

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

**Seventy-Sixth Session
February 9, 2011**

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chairwoman Debbie Smith at 8:11 a.m. on Wednesday, February 9, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 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/76th2011/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:

Assemblywoman Debbie Smith, Chairwoman
Assemblyman Marcus Conklin, Vice Chair
Assemblyman Paul Aizley
Assemblyman Kelvin Atkinson
Assemblyman David P. Bobzien
Assemblywoman Maggie Carlton
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Randy Kirner
Assemblywoman April Mastroluca
Assemblyman John Ocegüera

SENATE COMMITTEE MEMBERS PRESENT:

Senator Steven A. Horsford, Chair
Senator Sheila Leslie, Vice Chair
Senator Barbara K. Cegavske
Senator Moises (Mo) Denis
Senator Ben Kieckhefer
Senator David R. Parks
Senator Dean A. Rhoads

COMMITTEE MEMBERS EXCUSED:

Assemblyman Joseph M. Hogan

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Tenna Herman, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith welcomed everyone to the meeting and announced the purpose of the meeting was to receive budget overview presentations from the following agencies:

- Department of Administration
- Department of Agriculture
- Department of Wildlife
- Department of Cultural Affairs

DEPARTMENT OF ADMINISTRATION BUDGET OVERVIEW

Andrew Clinger, Director, Department of Administration, provided the Committee with an overview of the highlights in the Department of Administration's budget ([Exhibit C](#)). He noted that the electronic version of his presentation could be found in the Nevada Electronic Legislative Information System (NELIS) and on the Department's website at www.budget.state.nv.us.

Mr. Clinger explained the mission of the Department of Administration was to help state agencies serve Nevadans by providing efficient and effective business

solutions to state government. The Department's divisions provided the back-office functions for state government, and with the proposed merger, more of those functions could be included, such as Personnel and Information Technology (IT).

An overview of the funding for the Department of Administration, which included the proposed merger of several divisions into the Department, was provided on page 2 of [Exhibit C](#). Mr. Clinger noted that the Department of Administration's overall expenditures for the 2011-2013 biennium compared to the current biennium would decrease by \$23,690,932, or 8.56 percent, General Fund would decrease by \$1,316,353 or 6.69 percent, and interagency transfers would decrease by \$34,209,498 or 18.6 percent.

Mr. Clinger explained that most of the divisions within the Department of Administration were internal service funds whose funding was provided by transfers from other state agencies: the Department of Information Technology, Personnel, and Buildings and Grounds. He reiterated that interagency transfers would decrease by \$34.2 million, and rates would decrease in nearly all of the internal service funds within the Department of Administration.

Moving to the Position Summary chart on page 4 of [Exhibit C](#), Mr. Clinger said the chart included not only the current divisions in the Department of Administration, but also the new divisions and positions that were proposed to be merged into the Department. Currently there were 575 existing positions in the Department, with a net of 4 positions to be transferred into the Department from other departments for centralized services in an effort to consolidate, streamline, and centralize services. Mr. Clinger said a total of 60 positions within the Department would ultimately be eliminated, with a potential of 14 layoffs, as a result of the merger:

- Six layoffs would occur in the current Department of Personnel, which would be renamed the Division of Human Resource Management (HRM).
- One layoff would be in the current Information Technology Division of the Department of Administration.
- Four potential layoffs would occur in Enterprise Information Technology Services Division (previously the Department of Information Technology).
- Three layoffs were anticipated in the Nevada State Library and Archives.

Mr. Clinger said the purpose of merging the agencies was to reduce duplication, streamline operations, and create synergies between the divisions to provide more effective services to state agencies. He summarized the entities involved in the merger and the resulting cost savings:

- The State Public Works Board (SPWB) would be merged with the Buildings and Grounds Division (B&G) under the Department of Administration. The division would be called the State Public Works Board Division and would include the section of Buildings and Grounds responsible for maintenance, leasing, and other functions currently performed.
- The Department of Information Technology would merge into the Department of Administration as the Enterprise Information Technology Services (Enterprise IT Services) Division.
- The Department of Personnel would become the Division of Human Resource Management (HRM) under the Department of Administration.
- The Nevada State Library and Archives (NSLA) would become a division under the Department of Administration. The state Mailroom Services, currently in the Buildings and Grounds Division, would transfer as a section of the NSLA Division.

Mr. Clinger said the cost savings, if these mergers were approved, was projected at \$1.9 million over the biennium, of which \$471,000 would be direct savings to the State General Fund. Additional savings to the General Fund would result because the General Fund savings was from the divisions that provided services to other agencies, resulting in rate decreases, which indirectly would save State General Fund.

Mr. Clinger reviewed the benefits of the merger, which included, but were not limited to, the following:

Centralized Personnel Services. Currently the departments involved in the merger had their own separate personnel services section, and those personnel services would be consolidated into one section with the Division of Human Resource Management.

Mr. Clinger noted that a pilot program was also being proposed to bring personnel services in from the Department of Taxation, Department of Business

and Industry, Department of Education, and Department of Agriculture. The departments' personnel employees would be transferred to central personnel services, which would provide economies of scale and better consistency. Mr. Clinger said the plan was to eventually expand centralized personnel services to other departments within the state.

Senator Horsford asked whether all agencies would be consolidated into the centralized personnel services or whether certain agencies would maintain independent personnel entities.

Mr. Clinger replied that only the departments mentioned would be merged into the centralized personnel services at this time; all other agencies would maintain their own personnel services. After successful completion of the pilot program, some of the smaller agencies would be added, with the larger agencies to be brought in at a later date.

Senator Horsford requested a list of the agencies that would continue to maintain their own independent personnel services. He recalled that the Legislative Committee for the Fundamental Review of the Base Budgets of State Agencies said this was an area of opportunity from an efficiency standpoint. Senator Horsford believed it was a good step, and he understood the need for a pilot program and phasing agencies into central services. He asked whether any additional agencies would be added to the consolidation plan in this biennium.

Mr. Clinger replied more agencies could be added, but language would be needed in the Appropriations Act or the Authorizations Act to allow the Department the flexibility to bring other agencies in during the interim. He was receptive to doing so, but he did not want to take on more than the Department staff could handle. There were several aspects of the merger involved, including physical moves, and the phase-in approach seemed logical. However, Mr. Clinger agreed that other agencies could be brought into central services during the biennium if the Department was given authority to do so.

Senator Horsford asked Mr. Clinger to explain the concept of the Enterprise Information Technology Services Division.

Mr. Clinger replied the reason for changing the name of the Department of Information Technology to the Enterprise IT Services Division was to recognize that the Division would be providing services to all agencies within state government and not only to the Department of Administration.

Centralized Enterprise IT Services Help Desk. Mr. Clinger pointed out that another benefit of the merger would be the centralization of helpdesks for information technology services and personnel services. State agencies would be able to call one helpdesk for support all of those functions.

Enterprise IT Services Business Analysis. Mr. Clinger explained the business analysis section would be part of the new Enterprise IT Division under the Department of Administration. This section's function would be to provide a more customer-focused approach to state agencies, providing them a point of contact to help them find IT solutions for their departments and identify their IT needs.

Assemblyman Bobzien asked what areas the business analysis section would support and whether it would provide solutions for web applications, content management, multiple platform proficiencies, and open-source vendors.

David Gustafson, Acting Director, Department of Information Technology, replied the primary purpose of the business analysis section would be to provide an interface between IT and the agencies. Sometimes an agency had difficulty articulating what it wanted or needed, and the business analysis team would work with the agency's IT staff to craft the proper solutions. He said his vision for the business analysis section was to initially provide services to the Department of Administration and limit them to other agencies. It could not take on a project the size and scope of the Department of Health and Human Services NOMADS (Nevada Operations of Multi-Automated Data System) program. However, Mr. Gustafson said, the team would not be limited to any specific technology.

Assemblyman Bobzien observed there were other aspects involved with potential cost savings, and he wanted the Committee to be kept updated on how services were prioritized and the successes of the Enterprise IT Services Division.

State Public Works Board and Buildings and Grounds. Mr. Clinger said one of the benefits of consolidating SPWB with B&G was to optimize operational efficiency by combining resources and experience between the two divisions. One entity would provide facility planning, management of design, construction, and facility maintenance. He noted both agencies currently had engineers, and merging them would bring the resources together and put the responsibility for buildings, from construction through the end of life, into one central agency.

Shared resources and expertise would ensure efficient planning of the entire life cycle of state facilities.

Chairwoman Smith asked whether changes were planned in policy and work processes for the Public Works Board.

Mr. Clinger replied there would be a bill draft request. The Public Works Board would continue to exist in its current structure, although its scope might change slightly. The Public Works Board Manager would report directly to the Director of the Department of Administration, but there was a need for the Public Works Board to advise on capital improvement programs. He noted members of the Board were experts in the construction industry, and there was value in having them evaluate state projects. The Public Works Board also provided policy to the State Public Works Board agency regarding construction and construction management.

