

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fifth Session
May 8, 2009**

The Senate Committee on Finance was called to order by Cochair Bernice Mathews at 1:00 p.m. on Friday, May 8, 2009, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Bernice Mathews, Cochair
Senator Steven A. Horsford, Cochair
Senator Joyce Woodhouse
Senator William J. Raggio
Senator Dean A. Rhoads
Senator Warren B. Hardy II

COMMITTEE MEMBERS ABSENT:

Senator Bob Coffin (Excused)

STAFF MEMBERS PRESENT:

Bob Atkinson, Senior Program Analyst
Sarah Coffman, Program Analyst
Joi Davis, Program Analyst
Jeffrey A. Ferguson, Program Analyst
Laura Freed, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Rex Goodman, Program Analyst
Tracy Raxter, Principal Deputy Fiscal Analyst
Julie Waller, Program Analyst
Cynthia Clampitt, Committee Secretary

OTHERS PRESENT:

Stephanie Day, Deputy Director, Budget Division, Department of Administration
David Schumann, Nevada Committee for Full Statehood
Leslie A. Johnstone, Executive Officer, Public Employees' Benefit Plan
Tony Lesperance, Ph.D., Director, State Department of Agriculture

COCHAIR MATHEWS:

The Committee will consider Senate Bill (S.B.) 409.

SENATE BILL 409: Authorizes on-line bidding on contracts for the construction, improvement and maintenance of highways. (BDR 35-1179)

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

Senate Bill 409 was heard in Committee on April 29, 2009. Mr. Robert Chisel and Mr. Rick Nelson provided testimony on the legislation. This bill is one of the

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Governor's bills and is included under the *Executive Budget*, in budget account (B/A) 201-4660.

INFRASTRUCTURE

TRANSPORTATION

Transportation Administration – Budget Page NDOT-3 (Volume III)
Budget Account 201-4660

Decision unit E-586 would allow for the implementation of electronic bidding for contractor bid submittals.

E-586 Technology Invest: Maximize Internet & Technology – Page NDOT-7

SENATOR RAGGIO MOVED TO DO PASS S.B. 409.

SENATOR HARDY SECONDED THE MOTION.

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

COCHAIR MATHEWS:
We will now open the hearing on S.B. 416.

SENATE BILL 416: Eliminates the requirement for the administration of norm-referenced examinations in public schools. (BDR 34-1216)

MR. GHIGGERI:
This bill was recommended by the Governor for the Norm-referenced test (NRT). The bill would suspend the NRT for the 2009-2011 biennium. The elimination was included in the *Executive Budget*. The Subcommittee has closed this budget.

STEPHANIE DAY (Deputy Director, Budget Division, Department of Administration):
This bill requests the elimination of the NRT in public schools. The other tests that are required by the No Child Left Behind Act of 2001 (NCLB) are a duplication of this requirement.

SENATOR RAGGIO:
I understand we are required to make reductions and eliminations due to current economic conditions. The NRT examinations were a key component of the Nevada Education Reform Act. Much effort went into that legislation. Ms. Jeanne Botts was a former member of both the Fiscal and Research Divisions of the Legislative Counsel Bureau. Although our staff is not supposed to express their personal opinions, Ms. Botts felt strongly that the NRT was the only true measure of how our students compared nationally and internationally.

I have reviewed S.B. 416. Where is the language specifying the elimination of the NRT applies to only one biennium? If it is not there, I would suggest an amendment to add that provision. This component should be replaced as quickly as possible.

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COCHAIR MATHEWS:

Is your concern that the bill may be a duplication?

SENATOR RAGGIO:

My concern is that if the NRT is eliminated for the 2009-2011 biennium, it must be clearly stated the elimination will sunset after one biennium.

COCHAIR MATHEWS:

What is your opinion of the duplication of provisions as stated by Ms. Day?

SENATOR RAGGIO:

There is not a duplication. The NRT is not a requirement of the NCLB because they are utilizing something else. I will support the bill with an amendment stating the provisions are limited to the 2009-2011 biennium because of the emergency financial situation.

SENATOR RAGGIO MOVED TO AMEND AND DO PASS S.B. 416.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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DAVID SCHUMANN (Nevada Committee for Full Statehood):

All of us in the room are over the age of 40, so this bill does not affect us. But, if you are a child, even for a biennium, these NRT exams are important. A child needs to be challenged. It is a shame not to give children this chance. None of us have the absorptive capacity of a child between the ages of 8 and 17.

The NRT tests what the child knows and what the teacher has attempted to pass onto the children. The teachers' unions do not like the tests because they are a way for scholars to assess how teachers in this State are doing. There has to be a better way to balance the budget, rather than on the children in grades kindergarten through 12th grade.

COCHAIR MATHEWS:

We will ensure your remarks are included in the record. We will hold on consideration of S.B. 417.

[SENATE BILL 417](#): Revises provisions governing the distribution of proceeds collected from fees that must be paid to reinstate the registration of a motor vehicle in certain circumstances. (BDR 43-1310)

We will consider budget closings at this time.

LAURA FREED (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on General Government and Accountability of the Senate Committee on Finance and the Assembly Committee on Ways and Means reviewed the recommendations in the *Executive Budget* regarding health insurance and other benefits for active employees and retirees. The Subcommittee approved only part of the Governor's recommended

reductions to health insurance benefits. The Public Employees' Benefits Program (PEBP) budget is in B/A 625-1338.

SPECIAL PURPOSE AGENCIES

PUBLIC EMPLOYEES' BENEFITS PROGRAM

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

The program continues to experience positive financial results and anticipates ending the current biennium with the incurred but not reported claims liability fully funded at \$34.9 million and the rate stabilization/catastrophic reserve funded at \$30.6 million.

The *Executive Budget* recommended two significant health-insurance reductions. The first reduction, included in decision unit E-660, comprises the cost savings from various changes to the PEBP plan design, as well as increases in amounts that participants pay.

E-660 Program Reductions/Reductions to Services – Page PEBP-4

These reductions were reviewed by the PEBP Board before inclusion in the budget and they were developed based upon the Governor's instruction to keep State costs for the 2009-2011 biennium at fiscal year (FY) 2008-2009 amounts. Plan design changes include: implementing a single deductible for the preferred provider option (PPO) plan; \$725/individual and \$1,450/family compared to the current deductibles of \$500/individual and \$1,000/family; removing the Health Assessment Questionnaire and the incentives for participating in it; and holding the health maintenance organization premium increases to a maximum of 5 percent for FY 2009-2010. The cost shifts to program participants include: reducing the amount of the premium covered by the State subsidy in each coverage tier; eliminating the State subsidy for participants who retire after June 30, 2010, with less than 15 years of service credit; and allocating the Medicare Part D subsidy revenue from the federal government between PEBP and Medicare retirees. The Subcommittee approved decision unit E-660, thereby approving these budget reductions. The decision unit E-660 reductions represent a subsidy savings of \$53 million over the 2009-2011 biennium, of which approximately \$33 million is General Fund savings. The savings are actually realized in each budget account's M-300 decision unit, where fringe benefit rates are typically adjusted.

The second reduction in the *Executive Budget* is contained within decision unit E-661 in this budget account, though the actual cost savings are realized in each budget account's E-673 decision unit.

E-661 Program Reductions/Reductions to Services – Page PEBP-5

The Governor recommended the following decreases to participant subsidies: establishing the base subsidy to cover 75 percent of the premium for active employees instead of the current 95 percent, as well as active dependents; eliminating the subsidy for all Medicare-eligible retirees beginning July 1, 2009; eliminating the subsidy for any employee who retires after July 1, 2009; and reducing the subsidy provided to existing

non-Medicare retirees by 25 percent on July 1, 2009 and 25 percent more on July 1, 2010. The Subcommittee disapproved this decision unit, and thereby instructed Staff to eliminate the E-673 decision units in all budget accounts. This decision, when implemented for all State agencies and the Distributive School Account (DSA), represents an addback of \$158.5 million in General Fund for health insurance costs.

The next account is B/A 680-1368, the Retired Employee's Group Insurance.

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

The Subcommittee closed this budget with permission to Staff to adjust the budget to reflect the decisions made in the PEBP budget. As a result of the Subcommittee's recommendations in the PEBP budget, the monthly base subsidy for retirees would be \$317.30 in FY 2009-2010 and \$344.30 in FY 2010-2011. The current fiscal year's base subsidy is \$410.48. To fund these subsidies, an assessment of 2.3 percent in FY 2009-2010 and 2.59 percent in FY 2010-2011 is charged against the payroll in each budget account.

The final account is B/A 625-1390, the Active Employees' Group Insurance.

