

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

Seventy-Fifth Session
April 23, 2009

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on General Government and Accountability was called to order by Chair Mo Denis at 8:08 a.m. on Thursday, April 23, 2009, in Room 2134 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/75th2009/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman Mo Denis, Chair
Assemblywoman Kathy McClain, Vice Chair
Assemblyman Marcus Conklin
Assemblyman Pete Goicoechea
Assemblyman Joseph M. Hogan
Assemblywoman Ellen Koivisto

SENATE COMMITTEE MEMBERS PRESENT:

Senator Steven A. Horsford, Chair
Senator Joyce Woodhouse
Senator Warren B. Hardy II
Senator Dean A. Rhoads

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Brian Burke, Principal Deputy Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Heidi Sakelarios, Program Analyst
Janice Wright, Committee Secretary
Vickie Kieffer, Committee Assistant

Chair Denis explained the Subcommittee would change the order of the presentations today and begin with the Department of Business and Industry, Insurance Regulation budget. The Assembly members needed to briefly recess for photographs but would resume the hearing immediately after that and continue until the Subcommittee's business was concluded. He mentioned Senator Horsford was attending today's Subcommittee hearing via videoconference from Las Vegas.

DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE
B & I-INSURANCE REGULATION (101-3813)
BUDGET PAGE B & I-8

Heidi Sakelarios, Program Analyst, Fiscal Analysis Division, explained the Subcommittee may decide to revisit the proposed fees included in The Executive Budget for Insurance Regulation budget account (BA) 3813, because the fees had changed since the prior budget hearing. In The Executive Budget, the Governor recommended replacement of General Fund revenues with a new administration fee in the budget account for the 2009-2011 biennium. The new administration fee was projected to generate revenue of \$5,548,020 in fiscal year (FY) 2010 and \$4,207,920 in FY 2011. At the time The Executive Budget was prepared, the new administration fee was proposed at \$60 for insurance producers and \$1,200 for all other insurance carriers. The insurance producers would pay the \$60 administration fee upon application for renewal of the license, which expired every three years. The other insurance carriers would pay the \$1,200 fee upon application for renewal of the annual license.

Ms. Sakelarios said the Division of Insurance notified the Fiscal Analysis Division on March 24, 2009, it wished to revise the new administration fee recommended by the Governor to replace General Fund appropriations in the Insurance Regulation account. The Division indicated the fee for insurance carriers would be increased from \$1,200 per year to \$1,300 per year, and the fee for captive insurance carriers would be reduced from \$1,200 a year to \$250 per year. Captive insurance carriers are closely held insurance companies whose insurance business is primarily supplied and controlled by its owners. The recommended fee for insurance producers would remain at \$60 every three years, as recommended in The Executive Budget.

Ms. Sakelarios said the change to the administration fee rates would decrease the amount of revenue earned by the Division by \$382,450 in FY 2010 and \$256,750 in FY 2011. The Division indicated it would make up this revenue shortfall by reducing the number of new positions requested in The Executive Budget from 14 full-time equivalent (FTE) positions to 10 FTE positions and revising its internal cost allocation plan to increase revenue from other budget accounts within the Division.

Ms. Sakelarios said the Division noted that captive insurance carriers were inadvertently included in the \$1,200 fee revenue projections. Some legal questions arose when the Division identified the error, resulting in the Division's legal staff determining that captive insurance carriers could be assessed a fee, so long as the fee was the same for all captive insurance carriers, domestic and foreign. The Division indicated the insurance industry expressed concern about Nevada's competitiveness with other states if the additional \$1,200 fee was imposed on domestic captive insurance carriers. The Division indicated it explained the revenue need resulting from excluding captive insurers to the industry representatives. The Division obtained agreement from the representatives of domestic captive insurance carriers to support the \$250 assessment (an increase from the industry's initial understanding of captive insurers not being charged any administration fee). The Division indicated other insurance carriers agreed to the fee increase (from \$1,200 to \$1,300) to support development of an enterprise fund without dependence on General Fund appropriations.

Ms. Sakelarios provided the Subcommittee a table to show the new revenue projections based on the fee adjustments. She noted that reducing the recommendation of 14 FTE positions to 10 FTE positions reduced the funding need by \$144,647 in FY 2010 and \$201,555 in FY 2011.

Ms. Sakelarios said the Division provided a projection on April 16, 2009, indicating the administration fee for insurance producers would generate approximately \$2.3 million in revenue in FY 2010. This projection was almost \$1 million (72.5 percent) more than the Division's latest revised projections for administration fee revenue reflected in the table provided to the Subcommittee. Ms. Sakelarios said the Division indicated the projections had increased because new applications for licensure were not included in the previous projections provided by the Division. The Division indicated the \$2.3 million revenue projected for FY 2010 was an optimistic projection.

Chair Denis said the Subcommittee needed to close this budget today, but the Division kept changing the figures. He said the Subcommittee had run out of time and could no longer accept revisions. He asked the Division why it determined it was necessary to increase the administration fee for insurance carriers from \$1,200 to \$1,300 per year.

Scott J. Kipper, Commissioner of Insurance, Division of Insurance, Department of Business and Industry, testified the \$1,200 figure was arrived at during negotiations with the insurance industry in the latter part of 2008. That \$1,200 figure was a consensus figure based upon projections at that time. The \$1,300 figure was arrived at by looking at the revenue projections during discussions on the captive insurance fee reduction. The \$1,300 fee generated the revenue required to support the enterprise fund. He noted the \$1,300 figure was supported by the insurance industry. The insurance industry's support was a firm commitment that had not waived.

Chair Denis asked how the industry was notified about the \$1,300 increased fee. Mr. Kipper explained the Division held numerous discussions with the industry on the enterprise fund and the projected revenue numbers during the development of these fee proposals. Senator Hardy said it would be helpful to hear from some representatives of the insurance industry about the increased fees.

Michael Geeser, Media/Government Relations, California State Automobile Association (AAA), stated AAA supported the Division and the \$1,300 fee. Robert Compan, Farmers Insurance, stated Farmers Insurance supported the fees. He worked with the Division closely during the interim to ensure that the fees would not adversely affect Nevada consumers, but would modernize and help the Division to go forward. Robert A. Ostrovsky, representing Employers Insurance and Sierra Health, said both companies supported the Division's position and supported the minimum of ten FTE new positions for the Division to ensure the accreditation was done. The companies would prefer the 14 FTE positions but understood the economic problems facing the state. The companies supported ten FTE positions and would not support anything less than ten FTE positions.

Chair Denis asked how many new applications for insurance producer licenses the Division anticipated receiving in each fiscal year during the 2009-2011 biennium.

Kim A. Huys, Deputy Commissioner of Insurance, testified she estimated the number by looking back several years and examining historical and current trends. She thought approximately 1,000 new applications for producer licenses per month would be received in FY 2010, which would total 12,000 per year. She expected a slight decrease in the new applications for FY 2011 and anticipated about 900 new applications each month, which would total 10,800 per year.

Chair Denis asked about the number of the insurance producers that would pay the new administration fee each year. Ms. Huys responded the Division's original projections for FY 2010 were 22,587, so she would add about 12,000 to that and the total would be 34,587 insurance producers for FY 2010 and 33,387 insurance producers in FY 2011.

Chair Denis asked whether the new administration fee would increase the revenue by about 72.5 percent. Ms. Huys said she had not made that calculation as yet. Chair Denis said Fiscal Analysis Division staff indicated the revenue would increase by 72.5 percent. Ms. Huys asked whether the 72.5 percent took into account the Division's revised projections on the non-renewals. The Division found new application information that had not been correctly included. The Division also estimated the non-renewal rates at 800 per month, and the Division saw the non-renewals rates escalated significantly. The Division revised its projections to include a non-renewal rate of about 1,000 new applications per month for FY 2010 and about 1,100 per month for FY 2011.

Chair Denis asked whether the Division had finally decided on numbers for its projections and would those revised numbers be realistic and no longer subject to change. Ms. Huys said the Division had finalized its numbers for projections and she worked hard on queries from the database for the Fiscal Analysis Division staff and the insurance producer licensing staff. She built queries and continued to update projections on an on-going basis to see the trends.

Chair Denis asked whether the figures presented to the Subcommittee were final or subject to change. Ms. Huys confirmed the figures provided to the Subcommittee were final based on the best information available to the Division at this time.

Assemblyman Conklin was concerned about the reduction of the staff positions request from 14 FTE positions to 10 FTE positions. Accreditation was important for all the businesses, consumers, and the state. If the Division's estimates on staffing were incorrect, the Division would have difficulty maintaining its accreditation. He wondered how the Division arrived at the reduction in the captive insurer fees (which was a compromise to get from \$1,200 to \$1,300) and reduced the amount of revenue that would be captured from this program. He wondered whether the new fee amount could be adjusted. His concern was about the number of staff the Division would have to accomplish all its duties. Assemblyman Conklin said the persons at risk were not just the insurance companies.

Mr. Kipper explained the Division looked at the number of staff needed to complete its work. The Division decided the proper number of new staff was 10 FTE positions. The Division was sensitive to the economic problems of the state and was reluctant to create a much larger employee base. The Division also looked at its accreditation needs and the number of analysts and examiners needed in its corporate and finance sections. The 10 FTE staff positions

requested were appropriate for the workload and revenue projections of the Division. Mr. Kipper stated the 10 FTE new positions, along with the requisite number of examiners and analysts, would be adequate for the Division's needs at this time. If the Division attracted additional insurers to the state as the captive insurer program continued to grow, the Division would request additional staff to keep up with the growth.

Assemblyman Conklin asked for clarification about the reduction of the captive insurer fee. Dianne Cornwall, Director, Department of Business and Industry, stated the fee was not being reduced but was being increased. Mr. Kipper clarified the \$250 fee was in addition to the current fee assessed.

Senator Hardy said he had dealt with enterprise funds extensively in private industry. He said the reason industry supported fee increases was there was a heightened expectation the performance of the agency would improve. He noted that in most cases the performance did improve and the industry was pleased. There were some cases where performance did not improve and problems resulted. Senator Hardy said the Division must be certain it could deliver quality service when it asked the industry to support increased fees.

Assemblyman Conklin said the Division had expectations which made him nervous because he did not want the expectations to be unrealistic. If the Division's expectation that 10 FTE new positions were sufficient was incorrect, he wanted the Division to say so now. He wanted the Division to convince him that 10 FTE positions were sufficient to provide quality service to the industry.

Mr. Kipper said the Division had analyzed all the necessary calculations and studied the number of hours required to perform all the insurance examinations. Most of the 10 FTE new positions requested would be assigned to the corporate or financial examination section. He believed the numbers generated supported the 10 new FTE positions. As the Division further analyzed workloads over the next two years, if the 10 FTE positions proved insufficient, the Division would prepare a request with substantiation to the Interim Finance Committee (IFC) to add additional staff. Currently, the Division believed the 10 additional FTE positions would be sufficient.

Ms. Cornwall said the Division planned to work with the industry over the next two years to look at insurance processes and areas that needed improvement. The staffing was not something the Division would do as a "cut and run" solution, but the Department was committed to an ongoing process to improve quality.

Ms. Sakelarios explained the Division requested a revision to its cost-allocation methodology based on the projected time and effort each employee spent working on activities funded in each of the Division's seven other accounts. The current methodology allocated costs based on an equal weighting (50/50) of the percentage of the Division's approved FTE positions funded in each account and the percentage of the Division's program funds expended from each account in the base year. The revision in the methodology resulted in the revenue in this account increasing by \$675,479 in FY 2010 and \$765,282 in FY 2011.

Ms. Sakelarios explained the Division notified the Fiscal Analysis Division staff following the Subcommittee hearing on April 16, 2009, that it had again revised its proposed cost-allocation methodology. The Division indicated it still planned to use the methodology based on the time and effort of the employees in the

Insurance Regulation account (BA 3813), but it now planned to reduce the amount of the allocation to be paid by the remaining accounts within the Division by 20 percent during each year of the 2009-2011 biennium. The Division indicated this change was necessary because some of the accounts may not be able to support 100 percent of the allocated costs beyond the 2009-2011 biennium. The revision in the methodology increased the cost allocation revenue recommended in The Executive Budget from \$1,358,981 in FY 2010 and \$1,301,571 in FY 2011 to \$1,627,568 in FY 2010 and \$1,653,482 in FY 2011. The revision still allowed the Division to increase its revenue, though not as much as it originally projected after revising its cost allocation.

Chair Denis asked the Division to explain why this new cost-allocation methodology was better than the one used during previous biennia. Ms. Huys responded the Division looked for a more equitable and reliable method to ensure that the Division correctly distributed the costs. Cost allocation had changed over time, and the former methodology had not kept pace with those changes. With the growth of the captive insurer program, more work was required of staff. Staffing for education, research, and examination positions was primarily funded from the Division's regulatory account.

Ms. Huys believed a better methodology was to look at the actual effort that each staff member spent on the different types of activities supported by the Division across all budget accounts. The revised methodology was based on the percentage of time and effort expended. The Division was working on putting a method in place to track time and effort by employee so the Division could study the result and determine whether the Division was accurate with its cost-allocation calculations.

Chair Denis asked which accounts the Division determined might not be able to support 100 percent of the allocated costs beyond the 2009-2011 biennium. Ms. Huys answered that the Education and Research, and Cost Stabilization accounts might fall short at the 100 percent methodology near the end of the 2009-2011 biennium or shortly thereafter. The Captive Insurer budget account would also potentially fall short in about FY 2012.

Chair Denis said if the allocation was based on time and effort of employees in the Insurance Regulation account, whether fees would be raised in other Division accounts to support the cost allocation in future biennia. Ms. Huys answered the Division did not anticipate the need to raise fees in the future because all of the FTE positions were currently housed in the regulatory account in BA 3813.

Chair Denis asked the Division to explain the rationale of developing a cost allocation based on time and effort and assessing accounts only for 80 percent of the amount required to compensate the Insurance Regulation account for the time and effort identified in the cost allocation. Ms. Huys responded that the cost-allocation methodology was a new proposal, and the Division did not have enough empirical data to study. The Division wanted some time to study the new methodology to ensure the allocations were correct. When Ms. Huys ran the projections of support needed from other budget accounts it appeared there was insufficient revenue. She needed to study the global picture and look at the entirety of all the different accounts to determine whether the accounts could bear the full cost allocation in the future.

Chair Denis wondered how the Division determined that only 80 percent of the amount required to compensate the Insurance Regulation account should be assessed. Ms. Huys replied that she looked at the accounts that would be insufficient and the costs those accounts could bear and used that amount until the Division could refine its cost-allocation plan. She reviewed information for the next two years and projected beyond that and determined 80 percent was the load that could be supported at this time.

