

**MINUTES OF THE JOINT MEETING OF THE  
SENATE COMMITTEE ON FINANCE  
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-fourth Session  
February 7, 2007**

The joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:09 a.m. on Wednesday, February 7, 2007, in Room 4100 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**SENATE 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

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

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

**STAFF MEMBERS PRESENT:**

Steven J. Abba, Principal Deputy Fiscal Analyst  
Gary L. Ghiggeri, Senate Fiscal Analyst  
Larry L. Peri, Principal Deputy Fiscal Analyst  
Mark W. Stevens, Assembly Fiscal Analyst  
Sandra K. Small, Committee Secretary

**OTHERS PRESENT:**

Terry Johnson, Director, Department of Employment, Training and Rehabilitation  
Martin A. Ramirez, Deputy Director, Department of Employment, Training and Rehabilitation  
Andrew Clinger, Director, Department of Administration  
Mary Keating, Administrator, Administrative Services Division, Department of Administration

David L. McTeer, Information Systems Manager, Information Technology Improvement Division, Department of Administration

Susan K. Dunt, Risk Manager, Risk Management Division, Department of Administration

William Chisel, Chief, Division of Internal Audits, Department of Administration

Keith Wells, Administrator, State Motor Pool, Department of Administration

Greg Smith, Administrator, Purchasing Division, Department of Administration

Cindy Edwards, Administrator, Buildings and Grounds Division, Department of Administration

Tim Tetz, Executive Director, Office of Veterans' Services

Colonel Al Butson, Director of Logistics, Army National Guard, Office of the Military

Miles Celio, Administrative Services Officer, Office of the Military

CHAIR ARBERRY:

We will begin this meeting with an overview of the Department of Employment, Training and Rehabilitation.

## HUMAN SERVICES

### DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION - OVERVIEW (Volume II)

TERRY JOHNSON (Director, Department of Employment, Training and Rehabilitation):

The Committee has received a copy of the Department of Employment, Training and Rehabilitation's (DETR) Budget Overview 2008-2009 ([Exhibit C](#), original is on file in the Research Library) which I will summarize.

The new DETR headquarters in Las Vegas was completed last fall. It is DETR's mission to connect Nevada's businesses with a skilled workforce and ensure the workforce has opportunities to be employed and promoted on an equal employment basis. The Department has centralized administrative services that support human resources, financial management and the Research and Analysis Bureau. These services aid and assist the Employment Security Division, Rehabilitation Division, and Information Development and Processing Divisions in addition to the Nevada Equal Rights Commission (ERC).

Current staffing, funding information and the highlights of our budget are included in [Exhibit C](#). We eliminated approximately 55 positions in the 2005-2007 biennium. We are requesting reestablishment of some of those positions. We are requesting funds to conduct a study of the Unemployment Insurance (UI) Contributions and Benefits system, improve the DETR Internet site, the automated telephone call centers in Carson City and Las Vegas and introduce data warehousing capabilities to the new case management system.

The Workforce Investment System, page 6 of [Exhibit C](#), operates in partnership with local Workforce Investment Boards and various JobConnect offices. There is a local Workforce Investment Board in Reno and one in Las Vegas. The local boards are appointed by their respective elected officials. There is also a Governor's Workforce Investment Board. The one commonality of these two levels of boards is that the majority of the members are required to come from the business community. The business community is thereby given the

opportunity to advise on policy development and bring its perspective on workforce development issues. The Governor's board includes members of the Legislature.

Nevada, in terms of employment by sector, parallels the rest of the country with the exception of construction, tourism and hospitality which exceed the national average. For several years, job growth in Nevada has lead the country. The *Nevada Economy*, page 11a of [Exhibit C](#), is published monthly by our Research and Analysis Bureau, providing statistical information about the economy.

The Selected Unemployment Rates chart, pages 12 through 15 of [Exhibit C](#), shows Nevada beginning to align more closely with the rest of the nation. A chart showing the trend in initial unemployment claims and continued claims is provided in [Exhibit C](#). The unemployment rates have been cyclical over the last decade with a peak in 2002 and 2003, following the events of September 11, 2001, at 5.7 percent and 5.3 percent respectively. Job growth in 2007 and 2008 is projected at 5 percent and 4.9 percent respectively. The Unemployment Insurance Trust Fund has a balance of roughly \$700 million. The trust fund is anticipated to remain solvent.

The Equal Rights Commission receives, investigates and enforces complaints of discrimination in the workforce, public accommodations and housing. Progress has been made with regard to the caseload disposition. The backlog was reduced in large part due to legislation passed in the 2003 Legislative Session which gave DETR the ability to prioritize its workload.

ASSEMBLYWOMAN BUCKLEY:

Has DETR performed a qualitative analysis of the ERC's caseloads? How does Nevada rank with other states in terms of consistency? Does anyone review the files to be certain the decisions are sound? The backlog has been reduced, but what about quality?

MR. JOHNSON:

In terms of a quality review, cases can be submitted to our federal counterparts, the Equal Employment Opportunity Commission (EEOC), to verify that the Department made the appropriate determination in light of the evidence. The Commission does not do a qualitative review in terms of how cases are closed.

ASSEMBLYWOMAN BUCKLEY:

I think a qualitative review would be valuable. We want to be sure quality does not suffer in the rush to close cases. I do not believe the EEOC pays much attention, resulting in private litigation as the only remedy, which can be expensive to both the employer and employee.

SENATOR BEERS:

There have been some high-profile federal settlements within the last 12 months. Does the ERC integrate with the newly-opened EEOC office in Las Vegas? Has the new office impacted your workload? Will this result in duplicate services?

MR. JOHNSON:

There are some areas where the two entities can work together. The EEOC office in southern Nevada does not have jurisdiction in areas where the ERC has

jurisdiction, such as public accommodations and housing. The EEOC's presence will give the ERC an opportunity to focus on areas it had not fully focused on in years past. Another advantage will be discussing remedies available at both levels. The ERC is able to process its caseload in a more expedient manner than its federal counterpart. I do not believe there will be a duplication of effort because there are differences in jurisdiction and remedies. Training employers' human resources staff to avoid discrimination complaints increases the Commission's presence. Mediation is available at the State level before adjudication or litigation which is not available at the federal level.