Active Employees Group Insurance – Budget Page PEBP-15 (Volume III)
Budget Account 625-1390

The Subcommittee closed this budget with permission to Staff to adjust the budget to reflect the decisions made in the PEBP budget. As a result of the Subcommittee's decisions, the State contribution toward active employee health insurance would be \$626.52 in FY 2009-2010 and \$680.84 in FY 2010-2011. The current fiscal year's State contribution is \$626.16 per person, per month. The Legislation necessary to establish the rates for the upcoming biennium has been introduced in S.B. 415.

SENATE BILL 415: Establishes for the next biennium the amount to be paid to the Public Employees' Benefits Program for group insurance for certain active and retired public officers and employees. (BDR S-1191)

SENATOR HARDY:

Will closing these budgets preclude any potential reforms that may be considered for future hires?

LESLIE A. JOHNSTONE (Executive Officer, Public Employees' Benefit Plan):

The reform would concern retirement benefits for new hires. If that is the case, the budget closing would not impact any decisions made for reforms.

SENATOR RAGGIO:

If these budgets are approved, the amounts would be the established subsidies for the next biennium. It would also apply to new hires. If we are talking about reforms concerning new hires, closing this budget would have an impact on any such reform.

Ms. JOHNSTONE:

That would be the case if the reform involved the health benefits for the new hires while they are employees. If the reform only impacted them, once they retire, the budget closure would not affect them.

SENATOR RAGGIO:

I am not suggesting reforms will be made. For clarity, we are still in the process of discussions for both the PEBP Plan and the Public Employees' Retirement System. The action we take today would apply to all employees, including new hires.

Ms. JOHNSTONE:

That is correct.

SENATOR RAGGIO:

With respect to the retired employees' group insurance, the recommended action would provide a subsidy for retirees at \$317.30 for FY 2009-2010 and \$344.30 in FY 2010-2011 for all retirees. Is that correct?

Ms. JOHNSTONE:

That is what is referred to as the base subsidy. That is the allocation for retirees before 1994. It is also the level of subsidy for retirees after 1994, with 15 years of service.

SENATOR RAGGIO:

If the years of service are less than 15 years, the subsidy is reduced?

Ms. JOHNSTONE:

Yes, it is reduced to 25 percent.

SENATOR RAGGIO:

The report indicates the current year subsidy is higher at \$410.48. What has changed?

Ms. JOHNSTONE:

This reduction is not as bad as it appears. The subsidy amount from the 2007 Legislature was calculated prior to S.B. No. 544 of the 74th Session, which eliminated the comingling of the Medicare retirees and lowered the base subsidy.

SENATOR RAGGIO:

This report does not reflect all the calculations that occur. Is it simply a summary?

Ms. JOHNSTONE:

That is correct.

SENATOR RAGGIO:

With respect to active employees in B/A 625-1390, it appears the contribution for active employees remains approximately the same. There is a slight increase for FY 2010-2011. What does that increase reflect? Is it adjusted for inflation? There will probably not be significant changes in the numbers.

MS. JOHNSTONE:

There are several considerations within the active employee subsidy. Just as there was a reduction due to S.B. No. 544 of the 74th Session for the uncomingling of retirees, there was an increase in the subsidy for the active employees. When we arrived at the calculations to keep costs the same overall, it was done by combining the active and retiree subsidies. That being said, the proposed budget actions today would allow the PEBP to reduce costs for the Plan through plan design changes and cost shifting. Most of the changes occur in the first year of the biennium. It is a combination of reducing costs to the Plan and more out-of-pocket increases for the participants. The other piece is to pass on a higher percentage of the costs to the participants through the subsidy.

SENATOR RAGGIO:

Please reiterate the changes being made in the Plan and the benefits?

MS. JOHNSTONE:

The Health Assessment Questionnaire and the plan incentives have been removed from the PPO Plan. We are consolidating the Plan options into a single, higher-deductible PPO Plan. We are eliminating the attention deficit disorder benefits that were added effective July 2008 and shifting additional costs through a reduction in the State subsidy percentage that goes toward the cost of the Plan. That represents a cost shift from the State to the participants. We are adjusting how the Medicare, Part D subsidy is allocated.

SENATOR RAGGIO:

We allocate the Medicare, Part D subsidy revenue, received between the PEBP and Medicare-eligible retirees. How is that done?

MS. JOHNSTONE:

When Medicare, Part D, first became available, we passed through all of the funds from the Centers for Medicare and Medicaid Services to the Medicare retirees. Now that we have changed the policy by the uncomingling of expenses, the PEBP recommends the prescription drug subsidy received for Medicare retirees be shared between the Plan and the participants, similar to costs of drugs allocations. It is more equitable to treat the expenses in the same manner as the revenue.

SENATOR RAGGIO:

Is there a difference in the subsidy if a participant is Medicare-eligible or otherwise?

MS. JOHNSTONE:

There is a slight reduction in the subsidy pass through received from Medicare, Part D.

SENATOR RAGGIO MOVED TO ADOPT THE JOINT SUBCOMMITTEE REPORT ON THE PEBP BUDGET ACCOUNTS 625-1338, 680-1368 AND 625-1390 CONCERNING THE RETIRED AND ACTIVE EMPLOYEE HEALTH INSURANCE.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

COCHAIR MATHEWS:

We will now consider the closing recommendations for the budgets of the Department of Corrections (DOC).

TRACY RAXTER (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Joint Subcommittee on Public Safety, Natural Resources and Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means developed recommendations for 28 budgets within the DOC. The Subcommittee's recommendations result in an additional General Fund cost of approximately \$14.9 million in FY 2009-2010 and \$13.3 million in FY 2010-2011.

The DOC's budget is primarily driven by the projected number of inmates to be housed. The *Executive Budget* provided funding to house an average of 13,696 inmates in FY 2009-2010 and 14,368 inmates in FY 2010-2011. The budget, as modified by the Subcommittee, will provide funding to house an average of 12,889 inmates in FY 2009-2010 and 13,009 in FY 2010-2011. This budget modification was the result of an updated projection of the inmate population in March 2009 which reflects a decline in the level of inmate population growth due to an increase in parole releases, a decrease in parole and probation returns to prison and a leveling off of new court commitments sent to prison.

SENATOR RAGGIO:

Who made the prison population projections?

MR. RAXTER:

The projections were from the JFA Associates, the contracted vendor to the Department of Administration.

The revised inmate population level results in a General Fund savings of \$1.5 million in FY 2009-2010 and \$2.9 million in FY 2010-2011.

The first account is B/A 101-3710, for the Director's Office.

PUBLIC SAFETY

CORRECTIONS

NDOC - Director's Office – Budget Page CORRECTIONS-1 (Volume III)
Budget Account 101-3710

The Governor recommended the receipt of revenue from leasing the vacant Southern Nevada Correctional Center (SNCC) facility during the 2009-2011 biennium of \$11 million to offset the need for a similar amount of funding from the General Fund in this account. Several alternatives are being considered by the DOC for leasing the facility or otherwise utilizing the facility to house non-Nevada committed offenders; however, at the time of the budget closing there was not a realistic revenue amount to include in the budget for the

2009-2011 biennium. Therefore, the Subcommittee approved restoring the General Funds; issue a letter of intent directing the Department to continue pursuing negotiations; reporting quarterly to the Interim Finance Committee (IFC) on the status of those negotiations; submitting the appropriate work program modifications during the 2009-2011 biennium upon completion of successful negotiations, if any, including reverting a portion of the General Fund monies restored that could be offset with the net of revenues, and any expenses realized from housing the non-Nevada committed offenders.

The next account is B/A 101-3706, Prison Medical Care.

NDOC - Prison Medical Care – Budget Page CORRECTIONS-10 (Volume III)
Budget Account 101-3706

The Subcommittee concurred with the Governor's recommendation to provide funding of \$1.2 million in FY 2009-2010 and \$2.1 million in FY 2010-2011 for inflationary increases in medical costs for the Department. The Subcommittee also approved continued funding for one correctional nurse position that was previously assigned to the Silver Springs Conservation Camp prior to the closure of that facility. The Department indicated its intent to reassign the position to the Warm Springs Correctional Center when the position is filled to augment the existing nursing staffing at that facility due to the conversion of that facility from minimum custody to medium custody.

The next account is B/A 101-3711, Correctional Programs.

NDOC - Correctional Programs – Budget Page CORRECTIONS-16 (Volume III)
Budget Account 101-3711

The Governor recommended reductions in General Fund appropriations of \$188,416 in each year of the biennium to eliminate funding for the contracted driving under the influence (DUI) treatment program within the DOC that had been discontinued in FY 2008-2009. The Subcommittee approved the Governor's recommendation as the Department indicated the other substance abuse treatment programs administered by the DOC met the specific statutory requirements for maintaining a DUI treatment program.

As a follow up to a letter of intent issued from the 2007 Legislature regarding the development of performance measures to measure the effectiveness of the pre-release and reentry services provided by the Department, the Subcommittee was advised by the DOC that one measurement indicator was developed to measure the recidivism rate after one, two and three years of release for those inmates who receive the services. The Subcommittee approved issuing a letter of intent directing the DOC to include the performance measure in its budget submittal for the 2011-2013 biennium for review by the 2011 Legislature.