DEPARTMENT OF CULTURAL AFFAIRS
DCA-CULTURAL AFFAIRS ADMINISTRATION (101-2892)
BUDGET PAGE CULTURAL AFFAIRS-1

Debra Honey, Administrative Services Officer (ASO) 2, Division of State Library and Archives, Department of Cultural Affairs, explained that the Department was scheduled for two legislative hearings at the same time, and the Director and Chief Administrative Services Officer were in Room 3137 and were notified to come to this hearing room. Chair Denis said in that case, the Subcommittee would move to hear the Department of Employment, Training and Rehabilitation next and the Department of Cultural Affairs after that.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-ADMINISTRATION (101-3272)
BUDGET PAGE DETR-1

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained staff requested authority to make technical adjustments that may be necessary because of changes in cost allocations, assessments, computer pricing, and changes in the Governor's recommendations regarding salaries, benefits, longevity, and merit reductions for all the Department of Employment, Training and Rehabilitation (DETR) budgets. He would not repeat that request for each of the DETR budgets, but it was part of the budget closing for each budget account.

ASSEMBLYWOMAN MCCLAIN MOVED TO INCLUDE AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS THAT MAY BE NECESSARY BECAUSE OF CHANGES IN COST ALLOCATIONS, ASSESSMENTS, COMPUTER PRICING, AND CHANGES IN THE GOVERNOR'S RECOMMENDATIONS REGARDING SALARIES, BENEFITS, LONGEVITY, AND MERIT REDUCTIONS FOR BUDGET ACCOUNTS WITHIN THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION CLOSED TODAY BY THE SUBCOMMITTEE.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Hardy was not present for the vote.)

Mr. Atkinson explained the DETR administration budget account (BA) 3272 included the Director's Office, Human Resources, Financial Management, Office and Facility Services, Public Information and Internal Audit and provided management and support services to the other accounts within the Department. This account was funded by cost allocation to the other budget accounts within the Department.

Mr. Atkinson said the major closing issue for BA 3272 was utility inflation. There was discussion at the previous budget hearing that some budgets in The Executive Budget included inflation for utility costs for the 2009-2011 biennium, but no utility inflation was included for all the DETR budgets. The Subcommittee had two options. The Subcommittee could approve the budgets as submitted without any utility inflation. The second option was the Subcommittee could authorize Fiscal Analysis Division staff to adjust all the DETR accounts that included utilities by the same inflationary adjustment used elsewhere in The Executive Budget (6.8 percent in FY 2010 and 3 percent in FY 2011 for electricity, and 9 percent in FY 2010 and 3 percent in FY 2011 for natural gas). Funding for all of the utility adjustments would be provided from reserves and other non-General Funds sources. The Fiscal Analysis Division staff would adjust the Utility category.

Mr. Atkinson explained since utilities were budgeted in a unique category and funds could only be expended on utilities (unless work programmed into another category) and any unexpended amount would be balanced forward into reserve, staff recommended adjusting the Utility category as recommended elsewhere in The Executive Budget. Mr. Atkinson stated the utility issue was the only major issue for this budget and would recommend the remainder of the account be closed as recommended by the Governor.

Mr. Atkinson mentioned three additional full-time equivalent (FTE) positions were approved at the April 20, 2009, meeting of the Interim Finance Committee (IFC), consisting of two management analysts that assisted with the budgeting and financial analysis and one administrative assistant that performed personnel functions. Since those FTE positions were approved by the IFC, the FTE positions would be incorporated into the budget for the 2009-2011 biennium.

Chair Denis stated the Subcommittee could combine all the issues into one motion or split the motion into two parts. One option for the utility issue was to let the agency make a request to the IFC for approval of utility inflation. The other option for the utility issue was to authorize the Fiscal Analysis Division staff to adjust the Utility category based on the same inflationary increases used elsewhere in The Executive Budget. Funding would be provided from reserve and other non-General Fund sources. Since utilities were budgeted in a unique category and could only be expended on utilities (unless work programmed into another category) and any unexpended amount would be balanced forward into the reserve, staff recommended adjusting the Utility category as recommended elsewhere in The Executive Budget.

SENATOR RHOADS MADE A MOTION TO CLOSE BA 101-3272 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF TO ADJUST THE UTILITY CATEGORY BASED ON THE SAME INFLATIONARY INCREASE USED ELSEWHERE IN THE EXECUTIVE BUDGET (6.8 PERCENT FOR FY2010 AND 3 PERCENT FOR FY 2011 FOR ELECTRICITY; AND 9 PERCENT FOR FY 2010 AND 3 PERCENT FOR FY 2011 FOR NATURAL GAS). UTILITY INFLATION FUNDING WOULD BE PROVIDED FROM RESERVE AND OTHER NON-GENERAL FUND SOURCES. THE BA 3272 WOULD INCLUDE THE ADDITION OF THREE POSITIONS APPROVED AT THE APRIL 20, 2009, IFC MEETING.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED

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DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-INFORMATION DEVELOPMENT AND PROCESSING (101-3274)
BUDGET PAGE DETR-6

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, said funding for budget account (BA) 3274 was cost-allocated through charges to other budget accounts within the Department of Employment, Training and Rehabilitation (DETR). The Executive Budget recommended \$491,752 in fiscal year (FY) 2010 and \$457,509 in FY 2011 for new and replacement computer equipment. The Department indicated that all computer-related equipment was requested in accordance with the recommended replacement schedule of the Department of Information Technology (DoIT). The Subcommittee heard testimony during the prior budget hearing about the stresses that the current unemployment situation had placed on the information technology (IT) infrastructure at DETR and on the need to keep the computer equipment and the Master Services Agreement (MSA) contractor expertise in good working order. These decision units, Enhancement (E) 710 and E720, appeared reasonable to Fiscal Analysis Division staff.

Mr. Atkinson said the Governor recommended two additional IT full-time equivalent (FTE) positions consisting of a new IT technician 4 and an IT professional 2 to manage the increased workload for the oversight of six Job Connect offices. The Department indicated these services were previously supported by NevadaWorks. The decision unit E250 appeared reasonable to the Fiscal Analysis Division staff.

Mr. Atkinson said the additional FTE positions approved at the February 3, 2009, Interim Finance Committee (IFC) meeting included an IT professional for support in maintaining the communications systems of the Employment Security Division. The Department's concern was the demand placed on the communications telephone system and the filing of claims via the Internet. Included in the DETR work program was an estimate of the additional mainframe cost required because of all the unemployment claims processing. The work program approved by the IFC increased the Information Services category by approximately \$260,000 for projected DoIT costs for the remainder of FY 2009 and was primarily related to increased mainframe costs. Since this high mainframe usage was not included in the recommendations in The Executive Budget, DETR requested approximately \$460,000 in additional mainframe costs be added to each year of the 2009-2011 biennium to be funded through cost-allocation reimbursement revenue.

Dave Haws, Information Development and Processing Division Administrator for DETR, explained the IT costs increased in response to the unemployment claims processing that occurred in the state. Since the July/August timeframe, the Central Processing Unit, Customer Information Control System usage, and database usage had doubled. He did not expect the IT usage numbers to decrease. He expected the claims would continue to increase through FY 2010. The IT usage was a direct response to all the claims processing that was occurring. Mr. Haws said the expectation was that DETR would continue to

experience high IT usage and incur those costs throughout the 2009-2011 biennium.

Chair Denis asked about the request for the two additional IT FTE positions. Mr. Haws replied the additional programming positions were to support the federal changes occurring because of the federal stimulus money requirement to add the alternative base period and include the additional \$25 of federal compensation. A lot of programming work was required so DETR expected it needed extra resources to help accomplish the work. Mr. Haws said DETR made some emergency changes right away to get payments issued quickly. The Department required a significant amount of reporting and verification. In addition, DETR continued to need ongoing support for requirements within the Legacy mainframe system. The DETR was moving into an era in which it would be looking at user-interface (UI) modernization. So two things were happening at the same time. The DETR wanted to modernize computer systems and had developed technology investment requests (TIRs) to maintain the Legacy system and also handle the increased claims processing volumes. The two new positions would help DETR accomplish those two goals.

Chair Denis said the Subcommittee would need to determine whether to approve funding for additional mainframe utilization and the additional FTE positions presented as item 5 by Fiscal Analysis Division staff and whether to close the remainder of the account as recommended by the Governor, with the inclusion of the positions approved by IFC.

ASSEMBLYWOMAN MCCLAIN MOVED TO CLOSE BA 101-3274
AS RECOMMENDED BY THE GOVERNOR AND APPROVE FUNDING
FOR ADDITIONAL MAINFRAME UTILIZATION AND APPROVE THE
ADDITIONAL POSITIONS DISCUSSED BY FISCAL ANALYSIS
DIVISION STAFF AND APPROVE THE INCLUSION OF THE
POSITIONS APPROVED BY IFC.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-RESEARCH & ANALYSIS (101-3273)
BUDGET PAGE DETR-13

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained budget account (BA) 3273 was funded primarily through a combination of federal funds, direct charges, and cost allocation to other agencies. Two decision units, Maintenance (M) 503 and Enhancement (E) 325, were discussed in the Subcommittee hearing. Decision unit M503 requested funding of \$96,000 in each year of the 2009-2011 biennium to continue two intermittent positions to conduct surveys of employers and participants to determine satisfaction with the workforce investment services provided by the Department. This customer satisfaction indicator was required by the federal Workforce Investment Act. This \$96,000 amount was slightly reduced from the \$100,000 each year that had been approved for this purpose in the last several biennia.

Mr. Atkinson said that decision unit E325 established for each year of the 2009-2011 biennium, federal funding of \$900,000 and spending authority in a unique expenditure category for a federal-state partnership with the Bureau of Labor Statistics, to develop a framework for consistency in the development, improvement, and delivery of employment projections. According to testimony provided by the Department at the prior budget hearing, Nevada would serve as the fiscal agent for this new partnership with funding provided by the U.S. Department of Labor. Projects for development, improvement, or delivery of data would be assigned to whichever of the 15 states or federal partners was best suited for the project. Nevada would transfer the requisite funding (authorized through this decision unit) to the assignee. Decision unit E325 basically had no fiscal effect on the state. The Fiscal Analysis Division staff recommended approval of this account as recommended by the Governor.

ASSEMBLYWOMAN MCCLAIN MOVED TO CLOSE BA 101-3273
AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-EQUAL RIGHTS COMMISSION (101-2580)
BUDGET PAGE DETR-20

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, said funding sources for budget account (BA) 2580 were the General Fund and federal funding from the Equal Employment Opportunity Commission (EEOC). The Nevada Equal Rights Commission (NERC) was responsible for investigating charges alleging employment discrimination and negotiating administrative settlements.

Mr. Atkinson explained The Executive Budget recommended decision unit Enhancement (E) 737, which would establish a new federally-funded program to investigate and resolve housing discrimination complaints and included two full-time equivalent (FTE) positions, a compliance investigator 2 and an administrative assistant 1. According to the Department, Nevada's housing discrimination laws did not parallel the federal laws, and most housing discrimination cases end up leaving the NERC and moving to a federal agency. Bill Draft Request (BDR) 18-1169 (later introduced as Assembly Bill 559) was submitted by the Department of Administration to align Nevada's housing discrimination laws with federal law. The Executive Budget would add the FTE positions to handle those cases.

Mr. Atkinson explained one of the concerns of the Subcommittee was the effect the new program might have on the employment-related discrimination cases. The NERC provided responses that indicated there may be some other items in the budget that affected employment-related discrimination cases, but this program would not cause performance on employment-related discrimination cases to deteriorate. The program would be self-funded. The first year and a quarter would involve some capacity-building funding that would be provided

through the U.S. Department of Housing and Urban Development (HUD). But following that federal funding, the NERC would be paid from the HUD for each case resolved and that would make the account self-funded. Staff would suggest the Subcommittee issue a Letter of Intent advising the NERC that if the program failed to be self-funded, the Department should eliminate the program in its budget for the 2011-2013 biennium. The program would operate similar to a pilot program. The BDR 18-1169 would allow the NERC to enter into a Fair Housing Assistance program contract with HUD to fund Nevada's investigation and resolution efforts. If this program was approved, the provisions of BDR 18-1169 would need to be enacted.

Assemblywoman McClain asked about the current status of BDR 18-1169. Mr. Atkinson responded the Legal Division was probably waiting to draft the bill if it was determined necessary for the budget implementation. Mr. Atkinson said it was his understanding that the legislation would not be needed if this recommendation was not approved in the budget.

Chair Denis said the questions were whether the Subcommittee wanted to approve the Governor's recommendation and issue a Letter of Intent advising the NERC that if the program failed to be self-supporting, the next budget should include a proposal to eliminate the program.

SENATOR RHOADS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION REGARDING E737, THE HOUSING DISCRIMINATION PROGRAM AND ISSUE A LETTER OF INTENT ADVISING THE COMMISSION THAT IF THE PROGRAM FAILED TO BE SELF-SUPPORTING, THE REQUESTED BUDGET FOR THE 2011-2013 BIENNIUM SHOULD INCLUDE A PROPOSAL TO ELIMINATE THE PROGRAM.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Atkinson explained the Subcommittee heard testimony that the funding from the Equal Employment Opportunity Commission (EEOC) was decreasing. Decision unit E327 implemented a procedure for submitting interim progress billings to the EEOC as a result of a Legislative Counsel Bureau (LCB) audit recommendation. Rather than waiting until the end of the year to bill EEOC for services under the agreement, the LCB audit recommended interim billings. Implementation of this audit recommendation resulted in a one-time accounting change included in E327, recognizing \$123,913 of additional contract revenue in FY 2010 (with a resulting reduction in General Fund). In addition, decision unit E327 reflected a reduction of \$135,305 in EEOC contract revenue to align the revenue source to the anticipated amount for FY 2011. To address the reduced contract revenue in FY 2011, the Governor recommended the elimination of a compliance investigator and administrative assistant position.

Mr. Atkinson stated that decision unit Maintenance (M) 160 recommended the elimination of one vacant full-time equivalent (FTE) compliance investigator 2 position as a continuation of the budget reductions for the 2007-2009 biennium. This elimination resulted in General Fund savings of approximately \$74,000 in each year of the 2009-2011 biennium.

Mr. Atkinson stated the NERC indicated each compliance investigator position had a minimum caseload of 120 cases per year, so these recommended position

eliminations would result in 120 fewer cases being resolved in FY 2010 and 240 fewer cases in FY 2011. Currently, the average time to close an employment-discrimination case was 177 days, and the Commission indicated the position eliminations would increase the time required to close cases.