SENATOR CEGAVSKE:

Do the unemployment numbers include the approximately 500 employees reported by the Restaurant and Tavern Owners' Association as affected by the last initiative?

MR. JOHNSON:

Those individuals were not included in the 2007-2008 estimates. We are preparing research models to track and monitor if persons can be economically dislocated as a result of some ballot initiatives, such as the smoking issue and the minimum wage. We have data only on December 2006. The issue is too new to make reasonable inferences.

*Nevada's Hot 50 Jobs*, [Exhibit D](#), original is on file in Research Library, projects the State's fastest-growing occupations in 2007. The information includes the skill level and average wage in 2006 for those occupations. *Working for the Working People of Nevada*, [Exhibit E](#), provides an overview of the Department.

SENATOR BEERS:

Is *Nevada's Hot 50 Jobs* available on the Internet?

MR. JOHNSON:

Yes, it is.

ASSEMBLYWOMAN MCCLAIN:

Who receives *Nevada's Hot 50 Jobs*? Do the high schools receive copies?

MR. JOHNSON:

High schools receive copies through their counselors as well as other career-related information.

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

The DETR budget requests are displayed on pages 16 through 33 of [Exhibit C](#). The significant enhancement request for DETR Administration is the addition of two positions which were eliminated last session. One will augment fiscal management activities and the other will focus on auditing and workforce investment. The audit position will be in southern Nevada and the fiscal position in northern Nevada.

The Research and Analysis budget requests the establishment of two intermittent positions to conduct the federal Workforce Investment Act's mandatory Customer Satisfaction Survey.

The Information Development and Processing Division (IDP) is requesting approximately \$150,000 over the biennium to enhance and refresh the DETR Website which was created in 1999. There are over 3,000 pages of information available on the Website with thousands of links. Customers complain the site is difficult to navigate. Maintenance of the Website is difficult. We try to keep it Americans with Disabilities Act compliant. We have decided to revisit the architecture the Website is currently using. We want to improve graphics, navigation of pages, maintenance and the tools used to improve content management. The project will take an estimated nine months. We collect over \$100 million each year in contributions. We need to be sensitive to suggestions we get from our customers. The IDP contains the enterprise-wide hardware and software for the communications network for DETR. The Department will be replacing 16 servers, purchasing Microsoft Office and replacing the operating system on both the servers and a number of personal computers.

The Employment Security Division (ESD) is requesting approximately \$420,000 to upgrade the existing automated call center phone systems in Carson City and Las Vegas. The UI program conducts all of its business telephonically. Historically, DETR spent \$750,000 to \$800,000 every four or five years to replace the interactive voice response units and the call centers' software. We are entering into a lease-purchase agreement with our vendor to avoid the spike in expenditure. The vendor will provide regular software and hardware upgrades. We hope to keep the call centers working efficiently and eliminate as many disruptions in customer service as possible.

MR. RAMIREZ:

The Career Enhancement Program is requesting \$2.5 million each year of the biennium for additional client services which includes the implementation of the incumbent worker program. This Department has issued approximately \$950,000 in contracts. We have submitted two Requests for Proposals (RFP) and received responses from employers. A committee of DETR staff and other economic development agencies has been formed to review the RFPs.

CHAIR RAGGIO:

How successful is this program which pays employers to upgrade the competence of workers? How many employers participate? How is it monitored? Who determines the appropriateness of the training programs?

MR. RAMIREZ:

The incumbent worker program and the issuance of the RFPs occurred late in fiscal year (FY) 2005-2006. No expenditures have been incurred and no information about the success of the program is available. As information becomes available, DETR will provide it to the Committee. We plan to issue the RFPs twice each year since different employers are attracted with each release.

CHAIR RAGGIO:

If the enhancement is authorized, how much would be available in each year of the biennium?

MR. RAMIREZ:

A minimum of \$1 million would be available each year.

ASSEMBLYWOMAN SMITH:

The ESD budget includes a request for ten intermittent staff. Will this alleviate the lengthy wait for filing unemployment claims?

MR. RAMIREZ:

The ESD uses intermittent staff to supplement unemployment insurance activities. Nevada's employment and training programs do not receive a lot of funding due to our healthy economy. The Department is using as much automation as possible to provide services to customers. Intermittent and permanent staff are used in the telephonic claim centers. The current request is lower than previous biennia due to low unemployment. We are aware of the call center wait times and monitor them and receive reports on a daily and weekly basis.

ASSEMBLYWOMAN SMITH:

Are the recipients included in the Customer Satisfaction Survey mentioned earlier?

MR. RAMIREZ:

I will get that information to the Committee.

ASSEMBLYMAN DENIS:

The Department received, in a previous budget, funds to do a UI study. How does the previous study relate to the study in the current budget request?

MR. RAMIREZ:

The Employment Security - Special Fund requests funding for a 24-month study to gather the business and technical specifications for the replacement of the Unemployment Insurance Benefit and Contribution system. In the late 1990s, DETR received approximately \$8 million from the U. S. Department of Labor for the year 2000 remediation process. The result was to import a system from Utah, with modifications, to pay benefits. The Department's priority at that time was to pay benefits. Patches to the contribution system were installed to make it compliant through the year 2019, after which time it will fail. The existing system's hardware and programming are expensive to maintain.

ASSEMBLYMAN DENIS:

Does the request include the cost of hardware?

MR. RAMIREZ:

No, sir. At the conclusion of the study, DETR plans to present the 2009 Legislature with the results of the study and a request for replacement of the system. The actual replacement should take four to six years.

ASSEMBLYMAN DENIS:

Will the study be performed by a contractor? Was the phone system updated when you moved into the new Las Vegas building?

MR. RAMIREZ:

Yes, the study will be conducted by a contractor. The existing phone equipment was moved to the new building. The vendor continues to provide regular hardware and software upgrades.

SENATOR BEERS:

The Senate Finance Subcommittee on General Government will need considerably more detail regarding this funding request.

MR. JOHNSON:

The Department is aware of Assemblywoman Smith's concerns regarding the call center. Persons may also file claims over the Internet.

SENATOR RHOADS:

The mining industry is having a difficult time acquiring a labor force. Is DETR working with them to fill vacancies?

MR. JOHNSON:

Through JobConnect, we have resources to match employers with willing and eligible employees. Certain sectors are experiencing a labor crunch. I will provide you further information on what DETR has done and can do regarding the mining issue.