The next two accounts are B/A 101-3762, for the High Desert State Prison (HDSP), and B/A 101-3718, the Nevada State Prison (NSP).

NDOC - High Desert State Prison – Budget Page CORRECTIONS-27 (Volume III)
Budget Account 101-3762

NDOC - Nevada State Prison – Budget Page CORRECTIONS-40 (Volume III)
Budget Account 101-3718

The Department's housing plan, the basis for the Governor's budget recommendations, reflected a net increase of 386 beds to become operational over the 2009-2011 biennium. This included the opening of 1,200 new beds, the reopening of 70 beds associated with remodeling projects, the opening of 92 beds above emergency capacity and the closure of 976 existing beds. Due to the March 2009 update to the inmate population projections, reflecting a lower level of inmate population growth and in response to a request by the Subcommittee, the DOC developed alternative housing plans that included alternatives to the closure of NSP and included the deferral of opening for the HDSP, Phase V, and the deferral of construction for the proposed Prison No. 8. After review, the Subcommittee opted to recommend funding to implement the Department's Housing Plan No. M2009-24 that reflected utilizing existing facilities within the DOC before constructing and/or opening new or expanded facilities. This alternative represented the least amount of funding necessary for the 2009 and 2011 Capital Improvement Programs (CIPs).

Included in the Subcommittee's recommendations is the restoration of General Funds of \$18.3 million in FY 2009-2010 and \$18.4 million in FY 2010-2011 for funding operations at the NSP. General Fund appropriations of \$5.8 million in FY 2009-2010 and \$5.5 million in FY 2010-2011 were not approved by the Subcommittee for the operation of the HDSP, Phase V, due to the selected housing plan reflecting the opening of the expansion being deferred until the 2011-2013 biennium. The Subcommittee also did not approve funding for operating Housing Unit No. 8 at the NSP since the inmate beds in that housing unit were not necessary during the 2009-2011 biennium and infrastructure improvements are needed for this housing unit. In addition, the Subcommittee did not approve funding for the second warden position at the HDSP due to concerns about adequate justification for the position and the precedent-setting condition of employing two wardens at one institution. The Subcommittee did approve funding to continue two additional associate warden positions at that facility.

The next account is B/A 101-3717, the Northern Nevada Correctional Center (NNCC).

NDOC - Northern Nevada Correctional Center – Budget Page CORRECTIONS-34
(Volume III)

Budget Account 101-3717

The Subcommittee approved the budget for the NNCC with adjustments to address omissions in the *Executive Budget* for continuing expenditures of \$317,221 in each year of the biennium that would be necessary for electricity, natural gas and water/sewer charges. In addition, adjustments were approved to reflect changes in contractual expenses for fuel for the biomass energy plant and for power sales associated with the plant resulting in savings of \$262,809 in FY 2009-2010 and \$285,318 in FY 2010-2011.

The next account is B/A 101-3715, for the SNCC.

NDOC - Southern Nevada Correctional Center – Budget Page CORRECTIONS-56
(Volume III)

Budget Account 101-3715

The Subcommittee approved funding of \$415,467 in FY 2009-2010 and \$402,014 in FY 2010-2011 to provide for minimal maintenance of the SNCC during the 2009-2011 biennium, with a letter of intent that if the facility is leased by the DOC or the Department operates the facility to house non-Nevada committed offenders, the portion of these appropriations equal to the net of revenues, and any expenses that may be realized from housing those non-Nevada committed offenders, should revert to the General Fund.

The next account is B/A 101-3761, for the Florence McClure Women's Correctional Center.

NDOC – Florence McClure Women's Correctional Center – Budget Page
CORRECTIONS-65 (Volume III)
Budget Account 101-3761

The Governor recommended funding of \$2.1 million in FY 2009-2010 and \$2.2 million in FY 2010-2011 for staffing and operating costs related to the opening of 200 medium-custody beds of a 300-bed expansion of this facility, including staffing for the housing units and additional support staffing for the institution as a whole. Because the Department's revised housing plan for female inmates indicates that only 100 beds, instead of 200 beds included in the Governor's recommendation, are needed to house inmates during the 2009-2011 biennium, the Subcommittee recommended the level of funding be reduced by \$1 million over the biennium.

The next account is B/A 101-3725, the Three Lakes Valley Conservation Camp (TLVCC).

NDOC – Three Lakes Valley Conservation Camp – Budget Page
CORRECTIONS-90 (Volume III)
Budget Account 101-3725

Because all of the alternative housing plans submitted by the Department in response to the March 2009 revision to the inmate population projections reflected deferring the occupancy of the expansion of the TLVCC until after the 2009-2011 biennium, the Subcommittee did not approve the Governor's recommendation to provide funding of \$402,239 in FY 2009-2010 and \$1.2 million in FY 2010-2011 for staffing and operating the 304-bed expansion.

The next account is B/A 101-3754, the Tonopah Conservation Camp (TCC).

NDOC - Tonopah Conservation Camp – Budget Page CORRECTIONS-124
(Volume III)
Budget Account 101-3754

The Subcommittee did not approve the Governor's recommendation to close the TCC. Concerns were expressed by the Subcommittee regarding losing initial attack suppression forces for fires on federal, State and private lands in the area and the impact of the closure of the facility on the ability of inmate crews to perform community projects in the central Nevada area. In addition, the Department's alternative house plans reflected the facility remaining open during the next ten-year planning period. The Subcommittee's recommendation restores General Fund appropriations of \$1.1 million in each year of the 2009-2011 biennium. However, when considered with the decision to defer the

expansion of the TLVCC, resulting in a net addition of \$370,742 over the biennium, considering that termination payments would not be necessary for employees affected by the proposed closure.

The next account is B/A 240-3708, the Offender's Store Fund.

NDOC - Offenders' Store Fund – Budget Page CORRECTIONS-130 (Volume III)
Budget Account 240-3708

As recommended by the Governor, the Subcommittee approved the elimination of two positions that were assigned to the inmate banking function within the DOC. The positions have been vacant for several years and with the new automated inmate banking system implemented in the current biennium, the DOC indicated this function could be performed without the positions. The Subcommittee also approved funding of \$158,317 over the 2009-2011 biennium for the offenders' stores operations to provide for barcode scanners to automate inventory tracking at each correctional facility as recommended by the Governor.

The next account is B/A 240-3763, the Inmate Welfare Account.

NDOC - Inmate Welfare Account – Budget Page CORRECTIONS-138
(Volume III)
Budget Account 240-3763

Although not included in the *Executive Budget*, the Subcommittee approved the addition of an administrative assistant position to provide inmate law library services at the Warm Springs Correctional Center. The Governor's recommendation was to transfer an existing position currently assigned to the NSP upon closure of that facility. The Subcommittee noted that position would not be available for transfer if funding was approved to continue to operate the NSP over the 2009-2011 biennium. The Subcommittee did approve the Governor's recommendation to eliminate one recreation specialist position assigned to the SNCC due to the closure of that facility in July 2008.

The next account is B/A 525-3719, the Prison Industry Program.

NDOC - Prison Industry – Budget Page CORRECTIONS-147 (Volume III)
Budget Account 525-3719

The Subcommittee concurred with the Governor's recommendation to eliminate the supervisor position for the mattress factory at the NSP. The DOC indicated it intended to consolidate the operation of the mattress factory with the garment factory at the Lovelock Correctional Center due to the need to reduce costs for the operation because of declining sales. The DOC advised that the relocation would make space available at the NSP for other inmate programs that can not presently be conducted at that institution due to lack of available space.

In addition, the following budget accounts were reviewed and closed by the Subcommittee as recommended by the Governor, with adjustments for inmate population changes and minor technical adjustments:

NDOC - Ely State Prison – Budget Page CORRECTIONS-22 (Volume III)
Budget Account 101-3751

NDOC - Southern Desert Correctional Center – Budget Page CORRECTIONS-46
(Volume III)
Budget Account 101-3738

NDOC - Lovelock Correctional Center – Budget Page CORRECTIONS-51
(Volume III)
Budget Account 101-3759

NDOC - Warm Springs Correctional Center – Budget Page CORRECTIONS-60
(Volume III)
Budget Account 101-3716

NDOC - Casa Grande Transitional Housing – Budget Page CORRECTIONS-70
(Volume III)
Budget Account 101-3760

NDOC - Northern Nevada Restitution Center – Budget Page CORRECTIONS-75
(Volume III)
Budget Account 101-3724

NDOC - Stewart Conservation Camp – Budget Page CORRECTIONS-80
(Volume III)
Budget Account 101-3722

NDOC - Pioche Conservation Camp – Budget Page CORRECTIONS-85
(Volume III)
Budget Account 101-3723

NDOC - Wells Conservation Camp – Budget Page CORRECTIONS-96
(Volume III)
Budget Account 101-3739

NDOC - Humboldt Conservation Camp – Budget Page CORRECTIONS-101
(Volume III)
Budget Account 101-3741

NDOC - Ely Conservation Camp – Budget Page CORRECTIONS-106 (Volume III)
Budget Account 101-3747

NDOC - Jean Conservation Camp – Budget Page CORRECTIONS-111
(Volume III)
Budget Account 101-3748

NDOC - Silver Springs Conservation Camp – Budget Page CORRECTIONS-116
(Volume III)
Budget Account 101-3749

NDOC - Carlin Conservation Camp – Budget Page CORRECTIONS-119
(Volume III)
Budget Account 101-3752

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NDOC - Prison Dairy – Budget Page CORRECTIONS-153 (Volume III)
Budget Account 525-3727

SENATOR RHOADS:

Is there a figure for the total changes to these budgets, in either addbacks or savings?