Senator Horsford stated that according to the Legislative Committee for the Fundamental Review of the Base Budgets of State Agencies and the Nevada Spending and Government Efficiency (SAGE) Commission, the oversight of some of the state's buildings and operations could benefit from the participation of the Public Works Board. Input from the private sector and other stakeholders would also be valuable.

Mr. Clinger indicated the Board would be involved in policy oversight and the development and implementation of policies, but the members would not be as involved in the day-to-day operations of the SPWB agency. They were part-time board members, and it was more conducive for them to lend their expertise in policy development than for them to be involved in day-to-day operations.

Administrative Services Division. Mr. Clinger said fiscal services would be centralized for all the divisions within the Department of Administration. There would be many changes from a personnel standpoint. The Administrative Services Division would double in size as a result of bringing in fiscal staff from the other divisions and departments as part of the proposed merger. He said the Department's contract management would be centralized within existing resources by transferring contract staff into the Division from other agencies.

Chairwoman Smith asked whether Mr. Clinger was referring to all contracts. Mr. Clinger replied the Division would be responsible for internal contracts for the Department; it would not assume the duties of the Purchasing Division. The

Administrative Services Division would provide fiscal services to the Department of Administration, and its role would be expanded to include contract services for all of the agencies within the Department. He added that contract management was decentralized under the current structure: each division was responsible for its own. He added that, again, more consistency and economies of scale would result by centralizing the contract functions.

Chairwoman Smith said she would like to see centralization of contracts throughout all state agencies to assist in sufficiently vetting contracts. Mr. Clinger agreed more efficiencies and consistency would be provided in a shared-services model. Shared services as a whole at the state level would be considered over the interim.

Finally, Mr. Clinger said that aligning internal service fund agencies according to their respective functions would eliminate redundancy and inefficiencies. Referring to the organization chart for the Department of Administration on page 10 of [Exhibit C](#), he explained the Department currently had nine divisions, and three divisions would be added to the Department as a result of the merger: the Human Resource Management (HRM) Division, the Enterprise IT Services Division, and the State Library and Archives Division (including Mail Services).

Mr. Clinger remarked that he was not only the state budget director [Chief of the Budget Division], he was also the Director of the Department of Administration, and even under the current structure, it was difficult to serve as the budget director and also provide good services to all of the divisions within the Department. As part of the merger, he had requested a new deputy director of agency services position to be responsible for agency services. He currently had a deputy director for budget, but he believed it would be essential to have a deputy for agency services to facilitate a successful implementation of the proposed merger.

Assemblyman Ocegüera observed that Mr. Clinger had a large span of control and asked how the new position would be used. Mr. Clinger replied he wanted all division administrators to have direct access to him as Director, but he needed the deputy director to deal with day-to-day operations of all of the divisions, with the exception of the Budget Division. The proposed position would ensure that the agencies met their objectives and performance goals. Mr. Clinger would provide the strategic direction for the entire Department.

In addition to the deputy director position, Mr. Clinger continued, a public information officer would be transferred from the Department of Personnel. The information technology administrator would be eliminated as part of the merger.

Mr. Clinger explained the position of Chief of the Research, Planning and Grants Management (RP&GM) unit would be reclassified and transferred from the Department of Information Technology to the Budget Division and three positions would be added to the grants management unit: two grants analysts and one management analyst. He said the goal of the unit would be to increase the ratio of a 65-cent return on the dollar for grants and bring more grants into the state. The proposal was to initially fund the positions from state funds, but the goal was to generate grant revenue to support them in the future.

Chairwoman Smith asked whether any agency grant manager or writer positions would be eliminated. Mr. Clinger replied that no current grants staff in the agencies would be transferred or eliminated. A key function of the grants unit would be to coordinate and communicate with all grants personnel in the state agencies. The proposal was to eliminate the American Recovery and Reinvestment Act of 2009 (ARRA) Director and three associated positions that dealt with ARRA funding, reporting requirements, and training. Any of the functions that remained to meet ARRA requirements would be transferred to the RP&GM unit.

Chairwoman Smith was concerned that adequate ARRA reporting continued to meet ARRA requirements. Even though the money was coming to an end, there would still be ARRA money available after July 1. Her concern was that the knowledgeable people who had been performing those functions would no longer be available.

Mr. Clinger replied that each individual agency was currently reporting to the federal website under the Section 1512 requirement of the ARRA legislation. Those positions had been provided with training and oversight. A review was done to ascertain whether there would be sufficient ARRA revenue in the 2011-2013 biennium to justify continuing the ARRA positions, and the analysis indicated there would not be. Mr. Clinger agreed that the reporting requirements would continue, and the responsibility for those requirements would be split between the Office of the Controller and the Department of Administration Grants Management Unit. The Controller's Office was currently tasked with oversight of the single-audit federal reporting requirements. He said that given the level of workload, the decreased requirements, and the fact that state agencies had a better understanding of the ARRA funding and federal

reporting requirements, he believed the resources recommended in the Governor's recommended budget would be sufficient.

Chairwoman Smith stated she still had concerns that employees with knowledge and experience in ARRA reporting requirements would no longer be available.

Senator Cegavske believed the consolidations would be very effective. She asked what other grant opportunities other than federal grants were available to the state.

Mr. Clinger replied it would be the responsibility of the Grants Management Unit to find federal grants, grants from foundations, and other grant opportunities wherever they might be available, such as formula grants and competitive grants. The Unit would identify grant opportunities and communicate those to agencies that could benefit from them. The unit would be willing to assist agency staff in applying for the grants. He said the state received several formula grants automatically, but the Grants Management Unit would focus on identifying competitive grants available to states, communicating with the agencies that would benefit from them, and, when applicable, helping the agency write grant applications.

Senator Horsford said he agreed with the approach, noting it had been a recommendation from a number of different advisory groups. He asked when the money committees might have access to a performance matrix demonstrating outcomes. It was important to include local, nonprofit, community, and faith-based entities in the grant-seeking process, and the purpose, objectives, performance, and outcomes of the grants unit needed to be identified and evaluated.

Mr. Clinger agreed that performance indicators were very important. The most important indicator would be how many grant dollars could be brought to state and local governments. Coordination with other entities to share grants opportunity information and assistance would be part of the scope of the RP&GM unit, although the amount of assistance that could be provided to all agencies would be limited with only a staff of three individuals.

Senator Horsford noted that Casey Family Programs had provided millions of dollars to child welfare through state agencies, and the organization was rarely recognized for its contribution. He believed the state needed to pursue local

and national philanthropic foundations; they were an excellent way to leverage public-private partnerships.

Chairwoman Smith asked whether there was a bill draft request (BDR) associated with the creation of the Grants Management Unit. Mr. Clinger did not believe one was needed; there was a BDR for the statutory changes needed to implement the merger.

Chairwoman Smith said she had a BDR on grants issues, and she would like to work with Mr. Clinger to define performance indicators and facilitate making grant money available more quickly. Mr. Clinger replied he would be happy to work with her on the bill.

Assemblyman Aizley inquired whether grants and contracts would include the Nevada System of Higher Education (NSHE) and asked whether Chancellor Klaich had been contacted. Mr. Clinger replied the NSHE had its own grant-writing personnel. If Research, Planning and Grants Management (RP&GM) staff identified grant opportunities for NSHE, they would offer any information or assistance they could.

Assemblyman Aizley asked whether NSHE would have to go through the state grants unit for permission to apply for grants. Mr. Clinger responded not necessarily, but the policies, procedures, and functions of the grants unit had not yet been developed.

Assemblyman Kirner stated it was important to take advantage of all the synergistic opportunities available among the different agencies. He recommended that any bill draft request (BDR) describe the relationship between the various agencies and the RP&GM unit.

Mr. Clinger agreed, adding that his vision for the RP&GM unit was that its primary role would be as a coordinator, but there were many smaller agencies that did not have any grants staff. The RP&GM unit would not only identify grant opportunities, but in some cases it would assist the agencies in writing their grant applications.

Senator Kieckhefer wanted assurance that the RP&GM unit would not preclude state departments from pursuing grants or have veto power over their ability to apply for grants. Additionally, he was concerned about the length of time it took once the grant award was received to make the funds available: the process could take six to nine months. That time lapse was completely

unacceptable, and he wanted that problem to be addressed in the proposed bill draft request.

Mr. Clinger assured Senator Kieckhefer that the RP&GM unit would not be in a position to preclude any agency from applying for a grant—its purpose would be quite the opposite. It would provide a centralized coordinated approach to pursuing grant opportunities for the state: the focus of the unit would be to act as a facilitator and not impede any opportunities available to agencies.

Continuing, Mr. Clinger reviewed the personnel changes that would take place as a result of the mergers:

The Administrative Services Division would see the greatest changes in personnel. The Division would double in size, which would eliminate several positions in the fiscal area because of centralization of services.