CHAIR ARBERRY:

Did you cover the Rehabilitation Division?

MR. JOHNSON:

No major enhancements are requested for the Rehabilitation Division. This Division has made remarkable progress over the last biennium by increasing the number of clients who have gained employment and improved earnings. Nationwide, Nevada is 1 of 18 states in the country to achieve its federal performance indicators.

CHAIR ARBERRY:

The Committee will now hear the Department of Administration's budget overview.

## FINANCE AND ADMINISTRATION

### DEPARTMENT OF ADMINISTRATION - Overview (Volume I)

ANDREW CLINGER (Director, Department of Administration):

The Committee has received a copy of the Department of Administration's (DOA) Budget Overview ([Exhibit F](#), original is on file in the Research Library). The primary purpose of the DOA is to provide services to other state agencies so they can achieve their goals and missions. The Department is comprised of nine divisions and the Public Works Board.

The overview for the Budget and Planning Division is shown on pages 4 through 14 of [Exhibit F](#). This Division is requesting funds to consolidate the Integrated Financial System servers. There are 15 servers which will be consolidated into two superservers; one in northern Nevada and one in southern Nevada. Additional funds are requested for personnel, a Microsoft Project Server, replacement equipment and new equipment. This Division is requesting a supplemental appropriation to cover an error in the Director's Office cost allocation and the increased cost of the single audit.

The Judicial College and College of Juvenile and Family Services' budget request is on page 12 of [Exhibit F](#). There are no increases requested in this budget.

The General Fund Salary Adjustment account recommendations are shown on page 13 of [Exhibit F](#). The DOA calculates the General Fund portion of all salary increases, removes that amount from agency budgets, pools it into the Salary Adjustment account and funds this account at 80 percent. Vacancies and other factors allow funding salaries at the 80-percent level.

The Highway Fund Salary Adjustment account, shown on page 14 of [Exhibit F](#), contains errors. The Highway Fund cost-of-living increase is \$3.4 million in the first year and \$10.6 million in the second year. The unclassified step adjustment is \$158,000 in FY 2007-2008 and \$163,000 in FY 2008-2009. Other special adjustments are \$425,000 in FY 2007-2008 and \$444,000 in FY 2008-2009. The General Fund portion of salaries in agencies receiving Highway Fund appropriations is also funded at 80 percent.

The \$183.5 million appropriated for the school districts is not included in this account but is in the Distributive School Account.

CHAIR RAGGIO:

Please provide the Committee with a corrected page 14 of [Exhibit F](#).

MR. CLINGER:

Yes, sir.

MARY KEATING (Administrator, Administrative Services Division, Department of Administration):

The Administrative Services Division (ASD) budget overview is on pages 15 through 25 of [Exhibit F](#). The ASD provides fiscal and administrative support to the Office of the Governor, the Board of Examiners, the Deferred Compensation Committee, the Civil Air Patrol, the Ethics Commission and all Public Works projects. The users of ASD's services are charged an annual assessment based on the number of transactions processed for each user. This budget requests replacement of five computers and a server.

The Deferred Compensation Committee budget is on page 21 of [Exhibit F](#). Hartford and ING are the professional managers of the Deferred Compensation Plan. This budget requests approval of a plan administrator and one executive assistant who are paid by the plan managers.

The Merit Award Board requests \$5,000 to cover award and operating costs as shown on page 23 of [Exhibit F](#).

The Indigent Supplemental Account and Indigent Accident Account are shown on pages 24 and 25 of [Exhibit F](#). These funds reimburse counties and hospitals for hospital and medical treatment of indigent persons and are funded by property taxes.



DAVID L. McTEER (Information Systems Manager, Information Technology Improvement Division, Department of Administration):

The Information Technology Improvement Division's (IT) mission statement, responsibilities, organization chart, budget summary and other information are found on pages 26 through 37 of [Exhibit F](#). The Division is eliminating approximately \$240,000 for Department of Information and Technology (DoIT) support charges over the biennium due to the Integrated Financial System (IFS) server consolidation and is requesting replacement of 21 edge routers for 13 agencies. These are critical routers for Silvernet.

The consolidation of 15 servers to 2 and the reduction of 4 locations to 2 provide disaster recovery for all IFS applications as shown on page 37 of [Exhibit F](#). The executive sponsor is the DOA; IT will provide overall project management and coordination; DoIT will provide server hosting and data center operations through service-level agreements.

The Division is requesting ten one-shot items, described on pages 33 through 35 of [Exhibit F](#), which include improvements to the existing Nevada shared Radio System; a study of the EMS Radio System; clinical software; travel tracking systems; automation of an existing manual work program process; automation of existing manual calculations; a data warehouse; an electronic birth registration system; a replacement land management system; and a storage area network.

The Division has 21 projects in the current biennium representing \$16.9 million in General Funds, \$9.5 million in Highway Funds and approximately \$500,000 in other funding. The proposed 2007-2009 budget contains 11 projects and \$4.9 million in General Funds, \$7.6 million in Highway Funds and approximately \$67,000 in other funding.

CHAIR RAGGIO:

What is the status of the 21 projects approved for the current biennium?

MR. McTEER:

Most of the projects are on track and within budget. There are three projects that could not get timely contracts let with the vendors. Further expenditures for those projects have been terminated.

ASSEMBLYMAN DENIS:

Today we have heard about several IT projects. How do you determine which projects will receive DOA oversight?

MR. McTEER:

Any project having a General Fund component of \$100,000 or more is a candidate for IT Division oversight. Other projects may receive IT's oversight depending on risk or administrative purpose. Projects not General Funded, or less than \$100,000, remain in the requesting agency's budget.

ASSEMBLYMAN DENIS:

Where does the IFS project fall under these criteria?

MR. McTEER:

The IFS project will be managed by IT. The DoIT will carry the actual expenditures within its budget.

ASSEMBLYMAN DENIS:

We will need more in-depth information for the subcommittee.

SENATOR BEERS:

The General Government Subcommittee put some projects under IT management believing the projects would get better oversight. What are the three projects which were not completed, how much was spent on them and are any of those funds salvageable? Costs for information technology projects are coming down significantly.