Chair Denis thought the Subcommittee may wish to add an additional \$74,000 to retain the compliance investigator position in FY 2011. The NERC may fall behind in its workload if the FTE position was eliminated.

Assemblywoman McClain wondered if the Subcommittee retained that one FTE position, whether the position was already filled or would the agency need to wait to find the appropriate replacement. Chair Denis confirmed the position was already filled and funded for FY 2010. The Subcommittee could consider whether it wanted to add the \$74,000 to retain the FTE position for FY 2011.

Mr. Atkinson said the Subcommittee might wish to fund the FTE position that was recommended for elimination in FY 2011 in E327 with General Funds. The alternative was to put the \$74,000 in General Fund to continue that position in FY 2011, but the General Fund would be reverted if the federal money were maintained at a level sufficient to support it.

Assemblyman Goicoechea said his concern was that if additional federal funds were not received, the cost became an add-back. Chair Denis agreed that if the Subcommittee decided to fund the one FTE position in FY 2011, it would cost an additional \$74,000 and would be considered an add-back.

Chair Denis asked whether funding for the FTE position in FY 2011 could be requested from the Interim Finance Committee (IFC). Mr. Atkinson said there were positions in this budget account that were funded from General Fund so he thought that the NERC could approach the IFC for approval from the Contingency Fund if it needed the additional position. The position was currently filled, and the NERC thought it was likely that the position services would be needed. The NERC would need to request an allocation from the Contingency Fund, and would be in the position of not knowing whether the request would be approved. The NERC would need to determine whether it should lay off the position or what it would do in relation to the federal money being reduced on July 1, 2010.

Chair Denis said the main question for the Subcommittee was did it agree there would be a need for the position based on the issues and the economy. The Subcommittee could keep the two FTE positions, or it could keep one FTE position and eliminate the other one in the second year, or it could eliminate both positions.

Marty Ramirez, Consultant to DETR, stated that as DETR prepared for the budget closings today, DETR staff had a discussion with the Equal Rights administrator, who shared that he had been in negotiation with the EEOC, which was considering an increase to Nevada's contracts on October 1, 2009. The DETR was currently funded for 660 cases and the EEOC considered a likely increase to infuse over \$100,000 into the account, based on the current economic conditions and cases in Nevada.

Chair Denis asked whether that would increase the amount of federal revenue by \$100,000. Mr. Ramirez confirmed the additional \$100,000 would be likely if current economic conditions continued. Many economists thought economic conditions would remain difficult for Nevada's economy for the next several

years. It was likely that the federal revenue that DETR could access in the future would be greater than the amount DETR currently received.

Chair Denis asked whether that additional federal funding would be available to fund that one FTE position in FY 2011. Mr. Ramirez confirmed that the funds could be used for that purpose.

Assemblywoman McClain asked whether the Governor's recommendation was to keep the FTE position for FY 2010. Chair Denis said the Subcommittee could approve the elimination of the two FTE positions. It sounded as if DETR would have additional funds to pay for the FTE position in FY 2011. Chair Denis asked Mr. Atkinson to clarify the situation.

Mr. Atkinson stated the Governor's recommendation in decision unit E327 retained the FTE position in FY 2010 and eliminated the FTE position in FY 2011. Mr. Atkinson said the Department had just indicated that federal revenue would be sufficient to support that FTE position through the entire biennium. He thought the Subcommittee could approve the decision unit E327 except for the elimination of the FTE position and authorize the Fiscal Analysis Division staff to add the revenue anticipated to support the FTE position. He said decision unit M160, which eliminated an FTE position recommended as a budget cut, was a completely separate issue.

Chair Denis said there were two FTE positions to consider. If the Subcommittee approved the Governor's recommendation, it would eliminate both FTE positions. But the Subcommittee could retain one FTE position and allow the Fiscal Analysis Division staff to adjust the budget based on the additional revenues from the federal sources.

ASSEMBLYWOMAN MCCLAIN MOVED TO APPROVE DECISION UNIT E327 TO ELIMINATE ONE FTE POSITION AND RETAIN THE OTHER FTE POSITION AND AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF TO ADJUST THE BUDGET BASED ON THE ADDITIONAL REVENUES FROM THE FEDERAL SOURCES.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Atkinson suggested the Subcommittee could decide the remaining issues including decision unit M160 and the remainder of BA 2580.

ASSEMBLYMAN HARDY MOVED TO CLOSE THE REMAINDER OF BA 101-2580 INCLUDING DECISION UNIT M160 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-REHABILITATION ADMINISTRATION (101-3268)
BUDGET PAGE DETR-29

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained budget account (BA) 3268 contained no major closing issues and the Fiscal Analysis Division staff recommended BA 3268 be closed as recommended by the Governor.

SENATOR HARDY MOVED TO CLOSE BA 101-3268 AS
RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-DISABILITY ADJUDICATION (101-3269)
BUDGET PAGE DETR-37

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained budget account (BA) 3269 included the responsibility for providing medical disability decisions to individuals who filed claims for disability benefits under the federal Social Security Administration's Disability Insurance (SSDI) and Supplemental Security Income (SSI) disability programs. Budget account (BA) 3269 was 100 percent funded by the Social Security Administration.

Mr. Atkinson discussed several adjustments to BA 3269. Decision unit Maintenance (M) 101 recommended \$33,321 in fiscal year (FY) 2010 and \$50,837 in FY 2011 for anticipated inflationary increases in the cost of contractual services for medical records review in making medical disability determinations. The Executive Budget inadvertently included inflation of 2.8 percent in FY 2010 and 3.1 percent in FY 2011, even though the Budget Division's intent was to include annual increases of 3.4 percent over the FY 2008 base year in accordance with the change in the Consumer Price Index for professional medical care services for the six months ending June 2008. The Department requested a technical adjustment to include the 3.4 percent inflationary factor in each year. The Fiscal Analysis Division staff thought the request was reasonable.

Mr. Atkinson said decision unit Enhancement (E) 250 recommended \$257,538 in FY 2010 and \$281,180 in FY 2011 for additional outside medical or psychological examinations and the associated travel by the client to those examinations related to making disability determinations. The funding represented an increase of 10 percent in FY 2010 and an additional 19.18 percent in FY 2011 compared to FY 2010. The Department indicated that the rate of increase should be based on the average cost increase per case from year-to-year (9.18 percent); however, the recommendations in The Executive Budget did not appear to be based on that methodology. The Fiscal Analysis Division staff sought authority to adjust this decision unit based on the year-to-year increase per case.

Mr. Atkinson explained one of the recommendations of the Legislative Audit was to improve the timeliness in rendering disability-determination decisions and reducing the backlog of pending claims. Two work programs were approved at the April 20, 2009, Interim Finance Committee (IFC) meeting adding staff that would assist with reducing the backlog and addressing the increase in applications anticipated as baby boomers entered their most likely years for disability to occur. The work program included the following full-time equivalent (FTE) positions, all of which were approved by the Social Security Administration prior to the request to IFC:

1. A licensed psychologist 1
2. A physician
3. An adjudication supervisor
4. Seven disability adjudicator 4s
5. An administrative assistant 2

The FTE positions would be incorporated into the 2009-2011 budget. The Fiscal Analysis Division staff sought authority to adjust decision unit M101 inflation and decision unit E250 for outside medical and psychological examinations as requested by the Department and to include the new positions approved by IFC. Staff also recommended the remainder of the account be closed as recommended by the Governor.

SENATOR HARDY MOVED TO CLOSE BA 101-3269 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ADJUST DECISION UNIT M101 INFLATION AND DECISION UNIT E250 OUTSIDE MEDICAL AND PSYCHOLOGICAL EXAMINATIONS AS REQUESTED BY THE DEPARTMENT AND TO INCLUDE THE NEW POSITIONS APPROVED BY THE IFC.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-VOCATIONAL REHABILITATION (101-3265)
BUDGET PAGE DETR-44

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, stated budget account (BA) 3265 was funded primarily through federal funding with state General Fund utilized as the 21.3 percent required matching funds for the federal Section 110 Grant. In past years, the Legislature had not provided sufficient General Fund for the Department to draw in all the Section 110 Grant funding. However, the federal Rehabilitation Services Administration recently advised the Department that approximately \$700,000 of the administrative expenses of the Blind Business Enterprise Program (BA 3253) could be used as match for the Section 110 Grant funds in addition to or in lieu of General Fund. Decision unit Enhancement (E) 660 combined this additional match with General Fund reductions of \$309,024 in FY 2010 and \$325,709 in FY 2011, resulting in approximately \$1.2 million additional Section 110 Grant funding available

annually, which provided additional funding for case services in the amount of \$928,380 in FY 2010 and \$866,732 in FY 2011.

Mr. Atkinson said decision unit Maintenance (M) 160 in The Executive Budget recommended the elimination of three vacant full-time equivalent (FTE) positions as a continuation of the budget reductions for the 2007-2009 biennium. Subsequently, the Budget Division submitted budget amendment 58 to restore the three FTE positions proposed for elimination in decision unit M160 by funding the FTE positions entirely with Section 110 Grant funds. Budget amendment 58 proposed utilizing existing Blind Business Enterprise program (BA 3253) expenditures for the required match rather than General Funds. The Fiscal Analysis Division staff recommended approval of budget amendment 58.

Mr. Atkinson said a major issue in BA 3265 was the revenue from the American Recovery and Reinvestment Act of 2009 (ARRA) included additional vocational rehabilitation Section 110 Grant funding in the amount of \$4,217,502 and additional Independent Living funding in the amount of \$242,913. No additional match was required for this funding. Based on the proportionate client base served, 90 percent of the Section 110 Grant funding would be utilized in BA 3265, and 10 percent would be utilized in the Services to the Blind and Visually Impaired BA 3254. In accordance with the guidance for ARRA funds urging rapid utilization, 25 percent of the Section 110 Grant funds were approved at the April 20, 2009, Interim Finance Committee (IFC) meeting for use in FY 2009. The Department requested a budget amendment to adjust the budget to include the Independent Living funding and the remaining 75 percent of the Section 110 Grant funding in FY 2010. While the budget amendment had not been processed, the request appeared reasonable to the Fiscal Analysis Division staff.

Mr. Atkinson stated that the Fiscal Analysis Division staff recommended the account be closed as recommended by the Governor, including approval of budget amendment 58 to restore the three FTE positions in decision unit M160. In addition, staff recommended the inclusion of the ARRA funds as previously discussed.

Assemblywoman McClain asked for an explanation of the Independent Living funding. Marty Ramirez responded for the Department of Employment, Training and Rehabilitation (DETR). He said the Independent Living funds were passed through DETR to the Office of Disability Services (ODS) for use for home modifications and other adaptive equipment to allow persons to live independently in their homes. The reason why these funds were distributed through DETR was the Rehabilitation Services Administration's regulation designated the state unit for vocational rehabilitation funding (DETR) must receive the funds. However, it was in the best interest of the recipient of those services that the funds be passed through to the ODS for actual provision of the services. The DETR acted as the fiscal oversight agent. Assemblywoman McClain asked whether the funds were used for personal care and Mr. Ramirez confirmed that use.

SENATOR HARDY MOVED TO CLOSE BA 101-3265 AS RECOMMENDED BY THE GOVERNOR INCLUDING APPROVAL OF BUDGET AMENDMENT 58 TO RESTORE THE THREE FTE POSITIONS IN DECISION UNIT M160 AND THE INCLUSION OF THE ARRA FUNDS BY THE FISCAL ANALYSIS DIVISION STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-SERVICES TO THE BLIND AND VISUALLY IMPAIRED (101-3254)
BUDGET PAGE DETR-54

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained budget account (BA) 3254 was funded primarily through federal funds with state General Fund matching monies. This budget account was similar to BA 3265 because the additional Section 110 Grant funds were expended in BA 3254. Decision unit Maintenance (M) 160 in The Executive Budget recommended elimination of two vacant rehabilitation counselor full-time equivalent (FTE) positions as a continuation of the budget reductions for the 2007-2009 biennium. The Budget Division submitted budget amendment 57 to restore the FTE positions proposed for elimination in M160 by funding the FTE positions entirely with Section 110 Grant funds and utilizing existing Blind Business Enterprise program (BA 3253) expenditures for the required match rather than General Funds.

Mr. Atkinson said budget amendment 57 also recommended the replacement of two Braille machines used in providing assistance with converting documents to Braille to ensure Americans With Disabilities (ADA) compliance. These Braille machines cost \$8,850 each and were included in the agency's requested budget; however, as a budget reduction measure, they were not originally recommended by the Governor. The agency indicated the machines were needed to address changes that had occurred in the Braille language technology. The Braille machines would be funded entirely with Section 110 Grant funds, with the match provided by expenditures of the Blind Business Enterprise program rather than General Funds.

Mr. Atkinson said the American Recovery and Reinvestment Act of 2009 (ARRA) included additional vocational rehabilitation Section 110 Grant funding in the amount of \$4,217,502 and additional Older Individuals who are Blind funding in the amount of \$280,405. Based on the proportionate client base served, 10 percent of the Section 110 Grant funding would be utilized in this budget account and 90 percent in the Vocational Rehabilitation account (BA 3265). In accordance with the guidance for ARRA funds urging rapid utilization, 25 percent of these funds were approved at the April 20, 2009, Interim Finance Committee (IFC) meeting for use in FY 2009. The Department requested a budget amendment to adjust the budget to include the remaining 75 percent of the ARRA funding in FY 2010.

Mr. Atkinson said the Fiscal Analysis Division staff recommended the account be closed as recommended by the Governor, including approval of budget amendment 57 to restore the two positions in decision unit M160 and the addition of two Braille machines in decision unit E710. In addition, the Fiscal Analysis Division staff recommended authority to include the ARRA funds as presented.

Assemblywoman McClain asked whether the Older Individuals who are Blind funds flowed to the Office of Disability Services. Renee Olson, Administrative

Services Officer, DETR, said that the funds stayed in DETR and were used to serve DETR clients, who were elderly and blind. Marty Ramirez explained these funds provided visual aids for computer use and typical client services to other individuals who were visually impaired, but the funds were geared more toward older individuals.

ASSEMBLYMAN HOGAN MOVED TO CLOSE BA 101-3254 AS RECOMMENDED BY THE GOVERNOR INCLUDING APPROVAL OF BUDGET AMENDMENT 57 TO RESTORE THE TWO POSITIONS IN DECISION UNIT M160, THE ADDITION OF TWO NEW BRAILLE MACHINES, AND THE INCLUSION OF THE ARRA FUNDS BY FISCAL ANALYSIS DIVISION STAFF.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-SERVICES TO THE BLIND BUSINESS ENTERPRISE PROGRAM (101-3253)
BUDGET PAGE DETR-63

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained decision unit Enhancement (E) 325 included the recommendation for use of reserve funding of \$539,000 in FY 2010 and \$379,000 in FY 2011 to construct and equip two new blind vendor facilities (one each year) and to renovate the three existing facilities at Hoover Dam. One of the new facilities would be located within the Red Rock Conservation area and one at the Clark County Shooting Park. The renovation of the three sites at Hoover Dam was budgeted at \$300,000.