- The RP&GM unit would consist of positions transferred from other divisions within the Department or, in some cases, from other departments merging into the Department of Administration.
- Enterprise Information Technology Services Division: nine positions would transfer in from other departments and divisions and eight positions would be eliminated. The Director of the Department of Information Technology position would be eliminated, and the current director would move to the position of deputy director of administration.
- Division of Human Resource Management (HRM): eight positions would transfer in from other divisions and ten positions would be eliminated. The agency personnel services unit would consist of nine positions that would provide personnel services to the Department of Education, the Department of Administration, and other departments as discussed earlier.
- Nevada State Library and Archives (NSLA): seven positions would transfer in from the State Mail Room, and one position would be eliminated.
- Public Works Division (PWD): 27 positions would transfer in from Buildings and Grounds, and eleven positions would be eliminated.

Mr. Clinger reviewed the summary of specific full-time equivalent (FTE) position transfers and eliminations under the proposed merger (pages 17, 18, and 19, [Exhibit C](#)).

Human Resource Management Centralized Personnel Services

- Transfer 3 FTE from Department of Administration, Director's Office
- Transfer 1 FTE from Division of Human Resource Management
- Transfer 2 FTE from Department of Taxation
- Transfer 2 FTE from Department of Business and Industry
- Eliminate 2 FTE from Enterprise IT Services
- Eliminate 1 FTE from Department of Agriculture
- Eliminate 0.5 FTE from Department of Education

Enterprise IT Services Desktop Support (PC/LAN Tech)

- Transfer 1 FTE from Department of Administration, Director's Office
- Transfer 1 FTE from Division of Human Resource Management
- Transfer 1 FTE from Enterprise IT Services

Enterprise IT Services Help Desk

- Transfer 4 FTE from Enterprise IT Services
- Transfer 2 FTE from Division of Human Resource Management

Enterprise IT Services Business Analysis

- Transfer 1 FTE from Enterprise IT Services
- Transfer 4 FTE from Division of Human Resource Management
- Transfer 1 FTE from Department of Administration, Director's Office

Department of Administration, Administrative Services Division, Fiscal

- Transfer 5 FTE and eliminate 2 FTE from Enterprise IT Services
- Transfer 1 FTE and eliminate 2 FTE from Division of Human Resource Management
- Transfer 2 FTE from Nevada State Library and Archives
- Transfer 3 FTE from State Public Works Board

Department of Administration, Administrative Services Division, Contract Management

- Transfer 2 FTE from Division of Human Resource Management
- Transfer 1 FTE from Buildings and Grounds
- Transfer 2 FTE from State Public Works Board
- Eliminate 2 FTE from Enterprise IT Services

Department of Administration, Director's Office, Public Information Officer

- Transfer 1 FTE from Division of Human Resource Management.

Department of Administration, Chief of Planning, Research, and Grants Management

- Transfer 1 FTE from Enterprise IT Services

Additional Position Eliminations as a Result of the Merger

- Eliminate 2 FTE from Department of Information Technology, Director's Office
- Eliminate 1 FTE from Department of Administration, Information Technology Division
- Eliminate 1 FTE from Department of Personnel

New Position Required as a Result of the Merger

- Add 1 FTE deputy director in the Department of Administration, Director's Office. This position was recommended to be cost-allocated to all Department of Administration budget accounts.

Senator Cegavske requested that the Joint Subcommittee address how the Public Works Board building inspections could be coordinated with the local public works departments. She had received multiple complaints about the time lapse between inspections and wondered whether a coordinated effort could alleviate the problem. Mr. Clinger replied that the matter could be examined further in the Joint Subcommittee with Gus Nuñez, Manager of the State Public Works Board.

Mr. Clinger then discussed the physical moves that would occur as a result of the merger. He noted the office moves would probably have occurred regardless of the merger: they were triggered because the staff in the south end of the Nevada State Library and Archives building would be moving, which freed up state space. Some divisions in the Department of Administration were currently in leased space, and even without the merger, those divisions would be moved into the vacant state-owned space.

Chairwoman Smith recalled the Legislative Committee for the Fundamental Review of Base Budgets of State Agencies' concerns regarding allocation of space to different agencies, if there was ongoing evaluation of appropriate amounts of space needed, and whether spaces were allocated in a consistent manner. She would like to discuss those concerns further in Joint Subcommittee.

Mr. Clinger responded that space planning needs would be discussed in detail in Joint Subcommittee. As part of the planning process for the proposed merger, the space allocations were based on functions. He said the Buildings and Grounds Division followed certain guidelines when considering leased or state-owned space for agencies.

Chairwoman Smith realized there were guidelines, but she recalled a report that indicated there were several agencies occupying more space than they needed. She wanted to ensure that space needs were being audited and implemented appropriately.

Mr. Clinger remarked that several agencies were not required to use the Division of Buildings and Grounds for leasing space, and they were not held to the same guidelines. He said the Department of Administration had prepared a bill draft request that would not allow those agencies to procure a lease on their own: they would be required to use the Buildings and Grounds Division. Mr. Clinger said the agencies liked the flexibility of being able to lease their own space, but oversight and consistency were lost when agencies were allowed to bypass the Division.

Mr. Clinger proceeded with his review of the physical moves involved in the merger of the agencies into the Department of Administration:

- Nevada State Library and Archives would be vacating the south side of the first floor of the Library and Archives building and consolidating into the north side.
- Enterprise IT Services would be vacating leased space on King Street and Fairview Drive and moving to the Library and Archives building.
- The Division of Human Resource Management would be vacating a portion of the third floor of the Blasdel Building and leased space on Fairview Drive. It would move to the Library and Archives Building and retain space currently occupied on the first floor of the Blasdel Building.
- Internal Audits would be vacating leased space and moving to the third floor of the Blasdel Building to keep the business units together in one office space.
- Administrative Services would be expanding the space that it occupied on the third floor of the Blasdel Building because of the increase in staffing.

Chairwoman Smith suggested that further details of the mergers could be discussed in the Joint Subcommittee meetings and during the hearing on the bill to implement the mergers.

Mr. Clinger noted that a \$3 million one-shot funding request for the Nevada Broadband Task Force would augment the federal funds that had already been distributed and would fill in gaps in areas in rural Nevada for broadband connectivity. Senator Horsford requested further information concerning the federal funds, including how the ARRA funds were used.

Daphne DeLeon, Administrator, Division of State Library and Archives, replied the Nevada Rural Hospital Association received an infrastructure grant of \$19.1 million. Other grant funding for rural infrastructure had also been received, including one for a small telephone company in the northeast part of the state and one for the Arizona Nevada Tower Corporation. Ms. DeLeon noted that a broadband availability map produced by the Connect Nevada group was available online, and it mapped the service areas for all the ARRA grants received.

Senator Horsford observed that infrastructure information should be submitted to the policy committees. He thought there should be a full presentation on broadband connectivity and other infrastructure funding separate from the budget.

Mr. Clinger pointed out that the Buildings and Grounds Division's current rent rate charged to state agencies would be decreased from \$1.02 per square foot to \$.96 per square foot as a result of budget reductions in the Division.

Mr. Clinger added that the State Motor Pool's rates would also decrease, and he had asked Keith Wells, Administrator, State Motor Pool, to continually compare State Motor Pool rates with the private sector, because the Motor Pool was competing with the private sector for services. Mr. Wells had documentation that showed State Motor Pool rates were cheaper than the private sector for both long-term and daily rentals.

Chairwoman Smith thanked Mr. Clinger for his presentation and said she looked forward to hearing the details in subsequent Joint Subcommittee meetings.

Chairwoman Smith stated that the next budget presentation would be from the Department of Agriculture.

STATE DEPARTMENT OF AGRICULTURE BUDGET OVERVIEW

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), stated his budget presentation was based on a report ([Exhibit D](#)) prepared by the previous director. He proceeded to review the report.

The Department of Agriculture was composed of six divisions:

- Division of Plant Industry
- Division of Animal Industry
- Division of Livestock Identification
- Division of Measurement Standards
- Division of Resource Protection
- Administration Division

Revenue consisted of federal funds, fees, and State General Funds, and offices were located in Reno, Las Vegas, and Elko.

General Funds represented 34 percent of the Department's total funding in fiscal year (FY) 2007 but would represent only 16.2 percent in FY 2012. Federal funds had increased with the American Recovery and Reinvestment Act of 2009 (ARRA) funds, while fee income had decreased. Fee income reached a new high in FY 2009, but had fallen 15.8 percent in the past two years during the difficult economy in both the state and the country.

From 2007 to 2011, all SDA divisions had been subjected to significant cuts in funding for operational expenses and positions. Some of the funding had been augmented through grants and fees, which allowed the Department to operate in a nearly normal fashion.

Mr. Barbee explained that the Department of Agriculture, Division of Plant Industry, covered nine major functions and had five budget accounts.