MR. McTEER:

I will provide the cost information. One project was for the Consumer Affairs Division in the Department of Business and Industry.

Three bill draft requests (BDR) have been submitted on behalf of IT. Two concern electronic payments. The third extends the digital microwave and fiber-optic system reversion date and does not require additional funding.

CHAIR ARBERRY:

The request for over \$1 million in each year of the biennium for Oracle maintenance was not included in the Governor's budget. How does that affect the Division?

MR. McTEER:

The DOA determined that including the Oracle maintenance in IT's budget, rather than the requesting agency budgets, was problematic. The DOA will be responsible for paying the licensing fees to Oracle and will be reimbursed by the agency budgets. The requested funding is in the individual agency budgets rather than DOA's budget.

SUSAN K. DUNT (Risk Manager, Risk Management Division, Department of Administration):

The Risk Management Division's (RMD) mission, purpose, budget summary, organization chart, rate table and budget highlights are shown on pages 38 through 45 of [Exhibit F](#). Rates are stable over the next biennium with the exception of property and content insurance. Those rates will increase approximately 50 percent. In FY 2004-2005, RMD negotiated a 3-year fixed-term insurance policy. Beginning with FY 2007-2008, RMD will be playing catch-up on the value of properties. The increase is due to inflation and increased property value.

ASSEMBLYMAN HOGAN:

Is there full competition for insurance coverage?

MS. DUNT:

The RMD does a Request for Quote (RFQ) for a broker pool approximately every five years. As soon as that pool is established, we evaluate where we will go with the marketing of the insurance program. We have had a stable insurer,

FM Global, since 1995. This insurer has proved to be a workable partner. We market the program every year to make sure we have the best rates possible.

The RMD is requesting funds to enhance property loss prevention services; an annual audit of property and auto claims; and an insurance policy agreement for the Hoover Dam bridge project. Nevada will be providing maintenance on the Dam since we are closest to the Dam. Arizona does not have tort claim limits which will be a concern when Nevada employees enter Arizona. The RMD is also requesting routine replacement equipment.

WILLIAM CHISEL (Chief, Division of Internal Audits, Department of Administration):

The Division of Internal Audits' (DIA) mission, organization chart and budget summary are included on pages 46 through 51 of [Exhibit F](#). The DIA does performance audits, reviews agency operations and makes recommendations for improvement to agency efficiency and effectiveness. The financial management and post-review sections of the DIA help agencies develop and implement internal controls and establish the statewide internal control guidelines. We are requesting funding for an external review of IT required by the Institute of Internal Auditors. Computer equipment and software replacement is also requested.

SENATOR RHOADS:

This Division appears to be a duplication of the Legislative Counsel Bureau's (LCB) Audit Division. Does the DIA coordinate with the LCB with regard to the agencies audited? When was the DIA first established?

MR. CHISEL:

The DIA consists of three sections. Some of the sections, such as financial management and post review, have existed since the 1990s. The internal audit section was established in 1999. The DIA cooperates and coordinates with the LCB. One advantage of the DIA is we respond to requests from administrators and constitutional officers. The DIA is solution-based with an emphasis on helping agencies operate.

SENATOR RHOADS:

Does the LCB do the same thing?

CHAIR RAGGIO:

Governor Guinn concluded the Executive Branch should have its own internal audit. The Legislative committees agreed. The Legislature has oversight, but the DIA has ongoing review.

SENATOR BEERS:

Please bring details on performance indicators to the General Government Subcommittee, especially details on the dollars saved for each dollar spent and the number of audits. Are the internal audit reports published?

MR. CHISEL:

Yes, and they are on our Website.

KEITH WELLS (Administrator, State Motor Pool, Department of Administration):  
The mission, purpose, organization chart and budget summary of the State Motor Pool (SMP) are depicted on pages 52 through 67 of [Exhibit F](#). The SMP manages and maintains vehicles assigned to state agencies on a long-term and daily-rental basis. The new SMP facility in Las Vegas should be completed within 60 days. It is located one block east of the McCarran International Airport's new consolidated rental-car facility with easy access to the freeways.

CHAIR ARBERRY:  
When will SMP move into the new facility?

MR. WELLS:  
The anticipated date is April 15, 2007.

SENATOR MATHEWS:  
Does the Las Vegas SMP need to be out of the existing facility by March?

MR. WELLS:  
The Airport Authority is trying to open their consolidated rental-car facility by the end of March. That date keeps changing due to construction delays and other factors. The airport has worked with us and said they will work around the construction time so we can stay where we are until the SMP's new facility is completed. The new SMP is one block east of the Airport Authority's consolidated facility and will not be governed by the airport in the future.

SENATOR MATHEWS:  
Does the Airport Authority need the land for other things?

MR. WELLS:  
The airport needs the land to build a parking lot which is behind schedule. The SMP facility is located on the edge of the airport's project.

ASSEMBLYMAN DENIS:  
Will the SMP use the consolidated vans for transportation to rental agencies?

MR. WELLS:  
The Airport Authority has not provided an answer to that question. We hope State employees will be able to use those vans. The SMP will still have its own shuttle.

The SMP is restructuring rates charged to agencies, putting more emphasis on the base rate and less on mileage, to assure a smooth revenue stream. Agencies underutilizing their vehicles will see a rate increase which should discourage the agencies from keeping vehicles when they do not need them. The SMP is requesting funds for the addition of one staff position in Las Vegas, additional programmer hours, shop equipment in Las Vegas, replacement equipment and additional vehicles. The 56 new vehicles required to fill agency requests would be purchased in FY 2007-2008, not FY 2008-2009 as indicated on page 67 of [Exhibit F](#).

GREG SMITH (Administrator, Purchasing Division, Department of Administration):  
The mission, purpose, organization chart and budget summary for the Purchasing Division are shown on pages 68 through 78 of [Exhibit F](#). The

Division is organized to take advantage of cross training, eliminating the need to request additional staff. The major revenue source for this Division is an assessment formula charged to agencies on a pro rata share based on use of the Division's services. The central procurement office requests funding to reconcile its budget; programming hours from DoIT; replacement computer hardware; a used vehicle; and a transfer of four contract positions from DoIT to the central procurement unit. This last item will take advantage of the economies of scale in central procurement.

CHAIR ARBERRY:

Will the transfer of the positions be cost neutral?

