

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

**Seventy-Sixth Session
May 11, 2011**

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chairwoman Debbie Smith at 8:23 a.m. on Wednesday, May 11, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E 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 Joseph M. Hogan
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

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Rex Goodman, Principal Deputy Fiscal Analyst
Brian Burke, Senior Program Analyst
Wayne Thorley, Program Analyst
Jordan Butler, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith began the meeting by saying the Committee would close the budgets for the Department of Employment, Training and Rehabilitation first. She indicated that some Committee members may be intermittently absent during the meeting to introduce bills in other committee meetings.

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

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 3272, the Department of Employment, Training and Rehabilitation's (DETR's) Administration account. He read from the Committee's closing document ([Exhibit C](#)) for the record:

There are three major closing issues related to positions in this account, the first being a new personnel technician in decision unit Enhancement (E) 325. The Governor recommends the position for the Division's human resources section. This would assist with meeting the Department's growing workforce. The agency had previously indicated in a Subcommittee [Joint Subcommittee on General Government] hearing that to respond to the high volume of

unemployment claims since July 2008, the Department has hired 485 new employees. The new personnel technician would be responsible primarily for processing new hires, promotions, voluntary and involuntary transfers, demotions, terminations, suspensions, and employee changes.

In response to questions that the Joint Subcommittee on General Government posed, the agency noted that if current staffing levels are maintained, the human resources section would continue to experience delays in recruitments, which, according to the Department, entails thousands of applications and scoring exams and certifying lists for eligible candidates.

The recommendation for a new personnel technician 2 position appears reasonable. Does the Committee wish to approve this new position?

Chairwoman Smith remarked that with 485 new employees, the recommendation for a new personnel technician 2 position seemed justifiable.

SENATOR DENNIS MOVED TO APPROVE A NEW PERSONNEL TECHNICIAN 2 POSITION AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela were not present for the vote.)

Mr. Burke continued his testimony:

The second position-related item is a new accountant technician 1 position. This position would handle additional workload and fiscal responsibilities associated with Unemployment Insurance Trust Fund accounting.

The Department indicated that the addition of the position would provide ongoing cash management support to the Employment Security Division (ESD) and its unemployment compensation programs, and it would also give the Financial Management Unit the capacity it currently lacks to respond to special requests. The position would be assigned to banking, accounting, and reporting responsibilities for

Unemployment Insurance (UI) benefit and contributions activities. The agency noted that the daily payment of UI benefits is highly dependent on DETR's ability to adequately staff this function because of the daily draws required to fund the bank accounts for the payment of claims.

The recommendation for this position also appears reasonable. Does the Committee wish to approve the new position as recommended by the Governor?

ASSEMBLYMAN HOGAN MOVED TO APPROVE A NEW ACCOUNTANT TECHNICIAN 1 POSITION AS RECOMMENDED BY THE GOVERNOR.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela were not present for the vote.)

Mr. Burke continued reading from the Committee's closing document:

At the bottom of page 2 of your closing document and continuing on to page 3 is the reclassification of an existing classified position to an unclassified assistant to the director position.

The agency indicated that the new unclassified title is requested due to the managerial, oversight, and leadership role this position would perform within the Director's Office. According to the agency, the position would oversee the Operations Management Unit, which includes contracts and facilities maintenance; the Communications Unit, which includes the public information officer and other official DETR communications; and front office staff statewide, which includes administrative assistants and clerical support staff. Listed at the top of page 3 of your closing packet, several of the bullets identify some of the functions that this position would serve.

The agency notes that consolidating these functions under one leadership position would lessen the span of control of the director and deputy director and would enhance their capacities to focus on strategic leadership activities targeted at reducing unemployment [and] developing a skilled and qualified workforce that meets the needs of Nevada's business community.

The Joint Subcommittee on General Government discussed this position in February 2011, and when they did so, they noted that the Department of Personnel had approved a temporary reclassification in another account, ESD account 4770, and that is a classified assistant to the director.

Staff has no concerns with the recommended reclassification. Staff also believes that locating the position in the Administrative Services Division rather than where the temporary position is right now in ESD would more appropriately align the position with the outlined duties. However, if the Committee does approve this reclassification, staff would suggest that the Committee also rescind the temporary reclassification in the ESD account.

Does the Committee wish to approve the proposed reclassification and, if so, also rescind the temporary reclassification in the ESD account?

Because Senator Denis was a Chair of the Joint Subcommittee on General Government, Chairwoman Smith asked Senator Denis to comment on the proposed position reclassification.

Senator Denis reported that the Subcommittee voiced concern whenever position reclassifications were brought for the Subcommittee's consideration. Senator Denis added, however, that the Subcommittee looked into the proposed position reclassification for the assistant to the director position and determined that the proposal was sound.

Assemblywoman Carlton asked Senator Denis whether there was discussion in a Subcommittee meeting about the use of contractors for the Department's Administration account.

Senator Denis did not recall that a discussion about contractors arose.

In response to Chairwoman Smith, Mr. Burke also indicated that he did not recall a discussion about contractors during a Subcommittee meeting.

In response to Assemblywoman Carlton, Mr. Burke confirmed that if the recommended position reclassification was approved, the Director's Office in the Department would include a director position, a deputy director position, and an assistant to the director position.

Assemblywoman Carlton asked whether it was common for agencies to have both a deputy director position and an assistant to the director position. Assemblywoman Carlton assumed that deputy directors usually served as assistants to directors.

Mr. Burke reiterated that the Director's Office sought to reclassify an existing employment services officer 2 position to an unclassified assistant to the director position to allow the director and deputy director to better focus on strategic leadership activities.

Referring to his notes from a Subcommittee meeting, Senator Kieckhefer indicated that the assistant to the director position would take on many of the day-to-day administrative duties in the Director's Office. The position would then allow the director to provide broader oversight in areas like the Silver State Works program.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE POSITION RECLASSIFICATION AS RECOMMENDED BY THE GOVERNOR.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Carlton and Senator Leslie voted no. Assemblymen Conklin and Ocegura were not present for the vote.)

Regarding the Department's cash flow and timeliness of draws, Mr. Burke reported that the Joint Subcommittee on General Government discussed negative cash balances in several of the Department's accounts with Department representatives. The Subcommittee suggested that the Department take action to avoid negative cash balances in the future.

From the Committee closing document, Mr. Burke continued, "The Department responded that DETR monitors all the budget accounts for negative realized funding and has implemented a procedure to process draws for all accounts weekly in order to mitigate the occurrence of the condition. The Department also indicates that they use an estimated clearance methodology to draw expenditures that have occurred subsequent to the prior draw plus any

expenses that typically recur during the draw period. Staff has monitored the cash flow throughout the session, and there have been considerable improvements." No closing action was required for this item.

Mr. Burke advised that the Administration account included four additional recommendations for the Committee's consideration:

- Decision unit E710, a recommendation to allocate revenues totaling \$36,253 in fiscal year (FY) 2011-12 and \$10,328 in FY 2012-13 to fund computer hardware and software replacement in accordance with the Department of Information Technology's recommended replacement schedule.
- Decision unit E805, a recommendation to reclassify an existing personnel analyst 2 position to a personnel officer 1 position in the human resources section. The recommendation came from a Department of Personnel occupational study that concluded that the position best aligned with a human resources officer 1 position (now a personnel officer 1).
- Decision units E500 and E900, recommendations to transfer one ESD program specialist 3 position and one administrative assistant 1 position from budget account 4770, Employment Security, into this account. Mr. Burke said the program specialist would provide analysis and performance reporting for all DETR agencies and assist the Department's chief auditor with program review and compliance. The administrative assistant 1 position would provide administrative support work and special projects for all DETR accounts.
- Decision units E501 and E909, recommendations to transfer an accounting assistant 2 position from budget account 4767, the Career Enhancement Program, into this account.

Mr. Burke asked whether the Committee wished to approve these recommendations.

SENATOR RHOADS MOVED TO APPROVE THE REMAINING
CLOSING ITEMS FOR BUDGET ACCOUNT 3272 AS
RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Ocegura were not present for the vote.)

Regarding a technical adjustment, Mr. Burke remarked that when a merit salary freeze decision was constructed, position-type information was input incorrectly. Mr. Burke asked whether the Committee wished to allow the Fiscal Analysis Division to correct the error and to also authorize Fiscal staff to make any other technical adjustments resulting from the Committee's closing actions.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE TECHNICAL ADJUSTMENT RECOMMENDED BY FISCAL STAFF TO CORRECT THE POSITION-TYPE, DATA ENTRY ERROR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Ocegura were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3272 and opened the hearing on budget account 3274, Information Development and Processing.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – INFORMATION DEVELOPMENT AND PROCESSING (101-3274)
BUDGET PAGE DETR-9

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 3274, the Department of Employment, Training and Rehabilitation's (DETR's) Information Development and Processing account. He read from the Committee's closing document ([Exhibit C](#)) for the record:

On page 7 there is one major issue in this account, and that is the legacy system Master Services Agreement (MSA). The Governor recommends \$562,500 in each year of the biennium to fund a Master Services Agreement with programmers knowledgeable on the legacy system who would assist in maintaining and supporting

existing critical applications. The MSA programmers are needed during the transition to the new Unemployment Insurance (UI) modernization system. This request would fund three MSA programmers for 1,500 billable hours per year.

The Joint Subcommittee [on General Government] was especially interested in why state staff could not fill the role envisioned for the MSA programmers. DETR provided a response to that indicating that within the next four months, significant portions of the UI legacy application will begin to be replaced by newer JAVA, ORACLE, and Web-based technology. The agency reported that complete replacement and decommissioning of the UI legacy application will occur within the next 24 months. As the new application is implemented and installed, DETR indicates its technical resources become more tasked with maintaining the new system, using newer technology and related programming languages versus the old UI system and components.

With the response provided by the agency, the recommendation for MSA programmers to assist in supporting the legacy UI system during the transition to the new system appears reasonable. Does the Committee wish to approve the Governor's recommendation?

In response to Chairwoman Smith, Senator Denis reiterated that Subcommittee members had raised questions regarding the ability of agency staff to maintain and support the existing legacy system. Senator Denis said the agency responded that agency staff was dedicating its resources to the transition to the new modernization system.

SENATOR DENIS MOVED TO APPROVE FUNDS ASSOCIATED WITH THE MASTER SERVICES AGREEMENT AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela were not present for the vote.)

Mr. Burke provided other closing items for the account, which included:

- An allocation of \$17,000 per fiscal year of the 2011-2013 biennium to increase training authority to support new technology requirements associated with the UI modernization project.

- An allocation of \$525,958 for fiscal year (FY) 2011-12 and \$627,294 for FY 2012-13 to replace furniture, computer equipment, and software.
- An allocation of \$1.79 million for FY 2011-12 and \$1.65 million for FY 2012-13 for computer equipment and software to support the Department's information technology and communication infrastructure.

Mr. Burke added that there were 18 desktop computers currently recommended for replacement in FY 2012-13, that would exceed the amount necessary to support the agency's current staffing levels using the Department of Information Technology's three-year replacement schedule. In response, the Fiscal Analysis Division and the agency recommended the elimination of the requested 18 desktop computers from the agency's budget, which would result in a cost savings of \$29,844.

Mr. Burke asked the Committee whether it wished to approve the other closing items.

SENATOR RHOADS MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3274 AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS TO REMOVE 18 DESKTOP COMPUTERS AS RECOMMENDED BY STAFF.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Ocegüera were not present for the vote.)

Mr. Burke indicated that as with the Department's Administration account, budget account 3274 contained a data entry error that occurred when constructing decision unit Enhancement 671, a merit salary freeze. Mr. Burke asked whether the Committee wished to correct the data entry error and grant Fiscal staff the authority to make other technical adjustments as necessary.

In response to Chairwoman Smith, Mr. Burke confirmed that the data entry error was present throughout DETR's accounts.

Chairwoman Smith recommended to the Committee to correct the data entry error for all of DETR's budget accounts in one motion.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, remarked that such a motion would be acceptable.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE TECHNICAL ADJUSTMENT RECOMMENDED BY FISCAL STAFF TO CORRECT THE POSITION-TYPE, DATA ENTRY ERROR FOR ALL THE DEPARTMENT'S BUDGET ACCOUNTS AS NECESSARY.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela were not present for the vote.)

Chairwoman Smith said she would entertain a motion to grant Fiscal staff the authority to make technical adjustments to budget account 3274 as necessary.

ASSEMBLYMAN HOGAN MOVED TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3274 and opened the hearing on budget account 3273, Research & Analysis.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – RESEARCH & ANALYSIS (101-3273)
BUDGET PAGE DETR-15

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 3273, the Department of Employment, Training and Rehabilitation's (DETR's) Research & Analysis account. He read from the Committee's closing document ([Exhibit C](#)) for the record:

There is only one major closing issue in this account. It's the customer satisfaction survey, and actually, this has changed a little bit since the Subcommittee heard this issue. The Governor recommended funding for two intermittent workforce services representative positions to conduct a customer satisfaction survey. Initially, the agency had indicated this was required pursuant to the provisions of the Workforce Investment Act. There was \$176,027 recommended in the first year and \$181,804 in the second year. Staff made an adjustment to that based on recalculations, but on May 6, the agency wrote to Legislative Counsel Bureau (LCB) staff indicating that DETR will no longer be conducting the surveys at all and that the surveys are no longer a mandatory function and requested that the funding for this decision unit be eliminated completely. Staff has reflected the adjustments that would be necessary to entirely eliminate the decision unit.

Does the Committee wish to completely eliminate the funding recommended for the customer satisfaction survey as requested by the Department in their correspondence with LCB staff on May 6, 2011?

ASSEMBLYMAN GRADY MOVED TO ELIMINATE FUNDING RECOMMENDED FOR THE CUSTOMER SATISFACTION SURVEY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Ocegüera were not present for the vote.)

Mr. Burke provided the Committee with information regarding other recommendations for the account, which included:

- A cost-allocation reimbursement of \$15,100 per fiscal year of the 2011-2013 biennium to fund an economic data subscription service. Mr. Burke indicated that according to the Department, the service would provide access to over 200 databases from more than 750 government and private sources.
- An allocation of \$34,957 in fiscal year (FY) 2011-12 and \$35,702 in FY 2012-13 to fund replacement computer hardware and software. Mr. Burke advised that the recommended quantities of computer equipment and software exceeded the amounts necessary to support the agency's current staffing levels using the Department of Information Technology's replacement schedule. The Fiscal Analysis Division recommended that the Committee reduce the requested quantity of desktop computers and Microsoft Office Suites by four for FY 2012-13.