DEPARTMENT OF AGRICULTURE **PLANT HEALTH & QUARANTINE SERVICES (101-4540)** **BUDGET PAGE AGRICULTURE-12**

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), explained there were six staff positions in budget account 4540, Plant Health and Quarantine Services, including the Division of Plant Industry administrator, the Division of Plant Industry northern regional manager, the plant pathologist,

the entomologist, and two agriculturalist 4 positions. The Executive Budget would transfer the Division administrator, the regional manager, and one fee-based agriculturalist 4 position to budget account 4545, Agriculture Registration/Enforcement, and the remaining fee-based agriculturist 4 position to budget account 4541, Grade & Certification of Ag Products.

DEPARTMENT OF AGRICULTURE
GRADE & CERTIFICATION OF AG PRODUCTS (101-4541)
BUDGET PAGE AGRICULTURE-20

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), said budget account (BA) 4541, Grade & Certification of Ag Products, covered the operational costs of 13 basic agricultural product inspection services described on page 2 of [Exhibit D](#). Four of the services were covered by United States Department of Agriculture (USDA) grants and nine were covered by fees. This account covered most of the basic agricultural product inspection services provided by the Division of Plant Industry. One fee-based agriculturalist 4 (organic program) position would be transferred into BA 4541 from BA 4540, Plant Health and Quarantine Services. Budget account 4541 also included \$73,352 for two to three seasonal employees, who primarily did field work in a variety of agricultural inspections, and one intermittent position.

Mr. Barbee said the fiscal year (FY) 2011 budget projected that approximately \$25,000 in fees would be generated through organic certification. The USDA egg-grading (which occurred only in the Las Vegas area) generated approximately \$36,000 annually. Phyto-Sanitary certificates were required for the shipment of produce out of the country to meet the import requirements of foreign countries.

DEPARTMENT OF AGRICULTURE
AGRICULTURE REGISTRATION AND ENFORCEMENT (101-4545)
BUDGET PAGE AGRICULTURE-25

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), stated budget account (BA) 4545, Agriculture Registration and Enforcement, was the largest budget account in the Plant Industry Division from both a budget and a staffing standpoint. Much of the funding was initiated by a 1975 agreement between SDA and the U.S. Environmental Protection Agency (EPA) that continued to be in effect. This agreement allowed SDA to maintain a comprehensive pesticide enforcement, surveillance, sampling, and laboratory analysis program and to certify individuals who used or supervised the use of

restricted pesticides. These activities included enforcement, certification, recordkeeping and smuggling interdiction. The Division of Plant Industry conducted pesticide certification, registration, and licensing of applicators. Registration of fertilizer and antifreeze sold within Nevada was conducted through this account to ensure that products were in compliance with labeling and standards. Nevada nurseries were also licensed under this budget account.

Mr. Barbee said the State Department of Agriculture requested 17 new positions in this budget account, and The Executive Budget added the Division of Plant Industry administrator, the Division of Plant Industry regional manager, and the agriculturalist 4 position, for a total of 20 full-time positions. Three of the positions were funded through the Environmental Protection Agency (EPA) project from U.S. Department of Agriculture (USDA) funds.

Annually, the Division of Plant Industry licensed approximately 2,400 pest-control operators and pest-control companies. The Division staff certified approximately 15,000 applicators annually by testing throughout Nevada. There were 1,150 nursery and related businesses licensed under the nursery licensing and inspection program. Approximately 2,500 inspections were done annually by the Division staff.

Mr. Barbee said the proposed transfer of the Measurement Standards Division from SDA to the Department of Motor Vehicles (DMV) adversely affected this budget with an increase in cost-allocation funding for the Administrative Division of \$255,365 in fiscal year 2012. The increased cost would have a long-term consequence on the Division's reserve funds used for testing equipment replacement that was required to maintain the programs.

DEPARTMENT OF AGRICULTURE
PEST, PLANT DISEASE NOXIOUS WEED CONTROL (101-4552)
BUDGET PAGE AGRICULTURE-34

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA) stated that all activities in budget account (BA) 4552, Pest, Plant Disease Noxious Weed Control, were funded by federal funds, either U.S. Department of Agriculture (USDA) grants or funds from ARRA (American Recovery and Reinvestment Act of 2009). The grants included money from the Specialty Crop Grant program, and funds were specified for various invasive weeds, insects, and other problems. The USDA grants were awarded for specific plant problems or as a result of a request to the USDA for a local emerging plant problem.

Mr. Barbee explained the Department also had a grant from the U.S. Forest Service (USFS) to cover the Cooperative Weed Management program. The USFS funding could be applied to Cooperative Weed Management groups throughout the state. The ARRA funds were disbursed through the USFS, and Division of Plant Industry staff submitted requests to the USFS. After approval, the projects were managed by Division staff, with oversight by the USFS. The ARRA funds were designated for specific reclamation projects to reestablish native vegetation on fire sites or in areas where noxious weeds had been removed. The ARRA funds would decrease significantly in fiscal year (FY) 2013.

DEPARTMENT OF AGRICULTURE
MORMON CRICKET & GRASSHOPPERS (101-4556)
BUDGET PAGE AGRICULTURE-42

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), stated that budget account (BA) 4556, Mormon Cricket and Grasshoppers, dealt with an ongoing USDA grant designed specifically for public education and the control and management of grasshoppers and Mormon crickets. The project was managed by the Division of Plant Industry entomologist, but no full-time staff position was funded. Funding was provided for 10 to 12 seasonal positions that researched, mapped, and controlled populations that had the potential to cause economic damage.

In summary, the Plant Industry Division included 5 budget accounts with 27 positions; 2 were funded by General Funds, 7 by grant funds, and 18 by fee funds.

Mr. Barbee explained the Animal Industry Division was involved in three broad areas of animal and human welfare, including disaster preparedness, endemic diseases, and livestock health and public health. The administrator of the Animal Industry Division was also the state veterinarian.

Mr. Barbee said the state veterinarian's mission was to protect the health and value of Nevada's animal agriculture. In addition to protecting the health of livestock, poultry, companion animals and wildlife from foreign disease, the position also worked closely with the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) to provide support for all hazardous emergencies, including terrorist activities and natural disasters.

DEPARTMENT OF AGRICULTURE
VETERINARY MEDICAL SERVICES (101-4550)
BUDGET PAGE AGRICULTURE-53

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), stated that the Veterinary Medical Services staff was dedicated to protecting and improving the health quality and marketability of Nevada's animals, animal products, and veterinary biologies by preventing, controlling and/or eliminating animal diseases and monitoring and promoting animal health and productivity.

Mr. Barbee noted that in the past 30 years, approximately 75 percent of emerging human infectious diseases had been zoonotic (transmissible from animals to humans and humans to animals). Monitoring and surveillance of foreign and emerging animal diseases were critical components, and the Division's activities were aimed at ensuring rapid detection of, and early response to, animal disease threats, as well as the adoption of new technologies for early and rapid disease detection. Beginning in 2004, Homeland Security Presidential Directive No. 9 required states to protect the nation's food supply by developing counter measures that were deployable within 24 hours against the 17 most damaging animal diseases, including anthrax. The Division coordinated investigations and disseminated information about suspected outbreaks of foreign animal diseases.

Continuing, Mr. Barbee said the Division of Animal Industry had seven employees, including three staff veterinarians [one being the state veterinarian], two microbiologists, a program officer, and an administrative assistant. The total personnel cost for those positions was \$605,542, with \$469,949 received from General Funds, \$123,689 from fees, and \$37,606 from grants. The Executive Budget eliminated one senior veterinary diagnostician position from the Elko Office and increased the cost allocation to the Administrative Division by \$23,328 or 82 percent. Mr. Barbee said the Division administrator was concerned about meeting the objectives of the division under the proposed budget.

DEPARTMENT OF AGRICULTURE
LIVESTOCK INSPECTION (101-4546)
BUDGET PAGE AGRICULTURE-44

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), explained the Division of Livestock Inspection was tasked by statute with the

responsibilities related to the protection of cattle, horses, and other livestock from theft and protecting the producer in every way possible by:

- Providing brand inspectors throughout the state to make inspections
- Enhancing the program with certified peace officers for investigations
- Enforcing all state livestock laws in a fair and equitable manner
- Assisting other states in the enforcement of their livestock laws
- Requiring licensing of those dealing in livestock

Mr. Barbee said the Division of Livestock Inspection administered the following programs:

- Brand inspections
- Livestock yard bonding and licensing
- Processing of estray livestock
- Investigation of any reports of lost, strayed, or stolen livestock
- Enforcement of licensing and bonding of those dealing in livestock
- Collection of livestock assessments to augment other fees collected

Mr. Barbee noted the Division worked with approximately 9,000 livestock brand owners on an annual basis. Actual brand inspection was conducted by a staff of 85 intermittent inspectors who conducted between one-third million and one-half million inspections annually. Full-time staff included the division administrator, an agriculture enforcement officer, and two administrative assistants. Four of the 85 inspectors had been elevated to the status of brand inspector 2 and were POST (Peace Officers Standards and Training) trained; they worked approximately half time but were still considered intermittent staff. All other inspectors had brand inspector 1 status and were paid for their actual inspections, including time and mileage.