Mr. Atkinson stated the agency indicated that the agreement for the proposed facility at the Clark County Shooting Park was close to being signed; however, negotiations just began on the proposed facility at Red Rock Conservation area. In the event an agreement was not reached with the Red Rock facility, the Department may decide to negotiate for a facility in a new location. The Subcommittee would want to learn where the facility would be located. The negotiations were still ongoing with the Red Rock facility and agreement may not be reached. If DETR was unable to reach an agreement with the Red Rock facility, DETR could work with some other public facility to place a snack bar in another facility. The Subcommittee may wish to recommend a Letter of Intent requiring the Department to submit an informational item to the Interim Finance Committee if an agreement was not reached with the Red Rock facility and a new location was chosen.

Mr. Atkinson said the Fiscal Analysis Division staff recommended that the remainder of the account be closed based on the Governor's recommendation.

ASSEMBLYWOMAN KOIVISTO MOVED TO CLOSE BA 101-3253 AS RECOMMENDED BY THE GOVERNOR AND ISSUE A LETTER OF INTENT IN THE EVENT AN AGREEMENT WAS NOT REACHED WITH THE RED ROCK FACILITY AND THE DEPARTMENT DECIDED TO NEGOTIATE FOR A FACILITY IN A NEW LOCATION.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-CLIENT ASSISTANCE PROGRAM (101-3258)
BUDGET PAGE DETR-71

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained budget account (BA) 3258 was a small account which paid for the Client Assistance Program. The Client Assistance Program provided information, upon request, to individuals statewide regarding benefits and services available under the Americans with Disabilities Act and the Rehabilitation Act. This program was required as a qualification to receive basic support under Title I, Section 110 of the federal Rehabilitation Act of 1973 as amended. The program was funded 100 percent through federal funds at a cost of \$177,410 for FY 2010. There were no major closing issues, and the Fiscal Analysis Division staff recommended the account be closed as recommended by the Governor.

ASSEMBLYWOMAN MCCLAIN MOVED TO CLOSE BA 101-3258
AS RECOMMENDED BY THE GOVERNOR

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-EMPLOYMENT SECURITY (205-4770)
BUDGET PAGE DETR-77

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained the Budget Division submitted budget amendment 73 to provide for the programming and staffing costs needed to implement the Alternative Base Period for Unemployment Insurance benefits. The Unemployment Insurance (UI) benefits were approved about a month ago. Budget amendment 73 provided \$500,000 in programmer charges, two new contributions examiner positions to request wage information, and two UI representatives to make corrections to duplicated reported wages to process the Alternative Base Period claims in a timely manner. He believed the budget amendment was based on information provided to the Budget Division because DETR requested the alternative base period be implemented in FY 2011. The total cost of the amendment was \$524,192 in fiscal year (FY) 2010 and \$207,125 in FY 2011 funded with federal administrative cost allowance. The FY 2010 original amount did not include the staffing that would be required. The revised budget amendment would add \$207,125 to the \$524,192 in FY 2010, to pay for the staffing in FY 2010 because the alternative base period was approved one year earlier than

anticipated. The Fiscal Analysis Division staff recommended approval of the budget amendment.

ASSEMBLYWOMAN MCCLAIN MOVED TO APPROVE BUDGET
AMENDMENT 73 FOR BA 205-4770.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Atkinson said the second major issue in budget account (BA) 4770 was decision unit Enhancement (E) 330 which recommended \$492,300 in FY 2010 and \$475,901 in FY 2011 to create a Workforce Transformation Unit. The agency indicated the unit would be established to promote efforts that advanced workforce and education initiatives with employers, labor organizations, postsecondary educational institutions, trade associations, and other stakeholders. The Subcommittee had concerns at the prior hearing about whether those outcomes would be cost appropriate for the benefits received in today's economic climate. It was unclear what the results might be from a program like this, so Mr. Atkinson suggested that this proposal could be approved as a pilot project, and the positions would sunset at the end of FY 2011. Based on the results and outcomes from the pilot project, the proposal could be considered for continuation by the 2011 Legislature. Mr. Atkinson could not find any persuasive information to convince the Legislature to approve or deny this project.

Senator Horsford said he supported this decision unit E330 to compliment the provisions of Senate Bill (S.B.) 239 (1st Reprint) which addressed the coordination between the work force and economic development efforts. While The Executive Budget may not have fully developed the work force development concept, the amended S.B. 239 (R1) supported by DETR and its stakeholders fully developed the concept. While the state was experiencing this bad economy, it must invest in areas that helped industry create jobs and address workforce needs. He supported these efforts. Senator Horsford asked about the Fiscal Analysis Division's staff recommendation to sunset this program. He wondered whether the program would still sunset if a future Governor proposed the program in his budget. He was not clear on that point. If a future Governor included this program in his budget, could the Legislature consider extending the program?

Mr. Atkinson confirmed Senator Horsford's understanding was correct. The Subcommittee could approve this program now, and the program would continue through June 30, 2011. The program could be reconsidered if a future Governor wanted to recommend the program in the budget for the next biennium 2011-2013. The program could be a continuation of that same program, but it would have to be re-justified or reconsidered based on the Governor's recommendation.

Senator Horsford said because of the fact that the program funding would come from the career enhancement program, he thought creation of the Workforce Transformation Unit was important. A future Governor could determine the success of the unit and include it in a future budget, if appropriate. Based on the leadership of DETR and the work being done on other legislation, he believed the results would show the unit was a success and had value for Nevada. He believed it was appropriate to create the unit as a pilot program for the 2009-2011 biennium.

SENATOR HORSFORD MOVED FOR APPROVAL OF E330, CREATION OF A WORKFORCE TRANSFORMATION UNIT, FOR THE 2009-2011 BIENNIUM WITH A SUNSET AT THE END OF FY 2011.

SENATOR WOODHOUSE SECONDED THE MOTION.

During discussion of the motion, Assemblywoman McClain was concerned about the sunset. She disliked the sunset and believed the program would not receive any attention during the next legislative session because it would have terminated and most of the current legislators would be gone because of term limits. The program deserved to be discussed by the next Legislature and she did not think the program should sunset.

Chair Denis said the future Governor would decide whether he wanted to include the program in his budget. Assemblywoman McClain said that was her objection. Assemblyman Goicoechea said the Governor could decide whether any item was to be included in The Executive Budget, and that was true for any budget item, whether the item had a sunset or not.

Assemblywoman McClain said her point was this was an automatic sunset. If somebody wanted to forget about the program, then the Legislature would never hear about the program again. Chair Denis said the Division could return and say it had been working with this program for two years, the program was ineffective, the program should sunset, or the Subcommittee could ask for the sunset to be removed.

Chair Denis said the Subcommittee had a motion to create the Workforce Transformation Unit and include the sunset provision. Assemblywoman McClain had said she wanted to remove the sunset. Chair Denis asked whether the maker of the motion want to change the motion. Senator Horsford said he would agree to amend the motion and delete the sunset provision. He commented that everything started over every two years. If a future Governor did not include this program in his budget, then the agency or the Legislature would need to discuss the program if it was effective. Senator Horsford agreed to amend his motion.

SENATOR HORSFORD MOVED TO APPROVE CREATION OF WORKFORCE TRANSFORMATION UNIT WITHOUT A SUNSET.

SENATOR WOODHOUSE SECONDED THE MOTION.

Chair Denis said the amended motion would remove the sunset. He thought in two years this program could be reviewed by the Legislature during the budget hearings. Assemblywoman McClain said if the sunset was removed, then the program would automatically come back for review by the Legislature. Chair Denis agreed that the program would be reviewed in two years, and the Legislature would decide whether to keep the program or eliminate the program. Chair Denis said the Governor could either include the program in the budget or not include the program in the budget, and the Legislature would decide whether it wanted to keep the program in the budget or not.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Atkinson said the third major issue was decision unit Enhancement (E) 326, which recommended the Division discontinue the use of outside legal counsel and establish two new full-time equivalent (FTE) positions consisting of an unclassified senior attorney and a legal secretary 2. The Division indicated that the attorney would represent the Division in complex tax and unemployment eligibility cases. The FTE positions would be funded by the Employment Security-Special Fund (BA 235-4771) in the amount of \$186,877 for FY 2010 and \$174,918 in FY 2011. The Division indicated that outside legal costs for FY 2009 were anticipated to be \$180,000. Based on testimony at the prior budget hearing, this recommendation appeared reasonable to Fiscal Analysis Division staff.

ASSEMBLYWOMAN KOIVISTO MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION ON DECISION UNIT E326.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Atkinson explained the remaining closing items were not major, and he reviewed the items for the Subcommittee, which could all be included in one motion. Decision unit E327 recommended funding for three compliance/audit investigator 2 positions, one auditor 2 position, and one employment development manager position to address increased workload, as well as issues related to national trends in the misclassification of workers for tax-rate manipulation. This recommendation appeared reasonable to the Fiscal Analysis Division staff.

Mr. Atkinson said decision unit E328 recommended \$103,275 over the 2009-2011 biennium to provide funding for a workforce service representative 5 supervisory position, which was needed because the Division assumed responsibilities for the northern and rural JobConnect systems. Prior to July 2007, the JobConnect offices were managed by the local workforce investment entity NevadaWorks, which ran the JobConnect offices in northern and rural Nevada. This recommendation appeared reasonable to the Fiscal Analysis Division staff.

Mr. Atkinson explained decision unit E329 recommended \$113,211 over the 2009-2011 biennium to provide a management analyst to assist the administrator and executive staff in research, logistical, and analytical support. This recommendation appeared reasonable to the Fiscal Analysis Division staff.

Mr. Atkinson stated decision unit E325 recommended \$3.8 million each year of the 2009-2011 biennium for intermittent positions to assist the Division with the high unemployment claims workload. In comparison, the legislatively approved budget for intermittent positions was \$350,000 in each year of the 2007-2009 biennium (not including recent augmentations presented to the Interim Finance Committee). The Budget Division submitted budget amendment 40 to increase the \$3.8 million to \$5 million each year of the 2009-2011 biennium based on additional intermittent positions approved to address the high level of unemployment filings. This amendment appeared reasonable to the Fiscal Analysis Division staff.

Mr. Atkinson explained decision unit E125 recommended \$234,600 for MSA programmer charges to change the UI rate methodology to allow for a joint account and a group-experience rating among businesses that had common

ownership. Mr. Atkinson understood that this change in rate methodology required a statutory change. Senate Bill (S.B.) 386 was introduced to provide for this change in methodology; however, the bill failed to receive approval by the April 10, 2009, deadline. Staff recommended this decision unit not be approved as the programming would no longer be required.

Mr. Atkinson said at the April 3, 2009, meeting of the Interim Finance Committee (IFC), 25 percent (\$6.3 million) of the Workforce Investment Act funds included in the American Recovery and Reinvestment Act of 2009 (ARRA) were approved for expenditure in FY 2009. The remaining 75 percent (\$19 million) of the funding would be incorporated into the budget for FY 2010. The Subcommittee was informed that 85 percent of this funding must be passed through to the local workforce investment boards for programs for youth, adults, and dislocated workers.

Mr. Atkinson said subsequent to the presentation of The Executive Budget, various work programs were approved by the IFC which added new staff and leased office space to address the increased unemployment workload. The new staff included the following 12 full-time equivalent (FTE) positions:

1. Two UI representative 3 positions
2. Three compliance audit investigator 2 positions
3. Two UI representative 5 positions
4. Two appeals referee 1 positions
5. One workforce services representative 4 position
6. Two workforce services representative 3 positions

The Fiscal Analysis Division staff sought the authority to incorporate these new FTE positions and related costs into the 2009-2011 biennium budget.

Mr. Atkinson stated the Fiscal Analysis Division staff recommended decision unit E125 (common ownership rating methodology) not be approved, decision unit E325 including budget amendment 73 (alternative base period) and budget amendment 40 (funding for intermittent positions) be approved, and the remainder of the account be approved as recommended by the Governor. In addition, staff requested authority to incorporate the remaining 75 percent of the ARRA funding and add the positions approved by the IFC and make the adjustments required as a result of work programs approved for FY 2009.

Assemblywoman McClain asked about S.B. 386 and wondered why it was not approved by the Committee. Cindy Jones, Administrator, Employment Security Division, said S. B. 386 was heard by the Committee, which received ample testimony about the effect the bill would have on businesses. If certain accounts were group-rated in an effort to realize lower taxes, other businesses could end up paying higher taxes. There was much discussion about the business effects, and the bill was not approved by the Committee.

Assemblywoman McClain asked whether the Division could live with the methodology it currently used and Ms. Jones confirmed the Division was comfortable with that methodology.

ASSEMBLYWOMAN MCCLAIN MOVED TO APPROVE THE STAFF RECOMMENDATION THAT DECISION UNIT E125 (COMMON OWNERSHIP RATING METHODOLOGY) NOT BE APPROVED, DECISION UNIT E325 INCLUDING BUDGET AMENDMENTS 73 (ALTERNATIVE BASE PERIOD) AND 40 (FUNDING FOR

INTERMITTENT POSITIONS) BE APPROVED, AND THE REMAINDER OF THE ACCOUNT BE CLOSED AS RECOMMENDED BY THE GOVERNOR. SHE MOVED TO AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF TO INCORPORATE THE REMAINING 75 PERCENT OF THE ARRA FUNDING AND ADD THE POSITIONS APPROVED BY THE IFC AND MAKE THE ADJUSTMENTS REQUIRED AS A RESULT OF APPROVED FY 2009 WORK PROGRAMS.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-CAREER ENHANCEMENT PROGRAM (205-4767)
BUDGET PAGE DETR-89

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained the major issue with budget account (BA) 4767 involved revenue projections. There was much discussion about the revenue projections during the previous budget hearings. At the time The Executive Budget was prepared, the economic outlook was better than now, as more persons have since become unemployed. This account was funded with a 0.05 percent employer contribution on taxable wages paid. Actual fiscal year (FY) 2008 receipts were \$10.5 million. For the 2009-2011 biennium, the Governor's recommended wage assessment revenues were \$13.1 million in FY 2010 and \$13.7 million in FY 2011. At the request of the Subcommittee, the Department re-projected the anticipated revenue based on current economic conditions. The revised projection indicated that the wage assessment revenues should be reduced to \$12.5 million each year of the 2009-2011 biennium, resulting in a decrease in revenue of approximately \$1.76 million over the 2009-2011 biennium. That projection appeared reasonable to the Fiscal Analysis Division staff.