MR. SMITH:

Yes, it will. The positions move from DoIT's budget into the Purchasing Division's budget.

ASSEMBLYMAN DENIS:

Will funds be saved in the long term?

MR. SMITH:

Yes, in the long term the State will save money.

The DOA's Purchasing Division has requested a BDR which would allow the State Board of Examiners to set the maximum per diem rate. State employees are paying out of pocket since \$58 hotel rooms in Las Vegas are impossible to find. Las Vegas operates at 90- to 95-percent room occupancy.

CHAIR ARBERRY:

Is DOA making a recommendation to increase the room rate?

MR. CLINGER:

The BDR would give the Board of Examiners authority to establish the rate. It is currently set in statute.

MR. SMITH:

The Commodity Food Distribution Program, page 75 of [Exhibit F](#), operates out of Reno and Las Vegas. This is a self-sustaining, federally-funded program.

CINDY EDWARDS (Administrator, Buildings and Grounds Division, Department of Administration):

The mission, purpose, organization chart and budget summary for the Buildings and Grounds Division (B&G) are included on pages 79 through 93 of [Exhibit F](#). The B&G is an internal-service fund with the revenue source of building rent. The Division requests a building rent increase from 91 cents to \$1.09 per square foot to cover general operating expenses, stabilize reserves depleted in FY 2005-2006 and to cover the income loss due to State agencies having vacated approximately 125,000 square feet. The B&G is also requesting two new positions and building renovations.

The State Mail Services' budget requests funds for maintenance, software and replacement equipment.

CHAIR ARBERRY:

Will you elaborate more about why the rent rate is rising?

MS. KEATING:

The schedule, on page 84 of [Exhibit F](#), shows the calculations used to derive the requested rental rate. The cost to operate B&G remains almost the same in FY 2005-2006 and FY 2007-2008. However, the rate reduction in FY 2005-2006 was the result of using reserves. There are no excess reserves remaining in B&G. In FY 2007-2008 there is a reduction of 125,124 square feet which results in costs being reallocated to the remaining users. The overall operation of B&G has not changed.

ASSEMBLYMAN HOGAN:

What was the rate prior to 91 cents per square foot and how does the requested rate relate to the prevailing commercial rates?

MS. KEATING:

The B&G rate charged recovers operating and maintenance expenses. Commercial rental rates also include debt service and the cost of the building. Outside rates are approximately \$1.50 per square foot. The B&G rate went down in FY 2005-2006 due to a formula change. Prior to FY 2005-2006, the square footage for each agency was based on the space used. There were inequities due, in part, to common areas in some buildings. That change caused the rate reduction from FY 2003-2004 to FY 2005-2006.

CHAIR ARBERRY:

There is still some confusion about this rate structure.

MS. KEATING:

Comparing FY 2005-2006 to FY 2007-2008 shows an increase in payroll but a reduction in utilities because there is less square footage. The net affect of all adjustments is zero. For instance, the deferred maintenance in FY 2005-2006 was \$1 million and in FY 2007-2008 it is \$600,000. We will be happy to review the details with the LCB staff. The price is higher per square foot, even though the costs are lower, because the square footage is less.

CHAIR ARBERRY:

Is there an additional staffing request?

MS. KEATING:

The B&G has asked for two additional staff members.

CHAIR RAGGIO:

What inflation rate for utilities has been factored into the budget?

MR. CLINGER:

There are no inflation increases in the budget for utilities. In FY 2005-2006, there was a large increase in electric and natural gas utilities. Those increases are reflected in the Base Budget of each agency. No significant increase in utilities is projected for FY 2007-2008 and FY 2008-2009.

CHAIR RAGGIO:

In a pre-session budget overview, the Commission was told there was a factor for utility increases.

MR. CLINGER:

There is no increase.

MS. EDWARDS:

The Clear Creek Youth Center budget is not requesting increases. The site is to be used for the Office of the Military's Project ChalleNGe program, an academic school for at-risk youth. The B&G is requesting the existing balance for capital improvement plan (CIP) projects be carried forward to construct the needed improvements.

CHAIR ARBERRY:

Some of the buildings at Clear Creek have been mothballed.

MS. EDWARDS:

Yes, the camp has not been operational since 2003. The CIP would make it operational.

CHAIR ARBERRY:

The B&G will let the committees know what is required to bring the camp to operational status.

MR. CLINGER:

The DOA's recommendation for FY 2007-2008 and FY 2008-2009 will be that the Project ChalleNGe program, within the National Guard, use the facilities at Clear Creek. There is \$1.3 million left in the current CIP for Clear Creek use for life and safety issues. Additional funds will be required to make the buildings useful to the National Guard.

CHAIR ARBERRY:

Will you provide staff with all the details for this project?

MR. CLINGER:

Yes, we will.

MS. EDWARDS:

The Marlette Water System requests funding for heavy-equipment rental to maintain the backcountry roads to access the water system; replacement of a service truck; and the replacement of a roof and an intrusion alarm for the Marlette Lake maintenance shop.

ASSEMBLYMAN GRADY:

How is the new construction coming for the Marlette pump and gas line?

MS. EDWARDS:

That project is moving forward. We are getting bids on the construction part of the pump.



CHAIR RAGGIO:

I want to commend the DETR and the DOA for their exhibits and their presentation. Everything we need to see is in the exhibits. I have experienced at least five incoming governors who have had to scurry to put things together. The presentations today are good examples of what can be done under time constraints.

CHAIR ARBERRY:

We will continue with a discussion of the Office of Veterans' Services.

## SPECIAL PURPOSE AGENCIES

### VETERANS' AFFAIRS - Overview (Volume III)

TIM TETZ (Executive Director, Office of Veterans' Services):

Last March, I was appointed to the position of Executive Director for the Office of Veterans' Services to follow Mr. Chuck Fulkerson. Mr. Fulkerson's leadership and success in this position is tough to match. The Committee has been provided with the Office of Veterans' Services Budget Summary ([Exhibit G](#), original is on file in the Research Library). I am willing to guess not a single veteran here today joined the military or served their country to receive veteran benefits after they were discharged. The Office of Veterans' Services was established in 1946 to demonstrate the State's appreciation and support for those who defended our nation in World Wars I and II. Care for veterans, family members and those currently serving remain the mission of this Office. The staffing, facility locations, organization chart and budget overview are included in [Exhibit G](#).

