

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Sixth Session
February 8, 2011**

The Committee on Ways and Means was called to order by Chairwoman Debbie Smith at 9:37 a.m. on Tuesday, February 8, 2011, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, 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).

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBERS EXCUSED:

Assemblyman Joseph M. Hogan (excused)

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Jordan Butler, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith welcomed Committee members, audience members, and Internet viewers to the Assembly Committee on Ways and Means' first meeting of the 76th Session. She expressed her gratitude and excitement to be serving as Chairwoman of the Committee and working with Committee members during the 76th Session.

Chairwoman Smith pointed out that the Committee had six returning members and nine freshman members this legislative session, of which three members were also freshman legislators. Chairwoman Smith said to have so many new members on the Committee was a unique opportunity for members to learn together about Nevada's budget and to offer new ideas for the Committee's legislative process. Chairwoman Smith called the Committee's legislative process "extraordinary" and "ever-changing" for its complex makeup of subcommittees, joint committees, and chair positions. She also said she appreciated that the Committee, unlike other committees, would remain busy throughout the session.

At the request of Chairwoman Smith, all Committee members present introduced themselves.

Chairwoman Smith introduced the following Committee staff: Patti Adams, Committee Manager; Anne Bowen, Committee Secretary; Jordan Butler, Committee Secretary; Connie Davis, Lead Committee Secretary; Tenna Herman, Committee Secretary; Joyce Hess, Personal Secretary to Chairwoman Smith; Larry Peri, Proofreader; Sherie Silva, Committee Secretary; Carol Thomsen, Committee Secretary; Janice Wright, Committee Secretary; Cynthia Wyett, Committee Assistant; and Ted Zuend, Proofreader.

At the request of Chairwoman Smith, Rick Combs, Assembly Fiscal Analyst, introduced the following Fiscal Analysis Division staff: Brian Burke, Senior Program Analyst; Jennifer Byers, Program Analyst; Mike Chapman, Principal Deputy Fiscal Analyst; Sarah Coffman, Program Analyst; Cathy Crocket, Program Analyst; Joi Davis, Senior Program Analyst; Scott Edwards, Program Analyst; Erica Eng, Program Analyst; Jeff Ferguson, Senior Program Analyst; Laura Freed, Senior Program Analyst; Alex Haartz, Program Analyst; Eric King,

Program Analyst; Heidi Sakelarios, Program Analyst; Teri Sulli, Program Analyst; Wayne Thorley, Program Analyst; and Julie Waller, Program Analyst.

Chairwoman Smith thanked the Committee and Fiscal Analysis Division staff for their service. She also thanked Mr. Combs for preparing an orientation manual for Committee members and for providing training to the members of the 76th Session.

Chairwoman Smith called the Committee's attention to a proposal for Standing Policies for Committee meetings ([Exhibit C](#)) and summarized its contents. Having no questions from the Committee, Chairwoman Smith asked for a motion on the Standing Policies.

ASSEMBLYMAN ATKINSON MOVED TO ADOPT THE STANDING POLICIES OF THE ASSEMBLY COMMITTEE ON WAYS AND MEANS.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

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

Chairwoman Smith said the adopted Standing Policies were an extension of Assembly Resolution 1 adopted the previous day. Chairwoman Smith emphasized that A.R. 1 Rule No. 53—which prohibits lobbyists, members of the press, and the public from approaching the dais—would be enforced in Committee meetings. She also reminded members of section 12 of A.R. 1 Rule No. 57, which stated, "Unless a committee member advises the chair otherwise, it will be presumed that the member will vote on an amendment or on a measure, during a floor session, consistent with his or her vote in the committee."

Chairwoman Smith asked Mr. Combs to summarize the *Assembly Committee on Ways and Means Orientation Manual*.

Mr. Combs introduced Stephanie Day, Deputy Director, Budget Division, to the Committee. He said Ms. Day or Andrew Clinger, Director, Department of Administration, would be present at most Committee and subcommittee meetings throughout the session.