MR. RAXTER:

The total addback for FY 2009-2010 is \$14.9 million and for FY 2010-2011 the addback is \$13.3 million.

COCHAIR MATHEWS:

Does Senator Woodhouse, as Chair of that Subcommittee, have any comments to add?

SENATOR WOODHOUSE:

I agree with the Subcommittee recommendations.

SENATOR WOODHOUSE MOVED TO CLOSE B/As 101-3710, 101-3706, 101-3711, 101-3762, 101-3718, 101-3717, 101-3715, 101-3761, 101-3725, 101-3754, 240-3708, 240-3763, 525-3719, 101-3751, 101-3738, 101-3759, 101-3716, 101-3760, 101-3724, 101-3722, 101-3723, 101-3739, 101-3741, 101-3747, 101-3748, 101-3749, 101-3752 AND 525-3727 AS RECOMMENDED BY THE SUBCOMMITTEE.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR RAGGIO:

Does this budget closure continue the Prison Industries at the present level? They are discussing merger of the mattress factory with the garment factory. How many inmates are involved in the Prison Industry Program? I do not recall that it was a large number of inmates. Are we further limiting the size of the Prison Industry Program?

MR. RAXTER:

The DOC indicated the Mattress Factory Program has only been operating several days each week for a period of time due to declining sales. The DOC is the biggest customer for the Program. The DOC has not been expanding or opening as many new beds, it has reduced the mattress sales. The DOC is finding, due to the overall economic conditions, it is losing customers in all Prison Industry Programs. Another community-partner program in the Prison Industry Programs included a polo shirt program at the HDSP where the vendor ceased operations. I do not have the actual number of inmates working in the mattress factory. Overall, it averages approximately 6.8 percent of the prison inmate population. That has remained steady through December 2008. I suspect it may have declined slightly due to economic conditions.

SENATOR RAGGIO:

When the budgets are closed by Subcommittees, members miss the opportunity to discuss certain concerns. One problem with the DOC is that we offer very little in the way of rehabilitative programs. Prison Industries is a perfect example, but it is limited by competition with the private sector and problems in

developmental phases. When Director Skolnik ran the program, advancements were made. I would hope we could develop the programs further in the future.

JEFFREY A. FERGUSON (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will provide the Joint Subcommittee on Public Safety, Natural Resources and Transportation for B/A 101-4198, the Forestry Conservation Camps. This budget was heard with the DOC because the two are closely related in some areas.

CONSERVATION AND NATURAL RESOURCES

DCNR - Forestry Conservation Camps – Budget Page DCNR-40 (Volume III)
Budget Account 101-4198

The Subcommittee did not approve the Governor's recommendation to close the TCC and to open the proposed expansion of the TLVCC, providing a net General Fund savings of \$174,483 in FY 2009-2010 and \$621,837 in FY 2010-2011. Based on these recommendations, S.B. 402 which provides for a supplemental appropriation of \$38,763 for terminal leave payments at the TCC is no longer required.

SENATE BILL 402: Makes a supplemental appropriation to the Division of Forestry of the State Department of Conservation and Natural Resources for unanticipated shortfalls in Fiscal Year 2008-2009 for costs associated with the closure of the Tonopah Conservation Camp. (BDR S-1261)

The recommendations to keep the TCC open and delay the expansion of the TLVCC are consistent with the Subcommittee's closing recommendations for the DOC. The consensus of the Subcommittee was that closing the TCC would remove an important resource in the Division's wildland fire suppression activities in central Nevada, as well as negatively impact the local communities in central Nevada that rely on the Forestry crews to provide important services that are difficult to obtain, and save significant money compared to what contractors would charge.

SENATOR RAGGIO MOVED TO APPROVE THE SUBCOMMITTEE RECOMMENDATIONS TO CLOSE B/A 101-4198, PERTAINING TO THE FORESTRY CONSERVATION CAMPS; AND TO INDEFINITELY POSTPONE S.B. 402.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

BUDGET CLOSED.

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

I am bringing you the recommendations from the Joint Subcommittee on General Government and Accountability for the Department of Agriculture and the Division of Minerals.

The Joint Subcommittee on General Government and Accountability has completed its review of the budget accounts for the Department of Agriculture and the Division of Minerals. The closing actions taken by the Senate members of the Subcommittee have thus far resulted in an increase in General Fund appropriations of \$244,582 in FY 2009-2010 and \$228,727 in FY 2010-2011 when compared to the Governor's recommended budget. However, the Senate Subcommittee members did not take closing actions on two budget accounts: the Veterinary Medical Services Division and the Predatory Animal and Rodent Control account. The Senate Committee on Finance will need to take action on those two accounts.

The first account is B/A 101-4554, the Administration budget.

COMMERCE AND INDUSTRY

AGRICULTURE

AGRI - Administration – Budget Page AGRICULTURE-1 (Volume II) Budget Account 101-4554

The Subcommittee approved the Governor's recommendation to eliminate two accounting assistant positions, an administrative assistant position and a deputy director position. However, the Subcommittee did not approve the Governor's recommendation to eliminate an administrative assistant position located in Las Vegas. Rather, the Subcommittee voted to restore the administrative assistant position and transfer it to the Division of Measurement Standards, where it could be supported by the Division's reserve with no additional impact to the General Fund. In addition, the Subcommittee approved the Governor's recommendation to transfer an information technology (IT) professional position from the Veterinary Medical Services Division.

The Subcommittee restored the Department's \$20,000 contribution each year to the High School Rodeo Association and transferred the Medical Marijuana Program to the Health Division, as recommended by the Governor.

Due to the organizational changes that the Department indicates will be made as a result of the Department's decrease in staff, the Subcommittee recommends issuing a letter of intent directing the Department to perform a time and motion study to determine the proper funding source for each of the Department's programs and corresponding positions. In addition, the Subcommittee also recommends requesting the Legislative Audit Division to conduct an audit on the Department's staff-related cost allocations during the 2009-2011 interim period.

The next account is B/A 101-4537, the Gas Pollution Standards budget.

AGRI - Gas Pollution Standards – Budget Page AGRICULTURE-12 (Volume II) Budget Account 101-4537

The Subcommittee recommends reducing the Department of Motor Vehicles (DMV) Pollution Control Fund transfers from \$414,519 to \$347,733 in FY 2009-2010 and from \$430,550 to \$343,802 in FY 2010-2011, in order to reduce the Agency's reserve to the equivalent of six months of operating expenses. In addition, this recommendation would leave additional funds in the DMV Pollution Control Account to be used for other programs.

The next account is B/A 101-4540, the Plant Industry Division.

AGRI - Plant Industry – Budget Page AGRICULTURE-19 (Volume II)
Budget Account 101-4540

The Subcommittee recommends restoring two agricultural enforcement officers; an agriculturist position responsible for produce inspection, weed abatement and insect identification in Winnemucca and its surrounding areas; and an agriculturist position responsible for the seed and organic material certification programs. In order to mitigate the funding impacts of restoring the agriculturist for the seed and organic material programs, the Subcommittee approved a budget amendment to eliminate two part-time administrative assistant positions. The position restorations recommended by the Subcommittee result in a General Fund increase of \$244,582 in FY 2009-2010 and \$208,727 in FY 2010-2011.

The Subcommittee concurred with the Governor's recommendation to eliminate an agricultural enforcement officer, three agriculturists, and the regional manager in southern Nevada. In order to eliminate the agriculturist position responsible for noxious weed management, the Subcommittee recommends introducing Legislation to amend *Nevada Revised Statutes* (NRS) 555.031 which provides statutory authority establishing this position.

The Subcommittee also concurred with the Governor's recommendation to transfer the pest control operator and nursery programs from the Plant Industry Division to the Registration and Enforcement Account. However, the Subcommittee recommends issuing a letter of intent for the Division to provide quarterly reports identifying each program's revenue and expenditure activity with the corresponding impact to its operating reserve. The Subcommittee also recommends cost allocating the dispatch expenses incurred by the Plant Industry Division with the Livestock Inspection Division.