Mr. Burke asked whether the Committee wished to approve the remaining closing items with a reduction in requested desktop computers and Microsoft Office Suites by a quantity of four. Mr. Burke also asked whether the Committee wished to grant Fiscal staff the authority to make technical adjustments to the account as necessary.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3273 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY, INCLUDING THE REDUCTION OF REQUESTED COMPUTERS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3273 and opened the hearing on budget account 2580, Equal Rights Commission.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – EQUAL RIGHTS COMMISSION (101-2580)
BUDGET PAGE DETR-22

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 2580, the Department of Employment, Training and Rehabilitation's (DETR's) Equal Rights Commission account. He read from the Committee's closing document ([Exhibit C](#)) for the record:

There are two major issues in this account, the first being position eliminations and the relocation of the Reno office staff. There is also, in Item 2, a U.S. Equal Employment Opportunity Commission (EEOC) contract change.

Under item 1, [Fiscal] staff would note that there are 18 full-time equivalent positions currently authorized in this account. The Governor recommends eliminating five full-time equivalent positions, or roughly 28 percent of the Commission's current workforce. In decision unit Enhancement (E) 600 on page 14 of the packet, the first position would be the elimination of a deputy administrator position. The agency noted that historically the Commission has had an administrator in Las Vegas and a deputy administrator in Reno. The Governor proposes to eliminate the vacant deputy administrator position, which would eliminate on-site supervision in the Reno office. The Commission states that eliminating the deputy administrator in lieu of other reductions will allow the Commission to retain more investigator positions for direct casework.

The second position to be eliminated would be in E601. It is the compliance investigator 2 position. The position is currently vacant. The position's elimination will result in General Fund savings of roughly \$61,000 a year.

In E690, the Governor proposes to eliminate three additional positions and to also relocate the Reno office staff. The positions for elimination would be an administrative assistant 3 position and two additional vacant compliance investigator 2 positions. According to the Nevada Equal Rights Commission (NERC), the loss

of the two compliance investigators in this decision unit along with the investigator recommended for elimination in E601 would result in an increased backlog of cases and potential revenue lost from the federal EEOC. The Joint Subcommittee on General Government asked whether the proposed budget reductions will result in NERC referring cases directly to the federal EEOC similar to actions that occurred during 2010, and the agency responded that the Commission plans to continue to process all complaints received but also noted that it would be possible to refer cases to the EEOC but not preferable since processing times are longer with the EEOC.

In addition to the recommended position eliminations, the E690 decision unit also proposes to relocate the remaining staff in the Reno office location to the existing Sparks JobConnect office. The Joint Subcommittee on General Government asked whether the compliance investigators and administrative assistant would be able to perform their duties effectively at the Sparks JobConnect office. The Subcommittee also asked whether the agency explored alternative locations for the three positions. The Department of Employment, Training and Rehabilitation responded that because the Commission's lease in Reno does not expire until May 2013, only space available within the Employment Security Division (ESD) was explored. The ESD program will assume the NERC program's current lease.

Does the Committee wish to approve the Governor's recommendations in decision units E600, E601, and E690 to eliminate five positions, or roughly 28 percent of the current NERC workforce? And further, does the Committee wish to relocate the remaining Reno office staff to the Sparks JobConnect location?

Senator Horsford asked why it was recommended to reduce the Commission's current workforce by 28 percent when other departments and divisions were not reducing their workforces by such a magnitude.

Mr. Burke replied that the Department sought to balance its budget reductions among all its accounts. Of all the Department's accounts, only the Equal Rights Commission account, the Services to the Blind & Visually Impaired account, and the Vocational Rehabilitation account were funded by the State General Fund. In the latter two programs, General Funds were used as match to obtain federal Section 110 funding in a breakdown of 21.3 percent state funding and 78.7 percent federal funding. Mr. Burke believed that the recommended large

reduction to the Equal Rights Commission account was an attempt to meet the Governor's recommended target for the Department's overall budget.

Senator Horsford wondered how the Nevada Equal Rights Commission would be able to function with a 28 percent reduction in its workforce. Senator Horsford recalled that the Commission had been recommended for elimination in the 75th Session (2009). He observed that some budget reduction recommendations were being repeated session after session for the same agencies.

Senator Denis indicated that in a Joint Subcommittee on General Government hearing, there was concern that the recommended workforce reductions would force the Commission to refer more cases to the federal EEOC, which had longer processing times than the Commission. Senator Denis said the Commission responded it would not rely on the federal EEOC if the recommendation was approved. Senator Denis believed, however, that the recommendation would indeed lengthen processing times because of a reduced staff capacity to process cases.

Senator Leslie echoed Senator Denis's sentiments, saying that according to the Committee's closing document, it took an average of ten months for a case to be assigned to a compliance investigator. If the recommended workforce reduction was approved, the assignment time would be increased to 11.4 months. Senator Leslie expressed reservations about supporting the recommendation.

Chairwoman Smith suggested that the Committee move on to other closing items. Chairwoman Smith requested that Fiscal staff calculate the total General Fund savings for each of the positions recommended for elimination in the meantime.

Assemblyman Hogan opined that the Nevada Equal Rights Commission provided a very important service in the employment field. Assemblyman Hogan said the state was probably not devoting enough resources to investigating employment violations, and by reducing the Commission's investigative capacity when it was already overwhelmed by its caseload, the state would be reducing its capability in tackling employment violation problems. He added that he would welcome more data and justification for the recommended workforce reduction.

Having no further comment regarding the recommendation, Chairwoman Smith asked Mr. Burke to continue with the budget closing.

Mr. Burke continued his testimony:

Item 2 is an EEOC contract change. Federal EEOC revenue in The Executive Budget is calculated on the basis of approximately 600 case closures at \$550 for each closure. On May 5, 2011, the Department informed Legislative Counsel Bureau staff that the EEOC contract was modified to allow for a maximum of 659 case closures, and that would be at an increased reimbursement rate of \$600 per closure. At the maximum closure rate, the increased reimbursement could generate an additional \$123,000 during the 2011-2013 biennium. Due to the proposed staffing reductions and recognizing that another compliance investigator position has recently gone vacant, the Budget Division and the agency caution against adjusting EEOC revenues to the EEOC maximum allowable contract amount of 659 case closures. Your staff also concurs that it may not be prudent to increase federal EEOC revenues to correspond to the maximum case closure amount. As an alternative, if the new \$600 per case rate was applied to the 600 case closure amount that was included in The Executive Budget, the EEOC revenues could be increased by \$20,590 in the first year of the biennium and \$32,202 in the second year of the biennium with corresponding reductions to General Fund appropriations.

Does the Committee wish to adjust EEOC revenues to reflect an increase in case closure reimbursement rates? And if so, staff suggests the Committee apply the new rate to the case closure amounts anticipated in the Governor's recommended budget. This would increase EEOC revenues by \$20,590 and \$32,202 with corresponding reductions to General Fund appropriations.

SENATOR RHOADS MOVED TO APPROVE THE EEOC REVENUE ADJUSTMENTS.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Senator Parks voiced concern that the recommendation presumed unrealistic amounts of revenue generated from high case closures. Senator Parks said he hoped the approval of the recommendation would not drive the Nevada Equal Rights Commission to come before the Interim Finance Committee to address revenue shortfalls in the future.

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

Mr. Burke told the Committee that The Executive Budget (E325) recommended a General Fund appropriation of \$13,016 per fiscal year of the 2011-2013 biennium for travel and training. Another decision unit, E710, recommended a General Fund appropriation of \$6,870 in FY 2011-12 for replacement computer equipment and software in accordance with the Department of Information Technology's replacement schedule. Mr. Burke asked whether the Committee wished to approve these closing items and grant Fiscal staff the authority to make technical adjustments to the account as necessary.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 2580 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

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

Returning the discussion to the recommendation to reduce 28 percent of the Nevada Equal Rights Commission's workforce, Chairwoman Smith asked Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, to provide the Committee with the potential cost of the recommendation.

Mr. Combs reported that to calculate the figures associated with the recommended workforce reduction, he added the reduction amounts from decision units E600, E601, and E690, which totaled \$269,276 for FY 2011-12 and \$279,967 for FY 2012-13. Enhancement 690, if approved, would reduce EEOC contract revenue by \$67,940 for FY 2011-12 and \$78,231 for FY 2012-13. Mr. Combs advised that the restoration of the three administrative assistant positions would boost EEOC contract revenue. Mr. Combs also

pointed out that the Committee's previous motion to change the EEOC contract rate without adding additional cases would save \$20,590 for FY 2011-12 and \$32,202 for FY 2012-13 in General Funds.

Mr. Burke remarked that according to the Nevada Equal Rights Commission, it took a long time for new compliance investigators to become fully productive to generate substantial EEOC contract revenues. Mr. Burke cautioned the Committee about adjusting the reimbursement rate beyond 600 case closures. If the Committee decided to preserve the positions recommended for elimination, Mr. Burke suggested that the Committee not adjust the case-closure amount to allow new compliance investigators the time to become familiar with their roles.

In response to Chairwoman Smith, Shelley Chinchilla, Administrator, Nevada Equal Rights Commission, informed the Committee that new compliance investigators had a probationary period of one year. By their seventh month, the agency expected new compliance investigators to carry caseloads close to those of permanent full-time staff. In addition, the hiring process for compliance investigators took two to three months.

Ms. Chinchilla said the Nevada Equal Rights Commission had two compliance investigators leave the agency in May, so the agency currently had three vacant positions to fill. She added that the Commission currently had three compliance investigators, a full-time mediator, and a full-time employee who carried out the agency's intake process.

Regarding the EEOC contract, Ms. Chinchilla stated that the EEOC calculation period for a contract occurred 1 1/2 years prior to the awarding of the contract. This arrangement was difficult for the agency because higher or lower case closures by the agency would not be realized on its EEOC contract for another 1 1/2 years.

Senator Leslie remarked that her foremost concern was that the recommended position eliminations would extend the average assignment time for cases to nearly a year.

Senator Leslie asked whether the restoration of one compliance investigator position would fit into the agency's structure and whether it would help reduce the average assignment time for cases.

Ms. Chinchilla stated that the restoration of one compliance investigator position would greatly enhance the agency's ability to reduce the average

assignment time for cases and the average time necessary to investigate those cases.

Senator Leslie asked why employees were leaving the Nevada Equal Rights Commission.

Ms. Chinchilla answered that two employees had left for other employment. A third employee did not pass probation.

Senator Leslie asked why the Commission had left the positions vacant.

Ms. Chinchilla advised that an employee left the agency in November 2010, but because the position was slated for elimination, the agency was not trying to fill it. Regarding three other vacant positions, Ms. Chinchilla said the agency was already conducting interviews to fill the positions as quickly as possible.

Senator Leslie noted that she wanted the Commission to be effective. She said a limited workforce, long assignment times for cases, case backlogs, and difficulties in retaining staff did not contribute to an effective process.

Chairwoman Smith asked for clarification regarding the employee who left the Commission in November 2010.

Ms. Chinchilla responded that a compliance investigator left the agency in November 2010, but the agency did not fill the position because it anticipated the elimination of that position.

Chairwoman Smith asked for the number of positions recommended for elimination that were currently vacant.

Ms. Chinchilla told the Committee that all the positions were vacant except for an administrative assistant 3 position. She said if the Committee approved the Governor's recommendation, the recommendation would result in a layoff for the administrative assistant 3 position.

Mr. Combs remarked that the Committee had the choice to either approve the Governor's recommendation or restore the positions. He said restoring the positions would cost the state \$337,216 for FY 2011-12 and \$358,198 for FY 2012-13. Regarding E690, Mr. Combs stated that the recommendation was put forth by the agency in response to the Governor's budget targets. If the Committee wished to restore the positions contained in E690, the total cost would be approximately \$200,000 for FY 2011-12 and approximately \$220,000 for FY 2012-13. Factoring in the savings generated from the

Committee's previous action in adjusting the EEOC case-closure reimbursement rate, the restoration of the positions would ultimately lead to an add-back of approximately \$179,000 in the first fiscal year and approximately \$188,000 in the second fiscal year of the 2011-2013 biennium.

Mr. Combs emphasized that Mr. Burke would provide the Committee with other methods of cost savings for the account if the methods were reasonable. He also encouraged the Committee to ask agency representatives which positions they would prefer to restore if given the opportunity.

Chairwoman Smith asked Ms. Chinchilla what position restorations would have the most effect on the Commission's ability to handle cases.

Ms. Chinchilla reported that the restoration of compliance investigator positions was the agency's best option to serve the public, to investigate more cases, and to garner more revenue from the EEOC. She added that the elimination of the administrative assistant 3 position would prove difficult because the position dealt with the intake process, which currently had a backlog.

Senator Leslie asked what the workforce reduction would be if the Committee decided to restore the three positions contained in E690 but not those in E600 and E601. She opined that a 28 percent workforce reduction would be akin to "destroying" the agency.

Mr. Burke recalled that the Nevada Equal Rights Commission's initial response to the Governor's budget target was E600 and E601, which, if approved, would result in a 10 percent workforce reduction.

Mr. Combs clarified his previous testimony, saying that if the positions contained in E690 were restored, the total cost would be \$199,631 for FY 2011-12 and \$220,338 for FY 2011-12, of which \$131,691 and \$142,107 respectively would be funded by the General Fund. The remainder would be paid for by EEOC contract revenue. Mr. Combs repeated that the Committee's previous action adjusting the case reimbursement rate would offset these amounts by \$20,590 for FY 2011-12 and \$32,202 for FY 2012-13.

SENATOR LESLIE MOVED TO RESTORE THE POSITIONS
RECOMMENDED FOR ELIMINATION IN DECISION UNIT E690 AND
TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE
TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR HORSFORD SECONDED THE MOTION.

Assemblyman Grady asked whether the restoration of the positions in E690 would prevent the relocation of the Nevada Equal Rights Commission's Reno office to the Sparks JobConnect Office.

Dennis Perea, Deputy Director, Department of Employment, Training and Rehabilitation, advised that the office could still be relocated.

In response to Chairwoman Smith, Mr. Perea confirmed that with the restoration of the positions contained in E690, the Commission could still attain a cost savings of roughly \$12,000 per year in rent costs by relocating to the Sparks JobConnect office.

