

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

**Seventy-Sixth Session
April 14, 2011**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on General Government was called to order by Chair Marcus Conklin at 8:20 a.m. on Thursday, April 14, 2011, in Room 2134 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/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 SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Marcus Conklin, Chair
Assemblyman Paul Aizley, Vice Chair
Assemblyman Kelvin Atkinson
Assemblyman Tom Grady
Assemblyman Randy Kirner
Assemblyman John Ocegüera

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Moises (Mo) Denis, Chair
Senator Ben Kieckhefer
Senator Dean A. Rhoads

SUBCOMMITTEE MEMBERS EXCUSED:

Senator David Parks

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Sarah Coffman, Program Analyst
Wayne Thorley, Program Analyst
Sherie Silva, Committee Secretary
Cynthia Wyett, Committee Assistant

Chair Conklin announced the agenda involved budget closings for the Department of Personnel, the Judicial Branch, and the Department of Business and Industry.

FINANCE AND ADMINISTRATION

DEPARTMENT OF ADMINISTRATION

ADMINISTRATION—HRM—UNEMPLOYMENT COMPENSATION (101-1339)

BUDGET PAGE ADMIN-186

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained the state Unemployment Compensation Fund provided unemployment benefits to former state employees of agencies that contributed to the fund. The Governor recommended an increase in the unemployment assessment rate from its current rate of 0.25 percent of employee gross salaries to 0.38 percent in each year of the biennium.

Ms. Coffman said the rate had been adjusted to account for all statewide layoffs proposed by the Governor. She pointed out that The Executive Budget reflected a reserve balance sufficient to cover approximately two quarters worth of unemployment benefits at the end of fiscal year 2013.

Ms. Coffman stated there were no major issues in the account, and staff recommended the account be closed as recommended by the Governor.

ASSEMBLYMAN OCEGUERA MOVED THE BUDGET BE CLOSED
AS RECOMMENDED BY THE GOVERNOR.

SENATOR DENIS SECONDED THE MOTION.

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

LEGISLATIVE—JUDICIAL
JUDICIAL BRANCH
JUDICIAL BRANCH OVERVIEW

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the Judicial Branch General Fund appropriation, when compared to the legislatively approved budget for the current biennium, was increased by approximately 11.4 percent. However, there were a number of accounts over which the Judicial Branch did not have control, including the District Judges' Salary Account and the Judicial Retirement System, which were set by statute. When those accounts were excluded, there were five remaining accounts for which the Judicial Branch had control over General Fund expenditures. The Judicial Branch's 2011-2013 budget request reduced General Fund appropriations by \$3.24 million, or 19.1 percent, compared to the legislatively approved budget for the 2009-2011 biennium.

Mr. Thorley explained that comparing the General Fund appropriations in the two bienniums was not straightforward because of a number of issues. Once Fiscal staff made adjustments between the bienniums to make them comparable, the Judicial Branch's budget request for the 2011-2013 biennium decreased General Fund appropriations by approximately 11.5 percent (\$1.8 million) when compared to the amount approved for the 2009-2011 biennium.

Mr. Thorley said there were two major closing issues that affected the entire Judicial Branch.

1. Court Administrative Assessment Revenues. Mr. Thorley reminded the Subcommittee that administrative assessment revenue funded the Administrative Office of the Courts, the Uniform System of Judicial Records, and two-thirds of the Supreme Court's expenditures. It was an important revenue stream for the Judicial Branch.

Mr. Thorley reviewed a comparison of administrative assessment revenue approved by the Legislature for the 2009-2011 biennium to the Governor's recommendation for the 2011-2013 biennium. Overall, administrative assessment revenue was projected to decrease by approximately 12.3 percent from the 2009-2011 biennium to the amount recommended for the 2011-2013 biennium in The Executive Budget. Mr. Thorley noted that in the current biennium, administrative assessment revenue had decreased significantly compared to what was legislatively approved. Actual

administrative assessment revenue collections for fiscal year (FY) 2010 were approximately 3.8 percent below what was approved for the same fiscal year. In FY 2011, administrative assessment revenue had continued to decline. If receipts collected to date were annualized, FY 2011 administrative assessment revenue was projected to be approximately \$14.6 million, which was a 7.3 percent decrease from FY 2010.

Continuing, Mr. Thorley said the Judicial Branch recommended administrative assessment revenue of \$14.9 million for each year in the upcoming biennium. However, when the request was submitted, it was submitted based on FY 2011 projected revenue also being \$14.9 million, resulting in a flat projection over the 2011-2013 biennium. Since the end of the fiscal year was near and new information had been received, the Judicial Branch was projecting that the FY 2011 revenue would not meet the original projection, and Fiscal staff agreed. As a result, the revenue recommended in The Executive Budget was likely too high compared to the projected amount.

Mr. Thorley said Fiscal staff had prepared two options for the Subcommittee that would decrease administrative assessment revenue authorized for the Judicial Branch over the upcoming biennium:

- Reduce the recommended administrative assessment revenue by 6 percent below the FY 2010 actual amount, which would result in revenue of approximately \$14.8 million in each year of the 2011-2013 biennium.
- Reduce administrative assessment revenue by 7 percent below the FY 2010 actual amount, which would result in revenue of approximately \$14.6 million in each year of the 2011-2013 biennium.

Mr. Thorley pointed out when the Judicial Branch prepared its budget, administrative assessment revenue was budgeted first, the expenditures were subtracted, and the difference was requested to be funded with General Fund appropriations. As a result, if the recommended level of administrative assessment revenue was decreased in The Executive Budget, the Judicial Branch would request an increase in General Fund to offset the decrease.

Mr. Thorley said Fiscal staff had prepared two scenarios and their effect on the General Fund request for the Judicial Branch and reserves:

- A 6 percent decrease from FY 2010 actual receipts would result in an increase in the General Fund request of \$161,934 over the biennium.
- A 7 percent decrease from FY 2010 actual receipts would result in a \$323,872 increase in the General Fund request over the 2011-2013 biennium.

Mr. Thorley proposed three options for consideration by the Subcommittee:

- Close the Judicial Branch accounts with administrative assessment revenue as recommended in The Executive Budget (\$14.94 million in each year of the 2011-2013 biennium).
- Close the Judicial Branch accounts with administrative assessment revenue 1 percent below the amount recommended in The Executive Budget (\$14.78 million in each year of the 2011-2013 biennium). The recommendation would require additional General Funds of \$161,934 over the 2011-2013 biennium.
- Close the Judicial Branch accounts with administrative revenue 2 percent below the amount recommended in The Executive Budget (\$14.62 million in each year of the 2011-2013 biennium). This recommendation would require additional General Funds of \$323,872 over the 2011-2013 biennium.