The next account is B/A 101-4550, Veterinary Medical Services.

AGRI - Veterinary Medical Services – Budget Page AGRICULTURE-55
(Volume II)
Budget Account 101-4550

The Subcommittee approved the Governor's recommendation to eliminate the program officer position responsible for the Virginia Range Estray Horse (VREH) Program, transfer the duties of responding to nuisance calls related to the VREH to the Livestock Inspection Division and provide the Veterinary Medical Services Division with the authority to reimburse the Livestock Inspection Division for expenses incurred that are related to the VREH Program.

The Assembly members of the Subcommittee eliminated one of four veterinarian positions to cover General Fund shortfalls of \$99,774 in each year of the biennium due to the overstatement of the West Nile Cooperative Agreement Funds transferred from the Health Division. The Senate members of the Subcommittee did not take closing action on this item. As such, the full Senate Committee on Finance will need to make a decision on this item in order to fully close this account.

COCHAIR MATHEWS:

Is this part of Senator Rhoads' veterinarian concerns?

SENATOR RHOADS:

Dr. Tony Lesperance, Director, Department of Agriculture, can explain this request. This Agency has suffered approximately 30 percent in layoffs and other budget reductions.

TONY LESPERANCE, PH.D. (Director, State Department of Agriculture):

We currently have four veterinarians and the Subcommittee recommended elimination of one of the four. I have sent most legislators information regarding the duties of the veterinarians and why they are essential.

The veterinary staff is not only responsible for animal diseases; they specifically manage 34 varieties of animal diseases that can occur in the human population. It is critical we monitor these diseases. Many of our programs are a result of cooperative federal mandates. I cannot survive with three veterinarians; in fact, I might have requested a fifth or sixth veterinarian if the economy were different.

If we lose this one position, I will need to take steps to utilize grants to keep the veterinarian employed. We have commitments with disease control for livestock, but the potential exists for any of these diseases to reach over to the human public.

SENATOR RHOADS MOVED TO RESTORE ONE VETERINARIAN POSITION FOR A TOTAL OF FOUR VETERINARIANS IN B/A 101-4550.

SENATOR HORSFORD SECONDED THE MOTION.

MS. COFFMAN:

The position is currently in the *Executive Budget*. The Assembly members of the Subcommittee voted to eliminate the position. If the Subcommittee does not take action to approve the budget amendment to authorize appropriations, this account will be short \$99,774 in each year of the biennium.

SENATOR RHOADS:

What should the motion be?

MR. GHIGGERI:

Due to the transfer of the West Nile funding, \$99,774 each year or almost \$200,000 each year in General Fund appropriations would have to be added to this budget.

SENATOR RHOADS MOVED TO ADD \$99,774 IN EACH YEAR OF THE 2009-2011 BIENNIUM TO FUND THE FOURTH VETERINARIAN IN B/A 101-4550.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

Ms. COFFMAN:

The next account is B/A 101-4551, Weights and Measures.

AGRI - Weights & Measures – Budget Page AGRICULTURE-63 (Volume II)
Budget Account 101-4551

The Subcommittee recommends denying the Governor's recommendation for a new weights and measures inspector, since the Division recently reorganized its existing staff to compensate for staffing shortfalls in southern Nevada.

The next account is B/A 101-4600, Predatory Animal and Rodent Control.

AGRI - Predatory Animal & Rodent Control – Budget Page AGRICULTURE-90
(Volume II)
Budget Account 101-4600

The Assembly members of the Subcommittee concurred with the Governor's recommendations for this account, including the elimination of four field specialist positions and one biologist position. The Senate members of the Subcommittee did not take any closing action on this item. As such, the full Senate Committee on Finance will need to make a decision on this item in order to fully close this account.

COCHAIR MATHEWS:

Who was Chair of this Subcommittee?

SENATOR RHOADS:

Perhaps the Agency can refresh us on this item?

DR. LESPERANCE:

There were 12 General Fund-supported positions within the Predatory Animal and Rodent Control budget. Five of the positions have been eliminated. The work done by these staff is essential. They address predator animal control with the livestock industry, including mountain lions and coyotes. It is also important for controlling small predator animals in urban communities and critical for the control of migratory water fowl at the major airports in both Las Vegas and Reno. Impacts with aircraft are an ongoing problem.

The seven positions that have been retained will address the functions at the airports, but the ability to address predatory animal control within the livestock industry, and the ongoing mountain lion efforts, will be severely limited.

SENATOR RHOADS:

To meet your expectations, are you requesting one of the field specialist positions be reinstated?

DR. LESPERANCE:

I would request one or more of the positions be restored. It had been suggested that one or two of the positions restored in the Plant Industry budget could be traded into this budget. This budget would be my priority.

SENATOR RHOADS:

Are you suggesting retaining one field specialist instead of one agricultural enforcement position?

DR. LESPERANCE:

That is correct.

MR. GHIGGERI:

The agricultural inspectors are not funded from the General Fund. They are funded from fees.

MS. COFFMAN:

They are funded 75 percent from the General Fund and 25 percent from the livestock inspection fees.

MR. GHIGGERI:

We do not want to get into a position of trading inequitable funding.

SENATOR RHOADS:

Do we need the salary for the position allocated from the General Fund?

MR. GHIGGERI:

The inspection fees could not be utilized to fund one position in the Predatory Animal and Rodent Control budget.

SENATOR RHOADS MOVED TO RESTORE ONE FIELD SPECIALIST POSITION IN B/A 101-4600 WITH A GENERAL FUND ADDBACK TO FUND THE POSITION.

SENATOR RHOADS:

Is that motion acceptable?

MR. GHIGGERI:

This is a decision of the Committee, but we need to be aware the decision is spending additional General Funds.

COCHAIR MATHEWS:

What is the cost of the position?

SENATOR HARDY:

Were there two positions restored in the Livestock Inspection budget?

DR. LESPERANCE:

Earlier testimony indicated the restoration of two agricultural enforcement officers in the Plant Industry Division, B/A 101-4540. They were not an Agency priority.

SENATOR HARDY:

The request in B/A 101-4540 restores two positions at 75 percent General Funds; 25 percent funded from fees. In the 1990s we eliminated some of the predator control staff and almost eradicated our deer and elk herds. If the two Plant Industry positions were eliminated, would it provide sufficient funding for one Predator Control position?

MS. COFFMAN:

In review of the Predatory Animal and Rodent Control accounts, these positions are an approximate cost of \$50,000 dependent on step and grade. Some of the positions are part-time.

SENATOR HARDY:

I thought if we took 75 percent of General Funds for two positions it would equal 100 percent of one position in the Predatory Control from the General Fund?

MS. COFFMAN:

The agricultural enforcement position costs approximately \$44,000 annually. The General Fund allocation covers 75 percent of the cost. The Predatory Animal Rodent Control costs are estimated to be \$50,000 annually. Two positions would need to be eliminated to cover the cost of one field assistant position.

SENATOR HARDY:

Can the Agency forego the two positions in B/A 101-4540 to add one position in B/A 101-4600?

SENATOR RHOADS:

I agree.

COCHAIR MATHEWS:

Staff has indicated the allocation exchange would be close.

SENATOR RHOADS AMENDED HIS PREVIOUS MOTION AND MOVED TO ELIMINATE TWO AGRICUTURAL ENFORCEMENT OFFICER POSITIONS IN B/A 101-4540 AND ADD ONE FIELD SPECIALIST POSITION IN B/A 101-4600.

DR. LESPERANCE:

Those positions to be eliminated are in the Plant Industry budget.

COCHAIR MATHEWS:

The two positions' costs would be allocated to add one position in B/A 101-4600.

SENATOR HARDY SECONDED THE MOTION.

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

* * * * *

Ms. COFFMAN:

The following budget accounts were closed by the Subcommittee with only minor technical adjustments.

AGRI - Nevada Junior Livestock Show Board – Budget Page AGRICULTURE-95
(Volume II)
Budget Account 101-4980

AGRI - Agriculture Registration/Enforcement – Budget Page AGRICULTURE-36
(Volume II)
Budget Account 101-4545

AGRI - Livestock Inspection – Budget Page AGRICULTURE-47 (Volume II)
Budget Account 101-4546

AGRI - Pest, Plant Disease Noxious Weed Control – Budget Page
AGRICULTURE-73 (Volume II)
Budget Account 101-4552

AGRI - Mormon Crickets & Grasshoppers – Budget Page AGRICULTURE-82
(Volume II)
Budget Account 101-4556

AGRI - Veterinary Med Services Coop Agreements – Budget Page
AGRICULTURE-88 (Volume II)
Budget Account 101-4560

AGRI - Grade & Certification of AG Products – Budget Page AGRICULTURE-32
(Volume II)
Budget Account 101-4541

MINERALS

Minerals – Budget Page MINERALS-1 (Volume II)
Budget Account 101-4219

SENATOR RHOADS MOVED TO ACCEPT THE SUBCOMMITTEE REPORT FOR BUDGETS 101-4554, 101-4537, 101-4540, 101-4550, 101-4551, 101-4600, 101-4980, 101-4545, 101-4546, 101-4552, 101-4556, 101-4560, 101-4541, AND 101-4219 AS AMENDED AND OTHERWISE RECOMMENDED BY THE SUBCOMMITTEE.