Assemblyman Conklin recalled that in a Joint Subcommittee on General Government meeting, the only concern the Subcommittee had regarding the Nevada Equal Rights Commission's recommended budget involved whether the Commission would refer some of its cases to the federal EEOC. Assemblyman Conklin remarked that in that hearing, he was under the impression that while the Commission and Subcommittee members did not want to reduce the Commission's budget, the reductions were a painful but necessary cut. He added that while he respected his colleagues and their concerns, if the positions contained in E690 were restored, the Committee would need to find funds to support them.

In response to Assemblyman Conklin, Senator Leslie observed that it was unacceptable for consumers to have difficulties submitting their cases or to wait nearly a year for their cases to be investigated.

Senator Horsford remarked that when the state had a regulatory structure that was unable to accommodate complaints about workplace discrimination, harassment, and other problems, the state was failing in its duties. Senator Horsford also said because of Nevada's high unemployment rates and the abundance of layoffs, there have been more employee complaints that should be entitled to be reviewed. The Nevada Equal Rights Commission's services had to be provided at the state level to provide proper regulatory oversight, and the restoration of the three positions contained in E690 would contribute to that oversight. The restoration would also prevent the layoff of the administrative assistant 3 position.

Chairwoman Smith asked Mr. Burke whether he had any further comments or clarifications regarding the restoration of the three positions.

Mr. Burke advised that the Committee should grant Fiscal staff the authority to make technical adjustments to the account as necessary. Mr. Burke also noted that according to the Budget Division, if the Committee voted to approve the elimination of the administrative assistant 3 position, the employee in that position would be eligible for a buyout of approximately \$60,000.

Chairwoman Smith called the buyout "a pretty sizeable offset."

Mr. Combs provided more information regarding the possible buyout for the administrative assistant 3 position. He said the buyout for the position, if eliminated, would be pursuant to Assembly Bill 487, a bill that proposed a one-shot appropriation of approximately \$4.5 million in General Funds for buyouts for employees who were being laid off because of position eliminations. Mr. Combs added that if the Committee decided to preserve the administrative assistant 3 position, the savings from the buyout would likely be realized in the bill's appropriation, not budget account 2580.

THE MOTION CARRIED. (Assemblymen Conklin, Goicoechea, Grady, Hambrick, Hickey, and Kirner and Senators Cegavske, Leslie, and Rhoads voted no. Assemblyman Hardy was not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 2580 and opened the hearing on budget account 3268, Rehabilitation Administration.

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

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 3268, the Department of Employment, Training and Rehabilitation's (DETR's) Rehabilitation Administration account.

Mr. Burke indicated that the only closing item for the Committee's consideration was decision unit Enhancement 710, a recommendation to allocate \$1,658 in fiscal year (FY) 2011-12 and \$8,290 in FY 2012-13 to purchase six desktop computers according to the Department of Information Technology's five-year replacement schedule. Mr. Burke asked the Committee whether it wished to

approve the recommendation and grant Fiscal Analysis Division staff the authority to make technical adjustments to the account as necessary.

SENATOR HORSFORD MOVED TO APPROVE DECISION UNIT ENHANCEMENT 710 FOR REPLACEMENT EQUIPMENT AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

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

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3268 and opened the hearing on budget account 3269, Disability Adjudication.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – DISABILITY ADJUDICATION (101-3269)
BUDGET PAGE DETR-35

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 3269, the Department of Employment, Training and Rehabilitation's (DETR's) Disability Adjudication account. Mr. Burke read from the Committee's closing document ([Exhibit C](#)) for the record:

There is one major closing issue in this account: provider and related payment increases associated with previously approved positions. The Governor proposes to increase authority for operating, provider payments, and other related costs associated with the addition of 23 new permanent positions approved by the Interim Finance Committee (IFC) on June 24, 2010. The bulk of the increase is in the client medical payment category where the Bureau reflects costs for the purchase of outside medical or psychological examinations, claimant travel to examinations, and other expenses directly related to conducting disability determinations.

The recommendation to increase federal funding for operating, provider payments, and other costs to support the positions previously approved by the IFC appears reasonable. Does the Committee wish to approve the Governor's recommendation?

SENATOR RHOADS MOVED TO APPROVE FEDERAL FUNDING FOR PREVIOUSLY APPROVED POSITIONS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson, Hardy, and Hickey were not present for the vote.)

Mr. Burke brought other closing items to the Committee's attention, which included federal funds for inflationary increases, examinations and travel expenses, and increases in medical case reviews and assessments. Mr. Burke asked whether the Committee wished to approve these remaining closing items.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3269 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson, Hardy, and Hickey were not present for the vote.)

BUDGET CLOSED.

Chairwoman Smith closed the hearing on budget account 3269 and opened the hearing on budget account 3265, Vocational Rehabilitation.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – VOCATIONAL REHABILITATION (101-3265)
BUDGET PAGE DETR-42

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 3265, the

Department of Employment, Training and Rehabilitation's (DETR's) Vocational Rehabilitation account. Mr. Burke read from the Committee's closing document ([Exhibit C](#)) for the record:

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There are two major closing issues here. The first is a reduction to client services and the elimination of one position. The other is office relocations.

On page 21, item 1, there is a reduction to client services and the elimination of one position. General Fund support assists in providing the 21.3 percent match required to receive the federal Section 110 funds. The Bureau also uses expenditures in the Blind Business Enterprise Program to meet the matching requirement. In decision units Enhancement (E) 660 and E690 combined, the Governor proposes General Fund reductions totaling nearly \$1.4 million for the biennium. Because the state funding in the reduction proposal is used as match, the reductions would trigger losses of federal Section 110 funding totaling \$5.04 million for the biennium.

The recommended contract client services reductions total \$3.12 million in the first year and \$3.18 million in the second year of the biennium. According to information provided by the Department, the contract vendors generally provide services such as job development, coaching, small business development, interviewing skills, resume writing, [and] transition skills. They also provide education training, transportation, assistive technology, and medical care. Supporting documentation that was provided with the budget notes that none of these services will be eliminated, but the quantity of services will be reduced. Consequently, the Department notes that fewer clients will receive the types of services and training that are likely to result in employment outcomes. Funding reductions may also require establishing waiting lists for eligible clients to receive services. DETR asserts that longer wait times for service may result in clients remaining dependent on public support services for longer periods.

The proposed reduction would also result in the elimination of one vacant vocational evaluator position. The evaluator helps determine a client's capabilities and survey the job market prospects that may be suitable for the client.

There was discussion about maintenance of effort during the Subcommittee [Joint Subcommittee on General Government] hearing. The budget does not provide sufficient maintenance of effort, but because the state is unable to fully match the Section 110 funding, there will be no impact on the Governor's recommended budget for that item.

Does the Committee wish to approve the budget reductions recommended in decision units E660 and E690 which would result in the elimination of a vacant vocational evaluator position and General Fund decreases of \$1.39 million and federal revenue reductions of \$5.04 million for the 2011-2013 biennium?

SENATOR KIECKHEFER MOVED TO APPROVE THE BUDGET REDUCTIONS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson, Hardy, and Hickey were not present for the vote.)

Mr. Burke continued his testimony:

Item 2 is the office relocations. The Governor recommends federal Section 110 revenues for costs associated with moving from the Water Street office in Henderson to a new location that will be determined in fiscal year (FY) 2011-12. Funding is also recommended to relocate from the Maryland Parkway office in Las Vegas to an undetermined location. This would be in FY 2012-13. The proposed relocation is actually reflected in a number of accounts including this account, the Blind and Visually Impaired account, Employment Security Division, and the Career Enhancement Program accounts.

In justification for the move, DETR had indicated that the Water Street location does not provide adequate parking and access according to the Americans with Disabilities Act standards. The DETR also stated that the Maryland Parkway office does not provide adequate parking or sufficient space to serve clients efficiently or effectively. The Department also noted that the Maryland Parkway location is not favorably located in terms of public transportation lines. That's an issue that was discussed by the Subcommittee. The Subcommittee really wanted to make sure

that public transportation was available to whatever location the offices moved.

The DETR expected, in response to Subcommittee questions, little or no lag time between closing and opening the offices targeted for relocation. They explained that a similar move took them only 24 hours in years past.

Does the Committee wish to approve funding to move Vocational Rehabilitation from its current locations on Water Street and Maryland Parkway to new locations yet determined in FY 2011-12 and FY 2012-13?

Assemblywoman Mastroluca asked whether the Department intended to keep the two offices in the same general geographic area.

Mr. Burke replied that while he was unaware whether the office relocations would stay in the same general geographic area, the Department was trying to move the offices to locations served by public transportation.

Assemblywoman Mastroluca remarked that she would hate to see the Henderson office relocated to a faraway location. She said the office in its current location provided an important service to a very specific area of Henderson.

Chairwoman Smith asked whether a Department representative could provide further information to the Committee regarding the office relocations.

Larry Mosley, Director, Department of Employment, Training and Rehabilitation, testified that the Department intended to relocate the offices within the same general geographic area. He reiterated Mr. Burke's testimony that the Department intended to relocate the offices to locations served by public transportation. The Department also sought to redesign its JobConnect offices to become "one-stop-shop" locations that would facilitate the Department's economic development initiatives. Additionally, the Department was investigating other sources of funding from innovation grants and working with community colleges that could possibly yield another site. Mr. Mosley added that these endeavors were all in tandem with Assembly Bill 449 and efforts to boost economic innovation.

Chairwoman Smith asked whether Cindy Jones, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation, had further information to provide.

Ms. Jones echoed Mr. Mosley's testimony, saying the Department was working closely with the Buildings and Grounds Division to guarantee that the Department was procuring appropriate locations at appropriate prices. She added that the Department analyzed its customer distribution based on zip code to ensure that the new locations would best serve the customers and expand opportunities to collaborate with other workforce investment system partners, such as community colleges.

SENATOR KIECKHEFER MOVED TO ACCEPT THE GOVERNOR'S RECOMMENDATION.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson, Hardy, and Hickey were not present for the vote.)

Mr. Burke provided the Committee with information regarding other closing items for budget account 3265, which included:

- A recommendation to align federal revenues. The Executive Budget included net increases in federal revenues totaling \$2.9 million in FY 2011-12 and \$2.8 million in FY 2012-13 to align authority with anticipated grant amounts (E250).
- A recommendation of federal Section 110 revenues of \$34,269 in FY 2011-12 and \$61,685 in FY 2012-13 for the Nevada State Rehabilitation Council to partner with the University of Nevada, Reno, to assess consumer satisfaction with services under the Rehabilitation Act of 1973. Mr. Burke noted that the Council would also contract with San Diego State University to perform a needs assessment survey. He added that decision unit E325 also included an increase in funding for the strategic planning activities of the Council.
- A recommendation to allocate \$7,337 for each fiscal year of the 2011-2013 biennium in federal Section 110 revenues to fund increases in travel and training expenditures.
- A recommendation of \$67,986 in FY 2011-12 and \$45,588 in FY 2012-13 to fund replacement hardware, software, and operating equipment.

- A recommendation of \$5,539 in FY 2011-12 and \$300 in FY 2012-13 for new equipment to furnish and equip an office for an administrator's use at the Westbay location in Las Vegas.

Mr. Burke asked whether the Committee wished to approve the remaining closing items and to grant Fiscal staff the authority to make technical adjustments as necessary, including an adjustment to fix a negative line item contained in the Supported Employment expenditure category.

SENATOR HORSFORD MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3265 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson and Hardy were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3265 and opened the hearing on budget account 3254, Services to the Blind & Visually Impaired.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – SERVICES TO THE BLIND & VISUALLY IMPAIRED (101-3254)
BUDGET PAGE DETR-52

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 3254, the Department of Employment, Training and Rehabilitation's (DETR's) Services to the Blind & Visually Impaired account. Mr. Burke read from the Committee's closing document ([Exhibit C](#)) for the record:

Similar to the Vocational Rehabilitation account, there is a recommendation for reductions to client services. In this account, there would be an elimination of two positions. The combined General Fund reductions would total \$644,312 for the 2011-2013 biennium. The proposal would result in the elimination of state funding for the Life Skills program [and] would result in

General Fund reductions in that program of \$175,436 in the first year and \$178,066 in the second year. This is a program that offers individualized training in home management, daily living skills, mobility, and communication for persons who are blind or visually impaired.

The General Fund support in this program also provides a portion of the funding needed to meet the 21.3 percent match required to obtain the federal Section 110 funds. As I mentioned in the Vocational Rehabilitation account, the Bureau also uses expenditures in the Blind Business Enterprise Program to assist in meeting the matching requirement. General Fund reductions of \$139,260 in the first year and \$151,550 in the second year [of the 2011-2013 biennium] would trigger losses of federal Section 110 revenue of \$1.02 million for the biennium.

The funding decreases would result in reductions in client services totaling \$621,092 in the first year and \$680,456 in the second year [of the 2011-2013 biennium]. Services include counseling and training to help individuals learn to maneuver safely with confidence. It includes assistance with job seeking, assistive technology tools, assistance with job site modification, and transition services for high school students. The documentation included in The Executive Budget noted that the services will not be eliminated, but the quantity of services will be reduced. The Department also notes that no clients will be turned away or denied services. However, DETR anticipates it will take longer to provide needed services to enable clients to become employed and more self-sufficient.

The proposed reductions would result in the elimination of a vacant rehabilitation instructor position and a vacant rehabilitation counselor position. The rehabilitation instructor has worked in Life Skills and provided services to vocational rehabilitation clients with visual impairments. According to DETR, elimination of this position would impact program participants in terms of longer wait times for services. The counselor position has provided services to blind and visually impaired clients seeking employment. The DETR indicates that eliminating this position would result in the redistribution of client cases among remaining vocational rehabilitation counselors resulting in longer wait times.

Does the Committee wish to approve the Governor's recommendation to reduce General Fund appropriations by \$644,312 for the 2011-13 biennium, which would include the elimination of two positions, elimination of state funding for the Life Skills program, and decreases in state matching funds used to secure federal Section 110 funding for client services?

Chairwoman Smith remarked that after repeatedly reducing budgets and eliminating programs this legislative session, she felt almost numb to the recommended reduction to the Bureau that would lose \$1.02 million in federal Section 110 funding for the 2011-2013 biennium. Nevertheless, the Bureau's clientele also needed assistance.

Senator Horsford agreed with Chairwoman Smith.

In response to Senator Horsford, Mr. Burke confirmed that a General Fund reduction of \$139,260 for fiscal year (FY) 2011-12 and \$151,550 for FY 2012-13 would trigger losses of federal Section 110 funding totaling \$1.02 million for client services for the 2011-2013 biennium.