The State Veterans' Home in Boulder City recently celebrated its fourth anniversary. It is near capacity with 174 of the possible 177 residents. In 2006, through a combination of aggressive collection efforts and a higher than projected census, the Office returned over \$1.9 million in appropriations to the General Fund. The average age of the Veterans' Home resident has increased to 84. This, coupled with meeting the ongoing requirements of various oversight agencies, will affect our budget. We continue to discover various building flaws and construction defects. This Office is constantly looking for ways to improve services, decrease costs and meet the daily needs of residents. To accomplish this, we are seeking additional staff, billing and clinical software and enhancing resident activity programs.

The biggest potential for growth and best way for the Office to serve the veterans of Nevada is through the Veterans' Service Program. Currently, we have seven veteran service officers and two administrative assistants dedicated to assisting veterans and their families compiling the necessary information and applications to receive benefits earned. From the moment a veteran applies for benefits, the average turnaround for Reno is 322 days. The applicant waits six months for help and one year before receiving benefits. It takes 18 months after returning from Afghanistan or Iraq before the applicant finally sees the benefits earned. Our veterans' service officers were successful in obtaining over \$20 million in new money for the State's veterans. This brings the annual benefits received by Nevada's veterans to more than \$300 million each year.



I have reorganized my staff to create "Trinity Teams." By combining two veterans' service officers with an administrative assistant, I estimate we can almost double the production of the service officer and better serve the veteran community. Nationally, there is approximately one service officer for every 10,000 veterans. In Nevada, we are hampered by an overwhelming number: one service officer for every 30,000 veterans. Additional staff, increased production and the opportunity to continue rural outreach programs will greatly enable our ability to support this underserved population.

The Office's General Fund expenditures for FY 2005-2006 and FY 2006-2007 are included on page 7 of [Exhibit G](#). Nevada appropriated a little more than \$12 for each veteran over the last two years. That was prior to the \$1.9 million which was returned to the General Fund. For every dollar Nevada spent on its veterans through this Office, Nevada and its veterans received over \$425 in federal grants, medical benefits and veteran-related expenditures. The mission of caring for Nevada's veterans not only benefits the veterans but all of our communities.

An illustration of the veteran population throughout Nevada is shown on page 8 of [Exhibit G](#). A review of this data indicates the impact a small amount of money can have on the veteran population in each community.

Based on 2006 Veteran's Administration (VA) information, only 9.77 percent of the Nevada veteran population receives compensation and pension benefits, ranking this State 43rd in the nation. Our per-capita compensation and pension benefits average \$997 per veteran. This is \$246 below the national average putting Nevada 42nd in the nation in per-capita benefits; see pages 9 and 10 of [Exhibit G](#). The five states with the lowest benefits were included in a national policy review to determine what the VA and local veterans' advocates could do to better serve and assist the veterans. Nevada was included in this review.

If Nevada can meet the national per-capita average, we have the potential for compensation and pension benefits exceeding \$375 million each year.

CHAIR RAGGIO:

What would it take for Nevada to meet the national average in compensation and pension benefits?

MR. TETZ:

We must have the right people and expertise in place to help the veteran complete an application justifying a compensation and pension benefit. When the VA can rely on a Nevada application's completeness, the turn-around time will be decreased.

CHAIR RAGGIO:

It takes the VA 320 days to approve an application? Are you saying additional staff will get the application to the VA quicker and more efficiently?

MR. TETZ:

Yes, we need more staff so the veteran does not have to wait three to six months. More staff is needed to do outreach.

CHAIR RAGGIO:

Does it take 320 days for the VA to process applications from other states?

MR. TETZ:

No, it does not. The VA regional office is one of the slowest in the nation. This Office wants to prepare an application for the veteran that is thorough and complete so the VA regional office is not required to ask for additional information to rate the claim.

CHAIR RAGGIO:

Have you talked to Nevada's congressional delegation?

MR. TETZ:

Our congressional delegation is aware of the situation. They are trying to get additional funds for the VA staff. A large number of staff in the Reno office recently retired.

CHAIR RAGGIO:

Will the requested positions address the problems you have discussed?

MR. TETZ:

None of the positions that would help with this issue appear in the Governor's recommended budget.

CHAIR ARBERRY:

Would you clarify the request for a new classification for certified nursing assistant (CNA)? It appears the Office has positions in grades 22 through 25 with only 77 of the 83 positions filled.

MR. TETZ:

The challenge is to find CNAs willing to work through the career ladder. Establishing a CNA career ladder will help increase the number of applicants and improve retention.

CHAIR ARBERRY:

I was a supporter of the Las Vegas facility. The Office is requesting a salary increase for the unclassified director and deputy director positions. Those salaries were increased 31 percent previously and the current request is for another 31 percent.

MR. TETZ:

The requested increase addresses the State personnel policy which states managers must be paid a higher rate than their staff. The deputy director's salary is exceeded by six or seven of the staff members. The director's salary is exceeded by one or two staff members.

CHAIR ARBERRY:

Be prepared to discuss this issue further in committee hearings.

MR. TETZ:

An additional \$75 million in tax-free income may not have significant impact on the large-scale economy of Nevada. An additional \$3 million in Douglas County or \$2 million in Elko County will have a direct impact. Veterans cannot receive

benefits if they do not apply. The veteran is twice as likely to receive benefits if a veterans' service officer assists in the application process.

The Veterans' Services Office proposed budget requests \$130,000 for a 700-percent increase in water rates at the Southern Nevada Veterans' Memorial Cemetery. The Veterans' Home and the State Veterans' Cemetery in Boulder City have been notified of a 25-percent increase in electric utility rates. Over 90 percent of the vehicles and equipment, in use at the veterans' cemeteries, are beyond the serviceable life. The vehicle replacement schedule will modernize the fleet of vehicles and maintain an ongoing rotation that is operationally and fiscally feasible without jeopardizing the safety of the staff. The Office is requesting funds for necessary information technology and telephone expenditures.

The Nevada Veterans' Home is seeking funds to expand existing programs. The five positions requested will be funded by savings in overtime and contract nursing.

One-shot appropriations are requested for replacement of billing and clinical software and continued replacement of medical, facility and computer equipment.