Mr. Barbee said the Division was entirely funded by inspection fees, the livestock assessment tax, and brand-recording fees. The Brand Recording and Rerecording Book revenue totaled \$397,355, which was allocated over four years because the book was only published every four years.

Assemblyman Goicoechea expressed concern over livestock inspection and how to support the program with the current budget cuts and no agreement to increase fees. He wondered whether an additional inspector position might be cut.

Mr. Barbee indicated that cutting another position was possible. He said the Department of Agriculture would suffer fiscally because of the transfer of the Division of Measurement Standards to the Department of Motor Vehicles. There would be an increase of \$48,000, or 90 percent, in cost allocation to Agriculture Administration.

DEPARTMENT OF MOTOR VEHICLES
WEIGHTS, MEASURES AND STANDARDS (101-4551)
BUDGET PAGE DMV-69

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), stated the Division of Weights, Measures and Standards consisted of two basic activities: Weights and Measures and Petroleum Technology. He explained Weights and Measures (W&M) inspectors annually certified that all weighing and measuring devices used in commercial transactions throughout Nevada were accurate. Devices included any and all types of fuel pumps and scales ranging from jewelry scales to large truck and railroad scales to livestock scales. Nearly 40,000 devices were inspected annually. Inspectors also serviced up to 5,000 commercial users of large weighing or measuring devices annually. Facilities included two metrology laboratories located in both Reno and Las Vegas. Weights and Measures provided calibration services to registered service agents, public and private laboratories, law enforcement, and, upon request, the general public.

Assemblyman Grady observed that by transferring Weights and Measures to the Department of Motor Vehicles (DMV), a large amount of fee revenue would be lost. He expressed concern about how that revenue could be recovered.

Mr. Barbee explained that the burden of those costs would be placed on the other accounts paying into the cost allocation. There would be a loss of nearly \$300,000 in allocations needed to run the entire Department of Agriculture. Approximately \$250,000 would have to come from the Division of Plant Industry and another \$50,000 would come from the Division of Animal Industry.

Assemblyman Grady questioned whether fees would go up considerably as a result of the transfer. Mr. Barbee replied that there would have to be a plan to adjust revenues to meet the downturn.

Assemblywoman Carlton suggested the programs were not revenue neutral. Some programs were subsidizing other programs.

Mr. Barbee recalled that Mr. Clinger had described how the allocation costs flowed from agencies to the Department of Administration, which provided administrative services for those agencies. The situation was similar in the Department of Agriculture. The SDA Administration Division, which included the Director, the accounting staff, and the support staff, received some of the revenue from fees and grants to provide services to the various divisions. Across the agency, staff had been significantly reduced, and the agency was operating at the most minimal level possible. The SDA tried not to operate at a revenue-neutral status, but attempted to generate additional revenue to replace equipment that was used in the labs. The costs and requirements for the equipment were impressive.

Assemblywoman Carlton suggested that in the past the consumers had not been paying full value for the services they received, and in the future, they would be paying more.

Mr. Barbee believed that consumers had been paying for full value. He noted that General Fund support was very low: the SDA was overwhelmingly fee-supported. The public and commercial industries using the services were supporting the salaries of those positions and the equipment replacement expenses.

Mr. Barbee went on to explain that the Division of Weights, Measures and Standards staff included an administrator, 15 inspectors, and 2 administrative assistants. The Las Vegas office had 9 inspectors and 1 administrative assistant. The Sparks office had an administrator, 3 inspectors, a metrologist, and an administrative assistant. The positions were totally fee-funded.

Mr. Barbee again noted that the transfer of Weights and Measures to the Department of Motor Vehicles would create a loss of \$249,291 in fiscal year 2012, which must be paid from other division accounts through cost-allocation.

DEPARTMENT OF MOTOR VEHICLES
GAS POLLUTION STANDARDS (101-4537)
BUDGET PAGE DMV-76

Jim R. Barbee, Acting Director, State Department of Agriculture, (SDA), stated that *Nevada Revised Statutes* (NRS) Chapter 590 mandated the testing of fuel samples from retail outlets against acceptable standards to ensure that a

high-quality product was being delivered to the consumer. All fuel products available for retail sale were analyzed, including biodiesel and E85 [fuel that contained 85 percent ethanol]. The Bureau of Petroleum Technology chemists analyzed fuel samples drawn from stations throughout Nevada. Inspectors from Weights and Measures were then asked to investigate any possible violations for submittal to the State Board of Agriculture.

Mr. Barbee explained funding for Petroleum Technology was provided by the Pollution Control Fund, which was managed by the Department of Motor Vehicles (DMV). Revenue for the Pollution Control Fund was generated by the annual smog inspections of vehicles in Clark and Washoe Counties. The transfer funds from DMV were not listed as fees, although they were considered as fees in the departmental summary: their original source was fee-driven for the inspections. The transfer funds covered the personnel costs of three petroleum chemists and all operating costs of the Petroleum Technology laboratories. Two of the chemists were stationed in Reno and one was stationed in Las Vegas.

Mr. Barbee said the proposed transfer of Gas Pollution Standards, budget account 4537, as part of Measurement Standards in the Department of Motor Vehicles would result in a loss of \$51,510 in cost-allocation funds that would have to be picked up by the remaining programs in the Department. The total allocation request to the Administration Division from the transfer of Weights and Measures to the DMV would be \$300,801.

DEPARTMENT OF AGRICULTURE
PREDATORY ANIMAL & RODENT CONTROL (101-4600)
BUDGET PAGE AGRICULTURE-62

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), stated the mission of the Wildlife Services Program was to provide statewide leadership in managing conflicts caused by wildlife. Wildlife was an important public resource highly valued by Nevadans. By its very nature, however, wildlife was a dynamic and mobile resource that could damage agriculture and industry resources, pose risks to human health and safety, and affect other natural resources, including threatening endangered species. Mr. Barbee said the Wildlife Services Program carried out the state and federal responsibilities for helping to solve problems that occurred when human activity and interests were in conflict with wildlife. The Wildlife Services Program worked closely with the Animal Industry Division to provide statewide disease samples for the prevention of plague and avian influenza.

Continuing, Mr. Barbee said the estimated value of the livestock and agricultural resources that were protected was over \$300 million. The administrator of Wildlife Services was actually employed by the U.S. Department of Agriculture, and he supervised State Department of Agriculture field employees, who were primarily funded by General Funds, although transfers from the Department of Wildlife covered some personnel expenses. Historically, 12 field assistants were funded, but there were currently only 7 state-funded field assistant 2 positions. Operational expenses were covered by the General Fund, a transfer from NDOW, and support from the Nevada Woolgrowers Association. The Wildlife Services program had a federally funded facility located in Reno with federal support for an additional 15 field positions, 3 regional supervisors, 2 biologists, an instructor pilot, and 2 staff support positions. In the past, the program was not obligated to cost-allocation for the Administration Division, but in The Executive Budget, \$1,119 was identified as cost-allocation.

DEPARTMENT OF AGRICULTURE
ADMINISTRATION (101-4554)
BUDGET PAGE AGRICULTURE-1

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), stated that the Administration Division provided oversight and guidance to all programs and activities within the State Department of Agriculture. The State Board of Agriculture set policy for the Department, and the Director administered the policy. The Director also served as the executive secretary of the Board. The Administration Division provided accounting, payroll, personnel, fiscal, budgeting, planning, and other support services to the Department of Agriculture pursuant to *Nevada Revised Statutes* (NRS) Chapter 561.

Mr. Barbee explained the Administration Division consisted of the Department Director, an administrative services officer 3, a personnel technician 3, an administrative assistant 4, an accounting assistant 3, and a management analyst 3. Additionally, the Division had a management analyst 1 position that was currently vacant. The Division was supported by General Funds and cost-allocation funds from the Department's other divisions. The cost-allocation funds from the divisions could not be appropriated funds: they had to come from approved indirect grants and fees.

Of the operational costs of the Administration Division, \$240,476 or 33 percent, was expended for utilities in three facilities, and \$352,306 or 48 percent, was budgeted for statewide cost-allocation and Attorney General cost-allocation fees for outside support services.

DEPARTMENT OF AGRICULTURE
NEVADA JUNIOR LIVESTOCK SHOW BOARD (101-4980)
BUDGET PAGE AGRICULTURE-9

Jim R. Barbee, Acting Director, State Department of Agriculture (SDA), stated the Nevada Junior Livestock Show Board (NJLS) consisted of seven members appointed by the Governor. The Board provided an opportunity for 4-H and Future Farmers of America (FFA) students to exhibit their livestock projects before the public, thus promoting excellence in livestock production skills and practices.