SENATOR HARDY SECONDED THE MOTION.

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

BUDGETS CLOSED.

COCHAIR MATHEWS:

We will now hear the Subcommittee closings for the Department of Employment, Training and Rehabilitation (DETR).

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

The Joint Subcommittee on General Government and Accountability has completed its review of the budgets for the DETR and has made the following recommendations for the Department's 2009-2011 biennial budget.

Three issues impact a number of accounts and will not be discussed in each account, but will be included in the budgets where applicable. First, the *Executive Budget* included utility inflation of 6.8 percent for FY 2009-2010 and 3 percent for FY 2010-2011 for electricity; and 9 percent and 3 percent for natural gas; however, this inflationary adjustment was not included in the DETR budget accounts. The Subcommittee approved the inclusion of this utility inflation in all the DETR budget accounts with funding to be provided by nonGeneral Fund sources.

Next, as a result of the current unemployment situation, a number of new, permanent positions have been requested by the DETR in various budget accounts and have been approved by the IFC. These positions have been incorporated into the budgets for the 2009-2011 biennium.

Finally, a number of the DETR accounts are recipients of funding through the American Recovery and Reinvestment Act of 2009 (AARA) and, where appropriate, these funds have been incorporated into the 2009-2011 budgets.

The first account is B/A 101-3274, the Information Development and Processing budget.

HUMAN SERVICES

EMPLOYMENT, TRAINING AND REHABILITATION

DETR - Information Development and Processing – Budget Page DETR-6
(Volume III)
Budget Account 101-3274

The Subcommittee approved the Governor's recommendation for two new IT positions to manage the increased workload for the oversight of the JobConnect offices that are no longer supported by Nevadaworks. In addition, the Subcommittee approved two additional IT professionals that were not included in the *Executive Budget* to provide support and maintenance of the existing contribution and benefits systems and to address the increased demands resulting from the high level of unemployment claims.

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

DETR - Equal Rights Commission – Budget Page DETR-20 (Volume III)
Budget Account 101-2580

The Governor recommended, and the Subcommittee approved, the establishment of a self-supporting, federally funded program to investigate and resolve housing discriminations complaints. The U.S. Department of Housing and Urban Development will provide capacity building funds for FY 2009-2010 and part of FY 2010-2011 and will reimburse the Equal Rights Commission on a per-case basis. The provisions included in Bill Draft Request (BDR) 18-1169 will require enactment in order to align the State fair-housing statutes with the federal provisions. The Subcommittee recommended a letter of intent advising the Commission that the Program should be recommended for elimination if it is not self-supporting by the end of the 2009-2011 biennium.

BILL DRAFT REQUEST 18-1169: Revises state fair housing statutes to conform to federal provisions to allow the Nevada Equal Rights Commission to clarify the classes of individuals protected from housing discrimination. (Later introduced as Assembly Bill [A.B.] 559).

The Subcommittee approved the Governor's recommendation to eliminate an administrative assistant and a compliance investigator as a continuation of the budget reductions for the 2007-2009 biennium. However, the Subcommittee did not approve the Governor's recommendation to eliminate a second compliance investigator in FY 2010-2011 since it now appears that sufficient federal funding will be available to support that position.

Next are B/A 101-3265, the Vocational Rehabilitation budget and B/A 101-3254, the Services to the Blind and Visually Impaired budget.

DETR - Vocational Rehabilitation – Budget Page DETR-44 (Volume III)
Budget Account 101-3265

DETR - Services to the Blind & Visually Impaired – Budget Page DETR-54
(Volume III)
Budget Account 101-3254

In both of these accounts, a significant portion of the positions are supported with federal Section 110 revenue and a 21.3 percent General Fund match. As a General Fund reduction measure, the *Executive Budget* recommended the elimination of three positions in Vocational Rehabilitation and two positions in the Services to the Blind account; however, the DETR was able to identify an alternative source of match funding through the Blind Business Enterprise Program in order to restore those positions without the addition of General Funds. Therefore, the Subcommittee approved budget amendments for the restoration of these positions.

In the Services for the Blind account, the amendment also recommended, and the Subcommittee approved, the purchase of two Braille machines that had been requested by the Agency but were not included in the Governor's original recommendations. The new source of match funding allows for the purchase of these machines without any additional General Funds.

The next account is B/A 101-3253, the Blind Business Enterprise Program.

DETR - Blind Business Enterprise Program – Budget Page DETR-63 (Volume III)
Budget Account 101-3253

The Subcommittee approved the Governor's recommended budget for this account which included renovation of the three blind vendor facilities at Hoover Dam and the construction of new facilities at the Red Rock Conservation Area and at the Clark County Shooting Park. Because an agreement has not been finalized on the Red Rock facility, the Subcommittee recommended a letter of intent requiring the Department to submit an informational item to the IFC, if an agreement is not reached with the Red Rock facility and a new location is chosen instead.

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

DETR - Employment Security – Budget Page DETR-77 (Volume III)
Budget Account 205-4770

The Subcommittee approved Budget Amendment No. 73 which provides personnel and programming costs needed to implement the alternate base period for unemployment benefits that was enacted in A.B. 469.

ASSEMBLY BILL 469: Revises provisions governing unemployment compensation. (BDR 53-1275)

The Subcommittee approved a modification to the amendment to allow the positions required for implementation to begin on July 1, 2009, rather than July 1, 2010.

The Subcommittee approved the Governor's recommendations for the creation of a workforce transformation unit, the conversion of a contract attorney and a legal secretary to State positions, and three positions to address national trends in the misclassification of workers for tax-rate manipulation. The Subcommittee did not approve programming charges that were recommended for a rate methodology change for businesses with common ownership since the Legislation allowing for that change was not approved.

Finally, the Subcommittee approved Budget Amendment No. 40 to increase the budgeted amount for intermittent positions that were approved to meet the current high level of unemployment filings from the original recommendation of \$3.8 million each year to \$5 million each year.

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

DETR - Career Enhancement Program – Budget Page DETR-89 (Volume III)
Budget Account 205-4767

Due to the current economic situation, the Subcommittee approved the Department's revision of the wage-assessment revenues that fund this account to \$12.5 million each year of the upcoming biennium. This is a reduction of \$590,000 in FY 2009-2010 and \$1.2 million in FY 2010-2011.

The Subcommittee approved the Reemployment Services Program recommended by the Governor, as well as five new permanent and ten intermittent workforce service representatives to expand employment and training assistance. Both of these enhancements are intended to return individuals to work more quickly. The Subcommittee approved the Department's request to revise the funding source for these enhancements for FY 2009-2010

and the first three months of FY 2010-2011 in order to utilize Wagner-Peyser funding made available through the ARRA.

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

DETR - Employment Security - Special Fund – Budget Page DETR-98
(Volume III)
Budget Account 235-4771

The Subcommittee approved the Governor's recommendation to continue with Phase II of the Unemployment Insurance Modernization Project to replace the 30-year old unemployment tax and benefit systems. The recommendation provides \$11.7 million in FY 2009-2010 and \$10.5 million in FY 2010-2011 to implement the business and technology solution identified during Phase I of the Project which was conducted during the current biennium. The Project is funded with federal Reed Act funds.

The Subcommittee also approved the Governor's recommendation of approximately \$2.1 million over the biennium to support the maintenance and repair of the DETR-owned buildings. The Subcommittee did modify the recommendation slightly to remove the slurry seal of three relatively new parking lots from the CIP Program. This recommendation reduces the cost of the project by approximately 30 percent, or \$58,768, that was included for State Public Works Board design, plan check, project management and inspection.

The Subcommittee also reviewed the following budgets:

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

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

DETR - Rehabilitation Administration – Budget Page DETR-29 (Volume III)
Budget Account 101-3268

DETR - Disability Adjudication – Budget Page DETR-37 (Volume III)
Budget Account 101-3269

DETR - Client Assistance Program – Budget Page DETR-71 (Volume III)
Budget Account 101-3258

The Subcommittee recommended these accounts be closed as recommended by the Governor with technical adjustments and with the incorporation of utility inflation, additional positions approved by the IFC and the ARRA funds as mentioned earlier.

Following is a listing of the five accounts that have received allocations through the ARRA for FY 2009-2010:

- B/A 101-3265 received Section 110 funds of \$2,846,814
- B/A 101-3265 received Independent Living funds of \$242,913

- B/A 101-3254 received Section 110 funds of \$316,312
- B/A 101-3254 received Older American funds of \$210,304, and
- B/A 101-4770 received Workforce Investment funds of \$18,955,593.