Chair Conklin clarified the options before the Subcommittee:

- Close the budget as recommended in The Executive Budget.
- Add back 1 percent and reduce the actual expected administrative assessment revenue by 1 percent.
- Add back 2 percent and reduce the actual expected administrative revenue by 2 percent.

Chair Conklin said he had lengthy discussions with staff at the Supreme Court and the Fiscal Division and, from his perspective, he tended to favor the third option because fees were in decline and the agency could have a substantial budget shortage if the problem was not adequately addressed.

Senator Kieckhefer noted Fiscal staff had suggested offsetting the decrease in projected administrative assessments with a combination of General Fund and reserve. He asked what reserve levels would remain and whether the amount of General Fund could be decreased if it was being used to backfill with additional money taken out of reserve.

Mr. Thorley replied the accounts in the Judicial Branch that received General Fund appropriations did not have a reserve category. Excess funds were not balanced forward: they reverted to the General Fund. He said there were a number of accounts that received administrative assessment revenue as their primary funding source, and excess amounts from those accounts were balanced forward. He recalled that during the Joint Subcommittee budget hearing, the Judicial Branch had testified that in the majority of accounts that received administrative assessment revenue as their primary funding source, The Executive Budget recommended a 60-day reserve level at the end of fiscal year 2013, which the Judicial Branch had indicated would be sufficient for its needs.

Mr. Thorley said reserve levels were decreasing in The Executive Budget from what they were predicted to be over the upcoming biennium, and the decreases would have an effect on the reserve projections and could possibly drop the balances below the 60-day expenditure level.

Senator Kieckhefer said he did not want the reserve levels to be decreased so low that they would serve no purpose.

SENATOR DENIS MOVED FOR APPROVAL OF OPTION 3.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

Senator Kieckhefer affirmed the projected administrative assessments were approximately \$14.9 million for each year of the biennium and remained flat from fiscal year 2011. He asked what the actual fiscal year assessments were anticipated to be at this point.

Mr. Thorley replied administrative assessment revenue projections for fiscal year 2011, based on what the courts had received to date and annualized through the end of the fiscal year, were approximately \$14.6 million, or 2.4 percent less than the previous projection.

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

Mr. Thorley moved to the second major closing issue for the Judicial Branch.

2. Employee Salary Reductions and Suspended Longevity Pay and Merit Increases. Mr. Thorley stated the budget request submitted by the Judicial Branch did not include the 5 percent salary reduction decision unit or the suspended longevity pay and merit increases, which were decision units included in The Executive Budget for all Executive Branch agencies. He recalled that when asked by the Joint Subcommittee why the decision units were not included, the Judicial Branch had indicated that doing so would negatively impact its ability to retain and recruit qualified employees, and that as a separate branch of government, the Judicial Branch developed its own policies governing its employees.

Mr. Thorley said the Fiscal Analysis Division had performed an analysis of the savings that would result if a 5 percent salary reduction and suspension of longevity pay and merit increases were imposed throughout the Judicial Branch budgets.

- The 5 percent salary reduction would realize approximately \$1.4 million in savings over the upcoming biennium, and of that total, General Fund savings would be approximately \$752,600.
- Suspension of longevity pay would provide savings of approximately \$69,000 over the upcoming biennium, with \$37,800 in savings for the General Fund. Staff was currently working on an analysis of savings if merit increases were suspended. However, the 2009 Legislature suspended merit pay for the Judicial Branch and, based on those savings approved in the 2009 Session, Mr. Thorley was confident the savings for the upcoming biennium would be similar. The suspended merit pay over the 2009-2011 biennium resulted in a savings of \$258,012, with \$75,000 being General Fund savings. Mr. Thorley said in total, the 5 percent salary reduction and the suspended longevity and merit increases would provide General Fund savings of approximately \$865,400 over the upcoming biennium.

Mr. Thorley explained that if the Subcommittee chose to impose a 5 percent salary reduction and suspension of longevity and merit pay for Judicial Branch employees, excluding the Supreme Court Justices and the District Court

Judges, the savings could be used to offset General Fund increases and reserve reductions that would be created by the Subcommittee's previous approval of option 3 for administrative assessment revenue.

Mr. Thorley asked whether the Subcommittee wished to approve the same reductions for employee salaries and merit and longevity pay, other than for the Supreme Court Justices and the District Court Judges, as those that were approved for Executive Branch employees.

Senator Denis stated he believed it was important to make the 5 percent salary reductions equal among all employees: it was the right thing to do.

Assemblyman Kirner recalled that one reason the Judicial Branch had argued against taking the 5 percent salary reduction was that employees were lost to other divisions and departments of the state. He observed the rest of the departments in state government were taking a 5 percent salary reduction, and if the Judicial Branch took a 5 percent salary reduction, its employees would still be on the same relative level as they were before. He concurred with Senator Denis's opinion.

SENATOR DENIS MOVED FOR APPROVAL TO IMPOSE THE 5 PERCENT SALARY REDUCTION AND LONGEVITY AND MERIT PAY SUSPENSIONS ON THE JUDICIAL BRANCH EMPLOYEES, EXCLUDING THE SUPREME COURT JUSTICES AND DISTRICT COURT JUDGES.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

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

Chair Conklin clarified that the reason the Subcommittee voted to impose the salary reductions was to treat everyone fairly across the board. If for some reason the salary reduction plan was changed in the final budget, he asked whether it would be the intention of the Subcommittee that the change would also apply to budgets that had been closed. The Subcommittee members concurred with the Chair's statement.

JUDICIAL BRANCH

SUPREME COURT (101-1494)

BUDGET PAGE JUDICIAL-1

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained there was one major closing issue for budget account (BA) 1494.

The Judicial Branch recommended transferring the seven Supreme Court Justice positions to the District Judges' Salary Account (BA 1490) and renaming it the "State Judicial Elected Officials." The recommendation would transfer General Funds of \$1.83 million in fiscal year (FY) 2012 and \$1.86 million in FY 2013, the amounts required to pay Justices' salaries and benefits, to the District Judges' Salary Account. He noted the recommendation was revenue and budget neutral. All other costs associated with the Supreme Court Justices (e.g., travel, rent, and state assessments) would remain in the Supreme Court account.

Mr. Thorley recalled that during the Joint Subcommittee budget hearing, the Judicial Branch had testified that moving the Supreme Court Justices to the District Judges' Salary Account would ensure that their salaries would be held harmless should the Subcommittee or a future Legislature impose budget reductions in the Supreme Court budget account. The *Nevada Constitution* stated the salaries of state judicial elected officials could not be reduced during their term of office. The Judicial Branch maintained that past General Fund appropriation reductions in the Supreme Court account had not considered that a portion of the General Funds supported the Justices' salaries, which could not be reduced. As a result, the Judicial Branch indicated the Supreme Court's operating budget had to be excessively reduced.