Historically, Mr. Barbee explained, SDA funded NJLS with approximately \$25,000 annually. The Executive Budget eliminated this revenue and identified outside private NJLS accounts for funding support. Some of the outside accounts were identified as scholarships that were restricted to student scholarships only and could not be used for operational expenses. He said the Board was looking for grants and foundation funding sources to support NJLS activities.

In summary, Mr. Barbee said the Department of Agriculture's proposed budget for fiscal year (FY) 2012 totaled \$10,189,810, as follows:

- General Funds – \$1,729,142 or 16 percent
- Federal Funds – \$4,071,056 or 38 percent
- Interagency Transfers – \$1,470,849 or 14 percent
- Other Funds – \$3,404,383 or 32 percent

Chairwoman Smith thanked Mr. Barbee for his presentation and moved to the presentation from the Department of Wildlife.

DEPARTMENT OF WILDLIFE BUDGET OVERVIEW

Kenneth E. Mayer, Acting Director, Nevada Department of Wildlife (NDOW), introduced Patrick Cates, Deputy Director, Administrative Services, Nevada Department of Wildlife, and Richard L. Haskins II, Deputy Director, Nevada Department of Wildlife.

Mr. Mayer read the Department's mission statement as shown in the "Nevada Department of Wildlife's Budget Overview" ([Exhibit E](#)): "To protect, preserve, manage and restore wildlife and its habitat for its aesthetic, scientific, educational, recreational, and economic benefit to citizens of Nevada and the

United States, and to promote the safety of persons using vessels on the waters of this state."

Mr. Mayer noted Nevada was the 11th most diverse state in the nation for wildlife. There were 892 different species regularly appearing in the state. The total estimated value of wildlife and boating to Nevada's economy was \$1,942,442,151 annually.

Mr. Mayer explained the Board of Wildlife Commissioners was a 9-member board appointed by the Governor. There were 17 county advisory boards appointed by county commissions that assisted in managing wildlife. This system was unusual in the nation: each local group could come to the Commission meetings to express concerns and share ideas. The Director was also appointed by the Governor and served as the Commission Secretary. There were 7 program divisions and 243 full-time employees statewide.

Mr. Mayer said the organizational structure of the Department of Wildlife included the Director's Office and the following divisions:

- Operations Division, which includes a Fiscal Services Section
- Conservation Education Division
- Fisheries Division
- Game Division
- Habitat Division
- Wildlife Diversity Division
- Law Enforcement Division

There were 3 regional offices, Western, (Reno), Eastern (Elko), and Southern (Las Vegas), and 11 field offices. Regional supervisors reported directly to their respective division administrators. Mr. Mayer said the budget was very complex because all money was deposited into one fund and then was meted out to the divisions.

Mr. Mayer stated the NDOW priorities for the 2011 Legislative Session were budget splits, General Fund loss, and capital improvement projects. The NDOW headquarters were housed in buildings built in the 1950s and 1960s, and those buildings needed improvements to keep them up to standard.

There was a problem with quagga mussels in Lake Mead, and in 2007 the Lake Mead Hatchery had to be shut down. There was a beautiful visitor's center at the Lake that Mr. Mayer said he wanted to open again, but the same

quagga-infested water used to raise fish would flow through the fire sprinkler system, so the visitor's center could not be reopened. The Department was trying to find another water source.

Continuing, Mr. Mayer said the NDOW had submitted two bills to the 2011 Legislature:

- Assembly Bill 13 was a civil penalties bill. Under current law, if a junior hunter was hunting and broke a minor regulation, the only recourse to law enforcement would be to take him to jail. The NDOW wanted the law updated.
- Assembly Bill 19 was an interstate special fishing permit for boundary waters. It provided fishermen who wanted to fish in Lake Mead with a permit that could be used in Nevada, Arizona, and California. There was a criterion for a group permit, and NDOW wanted to expand the group fishing permit to a variety of programs operated by organizations to benefit all children.

Mr. Mayer added that another NDOW priority was the restoration of mule deer and sage grouse. The sage grouse was listed as an endangered species. Mr. Mayer was the national Chairman of the Executive Oversight Committee on Sage Grouse, and he recommended that Nevada stay at the forefront of this work to continue to receive federal funds for restoration of the sage grouse.

Continuing, Mr. Mayer explained there was a new program called Nevada Partners for Conservation and Development (sagebrush ecosystems). Eighteen agencies that had some responsibility for resource management in Nevada had signed a memorandum of understanding that they would share resources and ideas to maximize problem-solving. The Bureau of Land Management (BLM) had donated \$300,000 to the program, which involved a local-area team funded at the Director's level.

Mr. Mayer again noted that aquatic invasive species was a huge problem in the state, and Nevada was lagging behind neighboring states in enforcement and management of invasive species.

Mr. Mayer went on to say that the Department had a great relationship with the mining industry. The mining industry funded some NDOW positions to work specifically with mining on environmental clearance. The NDOW was developing a relationship with mining on the energy side as well.

Patrick Cates, Deputy Director, Nevada Department of Wildlife, addressed the General Fund reductions in the current biennium as a result of the 26th Special Session (2010). There was a reduction of \$130,000 in fiscal year (FY) 2011, and to meet the reduction, NDOW eliminated three positions: two in the Fisheries Division and one in the Diversity Wildlife Division. Funds were also reduced for travel and training expenses. The Department received a reduction in the federal match rate for a state wildlife grant that required General Fund matching funds, which also helped the Department meet the reduction target.

For the current biennial budget request, Mr. Cates said the budget enhancement units included General Fund reductions, the Sagebrush Ecosystem Restoration Program, replacement equipment, and the transfer of a land agent position to the State Department of Conservation and Natural Resources (DCNR).

Mr. Cates recalled that in the 75th Legislative Session (2009), one-shot funds from Question 1 bonds from the DCNR funded the position in the Nevada Partners for Conservation and Development Program. The 2011-2013 biennial budget included a request to continue funding for that position using grant and licensing funds because it was such an exceptional program and NDOW was very committed to it.

Mr. Cates said NDOW needed some minor replacement equipment, but it had not requested any major expenditures even though the Department's vehicle fleet was aging.

Mr. Cates stated that in fiscal year (FY) 2006, NDOW received \$1,744,588 in state funding. In FY 2012 and FY 2013, the General Fund support would be decreased by 71.64 percent to \$494,764 each year. Mr. Cates noted that the Nuisance Wildlife Program had been curtailed, and the Bear Aware Program was suspended. General nuisance wildlife information was put on the website, and while NDOW still responded to nuisance wildlife calls for public safety, the agency's efforts had been reduced.

Senator Leslie remarked there was a raccoon problem in southwest Reno, noting they could be vicious and people had been hurt. She asked whether there was a public or private partnership that could assist with the problem. Mr. Cates replied the Department's website contained information on how to raccoon-proof a home. The NDOW wardens could provide information on private groups that could assist, the NDOW would assist in certain situations, and federal wildlife services might also be available.

Senator Leslie reiterated that her neighborhood needed help and would partner with any group that could offer assistance. The City of Reno had been unable to offer any assistance. She asked Mr. Cates to work on the problem with her. Mr. Cates responded federal funds were not available for this type of activity: it was an urban encroachment development problem.

Continuing, Mr. Cates noted the Department's marketing program had been suspended because of loss of state funding, and the General Funds remaining were being used exclusively as match for two federal programs, the State Wildlife Action Plan grant and the Endangered Species Act. Those programs dealt with all wildlife, not just game animals. He said the NDOW did not have the matching funds for those programs, and funds had to be shifted from other important areas such as general survey work. The budget shortage would cause a hole in Nevada's knowledge base about Nevada's wildlife species.

Assemblyman Bobzien asked what NDOW projected in five to ten years regarding threats to wildlife programs in both survey and habitat work. He speculated that would be a very big challenge.

Kenneth Mayer, Acting Director, Nevada Department of Wildlife, replied it was hoped that through the Nevada Partners for Conservation and Development and pooled resources and knowledge, some of that loss would be made up. The NDOW was the agency people came to when they needed information. Federal land made up 87 percent of Nevada, so the federal agencies could not do their work without help from NDOW. When NDOW did not have the animal population information, federal agencies had to move forward without including Nevada. Mr. Mayer said that lack of information could be a threat to the state's access to federal programs. The Department was doing all the surveys it could, but the workload was at capacity. In addition, energy projects were now coming online, and NDOW had nearly outstripped its ability to respond as needed.

Richard Haskins, Deputy Director, Nevada Department of Wildlife, added that NDOW should have been participating in a federal land management process such as the National Environmental Policy Act, but ten-year-old data was not adequate for those purposes. The NDOW needed to be able to continue the inventory survey of native wildlife, or it would fall behind and not be able to participate in those processes.