SENATOR HARDY:

The total cost of the slurry seal project was approximately \$186,000. By removing it from the public works process, we saved \$58,768. That may represent a wake-up call to examine the public works process. For instance, I am not sure why the plan check, project management and inspection services are required on a slurry seal project.

COCHAIR MATHEWS:

Others share your concerns.

SENATOR RHOADS MOVED TO APPROVE DETR B/As 101-3274, 101-2580, 101-3265, 101-3254, 101-3253, 205-4770, 205-4767, 235-4771, 101-3272, 101-3273, 101-3268, 101-3269, AND 101-3258 AS RECOMMENDED BY THE JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT AND ACCOUNTABILITY.

SENATOR HARDY SECONDED THE MOTION.

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

BUDGETS CLOSED.

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

This is the Joint Subcommittee on General Government and Accountability report for the Department of Administration and the Deferred Compensation Committee.

The Joint Subcommittee developed the following recommendations for the Department of Administration: Budget and Planning Division, Information Technology Division, Information Technology Projects, Insurance and Loss Prevention, Division of Internal Audits, Motor Pool Division, State Purchasing, the Hearings Division, and the Victims of Crime Program. While many of the accounts of the Department of Administration are funded through fees or assessments, the Subcommittee's recommendations resulted in a General Fund increase of \$26,559 in FY 2009-2010 and a General Fund savings of \$185,092 in FY 2010-2011 for the Department of Administration.

The first account is B/A 101-1340, the Budget and Planning Division.

FINANCE AND ADMINISTRATION

ADMINISTRATION

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

The Subcommittee concurred with the Governor's budget amendment to reduce the General Fund allocation by \$5,452 in FY 2009-2010 and \$3,944 in FY 2010-2011 and increase cost allocation reimbursements in like amounts due to the revised Director's Office cost allocation. The Subcommittee also concurred with the Governor's recommendation to eliminate a vacant public service intern position. The remainder of the budget was approved as recommended by the Governor, with technical adjustments.

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

The next account is B/A 101-1320, the IT Division.

Information Technology Division – Budget Page ADMIN-20 (Volume I)
Budget Account 101-1320

The Subcommittee approved the Governor's recommendation to eliminate two positions in the IT Division based on an anticipated reduction in workload for IT project oversight; the Subcommittee also approved funding for a budget amendment that replaces the Division's Master Services Agreement (MSA) contractor-programmer position with programming services provided by the Department of Information Technology (DoIT). The amendment creates an additional General Fund cost of \$8,395 in the 2009-2011 biennium, but is projected to produce General Fund savings of approximately \$60,000 annually in future years.

The next account is B/A 101-1325, Information Technology Projects.

Information Technology Projects – Budget Page ADMIN-26 (Volume I)
Budget Account 101-1325

The Subcommittee approved funding for the two projects recommended by the Governor. First, funding of approximately \$2 million, of which \$499,878 are General Funds, was approved for the procurement of vendor services to take over the existing Medicaid Management Information System (MMIS). The project is viewed as an opportunity to extend the life of the existing system at an economical cost, while also mitigating the risk involved with continuing to rely on the services of the current MMIS vendor which has indicated that it intends to leave the MMIS market after its current contract expires in September 2012.

The second project approved by the Subcommittee includes the implementation of hardware and software solutions to increase the efficiency and efficacy of eligibility certification specialist caseworkers in the Division of Welfare and Supportive Services (DWSS). Funding totaling approximately \$7.7 million in FY 2009-2010, of which \$5.9 million are General Funds, and \$2.3 million in FY 2010-2011 of which \$1.8 million are General Funds, was approved to add service-oriented architectural tools and an electronic application system for three of the Division's assistance programs: the Temporary Assistance for Needy Families, the Supplemental Nutrition Assistance Program, which was formerly food stamps, and the Medicaid Child Health Assurance Program.

Once implemented, the Division estimates the project will generate from \$13 million to \$16 million in annual savings attributed to the Division not adding new eligibility worker positions to service the projected caseload growth.

The Subcommittee recommended that approximately \$2.2 million of the General Funds for the project be appropriated to the IFC Contingency Fund and that the Agency be allowed to request the funding after receiving responses to its request for proposal to determine if any savings are available related to costs of the software and its implementation. The Subcommittee also recommended a letter of intent directing the Division to provide quarterly status reports to the IFC through the 2009-2011 biennium on the implementation of the project.

Ms. DAVIS:

The next account is B/A 715-1352, the Insurance and Loss Prevention budget.

Insurance & Loss Prevention – Budget Page ADMIN-29 (Volume I)
Budget Account 715-1352

The Subcommittee approved the Governor's amendment to increase the miscellaneous insurance category by \$35,227 in each year of the biennium for the cost of the Fidelity Insurance premium which was inadvertently left out of the *Executive Budget* and minor adjustments to the Commission costs. The remainder of the budget was approved as recommended by the Governor, with technical adjustments.

The next account is B/A 101-1342, the Division of Internal Audits.

Division of Internal Audits – Budget Page ADMIN-36 (Volume I)
Budget Account 101-1342

The Subcommittee concurred with the Governor's recommendation to eliminate four vacant Executive Branch auditor positions. The Subcommittee also approved a General Fund reduction of \$3,100 in each year of the biennium to the training category due to the elimination of these positions. The Subcommittee closed the remainder of the budget as recommended by the Governor, with technical adjustments.

The next accounts are B/A 711-1354, the Motor Pool Division and B/A 711-1356, the Motor Pool Vehicle Purchase account.

Motor Pool – Budget Page ADMIN-41 (Volume I)
Budget Account 711-1354

Motor Pool Vehicle Purchase – Budget Page ADMIN-48 (Volume I)
Budget Account 711-1356

The Subcommittee approved funding the Motor Pool with modified rates as recommended by the Governor to support current operations. The Subcommittee concurred with the Governor's recommendation to eliminate a part-time student worker position at the Reno Motor Pool facility. Additionally, the Subcommittee concurred with the Governor's recommendation to purchase 59 replacement vehicles in FY 2009-2010, 65 replacement vehicles in FY 2010-2011, and 9 new vehicles in FY 2009-2010 for State agencies. No

one-shot funding for new vehicles was included in the *Executive Budget* or recommended by the Subcommittee.

The Subcommittee also approved a letter of intent directing the Department of Administration to study existing State policies regarding vehicle purchases, with the goal of developing a Statewide fleet policy. The Subcommittee recommended that the results of the study be approved in time for the 2011-2013 biennium budget cycle, and incorporated into the 2011-2013 budget instructions and the *State Administrative Manual*.

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

The next account is B/A 718-1358, the State Purchasing Division.

Purchasing – Budget Page ADMIN-51 (Volume I)
Budget Account 718-1358

The Subcommittee concurred with the Governor's recommendation to eliminate two management analyst positions and one purchasing technician position. No layoffs will occur as a result of this recommendation.

Ms. DAVIS:

The next account is B/A 101-1015, the Hearings Division budget.

Administration - Hearings Division – Budget Page ADMIN-92 (Volume I)
Budget Account 101-1015

Due to an increase in contract costs, the Subcommittee recommended an increase in security guard contract costs of \$4,076 in FY 2009-2010 and \$4,747 in FY 2010-2011 and recommended the remainder of this budget close as recommended by the Governor, with technical adjustments.

The next account is B/A 287-4895, the Victims of Crime budget.

Victims of Crime – Budget Page ADMIN-97 (Volume I)
Budget Account 287-4895

The Subcommittee recommended an increase in the victims' claims category of approximately \$1.4 million in each year of the biennium, with a portion of the first year offset by ARRA funds approved by the Subcommittee in the amount of \$544,273 for FY 2009-2010. The Subcommittee also approved an increase in the third-party administrator (TPA) contract costs of \$183,071 in each year of the biennium, and a small increase to augment security guard contract costs.

The Subcommittee also approved a letter of intent directing the Department of Administration to provide a report to the IFC regarding the terms of the current TPA contract and detailing the services provided by the TPA to the Victims of Crime Program.

Other Department of Administration budget accounts were also reviewed by the Subcommittee. They include the following:

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Judicial Coll & Coll of Juvenile & Family Justice – Budget Page ADMIN-7
(Volume I)
Budget Account 101-1302

Administration - Administrative Services – Budget Page ADMIN-12 (Volume I)
Budget Account 716-1371

Merit Award Board – Budget Page ADMIN-18 (Volume I)
Budget Account 101-1345

Commodity Food Program – Budget Page ADMIN-57 (Volume I)
Budget Account 101-1362

The Subcommittee recommended that these accounts close as recommended by the Governor, with authority for Staff to make technical adjustments.

MS. WALLER:

The next account is B/A 101-1017, the Deferred Compensation Committee.