Continuing, Mr. Thorley said the Judicial Branch had also indicated that the budget account was currently experiencing cash-flow concerns because two-thirds of the account expenditures were funded with administrative assessment revenue, which was collected throughout the year and not available at the beginning of the fiscal year. He noted the transfer of the Justices' salaries would result in approximately 66 percent of expenditures from the account being funded with administrative assessment revenue, which would worsen the cash-flow concerns.

Mr. Thorley went on to explain that *Nevada Revised Statutes* (NRS) 3.030 currently stated that the salaries for District Court Judges must be paid out of

the District Judges' Salary Account. If the Subcommittee approved the recommendation to rename the account the State Judicial Elected Officials Account, legislation would be required to amend the language in NRS 3.030.

The question before the Subcommittee, Mr. Thorley stated, was whether to approve the transfer of the seven Supreme Court Justices and associated salary and benefit expenses from this account to the District Judges' Salary Account and to rename the District Judges' Salary Account the State Judicial Elected Officials Account, as recommended in The Executive Budget.

Chair Conklin observed that by moving the Supreme Court Justices to the District Court Judges' Salary Account, there could potentially be a greater cash-flow problem because of the method and timing of the collection of the assessment fees. He wanted to ensure that the agency anticipated and could cover the account's volatility.

Deanna Bjork, Manager of Budgets, Administrative Office of the Courts (AOC), replied the cash-flow issue would exist whether or not the salaries were transferred. A cash-flow problem could be covered by delaying payment of certain internal service fund billing claims. She said an example would be state-owned building rent, which was the major expenditure from the account and was normally due at the beginning of or midway through the quarter. Ms. Bjork said if the account was in a cash-flow shortage situation, she would withhold payment of the rent until the end of the quarter.

Chair Conklin asked if the practice was common, and Ms. Bjork replied that in 2010 the state building rent claim was held until the end of July.

ASSEMBLYMAN KIRNER MOVED TO TRANSFER THE SEVEN
SUPREME COURT JUSTICES AND ASSOCIATED SALARY AND
BENEFIT EXPENSES TO THE DISTRICT JUDGES' SALARY
ACCOUNT AND TO RENAME THE DISTRICT JUDGES' SALARY
ACCOUNT THE STATE JUDICIAL ELECTED OFFICIALS ACCOUNT.

SENATOR DENIS SECONDED THE MOTION.

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

Mr. Thorley reviewed other closing items for BA 1494 for the Subcommittee's information:

- The Executive Budget recommended suspending funding for one vacant judicial chambers administrator position for the 2011-2013 biennium, providing General Fund savings of \$189,824 over the biennium. The position was not recommended for elimination: it would be held vacant for the 2011-2013 biennium.
- The Judicial Branch recommended General Fund appropriations of \$129,478 over the 2011-2013 biennium for replacement computer equipment. The recommendation appeared reasonable to staff.
- The Judicial Branch submitted Budget Amendment 273 that increased funding for a maintenance agreement for the Supreme Court's case management system by 5 percent, or \$7,556, in FY 2013. The budget amendment appeared reasonable to Fiscal staff, and the change was reflected in the closing sheet.

SENATOR DENIS MOVED TO APPROVE ALL OTHER BUDGET ACCOUNT 1494 CLOSING ITEMS AND PROVIDE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

Assemblyman Kirner asked for clarification of the first item which suspended funding for the judicial chambers administration position that was recommended to be held vacant rather than eliminated.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that this recommendation would not be included in most accounts in The Executive Budget. However, the Supreme Court was a separate branch of government and as such had the authority to fill vacant positions as needed. He said the position would still be authorized since it was not eliminated, and the Supreme Court could fill it at any time funding was available.

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

JUDICIAL BRANCH

STATE JUDICIAL ELECTED OFFICIALS (101-1490)

BUDGET PAGE JUDICIAL-5

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted the account was previously named the District Judges' Salary Account. He stated the budget account was not heard previously in the Joint Subcommittee budget hearing, but there were no major closing items. He reviewed other closing items:

- Decision unit Enhancement (E) 900 transferred the seven Supreme Court Justices' salaries and benefits from the Supreme Court account to the State Judicial Elected Officials account. Mr. Thorley said because the Subcommittee had approved the transfer, it should approve decision unit E900 also.
- Mr. Thorley explained Budget Amendment 274 had been submitted which reduced the salary of a District Court Judge in the Fifth Judicial District and corrected an error in the salary of a judge in the Eighth Judicial District. The budget amendment would provide General Fund savings of \$44,109 in fiscal year (FY) 2012 and \$42,957 in FY 2013. Staff recommended approval of the budget amendment.

ASSEMBLYMAN KIRNER MOVED TO CLOSE BUDGET ACCOUNT 1490, STATE JUDICIAL ELECTED OFFICIALS, AS RECOMMENDED IN THE EXECUTIVE BUDGET, INCLUDING ALL OTHER ITEMS WITH TECHNICAL ADJUSTMENTS MADE BY FISCAL STAFF PURSUANT TO BUDGET AMENDMENT 274.

SENATOR DENIS SECONDED THE MOTION.

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

JUDICIAL BRANCH

JUDICIAL SELECTION (101-1498)

BUDGET PAGE JUDICIAL-8

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the budget account was not heard previously in the

Joint Subcommittee budget hearing, but there were no major closing items. He reviewed other closing items:

- Decision unit Enhancement (E) 430 requested General Fund appropriations of \$17,978 in each year of the 2011-2013 biennium to fund two judicial selection processes each year. The recommendation appeared reasonable to Fiscal staff.
- Decision unit E660 requested reduction of the Commission on Judicial Selection's funding request in decision unit E430 by 10 percent in each year of the biennium, providing General Fund savings of \$1,798 in each year of the 2011-2013 biennium. The recommendation appeared reasonable to Fiscal staff.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 1498, JUDICIAL SELECTION, AS RECOMMENDED IN THE EXECUTIVE BUDGET, INCLUDING ALL OTHER ITEMS WITH TECHNICAL ADJUSTMENTS MADE BY FISCAL STAFF.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

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

JUDICIAL BRANCH
SENIOR JUSTICE & SENIOR JUDGE PROGRAM (101-1496)
BUDGET PAGE JUDICIAL-10

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing items in the Senior Justice and Senior Judge Program. He noted the only other closing item was a General Fund appropriation of \$1,082 in fiscal year 2012 for the replacement of one desktop computer. The recommendation appeared reasonable to Fiscal staff.