The Office is included in CIP projects. The Veterans' Home dining facility did not receive anticipated federal funds until December 2006. As a result of this delay, the cost of completing the project increased. An additional \$593,114 will need to be funded in FY 2006-2007. This is a life-safety issue and currently receives the highest priority with the VA. Nevada must uphold its funding level of \$1,158,058 and submit monthly progress reports to receive the matching federal funds. If progress or funding is not apparent to the VA, they could de-obligate our federal grant. Other CIP information appears on page 16 of [Exhibit G](#).

The Office of Veterans' Service has requested a BDR, page 17 of [Exhibit G](#), asking for a uniform definition of the term "veteran." Depending upon what section you are referring to in the *Nevada Revised Statutes*, the definition changes. Those who served in Vietnam, those currently serving and women are not always considered veterans. This makes it difficult to establish benefits to the survivors of those killed in active duty. The BDR would apply a broad description of the term and uniformly change other references.

A BDR addressing the veterans' license plate program has been requested. Those who currently own a veterans' plate are under the mistaken understanding that a portion of the license and renewal fees go directly to benefit the Veterans' Home. The proposed bill will change the use of the proceeds and guarantee direct veteran support.

CHAIR ARBERRY:

Is there any way to renegotiate the water rate increases at the Boulder City Cemetery?

MR. TETZ:

The increase was proposed two years ago. This Office negotiated an incremental increase, going from 25 cents to 87 cents and now \$1.74 for each

1,000 gallons. We paid Boulder City \$200,000 to finish their wastewater treatment plant and provide the cemetery with wastewater. The cemetery was plumbed for the wastewater which it has never received. We expect to continue working with Boulder City on this issue.

CHAIR ARBERRY:

Please keep staff updated on those negotiations. Can you provide more information about the utility costs?

MR. TETZ:

No statewide increase was included in the Governor's budget since the general consensus the DOA received from utility companies was there would be no increase.

SENATOR TITUS:

A women veterans' outreach officer was added to this budget last session because the 30,000 women veterans were not receiving attention and outreach for special programs. Was this position filled?

MR. TETZ:

The position was filled in May 2006. She works with the veterans on a daily basis and performs that outreach. The Office deputy director was in charge of women veterans' programs for the VA medical system on the national level. The program will receive top priority.

SENATOR TITUS:

Are both of those positions in Carson City?

MR. TETZ:

The women veterans' service officer is in Reno and the deputy director is required, by law, to be in Las Vegas.

SENATOR COFFIN:

Why do you need a bill to direct fees for special license plates?

MR. TETZ:

The Office of the State Treasurer was confused by the license plate program legislation. The BDR would clarify the legislation to keep the funds in one lump sum for the benefit of Nevada veterans.

SENATOR COFFIN:

Do the proceeds going into the General Fund have a designated purpose?

MR. TETZ:

The 2005 budget shows the funds coming to this Office and at the end of the FY, those funds are returned to the General Fund. I had to call the Office of the State Treasurer, the Department of Motor Vehicles and others to determine where the funds were going.

CHAIR ARBERRY:

We will now hear from the Office of the Military.

## MILITARY - Overview (Volume III)

COLONEL AL BUTSON (Director of Logistics, Army National Guard, Office of the Military):

The Adjutant General is in Colorado Springs attending joint staff training with the Northern Command. Nevada currently has units deployed providing security, support and transportation. The morale is high among deployed soldiers and airmen and those within the State.

MILES L. CELIO (Administrative Services Officer, Office of the Military):

The mission of the Office of the Military, under the authority of the Governor, is to enlist, organize, arm, equip and train the State's National Guard units to defend and protect the lives and property of Nevadans in times of emergency, disorder or disaster. The federal mission of the department is to provide soldiers and airmen to respond to national emergencies or war as directed by the U. S. Congress or the President. The Adjutant General provides command and control for the Office, which consists of the Army National Guard and the Air National Guard.

The National Guard receives much of its support and funding from the federal government under a Master Cooperative Agreement. This is a contractual agreement whereby the State agrees to provide services through the Office of the Military to support the Nevada Army and Air National Guard. The terms of the agreement provide for reimbursement by the federal government in various percentages depending upon the type and location of the services provided. The services and support include utility costs; custodial, buildings and grounds maintenance; security; environmental and fire protection. Under the agreement, these services are reimbursed up to a 100-percent level.

The federal government will reimburse approximately \$10 million of the \$14 million proposed budget.

The proposed budget requests authority to establish a Project ChalleNGe youth program in Nevada. This is a National Guard program to provide at-risk youth with the opportunity to get back on track for a high school diploma or receive a General Educational Development (GED) certificate by immersing them in a structured, military-style educational environment. The program's operating costs are supported with 60-percent federal and 40-percent State funds. The program requires the State to furnish operating facilities. The goal of the program is to graduate 100 students every 6 months. The total requirement for FY 2007-2008 is \$500,000 in General Fund for startup costs. The requirement for FY 2008-2009 is \$3 million: \$1.2 million in State funds and \$1.8 in federal funds.

The Office of the Military budget requests include a maintenance position for the Carson City complex; deferred maintenance for roofing and restrooms; and replacement equipment to be funded by federal and General Funds. The new Las Vegas armory is nearing completion. The Certificate of Occupancy should be issued in March 2007.

The Office is requesting one-shot appropriations to replace one truck in each year of the biennium and a new tractor utility vehicle, all to be used for maintenance work in the Carson City complex. The vehicles being replaced are

1979 and 1984 pickups which are overage and over miles. A camera reel/monitor used to scope sewer lines, roof drains, electrical conduits and building ductwork and a carpet extractor are also requested.

The Adjutant General's Construction Fund requests authority to receive federal funds for environmental, construction and major repair projects for new or existing facilities throughout the State. It also provides for the use of funds received from the rental of the armories. The funds carried forward are rental funds and are used for minor repairs and improvements not otherwise funded by other means.

The National Guard benefit program supports the recruitment and retention of active members to the National Guard.

CHAIR RAGGIO:

Eligible Nevada applicants for the Project ChalleNGe program are being sent to Arizona. To be eligible, the applicants must be between 16 and 18 years old, drug free, unemployed, high school dropouts and not subject to juvenile probation. There is no requirement they join the National Guard. The Governor's budget recommends \$3.5 million to develop this program, which would be partially federally funded. The utilization of Clear Creek Camp has been suggested. Is the cost for rehabilitation of Clear Creek Camp included in the \$3.5 million? Why do you believe a program in Nevada will attract full participation?