Senator Horsford indicated he would not support the reduction as recommended by the Governor. He said, "That makes absolutely no sense whatsoever."

Senator Horsford observed that if the Committee restored the recommended reductions of \$139,260 for FY 2011-12 and \$151,550 for FY 2012-13 to receive \$1.02 million in federal Section 110 funding, the account would have more money than what was recommended in The Executive Budget. Senator Horsford asked whether it was possible for the Committee to restore \$290,810 for the 2011-2013 biennium.

Mr. Burke answered that the recommended reduction of \$290,810 for the 2011-2013 biennium, if restored, would be portions that would match the federal Section 110 funding. A component of the Governor's recommended budget reduction, the Life Skills program, was supported 100 percent by General Funds. Mr. Burke reiterated that the recommended reductions to that program were \$175,436 for FY 2011-12 and \$178,066 for FY 2012-13. He added that those recommended reductions could be isolated from the others.

Senator Horsford asked whether client services would be provided with the restoration of General Fund to the Services to the Blind and Visually Impaired program but not the Life Skills program.

Chairwoman Smith echoed Senator Horsford's question.

Mr. Burke deferred the question to the Department.

Chairwoman Smith asked for a representative from the Department to come before the Committee.

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), testified that the elimination of the Life Skills program would result in the loss of service to approximately 70 qualified individuals per fiscal year of the 2011-2013 biennium. These individuals were either prevocational, which meant they were of working age but unable to work because of disabilities, or post-vocational individuals, who were typically retired individuals with disabilities who were unable to live independently without training or assistance and were looking to be institutionalized. Ms. Cole stated that with the elimination of the Life Skills program, the program's customers could receive similar services through other agencies, but the wait times for service at those agencies were significant.

Chairwoman Smith repeated her previous question, asking how the restoration of General Funds to retain federal Section 110 funding would affect the Life Skills program.

Ms. Cole replied that the Life Skills program was separate from the client services provided by the Vocational Rehabilitation program for individuals who were blind and visually impaired. The federal Section 110 funding was only available for individuals who were seeking employment. While restoration of the Life Skills program would be irrelevant to the federal Section 110 funding, restoration of General Funds used as match would help retain the Section 110 funding.

Chairwoman Smith asked whether the elimination of the Life Skills program but the restoration of General Funds would retain the federal Section 110 funding for individuals seeking vocational rehabilitation.

Ms. Cole responded in the affirmative.

Assemblyman Ocegüera asked for clarification whether the elimination of the Life Skills program would drive its customers to seek institutionalization.

Ms. Cole confirmed that a possible alternative to the Life Skills program for many individuals was institutionalization.

Assemblyman Ocegüera opined that the cost of institutionalizing Life Skills program customers was greater than the cost of eliminating the program. He added that reducing General Funds to the Services of the Blind and Visually Impaired program would lead to the loss of \$1.02 million in federal Section 110 funding, which would also be a great cost to the state.

Chairwoman Smith said the Committee made budget reduction decisions on a daily basis that would prove more expensive in the future.

Senator Horsford echoed Chairwoman Smith's earlier testimony about becoming numb to budget reductions, especially because the current budget reduction recommendations were similar to the reductions recently approved by the Committee in the Vocational Rehabilitation account.

Senator Horsford asked how the Vocational Rehabilitation program's services were different from those provided by the Life Skills program and the Services to the Blind and Visually Impaired program. He also asked how the programs interrelated and who would be affected by changes to the programs.

Ms. Cole answered that the federal Section 110 funding was divided between the Bureau of Vocational Rehabilitation, which served individuals who had disabilities, and the Bureau of Services to the Blind and Visually Impaired, who served individuals who were blind and visually impaired. A reduction in General Funds to either account would reduce federal Section 110 funding. Ms. Cole added that the loss of \$1 in General Fund would result in the loss of approximately \$4 in federal funds for the two programs.

Senator Horsford asked which program would yield the maximum benefit, federal leverage, and support to prevent individuals from becoming institutionalized or harming individuals' quality of life.

Ms. Cole advised that Senator Horsford's question was difficult to answer. Regarding the Vocational Rehabilitation program, federal Section 110 funding did not support individuals who were not seeking employment. Individuals who were served by the General Fund through the Life Skills program were a different population than those seeking employment services from the Vocational Rehabilitation program. Ms. Cole told the Committee that the ideal situation would be to restore some funds to all three programs: the Life Skills program, the Vocational Rehabilitation program, and the Services to the Blind and Visually Impaired program.

In response to Senator Horsford, Ms. Cole reported that the Bureau of Vocational Rehabilitation and the Bureau of Services to the Blind and Visually

Impaired received federal matching funds. The Life Skills program was funded 100 percent with General Funds.

In response to Senator Horsford, Ms. Cole clarified that the Life Skills program supported individuals who were not seeking employment and were not eligible for federally funded activities so that they would not be institutionalized. The Bureau of Vocational Rehabilitation and the Bureau of Services to the Blind and Visually Impaired served individuals who were seeking employment.

Senator Horsford asked how many customers the Life Skills program served.

Ms. Cole answered that the Life Skills program served approximately 70 customers per year. She added that those who were served by the Bureau of Vocational Rehabilitation or the Bureau of Services to the Blind and Visually Impaired could receive life skills training similar to that provided by the Life Skills program, but the training was provided by the bureaus' respective budgets.

Senator Horsford requested that the Committee revisit budget account 3265, Vocational Rehabilitation, and approach that account with the Services to the Blind and Visually Impaired program and the Life Skills program in mind. Regarding these three programs, Senator Horsford suggested that the Committee consider the quality of life that these programs provided, that reductions to these programs would trigger a loss of federal Section 110 funding, and that the Life Skills program was the only state resource, apart from being institutionalized, for individuals who were not eligible for federal support and were not seeking employment.

Chairwoman Smith asked Mr. Burke for the Committee's progress in the closing of the Department's budget accounts.

Mr. Burke responded that the Committee had previously closed budget account 3265, Vocational Rehabilitation, which contained a 21.3 percent match of General Funds to receive federal Section 110 funding.

Chairwoman Smith requested that Mr. Burke continue the budget closing for budget account 3254, Services to the Blind & Visually Impaired, and the Committee would revisit this recommendation later.

Mr. Burke provided the Committee with information regarding other closing items for budget account 3254, which included:

- A recommendation of net increases in federal revenues totaling \$524,234 in FY 2011-12 and \$497,000 in FY 2012-13 to align authority with grant amounts.
- A recommendation to allocate federal Section 110 revenues of \$5,622 to fund the costs associated with moving from the Water Street office in Henderson to a new location to be determined in FY 2011-12.
- A recommendation to allocate \$12,024 for FY 2011-12 and \$24,772 for FY 2012-13 to fund replacement hardware, software, furniture, and operating equipment.
- A recommendation to replace an agency-owned van in Las Vegas with a minivan leased from the State Motor Pool. The net cost would total \$1,575 for half of FY 2011-12 and \$3,390 for FY 2012-13.

Mr. Burke asked the Committee whether it wished to approve the remaining closing items and to grant Fiscal staff the authority to make technical adjustments to the account as necessary.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3254 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Carlton, Goicoechea and Hardy were not present for the vote.)

Chairwoman Smith closed the hearing on budget account 3254 and opened the hearing on budget account 3253, Blind Business Enterprise Program.

[Transcriber's note: The item at issue was reconsidered later in the hearing and the budget closed.]

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – BLIND BUSINESS ENTERPRISE PROGRAM (101-3253)
BUDGET PAGE DETR-62

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 3253, the

Department of Employment, Training and Rehabilitation's (DETR's) Blind Business Enterprise Program account. He read from the Committee's closing document ([Exhibit C](#)) for the record:

The major closing issue here is funding for new vendor operator sites. [The] Governor recommends \$329,000 in the first year of the biennium to open three major sites and one vending machine site. An additional \$287,279 is recommended in the second year of the biennium to open two additional major sites.

Staff outlines the proposed new sites on page 28 of your closing packet. It includes a snack bar with a seating area at the City of North Las Vegas's new civic center, a snack counter with a small seating area at the City of Las Vegas's new crime museum, a small café with a seating area at the new Veterans Administration Center [in Las Vegas], and negotiations for six vending machines on each of the 13 floors of the City of Las Vegas's new police center. In fiscal year (FY) 2012-13 there is a proposal for a gourmet restaurant with a full dining service during evening hours at the Shooting Park Visitor's Center. They also have a snack bar with a seating area at the equestrian center north of the Shooting Park. DETR had indicated that the negotiations with Clark County for the Equestrian Park and expansion at the Shooting Park are currently delayed.

Does the Committee wish to approve funding for new blind vendor sites as recommended by the Governor? And if so, this is one where the Committee might want to issue a Letter of Intent asking the Department to report semiannually to the Interim Finance Committee on the status of the new sites.

Assemblywoman Mastroluca asked whether there was an indication as to when the vendor sites for the Shooting Park Visitor's Center and the Equestrian Park would open.

Mr. Burke deferred Assemblywoman Mastroluca's question to the Department.

In response to Assemblywoman Mastroluca, Mr. Burke confirmed that the Governor recommended \$329,000 for FY 2011-12 to fund the opening of three major sites and one vending machine site. An additional \$287,279 was recommended for FY 2012-13 to fund vendor sites at the Shooting Park Visitor's Center and the Equestrian Park.

Regarding Assemblywoman Mastroluca's previous question about the timeline for the vendor sites at the Shooting Park Visitor's Center and the Equestrian Park, Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation, responded that she would provide that information to the Committee.

Assemblywoman Mastroluca suggested that if the estimated opening dates for those two vendor sites were indefinite, the Committee could allocate the recommended \$287,279 to another area of The Executive Budget and allow the Department to request funding for the two vendor sites at a future Interim Finance Committee meeting.

Ms. Cole explained that because the account was funded primarily from fees charged to blind vendor operations and commissions from vending companies, not state or federal funds, the Department was only seeking the authority to use the account's funds for the two vendor sites. She added that the account's fund could not revert to the General Fund.

Senator Denis asked whether the funding for the recommended vendor sites could be used as match for federal funds.

Ms. Cole responded in the affirmative, saying expenditures from the Blind Business Enterprise program could be used as match for federal Section 110 funding.

Senator Denis asked whether the Department would lose federal Section 110 funding if the Committee denied funding for the recommended vendor sites.

Renee Olson, Administrative Services Officer, Department of Employment, Training and Rehabilitation, reported that the funding could only be used for match when they were expended. Ms. Olson added that by granting the authority for the Department to use the funds, the Department could apply the funds to other vendor sites if the tentative vending sites at the Shooting Park Visitor's Center and the Equestrian Park did not open.

Senator Denis indicated that he was a primary sponsor of Senate Bill 358, a bill that sought to make various changes concerning the operation of certain vending sites. Senator Denis said the bill, if passed, might provide a vending site with the Regional Transportation Commission of Southern Nevada. Senator Denis asked how the Blind Business Enterprise program would be affected by the passage of S.B. 358.

Ms. Cole answered that any new vending sites would generate expenditures which could be used as match for federal Section 110 funding. When one vending site became unavailable, another vending site might be available. Ms. Cole added that the manager of the Blind Business Enterprise program was always seeking opportunities to expand the program.

In response to Senator Denis, Ms. Cole confirmed that the authority for funding vending sites did not stipulate funding for specific vending sites.

Senator Kieckhefer asked whether the \$329,000 recommended for FY 2011-12 to fund vending sites was not currently being matched for federal Section 110 funding.

Ms. Olson stated that the account's projections for the upcoming biennium were based upon expenditures in prior years, which included match for federal Section 110 funding. She hesitated to say, however, that the account's funds would automatically lead to matching federal funds because site delays might prevent authorized funds from being expended during the upcoming biennium.

Senator Kieckhefer observed that \$139,260 of the \$329,000 recommended for FY 2011-12 and \$287,279 for FY 2012-13 for vending sites could perhaps be used for budget account 3254, Services to the Blind & Visually Impaired, as match to receive \$1.02 million in federal Section 110 funding. Senator Kieckhefer wondered why the Committee would commit \$616,279 to the Blind Business Enterprise program for the 2011-2013 biennium when the program was unlikely to spend even half of it.

Ms. Olson insisted that she did not mean to imply that the Blind Business Enterprise program would not spend half of the \$616,279 recommended to fund vending sites. She reiterated that the Department calculated federal match based on previous programmatic expenditures. She added that if the Committee did not grant authority for the program to fund prospective sites in the future, the program would not have the opportunity to spend the funds.

Chairwoman Smith asked for clarification whether funds within the Blind Business Enterprise program could be used as match to receive federal Section 110 funding.

Ms. Olson replied that the funds could be used as match to receive federal Section 110 funding once they were expended.

Chairwoman Smith asked for more clarification from Mr. Burke.

Mr. Burke asked Ms. Olson whether the account's projections accounted for federal match based upon historical expenditures and federal match.

Ms. Olson responded in the affirmative.

Chairwoman Smith clarified that in response to Senator Kieckhefer's previous question, which entailed whether projected funds in the Blind Business Enterprise match could currently be used for matching federal Section 110 funding, the answer was no.

Senator Horsford asked about the viability of the recommended vending sites occurring. Senator Horsford said he understood that the sites would provide working opportunities for individuals, but without funding for training and support, those individuals would not be productive.

Ms. Cole did not have information about the viability of the vending sites because the negotiations for those sites were still taking place. She insisted, however, that she would report back to the Committee with that information.

[Transcriber's note: At this point in the meeting, the closing of budget account 3253 was suspended while discussion ensued regarding several budget accounts. The closing was later continued and the budget closed.]

Chairwoman Smith steered the discussion to the following budget accounts in tandem: budget account 3265, Vocational Rehabilitation; budget account 3254, Services to the Blind & Visually Impaired; and budget account 3253, Blind Business Enterprise Program.

After collaborating with Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, Senator Horsford suggested the following actions for the Committee:

- To restore decision units Enhancement (E) 660 and E690 within the Vocational Rehabilitation account. The action would restore \$1.39 million of General Funds to the account and trigger the match of \$5.04 million in funding for the 2011-2013 biennium. Senator Horsford reminded the Committee that it had previously approved those decision units and would need to revisit the closing of the Vocational Rehabilitation account to reconsider the decision units.
- To restore 50 percent of the funding to the Life Skills program contained in the Services to the Blind & Visually Impaired account. Senator Horsford said the funding would serve as baseline funding for the program to allow the program's staff to engage in grant writing for additional funding support.
- To approve the new vending sites in budget account 3253 as recommended by the Governor. Senator Horsford advised that if the new vending sites did not materialize, the funding authorized for those sites should be used to offset restorations in other budget accounts.