Mr. Combs summarized the Orientation Manual's contents for the Committee:

- Tab I
 - Pages 1-2: A description of Nevada's budget process.
 - Page 3: A description of Nevada's budget process in a timeline format.
- Tab II
 - Page 4: A Committee schedule of deadlines for the session.
 - Page 5: A 120-day calendar of the session.
 - Page 6: Joint subcommittee assignments for the Assembly Committee on Ways and Means.
 - Page 7: Joint subcommittee assignments for the Senate Finance Committee.
 - Page 8: A list of various agencies assigned to joint subcommittees for the Assembly Ways and Means and Senate Finance Committees.
- Tab III
 - A compilation of definitions associated with Nevada's budget. Mr. Combs discussed the terms "base budgets," "category," "classified employees," "decision unit," "supplemental appropriations," and "unclassified employees." He also explained program maintenance budgets and program enhancement budgets for the Committee.
- Tab IV
 - A compilation of documents regarding Nevada's total state General Fund revenues.
- Tab V
 - A compilation of documents regarding a 75th Session (2009) analysis of Nevada Medicaid budget account 101-3243.
- Tab VI
 - "The Nevada Plan for School Finance."

In response to Assemblyman Conklin, who asked how incremental increases for inflation were determined in program maintenance budgets, Mr. Combs said The Executive Budget often includes inflation recommendations. Mr. Combs said his Division analyzes The Executive Budget's inflation recommendations, determines which factors are included or excluded from inflation, and requests justification from the Office of the Governor or the Budget Division for those recommendations.

In response to an inquiry by Assemblywoman Carlton regarding costs to buy out an eliminated position, Mr. Combs said when a state government position was recommended for elimination, any buyout costs associated with eliminating the position would be addressed in the Enhancement 600 series decision unit in which the position was recommended for elimination.

Mr. Combs urged Committee members to ask for the Fiscal Division's assistance if they have difficulties understanding bills or budgets brought to the Committee.

Chairwoman Smith thanked Mr. Combs for his presentation and the Orientation Manual. She said the Manual would be very useful to the Committee.

Chairwoman Smith reminded the Committee and the public about the new Nevada Electronic Legislative Information System (NELIS), which Chairwoman Smith said improved the public's ability to follow Nevada's legislative process. Chairwoman Smith said with the introduction of NELIS, Committee members would now reference budgets and bills on their computers during meetings because they would not be provided with paper copies of those budgets and bills.

Chairwoman Smith reminded the public to sign in upon entering the Committee room and to signify on the sign-in document whether they would like to testify. She said if members of the public wished to testify, they must provide their business cards to the Committee secretary. Chairwoman Smith also stressed the use of cellular phones in the Committee room was prohibited.

ELECTED OFFICIALS

LIEUTENANT GOVERNOR – (101-1020)

BUDGET PAGE ELECTED-50

Lieutenant Governor Brian Krolicki introduced himself and Kathy Besser, Chief of Staff of the Office of the Lieutenant Governor, to the Assembly Ways and Means Committee.

Mr. Krolicki said along with serving as Lieutenant Governor, he was tasked as Chair of the Commission on Tourism, Chair of the Commission on Economic Development, and Vice Chair of the Board of Directors for the Department of Transportation. Mr. Krolicki said he was also chairman of the Reno-Tahoe Winter Games Coalition, an organization seeking to host the next Winter Olympic Games that were hosted in North America.

Mr. Krolicki said because of Nevada's budget constraints, the Office of the Lieutenant Governor had reduced its staff by 50 percent during the last few years, a reduction he termed "extraordinary" when compared to other state agencies. Mr. Krolicki told the Committee that the Office of the Governor had reduced its staff by approximately 24 percent, the Office of the Secretary of State by approximately 4 percent, the Office of the State Treasurer by approximately 8 percent, the Office of the State Controller by approximately 7 percent, and the Office of the Attorney General by approximately 2 percent.

Regarding budget account 101-1020, Mr. Krolicki said the requests for fiscal year (FY) 2011-12 and FY 2012-13 were respectively a 33 percent reduction and 29 percent reduction compared to FY 2008-09. Mr. Krolicki said the request for FY 2012-13 was a larger request than FY 2011-12 because his Office would require more in-state travel expenditures for the 77th Session.