Continuing, Mr. Cates referred the Committee to page 14 of [Exhibit E](#), "Nevada Department of Wildlife Budget Overview," and recalled that budget splits were

mandated in the 2009 Legislative Session Appropriations Act. Prior to the budget splits, NDOW had four budgets. The largest budget, NDOW Administration, included all staff and most of the program expenditures. The other three budgets, the Trout Stamp Program, Obligated Reserve, and Boating Program, also included program expenditures. All four budgets included fees and federal funds, and they all carried reserves forward. Mr. Cates said transfers were made among the separate budgets to fund various activities, which made it difficult to manage the finances of the Department. It was not a system that could be managed well, which was the impetus behind the budget split.

Mr. Cates went on to explain that the chart on page 15 of [Exhibit E](#) provided an overview of how the budgets were split. The Administration budget was split into two accounts, the NDOW Director's Office and NDOW Operations, and seven new accounts were created. Basically, one account per division was established as a separate account that included all staff and program expenditures for that division.

Continuing, Mr. Cates said page 16 of [Exhibit E](#) was a flowchart explaining the process the Department went through to split the budgets. All the fees and associated reserves that were originally in the four budgets were transferred and consolidated into the Wildlife Account, which was formerly known as the Obligated Reserve. Mr. Cates said the Department recommended that the Wildlife Account be used strictly to accumulate fees, reconcile them, carry forward any reserves and make transfers to fund the following operating budgets: Director's Office, Law Enforcement, Operations, Conservation Education, Habitat, Game Management, Wildlife Diversity, and Fisheries Management.

Mr. Cates referred to page 17 of [Exhibit E](#), which was a high-level spreadsheet of the NDOW operating budgets; the entire Department's operations were condensed down to one page. A pie chart on page 18 provided, in percentage terms, an overall view of how the NDOW was funded. Mr. Cates noted the Department was approximately 42 percent fee-funded, and General Fund was a very small portion, 1.37 percent, but it was a critical portion for certain aspects of the Department's operations.

An overview of the Wildlife Fund's revenue and expenditures was found on page 19 of [Exhibit E](#). Mr. Cates explained the Fund included different categories of the various types of fees, the largest being unrestricted fees,

which were from general hunting and fishing licenses and tags. The unrestricted fees were available for general use by the Department.

Restricted fees, Mr. Cates explained, were any fees charged for a specific use under statute; restricted fees were previously placed in the Department's obligated reserve. They included:

- Duck stamp fees, which could only be used for habitat projects for ducks.
- Mining assessments.
- Boating fees.
- Trout stamp fees, which were used for capital improvement projects and debt service on those projects.

Mr. Cates said transfers would be made from the Wildlife Fund to the various budgets, which would assist the Department with cash-flow management and planning. Four separate reserves would be carried forward so that the various funding streams would be separately identified and the Department would know the amounts available in each fee category.

Chairwoman Smith thanked the Department for its presentation and said the Committee would look forward to a thorough discussion of the NDOW budget in Joint Subcommittee. She asked for questions from Committee members; there were none.

Chairwoman Smith announced the Department of Cultural Affairs would present its budget overview, and she invited Dr. Michael Fischer to make his presentation.

DEPARTMENT OF CULTURAL AFFAIRS BUDGET OVERVIEW

Michael E. Fischer, D.M.D., Acting Director, Department of Cultural Affairs, introduced Mark Costa, Administrative Services Officer 4, Department of Cultural Affairs, and noted that representatives of all divisions were present to answer questions if needed.

Dr. Fischer read the following prepared statement:

The Nevada Department of Cultural Affairs is a Cabinet-level department tasked with identifying, protecting, and sharing the cultural assets of Nevada with its citizens.

The State Historic Preservation Office, Nevada Arts Council, Division of Museums and History, and Nevada State Library and Archives offer a wide variety of assets, experiences and knowledge, which convert residents into citizens.

The Executive Budget is a reflection of the realities associated with the dire economic crisis in which our state is now immersed. The budget proposal dissolves the Department, but allows the Divisions to remain with generally improved funding for their individual missions. Some room tax money will be used in the Nevada Arts Council and Division of Museums and History budgets. After the 26th Special Session, the Board of Museums and History raised admission fees for most museums. There will be some money, approximately \$400,000, from the Nevada State Library and Archives' ARRA broadband grant to enhance public computer centers at libraries throughout Nevada, which will carry forward.

The reduced schedule of four-days-per-week operation for museums will continue and museum employees will continue as 0.8 full-time equivalent employees. The Nevada State Library and Archives will continue to be open 5 days a week, 4 hours a day, for the public. The State Historic Preservation Office will have enough General Fund to match the federal grant and will remain operational. Due to a lack of bonding capacity, issuance of bonds for the Commission on Cultural Affairs will be curtailed or eliminated. This funding has previously benefitted cultural centers in every county of Nevada.

The Nevada Arts Council budget still reflects the 10 percent cuts. Two positions which are vacant (the justifications to fill were denied) will be lost and two others will be reclassified. Grants and programs will be reduced by about \$68,000 over the biennium. The overall budget is reduced by an average of \$151,000-plus per year of the biennium. The ARRA grant of \$250,500, regranted to 38 organizations by the Arts Council to support jobs in the arts industry, is not available in the upcoming biennium.

The Executive Budget closes the Director's Office, eliminates the cabinet post, and moves the divisions to other departments where they can be better funded. Six Director's Office positions are eliminated; two will transfer to Tourism.

The Division of Museums and History and the Nevada Arts Council move to the Nevada Commission on Tourism. The State Historic Preservation Office moves to the Department of Conservation and Natural Resources. The Nevada State Library and Archives will move to the Department of Administration. The major benefit of the transfers is that all divisions and their missions will continue to support Nevada's cultural assets. All museums will remain open and functional, though with greatly reduced public programming.

The Nevada State Library and Archives' Imaging and Preservation Services (IPS), formerly Micrographics and Imaging, is scheduled to close as of July 1, 2011. It is a tremendous asset to the state, but it has been financially troubled since before I became Director four years ago. The program has only survived because we found local government entities and certain state agencies that needed the services and encouraged them to use IPS. With deep budget cuts on both the state and local level, the reserve has dwindled. I believe proper recordkeeping is the state's best protection in litigation and other administrative areas. If all agencies were required to follow their records retention policy and records with long-term retention schedules were microfilmed, storage requirements would lessen, and platform issues would disappear. Spreading IPS cost statewide as an assessment would make IPS a functional and cost-effective service.

Assemblyman Conklin expressed concern about recording and cataloging of historical events for the State of Nevada. He asked Dr. Fischer to describe the types of documents currently being scanned, catalogued, or microfiched that would no longer be done with the closure of IPS.

Dr. Fischer replied that IPS processed everything from historic documents that could not be physically handled but needed to be observed to state long-term retention records such as payroll. He pointed out there were significant security issues if those records were not processed in-house. Local areas such as Ely and Tonopah had used IPS for newspapers and any records that were designated for long-term storage and retention for historic or litigation purposes. Microfilm reduced the amount of storage space needed, and even with evolving technology, it was the only retention platform that was constantly available. Dr. Fischer said the Department was still working to identify the best options to deal with the ramifications of the closure.

Assemblyman Conklin affirmed there would be continued archiving, but it would be done through another mechanism.

Dr. Fischer responded that in difficult economic times, consideration needed to be given to the possibility of whether private enterprise could provide the services at less cost and retain the same quality. Assemblyman Conklin said the subject would be revisited in the Joint Subcommittee.

Dr. Fischer continued his presentation:

One of The Executive Budget savings areas is the elimination of rent for the Director's Office. The Nevada State Library and Archives also reduces their footprint in their existing building. With the State Historic Preservation Office also moving to the Department of Conservation and Natural Resources, much office space will be available to other state agencies.

The museum structure at the Springs Preserve is completed. We are thankful for the funding to build the permanent exhibits. That construction will be completed about mid-year 2011. The Executive Budget maintains funding for the Nevada State Museum, Las Vegas at Lorenzi Park. The decision to move or not to move to the Springs Preserve facility is very difficult. Because of the size and complexity of the building, it cannot be occupied using only the existing staff. Doing so would endanger the facility, the collections, and most significantly, the staff itself. If the facility at Lorenzi Park is not operated as a museum for a 90-day period, it could, under the terms of the lease, revert to the City of Las Vegas. This would entail a multimillion dollar loss to the State of Nevada. We have already held events in portions of the new facility. On February 25, George Washington's Mt. Vernon Nevada Teaching Ambassador Program will use the facility. Similar programs will continue throughout the biennium.

Although we may not be aware of all of the intricacies associated with this budget, we continue to be concerned about the loss and reclassification of the ASO positions. Internal controls and fiscal oversight are two procedural details we take extremely seriously. In the past four years those positions have been some of the most important to me and to the Department. They have had the most overtime and flex time. I am concerned that the limitations placed

by the personnel system on a budget analyst would keep them from doing all the important work our ASOs perform. I am also concerned that the two Divisions added to NCOT (Nevada Commission on Tourism) will seriously overburden their computer person. I would think one computer person from the Director's Office would ameliorate the addition of seven museums and the Arts Council.