MR. CLINGER:

The initial estimate for refurbishing the Clear Creek facility is \$4.1 million. There is \$1.3 million in CIP already funded, leaving \$2.8 million to be funded. The Public Works Board and the National Guard are working out the details. We will present those details to the Legislature when they are available.

CHAIR RAGGIO:

Is the \$2.8 million included in the Governor's proposed budget?

MR. CLINGER:

No, it is not.

CHAIR RAGGIO:

Would you be coming to the Legislature with a supplemental request or an addition to the budget?

MR. CLINGER:

It will be an addition to the budget. We need to see if there are possible savings within the CIP budget to accommodate part of the \$2.8 million funding requirement.

MR. CELIO:

We have been sending 18 students to each 6-month Arizona class, graduating 12 students each class. The Las Vegas juvenile justice system and high school counselors indicate a large number of potential students we have not been able to recruit because we are limited by the number of students we can send to Arizona. Arizona has a 200-student program.

CHAIR ARBERRY:

The numbers regarding the Clear Creek facility are not clear. We have heard about a request for an additional \$4.3 million; a balance in CIP of \$1.3 million; and now you are saying \$2.8 million is required. Please clarify.

MR. CLINGER:

The proposal for the National Guard is not to rehabilitate all of the Clear Creek buildings. There are seven dorms. The Guard's plan would bring three of the dorms up to a suitable living condition. The additional \$2.8 million brings the total to \$4.1 million. There is \$1.3 million currently in the CIP budget. The requested \$2.8 million plus the remaining \$1.3 million totals the required \$4.1 million. The difference between the \$4.3 million and the \$4.1 million relates to the remaining buildings.

CHAIR ARBERRY:

Has anyone considered tearing the buildings down and rebuilding?

MR. CLINGER:

The State Public Works Board would have to let us know the difference in cost between rehabilitation and rebuilding. The biggest cost with Clear Creek is bringing the buildings to fire safety standards. That requires putting in a water tank, plumbing lines from the tank to all buildings and installing sprinkler systems in all buildings. The fire safety issue would also be required in a new structure.

MS. McCLAIN:

Will we hear more about this issue in a subcommittee? Where do you find a person between the ages of 16 and 18, drug free, unemployed, a high school dropout and not under current juvenile probation? This combination of requirements would be hard to match. You have said there are probably candidates. I would like to have more recruitment information and something to back up the number of candidates you anticipate. Are the participants housed 24-hours each day?

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

Yes, there will be subcommittee hearings.

MR. CELIO:

This is a live-in, six-month residential program. They live with a military drill instruction program. They have a drill instructor getting them up in the morning. They have a physical fitness program. There is an academic program from 8 a.m. to noon and 1 p.m. to 5 p.m. when they are taught subjects necessary to pass the GED or get a high school diploma.

MS. McCLAIN:

Are you fixing three dorms to house 100 participants? Please bring the specifics to the subcommittee.

MS. LESLIE:

Are the funds for sending 24 participants to Arizona included in this budget? Will that result in having an Arizona and a Nevada program?

MR. CELIO:

The budget submitted in September included the Arizona program. The Nevada program was added to the budget the first week of January by Governor Gibbons. The proposed budget includes 24 students each year in Arizona. If the Legislature approves the ChalleNGe initiative, we would amend the budget.

MS. LESLIE:

Please bring a specific breakdown of how the \$14,000 per student will be used. That is more than we spend on children in regular schools.

SENATOR COFFIN:

Is this a program to improve or find a use for Clear Creek? The vast pool of candidates will come from southern Nevada. Perhaps we need to look at Clear Creek and ChalleNGe separately. There must be places in southern Nevada for this program. Why would we want to move the participants from southern Nevada to northern Nevada? The facility would not need to be in the Las Vegas valley. It could be in a remote area. This is not a fight for a capital project.

MR. CELIO:

This project was brought to us in January 2007. The Office of the Military looked at all possibilities, including state training facilities, in locations such as Hawthorne and Las Vegas. We tried to find facilities that were available for rent or lease. We will be able to provide more information in the subcommittees. We did an extensive analysis of potential locations. The problem in southern Nevada is the lack of facilities due to growth in that area. We agree, the largest population will come from southern Nevada.

MS. McCLAIN:

You have mentioned a significant dropout rate in the program.

MR. CELIO:

Arizona graduates 100 out of 140 to 150 candidates. Nevada graduates 12 out of about 18 candidates. We will start with a class of 140 to 150 people.

CHAIR ARBERRY:

Throughout the country there is a huge gang problem, the worst being in the inner cities. Has there been any discussion about using the National Guard to curtail some of the violence? Not to sidestep local law enforcement, but the presence of the National Guard may get the attention of gangbangers and discourage them from terrorizing neighborhoods where decent people live and can no longer enjoy the streets. We want the communities to take back their streets. The National Guard would provide a military tactic and the local law enforcement would provide continued control of a situation.

COLONEL BUTSON:

Part of the Guard's domestic mission is to support the local law enforcement agencies in first response to floods, fires, earthquakes and hurricanes. The Guard has the capability to assist local law enforcement in other things. There is not a program in place to assist with the control of gangs.



CHAIR ARBERRY:  
I want you to know the black delegation will soon meet with the new Metropolitan Police sheriff. He is ready to sit down with us to develop a plan to let the gangs know there is a new sheriff in town and gang activity will not be tolerated. People fear retaliation if they attend town hall meetings. If we come up with a plan, at some point we may want a round-table discussion. Nationwide there is no plan. The gangbangers are controlling cities. When police attempt to control the situation, they are accused of racial profiling. The police know who the troublemakers are. Rather than going to Iraq, we may need your soldiers to help us in the inner city.

COLONEL BUTSON:  
The Guard is also concerned. We need to be sensitive to our mission.

CHAIR ARBERRY:  
There being no further business to come before the Committee, this meeting is adjourned at 11:04 a.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Sandra K. Small,  
Committee Secretary

APPROVED BY:

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

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

\_\_\_\_\_  
Assemblyman Morse Arberry Jr., Chair

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