Mr. Krolicki said he disagreed with the Governor's recommendation to reduce out-of-state travel allocations from \$18,430 for the 2009-2011 biennium to \$8,418 for the 2011-2013 biennium. Mr. Krolicki said the Commission on Tourism had representative offices in Beijing and Shanghai, China, along with other international offices, many of which operated in coordination with the Las Vegas Convention and Visitors Authority. Mr. Krolicki said maintaining out-of-state travel allocations for the 2011-2013 biennium at the level approved for the 2009-2011 biennium would allow his Office, if necessary, to travel abroad quickly without a host or delegation one time during the 2011-2013 biennium. Mr. Krolicki added that all his previous international travels as Lieutenant Governor were privately funded through delegations or other entities and were fully disclosed. Mr. Krolicki pointed out that only elected officials, not staff members, could use his Office's in-state travel and out-of-state travel allocations.

Mr. Krolicki said he would entertain any questions related to his Office's "modest" budget.

Assemblyman Conklin said he regarded out-of-state travel as important for Nevada tourism and economic development, particularly in Asian markets.

In response to Assemblyman Conklin, who asked whether Mr. Krolicki's international and out-of-state travels had led to ideas, thoughts, relationships, or policy changes tangible to Nevadans, Mr. Krolicki said his Office's out-of-state trips had greatly benefited Nevada. Mr. Krolicki said the Commission on Tourism, for example, had worked with international partners on facilitating airline flights to the state, visa issues, and projects involving corporate and government funding. Mr. Krolicki praised the Commission's economic development efforts despite the budget reductions it has faced in recent years.

Mr. Krolicki added that the Commission on Economic Development, through international networking, had produced approximately 25,000 jobs for Nevadans that Mr. Krolicki said were "sustainable jobs, good jobs." In addition, Mr. Krolicki said the New Nevada Task Force had incorporated international components "making Nevada the gateway to the Western United States in terms of capital deployment, investments, [and] renewable energy."

Assemblyman Conklin said he wondered whether the Assembly should explore the possibility of creating a system to facilitate more travel, in-state or out-of-state, for legislators to assist in economic and tourism development. He said such a system could produce many opportunities for Nevada.

Mr. Krolicki agreed with Assemblyman Conklin, saying Mr. Krolicki had already worked with most Committee members to secure foreign economic development opportunities for their districts. Mr. Krolicki praised Assemblywoman Kirkpatrick for her participation on the New Nevada Task Force. He also applauded the Governor and the Legislature for focusing their efforts to spur economic development for Nevada this legislative session. Mr. Krolicki insisted that economic development was a nonpartisan issue and hoped legislators would work together to develop an economic development model in the next 30 days.

Having no further questions from the Committee, Chairwoman Smith thanked Mr. Krolicki for his testimony.

ELECTED OFFICIALS
OFFICE OF THE GOVERNOR – (101-1000)
BUDGET PAGE ELECTED-1

Stephanie Day, Deputy Director, Budget Division, read the Office of the Governor's Mission Statement: "The Governor's Office exercises supervision over management of the departments of the executive branch, ensures that the laws of the state are faithfully executed, and endeavors to expand opportunities for all Nevadans through sound public policy to create a better Nevada."

Ms. Day said the Interim Finance Committee (IFC) approved a \$30,000 Contingency Fund allocation for the Office of the Governor, but the Governor elected to return those transitional funds to the state. Ms. Day said the \$30,000 was currently sitting in the Budget Division's budget, not the Office of the Governor's budget.

Regarding salary pay, Ms. Day said all Office of the Governor employees' salaries were being reduced by 5 percent. Per the *Nevada Constitution*, which prohibits elected officials from receiving salary adjustments during their terms in office, Ms. Day said the Governor was receiving his full salary during the 2011-2013 biennium. But, the Governor was voluntarily donating 5 percent of his salary to the Office of Veterans' Services and the Governor Guinn Millennium Scholarship Program on a biweekly basis.

Ms. Day noted that the Office of the Governor's budget approached personnel allocations differently from other budgets by recommending a lump sum of funds and leaving personnel and salary decisions to the Office's discretion rather than calculating the number of personnel by full-time equivalent position figures.

Ms. Day pointed to the Enhancement (E) 640 decision unit in the Office of the Governor's budget that would eliminate three temporary positions and associated operating costs related to the American Recovery and Reinvestment Act of 2009 (ARRA) Director's Office. Ms. Day said the ARRA funds were expiring and would no longer require administration. She said the elimination of the ARRA Director's Office reduced salaries by \$594,320 and operating costs by \$256,771 for the 2011-2013 biennium. Of the reductions from the 2009-2011 biennium, Ms. Day said \$26,126 were ongoing costs.