In conclusion, I believe The Executive Budget protects, to the highest degree possible, the individual divisions and their missions. In an extremely difficult financial time, they will be able to continue their very important work for the citizens of Nevada.

Assemblywoman Mastroluca expressed concern about the reduction of services for the rural bookmobile program.

Dr. Fischer responded that when there were budget cuts, all services were affected. To a rural population that was already severely underserved, there would probably be diminished services.

Senator Denis observed that the collection development budget, which was used for books for the rural areas, would be cut by 62.5 percent. He asked whether that figure was accurate.

Daphne Deleon, Administrator, Nevada State Library and Archives (NSLA), responded that in the 2009 Legislative Session, the collection development budget was reduced to meet the budget targets during the biennium, and funding was further reduced to meet the 10 percent budget reduction requested by the Budget Division for the 2011-2013 biennium. She said the figure of 62.5 percent appeared to be correct.

Senator Denis noted the federal grants required a maintenance of effort (MOE). He recalled the MOE amount was not being met, and the NSLA had requested a waiver, which was denied. He was concerned that the state was losing money for books. Children were expected to learn to read by the third grade, but Senator Denis noted that the library school funding material budget had been zeroed-out. He questioned how the children could be expected to learn to read without materials. He was concerned that the cuts were larger than those of other groups being asked to share in the sacrifice. Senator Denis said reading was extremely important in an economy in which many citizens had little disposable income; libraries were needed.

Assemblywoman Carlton observed there must be some innovative ways to get the Springs Preserve Museum open. She asked whether staffing was the biggest problem.

Dr. Fischer responded that staff was currently the major impediment. There were ongoing discussions with the representatives of the Springs Preserve to consider in what areas costs and employees could possibly be shared. He remarked the Preserve was a very large and beautiful facility, and it needed to be properly staffed so it could be an asset to the state. Dr. Fischer offered to keep the Legislature informed as the process moved forward.

Assemblywoman Carlton believed the Preserve was an important resource for Nevada families. She wanted to be kept informed and be involved with the project. Dr. Fischer agreed the Preserve was a very important asset that was not extremely costly for families to enjoy: the admission for children was free.

Assemblywoman Mastroluca expressed concern about the continued budget cuts to the Nevada Arts Council and the effect on the numerous artists and communities as a whole that benefited from the Council. She said the Arts Council provided culture to not only the large communities, but also to the smaller and more rural communities. She hoped that the Joint Subcommittee would address those concerns.

Dr. Fischer agreed that from many standpoints, including tourism, Nevada needed to expand venues and ensure that livable communities were also visible communities.

Mark Costa, Administrative Services Officer, Department of Cultural Affairs, said he had additional figures regarding the steady reduction in the state collection development efforts. In fiscal year (FY) 2009, the budget was \$600,000, it was reduced to \$335,000 in FY 2010, and the additional reduction in FY 2012 would reduce it to \$136,100. In three years, the collection development budget would have been reduced by approximately 75 percent.

Dr. Fischer concluded his presentation and thanked the Committee for its attention and appreciation.

Chairwoman Smith thanked the Department for its presentation. She commented that she was concerned about the reductions to the Cultural Affairs' budget and diluting the significance of cultural affairs in Nevada. She

asked for questions from the Committee; there were none. She called for public testimony.

Scott Faulkner, Executive Director, Reno Chamber Orchestra (RCO), provided a letter of support ([Exhibit F](#)) and said the RCO supported maintaining level funding for the Nevada Arts Council. He said the RCO had benefited greatly from the Arts Council. In addition to the wonderful music it provided to the community, the RCO was a small business that employed a total of 75 musicians and administrative and artistic staff members. The RCO attracted and helped retain some of the most talented and creative employees in Nevada, who also had other jobs and worked in other industries.

Mr. Faulkner said the National Endowment of the Arts had conducted a study that showed for every \$1 spent on the arts, nearly \$4 was generated in spending in the community through such things as dining out, clothing purchases, and babysitting. An investment in the arts was amplified in the larger communities.

Mr. Faulkner said the RCO had benefitted from funds received from “Partners in Excellence” grants and Arts Council professional development grants. The RCO’s grant funds were significantly reduced in 2009 when the Arts Council’s budget was cut by 43 percent. Mr. Faulkner asked that the 2009 reduction be recognized as the sacrifice for arts for this biennium and that no further budget cuts be required.

Julia Arger, Member of the Board of the Nevada Arts Council, testified that she was passionate about the arts and the impressive myriad of talent in Nevada. Those individuals and arts organizations depended on grants from the state for their continued existence. The Arts Council had already absorbed a 43 percent cut in its budget. To take another 10 percent would diminish the agency’s ability to assist the arts community.

Ms. Arger said the arts were not frivolous: they were an essential activity. The cuts affected everyone—all citizens, artists, and groups. The arts were good for the economy; they enhanced quality of life. She added that the arts were an important part of healing; it was important to the patients and their families in the healing process. She noted there was beautiful art and ongoing music at the Renown Medical Center in Reno. The arts stimulated the elderly and kept the mind active, and they played a vital role in children’s education.

Continuing, Ms. Arger said the business community also relied on a strong arts focus to entice potential employees and businesses to relocate to Nevada. She submitted letters in support of the Arts Council from herself and several businesses ([Exhibit G](#), [Exhibit H](#), [Exhibit I](#), [Exhibit J](#), [Exhibit K](#), and [Exhibit L](#)), both for-profit and nonprofit, that valued the relationship between a healthy arts industry and the business community.

Ms. Arger implored the Committee to make no further cuts to the arts, but to add back some of the funding that had already been taken away. She asked that the Committee support, not abandon, the arts.

Chairwoman Smith commented that the recipients of the grants were great advocates of funding for the arts, and they had told the Committee success stories of how the grants were used. The Committee appreciated hearing from those recipients.

Brittany Curtis, Holland Project, spoke of the Nevada Arts Council's support for arts programs for youth. The Arts Council supported the Holland Project, a youth arts and music program in Reno that had provided creative outlets to teens and young people in northern Nevada. She said the Arts Council was instrumental in the organization of the group five years ago, and today that support was imperative to the continued success of the program. The Council had supported some of the Holland Project's most important programming and operating endeavors, and it had been able to leverage the Arts Council funds to receive other funds and support. The Nevada Arts Council was crucial to the Holland Project's development and success.

Continuing, Ms. Curtis remarked that Nevada's statistics about teens in the Truckee Meadows were devastating. Of all 50 states, Nevada ranked near the bottom for drug and alcohol abuse, teen pregnancy, the suicide rate, the high school dropout rate, and education funding, which cost Nevada millions of dollars each year in aftermath costs. Arts and culture were proven to reach teens when nothing else could, making a positive difference for those students and the communities in which they lived. Ms. Curtis said when arts opportunities were not available, the best and brightest students would leave for more culturally active and supportive cities, which would pose a threat to the future of the state and its progress. After devastating budget cuts in the 2009 Session, Ms. Curtis pleaded for the Committee to maintain stable funding for the Arts Council to ensure Nevada's cultural and economic growth and progress for all ages.

Chairwoman Smith requested additional information on how the Arts Council had supplemented arts education in the schools. She was aware of their efforts and wanted to see them quantified.

There being no further business or testimony, Chairwoman Smith adjourned the meeting at 10:56 a.m.

RESPECTFULLY SUBMITTED:

Tenna R. Herman
Committee Secretary

APPROVED BY:



Assemblywoman Debbie Smith, Chairwoman

DATE: August 30, 2011

Senator Steven A. Horsford, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance

Date: February 9, 2011

Time of Meeting: 8:11 a.m.

Bill	Exhibit	Witness / Agency	Description
	A	*****	Agenda
	B	*****	Attendance Roster
	C	Andrew Clinger, Director, Department of Administration	2011-2013 Biennium Budget Overview
	D	Jim Barbee, Acting Director, State Department of Agriculture	State Department of Agriculture, Budget Overview
	E	Kenneth E. Mayer, Acting Director, Department of Wildlife	Department of Wildlife, Budget Overview
	F	Scott Faulkner, Executive Director, Reno Chamber Orchestra	Letter in support of Nevada Arts Council's Budget
	G	Julia Arger, Nevada Arts Council Board Member	Letter in Support of the Arts in Nevada
	H	Katherine Cameron Mills, Owner, The Creative Arts Center	Letter in Support of the Arts in Nevada
	I	John Frankovich, Managing Partner, McDonald-Carano-Wilson	Letter in Support of the Arts in Nevada
	J	Tim P. Young, President, Reno Philharmonic Association	Letter in Support of the Arts in Nevada
	K	Ronele Klingensmith, President, RKPR, Inc.	Letter in Support of the Arts in Nevada
	L	Kurt A. Mische, President and CEO, KNPB	Letter in Support of the Arts in Nevada