ASSEMBLYMAN GRADY MOVED TO CLOSE BUDGET ACCOUNT 1496, SENIOR JUSTICE AND SENIOR JUDGE PROGRAM, AS RECOMMENDED IN THE EXECUTIVE BUDGET, INCLUDING OTHER CLOSING ITEMS WITH TECHNICAL ADJUSTMENTS MADE BY FISCAL STAFF.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

JUDICIAL BRANCH
LAW LIBRARY (101-2889)
BUDGET PAGE JUDICIAL-14

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing items in the account. He noted that The Executive Budget recommended General Fund appropriations of \$1.65 million in fiscal year (FY) 2012 and \$1.68 million in FY 2013, which was an increase of 1 percent and 3 percent, respectively, from the actual FY 2010 appropriation of \$1.63 million.

ASSEMBLYMAN KIRNER MOVED TO CLOSE BUDGET ACCOUNT 2889, LAW LIBRARY, AS RECOMMENDED IN THE EXECUTIVE BUDGET.

SENATOR DENIS SECONDED THE MOTION.

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

JUDICIAL BRANCH
ADMINISTRATIVE OFFICE OF THE COURTS (101-1483)
BUDGET PAGE JUDICIAL-17

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were two major closing issues in the account:

1. Information Technology Improvements. Mr. Thorley explained that in decision units Enhancement (E) 438 through E442, the Judicial Branch recommended reserve reductions totaling \$188,766 over the 2011-2013 biennium for five information technology related enhancements:

- E438 recommended reserve reductions of \$104,348 in fiscal year (FY) 2013 to provide off-site virtualization of application servers to increase disaster recovery capabilities.

- E439 recommended a reserve reduction of \$29,530 in FY 2012 to upgrade the Judicial Branch's human resources, payroll, and employee management software.
- E440 recommended a reserve reduction of \$10,000 in each year of the 2011-2013 biennium to purchase web security and filtering software.
- E441 recommended a reserve reduction of \$4,750 in FY 2012 and \$4,250 in FY 2013 to replace the Judicial Branch's current employee evaluation software.
- E442 recommended a reserve reduction of \$25,888 in FY 2012 to purchase Microsoft SharePoint collaboration, file sharing, and web publishing software.

Based on the information provided by the Judicial Branch, Mr. Thorley said the five technology recommendations appeared reasonable to Fiscal staff.

Chair Conklin agreed the requests appeared reasonable, but he was concerned with the amount of reserves being taken from the account. However, he believed there were reserves in other accounts that could replace reserves in this account if needed at a later time without affecting the General Fund.

Senator Denis acknowledged there was reason for concern, but he had analyzed and questioned the requests thoroughly and felt they were necessary to keep the Judicial Branch technology current.

Assemblyman Kirner noted there were a number of software programs in the requests, and he asked whether there was any synergy elsewhere in the state as opposed to upgrading specific software.

Senator Denis responded he was confident the Judicial Branch was accessing the collaboration and contracts the state had with software vendors to receive the best prices possible.

SENATOR DENIS MOVED TO APPROVE DECISION UNITS E438 THROUGH E442, WHICH WOULD PROVIDE FUNDING FROM RESERVE REDUCTIONS FOR INFORMATION TECHNOLOGY IMPROVEMENTS, AS RECOMMENDED IN THE EXECUTIVE BUDGET.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

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

2. Decreasing Reserves. The second major closing item, Mr. Thorley continued, concerned decreasing reserve levels. The Judicial Branch recommended reserve levels in the Administrative Office of the Courts (AOC) account of \$1.3 million in FY 2012 and \$849,448 in FY 2013, which was a decrease of 20 percent and 47 percent, respectively, when compared to the actual FY 2010 reserve level of \$1.6 million. He recalled that during the Joint Subcommittee budget hearing, the Judicial Branch indicated that recommended reserve levels in The Executive Budget were adequate to fund two months of operating costs, and it was comfortable with those levels.

Mr. Thorley went on to explain the only other closing item related to decision unit E710, which recommended reserve reductions of \$25,419 in FY 2012 and \$24,210 in FY 2013 for replacement computer equipment. The recommendation appeared reasonable to Fiscal staff.

SENATOR DENIS MOVED TO APPROVE DECISION UNIT E710 AS RECOMMENDED IN THE EXECUTIVE BUDGET.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

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

JUDICIAL BRANCH

JUDICIAL PROGRAMS AND SERVICES DIVISION (101-1484)

BUDGET PAGE JUDICIAL-23

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in the account. Other closing items included:

- Savings from Planned Position Vacancy. The Executive Budget recommended suspending funding for one vacant court research analyst position for the 2011-2013 biennium, providing General Fund savings of \$117,703 over the biennium. The position was not recommended for elimination: it would be held vacant for the 2011-2013 biennium.

- Replacement Equipment. The Judicial Branch recommended funding of \$5,830 over the 2011-2013 biennium (\$3,997 in General Funds) for replacement computer equipment. The recommendation appeared reasonable to Fiscal Staff.

ASSEMBLYMAN KIRNER MOVED TO APPROVE BUDGET ACCOUNT 1484 AND OTHER CLOSING ITEMS AS RECOMMENDED IN THE EXECUTIVE BUDGET.

SENATOR DENIS SECONDED THE MOTION.

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

JUDICIAL BRANCH
UNIFORM SYSTEM OF JUDICIAL RECORDS (101-1486)
BUDGET PAGE JUDICIAL-27

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were two major closing issues in the account:

1. Information Technology Improvements. The Judicial Branch recommended reserve reductions totaling \$596,533 over the 2011-2013 biennium for six information technology related enhancements as follows:

- Enhancement (E) 433 recommended reserve reductions of \$25,000 in each year of the 2011-2013 biennium for a contract with a vendor to develop reports for the Uniform System of Judicial Records Phase II family, juvenile, and criminal reporting requirements to be in compliance with mandatory statistical reporting requirements of trial courts.
- E434 recommended reserve reductions of \$469,329 over the 2011-2013 biennium to fund the costs associated with the replacement of the case management system sponsored by the Administrative Office of the Courts (AOC). Of the total, \$250,000 would be transferred to a special reserve category in budget account (BA) 1486 to purchase a replacement case management system in the 2013-2015 biennium, and \$200,000 would fund vendor expenses needed to develop system requirements and an associated request for proposal to be issued by the end of fiscal year (FY) 2013.