In response to Chairwoman Smith, who asked how ARRA expenditures would be monitored if the ARRA Director's Office and an ARRA position at the Office of the State Controller were eliminated, Ms. Day said The Executive Budget recommended creation of a grants management unit in the Department of Administration's budget that would monitor ARRA expenditures until those funds expire. Afterwards, Ms. Day said, the grants management unit would fulfill other responsibilities recommended by The Executive Budget. Ms. Day affirmed that The Executive Budget recommended eliminating the ARRA position in the Office of the State Controller's budget.

Ms. Day said *Nevada Revised Statute* (NRS) 223.050 increased the Governor's salary from \$141,000 for the 2009-2011 biennium to \$149,573 for the 2011-2013 biennium. In addition to his return of the \$30,000 Contingency Fund allocation and the Governor's donation of a 5 percent reduction of his salary, Ms. Day said the Governor has also chosen to donate this salary increase

to the Office of Veterans' Services and the Governor Guinn Millennium Scholarship Program.

For all other salaries in the Office of the Governor, taking into account a 5 percent reduction replacing the 4.6 percent furlough savings currently in effect, the total salary request was \$1,061,961 for fiscal year (FY) 2011-12, a decrease from \$1,145,603 for FY 2010-11. Ms. Day stressed that these figures did not include employee benefit costs.

The Executive Budget recommended \$27,107 in each fiscal year of the 2011-2013 biennium for in-state travel. Ms. Day said the Governor thought the previous biennium's in-state travel funds were excessive. A total of \$11,910 for each year of the 2011-2013 biennium was recommended for out-of-state travel funds consistent with the FY 2010-2011 work program level.

Ms. Day brought attention to the operating category. She said \$66,626 for FY 2011-12 and \$68,165 for FY 2012-13 were being transferred from the operating-costs category to a new category, "Department of Administration (DOA) cost allocations." Ms. Day said the operating category was also being reduced by approximately \$20,000 per fiscal year in addition to the transfer.

The Executive Budget recommended merging the Department of Administration with the Department of Information Technology and the Department of Personnel. The merger would include the renaming of the Department of Information Technology as the Division of Enterprise Information Technology Services and the Department of Personnel as the Division of Human Resource Management. Ms. Day said the DOA cost-allocations category would fund the Office of the Governor's internal services associated with these merging agencies including accounting services, personnel services, and PC/LAN Technical Support Services (PC/LAN Tech). Ms. Day said these costs were previously funded by the Budget Division's budget, but the mergers would require that these funds be placed in the Office of the Governor's budget and then transferred into the agencies' respective accounts. Ms. Day said the merger would reduce the cost allocation for PC/LAN Tech expenditures to \$15,546 and centralized personnel services to \$8,519 for the 2011-2013 biennium.

Regarding the purchasing assessment, Ms. Day said the requests for FY 2011-12 and FY 2012-13 were consistent with requests in previous fiscal years.

Ms. Day also addressed the E710 decision unit that recommended General Fund support of \$10,924 in FY 2011-12 and \$10,060 in FY 2012-13 for the

replacement of computer hardware and associated software. Ms. Day said the computers in the Governor's Office were outdated and had exceeded the Department of Information Technology's replacement schedule.

ELECTED OFFICIALS

GOVERNOR'S MANSION MAINTENANCE – (101-1001)

BUDGET PAGE ELECTED-6

Stephanie Day, Deputy Director, Budget Division, said as with the Office of the Governor's budget, the Governor's Mansion Maintenance budget approached personnel recommendations through lump-sum figures rather than by calculating full-time equivalent (FTE) position figures. Ms. Day said the Governor recommended \$131,834 in fiscal year (FY) 2011-12 and \$134,253 in FY 2012-13 for personnel expenses, which would result in a decrease from 3.16 FTE positions in the 2009-2011 biennium to 2.64 FTE positions for the 2011-2013 biennium.

Ms. Day noted that the out-of-state travel category had been reduced to \$0 for the 2011-2013 biennium from \$1,350 in the 2009-2011 biennium. In-state travel was recommended for \$7,812 in each year of the 2011-2013 biennium, a reduction from the \$10,880 legislatively approved for FY 2010-11.

Ms. Day said the operating category for the Governor's Mansion was recommended at \$38,533 in FY 2011-12, which is consistent with the operating expenditures in FY 2009-10. Ms. Day said the operating category for FY 2012-13 was recommended at \$98,917, a reduction of approximately \$14,000 from FY 2010-11. She explained that operating costs for the Governor's Mansion are higher in legislative years.