Mr. Krmpotic reiterated Senator Horsford's suggestions but told the Committee that the restoration of 50 percent of the Life Skills program would result in \$87,718 for FY 2011-12 and \$89,033 for FY 2012-13 in General Funds.

In response to Chairwoman Smith, Mr. Burke advised that the Committee reexamine the calculations of the Blind Business Enterprise Program account to

determine whether there were funds that could be used for federal match beyond the funds currently contained in the account.

Senator Kieckhefer observed the work program budget for FY 2010-11 for the Blind Business Enterprise Program was approximately \$3.6 million higher than the work program budget for FY 2009-10. Senator Kieckhefer asked whether the approximately \$3.6 million was being used as federal match for the upcoming biennium because those funds had already been spent.

Ms. Olson noted that certain expenditures within the Blind Business Enterprise Program account were excluded from being used for federal match. She did not, however, have further details regarding those expenditures.

Chairwoman Smith reiterated previous testimony that the funds contained in the Blind Business Enterprise Program account could not be used for additional federal match.

Assemblyman Goicoechea asked how many positions Senator Horsford's suggestions sought to restore.

Mr. Krmpotic replied that Senator Horsford's suggestions would result in a General Fund add-back of \$1,565,389 for the 2011-2013 biennium, which would trigger the match of \$5,041,007 in federal Section 110 funding. The add-back would result in the restoration of a vocational evaluator position and perhaps the restoration of two positions within the Services to the Blind & Visually Impaired account.

Ms. Cole informed the Committee that the Life Skills program within the Services to the Blind & Visually Impaired account did not have dedicated staff positions. Regarding whether the restoration of 50 percent of funding to the Life Skills program would result in the restoration of staff positions, Ms. Cole deferred to Ms. Olson.

Ms. Olson pointed out that the Life Skills program operated on a full-time equivalent (FTE) basis. The restoration of 50 percent of the program's funding would require the restoration of position capacity to handle the program's casework.

Ms. Cole indicated that the Life Skills program was currently allocated 2.3 FTEs. She reiterated that the 2.3 FTEs would be comprised of different individuals, not dedicated staff.

Chairwoman Smith voiced concern that the Committee was currently engaged in deliberation that should have been occurred at a subcommittee level. She was uncertain whether the Committee could vote on Senator Horsford's suggestions today.

Assemblyman Conklin echoed his previous testimony about despite how programmatic reductions would eliminate services for many Nevadans, the state was currently struggling with an enormous budget deficit that necessitated budget cuts. Even with increased revenue, there would still be budget cuts. Assemblyman Conklin said while General Fund reductions would trigger the loss of federal Section 110 funds for some of DETR's accounts, the Committee had already approved budget reductions and the loss of federal funding for other accounts contained in The Executive Budget. The budget decisions tasked to the Committee were difficult, and Assemblyman Conklin did not blame Senator Horsford or other Committee members from suggesting alternatives to the Governor's recommendations, but whatever decisions were made, there would be negative consequences.

Senator Leslie remarked that the current discussion reminded her of her lack of enthusiasm to Senate Bill 233, a bill that sought to establish the Office of Grant Procurement. If such an office were established and procured federal funding, the office would be applauded. In the current conversation, however, with federal Section 110 funding opportunities readily available, the Committee was "too cheap" to seize those opportunities.

Assemblyman Grady opined that he did not feel prepared to vote on Senator Horsford's suggestions because of the expediency in which they were formed. He requested that the Committee allow Fiscal Analysis Division staff to further analyze Senator Horsford's suggestions and report back to the Committee.

Chairwoman Smith insisted that the Committee needed to close the Department's accounts. While the current discussion was more akin to discussion at a subcommittee level, Committee members understood that Senator Horsford's suggestions would result in a General Fund add-back of \$1,565,389 for the 2011-2013 biennium. She asked Senator Horsford to clarify his suggestions another time for the Committee members' benefit.

Senator Horsford repeated his suggestions to the Committee.

SENATOR HORSFORD MOVED TO RECONSIDER THE CLOSING OF BUDGET ACCOUNT 3265, VOCATIONAL REHABILITATION.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION FAILED. (Assemblymen Conklin, Goicoechea, Grady, Hambrick, Hickey, Kirner, Ocegüera, and Smith voted no. Assemblyman Hardy was not present for the vote.)

Chairwoman Smith pointed out that while the motion failed, it was carried by the Senate Committee on Finance.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that the Senate Committee on Finance had unanimously voted in favor of the motion.

Chairwoman Smith suggested a motion for the Senate Committee on Finance to consider separately. The Senate Committee on Finance and the Assembly Committee on Ways and Means would then have a difference in the closing of the Vocational Rehabilitation account.

Senator Horsford declined to make such a motion.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – BLIND BUSINESS ENTERPRISE PROGRAM (101-3253)
BUDGET PAGE DETR-62

Chairwoman Smith reopened the discussion on budget account 3253, the Department of Employment, Training and Rehabilitation's Blind Business Enterprise Program account. She told the Committee that she intended to return to the hearing on budget account 3254, Services to the Blind & Visually Impaired, afterwards.

SENATOR HORSFORD MOVED TO ACCEPT FUNDING FOR NEW BLIND VENDOR SITES AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

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

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided the Committee with information regarding other closing items for budget account 3253, which included: a recommendation of reserve reductions of \$478,300 for fiscal year (FY) 2011-12 and \$604,500 for FY 2012-13 to support existing vending operations; and a recommendation to allocate \$3,316 for FY 2012-13 for two desktop computers and two copies of Microsoft Office XP Pro.

Mr. Burke asked whether the Committee wished to approve the remaining closing items and grant authority for Fiscal staff to make technical adjustments to the account as necessary.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3253 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

BUDGET CLOSED.

Chairwoman Smith closed the hearing on budget account 3253 and opened the hearing on budget account 3254, Services to the Blind & Visually Impaired.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – SERVICES TO THE BLIND & VISUALLY IMPAIRED (101-3254)
BUDGET PAGE DETR-52

Chairwoman Smith directed the discussion to decision unit Enhancement (E) 660 and E690 of budget account 3254, the Department of Employment, Training and Rehabilitation's Services to the Blind & Visually Impaired account. These decision units recommended the elimination of two positions, the elimination of state funding for the Life Skills program, and decreases in state matching funds used to secure federal Section 110 funding for client services. If approved, the recommendation would result in a General Fund reduction totaling \$644,312 for the 2011-2013 biennium.

In response to Senator Kieckhefer, Chairwoman Smith clarified that the Committee did not close these decision units previously in the meeting.

SENATOR KIECKHEFER MOVED TO APPROVE THE REDUCTIONS
TO CLIENT SERVICES AND THE ELIMINATION OF TWO
POSITIONS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

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

BUDGET CLOSED.

Chairwoman Smith closed the hearing on budget account 3254 and opened the hearing on budget account 3258, Client Assistance Program.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – CLIENT ASSISTANCE PROGRAM (101-3258)
BUDGET PAGE DETR-69

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that there were no major closing issues for budget account 3258, the Department of Employment, Training and Rehabilitation's (DETR's) Client Assistance Program account. There was, however, a recommendation to allocate \$1,658 for fiscal year 2012-13 to purchase one desktop computer, office suite software, and a surge protector

pursuant to the Department of Information Technology's five-year replacement schedule.

Mr. Burke asked the Committee whether it wished to accept the recommendation for replacement equipment and grant Fiscal staff the authority to make technical adjustments to the account as necessary.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE FUNDING FOR REPLACEMENT EQUIPMENT FOR BUDGET ACCOUNT 3258 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

Chairwoman Smith closed the hearing on budget account 3258 and opened the hearing on budget account 4770, Employment Security.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – EMPLOYMENT SECURITY (205-4770)
BUDGET PAGE DETR-74

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 4770, the Department of Employment, Training and Rehabilitation's (DETR's) Employment Security account. He read from the Committee's closing document ([Exhibit C](#)) for the record:

Beginning on page 32, there are five major closing issues in this account. The first is the merger of the Career Enhancement Program with the Employment Security Division (ESD) account. The Governor recommends merging the Career Enhancement Program into the ESD main account and asserts that combining the accounts will create a fiscal structure that supports an integrated service delivery goal and will provide accounting and budgeting efficiencies. Staff believes that this merger is reasonable.

Does the Committee wish to approve the merger as recommended by the Governor?

SENATOR RHOADS MOVED TO APPROVE THE MERGER OF THE CAREER ENHANCEMENT PROGRAM WITH THE EMPLOYMENT SECURITY DIVISION ACCOUNT AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

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

Mr. Burke continued his testimony:

Under Item 2, there is an alignment of revenue authority. One thing that staff would like to point out is that yesterday afternoon, we were informed that the Workforce Investment Act (WIA) grant funding would be increased by \$1.4 million per year. Staff has reflected the revenue and expenditure authority adjustments that would be necessary to recognize those increases. I have also made budgetary changes to fund map items appropriately as requested by the agency. Staff would like to note that while the overall WIA grant amount has increased, the portion of the formula grant funds that the Governors may reserve for statewide activities decreased by 10 percentage points, from 15 percent to 5 percent. According to the agency, as a result of this allocation change, funding allocations to support the proposed Silver State Works program, which will be discussed shortly, will be reduced by \$500,000 per year.

The agency also noted that the reserve allocation change could also result in some programmatic impacts because DETR will not be able to sustain discretionary training programs previously funded with the Governor's Reserve funding. According to the agency, the Governor's Workforce Investment Board has traditionally funded a certain amount of "Pilot Project" activities that provided targeted training services. The DETR indicates that the amount invested in the pilot projects varies with the funding available. All pilot projects will be eliminated with the current structure of the WIA funding with the change, but the amount of the program funds that flow to the local boards will be increased as a result of

the change. The DETR also noted that the agency will be unable to provide incentive grants to local boards.

Does the Committee wish to approve the funding alignments recommended by the Governor with adjustments just mentioned by staff to recognize the Workforce Investment Act funding adjustments approved by the federal government and the technical adjustments recommended by the agency and staff?

Senator Horsford asked why the Committee would approve the funding alignments when the Committee previously decided to reduce General Fund support to the Bureau of Vocational Rehabilitation and lose federal match funding.

Mr. Burke explained that the Workforce Investment Act grant (WIA) funding was separate from federal Section 110 funding found in the Vocational Rehabilitation and Services to the Blind & Visually Impaired budget accounts. He reiterated that the Fiscal Analysis Division only received notice yesterday about a \$1.4 million increase in WIA grant funding.

In response to Senator Horsford, Mr. Burke repeated that while the overall WIA grant funding increased, the portion of the formula grant funds that the Governors may reserve for statewide activities decreased from 15 percent to 5 percent.

Senator Horsford asked whether General Funds were recommended to be allocated to the Silver State Works program.

Mr. Burke answered that while the Governor recommended General Fund appropriations of \$10 million for the Division of Welfare and Supportive Services' Temporary Assistance for Needy Families budget, DETR was redistributing existing funding. Mr. Burke added that part of that redistribution included \$550,000 from the Vocational Rehabilitation's federal Section 110 funding and Supported Employment Grants.

Senator Horsford remarked that the current discussion was similar to the previous discussion regarding the Vocational Rehabilitation account, the Services to the Blind & Visually Impaired account, and the Blind Business Enterprise Program account because the decrease in formula grants funding affected multiple programs at once, particularly through funding in the Vocational Rehabilitation account being redistributed to the Silver State Works program.

In response to Senator Horsford's remarks, Mr. Burke referred to the Committee's closing document:

Initially, they [DETR] proposed \$4.65 million of existing client services funding to administer the Silver State Works program. To attain the \$4.65 million figure, DETR planned to allocate \$2.2 million of Career Enhancement On-the-Job-Training (OJT) funds and other employment training funds; \$600,000 of Wagner Peyser Employment Services reserves; \$1.3 million in WIA Rapid Response and Governor's Reserve for Statewide activities; and \$550,000 from Vocational Rehabilitation Section 110 and Supported Employment Grants. Based on the reduction on the Governor's Reserve, the agency had indicated that they would be reducing that portion down by \$500,000 a year, so instead of \$4.65 million, the Silver State Works allocation in DETR accounts would be \$4.15 million per year.

Chairwoman Smith returned the discussion to the alignment of revenue authority.

SENATOR CEGAVSKE MOVED TO APPROVE FUNDING ALIGNMENTS AS RECOMMENDED BY THE GOVERNOR WITH ADJUSTMENTS TO RECOGNIZE WIA FUNDING ADJUSTMENTS AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

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

Mr. Burke continued his testimony for the record:

Item 3 is the Silver State Works initiative. I covered the funding distribution [previously in the meeting] and then got confirmation from DETR that that was correct. At the bottom of page 34, staff briefly outlines some of the components of the Silver State Works program. There is an employer-based training component, OJT, and employer incentives.

Under the employer-based training, DETR notes that the training component would enable laid-off workers who qualify for Unemployment Insurance (UI) benefits to simultaneously receive

on-site workplace training and regular UI benefits. The employer-based training component would also be available to other targeted populations. The Department anticipated that the component would include a special training allowance of \$200 every two weeks for a maximum of \$600.

There's an on-the-job-training component on page 35 of your packet. The DETR again explains that the employers must enter into a contract that establishes an agreed-upon wage, number of hours to master tasks, and the maximum amount of reimbursement based on the wage paid. DETR states that employers will be reimbursed up to a maximum of 50 percent of the participant's initial agreed upon gross wage for the contract period and a maximum of 40 hours per week.

The employer incentive—the Department indicated that this initiative would provide incentives to employers who hire and retain eligible individuals in full-time employment defined as 30 hours or more by reimbursing a portion of wages paid to offset the costs associated with training and developing the employee into the employer's regular workforce. Upon satisfying certain requirements, the employer may receive a wage retention supplement on average up to \$2,000 payable in four equal increments of \$500. The DETR noted that business services representatives in the JobConnect offices will be responsible for recruiting businesses to participate in the Silver State Works program and for ensuring the appropriateness of referrals. Initially, the Department indicated that it anticipated 10,000 participants by the end of FY 2012-13. Based on the amended proposal in the Welfare [Division] and the \$500,000 reduction in these accounts, I believe it was a little over 4,000 participants now that it has been reduced to.