- E435 recommended reserve reductions of \$8,214 in FY 2012 to upgrade the current client-server version of the AOC-sponsored case management system to incorporate software enhancements to allow for longer retention of the existing system until its replacement.
- E436 recommended reserve reductions of \$15,000 in each year of the 2011-2013 biennium to increase the funding available for judicial technology grants from \$85,000 to \$100,000 in each year of the biennium. The grants were given to trial courts to allow them to manage their projects independently from the AOC.
- E437 recommended reserve reductions of \$16,995 in each year of the 2011-2013 biennium to fund the conversion of action codes in the case management system from the *Nevada Revised Statutes* or local codes to Nevada Offense Codes to facilitate electronic information exchanges with law enforcement agencies and the Department of Motor Vehicles.
- E439 recommended reserve reductions of \$5,000 in FY 2012 to fund the conversion of certain Judicial Branch applications to Microsoft Access.

Mr. Thorley stated the six decision units appeared reasonable to Fiscal staff.

Chair Conklin remarked the first motion was for approval of \$175,000 in reserve reductions, and this motion would involve another \$596,000 reduction.

ASSEMBLYMAN KIRNER MOVED TO APPROVE DECISION UNITS E433, E434, E435, E436, E437 AND E439 TO PROVIDE INFORMATION TECHNOLOGY IMPROVEMENTS FROM RESERVE REDUCTIONS AS RECOMMENDED IN THE EXECUTIVE BUDGET.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

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

2. Decreasing Reserves. Mr. Thorley stated the Judicial Branch recommended reserve levels of \$664,726 in FY 2012 and \$331,603 in FY 2013 in the General Reserve category, which was a decrease of 29.1 percent and 64.6 percent, respectively, when compared to the FY 2011 reserve level of \$937,563. The Judicial Branch had indicated the recommended levels were

sufficient to fund approximately 60 days worth of expenditures, and it was comfortable with the recommended reserve levels.

Mr. Thorley stated the final closing item involved decision unit Enhancement (E) 710, which reduced reserve levels by \$22,472 in FY 2012 and \$14,073 in FY 2013 for replacement computer hardware and software. He said the recommendation appeared reasonable.

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E710
AS RECOMMENDED IN THE EXECUTIVE BUDGET.

SENATOR DENIS SECONDED THE MOTION.

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

JUDICIAL BRANCH
JUDICIAL EDUCATION (101-1487)
BUDGET PAGE JUDICIAL-34

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in the account. He then reviewed other closing items:

- Mr. Thorley noted that the Judicial Branch recommended reserve levels of \$397,021 in fiscal year (FY) 2012 and \$186,038 in FY 2013, which was a decrease of 50.4 percent and 76.7 percent, respectively, when compared to the FY 2011 work program reserve level of \$799,644.

Mr. Thorley recalled the Judicial Branch had previously testified that the budgeted reserves for FY 2013 were enough to cover two months of operating expenses and were adequate for the account. The reserve levels appeared to be reasonable to Fiscal staff.

- Mr. Thorley said that historically each individual Judicial Branch account budgeted for training expenses. Beginning in FY 2011, however, the Judicial Branch began budgeting for training-related expenditures for all Judicial Branch accounts in the Judicial Education account. The recommendation increased the base Supreme Court and the Administrative Office of the Court's (AOC) education expenditure category in the Judicial Education account from \$40,638 in FY 2010 to

\$165,079 in each year of the 2011-2013 biennium. The Judicial Branch indicated the recommendation would reduce the need for General Fund appropriations in accounts supported by the General Fund. Mr. Thorley said the recommendation appeared reasonable to Fiscal staff.

- Enhancement (E) 438 recommended reserve reductions of \$9,260 in FY 2012 and \$600 in FY 2013 to upgrade the Judicial Education program's Meetingtrak software to allow for online registration of classes.
- E439 recommended reserve reductions of \$15,000 in FY 2012 to fund Microsoft Office 2007 training classes for Supreme Court and AOC employees.
- E444 recommended reserve reductions of \$11,426 in FY 2012 and \$16,911 in FY 2013 to fund the research, development, and delivery of distance education programs for judges, court administrators, and trial court staff throughout the state.
- E710 recommended reserve reductions of \$2,042 in FY 2012 and \$1,833 in FY 2013 for replacement computer equipment.

Mr. Thorley indicated the other closing items appeared reasonable to Fiscal staff.

Assemblyman Kirner observed that there appeared to be extensive computer and system upgrading in the Judicial Branch accounts. He assumed the upgrades would be reflected in the performance indicators elsewhere in the budget and that efficiencies would result from the upgrades.

Chair Conklin remarked the Supreme Court was one of the leanest court operations in the country. Nevada had no appellate court, so all appeals went to one body, and there was really no choice but to constantly upgrade the technology and efficiency, which probably was not at the pinnacle even now. He said court cases did not diminish—they only grew—but the court did not necessarily grow. The only manner in which to handle the growth was through the advancement and efficiency of technology.

Senator Denis added efficiency or more productivity may not be evident, but if upgrades were not provided, a decrease in efficiency and productivity would definitely result.

Assemblyman Kirner understood, and he recognized Nevada was not the wealthiest state in terms of how the system was funded. He supported the technological advances.

Chair Conklin added the technology upgrades were funded by court assessment fees and did not involve General Fund money.

ASSEMBLYMAN KIRNER MOVED TO CLOSE THE JUDICIAL EDUCATION ACCOUNT AS RECOMMENDED IN THE EXECUTIVE BUDGET.

SENATOR DENIS SECONDED THE MOTION.

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

JUDICIAL BRANCH
SPECIALTY COURT (101-1495)
BUDGET PAGE JUDICIAL-40

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in the account. Under other closing items, Mr. Thorley reported that at the December 2010 meeting of the Specialty Court Funding Committee, the Committee approved a 20 percent reduction in funding distributed to Specialty Court programs throughout the state. The reduction was reflected in the Specialty Court's base budget for the 2011-2013 biennium. Mr. Thorley stated the recommendation appeared reasonable to Fiscal staff.

SENATOR RHOADS MOVED TO CLOSE THE SPECIALTY COURT ACCOUNT AS RECOMMENDED IN THE EXECUTIVE BUDGET.

SENATOR DENIS SECONDED THE MOTION.

Assemblyman Aizley asked whether the caseloads in the Specialty Court were increasing or decreasing. He had heard good things about the Specialty Courts.

Robin Sweet, Interim Court Administrator and Director of the Administrative Office of the Courts (AOC), testified the Specialty Court caseload was relatively flat. Funding was an important element when determining how many individuals could be accepted into the programs around the state.

Assemblyman Aizley asked whether operation of the Specialty Courts would be hampered with the budget reductions.

Ms. Sweet replied the Specialty Courts were doing the best they could. She said some areas would be hampered: mental health courts were a huge issue, and any decrease in funding would affect their successful operation.

Mr. Thorley recalled that during the Joint Subcommittee hearing, the Judicial Branch had testified that if administrative assessment revenue came in above what was budgeted, additional funding would be added to the Specialty Courts as it became available.