The buildings and grounds maintenance category was recommended at \$2,117 in each year of the 2011-2013 biennium. Ms. Day explained the category funded maintenance at the Governor's Mansion performed by the Buildings and Grounds Division or outside contractors.

The information services category was recommended at a total of \$7,223 for the 2011-2013 biennium, which Ms. Day said was consistent with the previous biennium's allocation of \$7,056.

Regarding the utilities category, Ms. Day said in previous biennia the Buildings and Grounds Division funded the Mansion trash service. The Enhancement 900 decision unit would transfer the Mansion's trash service expenditures to the Governor's Mansion Maintenance budget.

As with the Office of the Governor's budget, the Governor's Mansion Maintenance budget included a Department of Administration (DOA) cost-allocation category, transferred from the operating category, which would pay for personnel services and PC/LAN Technical Support Services.

In response to Assemblyman Aizley, who asked for clarification regarding the DOA cost-allocation categories in the Office of the Governor and Governor's Mansion Maintenance budgets, Ms. Day said the categories would fund expenses incurred in each respective budget. She provided the example that transactions processed for the Office of the Governor would fall under the Office of the Governor's DOA cost-allocation category while transactions processed for the Governor's Mansion would fall under the Governor's Mansion Maintenance's DOA cost-allocation category.

In response to Assemblyman Aizley, Ms. Day said the same personnel within the DOA's Administrative Services Division would be performing transactions for the Office of the Governor and the Governor's Mansion.

Having no further questions from the Assembly Ways and Means Committee, Chairwoman Smith closed the discussion on budget account 101-1001.

ELECTED OFFICIALS

GOVERNOR'S WASHINGTON OFFICE – (101-1011)

BUDGET PAGE ELECTED-10

Stephanie Day, Deputy Director, Budget Division, explained that the Governor's Washington Office monitored issues important to Nevada including health care reform, the American Recovery and Reinvestment Act of 2009 (ARRA), unused ARRA funding, transportation, transportation authorization, the REAL ID Act, federal priority assessment, and state officials serving in Washington, D.C. She said the Office also coordinated the efforts of the Governor, Nevada legislators, and agency staff at meetings with federal officials in Washington, D.C.

For each year in the 2011-2013 biennium, The Executive Budget recommended funding for the Office at \$247,079, the same level approved for each year in the 2009-2011 biennium.

In response to Chairwoman Smith, Ms. Day said a paid internship position at the Office was being eliminated.

Rick Combs, Assembly Fiscal Analyst, concurred with Ms. Day, saying the Office felt they could no longer fund an internship position. Mr. Combs said there was the possibility of creating an unpaid internship position.

Having no further questions from the Assembly Ways and Means Committee, Chairwoman Smith closed the discussion on Budget Account 101-1011.

ELECTED OFFICIALS

STATE FISCAL STABILIZATION ACCOUNT – (101-1007)

BUDGET PAGE ELECTED-12

Deputy Budget Director Stephanie Day said budget account 101-1007 related to American Recovery and Reinvestment Act of 2009 (ARRA) funds, Ed Jobs funds, and State Fiscal Stabilization funds. The Executive Budget recommended \$0 for this account for the 2011-2013 biennium.

Having no questions from the Assembly Ways and Means Committee, Chairwoman Smith closed the discussion on budget account 101-1007.

Chairwoman Smith told Committee members that when they reviewed their budget highlight documents, they should also refer to the budgets on their computers. She reminded the Committee that paper copies of the budgets being discussed were available in binders in the Committee room.

Assembly Fiscal Analyst Rick Combs told the Committee there would be a joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance the next day. Mr. Combs said the meeting's agenda included an overview of the budgets from the Department of Administration, the State Department of Agriculture, the Department of Cultural Affairs, and the Department of Wildlife.

With no further questions or comments to come before the Committee, Chairwoman Smith adjourned the meeting at 11:18 a.m.

RESPECTFULLY SUBMITTED:

Jordan Butler
Committee Secretary

APPROVED BY:



Assemblywoman Debbie Smith, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: February 8, 2011

Time of Meeting: 9:37 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Chairwoman Smith	Standing Policies of the Assembly Committee on Ways and Means