Does the Committee wish to approve the allocation of existing departmental resources to support the SSW program?

Mr. Burke emphasized that the current closing item only involved DETR. The Welfare Division component of the funding redistribution would be considered before the Committee in a future meeting.

SENATOR RHOADS MOVED TO APPROVE THE ALLOCATION OF
EXISTING DEPARTMENTAL RESOURCES TO SUPPORT THE

SILVER STATE WORKS PROGRAM AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

Senator Horsford noted for the record that the \$550,000 recommended for transfer from the Vocational Rehabilitation account to the Silver State Works program could have remained in the account to support clients in the Vocational Rehabilitation program. He added that the \$550,000 could have remained in the account to serve as match in an effort to trigger \$5.04 million in federal Section 110 funding.

Mr. Burke surmised that the \$550,000 recommended for transfer would be required to be spent on individuals qualified for the Vocational Rehabilitation programs, but he deferred to the Department for more information.

Larry Mosley, Director, Department of Employment, Training and Rehabilitation, advised that the \$550,000 recommended for transfer from the Vocational Rehabilitation program to the Silver State Works program would only be earmarked for clients of the Vocational Rehabilitation program.

In response to Senator Horsford, Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation, pointed out that the funding from the Vocational Rehabilitation program would still support clients eligible for that program.

In response to Senator Horsford, Ms. Cole confirmed that the state portion of the \$550,000 recommended for transfer from the Vocational Rehabilitation program to the Silver State Works program was already counted as match for federal Section 110 funding.

Senator Horsford asked what activities typically occurred in the WIA Rapid Response program and how the diversion of \$1.3 million in WIA Rapid Response funds would hamper DETR's ability to respond to massive layoffs or Worker Adjustment and Retraining Notification (WARN) Act notices.

Mr. Mosley deferred Senator Horsford's question to Lynda Parven, Deputy Administrator South, Employment Security Division, Department of Employment, Training and Rehabilitation.

Ms. Parven told Senator Horsford that the funds recommended for transfer from the WIA Rapid response program would serve the same population, namely dislocated workers.

Senator Horsford asked for further clarification.

Ms. Parven reported that 20 percent of the WIA Rapid Response funds would be used for the Silver State Works program. In the event of a massive layoff or WARN Act notices, the WIA Rapid Response provided clients with job-seeking services, such as job search assistance, resume preparation, and job preparation workshops.

Senator Horsford asked whether the diversion of \$1.3 million from the WIA Rapid Response program to the Silver State Works program would hamper the WIA Rapid Response program's ability to provide job-seeking services.

Mr. Mosley responded in the negative. On the contrary, Mr. Mosley said the diversion of funds would enhance the Department's ability to provide job-seeking services. For example, a WIA Rapid Response unit was being sent to the shuttering Sahara Hotel and Casino in Las Vegas to evaluate the skills of the employees being laid off there. The Silver State Works program would then be able to provide incentives to employers to hire the employees laid off from the casino. Mr. Mosley emphasized that the Silver State Works program would target clients served by the Vocational Rehabilitation program and help provide unemployment insurance benefits and employment-reentry support.

Chairwoman Smith voiced concern that the Silver State Works program would be providing services already offered by other agencies. Additionally, she raised a concern that the policy structure of the Silver State Works program was not delineated in a bill.

In response to Senator Rhoads, Chairwoman Smith confirmed that there was a current motion before the Committee. Chairwoman Smith asked Senator Rhoads whether he would agree to an amendment to that motion to include a request for a bill to establish the policy regarding the Silver State Works program in the *Nevada Revised Statutes*. Senator Rhoads agreed to amend his original motion. Chairwoman Smith then asked Assemblyman Grady if he would agree as the second to the original motion, and Assemblyman Grady replied that he would not agree to the amendment. In response, Chairwoman Smith indicated that she would ask for a separate motion to amend Senator Rhoads's original motion to include a request for a bill.

ASSEMBLYMAN BOBZIEN MOVED TO AMEND THE PREVIOUS
MOTION TO REQUEST A BILL THAT WOULD DELINEATE THE
SILVER STATE WORKS PROGRAM WITHIN THE *NEVADA
REVISED STATUTES*.

SENATOR LESLIE SECONDED THE MOTION.

Chairwoman Smith told the Committee she had the full intent of partnering with the Department and the Silver State Works program to draft the statutes for the Silver State Works program.

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

Chairwoman Smith then called for a vote on the original motion that included the amendment.

THE MOTION BEING CONSIDERED WAS TO APPROVE THE ALLOCATION OF EXISTING DEPARTMENTAL RESOURCES TO SUPPORT THE SILVER STATE WORKS PROGRAM AS RECOMMENDED BY THE GOVERNOR AND, AS AMENDED BY THE PREVIOUS MOTION, TO REQUEST A BILL THAT WOULD DELINEATE THE SILVER STATE WORKS PROGRAM WITHIN THE *NEVADA REVISED STATUTES*.

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

Mr. Mosley insisted that he would provide staff members to assist the Committee in drafting the policy structure for the Silver State Works program. There were already statutes contained in the *Nevada Revised Statutes* that gave the Department the authority to develop work programs with federal resources. Mr. Mosley noted that those statutes might be important to the Committee in drafting policy for the Silver State Works program.

Chairwoman Smith said she would welcome the Department's help.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, opined that the previous two motions carried by the Committee did not conflict and therefore did not need resolving. He reasoned that the second motion did not alter the intent of the first motion; rather, the second motion merely added an additional clause to the first motion.

In response to Chairwoman Smith, Mr. Combs confirmed that one motion was the original motion and the other motion was an amendment. Mr. Combs noted that the two motions were not technically the same, so an argument could be made that they conflicted. But because the second motion only added a

component to the original motion, Mr. Combs believed the motions followed parliamentary procedure.

Mr. Burke continued the closing for budget account 4770. He read from the Committee's closing document for the record:

Item 4 is the Apprenticeship Program transfer from Education. This is where the Governor proposes to transfer the Program from the Other State Education Programs account to the ESD and to change the program funding source from General Fund to federal WIA revenues. I will remind the Committee that during the Distributive School Account (DSA) closings on May 3, the Senate Finance and Ways and Means Committees met jointly and approved the transfer of the Apprenticeship Program to DETR. The Committees at that time also approved the issuance of a Letter of Intent to DETR directing the agency to provide quarterly reports to the IFC on the status of the Program transition and the efforts to work with the Apprenticeship Programs.

Does the Committee wish to close this account consistent with the action previously taken during the DSA closings?

SENATOR HORSFORD MOVED TO APPROVE THE TRANSFER OF THE APPRENTICESHIP PROGRAM FROM THE OTHER STATE EDUCATION PROGRAMS ACCOUNT TO THE EMPLOYMENT SECURITY DIVISION ACCOUNT AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

Senator Horsford reiterated that the Legislature's intent was to have DETR work closely with the Apprenticeship Programs in the transition to prevent holdups.

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

Mr. Burke provided the Committee with information on interest payments on UI Trust Fund loans. Mr. Burke said that based on revised projections and the adjusted interest rate charged by the federal government, the one-shot appropriation for interest payments would decrease from \$66.4 million to \$64 million, which would yield a savings of \$2.36 million. The appropriation was proposed in Assembly Bill 484. Furthermore, the item did not require Committee action during the closing of this account.

Mr. Burke explained the remaining closing items for the account. These remaining closing items included:

- A recommendation of \$7.5 million in federal administrative cost allowance revenues per fiscal year of the 2011-2013 biennium to fund 160 full-time equivalent intermittent positions. According to Department reports, the Division actually spent \$10.21 million for this purpose in FY 2009-10. Mr. Burke noted that the recommendation appeared reasonable.
- A recommendation to allocate \$39,354 to fund the costs associated with moving from the Water Street office in Henderson to a new location to be determined in FY 2011-12. Mr. Burke added that there were four DETR budget accounts affected by the office relocation.
- A recommendation to allocate \$517,894 for FY 2011-12 and \$509,976 for FY 2012-13 for replacement equipment and software pursuant to the Department of Information Technology's five-year replacement schedule. Mr. Burke noted that the recommendation appeared reasonable.
- A recommendation to transfer two positions from this account to budget account 3272, Administrative Services. Mr. Burke reminded the Committee that this recommendation was the second half of the transfer approved by the Committee earlier in the meeting during the closing of the Administrative Services account.
- A recommendation of \$7,966 as a net total for the 2011-2013 biennium to replace an agency-owned vehicle with a Motor Pool vehicle.

Mr. Burke asked the Committee whether it wished to approve the remaining closing items and grant the authority for Fiscal staff to make technical adjustments to the account as necessary.

SENATOR KIECKHEFER MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 4770 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

Chairwoman Smith closed the hearing on budget account 4770 and opened the hearing on budget account 4767, Career Enhancement Program.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – CAREER ENHANCEMENT PROGRAM (205-4767)
BUDGET PAGE DETR-92

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 4767, the Department of Employment, Training and Rehabilitation's (DETR's) Career Enhancement Program account.

Mr. Burke asked the Committee whether it wished to approve the merger of the Career Enhancement Program with budget account 4770, Employment Security Division. He reminded the Committee that it previously approved the merger in the Employment Security Division's account closing.

SENATOR KIECKHEFER MOVED TO APPROVE THE MERGER OF THE CAREER ENHANCEMENT PROGRAM WITH THE EMPLOYMENT SECURITY DIVISION ACCOUNT AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

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

Mr. Burke continued the closing for budget account 4767. He read from the Committee's closing document ([Exhibit C](#)) for the record:

Item 2 is the Re-Employment Service intermittent positions recommendation. To accommodate the Re-Employment Service workload, the Governor recommends \$580,000 per year to fund 12 intermittent workforce services representatives. The positions would be funded with American Recovery and Reinvestment Act of 2009 (ARRA) unemployment insurance special administrative

revenues. The Department has noted that the ARRA funds do not expire and the proposal is a permissible use of the funds.

The goals are to shorten the duration of the participation in the Unemployment Insurance (UI) benefits program. The DETR has indicated that with the addition of the 12 intermittent positions, they would anticipate shortening the duration of UI benefits payments by one week for at least 10,000 participants resulting in estimated UI Trust Fund savings of approximately \$3.2 million per year.

Does the Committee wish to approve the additional intermittent positions funded with remaining ARRA funds as recommended by the Governor?

Chairwoman Smith expressed her gratitude for ARRA funds to fund the recommended additional intermittent positions because without the funds, Nevadans would have difficulties being served by the UI benefits program.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE ADDITIONAL INTERMITTENT POSITIONS AS RECOMMENDED BY THE GOVERNOR.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

Mr. Burke continued his testimony:

There are budget reductions that would eliminate five existing vacant workforce services representatives. It would restore \$623,818 in wage assessment reserves for the 2011-2013 biennium. According to DETR, these positions provide employment services in the JobConnect system, including labor exchange services and job search assistance.

In response to the Joint Subcommittee [on General Government] questions regarding the rationale for the eliminations, DETR explains that wage assessment collections have declined as the result of the state's record unemployment rate. The Governor recommends eliminating the positions to preserve client services dollars available to serve the workforce and to dedicate funds to the Silver State Works initiative.

I will not go into a long history on the reserves and the wage assessment revenues other than to confirm that it has been declining considerably. The proposed reduction does appear reasonable.

Does the Committee wish to approve the elimination of five existing vacant workforce services representative positions as recommended by the Governor?

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE ELIMINATION OF FIVE EXISTING WORKFORCE SERVICES REPRESENTATIVE POSITIONS AS RECOMMENDED BY THE GOVERNOR.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

Mr. Burke provided the Committee with information regarding other closing items for the account, which included:

- A recommendation of \$61,842 in reserve reductions to fund the costs associated with moving from the Water Street office in Henderson to a new location to be determined in fiscal year (FY) 2011-12.

- A recommendation of \$59,166 in FY 2011-12 and \$46,709 in FY 2012-13 to fund computer hardware and software replacements pursuant to the Department of Information Technology's replacement schedule.
- A recommendation to transfer one accounting assistant 2 from the account to budget account 3272, the Administrative Services account. Mr. Burke reminded the Committee that it approved the first component of this recommendation in the closing of the Administrative Services account earlier in the meeting.

Mr. Burke asked the Committee whether it wished to approve the remaining closing items for the account and grant Fiscal staff the authority to make technical adjustments as necessary.

SENATOR LESLIE MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 4767 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

Chairwoman Smith closed the hearing on budget account 4767 and opened the hearing on budget account 4771, Employment Security – Special Fund.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
DETR – EMPLOYMENT SECURITY – SPECIAL FUND (235-4771)
BUDGET PAGE DETR-104

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 4771, the Department of Employment, Training and Rehabilitation's (DETR's) Employment Security – Special Fund account. Mr. Burke read from the Committee's closing document ([Exhibit C](#)) for the record:

The final account is the Employment Security – Special Fund. There is one major issue there. It is the Unemployment Insurance modernization project continuation. This is funding to continue work on the system that was approved in the 2009 Legislature. On page 42, for the upcoming biennium, the Governor recommends unexpended federal funds of \$6.69 million in the first year and \$2.9 million [in the second year of the 2011-2013 biennium] to continue the contract with the implementation contractor and to fund change orders.

Does the Committee wish to approve federal funding totaling those amounts in each year of the biennium as recommended by the Governor to continue the project?

ASSEMBLYMAN OCEGUERA MOVED TO APPROVE FEDERAL FUNDING TO CONTINUE THE UNEMPLOYMENT INSURANCE MODERNIZATION PROJECT.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bobzien and Hardy were not present for the vote.)

Mr. Burke provided information regarding the account's remaining closing items. The first item was a recommendation for reserve reductions of \$562,500 in each fiscal year of the 2011-2013 biennium to fund Master Services Agreement contract services. The second item was a recommendation of \$638,500 for fiscal year (FY) 2011-12 and \$613,000 for FY 2012-13 in reserve reductions to fund maintenance costs of agency-owned buildings. Mr. Burke noted that the recommendation for maintenance appeared reasonable.

Mr. Burke asked the Committee whether it wished to approve the remaining closing items as recommended by the Governor and grant Fiscal staff the authority to make technical adjustments as necessary.

SENATOR RHOADS MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 4771 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bobzien and Hardy were not present for the vote.)

BUDGET CLOSED.