SPECIAL PURPOSE AGENCIES

DEFERRED COMPENSATION

Deferred Compensation Committee – Budget Page DEFERRED COMP-1
(Volume III)
Budget Account 101-1017

Although the Deferred Compensation Committee is no longer under the Department of Administration, this budget was heard at the same time as the Department of Administration budgets and, therefore, has been included in this closing presentation.

The Joint Subcommittee approved the Governor's recommendation to increase Program expenditures totaling \$102,666 in FY 2009-2010 and \$127,666 in FY 2010-2011 for an independent audit, contract administrative support, a biennial compliance review, travel costs, and costs associated with the publication of a participant newsletter. Additionally, the Subcommittee approved recommended registration fees for the Chair, one committee member and Staff to attend the National Association of Governmental Deferred Compensation Administrators' annual conference. The Subcommittee voted to reduce funding for an existing consulting contract by \$20,000 to correspond with the contract term. The remainder of the budget was approved as recommended by the Governor, with technical adjustments.

SENATOR HARDY MOVED TO APPROVE THE SUBCOMMITTEE RECOMMENDATIONS TO CLOSE B/As 101-1340, 101-1320, 101-1325, 715-1352, 101-1342, 711-1354, 711-1356, 718-1358, 101-1015, 287-4895, 101-1302, 716-1371, 101-1345, 101-1362 AND 101-1017.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HORSFORD AND RAGGIO WERE ABSENT FOR THE VOTE.)

BUDGETS CLOSED.

MR. GOODMAN:

The Joint Subcommittee on General Government and Accountability has completed its review of the budgets for the DoIT and has made the following recommendations for the Department's 2009-2011 biennium budget. The Subcommittee's actions resulted in additional expenditures of \$416,166 in FY 2009-2010 and \$422,799 in FY 2010-2011 compared to the amounts recommended in the *Executive Budget*. Of these amounts, it is estimated that the additional General Funds required to support the expense, paid indirectly by other agencies through the DoIT's rates for services, will total approximately \$121,584 in FY 2009-2010 and \$133,901 in FY 2010-2011.

The first account is B/A 721-1373, the Director's Office budget.

INFORMATION TECHNOLOGY

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

The Subcommittee approved the transfer of two positions and related expenses from the DoIT's Planning and Research Division, related to the elimination of that Division. With the recommended transfers, the planning functions historically performed by the Planning and Research Division would be performed by the managers of the Department's other operation units and coordinated by one IT professional position located in the Director's Office budget. Other expenses, including subscription and research services, a replacement computer and server hosting charges were also approved to transfer to this budget. The Subcommittee approved the elimination of an administrative assistant position, as recommended by the Governor, approved the purchase of replacement computer equipment and the transfer of debt service payments to the Department's Security Division. Authority was also provided for Staff to make technical adjustments to the Department's internal cost allocation in this budget and all other DoIT budgets.

The next account is B/A 721-1370, the DoIT Planning and Research Division.

DOIT - Planning & Research Division – Budget Page DOIT-19 (Volume I)
Budget Account 721-1370

The Subcommittee approved the Governor's recommendation to eliminate the Planning and Research Division, including the elimination of seven IT professional positions and the transfer of three positions to other Department units. The recommended reorganization eliminates the DoIT planning assessment charged to nonexempt Executive Branch agencies which is projected to total approximately \$1.3 million in FY 2008-2009. Several operating expenses from the Planning and Research Division budget were approved to continue and transfer to other Department units, as described in the Director's Office budget. The Subcommittee determined that office lease expenses, which were recommended to transfer to the Department's other units in the Governor's budget, could be reduced instead and corresponding adjustments were made in each of the Department's other budgets.

The next account is B/A 721-1365, the DoIT Application Design and Development Unit.

DOIT - Application Design & Development Unit – Budget Page DOIT-10
(Volume I)
Budget Account 721-1365

The Subcommittee approved the transfer of two IT professional positions from the Nevada Department of Transportation to provide system administration support for the Integrated Financial System (IFS). The positions would be performing the same current duties, but the DoIT anticipates that the transfer will produce efficiencies through having system administration functions consolidated in one agency. The Subcommittee approved funding for two new IT professional positions to replace two MSA contractor positions that have historically supported the Department of Personnel and the Department of Administration, Information Technology Division, with the IFS applications. The conversion of the MSA contractor positions to DoIT Staff has an additional net cost of approximately \$44,000 in the 2009-2011 biennium, but is projected to generate savings of approximately \$120,000 per year in future years.

The Subcommittee approved the transfer of one management analyst position from the DoIT's Planning and Research Division, and the change in that position's duties, to support growth in the Department's Web Page support group. The Subcommittee also approved funding for replacement computer equipment and server hosting expenses as recommended by the Governor with technical adjustments.

The next account is B/A 721-1385, the Computing Division.

DOIT - Computing Division – Budget Page DOIT-29 (Volume I)
Budget Account 721-1385

The Subcommittee approved the elimination of four positions: three IT professional positions and one IT technician position, to reduce Agency overhead and maintain stable rates for its services. The Department testified at its budget hearing that it is constantly polling its customers to understand their needs and feels comfortable that it has adequate staffing for the next biennium based on customer needs. The Subcommittee approved funding recommended by the Governor of approximately \$334,000 over the 2009-2011 biennium for the purchase of the UNIX System and Wide Area Network hardware to allow DoIT's system to support the technology investment request recommended for the DWSS. The Subcommittee also approved funding for additional e-mail system licenses, replacement of Agency server hardware and licensing for additional ports on storage area network hardware, all as recommended by the Governor.

The next account is B/A 721-1386, Data Communications and Network Engineering.

DOIT - Communications & Network Engineering – Budget Page DOIT-39
(Volume I)
Budget Account 721-1386

The Subcommittee approved the elimination of two positions, one IT professional and one IT technician, to reduce Agency overhead expenses and help maintain stability in the Agency's service rates. The Agency indicated that it has adjusted its operations to maintain Agency services with fewer Staff, and that customer utilization of this Agency's services is projected to remain level or incur minimal growth in the 2009-2011 biennium. The Subcommittee approved funding for replacement network security equipment as recommended by the Governor and approved additional equipment requests in a budget amendment that had been inadvertently left out of the Agency's budget. The Subcommittee approved funding for a microwave radio link system to provide wireless connectivity to the State Silvernet and the Internet for State agencies in Carson City. The System has a one-time cost of \$64,960, but the Department projects that it will pay for itself in the 2009-2011 biennium and produce an annual savings in the future of at least \$55,000 per year by allowing agencies to eliminate data line charges that they currently pay to private vendors. The Subcommittee also approved funding for replacement of personal computer equipment.

The next account is B/A 721-1387, the DoIT Telecommunications budget.

DOIT - Telecommunications – Budget Page DOIT-48 (Volume I)
Budget Account 721-1387

The Subcommittee approved funding for the purchase of a replacement call management system for installation in the State telephone system which was not included in the *Executive Budget*, but requested as a budget amendment. The Subcommittee recommended a letter of intent be issued to request that the Department provide specific plans for the State's telecommunications system in order to introduce vendor independence and increase opportunities for competitive procurement in future technology purchases. The Subcommittee also approved funding for additional State telephone system hardware and replacement of personal computer equipment.

The next account is B/A 721-1388, the DoIT Network Communications budget.

DOIT - Network Transport Services – Budget Page DOIT-57 (Volume I)
Budget Account 721-1388

The Subcommittee approved funding of \$13,475 in each year of the 2009-2011 biennium for remote propane monitoring equipment at 40 mountaintop communication sites throughout the State. The Subcommittee also approved funding for the replacement of two Department trucks, backup batteries for another mountaintop site and personal computer equipment. Funding was also approved for new microwave transmission test sets to allow the Department to monitor and troubleshoot the operation of its microwave circuits, as recommended by the Governor.

The last account is B/A 721-1389, the DoIT Security Division budget.

DOIT - Security Division – Budget Page DOIT-67 (Volume I)
Budget Account 721-1389

The Subcommittee approved the establishment of a new service rate to be charged to customer agencies for expenses associated with building secure

access systems administered by DoIT. The Subcommittee approved the elimination of one IT professional position that has been held vacant through the 2007-2009 biennium. The Subcommittee also approved funding for replacement of personal computer equipment, the transfer of debt service payments from the Director's Office budget and operating and office lease expenses from the Planning and Research Division budget.

SENATOR HARDY MOVED TO CLOSE B/As 721-1373, 721-1370, 721-1365, 721-1385, 721-1386, 721-1387, 721-1388, AND 721-1389 AS RECOMMENDED BY THE SUBCOMMITTEE.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HORSFORD AND RAGGIO WERE ABSENT FOR THE VOTE.)

BUDGETS CLOSED.

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Seeing no further business before the Committee, the meeting is adjourned at 2:41 P.M.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
Committee Secretary

APPROVED BY:

Senator Bernice Mathews, Cochair

DATE: _____