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

JUDICIAL BRANCH
FORECLOSURE MEDIATION PROGRAM (101-1492)
BUDGET PAGE JUDICIAL-43

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the Foreclosure Mediation Program was a new budget account that was approved by the 2009 Legislature. The budget was funded primarily by a portion of notice of default and election to sell fees. Pursuant to *Nevada Revised Statutes* (NRS) 107.080, the county recorder collected a \$200 fee, of which \$150 was deposited to the State General Fund and \$50 was deposited to the Account for Foreclosure Mediation to support the foreclosure mediation program. Mr. Thorley said the program also collected a \$400 mediation service fee, which was shared equally by the homeowner requesting mediation and the lender. He explained the mediation fee money was used to pay for the services of a mediator, and the operating expenditures of the program were paid with the \$50 notice of default fee.

Mr. Thorley explained the Foreclosure Mediation Program had two reserve categories. The first was for ongoing mediations for which a mediation service fee was collected but the actual mediation process was not concluded at the end of the fiscal year. Funds in the reserve account were used to conclude the mediation process in the subsequent fiscal year.

The second reserve category, Mr. Thorley continued, was for notice of default fees collected beyond what the Foreclosure Mediation Program required to operate. Funding in this reserve would balance forward to cover the program's

operating expenses until sufficient notice of default fees could be collected for operating expenses in the next fiscal year. The Judicial Branch recommended notice of default fee reserves of \$3.1 million in fiscal year (FY) 2012 and \$3.5 million in FY 2013, an increase of 21 percent and 36.2 percent, respectively, when compared to the FY 2011 work program reserve level of \$2.6 million.

Assuming average monthly Foreclosure Mediation Program expenditures over a fiscal year (not including mediation service expenditures funded by the mediation service fees) of approximately \$200,000, Mr. Thorley reported the projected reserve level in FY 2013 would allow the program to continue for 17.5 months. He noted the typical reserve level for a state agency was approximately three months. A three-month reserve level for the Foreclosure Mediation Program would be approximately \$600,000 and a six-month reserve level would be approximately \$1.2 million. Mr. Thorley noted that notice of default fee revenue was trending downward. In February 2011, receipts were the lowest since the program began in FY 2010.

Mr. Thorley reviewed three options for the Subcommittee to consider regarding reserve levels in the account.

- Close the Foreclosure Mediation Program budget as recommended in The Executive Budget.
- Close the Foreclosure Mediation Program budget with projected beginning cash in FY 2012 of \$600,000 ((three months of operating expenses) and direct the difference of approximately \$2 million to increase General Fund appropriations in other Judicial Branch accounts or other accounts in The Executive Budget.
- Close the Foreclosure Mediation Program budget with projected beginning cash in FY 2012 of \$1.2 million (six months of operating expenses) and direct the difference of \$1.4 million to increase General Fund appropriations in other Judicial Branch accounts or other accounts in The Executive Budget.

Mr. Thorley also noted that Assembly Bill 259, which was recently passed out of the Assembly Committee on Judiciary, proposed to reduce the notice of default fee from \$50 to \$40. Based on an analysis by the Judicial Branch, passage of A.B. 259 would reduce projected reserves at the end of FY 2013 by approximately \$1 million.

Fiscal staff had also conducted an analysis on the effect that passage of A.B. 259 would have on notice of default fees collected. Mr. Thorley said that in The Executive Budget, notice of default fee revenue in FY 2012 was recommended at \$2.9 million and in FY 2013 at \$2.8 million. Yearly expenditures for the program were approximately \$2.4 million. If the bill passed and the fee was reduced to \$40, Mr. Thorley reported the adjusted FY 2012 fee revenue would be \$2.3 million and FY 2013 would be \$2.2 million, which in both years was less than what was required to fund the program. He noted the analysis did not take into account the continued decline in notice of default revenue.

Chair Conklin remarked there were numerous bills being considered that would affect the program's funding. From his perspective, there had been a lot of sweeping of reserves to meet other budget obligations, but the Foreclosure Mediation Program reserve was in excess. He thought allowing the Judicial Branch to use the excess reserves to backfill other areas in its budget might be beneficial toward keeping it financially sound through the budget crisis.

Chair Conklin asked whether the Subcommittee wanted to take money from the reserve account and allow the Judicial Branch staff to determine what budget areas could be filled with it. He wondered how much money could reasonably be expected to be taken and still keep the reserve solvent and the program running, given declining revenues and other programmatic changes that may take place during the 2011 Legislative Session.

Deanna Bjork, Manager of Budgets, Administrative Office of the Courts, said she agreed with the outlook that reserves were significantly high and there would be excess funds available. However, she cautioned, there was pending legislation. She estimated the amount would be approximately \$700,000, but she requested to work with Fiscal staff to identify a firm amount.

Chair Conklin asked whether the \$700,000 was an estimate taking into consideration passage of the other bills or other variables that would need to take place.

Ms. Bjork replied the reserve levels in 2013 were \$3.5 million. She had provided the Economic Forum with reprojected revenue levels for its consideration, which would reduce the reserve by nearly \$125,000. As Mr. Thorley indicated, A.B. 259 would reduce the amount of the reserve by over \$1 million, and fiscal notes of nearly \$500,000 had been provided on Senate Bill 307 and Assembly Bill 300. Ms. Bjork estimated with passage of

the three bills, a balance of \$1.2 million would remain in the reserve account. She agreed \$600,000 would be a sufficient reserve level at the end of FY 2013.

ASSEMBLYMAN OCEGUERA MOVED TO DIRECT THE JUDICIAL BRANCH AND FISCAL ANALYSIS DIVISION STAFF TO DETERMINE THE APPROPRIATE JUDICIAL BRANCH ACCOUNTS FOR USE OF EXCESS RESERVE FUNDS OF \$600,000 AND TO REQUEST A STATUTORY REVISION TO ALLOW THE JUDICIAL BRANCH TO USE THE FUNDS DURING THE 2011-2013 BIENNIUM.

SENATOR DENIS SECONDED THE MOTION.

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

Assemblyman Kirner affirmed the funds would remain in the Judicial Branch. Chair Conklin replied they would: the funds were not General Fund monies. The problem was the Judicial Branch could not move funds to other accounts from the reserve account without legislative approval.

Rick Combs, Assembly Fiscal Analyst, speculated the Judicial Branch would want to use the excess funds in the Supreme Court account because it included the agency's General Funds and would provide the most flexibility to use the funds. The other accounts that included technology projects were entirely funded by administrative assessments. Although the reserves in those accounts were being reduced, the agency would argue that it had authority to manage the accounts and to cancel some of the projects if insufficient reserve levels were anticipated. Mr. Combs wanted Subcommittee members to be aware that it was possible that all of the excess funds would be deposited to the Supreme Court account.