* * * * *

Chairwoman Smith closed the hearing on budget account 4771.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, announced that Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, likely just completed his last budget closing because he would be eligible to retire next year. Mr. Combs thanked Mr. Burke and his family for allowing Mr. Burke to serve for the Fiscal Analysis Division and the State of Nevada. Mr. Combs also expressed his appreciation for Mr. Burke's mentorship and for being a consummate professional throughout Mr. Burke's career.

Chairwoman Smith echoed Mr. Combs's sentiments, saying that Mr. Burke had been a tremendous asset to the Committee. She also thanked Mr. Burke for his help in today's difficult budget closings.

Chairwoman Smith conceded that the Committee did not usually take public comment during budget closings, but because the Committee would shortly close budgets for the Department of Cultural Affairs and the Commission on Tourism, she called for public comment to allow individuals the opportunity to discuss these important budgets.

Jill Berryman, Executive Director, Sierra Arts Foundation, testified in opposition to the Governor's recommended budget for the Department of Cultural Affairs. Ms. Berryman told the Committee that the Sierra Arts Foundation and the Nevada Alliance for Arts Education were concerned that reductions to the arts in Nevada would negatively affect their ability to provide art education to thousands of Nevada's children. Ms. Berryman told two anecdotes: One about a young man whose participation in the arts had helped transform his life from the state's juvenile justice system to becoming a college graduate and business owner ([Exhibit D](#)); and one about a young woman who had suicidal tendencies until she participated in the Youth Art Works program in Reno and was now a valuable member of the art community. Ms. Berryman emphasized that the financial investment in these individuals was nominal.

Stephen Caplan, a Board Member of the Nevada Arts Council, testified in opposition to the Department of Cultural Affairs' budget as recommended by

the Governor. Mr. Caplan submitted his written testimony ([Exhibit E](#)) for the record.

Emily Orellana, a student at Rainshadow Community Charter High School, testified in opposition to the Governor's recommended budget for the Department of Cultural Affairs. She submitted written testimony ([Exhibit F](#)) for the record.

Tony Walker, a representative of The Holland Project and Spoken Views, testified in opposition to the Department of Cultural Affairs' budget as recommended by the Governor. Mr. Walker said organizations such as the Sierra Arts Foundation, the Nevada Arts Council, and The Holland Project had helped his and others' artistic endeavors in the youth community in Reno. The Department's budget as recommended by the Governor would reduce the support that these organizations provide to Nevada's youth.

Rosine Bena, a representative of the Nevada Arts Council, testified in opposition to the Governor's recommended budget for the Department of Cultural Affairs. Ms. Bena told the Committee that a 10 percent reduction to the Department's budget would negatively affect arts education in Nevada's rural communities. She added that support provided by the Nevada Arts Council was important to Nevada's communities, schools, and economy.

Manal Toppozada, Executive Director, The Note-Ables, testified in opposition to the Department of Cultural Affairs' budget as recommended by the Governor. Ms. Toppozada praised the arts for their ability to treat vulnerable individuals such as autistic children, at-risk children, and adults with dementia.

Having no further public comment to come before the Committee, Chairwoman Smith emphasized that budget decisions were difficult, including those regarding the arts. Chairwoman Smith said the arts community in Nevada was regularly forthcoming in how it used funding provided by the state. She said, "We do share your concerns. We know the quality of life around what the arts community provides is tremendous for us as we try to expand our economic development opportunities and keep and attract businesses to our state."

Chairwoman Smith apologized that the Committee would not be able to close all the budget accounts scheduled for today's meeting. The Committee would, however, continue to close some of the smaller accounts. With that, Chairwoman Smith opened the hearing on budget account 2600, Indian Affairs Commission.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DO – INDIAN AFFAIRS COMMISSION (101-2600)
BUDGET PAGE DHHS DIRECTOR-49

Joi Davis, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 2600, Indian Affairs Commission. She referred to the Committee's closing document ([Exhibit G](#)) for her testimony.

Ms. Davis indicated that the major closing issue for the account was the Governor's recommendation to reduce staffing levels and operating costs and eliminate Commission pay and travel. The recommendation, if approved, would reduce General Fund support by \$40,309 in fiscal year (FY) 2011-12 and \$42,442 in FY 2012-13. Two full-time positions, a director position and an administrative assistant position, would be reduced to 0.84 full-time equivalent positions each. Travel expenditures—which included travel reimbursements and the attendance of national meetings, out-of-state meetings, in-state meetings with tribal leadership, Commission meetings, and travel for staff to the Commission—were recommended for elimination. The elimination of pay for the Commission's five members would yield a General Fund savings of \$1,120 per fiscal year of the 2011-2013 biennium. Ms. Davis noted that Commission pay was typically funded at \$1,600 per fiscal year to allow the Commission to meet four times a year. Additionally, the Governor recommended reducing operating expenditures by \$4,010 for the upcoming biennium.

Ms. Davis advised that after discussions between the Nevada Indian Commission and the Commission on Tourism, the Budget Division submitted Budget Amendment 357, which, if approved, would transfer the Nevada Indian Commission to the Commission on Tourism and restore all recommended reductions to the Nevada Indian Commission except for Commission pay. The Nevada Indian Commission reported that the transfer would diversify the Commission's budget, typically supported 100 percent with General Funds, with room tax revenue. Also, the transfer would be practical because the Commission already expended approximately 20 percent of its time on tourism-related activities. The Nevada Indian Commission would also be able to receive administrative support from the Commission on Tourism and assistance in culturally related projects.

Ms. Davis provided the Committee with four options for its consideration:

- Option A: Approve Budget Amendment 357 to restore \$39,189 in FY 2011-12 and \$41,322 in FY 2012-13 using room tax revenue for the Nevada Indian Commission and transfer the Nevada Indian Commission to the Commission on Tourism as recommended by the Governor.

- Option B: Modify Budget Amendment 357 to transfer the Nevada Indian Commission to the Commission on Tourism, which restores funding in the amounts noted in Option A, and increase room tax revenue by \$1,600 each year to restore pay for Commissioners to meet four times per year.
- Option C: Not approve Budget Amendment 357, which would retain the Nevada Indian Commission in the Department of Health and Human Services' Director's Office. This option would require a decision by the Committee regarding whether to approve budget reductions of \$39,189 in FY 2011-12 and \$41,322 in FY 2012-13 as recommended by the Governor or to restore General Funds for operating expenditures to a level determined by the Committee.
- Option D: Retain the Nevada Indian Commission within the Department of Health and Human Services Director's Office and designate that a portion of the Commission's operating expenditures be supported with room tax revenues transferred from the Commission on Tourism.

Chairwoman Smith asked Senator Leslie whether she would like to comment on the Governor's recommendation for the Nevada Indian Commission.

Senator Leslie remarked that it was pragmatic for the Nevada Indian Commission to transfer to the Commission on Tourism because of the amount of coordination already taking place. She added that it was also pragmatic to restore the director position and administrative assistant position to full-time status because she was concerned that the Nevada Indian Commission would not be adequately managed with two 0.84 FTE positions. Senator Leslie recommended that the Committee also restore the Commission's travel expenses because it was difficult for the Commission to hold meetings when its members were not together.

SENATOR LESLIE MOVED TO MODIFY BUDGET AMENDMENT 357 TO TRANSFER THE NEVADA INDIAN COMMISSION TO THE COMMISSION ON TOURISM, WHICH RESTORES \$39,189 IN FY 2011-12 AND \$41,322 IN FY 2012-13 AND INCREASE ROOM TAX REVENUE BY \$1,600 EACH YEAR TO RESTORE PAY FOR COMMISSIONERS TO MEET FOUR TIMES PER YEAR.

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chairwoman Smith thanked staff who worked on the Nevada Indian Commission account. She said while the budget closing seemed small, it was actually very important.

Chairwoman Smith closed the hearing on budget account 2600 and opened the hearing on budget account 1530, Nevada Magazine.

ECONOMIC DEVELOPMENT AND TOURISM
TOURISM – NEVADA MAGAZINE (530-1530)
BUDGET PAGE ECON DEV & TOURISM-41

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 1530, Nevada Magazine. He referred to the Committee's closing document ([Exhibit G](#)) for his testimony.

Mr. Thorley explained that the Nevada Magazine was an enterprise fund that received no General Fund support. The Governor recommended \$1,447,214 for fiscal year (FY) 2011-12 and \$1,525,628 for FY 2012-13.

There were no major closing issues with the account as recommended. There was a recommendation, however, for sales and advertising revenue increases for Nevada Magazine's base budget of \$108,120 in each fiscal year of the 2011-2013 biennium when compared to actual sales and advertising revenue for FY 2009-10. Based on information provided by Nevada Magazine, Mr. Thorley noted that the sales and advertising revenue increases appeared reasonable. Additionally, decision unit Enhancement (E) 710 recommended reserve reductions of \$11,756 for the 2011-2013 biennium for replacement computer hardware and software pursuant to the Department of Information Technology's equipment replacement schedule. Mr. Thorley added that this recommendation also seemed reasonable.

Mr. Thorley provided the Committee with information regarding technical adjustments to the account. One adjustment included the reduction of budgeted sales commission expenditures for a new southern Nevada sales representative from \$10,000 in each fiscal year of the 2011-2013 biennium to \$5,000 per fiscal year, which was based on projected sales and a 20 percent commission rate. A second technical adjustment was the reduction of \$2,557 in each fiscal year of the 2011-2013 biennium in revenue received from selling Nevada Visitor's Guides to the Commission on Tourism.

Mr. Thorley asked whether the Committee wished to close the Nevada Magazine account as recommended by the Governor and grant Fiscal staff the authority to make technical adjustments as necessary.

SENATOR CEGAVSKE MOVED TO CLOSE
BUDGET ACCOUNT 1530 AS RECOMMENDED BY THE
GOVERNOR AND TO GRANT THE AUTHORITY FOR FISCAL STAFF
TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 1530 and opened the hearing on budget account 1523, Tourism Development.

ECONOMIC DEVELOPMENT AND TOURISM
TOURISM – TOURISM DEVELOPMENT (225-1523)
BUDGET PAGE ECON DEV & TOURISM-46

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 1523, Tourism Development. Mr. Thorley noted that the account was not previously heard by the Joint Subcommittee on General Government. He referred to the Committee's closing document ([Exhibit G](#)) for his testimony.

Mr. Thorley reported that the Governor did not recommend transferring room tax revenue from budget account 1522, Tourism Development Fund, to fund the Tourism Development Grant program for the 2011-2013 biennium. The program provided funding to rural local governments and organizations to provide infrastructure improvements to stimulate rural tourism development. According to *Nevada Revised Statutes* 231.360, the program could be funded through room tax revenue along with gifts, grants, and other monies received by the Commission on Tourism up to \$200,000 in any biennium. Mr. Thorley noted that the account was last funded with room tax revenue transfers in fiscal year (FY) 2008-09.

Mr. Thorley continued that according to the Commission on Tourism, room tax revenue transfers were not budgeted in The Executive Budget because of recent declines in room tax revenues, but recent room tax projections were forecasting an increase. In response to the projections, the Commission on Tourism recommended restoring funding for the Tourism Development Grant program at full statutory level, which was \$100,000 per each fiscal year of the 2011-2013 biennium. Mr. Thorley indicated that Fiscal staff analyzed projected reserve levels based on the most recent room tax revenue projections, and it appears that if the funding for the program was approved, there would be a sufficient level of reserves for the account.

Mr. Thorley provided the Committee with three options to consider for the account:

- Option A: Close the Tourism Development account as recommended by the Governor with no room tax revenue transfers for the 2011-2013 biennium to fund the Tourism Development Grant program.
- Option B: Close the Tourism Development account with \$100,000 of room tax revenue transfers in each fiscal year of the 2011-2013 biennium. This option would fund the Tourism Development Grant program at the full statutory level and allow the Committee for the Development of Projects Relating to Tourism to make competitive grant awards available to local governments and regional organizations for tourism-related infrastructure improvement projects.
- Option C: Close the Tourism Development account with some room tax revenue transfers to fund the Tourism Development Grant program but at a level below the statutory cap of \$200,000 in any biennium.

SENATOR RHOADS MOVED TO APPROVE OPTION B TO CLOSE THE TOURISM DEVELOPMENT ACCOUNT WITH \$100,000 OF ROOM TAX REVENUE TRANSFERS FOR EACH FISCAL YEAR OF THE 2011-2013 BIENNIUM.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

On behalf of Senator Horsford, Chairwoman Smith asked whether the \$100,000 transfer of room tax revenue in each fiscal year of the 2011-2013 biennium was from projected additional room tax revenue.

Mr. Thorley responded in the affirmative, saying that the most recent room tax revenue projections on May 5, 2011, anticipated almost \$500,000 more revenue than in the projection used for The Executive Budget.

In response to Chairwoman Smith, Mr. Thorley replied that if the Committee did not approve the room tax revenue transfer to the account, the revenue would remain in budget account 1522, Tourism Development Fund, as reserves.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Mr. Thorley told the Committee that Senate Bill 427 proposed to merge the Commission on Tourism with various Department of Cultural Affairs accounts. The bill would also eliminate the \$200,000 biennial limit on room tax revenues that could be transferred into this account to support the Tourism Development Grant program. Mr. Thorley added that Senate Bill 427 would be heard by the Senate Committee on Finance and the Assembly Committee on Ways and Means in future meetings.

Chairwoman Smith closed the hearing on budget account 1523 and opened the hearing on budget account 1522, Tourism Development Fund.

ECONOMIC DEVELOPMENT AND TOURISM
TOURISM – TOURISM DEVELOPMENT FUND (225-1522)
BUDGET PAGE ECON DEV & TOURISM-29

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the closing for budget account 1522, Tourism Development Fund. He referred to the Committee's closing document ([Exhibit G](#)) for his testimony.

Mr. Thorley advised that the first of three major closing issues with the account involved room tax revenue projections. He explained that the Nevada Commission on Tourism was funded by a three-eighths of 1 percent share of the state room tax pursuant to *Nevada Revised Statutes* 244.3354 and 268.0962. Mr. Thorley referred to the Committee's closing document regarding room tax revenue projections, pointing out that the most recent projections by the Commission forecasted revenues of \$15,261,140 for fiscal year (FY) 2011-12 and \$15,832,007 for FY 2012-13, a 2.84 percent increase over what was included in The Executive Budget. Mr. Thorley noted that Fiscal staff reviewed the projections and determined that they seemed reasonable. Mr. Thorley asked whether the Committee wished to approve the updated projected revenues for the account.

SENATOR DENIS MOVED TO APPROVE ROOM TAX REVENUES
OF \$15,261,140 IN FY 2011-12 AND \$15,832,007 IN
FY 2012-13 AS PROJECTED BY THE COMMISSION ON TOURISM
ON MAY 5, 2011.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

Senator Denis indicated that in a Joint Subcommittee on General Government hearing, Subcommittee members thought that the current motion also seemed reasonable.

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

Mr. Thorley indicated that the account's second major closing item was a recommended merger of the Division of Museums and History and the Nevada Arts Council from the Department of Cultural Affairs with the Commission on Tourism to create a new Department of Tourism and Cultural Affairs effective October 1, 2011. An authorization for the merger was contained in Senate Bill 427. In the recommendation, four full-time equivalent positions in budget account 2941, Division of Museums and History Administration, would

be transferred to this account, and budget account 2941 would be eliminated. The Governor also recommended transferring two positions from budget account 2892, Department of Cultural Affairs' Director's Office, to this account.

Mr. Thorley explained that there were General Fund offsets recommended in the merger. The Governor recommended replacing 50 percent of General Fund costs associated with the Division on Museums and History and the Nevada Arts Council with room tax revenue transfers from this account. The recommendation would total a General Fund offset of approximately \$3.8 million for the 2011-2013 biennium. The following budget accounts would receive the following in room tax revenue transfers from this account:

- Budget account 1350, Lost City Museum, with a transfer of \$266,358 for the 2011-2013 biennium.
- Budget account 2870, Nevada Historical Society, with a transfer of \$360,353 for the 2011-2013 biennium.
- Budget account 2940, Nevada State Museum – Carson City, with a transfer of \$907,403 for the 2011-2013 biennium.
- Budget account 2943, Nevada State Museum – Las Vegas, with a transfer of \$922,014 for the 2011-2013 biennium.
- Budget account 2979, Nevada Arts Council, with a transfer of \$844,825 for the 2011-2013 biennium.
- Budget account 4216, State Railroad Museums, with a transfer of \$479,338 for the 2011-2013 biennium.

Mr. Thorley noted that during a budget overview hearing at the beginning of the legislative session, there was concern about transferring room tax revenue funds through reserve reductions to these individual accounts. The Commission on Tourism was transferring approximately \$5.6 million to the General Fund approved by the 2009 Legislature for the 2009-2011 biennium, but this transfer was not recommended to be continued for the 2011-2013 biennium. Accordingly, the Commission on Tourism's expenditures would decrease by \$1.4 million. As a result, the Commission on Tourism indicated it would likely be able to fund new programs and positions within the projected growth in room tax revenue for the 2011-2013 biennium.

Mr. Thorley added that during the current work session, the Joint Subcommittee on General Government did not object to the recommended merger. Fiscal staff noted, however, that room tax revenue transfers to achieve General Fund offsets could take place without the merger.

Regarding the six positions recommended for transfer in conjunction with the merger, the Governor recommended replacing 50 percent of the General Fund cost of the positions with room tax revenue, which yields a General Fund savings of \$467,468 over the 2011-2013 biennium. In the Division of Museums and History, the recommended position transfers would include a division administrator, an administrative services officer, and two administrative assistants. In the Department of Cultural Affairs, the position transfers would include a public information officer and a personnel analyst. While all six positions would retain their previous responsibilities, there would be some areas for cross-training and developing efficiencies. The four positions from the Division of Museums and History would remain at their current office in Carson City, but the two positions from the Department of Cultural Affairs' Director's Office would be transferred to the Laxalt Building, the current location of the Commission on Tourism.

Mr. Thorley provided two options for the Committee's consideration for the account:

- Option A: Approve the Governor's recommendation to merge the Division of Museums and History and the Nevada Arts Council from the Department of Cultural Affairs with the Commission on Tourism; transfer six positions from the Department of Cultural Affairs to the Commission on Tourism; and create a new Department of Tourism and Cultural Affairs. Approval of this option would also require approval of S.B. 427, which would create the new Department. This option would yield approximately \$4.2 million in General Fund savings over the 2011-2013 biennium.
- Option B: Do not approve the Governor's recommendation to merge the Division of Museums and History and the Nevada Arts Council from the Department of Cultural Affairs with the Commission on Tourism and create a new Department of Tourism and Cultural Affairs. If this option is selected, the Committee could choose to transfer room tax revenue from this account to the Division of Museums and History and the Nevada Arts Council to eliminate the need to add back General Funds as a result of this decision.

Chairwoman Smith asked whether a member of the Joint Subcommittee on General Government would like to comment on the recommended merger.

Senator Denis reported that the Subcommittee determined that there was a natural tie between the Department of Cultural Affairs and the Commission on Tourism. He added that although the merger would not yield large General Fund savings, it make the entities' museum and tourism-related activities more effective.

SENATOR DENIS MOVED TO APPROVE OPTION A AS
RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Because the Committee approved Option A as recommended by the Governor, Mr. Thorley provided two additional recommendations for the Committee:

- Maintain the four positions recommended for transfer in budget account 2941, Division of Museums and History Administration, in that account. The positions would be funded with 50 percent room tax revenue and 50 percent General Fund appropriations, yielding a General Fund savings of \$133,223 in FY 2011-12 and \$178,623 in FY 2012-13. The General Fund savings realized would be transferred to the Division of Museums and History's Administration account.
- Fully fund the two positions recommended for transfer from budget account 2892, Department of Cultural Affairs' Director's Office, with room tax revenue. If the Committee chose to follow this option, it would yield a General Fund savings of \$69,124 in FY 2011-12 and \$86,495 in FY 2012-13. Mr. Thorley noted that reserve reductions would be required in these amounts in the Tourism Development Fund account to fund these positions.

Senator Kieckhefer asked whether the shift from General Fund support to room tax support involved projections of additional room tax revenue that the Committee previously approved.

Mr. Thorley responded in the affirmative.

Chairwoman Smith asked for clarification regarding whether the two options only differed in how positions were transferred.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reiterated that the first recommendation would eliminate General Fund support of \$133,223 in FY 2011-12 and \$178,623 in FY 2012-13 by providing General Funds to the Division of Museums and History's Administration account rather than through the Commission on Tourism's account. There would be no change to the cost to fund the positions.

Regarding the second recommendation, Mr. Combs advised that was in response to the Commission on Tourism's responses regarding the role of the two positions recommended for transfer. Based on their duties, Mr. Combs suggested that it would be reasonable for the two positions to be supported in the Commission on Tourism's account and fully funded with room tax revenue. This recommendation would result in an increase in room tax revenue expenditures and an equal General Fund offset.

Mr. Combs clarified that the two recommendations for the Committee's consideration were more recommendations than options because they were not mutually exclusive.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE TWO RECOMMENDATIONS PUT FORTH BY FISCAL STAFF REGARDING POSITION TRANSFERS TO MAINTAIN THE TOURISM DEVELOPMENT FUND ACCOUNT AS AN ENTIRELY NON-GENERAL FUND ACCOUNT.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Thorley began a discussion of the third major closing item, budget amendments, for the Tourism Development Fund account.

The first budget amendment, Budget Amendment 302, recommended the addition of an information technology (IT) technician position. Following an evaluation of the Commission on Tourism's IT needs, the Commission determined that it would need a grade 29 IT technician 3 position for the account. Because the Committee had previously approved a recommendation to maintain the Tourism Development Fund account as a non-General Fund account, Mr. Thorley remarked that Fiscal staff would recommend funding the additional IT position entirely from room tax revenues, which would provide a

General Fund savings of \$19,043 in FY 2011-12 and \$26,358 in FY 2012-13 compared to the funding originally recommended in the budget amendment.

Mr. Thorley asked the Committee whether it wished to approve an additional IT technician position contained in Budget Amendment 302, to not approve the position, or to approve the position but fund the additional IT position entirely with room tax revenue.

Chairwoman Smith assumed it was viable to approve the position but fund the position entirely with room tax revenue because it would follow with the Governor's recommendation and also yield General Fund savings.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE A NEW IT TECHNICIAN POSITION BUT TO FUND THE ADDITIONAL IT POSITION ENTIRELY WITH ROOM TAX REVENUE.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

A second component of Budget Amendment 302 dealt with the reclassification of two administrative services officers from the Division of Museums and History and the Nevada Arts Council. Mr. Thorley reported that under the original proposal to merge the Division of Museums and History and the Nevada Arts Council with the Commission on Tourism, there would have been a centralization of fiscal and administrative services, which would have reclassified the two positions to become budget analyst positions effective October 1, 2011. After further analysis, however, it was decided that fiscal and administrative services would not be centralized, and it was now recommended by Budget Amendment 302 to maintain the current classification for the two administrative services officer positions. Because the two positions would continue in their current capacities and responsibilities, Mr. Thorley noted that the budget amendment's recommendation seemed reasonable. The approval of the recommendation would require additional General Funds of \$3,905 in FY 2011-12 and \$5,144 in FY 2012-13 and matching reserve reductions from the Commission on Tourism account. Mr. Thorley added that because the Committee approved maintaining the two positions in their current accounts, Fiscal staff did not recommend that they be fully funded with room tax revenue.

In response to Chairwoman Smith, Mr. Thorley confirmed that the Committee needed to choose either to approve or not approve the reclassification of the

two administrative services officer positions as recommended by Budget Amendment 302.

In response to Chairwoman Smith, Mr. Thorley remarked that the Joint Subcommittee on General Government did not consider the budget amendments to this account because they were submitted after the Subcommittee's budget hearing.

Assemblyman Conklin asked whether the approval of the budget amendment would affect the General Fund.

Mr. Thorley reiterated that the approval of the budget amendment would require additional General Funds of \$3,905 in FY 2011-12 and \$5,144 in FY 2012-13.

Chairwoman Smith asked whether the reclassifications would yield General Fund savings if the Committee did not approve Budget Amendment 302.

Mr. Thorley answered that to not approve the budget amendment, to allow the reclassification of the administrative services officer positions, was the Governor's original recommendation, so it would not produce any General Fund savings compared to those contained in The Executive Budget. It would only produce General Fund savings when compared to the effects stemming from the approval of Budget Amendment 302.

Assemblyman Conklin observed that the Governor's original recommendation sought to reclassify the administrative services officer positions without a change in their duties to yield General Fund savings. By approving the budget amendment, the positions would remain in their current classifications but would also require approximately \$9,000 in General Funds for the 2011-2013 biennium.

Chairwoman Smith remarked that with the Governor's original recommendation, the administrative services officer positions' classifications would change but not their duties.

Assemblyman Conklin replied, "That's a fundamental question between \$9,000 and doing the right thing."

ASSEMBLYMAN CONKLIN MOVED TO MAINTAIN THE
CLASSIFICATION OF TWO ADMINISTRATIVE SERVICES OFFICER
POSITIONS AS PROPOSED BY BUDGET AMENDMENT 302.

SENATOR DENIS SECONDED THE MOTION.

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

Mr. Thorley discussed the next component of Budget Amendment 302 for the Committee's consideration, a recommendation to increase the salary of an operations and finance manager position in the Commission on Tourism to a level commensurate to an administrative services officer 3 position. By not increasing the operations and finance manager position's salary, the position's salary would be lower than an administrative services officer 2 position's salary that it will supervise following the merger of the Division of Museums and History and the Nevada Arts Council with the Commission on Tourism. Therefore, the Budget Division recommended increasing the salary of the operations and finance manager position, which would require a reduction in the Tourism Development Fund account's reserves of \$12,586 in FY 2011-12 and \$12,652 in FY 2012-13.

Regarding the salary increase, Mr. Thorley noted that if the Committee approved this component of the budget amendment, the operations and finance manager's salary would be 10 percent more than the administrative services officer 2 position it would supervise. In light of recent salary reductions that have been applied to state employees, Mr. Thorley suggested that the Committee may wish to consider whether the magnitude of the recommended salary increase was appropriate. To make the position's salary 5 percent higher than the highest paid position it will supervise, for example, would require \$7,254 for FY 2011-12 and \$6,943 for FY 2012-13.

Mr. Thorley asked whether the Committee wished to approve the salary increase as submitted in Budget Amendment 302 or to approve the salary increase but only to a level 5 percent above the highest paid position the operations and finance manager position will supervise.

Chairwoman Smith opined that based on the Committee's previous actions during the legislative session, it seemed obvious for the Committee to approve the salary increase at a lesser level.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE INCREASE OF AN OPERATIONS AND FINANCE MANAGER POSITION'S SALARY BY \$7,254 FOR FY 2011-12 AND \$6,943 FOR FY 2012-13.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

Chairwoman Smith told the Committee it would close the remaining budget accounts the following morning so that members of the Senate Committee on Finance could attend a Senate floor session that was about to begin. Chairwoman Smith apologized to those in the audience who were anticipating the closing of budget accounts that were not addressed in today's meeting.

All members of the Senate Committee on Finance exited the Committee room. With only Assembly Committee on Ways and Means members in attendance, Chairwoman Smith took the opportunity to introduce a bill draft request.

* * * * *

BDR 32-1290—Imposes a Nevada transaction tax. (Later introduced as [Assembly Bill 569](#).)

ASSEMBLYMAN CONKLIN MOVED FOR COMMITTEE
INTRODUCTION OF BDR 32-1290.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Having no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 12:06 p.m.

RESPECTFULLY SUBMITTED:

Jordan Butler
Committee Secretary

APPROVED BY:

Assemblywoman Debbie Smith, Chairwoman

DATE: _____

Senator Steven A. Horsford, Chair

DATE: _____

EXHIBITS

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

Date: May 11, 2011

Time of Meeting: 8:23 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance roster
	C	Brian Burke, Fiscal Analysis Division, Legislative Counsel Bureau	Closing List #16, a closing document for the Department of Employment, Training and Rehabilitation's budget accounts.
	D	Jill Berryman, Executive Director, Sierra Arts Foundation	A letter and photos regarding Marvin Wiersch, an individual who was profoundly affected by the arts.
	E	Stephen Caplan, a Board Member of the Nevada Arts Council	Written testimony in opposition to the Department of Cultural Affairs' budget as recommended by the Governor.
	F	Emily Orellana, a student at Rainshadow Community Charter High School	Written testimony in opposition to the budget for the Department of Cultural Affairs as recommended by the Governor.
	G	Fiscal Analysis Division, Legislative Counsel Bureau	Closing List #17, a closing document that includes closings for the Department of Health and Human Services and Economic Development & Tourism accounts.