY 2007-2008 and \$215,342 in FY 2008-2009 minus utility adjustments. You just referred to the utility money going to the IFC. The LCB does not go to the IFC. The Office of the Governor then said the targets would be \$425,219 and \$75,342.

On the first proposed change, we do not have a lot of enhancements. One of the items is the base and upgrade reclassifications and I do not believe we can afford to go without that. What I have proposed to do is delete the money in decision unit E-806 for reclassifications. Executive Branch agencies can go to the Personnel Commission during the interim and request reclassifications. We do not have that authority so all of our reclassifications come through the budget. What I would like to do is approve the upgrades but not the money. We have a decent amount of savings from vacancies.

The second proposed item is the Budget Division directed us to put in adjustments for utility inflation. We did not have any inflationary adjustments in for our utility budget. We will certainly need this.

We spoke at the budget hearing about the two communications technician positions for the Legislative Police. They would have 24-hour coverage and there appeared to be support from this Committee.

I mentioned there were several positions deleted by the Legislative Commission's Budget Subcommittee. I would like to restore the technical communications specialist and the customer support position. They are the highest priority and I would like them reinstated. The technical communication specialist in Broadcast Production Services is the one that does the "road shows." This is when we go out and meet somewhere outside of the building and are able to take our sound system and do a wonderful job. We cannot do that without this position. Information Technology is an area that is exploding. Our help desk in particular needs the position of customer support.

The fifth proposed item is savings from delaying the start of new positions. There are some positions we can start July 1, 2007, but there are others we can delay resulting in a savings of \$115,452 in FY 2007-2008.

In the sixth proposed item, we think we are a little low on the furniture and equipment for the new warehouse. Not only are we going to be using the building adjacent to the printing office as a warehouse, we are going to have some of our general services staff in there and a computer training room.

The net impact is \$492,354 in savings in FY 2007-2008 and \$208,990 in FY 2008-2009. The total net reduction is \$701,344 compared to the \$500,561 requested.

Below the line at the bottom of [Exhibit H](#) is an adjustment. It was not my proposal, but a number of Legislators have asked us to look at establishing a gift shop in the Las Vegas Office. This was approved in the Assembly Committee on Ways and Means a few days ago. It is \$6,000 rent, \$100,000 for construction and the rest is for a staff position. The amounts would be \$189,713 in FY 2007-2008 and \$82,387 in FY 2008-2009.

CHAIR RAGGIO:
Where would the gift shop be located?

MR. MALKIEWICH:
Just inside the entrance to the Grant Sawyer Building on the left. We got the estimates for the rental fees and the costs working with the Executive Branch.

SENATOR RHOADS:
Does the gift shop in this building make money?

MR. MALKIEWICH:
It is a revolving account. We have to pay for the person who staffs it, but the amount made on selling merchandise is used to purchase merchandise. The gift shop is within the Publications Unit of the Legal Division. The employees sell the *Nevada Revised Statutes*, *Nevada Reports of the Supreme Court* and also maintain the gift shop. This would be another employee in the Legal Division to

help with publication sales in Las Vegas. There is no money in this new budget for merchandise. We would just use some of our existing merchandise to stock that gift shop.

SENATOR COFFIN:

Were there more than two communications technician positions originally?

MR. MALKIEWICH:

The initial request was for four. The recommendation of the Legislative Commission's Budget Subcommittee was for two. Chief Robert Milby approached you about the possibility of increasing it back to 4 so there would be 24-hour coverage. It will allow us to have our police officers patrolling at all times and a dispatcher at the console.

SENATOR COFFIN:

I could support that. What about the other security things we discussed such as the ability for the on-duty officers to have two-way communication with people on the levels of the parking garage?

MR. MALKIEWICH:

We are taking a look at that. I do not think we would want full-time audio because then you would hear everything out there. The problem with having a microphone in the garage area is it would pick up everything, from the sound of every car that drives by to every conversation in the garage. You would not be able to distinguish between an emergency request and common conversation. I do not think we want to eavesdrop on conversations in the garage.

SENATOR COFFIN:

That is true, but you do not want to miss someone yelling for help on the third level. You could use a voice-activated system.

MR. MALKIEWICH:

We could certainly take a look at that.

SENATOR BEERS MOVED TO APPROVE THE LCB BUDGET ACCOUNTS,
B/A 327-2631, B/A 327-2626 AND B/A 741-1330, AS PROPOSED
WITHOUT THE ESTABLISHMENT OF A GIFT SHOP IN LAS VEGAS.

SENATOR BEERS:

I am certain that the museum going in at the Big Springs Park will have an extensive Nevada-oriented gift shop. I am concerned that money is tight this Legislative Session.

SENATOR COFFIN SECONDED THE MOTION.

SENATOR TITUS:

I do not object, but I think we ought to be sure that the museum carries some legislative items. They may not ordinarily do that.

CHAIR RAGGIO:

We will send them a letter of intent making that request.

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SENATOR TITUS:
That would be good.

SENATOR BEERS:
We should include in the letter of intent that if they do sell legislative items, they should report back to us on sales.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

* * * * *

CHAIR RAGGIO:
I will now open the hearing on A.B. 212. This bill was discussed yesterday. Senator Rhoads, did you have an opportunity to discuss this with the School Superintendent of Elko County?

ASSEMBLY BILL 212 (2nd Reprint): Provides for high school reform.
(BDR 34-118)

SENATOR RHOADS:
Yes. They have no problem with the amendment.

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 212.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:
There being no further business before this Committee, the meeting of the Senate Committee on Finance is now adjourned at 10:37 a.m.

RESPECTFULLY SUBMITTED:

Jeanine Wittenberg,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____