Chair Conklin added the goal was to assist the Judicial Branch by allowing flexibility for the agency to put the money where it was most needed.

JUDICIAL BRANCH

JUDICIAL SUPPORT, GOVERNANCE AND SPECIAL EVENTS (101-1493)

BUDGET PAGE JUDICIAL-47

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in the account. He reviewed two other closing items:

- Decision unit Enhancement (E) 430 recommended a reserve reduction of \$100,000 in fiscal year (FY) 2012 to create a one-time grant program for Nevada courts and justice-related organizations to apply for funding to establish or enhance their videoconferencing capabilities.
- Decision unit E444 recommended reserve reductions of \$112,514 in FY 2012 to fund hardware and installation costs associated with an expansion of the Nevada court system's videoconferencing capabilities.

Mr. Thorley stated the recommendations appeared reasonable.

ASSEMBLYMAN KIRNER MOVED TO CLOSE BUDGET ACCOUNT 1493 AS RECOMMENDED IN THE EXECUTIVE BUDGET.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

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

JUDICIAL BRANCH

JUDICIAL RETIREMENT SYSTEM STATE SHARE (101-1491)

BUDGET PAGE JUDICIAL-50

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in the account. He noted the only other closing item was the unfunded accrued liability. The 2003 Legislature approved funding for the first annual payment to the Public Employees' Retirement System (PERS) to amortize the unfunded actuarial accrued liability for the Judicial Retirement System. The payments began in fiscal year (FY) 2004 and would continue through FY 2037. The Executive Budget included a State General Fund request totaling

\$2,243,200 in each year of the 2011-2013 biennium. Mr. Thorley said based on supporting documentation provided by PERS, the request appeared reasonable.

ASSEMBLYMAN KIRNER MOVED TO CLOSE BUDGET ACCOUNT
1491 AS RECOMMENDED IN THE EXECUTIVE BUDGET.

SENATOR RHOADS SECONDED THE MOTION.

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

DEPARTMENT OF BUSINESS & INDUSTRY
REAL ESTATE ADMINISTRATION (101-3823)
BUDGET PAGE B&I-141

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reviewed the major closing issues in the account:

1. Elimination of Nine Positions—Reduction of Three Positions from Full-time to Part-time. Mr. Thorley explained reduction of the nine positions would result in eight layoffs and reduction of three full-time positions to part-time. The reductions were implemented in two decision units:

- Decision unit Enhancement (E) 600 recommended elimination of eight positions, including seven administrative assistant positions and one compliance/audit investigator position, resulting in seven layoffs. Mr. Thorley said the decision unit recommended reduction of one real estate projects chief position from a full-time equivalent (FTE) to a part-time (0.6 FTE) position. In total, the recommendation would provide General Fund savings of \$334,260 in fiscal year (FY) 2012 and \$421,636 in FY 2013. The agency indicated the recommendation would result in the closure of the Carson City Licensing Section, with all licensing transactions being moved to the Las Vegas office and all administrative assistants within the Division not associated with licensing being eliminated. The agency also indicated the position eliminations and reductions would result in increased caseloads in the Compliance Section. Mr. Thorley said currently the average number of open investigations for compliance audit investigators in Las Vegas was about 84, which would be increased to about 109. The reductions would also increase workload

for remaining staff, but the agency would continue to provide real estate licensing and regulatory services as required by law.

- Decision unit E692 recommended elimination of an administrative assistant position and reduction of an administrative assistant position and a compliance/audit investigator position from full-time to part-time (0.6 FTE), for a total reduction of 1.8 FTEs. Mr. Thorley said the decision unit also recommended the elimination of travel expenditures and one meeting each for the Real Estate Commission and the Commission of Appraisers of Real Estate. In total, the recommendation would provide General Fund savings of \$108,757 in FY 2012 and \$113,628 in FY 2013.

Mr. Thorley said the agency had indicated the effects of the position reductions would (1) leave the Las Vegas Projects Section with one part-time staff member, (2) increase the workload of the remaining Las Vegas Legal Section staff, and (3) reduce the agency's ability to investigate complaints and respond to public inquiries.

SENATOR DENIS MOVED TO APPROVE DECISION UNITS E600 AND E692 AS RECOMMENDED IN THE EXECUTIVE BUDGET.

SENATOR RHOADS SECONDED THE MOTION.

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

2. Transfer of Three Positions. Mr. Thorley explained the Governor recommended transferring three positions from the Real Estate Administration account as follows:

- Decision unit E950 recommended transferring an administrative aid position and associated personnel and operating expenses to the fee-funded Research and Education account, resulting in General Fund savings of \$41,359 in FY 2012 and \$42,279 in FY 2013. Mr. Thorley said the position was currently located in the Las Vegas licensing office and was responsible for all section filing and the collection, transmission, and tracking of fingerprint and criminal background information for real estate license applicants. The transfer would allow the administrative aid position to assist the Las Vegas licensing office with phone calls relating to licensing. The licensing staff spent a significant amount of time

answering phone calls, which took time away from the staff's other responsibilities.

SENATOR DENIS MOVED TO APPROVE DECISION UNIT E950 AS RECOMMENDED IN THE EXECUTIVE BUDGET.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

- Decision units E972 and E977 recommended transferring an accounting assistant position and an administrative services officer position from the Real Estate Administration account to the Business and Industry (B&I) Administration account (BA 4681) as part of the Governor's plan to consolidate all administrative and fiscal functions within the Department of Business and Industry. Mr. Thorley said both positions were currently housed in Carson City and were funded with a combination of General Fund and Division cost allocation, and the recommendation would not change the funding breakdown. The Department had indicated the positions would continue to perform financial duties for the Real Estate Division, but they would also be asked to assist with department-wide budget issues.

SENATOR RHOADS MOVED TO APPROVE DECISION UNITS E972 AND E977 AS RECOMMENDED IN THE EXECUTIVE BUDGET.

SENATOR DENIS SECONDED THE MOTION.

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

Mr. Thorley reviewed three other closing items:

- Decision unit E325, Federal Financial Institutions Examination Council (FFIEC) Appraiser Fee Increase. The Governor recommended increased FFIEC appraiser fee revenue of \$8,250 in FY 2012 and \$16,500 in FY 2013 in response to federal legislation increasing the fee. Mr. Thorley explained the Real Estate Division collected the fee for appraiser licensees and remitted the funds to the federal government.