Mr. Atkinson said decision units Enhancement (E) 325 and E326 were recommended to be funded in this account. Because of reduced funding available, the Department requested a modification to both these decision units to change the funding source for FY 2010 and the first three months of FY 2011 to Wagner-Peyser funds authorized under the ARRA. The employment service activities were specifically allowed under the provisions of ARRA.

Mr. Atkinson said decision unit E325 funded five new permanent workforce representatives and ten existing intermittent workforce representatives to expand employment and training assistance to return unemployment claimants to work more quickly. This request appeared reasonable to the Fiscal Analysis Division staff as a compromise to avoid eliminating staff because of the decreased revenue projections.

Mr. Atkinson said decision unit E326 supported eight workforce service representatives for the Reemployment Services program. The purpose of the Reemployment Services program was to reconnect UI claimants with the employment and training services provided through the state's workforce investment system and return clients drawing unemployment back to work more

quickly. Testimony indicated that persons who participated in the program generally were reemployed two weeks earlier than those persons not in the program, which saved money for the trust fund (Unemployment Compensation Fund).

Mr. Atkinson requested authority to revise the revenue projections as presented and implement revised funding sources for decision units E325 and E326 and recommended the remainder of the account be closed as recommended by the Governor.

ASSEMBLYWOMAN MCCLAIN MOVED TO CLOSE BA 205-4767 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO REVISE THE REVENUE PROJECTIONS AS NEEDED AND IMPLEMENT REVISED FUNDING SOURCES FOR DECISION UNITS E325 AND E326.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR-EMPLOYMENT SECURITY-SPECIAL FUND (235-4771)
BUDGET PAGE DETR-98

Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, explained that budget account (BA) 4771 contained two major closing issues, the Unemployment Insurance (UI) Modernization Project and the maintenance of buildings and grounds. The 74th Session of the Legislature in 2007 approved \$2.4 million to conduct Phase I of the UI Modernization Project to replace both the 30-year-old UI tax (Legacy) and UI benefit (GUIDE) systems. The project was funded with federal Reed Act funds. Both systems had capacity and field-size issues, which did not easily accommodate the demand for improved employer and claimant online services. Phase I included the business and technical specifications for the replacement systems, definition of the project requirements, and completion of the request for proposal (RFP). The Department indicated that Phase I was intended to provide the basis for a request to the 2009 Legislature for the replacement of both systems.

Mr. Atkinson said The Executive Budget recommended Phase II of the UI Modernization Project in the amount of \$11.7 million in fiscal year (FY) 2010 and \$10.5 million in FY 2011 to implement the selected business and technology solution identified during Phase I. Phase II included the installation of the UI modernization hardware and software, configuration of the system to meet DETR's business requirements, user-testing, conversion of historical data, and placing of the system into production. The Technology Investment Request (TIR) for both phases emphasized the limitations, inefficiencies, and urgent need to replace the current UI system, which included a Y2K patch that would expire in 2017, causing the system to no longer function.

Mr. Atkinson explained the Subcommittee may wish to make a decision on Phase II of the UI Modernization Project based on three issues:

1. The need for the UI system to be replaced before 2017.
2. The current availability of the federal Reed Act funding to finance the project (and no guarantee that these federal funds would exist in the future).
3. The groundwork including the system requirements through development of the request for proposals (RFP) already completed in Phase I of the project.

Chair Denis said the money was available, DETR had done the preliminary work, and federal funds may not be available in the future. He asked whether or not the Subcommittee wished to approve the UI project.

ASSEMBLYWOMAN MCCLAIN MOVED TO APPROVE DECISION UNIT E587.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Atkinson said the second major issue in this budget was decision unit E730 which recommended funding of approximately \$2.1 million for the 2009-2011 biennium to support the maintenance and repair of agency-owned buildings, including maintenance of HVAC systems, painting, roof repairs, and sidewalk repairs. Included in decision unit E730 was Capital Improvement Program (CIP) Project 09-M27 for preventive maintenance (slurry seal) of parking lot pavement (all pavement was two to three years old) at the Las Vegas, Sparks, and Fallon Employment Security Offices in the amount of \$198,328. Included in this amount were State Public Works Board design, plan check, project management, and inspection costs in the amount of \$58,768, representing almost 30 percent of the total cost.

Mr. Atkinson said the Fiscal Analysis Division staff discussed this repair issue with the DETR and the State Public Works Board staff. The DETR indicated it had existing qualified facility management personnel who would be able to issue the RFP and select a contractor for the slurry seal of these parking lots and manage all aspects of the project without the assistance of the State Public Works Board. The State Public Works Board agreed it would not need to designate the slurry seal project as a CIP project and would not need to oversee this project.

Mr. Atkinson explained the Subcommittee had two options to consider:

1. Approve the project as recommended by the Governor, or
2. Approve the project, but remove it from the CIP projects, thereby reducing the cost by \$58,768.

ASSEMBLYWOMAN MCCLAIN MOVED TO APPROVE OPTION 2 TO APPROVE THE PROJECT BUT REMOVE IT FROM THE CIP PROJECTS AND CLOSE THE REMAINDER OF BA 235-4771 AS RECOMMENDED BY THE GOVERNOR.

SENATOR HORSFORD SECONDED THE MOTION.

Assemblywoman McClain explained she saw no logic to paying more than necessary. The State Public Works Board oversight of design, plan check, and

project management for the slurry seal of a parking lot seemed unnecessary to her.

Senator Hardy agreed with Assemblywoman McClain and said the Legislature might need to study CIP projects because maybe some unnecessary services included in the CIP projects were causing the costs to be inflated.

Assemblyman Goicoechea asked if the Subcommittee took the \$58,768 out of the CIP projects, then where did the remaining \$139,560 come from to complete the slurry seal. Mr. Atkinson responded the slurry seal was not proposed to be funded as a CIP project but would be funded out of this DETR budget. Assemblyman Goicoechea asked whether DETR was planning to spend \$58,768 to have the State Public Works Board provide oversight services, and Mr. Atkinson confirmed that was correct. Assemblyman Goicoechea said he agreed with Senator Hardy that the Legislature needed to take a long, hard look at the CIP projects because slurry seal was not a complex CIP project to complete.

Assemblyman Conklin asked whether the DETR received approximately \$5.5 million from the federal government for improvements and whether that funding was being used to pay for the UI Modernization Project for Phase II, or whether the funding was being used for maintenance and repair projects in this budget. Mr. Atkinson responded that this budget was not utilizing ARRA funding for maintenance and repairs but was using Reed Act funding that existed at the time The Executive Budget was developed, which was before ARRA funding became available.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED

DEPARTMENT OF CULTURAL AFFAIRS
DCA-NEVADA ARTS COUNCIL (101-2979)
BUDGET PAGE CULTURAL AFFAIRS-94

Heidi Sakelarios, Program Analyst, Fiscal Analysis Division, explained the majority of the Department of Cultural Affairs' budgets were reviewed last week, and the Subcommittee had requested a \$1.5 million restoration scenario and a \$2 million restoration scenario from the Department. As a result of the restorations approved by the Subcommittee, a total of approximately \$1.6 million had been restored to the Department budgets. Approved restorations were slightly above the \$1.5 million restoration scenario presented by the Department because more staff was approved by the Subcommittee for the Archives and Records budget account (BA) 1052 than was recommended by the Department in its \$1.5 million restoration scenario. Ms. Sakelarios said the Subcommittee needed to close one more budget account and review the six accounts included on the \$2 million restoration list.

Ms. Sakelarios said the Nevada Arts Council budget account 2979 was the one remaining account which needed to be closed by the Subcommittee. The first major item was in decision unit Enhancement (E) 660. The Governor recommended General Fund reductions of \$123,046 in each year of the 2009-2011 biennium, which eliminated the Challenge Grant program for the 2009-2011 biennium. Challenge Grants were funded entirely with

General Funds. The Challenge Grants were annual grants of up to \$50,000 to encourage financial and programmatic sustainability of Nevada's cultural institutions and required a grantee to match these grants 3:1 in new money. The restoration of the Challenge Grant program was not included in the Department's list of priorities for the restoration of funds. The Department indicated that while the elimination of the Challenge Grant program would have a negative effect on the arts community, the elimination of the program would affect a small number of organizations (2-4 per year). The Department noted the current economic environment made it more difficult for arts organizations eligible for the Challenge Grant program to raise the matching funds required by the program.

Chair Denis said the question on the Challenge Grant program was whether the Subcommittee wished to approve the Governor's recommendation to eliminate funding for the Challenge Grant program for the 2009-2011 biennium.

Assemblywoman McClain said she did not support eliminating the Challenge Grant program totally. Senator Woodhouse said she appreciated Assemblywoman McClain's position. Senator Woodhouse said higher on her list of priorities was to not cut as significantly the other grant programs in the Nevada Arts Council because those other grant programs were the ones that affected so many more students, individuals, local communities, and school communities. Assemblywoman McClain agreed and said she did not support the significant cuts to those other grant programs either.

Senator Hardy said none of the Subcommittee members supported significant cuts to grant programs. The Subcommittee must make some difficult decisions and should consider the recommendations of the agency. Senator Hardy said he would support the Governor's recommendation on the Challenge Grants.

Chair Denis said Senator Woodhouse thought if the Subcommittee cut the Challenge Grants, there would be more funds to use for the other grant programs.

SENATOR HARDY MOVED TO APPROVE THE GOVERNOR'S
RECOMMENDATION ON E660.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Assemblywoman McClain asked whether the Subcommittee would consider restoring part of the Challenge Grant program. She did not want it eliminated completely. It was like the sunset discussed in an earlier budget, if the grant went away totally, the Subcommittee would never hear about the grant program again.

Senator Hardy said he understood it was difficult to restore these programs, and he hoped the public would understand that just because the Subcommittee did not have the funding for the Challenge Grant program did not mean the Subcommittee did not support the Challenge Grant program. He said the Subcommittee would want to see this issue revisited when funds were available to fully fund it. But he said if the Subcommittee tried to fund each of these programs that the Subcommittee was forced to eliminate across the entire state budget, the Subcommittee would end up with a large add-back for the budget.

Chair Denis said the Subcommittee would need to consider some other things including whether the Subcommittee wished to add back the hours for those

positions recommended to be reduced from a 40-hour week to a 32-hour week. That add-back would cost about \$500,000. The Subcommittee would have some difficult choices to make.

Senator Woodhouse said it would be helpful to review all the issues on this budget and then make decisions on each individual item after the Subcommittee had an overall understanding of all the remaining issues and the priorities.

Senator Hardy said he would withdraw his motion. Senator Hardy said the threshold issue for him was the 32 hours-per-week reduction for Department staff of museum directors and curators, because that must be a priority for the Subcommittee. The state cannot lose those skilled individuals. The Subcommittee had discussed losing a program, but if the state lost a skilled museum director or curator, that person would never return. Senator Hardy thought the Subcommittee needed to have that whole discussion in context of the potential loss of positions and programs. Chair Denis agreed the Subcommittee should hear all the issues and then return to make its decisions.

Ms. Sakelarios explained the second major issue involved the reductions to the Nevada Arts Council's other six grant program areas. The Governor recommended General Fund reductions totaling \$650,126 in FY 2010 and \$644,761 in FY 2011. Ms. Sakelarios provided a table comparing the actual expenditures for each of the six grant programs for FY 2008 to the amounts recommended by the Governor for those programs in each year of the 2009-2011 biennium. The Department indicated that the federal National Endowment for the Arts (NEA) grant required a match of one state dollar for every federal dollar awarded to the state. The Department indicated that The Executive Budget included sufficient General Fund revenue to allow the agency to meet its match requirement in each year of the 2009-2011 biennium. The NEA grant was not subject to a maintenance of effort (MOE) requirement.

Ms. Sakelarios explained the American Recovery and Reinvestment Act of 2009 (ARRA) included \$50 million for NEA to fund arts projects and activities that preserved jobs in the non-profit arts sector that were threatened because of declines in philanthropic and other support during the current economic downturn. The ARRA specified that 40 percent of the funds (\$20 million) would be distributed to state arts agencies, and Nevada was eligible to receive up to \$300,500 of these funds. The Department submitted an application for funding, which indicated that \$250,500 would be awarded through the existing granting process to current Nevada Arts Council funding recipients to prevent lay-offs within arts organizations and/or prevent cancellation of events and performances already scheduled but in jeopardy because of the decrease in private contributions. The Department indicated it would award \$10,000 grants to arts agencies with the funds available for that purpose. Ms. Sakelarios said the remainder of the funds would be used to support contracted staff to administer the grant program and support the Nevada Touring Initiative. The Department had indicated that \$50,000 of the ARRA funds would be used for administrative costs within the Nevada Arts Council for contract staff assigned to this project. Ms. Sakelarios requested authority to add the ARRA revenue to the budget, so the Department would not need to complete a work program during the interim.

SENATOR HARDY MOVED TO AUTHORIZE FISCAL ANALYSIS
DIVISION STAFF TO ADD ARRA FUNDS TO BA 2979.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Sakelarios explained during the Subcommittee hearing on February 24, 2009, the Department was asked to prepare scenarios for restoring General Fund revenue to this account. The Department developed two scenarios. The first scenario reduced the General Fund reduction recommended by the Governor from 59 percent to 12 percent, resulting in a General Fund increase in the account of \$868,796 in FY 2010 and \$874,344 in FY 2011. The second proposal would reduce the General Fund reduction from 59 percent to 25 percent. This proposal increased the General Fund need in this account by \$633,062 in FY 2010 and \$633,354 in FY 2011.

Ms. Sakelarios explained that during the Subcommittee work session conducted on March 26, 2009, the Subcommittee expressed concerns regarding the level of the Governor's recommended General Fund reduction to the Nevada Arts Council; however, the Subcommittee did not make recommendations regarding how much funding should be restored. The Department had identified the restoration of funding for grants and programming at the Nevada Arts Council as priority number nine on its list of ten restoration priorities. She provided the Subcommittee with the items included on the Department's \$1.5 million restoration list, which restored two full-time equivalent (FTE) positions recommended for elimination, a cultural resources specialist and an administrative assistant, and restored one position (a cultural resources specialist) recommended for 32 hours per week back to 40 hours per week.

Ms. Sakelarios explained the options for the Subcommittee's consideration would be to approve the \$1.5 million restoration scenario presented by the Department, which would restore the three positions to full-time, or to approve adding funding for any of the grants programs, or any combination thereof.

Chair Denis said the Subcommittee had heard all the issues associated with this budget and could now have an overall discussion. Senator Rhoads asked whether the Subcommittee had the ten priorities submitted by the Department. Ms. Sakelarios confirmed she had the ten priorities but did not provide additional copies to the Subcommittee. She explained the list of the ten priorities developed by the Department was developed early on in the budget process and was focused on the Department's desired order of restoring programs. The \$1.5 million restoration scenario identified specific staffing or program areas as priorities.

Senator Hardy said he did not want to forfeit any of the Subcommittee's responsibility or obligation, but the Subcommittee had asked for a scenario of adding back \$1.5 million to the Department's budget. Senator Hardy thought if the Subcommittee starting having an individual discussion about each one of the items in the \$1.5 million add-back, then the \$1.5 million add-back would quickly turn into a \$2.5 million add-back because none of the Subcommittee members wanted to make cuts to cultural affairs. Senator Hardy thought a better approach would be for the Subcommittee to approve a \$1.5 million add-back. He was not better equipped than the Department to make add-back recommendations.

Senator Hardy said the Subcommittee was in a position to know how much money was available. The Subcommittee should trust the Department's work and adopt the \$1.5 million scenario across the board. The Subcommittee was informed that it had already added another approximately \$100,000 to the

\$1.5 million add-back. He was concerned about the Subcommittee's process of going through and picking apart each item one-by-one.

As Senator Hardy looked at this, he hoped the Subcommittee could approve a total of \$2 million for add-backs. But he hoped that additional money would be used to add back the staff hours to full-time (40 hours per week) for museum directors and curators. He anticipated supporting about a \$2 million total add-back, but on the other items he thought the Subcommittee should support the \$1.5 million add-back. Senator Hardy thought the Subcommittee should have a discussion about how much more it would cost to keep the museum directors and curators at full-time 40 hours per week. He thought that the scenario included restoring some positions from 32 hours per week to 40 hours per week.

Assemblyman Conklin said he agreed with Senator Hardy. He also understood the position of Assemblywoman McClain. He said what was really at issue was the elimination of the Challenge Grant program, which currently cost \$123,046 in each year of the 2007-2009 biennium. He wondered whether the Subcommittee could retain \$25,000 funding for the Challenge Grant program, which would allow the Arts Council to help one or two organizations. The Challenge Grant program required a 3:1 match. It was hard for non-profit and arts organizations to raise the match money. But he did not want to eliminate the program. The Subcommittee could divide that \$25,000 equally among each of the six other grant programs. Some of those other grant programs would pay \$1,000 or \$2,000 or up to \$5,000 apiece. The program would be affected by the decrease by 1 percent, but at least the Subcommittee would preserve the program. If money became available in the future, the state would easily be able to restore the program which had not been completely eliminated.

Senator Hardy said there was nothing he would like more than to preserve the Challenge Grant program. But he worried that the Subcommittee would be setting a precedent that it could not sustain across all budgets.

Senator Woodhouse said the Subcommittee had agreed it could not accept The Executive Budget, which would cut the Department budget by 59 percent. The Governor's recommended budget would move Nevada's ranking to number 48 out of 50 states. Presently, the Nevada Arts Council was ranked number 32 out of the 50 states. That was a huge decrease in national ranking. She supported the kinds of programs that the Nevada Arts Council provided to local communities and school districts.

Senator Woodhouse said she had previously asked the Nevada Arts Council what programs it provided by county and every single county received phenomenal programs. Senator Woodhouse was familiar with the programs in Clark County. She knew the programs provided to the school district because the programs were part of her job when she was employed by the school district. She thought the Subcommittee needed to be cautious, and she understood the Subcommittee would need to make cuts. Senator Woodhouse said the cuts under consideration were cutting the "heart and soul" out of education and the communities across the state. She was concerned the \$1.5 million cut was too deep, and she wanted to see more restored than Senator Hardy suggested. It was important to her that the Subcommittee put more back into this budget.

Assemblyman Goicoechea said that as the Subcommittee had worked through the other portions of this budget, the Subcommittee added back about \$300,000 more than the \$1.5 million add-back.

Ms. Sakelarios confirmed the Subcommittee had exceeded the \$1.5 million restoration scenario. She said there was some funding recommended for the Holocaust Council and for the Nevada Humanities' budget. For the Holocaust Council, the Subcommittee's recommendation was to see whether there were non-General Funds available to continue support of the librarian position. Additional staff for the Archives and Records budget was also approved.

Assemblyman Goicoechea said he recalled the running total was more than \$300,000 above the \$1.5 million in add-backs. He said the Subcommittee must be extremely cautious. He explained no one wanted to cut these budgets, but if the Subcommittee was not careful, it would exceed \$2 million in add-backs quickly.

Chair Denis said the Subcommittee had some guidelines to consider. He pointed out the Challenge Grants were up to \$50,000, so approving a smaller amount may not help save the program.

Senator Horsford said he supported the comments of Senator Woodhouse. The Governor cut too much out of Cultural Affairs. He was concerned that the Subcommittee could not just restore the grant to a number and then find what was left did not work. Senator Horsford said the Subcommittee must restore sufficient funding to preserve the grant programs that were essential and had worked so that the programs could survive for these next two years until the economy recovered.

Senator Horsford agreed that when the cuts in the Nevada Arts Council's programs were aligned with the cuts in education and the cuts that pertained to children and opportunities for young persons, the cuts were horrific. He understood that there was this threshold number of \$1.5 million. However, he thought the Subcommittee had to restore some things that this Subcommittee believed should be restored. It was incumbent upon the other legislative committees that dealt with the revenue issues to figure out how to come up with that money. He did not believe the Subcommittee should be hamstrung with a specific number.

Senator Horsford stated if the Subcommittee believed a program was an essential function, that program should be maintained at a minimum level for simple existence for the next two years until the economy recovered. He agreed that the Subcommittee may need to cut some programs back more than desired by those agencies. Senator Horsford said he did not support elimination of a program because the Governor did not give the Legislature any other alternative. The Governor's proposals were cuts for the sake of making cuts and did not reduce funding based on a proportional cut for all agencies. The Governor proposed a 40 percent cut for the Department, and a complete elimination for some programs. Senator Horsford supported Senator Woodhouse's desire to restore some level of funding to some of these essential areas of Cultural Affairs.

Senator Hardy said he wanted to verify some of his assumptions. The first assumption was the \$1.5 million was an add-back, which Chair Denis confirmed. Senator Hardy said his second assumption was that the \$1.5 million was not a number that was randomly picked, but the number had been fully

vetted by the Department. The Subcommittee had requested the Department provide a restoration scenario for \$1.5 million and for \$2 million. Senator Hardy said the Subcommittee had asked those with the expertise at the Department to build programs around those numbers, and the Department complied.

Senator Hardy supported what Senator Woodhouse said, but he thought the Subcommittee must be measured in what it did across the board. A \$1.5 million add-back was not enough. He understood that. But it was still a \$1.5 million add-back. When the members spoke about needing to do more, the Subcommittee had already attempted to do more. Now his question was can the Subcommittee do more than it had done. Senator Hardy said he supported Cultural Affairs every legislative session he had been here. There was nothing more important than the cultural arts and Nevada's cultural heritage. The Subcommittee had an economic reality to address, and it had attempted to do that. The Subcommittee must look at an add-back.

Chair Denis said the Subcommittee asked the Department to discuss the difference between the \$1.5 million and the \$2 million restoration scenarios. Originally, the Subcommittee had requested \$3 million in add-backs in these budgets. Then the Department was told there would not be that much money available, so the Subcommittee made some requests of the Department, which came back with its proposals. Chair Denis said the Subcommittee still had not held the discussion about restoring the work hours from 32 hours to 40 hours for some staff.

Senator Hardy said he supported the \$2 million restoration as long as it included the restoration of work hours for museum directors and curators to 40 hours per week. He was not finished approving add-backs either, but he thought the Subcommittee must be measured in its approach.

Senator Horsford pointed out two things. First, it was one thing to ask the Department for restoration priorities, and it was another thing to ask what the community-level programs would propose as priorities. The Subcommittee had been trying to fight for the Department when no one else would. But the Department should not be the only ones recommending to the Subcommittee what was essential.

Senator Horsford said the second thing to note was the add-back was an add-back to a 40 percent cut. Senator Horsford said if he was considering a 10 or 15 or 20 percent cut that was proportional for all agencies, then he would not be as adamant about a specific add-back number. But the Governor recommended a 40 percent cut for Cultural Affairs and a 38 percent cut for the Nevada System of Higher Education, which meant closing the University of Nevada, Reno or the University of Nevada, Las Vegas. Senator Horsford said he would not close either campus. So he did not want to approve a 40 percent cut to this budget either.

Assemblywoman McClain thanked Senator Horsford and agreed there must be some way to restore some cuts in this budget. Maybe the Subcommittee should not restore curators to 40 hours per week. She asked why that restoration was acceptable to the Subcommittee.

Chair Denis said the Subcommittee heard testimony that the Department was already losing some staff because of reduced working hours. Assemblywoman McClain said if staff left, there would be some vacant positions in the Department.

Chair Denis said replacing staff positions would be difficult because of the historical knowledge lost to the agency. The staff that was leaving would get jobs in other places, and it would be hard to bring those persons back to the agency. Assemblywoman McClain said her point was there would be some agency vacancy savings.

Chair Denis agreed, but the vacancy savings would defeat the purpose of what the Subcommittee was trying to do as far as retaining trained staff. The Subcommittee could put money into programs, but if the agency lost staff, programs would be reduced.

Assemblywoman McClain said cutting the cultural arts programs defeated the purpose of the Department of Cultural Affairs. Chair Denis said he did not disagree, and he would restore a lot more if the decision were his alone. Chair Denis asked the agency representatives why was the restoration of staff chosen over the restoration of grant fund programs in its priorities.

Susan Boskoff, Executive Director, Nevada Arts Council, answered it was a selfish choice of the agency. She knew the Subcommittee had been working diligently with a budget crisis that grew every day. The Nevada Arts Council was a very small agency, which had 11 full-time employees, housed in Carson City and Las Vegas. The Arts Council had no secretarial staff, and the majority of the agency's positions were professionals. It was hard to recruit skilled professionals. The state did not have a large base of skilled administrators in the arts field, so the Arts Council usually had to recruit outside the state for skilled professionals.

Ms. Boskoff said the fact that the budget was cut or that the economy was worsening did not mean that there were not arts organizations or schools that needed arts programs. She said the Arts Council received more applications for annual grants this year than last year. The Arts Council still had to process those grant applications, handle the telephone calls, and use its professional staff as technical assistant resource specialists. She considered the professional staff to be social workers in the cultural arts arena. It was important to have a staff of skilled professionals.

Ms. Boskoff said the Arts Council served the communities by providing arts programs to communities which did not have arts organizations. The arts programs were as important as the funds that were distributed as grants. The Arts Council also applied for grants to bring in more money. The Arts Council staff was a hard-working staff.

Ms. Boskoff said it was a very difficult position to be asking for support for the arts programs and staff. She thought she shared those challenges with the members of the Subcommittee. She was honored that the federal stimulus package included funding for the arts organizations because the arts industry was important. Every artist and every arts administrator had a family, bought food, owned homes, and paid taxes. She said the arts industry was often not considered part of the "real world."

Ms. Boskoff said the Arts Council would grant money to the arts industry to help arts organizations. She said she selected to restore two of the Arts Council's eleven staff positions to aid in granting money to the arts organizations. One of the two staff positions she restored was the only administrative assistant employed by the Arts Council and who performed

clerical duties for the two offices. Ms. Boskoff did not have a secretary or a deputy. The other position she restored was a cultural resource specialist in community arts development, which helped to serve the Las Vegas area.

Chair Denis said the Subcommittee's question was what the Arts Council would administer if it did not have any funds left in the grants programs. He thought Ms. Boskoff answered that question because she said the Arts Council had received many grant applications and those applications must be processed.

Ms. Boskoff said the Arts Council received some federal dollars that she used to grant out and run arts programs, and the Arts Council would receive the ARRA funds. The state appropriations to support the grant programs were the funds that would be eliminated.

Chair Denis asked whether Ms. Boskoff wanted to comment on the elimination of the Challenge Grants program versus adding more funds to the other grant programs.

Ms. Boskoff explained the Challenge Grants were very important grants that received a 3:1 match for fund development and capital expenditures. However, normally only two to four applicants applied during a year, and the applicants must be invited to apply because the Challenge Grants had a strenuous match requirement to meet. She did not refer to grant programs as being eliminated but instead chose to say grant programs were suspended when funds were unavailable. She had suspended the Challenge Grants in the past when there had been budget problems because the Challenge Grants affected fewer grantees.

Assemblyman Goicoechea said it was his understanding that the Challenge Grant program was the only grant program that had been suspended with this current budget reduction. Ms. Boskoff responded that The Executive Budget proposed reduction and elimination of a number of different grant categories that the Subcommittee was unable to see because all the grant categories did not have specific budget line items.

Assemblyman Goicoechea queried whether there would be other grant programs that would be completely suspended. Ms. Boskoff answered that with the 59 percent cut, she would need to go through and eliminate those grant programs determined by the Board of the Nevada Arts Council (Board). She worked with the Board, appointed by the Governor, which reviewed all the grant panel recommendations. The Board made all the final allocations. She presumed that Board would need to pare awards presented by the grants panels for review because of the material amount of money cut in The Executive Budget.

Assemblyman Goicoechea asked whether other grants programs would need to be suspended if the Subcommittee restored and approved the \$1.5 million add-back. His understanding was that if the Subcommittee approved the \$1.5 million add-back, then the Challenge Grant program would be the only grant program eliminated.

Patrick Cates, Deputy Director and Chief Fiscal and Administrative Officer, Department of Cultural Affairs, stated the Challenge Grant program was the only grant program at the aggregate budget level that the Subcommittee could see that was being eliminated in its entirety. The total grants category in The Executive Budget was being reduced by approximately 46 percent. Within

the grants category, there were a number of different types of grants. Some of those grants would need to be studied and reallocated.

Chair Denis asked how many other grants were in the grants category. Ms. Boskoff answered there were 15 different grants categories in the agency, and the Challenge Grants program was just one grant that happened to have its own line item. She had six different categories under the grants program:

1. Partners in Excellence Grants were organizational support grants of up to \$30,000 for major institutions
2. Community Arts Development grants
3. Arts in Education quarterly grants
4. Folk Arts apprenticeship grants
5. Artist Fellowship grants
6. Professional Development grants that helped artists, arts administrators, and educators to attend conferences

She tried to serve as many constituents and to get as many dollars granted out as possible throughout the state. Each one of those grant categories would either be reduced or eliminated during this time period, depending on what the Board decided to do with the amount of money that was available.

Chair Denis asked about the amount of money available for the grants categories. He wondered whether the Arts Council would decide what grant categories would receive funding. Whether the Subcommittee put more money into the grants category or took more money out, would the Arts Council still have a pot of money that it would allocate based on the priorities of the Arts Council.

Mr. Cates confirmed that essentially the Arts Council would determine the allocation of funds within a grants category because the Board would make decisions about how to allocate the grant funds. Chair Denis asked if the Subcommittee decided to eliminate funding for a category right now because of insufficient funding, could the Arts Council later fund that category when the funding became available because the category did not go away. Mr. Cates confirmed that was correct.

Senator Woodhouse shared comments about the Las Vegas Philharmonic program, which was one program that was under the grants categories discussed by Ms. Boskoff. Senator Woodhouse had loaded and unloaded many buses of children in that program during her employment with the Clark County School District. The Las Vegas Philharmonic and the Reno Philharmonic programs provided youth orchestra programs in an outreach format to 4th and 5th grade students in Clark County. The intent of this program was to take students beyond the limited music program in the elementary schools and get the students interested, excited, and aware of what opportunities in the music arena were available when students moved into middle school and high school.

Senator Woodhouse said the school district had programs which used the Artemus W. Ham Concert Hall at the University of Nevada, Las Vegas (UNLV). The program used to operate four days a week, and now the program operated five days a week with two programs per day and 1,800 children per concert. When those 25 to 30 buses rolled up for each of those programs and staff unloaded the 4th and 5th graders, the children's eyes were as big as

saucers. Many of the children, especially those from at-risk schools, had never been out of their neighborhoods before and had never seen a music performance. These young persons had an opportunity to join and be part of a musical education program that was unsurpassed in its quality, its benefits, and its excitement provided to the children. The children could visualize becoming a musician. The children could see themselves sitting up there on the stage and playing the violin or the oboe. It was a phenomenal program. Senator Woodhouse said it was important that these kinds of programs continued. This music program was only one example from the six-page packet she received for every county. She encouraged the Subcommittee to look beyond the \$1.5 million add-back and provide additional support to these programs.

Senator Horsford elaborated on supporting these arts programs, which he knew the Subcommittee understood and was laboring over. He said based on the cuts that were likely to occur in the K-12 budgets, local school districts were likely to cut arts, sports, and other extracurricular programs. The cuts made by the local school districts and the cuts or eliminations proposed by the Governor for this program meant that essentially there would be no art programs whatsoever in the schools. Senator Horsford knew none of the members wanted to eliminate all the school art programs. So at a minimum, Senator Horsford wanted to keep the Nevada Arts Council programs funded.

Senator Horsford said it was not just the dollars shown on the information provided to the Subcommittee, it was the private dollars that the Arts Council leveraged, the donations that it raised, all the other things the Arts Council did to generate private funding. The grants provided by the Arts Council may only be a fraction of the money that was provided to the arts industry, but if the Subcommittee took those funds away, there would be less of an impetus by private donors to continue to contribute if the state was not willing to contribute. So he urged the Subcommittee to restore as much of the funding to the grants programs as possible.

Michael Fischer, Director, Department of Cultural Affairs, said the Challenge Grants were difficult in good economic times because of the strenuous matching components, and that was why the Department chose to eliminate the Challenge Grants. The matching component requirement was a large match. The Department figured if it had to eliminate something, the Challenge Grant would be the one that could be eliminated de facto because of the poor economy. The Department did not want to eliminate the Challenge Grant and did not have any desire to cut any of the Arts Council.

Chair Denis said the Subcommittee needed to decide what decision it would make. The Subcommittee had discussed adding more back into these grants programs. He explained whether the Subcommittee accepted the reductions and the add-backs, some of these arts organizations may go away because there was no money available based on the overall priorities.

Ms. Boskoff answered she was not a seer and could not look into the future. She received three emails last night and two more arts organizations in Las Vegas were worried about closing their doors right now. It may not seem that a \$4,000 to \$30,000 grant was a lot of money in the greater scheme of things, but to a non-profit organization that went out and used that grant funding as a "good housekeeping seal of approval," the grant funding allowed

the organization to go out into the community and raise in-kind donations or cash-match to continue its programs. The grants had a large effect on the organizations.

Ms. Boskoff said several organizations had already closed in the Las Vegas area. The Arts Council was the only public funder for the arts organizations in Las Vegas. She worried about the local arts organizations. At the federal level, certainly Congress and the President were worried about the arts industry and that was why the arts were included in the ARRA stimulus package. She was concerned about the 59 percent cuts that eliminated all state dollars for grants programs. The Arts Council still had some remaining funds for the grants programs and some for the Arts in Education grant program. The Arts Council had received 50 applications for the Arts in Education programs from throughout the state including the Western Folklife Center in Elko, and every county in the state. Those programs that did not receive grants would probably go away. The arts enrichment programs in the schools would probably go away. The artists in residence programs and artists fellowships would probably go away.

Chair Denis said no matter what the Subcommittee decided, it would not be able to fund 100 percent of everything needed, and some of the programs would probably be jeopardized. It just depended on how much money was available. He asked whether the Subcommittee wanted to approve the Governor's recommendation to eliminate the funding for the Challenge Grant program.

Assemblyman Goicoechea said he wanted to approve the Governor's recommendation to suspend the funding for the Challenge Grant program because that was the recommendation presented by the Department of Cultural Affairs. He understood the Department did not want to cut the program. He thought if the Subcommittee wanted to fund an additional \$150,000 in the budget, the funds should be added to the Arts Council not the Challenge Grant program.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE
GOVERNOR'S RECOMMENDATION TO SUSPEND THE FUNDING
FOR THE CHALLENGE GRANT PROGRAM.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Denis said the Subcommittee should have the discussion about restoring the museum director and curator positions to 40 hours per week that had been recommended to be cut to 32 hours per week.

Assemblyman Goicoechea said he was concerned about reducing the staff hours from 40 hours to 32 hours per week because that was a 20 percent cut in salary. He thought there were some high-end museum directors or curators in some museums that would be unable to afford to remain in those positions with a 20 percent reduction in their salary. He did not know how to quantify the effect and looked to the Department to determine whether there were four or five persons the Department could eliminate. He understood the Department could not afford to lose any of its staff, but there were probably ten persons it

could not afford to replace at these facilities and would look to the Department to make recommendations.

Chair Denis asked Ms. Sakelarios to review the items included in the \$2 million add-back scenario. Ms. Sakelarios said the Department indicated the \$2,037,359 add-back would allow restoration of the museum directors and curators to full-time rather than 32 hours per week. That would affect staff at the following seven museums within the state:

1. State Museum in Carson City
2. State Museum in Las Vegas
3. Nevada Historical Society
4. Lost City Museum
5. Nevada State Railroad Museum in Carson City
6. Nevada State Railroad Museum in Boulder City
7. East Ely Railroad Depot Museum

The Department would also be able to restore nine professional staff from 32 hours per week to 40 hours per week. This restoration would target librarians and exhibit managers. Those positions would be within the following three museums:

1. Nevada State Museum in Carson City
2. Nevada State Museum in Las Vegas
3. Nevada Historical Society in Reno

Peter Barton, Acting Administrator, Division of Museums and History, explained he had recently lost two senior curators because of the uncertainty that faced museum staff. He had direct knowledge and heard rumors that three of the seven museum directors were exploring employment options and three senior curators were looking for opportunities that may exist at the federal level or out-of-state. A loss of that size would be an unprecedented and serious "brain drain" with the institutional knowledge that would be lost to the Department of Cultural Affairs and its ability to perpetuate the museum program.

Chair Denis asked whether the Subcommittee changed the staffing from 32 hours to 40 hours would some of those individuals stop their search for other employment and stay in Nevada. Mr. Barton confirmed that staff was exploring other employment options because the reduction to 32 hours a week at this point in their careers was something that they could not tolerate.

Senator Horsford said he understood the difficulty of retaining qualified staff and the Committees were hearing the same message from all the other agencies including teachers, professors, mental health nurses, and physicians. He understood persons were going to make the choice about whether or not they would stay in state government. He wondered whether the Department could collapse a couple of positions and potentially eliminate one to fully fund another, rather than reducing all of the positions and potentially losing all of the staff. Senator Horsford wondered whether the Division looked at that option. He thought the Subcommittee was not at the point where it was just trying to keep positions. He said "unfortunately that bus left the train yard when the Governor issued a 40 percent cut to the budget."

Mr. Barton answered the Division looked at the possibility of collapsing positions in the various scenarios that it prepared and had explored staffing reductions

and proposed elimination of several staff positions Division-wide. He could go back and take another look, but he was not sure the outcome would be any different than what he proposed, which was the Department's best scenario.

Senator Horsford said he was sorry but believed the Subcommittee had done its best to provide additional funding for the Department's budget. Senator Horsford said he was willing to accept the 32 hour reduction proposed and restore the funding in the other grant program areas. Mr. Barton had informed the Subcommittee there was no guarantee about retaining qualified staff. Therefore, Senator Horsford would at least like to put some of the add-back money into the grant programs that would generate a positive outcome. He said funding the grant programs would be better than funding positions that may or may not be able to retain the incumbents. It was unfortunate the Subcommittee could not fully fund all the key positions at this time.

SENATOR HORSFORD MOVED TO ACCEPT THE 32 HOUR PER WEEK REDUCTION PROPOSED BY THE DEPARTMENT AND RESTORE FUNDING IN THE OTHER GRANT PROGRAM AREAS.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

Chair Denis said he did not know whether the Subcommittee could stop anyone from doing anything. He said he would agree with the wishes of the Subcommittee, but he thought the Division would lose qualified staff. It would be unfortunate if the Subcommittee tried to save programs and ended up losing qualified staff.

Assemblywoman Koivisto said if the Subcommittee did not save the programs, the Department would not have any need for the staff.

Assemblyman Goicoechea said he could not support cutting the staff hours to 32 hours per week because he believed the staff was important to the programs. Assemblyman Goicoechea said he had faith in the Arts Council and the persons in this state. The state talked about not having any money. Assemblyman Goicoechea thought there would be some money available through the private sector, and he hoped the local governments would be able to contribute more support to the Arts Council. The Arts Council staff could find private donors to meet the needs. Assemblyman Goicoechea said the Subcommittee was faced with making a 20 percent reduction to an individual's salary. The 20 percent reduction was far different from the 6 percent reduction to salaries of all state employees or even a 10 percent reduction. The Subcommittee was discussing a 20 percent salary cut achieved by reducing the work hours from 40 to 32 hours per week. Assemblyman Goicoechea said the reduction was a slap in the face for professionals, and he could understand why professionals would look somewhere else to find employment. He could not support the 20 percent salary cut. The Department could not replace these skilled professionals and local governments could not hire them. He agreed with Senator Horsford that the Subcommittee must cut more from the budget and hopefully achieve a balance. But if the state sent out the message a person can only work 32 hours for the State of Nevada, then those skilled professionals would be gone.

Assemblywoman McClain wanted to talk about a slap in the face. She wondered what the teachers thought about being slapped in the face. The schools would have 60 children in a classroom. Assemblywoman McClain said

she was sorry, but this money needed to stay in the programs and museum directors and curators would have to adjust like the rest of the state employees were going to have to adjust.

Chair Denis asked if the Subcommittee approved the 32 hours per week for these positions, how the program would be affected and whether the state would still have the programs. He needed to better understand how the programs would be affected if the agency lost the skilled professionals.

Mr. Barton answered the effect would vary by program. The programs would be able to continue in operation. The program would lose managerial support and leadership if a director left. The state would send a message out to potential private donors that the state may not have sufficient professional staff in place to professionally manage and curate the state's collections and assets. Mr. Barton said he could not predict with any certainty how some programs might be affected, including the collections development program. He said the Department's diminished ability to manage its collections would threaten national accreditation of Nevada's museums. The American Association of Museums would withdraw that accreditation if the Department did not have certain key professional staff in place.

Mr. Cates said the \$2 million restoration scenario of the Department provided one tangible benefit because it helped the Department analyze its staffing levels in all the museums and at the Historical Society. The \$2 million restoration scenario provided sufficient staffing to restore the Historical Society to normal operations and restored key personnel. The museum directors were important in partnering with the community. The Department believed the full-time positions would be able to foster public-private partnerships, develop opportunities to partner with other entities, and seek additional funding to restore operations. The Department would have a management team in place that would allow the museums to be positioned to reopen and restore hours when funding improved.

Senator Horsford said he was sorry about the reductions but he believed half of the arguments made by the Department now in a tetchy manner were issues never raised before. This was the first time Senator Horsford heard that museum accreditation was in jeopardy. He wondered whether the Governor knew the museums would lose accreditation if he cut the Cultural Affairs budget by 40 percent. The Department put this burden on the Legislature to balance the budget and failed to provide the Legislature with enough options.

Senator Horsford said the Subcommittee needed to balance this budget now. Senator Horsford said he was uncertain which positions were key positions out of the fifteen positions, which positions were not key positions, and which positions were essential. The only thing the Subcommittee could do was reduce the funding based on what was required to keep the Department operational.

Senator Horsford did not want to go over all these issues again. The Subcommittee held three hearings on this budget. And the Subcommittee was just now hearing new information that was being brought to it at budget closing. The Department's actions were unacceptable. Therefore, he supported the motion. If the Department had raised some of its objections earlier in the process, the Subcommittee could have reviewed the objections and sought solutions. Senator Horsford said at this late date, the Subcommittee had no alternative but to close this budget.

Senator Rhoads said he would support Senator Horsford's motion. As far as staff leaving, Senator Rhoads asked where the staff would go, because every state was broke. The arts industry suffered throughout the nation. Senator Rhoads thought the Subcommittee must make the difficult decision, or it would be making further budget cuts in a month.

Senator Hardy asked whether Senator Horsford's motion was to approve the \$1.5 million restoration scenario. Chair Denis said right now the Subcommittee was just considering the motion on the \$1.5 million versus the \$2 million restoration scenario. As soon as the Subcommittee completed this motion, then it would have the discussion about the other grant programs and see whether the Subcommittee wished to add back funds to some of the other grant programs. The motion before the Subcommittee was to not add back the hours to restore the 32 hours per week to 40 hours per week for the museum curators and directors.

THE MOTION CARRIED WITH SENATOR HARDY AND
ASSEMBLYMAN GOICOECHEA VOTING NO.

Chair Denis said he wished the Subcommittee had received some of the Department's objections earlier, and maybe the Subcommittee could have figured out a better solution. He did not want to lose skilled professional staff. But the Subcommittee must make decisions now and close this budget. One of the other options might have been to put this budget off for a few days to try and figure something out, but the Subcommittee did not have any more time.

Chair Denis wanted to have the discussion about adding back funds to the six grant programs. Assemblywoman McClain wondered whether she could change the bottom line in the table provided by Ms. Sakelarios from a 41 percent reduction to these other grant programs to a 25 percent reduction. She wondered what a 25 percent reduction would cost.

Ms. Sakelarios answered in one of the earlier restoration scenarios that the Department provided with a General Fund reduction of 25 percent, the Department indicated it could increase the grants by about \$280,000 per year. Assemblywoman McClain said the 25 percent reduction would increase these other grant programs to almost \$1 million each. Ms. Sakelarios confirmed in FY 2010, the six other grant programs would increase from \$784,815 to a little over \$1 million. Assemblywoman McClain said she thought that might be the easiest way to make this decision.

Chair Denis asked what would be the add-back amount of all the items discussed. Assemblywoman McClain responded the add-back would be about \$2 million. Ms. Sakelarios said currently the Subcommittee's decisions totaled about \$1.6 million, so Assemblywoman McClain's suggestion would take the amount to just over \$2 million.

ASSEMBLYWOMAN MCCLAIN MOVED TO REDUCE DECISION
UNITS E662, E664 AND E665 AND CUTS IN THE SIX GRANT
PROGRAMS FROM A 41 PERCENT TO A 25 PERCENT TOTAL
REDUCTION.

SENATOR WOODHOUSE SECONDED THE MOTION.

Senator Horsford asked what that decision would mean in regard to dollars for just the six grant programs. Ms. Sakelarios answered she looked at a restoration scenario provided by the Department prior to the work session, in which the Department suggested a 25 percent reduction to the General Funds within the Nevada Arts Council. Based on that restoration scenario, the Department suggested about \$280,000 would be restored to the six grant programs in each year of the 2009-2011 biennium. The restoration would total just over \$560,000 for the 2009-2011 biennium. The restoration would increase the total restorations to just over the \$2 million mark when all the add-backs were totaled across the entire Department.

Chair Denis asked whether the restorations of the six programs at the 25 percent reduction level would total \$280,000 each year. Ms. Sakelarios confirmed the grant programs would be increased by about \$280,000 in each year of the 2009-2011 biennium. Chair Denis asked what the total dollar amount would be for each fiscal year. Ms. Sakelarios said the current amount in FY 2010 was \$784,815 and that would increase to \$1,064,815, and the current amount in FY 2011 was \$790,080 and that would increase to \$1,070,080. Chair Denis said that would be a 25 percent reduction from FY 2009 funding.

Mr. Cates said the \$280,000 was just for the grant program itself. There was another \$35,000 required for the Arts in Education program, \$15,000 for the Community Arts Development, \$45,000 for Artist Services, and \$15,000 for the Folklife program. He did not have a total for all that added up but that was what the 25 percent budget cut meant for the various six grant programs.

Assemblywoman McClain said she was looking at the table provided by Ms. Sakelarios which included the aggregate of all the six grant programs mentioned by Mr. Cates. Chair Denis said what the Subcommittee needed to do in its motion was talk about an amount, not the percentage breakdown by grant program. Assemblywoman McClain agreed.

Chair Denis said the current motion was to get the total aggregate amount for all of the six grant programs to the \$1 million mark in each biennium. That would result in a total of just a little less than the \$2 million figure which the Subcommittee had been discussing.

Assemblyman Goicoechea said the motion would cost an additional \$426,000 for the biennium. Ms. Sakelarios confirmed that was the approximate increase. Chair Denis said that would adjust Assemblywoman McClain's motion and asked if that was acceptable to the maker of the motion, and the maker of the motion and the second and both agreed. Chair Denis said the new decision would be to fund the six other grant programs at an aggregate total of \$1 million for each year of the 2009-2011 biennium.

ASSEMBLYWOMAN MCCLAIN MOVED TO REDUCE DECISION UNITS E662, E664 AND E665 CUTS IN THE SIX GRANT PROGRAMS FROM APPROXIMATELY A 41 PERCENT REDUCTION TO APPROXIMATELY A 25 PERCENT REDUCTION WITH THE TOTAL AGGREGATE AMOUNT OF FUNDING OF \$1 MILLION IN EACH YEAR OF THE 2009-2011 BIENNIUM.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED WITH SENATOR HARDY VOTING NO.

Ms. Sakelarios explained there were a few remaining minor issues to be decided by the Subcommittee. She noted The Executive Budget recommended reductions for in-state and out-of-state travel as well as operating supplies and information technology services. The Subcommittee should note that additional funding had been budgeted for travel and operating costs within each of the six grant programs.

Ms. Sakelarios explained there was a recommendation to move the Arts Council out of leased space in Carson City and into space at the State Library and Archives building. Additional office space was anticipated at the State Library and Archives building as a result of the elimination of positions at the Library recommended by the Governor. However, when the Subcommittee closed the State Library account, it approved restoration of the positions, so that Arts Council move was negated. This budget account for the Arts Council included both the rent for the current location and rent for the State Library location so staff requested permission to make an adjustment to the budget and only include the rent for the current location. That adjustment would result in a General Fund reduction of \$37,283 in each year of the biennium.

Ms. Sakelarios explained there was a recommendation to eliminate two positions, a cultural resource specialist and an administrative assistant, and to reduce the working hours to 32 hours per week for an additional cultural resource specialist, who oversaw grants management and coordination

Ms. Sakelarios explained the Nevada Arts Council southern Nevada office would not relocate to the Lorenzi Park facility because this move was negated last week, when the Site Stewardship program was restored. Staff would need to increase the General Fund in this budget account rent in Las Vegas because rent was previously removed from the budget.

Ms. Sakelarios explained that at the Subcommittee hearing last week, she indicated the Talking Books program would be relocated; however, that program would not be relocating and would remain colocated with the Nevada Arts Council, because the Site Stewardship program was restored.

Ms. Sakelarios explained decision unit E606 reclassified the unclassified division administrator position to a classified state arts council administrator resulting in a reduction of General Funds totaling \$4,298 in FY 2010 and \$4,287 in FY 2011. The incumbent was in this position when it was established as an unclassified position and was given the opportunity to remain in the classified service until she vacated the position.

Ms. Sakelarios explained decision unit E663 recommended a General Fund reduction of \$3,500 in each year of the 2009-2011 biennium by eliminating commissioned pieces for the recipients of the Governor's Arts Awards.

Ms. Sakelarios explained decision unit E901 transferred an administrative services officer and an accountant technician from the Nevada Arts Council (BA 2979) to the Department's Administration account (BA 2892). The Department believed consolidating its fiscal staff within the Department's administrative office would allow staff to more efficiently meet the Department's workload. The Subcommittee had indicated support for the transfer when it considered the Director's Office budget account last week.

ASSEMBLYMAN CONKLIN MOVED TO CLOSE BA 101-2979 AS RECOMMENDED BY THE GOVERNOR; ELIMINATE TWO POSITIONS WITHIN THE NEVADA ARTS COUNCIL AND REDUCE ONE POSITION FROM FULL-TIME TO 0.80 FTE; APPROVE DECISION UNITS E606, E663, AND E901; REDUCE FUNDING FOR IN-STATE AND OUT-OF-STATE TRAVEL AND OPERATING EXPENDITURES DURING THE 2009-2011 BIENNIUM; AND AUTHORIZE THE FISCAL ANALYSIS DIVISION STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS BASED ON THE SUBCOMMITTEE'S DECISION REGARDING RESTORATION OF STAFF AT THE STATE LIBRARY AND ARCHIVES, AND AT THE NEVADA STATE MUSEUM, LAS VEGAS, AND ON FINAL STATEWIDE ASSESSMENTS.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

DEPARTMENT OF CULTURAL AFFAIRS
DCA-CULTURAL AFFAIRS ADMINISTRATION (101-2892)
BUDGET PAGE CULTURAL AFFAIRS-1

Heidi Sakelarios, Program Analyst, Fiscal Analysis Division, explained that budget account (BA) 2892 contained the relocation costs and the adjustments in rent included in The Executive Budget. Because the Administration Office would not be relocating to the Nevada State Library, the Subcommittee would need to make an adjustment to the closing documents to increase the funding available for the non-state owned building rent. The total required would be \$7,671 in each year of the 2009-2011 biennium.

ASSEMBLYWOMAN MCCLAIN MOVED TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE ADJUSTMENTS FOR RENT AND FINAL STATEWIDE ASSESSMENTS.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan was not present for the vote.)

Chair Denis said the Subcommittee discussed computer servers and extended warranties. Patrick Cates, Deputy Director, Chief Fiscal and Administrative Officer, Department of Cultural Affairs, stated he studied the Department's server and equipment request and the possibility of extending warranties. He identified four servers for which the Department could purchase extended warranties to take the Department through the end of the 2009-2011 biennium. The cost of those warranties was just under \$1,000 apiece. However, because those were older servers, Mr. Cates said he would also need to upgrade the hard drives and the DVD drives in some of those machines to make sure that the machines continued to operate with enough capacity. The museums stored a lot of digital images on these computers. The Historical Society had a good business selling historical photographs. The Historical Society needed expanded capacity, and the older servers did not have enough capacity. Mr. Cates

identified three servers that could be upgraded. The overall savings compared to the Governor's recommendation was \$19,626. So it would cost the Department just short of \$40,000 versus a little less than \$60,000.

Mr. Cates said the Department could purchase extended warranties but the reduced computer funding made him nervous. The Department would have little funding available during FY 2010 and FY 2011 for computer equipment. The Department had no replacement personal computers (PCs) in its request. He said the \$40,000 for computer equipment for the entire Department would have to last for two years. The Department was appropriated \$250,000 for computer equipment during the 2007-2009 biennium. He said the Department can accept the reduced funding, but he was concerned about the small margin for error.

Chair Denis asked whether the Department had the ability to pay for some of its other equipment needs such as hard drives that may not be covered under the warranty with any other type of funds in a reserve that could be used if computers broke down.

Senator Hardy said unless the computer reserve fund was an issue that the Subcommittee looked at globally across all agencies, he did not want to waste time with it. Unless the Subcommittee was going to create a global policy across the board, Senator Hardy did not want to pick on this agency. He understood the concern. Maybe the Subcommittee could put the money in a reserve account that reverted back if it was not needed for repairs. Senator Hardy suggested putting half of the savings in a reserve fund for computer repairs or replacements that might be needed. Senator Hardy said again that unless this would be a global policy, it was not worth discussing.

Chair Denis said the computer reserve fund was part of his discussion. He had asked about establishing a computer reserve fund as a global policy. But at this point in the budget process, he was uncertain how to accomplish a global change for all agency budgets. He thought there might be substantial savings if the Subcommittee created a reserve fund. He said some of these computer areas were critical areas, and it might be difficult to accomplish this global change at this point in the budget process.

Senator Hardy said the global policy was a challenge. Some critical computer failures might be bigger than others. Senator Hardy suggested the Legislature think about a global computer reserve fund policy for future biennia. He said that if an electronic item was going to fail, it would likely fail in the first 30 seconds, but if it did not fail then, typically the electronic item would work well for some time. He understood the computer hard drive maintenance issues. Senator Hardy thought the state needed a different policy on a computer reserve fund. He appreciated the Department looking into this because that gave him a feel for the computer reserve fund issue. Senator Hardy suggested if the state adopted a global computer reserve fund, the savings may be substantial.

Chair Denis was concerned because the Subcommittee had already closed the budget based on the extended warranty but did not add any additional money to the budget. So right now the budget contained no money for extended warranties. The Subcommittee could approve the original budget request or a reduced amount. Senator Hardy asked what the motion would be if he wanted to approve the original request.

Ms. Sakelarios answered that The Executive Budget recommended General Funds of \$19,810 in fiscal year (FY) 2010 and \$34,751 in FY 2011 for the replacement of seven servers which were or would soon be out of warranty during the 2009-2011 biennium.

Senator Hardy said he would like to recommend the Subcommittee have the Department purchase the extended warranties, restore half the savings to a reserve account in case there were any computer contingencies, and have the Department provide a report next legislative session about whether the global policy was a disaster or worked well.

Chair Denis asked whether the Subcommittee could do that, and the Fiscal Analysis Division staff confirmed that Senator Hardy's suggestion was possible. Chair Denis said the savings was \$19,626 and half of that would get placed in a reserve.

Senator Hardy said the Subcommittee may want to put all the savings in a reserve. He was looking for a test to see whether this concept or idea of buying extended warranties was something that was feasible for future budgets. Chair Denis said the whole issue of the extended warranties was the same policy adopted by the Legislature for its laptops. He said the policy had not been a disaster, and the Legislature would get a report back at some point. Senator Hardy said maybe there was a better way to do this, but for now the reserve fund seemed a good idea.

SENATOR HARDY MOVED TO APPROVE THE EXTENDED WARRANTIES FOR BA 101-2892 AND PUT THE SAVINGS IN A RESERVE ACCOUNT AND AUTHORIZE THE FISCAL ANALYSIS DIVISION TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

Michael Fischer, Director, Department of Cultural Affairs, said the Department needed to buy the extended warranties but also needed some hard-drive upgrades too. If the Department could only buy the extended warranties and not buy the hard drives, the hard drives would not have enough capacity to operate the required programs.

Chair Denis said he thought the hard-drive upgrades were included. Senator Hardy said he also thought the savings included the upgrades for the hard drives. Chair Denis said that Mr. Cates had testified about the upgrades and the extended warranties and the \$19,626 in savings included the upgrades to the hard drives.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

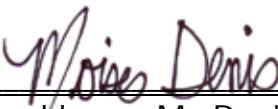
Chair Denis asked for public comment. Hearing none, he said the Subcommittee was doing its due diligence in an open manner talking frankly about the budgets and the types of decisions it had to make. He appreciated the work of the Subcommittee.

There being no further business to come before the Subcommittee, the Chair adjourned the meeting at 11:23 a.m.

RESPECTFULLY SUBMITTED:

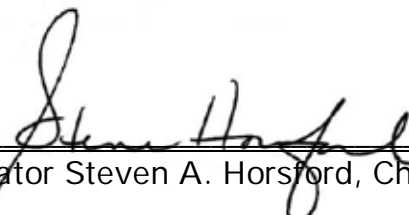
Janice Wright, Committee Secretary

APPROVED BY:



Assemblyman Mo Denis, Chair

DATE: _____



Senator Steven A. Horsford, Chair

DATE: _____

EXHIBITS			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on General Government and Accountability</u>			
Date: <u>April 23, 2009</u>		Time of Meeting: <u>8:08 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Sign-In Sheet