- Decision unit E710, Replacement Equipment. The Governor recommended General Fund appropriations of \$26,410 in FY 2012 and \$3,288 in FY 2013 for replacement computer hardware and software. Mr. Thorley noted Fiscal staff had made technical adjustments to replace one colored printer with a black and white printer, which provided a savings of \$758.
- Decision unit E715, Replacement Equipment. The Governor recommended funding of \$85,404 (\$28,468 General Fund) in FY 2012 and \$17,568 (\$5,856 General Fund) in FY 2013 for replacement computer hardware and software. Mr. Thorley noted that the non-General Fund portions of the costs were funded through cost allocations from the other budget accounts in the Division.

Mr. Thorley stated the recommendations appeared reasonable to Fiscal staff.

SENATOR RHOADS MOVED TO CLOSE ALL OTHER ITEMS IN THE REAL ESTATE ADMINISTRATION ACCOUNT AS RECOMMENDED IN THE EXECUTIVE BUDGET AND AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS, INCLUDING ADJUSTMENTS MADE IN THE E710 DECISION UNIT.

SENATOR DENIS SECONDED THE MOTION.

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

DEPARTMENT OF BUSINESS & INDUSTRY
REAL ESTATE EDUCATION AND RESEARCH (216-3826)
BUDGET PAGE B&I-151

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in the account. Mr. Thorley reviewed other closing items:

- Decision units Enhancement (E) 500 and E950, Position Transfer. Mr. Thorley explained an administrative aid position and associated personnel and operating expenses were recommended for transfer from the Real Estate Administration account to the Real Estate Education and Research account. The funding source for E500 would change from General Fund to fee assessments.

- Decision unit E325, Increased Printing Expenses. The Governor recommended reserve reductions of \$28,786 in each year of the 2011-2013 biennium for increased expenditures related to the printing and shipping of newsletters, guides, and booklets as required by *Nevada Revised Statutes* (NRS) 645.194.
- Decision unit E710, Replacement Equipment. The Governor recommended reserve reductions of \$1,421 in fiscal year (FY) 2012 for the purchase of one replacement desktop computer and associated software.
- Decision unit E800, Cost Allocation. Mr. Thorley explained decision unit E800 would increase transfers to the Department of Business and Industry Director's Office account by \$31,964 over the 2011-2013 biennium. However, because the consolidation would also transfer two fiscal positions from the Real Estate Division, the cost allocation transfers to the Administration account would decrease by \$107,342 over the biennium, thus providing a net increase in reserves in this account of \$75,378.

Mr. Thorley stated the recommended decision units appeared reasonable to Fiscal staff. Staff requested authority to make technical adjustments to Division and Department cost allocations.

ASSEMBLYMAN KIRNER MOVED TO CLOSE THE REAL ESTATE EDUCATION AND RESEARCH ACCOUNT AS RECOMMENDED IN THE EXECUTIVE BUDGET AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS TO THE DEPARTMENT AND DIVISION COST ALLOCATIONS BASED ON THE SUBCOMMITTEE'S CLOSING ACTIONS IN OTHER BUSINESS AND INDUSTRY AND REAL ESTATE DIVISION ACCOUNTS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

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

DEPARTMENT OF BUSINESS & INDUSTRY
REAL ESTATE RECOVERY ACCOUNT (216-3827)
BUDGET PAGE B&I-158

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in the account. The Executive Budget reflected only a base budget with no additional decision units.

Mr. Thorley noted there was proposed legislation that may have an effect on the account. Senate Bill 413 sought to repeal the provisions of Senate Bill No. 230 of the 75th Session (2009), including the provision that would increase the recovery fee for license renewals to \$80 beginning July 1, 2011. Mr. Thorley explained if S.B. 413 passed, it would have a negative impact on the recovery fee revenue recommended in The Executive Budget. Using original license and renewal projections provided by the agency, the passage of S.B. 413 would reduce recovery fee revenue by approximately \$400,000 in fiscal year (FY) 2012 and \$450,000 in FY 2013. Fiscal staff requested authority to make technical adjustments to the recovery fee revenue based on the actions of the 2011 Legislature regarding S.B. 413.

SENATOR DENIS MOVED TO CLOSE THE REAL ESTATE RECOVERY ACCOUNT AS RECOMMENDED IN THE EXECUTIVE BUDGET AND TO AUTHORIZE FISCAL STAFF TO MAKE THE TECHNICAL ADJUSTMENTS NECESSARY BASED ON THE 2011 LEGISLATURE'S ACTION ON SENATE BILL 413.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

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

DEPARTMENT OF BUSINESS & INDUSTRY
COMMON INTEREST COMMUNITIES (101-3820)
BUDGET PAGE B&I-160

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in the account. Mr. Thorley reviewed the decision units and other issues under other closing items:

- Decision unit Enhancement (E) 326 recommended reserve reductions of \$3,337 in each year of the 2011-2013 biennium for an auditor to travel to the Reno/Carson City area quarterly to perform field audits on homeowner associations. There were no travel expenses incurred in the base year because the position was approved by the 2009 Legislature but hiring was delayed.
- Decision unit E710 recommended reserve reductions of \$1,421 in each year of the 2011-2013 biennium for the purchase of replacement computer equipment and related software.
- Decision unit E800 revised the cost allocations within this account. Because of the Governor's recommendation to consolidate administrative and fiscal services within the Department of Business and Industry, some of the cost allocations within the account would change. The overall net effect would provide a reserve increase in this account of \$56,581.
- Mr. Thorley said that Division staff had indicated a budget amendment would be requested to fund a deputy attorney general position that would be dedicated to the Common-Interest Communities account and housed in the Division's Las Vegas office. The budget amendment had not been received by Fiscal staff, and if the Division wished to move forward with the position, it would need to submit a work program to the Interim Finance Committee.

Mr. Thorley requested that Fiscal staff be authorized to make technical adjustments to the Department's cost allocations.

SENATOR KIECKHEFER MOVED TO CLOSE THE COMMON INTEREST COMMUNITIES BUDGET ACCOUNT AS RECOMMENDED IN THE EXECUTIVE BUDGET AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS TO THE DEPARTMENT'S COST ALLOCATIONS.

SENATOR RHOADS SECONDED THE MOTION.

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

Assembly Committee on Ways and Means
Senate Committee on Finance
Joint Subcommittee on General Government
April 14, 2011
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Chair Conklin asked for further questions from the Subcommittee; there were none. There was no public testimony.

Chair Conklin adjourned the meeting at 10:01 a.m.

RESPECTFULLY SUBMITTED:

Sherie Silva
Committee Secretary

APPROVED BY:



Assemblyman Marcus Conklin, Chair

DATE: September 20, 2011

Senator Moises (Mo) Denis, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on General Government

Date: April 14, 2011

Time of Meeting: 8:20 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster