

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

**Seventy-Sixth Session
April 25, 2011**

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chairwoman Debbie Smith at 8:10 a.m. on Monday, April 25, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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
Joi Davis, Senior Program Analyst
Alex Haartz, Program Analyst
Wayne Thorley, Program Analyst
Julie Waller, Program Analyst
Carol Thomsen, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith welcomed persons to the hearing and stated that the Committee would review several budget accounts for possible closure. She requested that Mr. Haartz commence his presentation.

ELECTED OFFICIALS

TREASURER – STATE TREASURER (101-1080)

BUDGET PAGE ELECTED-139

Alex Haartz, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that The Executive Budget recommended a General Fund appropriation of \$1.16 million for the 2011-2013 biennium, which was \$1.29 million or 52.8 percent less than the amount of \$2.45 million that was approved by the 2009 Legislature for the 2009-2011 biennium.

Mr. Haartz indicated that there were four major closing issues in budget account (BA) 1080. The first major issue was a budget amendment (A00242) submitted by the Department of Administration, which would add \$81,623 of General Fund appropriations in fiscal year (FY) 2012 and \$84,551 of General Fund appropriations in FY 2013. The budget amendment would reduce

other cost allocation revenues in BA 1080 by equal amounts respectively. Mr. Haartz said the purpose of the amendment was to correct an error in The Executive Budget.

Mr. Haartz stated that the budget amendment appeared reasonable to Fiscal Analysis Division staff, and the decision for the Committee was whether it wished to incorporate the budget amendment into the budget for the Office of the State Treasurer.

Chairwoman Smith asked whether there were questions or comments regarding the budget amendment, and there being none, the Chairwoman called for a motion.

SENATOR LESLIE MOVED APPROVAL OF BUDGET AMENDMENT A00242.

ASSEMBLYMAN ATKINSON SECONDED THE MOTION.

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

Continuing his presentation, Mr. Haartz said the second issue in BA 1080 dealt with the transfer of e-payment services management from the Department of Administration to the Office of the State Treasurer for the 2011-2013 biennium. The Executive Budget recommended the transfer of \$28,675 in each year of the biennium to the Office of the State Treasurer as depicted in decision unit Enhancement (E) 901. That amount funded an existing contract that provided technical assistance to the state regarding e-payment services management issues. If the Office of the State Treasurer were to assume the lead responsibility for managing the state's e-payment capabilities, then the transfer of \$28,675 in annual General Fund appropriations to fund the current technical assistance contract appeared reasonable to Fiscal Analysis Division staff. Mr. Haartz asked whether the Committee wished to approve the General Fund transfer as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR DENIS MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 901 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

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

Mr. Haartz indicated that the second part of the aforementioned transfer would not affect the budget for the Office of the State Treasurer; however, he wanted to inform the Committee that Senate Bill 450 and Senate Bill 481 had been referred to the Senate Committee on Finance. Those bills recommended one-shot appropriations from the General Fund and the Highway Fund. Those one-shot appropriations would fund the development of a request for proposal (RFP) in anticipation of the expiration of the current e-payment and merchant services contract on November 30, 2013.

Mr. Haartz informed the Committee that the next major closing issue in budget account (BA) 1080 was position elimination and reductions. Three actions were recommended in The Executive Budget. Decision unit Enhancement (E) 600 would eliminate one full-time equivalent (FTE) management analyst position, and decision units E601 and E602 would reduce two FTE positions to part-time status. The purpose of the three actions was budget reductions and budget savings.

Mr. Haartz said the first issue was whether the Committee wished to approve the elimination of funding for the management analyst position and the reduction of the two FTE positions to part-time status as recommended in The Executive Budget. That action would save \$89,964 in FY 2012 and \$90,864 in FY 2013. However, if the Committee approved the elimination of funding for the FTE management analyst position, the Office of the State Treasurer requested that the position itself not be eliminated, only the funding. Therefore, the decision was whether the Committee wished to retain the position in the budget and eliminate the funding, or whether the Committee wished to eliminate both the position and the funding from BA 1080.

Mr. Haartz said the traditional approach was to eliminate the position at which time the funding would also be eliminated. However, the Budget Division indicated that it would support retaining the position on the books, even though The Executive Budget recommended elimination of both the position and the funding.

Chairwoman Smith asked whether there were questions or discussion regarding the position elimination and reduction.

Assemblyman Kirner commented that the Legislature had been consistent in the elimination of positions and funding, and he believed the Committee should remain consistent. He opined that if the Committee approved elimination of the funding, it should also eliminate the position with the traditional approach.

Mr. Haartz explained that there were two options for the Committee. The first option was to approve elimination of the funding and the FTE management analyst position, as recommended in The Executive Budget. The second option was to eliminate the funding for the position, but retain the position itself on the books.

Assemblyman Kirner reiterated that the Committee should remain consistent with action taken within other budget accounts, and he favored elimination of both the position and the funding.

Chairwoman Smith asked about the procedure should the Office of the State Treasurer need to reestablish the position. Mr. Haartz explained that the Office of the State Treasurer could approach the Interim Finance Committee (IFC) to request reestablishment of the position because of the workload.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR CEGAVSKE MOVED APPROVAL OF DECISION UNITS
ENHANCEMENT (E) 600, E601, AND E602, AS RECOMMENDED
BY THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

The final major issue for Committee consideration, said Mr. Haartz, was the cost allocation revision for General Fund savings, decision unit E690. The Executive Budget recommended elimination of General Fund in the amount of \$345,625 in fiscal year (FY) 2012 and \$352,481 in FY 2013 by replacing those funds with Treasurer's interest earnings revenue. The recommendation in The Executive Budget appeared reasonable from a cost-allocation standpoint because the funding would support staff whose workload was directly tied to investments.

Mr. Haartz said the decision was whether the Committee wished to approve the funding revision as recommended in The Executive Budget.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN GOICOECHEA MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 690 AS RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

Mr. Haartz stated that other closing items included a recommendation in The Executive Budget for \$20,000 in Treasurer's Assessment revenue in each year of the biennium to fund the cost of an annual credit rating subscription service, decision unit E250. That subscription facilitated the Office of the State Treasurer being able to invest in corporate notes. The Office of the State Treasurer indicated that it anticipated approximately \$750,000 in new interest earnings for the general portfolio, only part of which would be allocated to the State General Fund. Mr. Haartz stated that the recommendation appeared reasonable to Fiscal Analysis Division staff, and the decision was whether the Committee wished to approve Treasurer's Assessment revenues of \$20,000 in each year of the biennium, as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN KIRNER MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 250 AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

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

Mr. Haartz stated that other closing items included a nominal amount of in-state travel for staff (E251), Board of Finance meeting costs (E252), and replacement equipment (E710). All three items appeared reasonable to Fiscal Analysis

Division staff, and the decision was whether the Committee wished to approve other closing items as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN HOGAN MOVED APPROVAL OF DECISION UNITS ENHANCEMENT (E) 251, E252, AND E710 AS RECOMMENDED BY THE GOVERNOR, INCLUDING PERMISSION FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS RELATED TO THE INTERNAL COST ALLOCATION FOR THE OFFICE OF THE STATE TREASURER.

SENATOR LESLIE SECONDED THE MOTION.

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

BUDGET CLOSED.

ELECTED OFFICIALS

TREASURER – HIGHER EDUCATION TUITION ADMIN (603-1081) **BUDGET PAGE ELECTED-148**

Alex Haartz, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 1081 was also known as the Prepaid Tuition Program. Mr. Haartz informed the Committee that there were no major closing issues in BA 1081. However, he noted that other closing items included the actuarial soundness of the Prepaid Tuition Program. The Office of the State Treasurer had provided information to Fiscal Analysis Division staff indicating that for the quarter ending March 31, 2011, the program's funded status had improved to 108.7 percent.

Another issue that had been previously discussed by the Committee was the effect on BA 1081 of additional surcharges or fee increases by the Nevada System of Higher Education (NSHE). Mr. Haartz said it had been clarified that if the Board of Regents approved surcharges for the upcoming biennium, those surcharges would have no effect on the funded status of the Prepaid Tuition account because any additional charges would be the responsibility of the student.

Mr. Haartz noted that he had provided the update to the Committee for informational purposes only, and it would not affect the closing of BA 1081.

Additional closing items included a change of funding source, said Mr. Haartz, which was recommended by The Executive Budget. He said at the recommendation of the Board of Trustees of the College Savings Plans of Nevada, work programs had been submitted for fiscal year (FY) 2010 and FY 2011 to shift the funding source from the Higher Education Tuition Admin account (BA 1081) to the Endowment Account (BA 1094), which would improve the funded status of the Prepaid Tuition Program.

Mr. Haartz indicated that the recommendation appeared to be an appropriate use of the Endowment Account fees and a reasonable strategy to maintain the Prepaid Tuition Program.

The next closing item was the recommendation in The Executive Budget for enhancements totaling \$55,136 in each year of the biennium in decision units Enhancement (E) 250, E251, E252, and E253. Mr. Haartz stated that the purpose of those decision units was to promote the prepaid contracts. The requested outreach and marketing enhancements appeared reasonable to Fiscal Analysis Division staff.

Mr. Haartz stated that personnel cost allocation, decision unit E255, was contained in many budget accounts within the Office of the State Treasurer because of cross-marketing activities by the staff of the Prepaid Tuition Program, the Millennium Scholarship Program, and the Nevada College Savings Program. Mr. Haartz explained that staff's time and effort were cost-allocated across numerous accounts. The request appeared reasonable to Fiscal Analysis Division staff.

The Executive Budget also recommended nominal computer replacement equipment over the biennium in decision unit E710, and a cost allocation transfer adjustment to BA 1080 in decision units E801, E802, and E803. The transfers to BA 1080 would be reduced to account for the salary reduction and the suspension of merit increases and longevity pay.

Mr. Haartz said the adjustments and enhancements recommended by The Executive Budget regarding BA 1081 appeared reasonable to Fiscal Analysis Division staff. The decision was whether the Committee wished to approve the aforementioned closing items as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR CEGAVSKE MOVED APPROVAL OF BUDGET ACCOUNT (BA) 1081 AS RECOMMENDED BY THE GOVERNOR, INCLUDING PERMISSION FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS RELATED TO THE INTERNAL COST ALLOCATION FOR THE OFFICE OF THE STATE TREASURER.

ASSEMBLY KIRNER SECONDED THE MOTION.

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

BUDGET CLOSED.

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ELECTED OFFICIALS

TREASURER – MUNICIPAL BOND BANK REVENUE (745-1086)

TREASURER – MUNICIPAL BOND BANK DEBT SERVICE (395-1087)

BUDGET PAGE ELECTED-161 AND ELECTED-163

Alex Haartz, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that budget account (BA) 1086 was closely tied to BA 1087, and neither account had previously been presented to the Committee.

Mr. Haartz said pursuant to *Nevada Revised Statutes* (NRS) Chapter 350A, the state offered an option by which local municipalities could take advantage of the state's credit rating for the purpose of issuing bonds. He explained that the Office of the State Treasurer bundled bonds from the local level and issued state general obligation bonds. Local municipalities then paid the principal and interest payments to the state on a quarterly basis, or as payments were due, and that funding flowed into BA 1086, which was the Municipal Bond Bank Revenue account. Mr. Haartz explained that the Governor recommended revenue of \$28,881,131 in fiscal year (FY) 2012 and \$28,882,595 in FY 2013 consisted of principal and interest payments received from local municipalities. Those funds were then transferred to BA 1087, Municipal Bond Bank Debt Service, from which the state made payments for the equal value general obligation bonds.

Mr. Haartz said Fiscal Analysis Division staff recommended that BA 1086 and BA 1087 be closed as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR CEGAVSKE MOVED APPROVAL OF BUDGET ACCOUNT (BA) 1086 AND BA 1087 AS RECOMMENDED BY THE GOVERNOR, INCLUDING PERMISSION FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS RELATED TO THE INTERNAL COST ALLOCATION FOR THE OFFICE OF THE STATE TREASURER.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

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

BA 1086 AND BA 1087 CLOSED.

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ELECTED OFFICIALS

TREASURER – MILLENNIUM SCHOLARSHIP ADMINISTRATION (261-1088) **BUDGET PAGE ELECTED-165**

Alex Haartz, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the funding viability of the Millennium Scholarship Trust Fund did not have a direct affect on closing budget account (BA) 1088.

There had been discussion about the viability of the Millennium Scholarship Trust Fund at prior budget hearings, and Mr. Haartz stated that Fiscal Analysis Division staff had presented information about the main drivers or costs paid out by the Trust Fund for scholarships. Mr. Haartz said he wanted to inform the Committee about potential issues regarding future tobacco Master Settlement Agreement (MSA) payments, and a change in approach recommended by the Office of the State Treasurer about how tuition payments were anticipated.

Mr. Haartz explained that BA 1088 included a \$10 million one-time appropriation that was recommended in The Executive Budget, and a \$5 million transfer from BA 1088 to the General Fund. That transfer had been approved

by the 26th Special Session (2010) because of projected payments for scholarships made by the Office of the State Treasurer on behalf of Millennium scholars. The budget also contained MSA revenue of \$15,542,056 received by the state on April 15, 2011. Mr. Haartz stated that the anticipated balance in the Millennium Scholarship Trust Fund at the end of fiscal year (FY) 2011 was \$10,624,356.

In FY 2012, said Mr. Haartz, the budget reflected a \$7.6 million transfer from the Unclaimed Property Trust Fund and \$25 million in combined annual scholarship payments. He pointed out that spring and fall payments had historically been represented separately, along with reconciliation payments, where participating institutions balanced their books and requested additional payments to close out the fiscal year.

Mr. Haartz said the Office of the State Treasurer concurred with that approach, and recommended that an upper limit of approximately \$25 million be used as an estimate for the total tuition payments that would be made from the Trust Fund. It should be noted that annual total tuition payments had trended lower from a high of approximately \$29 million in FY 2005 to a projected \$24 million in the current fiscal year.

Mr. Haartz indicated that Fiscal Analysis Division staff believed that using the \$25 million approach was a reasonable alternative. The reason that approach was being suggested by the Office of the State Treasurer and Fiscal Division staff was because the model appeared to be overprojecting at the present time, and more time would be needed to research the issue. Because of the projected MSA payment of \$15,298,013 in FY 2012, it appeared there would be an ending balance of \$8,522,369 for that year. Mr. Haartz noted that the ending balance in FY 2013 would be approximately the same, and it appeared the Trust Fund would be viable through FY 2013.

However, said Mr. Haartz, arbitration proceedings were taking place at the national level between the participating tobacco manufacturers and the states, and there were a number of different outcomes that could affect the viability of the Trust Fund. One outcome could be that the states lost the arbitration proceedings and no additional MSA funding would be received in future years, or other outcomes could create an adverse effect that eliminated funding for FY 2012. Mr. Haartz said one outcome could also be that the states fully won the arbitration, and additional monies would be received that were not accounted for in the budget.

Mr. Haartz noted that at the very minimum, the Millennium Scholarship Trust Fund would need to receive MSA revenue of \$6,775,644 for FY 2012 for the Trust Fund to be viable in FY 2012.

Mr. Haartz reiterated that there was no specific action required by the Committee, and the information had been presented to advise the Committee about the viability of the Millennium Scholarship Trust Fund.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the current arbitration between the states and participating tobacco manufacturers could have ramifications, not only on BA 1088, but also on budget accounts within the Department of Health and Human Services (DHHS) because MSA revenue was also used to fund programs within DHHS. Mr. Combs indicated that the Governor had recommended using a portion of MSA revenue to offset General Fund appropriations over the 2011-2013 biennium. The Fiscal Analysis Division had recently contacted the Office of the Attorney General to ascertain the status of the arbitration, and there was no information available that would give the Committee any idea about the outcome or the duration of the arbitration.

Mr. Combs wanted to make sure that the Committee was aware that the worst case scenario regarding the arbitration would be if Nevada lost the arbitration and the other states won. He indicated that Nevada would then be required to pay the entire amount awarded to tobacco manufacturers. Obviously, said Mr. Combs, that was the worst case scenario and it was rather unlikely that Nevada would be the only state that lost the arbitration. If all states lost the arbitration, it was likely that Nevada's MSA payments would be reduced going forward. Mr. Combs said it remained to be seen whether such a reduction would affect the FY 2012 MSA payment or whether the payments would be spread out over a longer period of time because that would be part of the arbitration.

Mr. Combs reiterated that the information had been provided to make the Committee aware of the arbitration situation, and no action was required by the Committee at the present time. Mr. Combs said he would be happy to provide the genesis of the arbitration proceedings to the members of the Committee upon request.

Senator Cegavske said she had previously asked for a listing of the budget areas that used MSA revenue. Mr. Combs said he was not aware whether that issue had been addressed; however, he would provide that information to the Committee.

Assemblyman Kirner asked about the timing of the resolution of the arbitration. Mr. Combs said he had no idea about when the arbitration would be resolved, but he would meet with the Attorney General later in the week and would advise the Committee regarding the situation. He noted that the arbitration was about the calculation of the 2003 MSA payment. Depending upon what happened with the arbitration, there could be similar arbitration for every MSA payment since 2003.

Chairwoman Smith said it appeared that the issue of MSA revenue was completely outside the Committee's control. She asked whether there were further questions from the Committee.

Assemblywoman Carlton asked about the accounting for the portion of Millennium Scholarship funding that was not used by students and reverted back to the state.

Alex Haartz, Program Analyst, Fiscal Analysis Division, explained that refunds were deposited back into the Millennium Scholarship Trust Fund and were not retained by the student or the institution.

Assemblywoman Carlton said the refund from FY 2008 appeared to have been only \$2,720. She asked whether that represented the refund from students who had not used their full allotment from the Millennium Scholarship Trust Fund.

Mr. Combs clarified that the Trust Fund only funded one semester at a time for each student. Therefore, if a student failed to remain in school or was no longer eligible for funding, they would not be required to refund the entire amount allotted under the Millennium Scholarship. The refund would be based on the semester that the student failed to complete. Mr. Haartz concurred and stated that was correct.

Assemblywoman Carlton noted that each student was awarded \$10,000 and she asked whether there was a way to determine how many students failed to use the full allotment.

Mr. Haartz explained that the \$10,000 represented a lifetime cap that total payments could accumulate up to over a student's college career. When eligibility was determined each semester, funding was allocated according to the number of credits for which a student was enrolled. The institution would provide a claim for those students to the Office of the State Treasurer, and the amount was paid on a semester-by-semester basis.

Chairwoman Smith believed that Assemblywoman Carlton's question should be directed to the Office of the State Treasurer, and she asked that information pertaining to the number of students who had failed to use their full allotment of Millennium Scholarship funding be provided to the Committee.

Continuing his presentation, Mr. Haartz stated that other closing items included personnel cost allocation, decision unit Enhancement (E) 250. The Executive Budget recommended funding in each fiscal year to fund the cost of personnel in budget account (BA) 1092 as part of the cross-marketing of college savings plans. Also, decision unit E710 recommended nominal replacement computer equipment in fiscal year (FY) 2013. Cost allocation transfer adjustments to budget account (BA) 1080 were depicted in decision units E801, E802, and E803, which reflected the prorated share of funding being reduced as a result of the salary, merit pay, and longevity reductions.

Mr. Haartz stated that all adjustments appeared reasonable to Fiscal Analysis Division staff, and the decision was whether the Committee wished to close BA 1088 as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN GRADY MOVED APPROVAL OF BA 1088 AS RECOMMENDED BY THE GOVERNOR, INCLUDING PERMISSION FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS RELATED TO THE INTERNAL COST ALLOCATION FOR THE OFFICE OF THE STATE TREASURER.

SENATOR HORSFORD SECONDED THE MOTION.

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

BUDGET CLOSED.

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ELECTED OFFICIALS

TREASURER – NEVADA COLLEGE SAVINGS TRUST (101-1092)

BUDGET PAGE ELECTED-172

Alex Haartz, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that Budget Account (BA) 1092 was the administrative account for the state's Internal Revenue Service (IRS) Section 529 educational savings plans. There were no major closing issues in the account.

Mr. Haartz explained that other closing items included seven Enhancement (E) decision units—E250, E253, E254, E255, E256, E257, and E258—as recommended in The Executive Budget, which totaled \$315,366 in each year of the biennium to improve the outreach and marketing of the College Savings Plans in Nevada. The funding was requested by the Office of the State Treasurer for different purposes, and the decision was whether the Committee wished to approve \$315,266 in annual marketing and outreach expenditures as recommended in the aforementioned decision units.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR LESLIE MOVED APPROVAL OF DECISION UNITS
ENHANCEMENT (E) 250, E253, E254, E255, E256, E257, AND
E258 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

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

Mr. Haartz stated that the other closing items included the recommendation in The Executive Budget for \$3,311 in each year of the biennium to support the cost of per diem and in-state travel for four members of the five-member Board of Trustees of the Nevada College Savings Plans. The request was included in decision unit Enhancement (E) 251 because no costs were incurred in fiscal year (FY) 2010, the base budget year. The request appeared reasonable to Fiscal Analysis Division staff to reestablish the authority should Board members request reimbursement for per diem and travel costs.

The decision was whether the Committee wished to approve \$3,311 in each year of the biennium for per diem and in-state travel costs as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR HORSFORD MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 251 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

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

Mr. Haartz said other closing items also included a recommendation in The Executive Budget, decision unit Enhancement (E) 252, to include \$175,000 in each year of the biennium to fund a "financial fitness" program with the goal of providing Nevada families with school-age children with ideas and tools to incorporate saving for college on a regular basis. As recommended by the Governor, approximately \$100,000 in each year would support the programmatic activities and costs, with the balance of \$75,000 used to support two annual conferences, one in northern Nevada and one in southern Nevada. As envisioned, the conferences would target educators and parents, and attendance would be free.

Mr. Haartz pointed out that providing Nevada families with information and tools for financial fitness or financial planning in the context of saving for a college education for their children was an allowable use of Endowment Account fee revenues. The decision was whether the Committee wished to approve the annual \$175,000 to support financial fitness as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN CONKLIN MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 252 AS RECOMMENDED BY THE GOVERNOR.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson and Senator Kieckhefer were not present for the vote.)

Mr. Haartz explained that decision unit Enhancement (E) 259 addressed the recommendation in The Executive Budget to transfer \$92,260 in Endowment Account, budget account (BA) 1094, transfers in each year of the biennium to fund the portion of staff time allocated to cross-marketing the college savings program in BA 1081, Higher Education Tuition Admin (Prepaid Tuition Program) and BA 1088, Millennium Scholarship Administration.

Mr. Haartz noted that from a cost-allocation standpoint, the recommendation appeared reasonable. Fiscal Analysis Division staff had also made technical adjustments to adjust the transfer amounts between the fiscal years to balance the cumulative budgeted levels in BA 1088 and BA 1081 each year. The decision was whether the Committee wished to approve the annual cost-allocation transfers with technical adjustments.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN CONKLIN MOVED APPROVAL OF DECISION UNIT
ENHANCEMENT (E) 259 AS RECOMMENDED BY THE GOVERNOR,
INCLUDING TECHNICAL ADJUSTMENTS MADE BY STAFF.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson and
Senator Kieckhefer were not present for the vote.)

Continuing his presentation, Mr. Haartz indicated that the next closing item was the proper booking of Upromise noncash revenue and expenditures. He explained that Upromise was the main program manager for the state's 529 college savings plans. Decision units Enhancement (E) 680 and E681 would provide a noncash contribution to the state to account for the value of outreach and marketing activities, as well as provide a field representative within the state. The recommendation had been built into the budget beginning in fiscal year (FY) 2010 through the Interim Finance Committee (IFC) process in response to previous Legislative Counsel Bureau (LCB) Audit Division audit recommendations.

Mr. Haartz indicated that Fiscal Analysis Division staff had made adjustments to move the expenditures for the field representative to be consistent with the way the field representative expenditures were budgeted in the current biennium. The Executive Budget recommended \$535,000 in total noncash revenue and expenditures in decision units Enhancement (E) 680 and E681 for each year of

the biennium, as well as technical adjustments noted by Fiscal Analysis Division staff. The decision was whether the Committee wished to approve the aforementioned decision units as recommended by the Governor, including technical adjustments.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN KIRNER MOVED APPROVAL OF DECISION UNITS (E) 680 AND E681 AS RECOMMENDED BY THE GOVERNOR, INCLUDING TECHNICAL ADJUSTMENTS MADE BY FISCAL ANALYSIS DIVISION STAFF.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson and Senator Kieckhefer were not present for the vote.)

Mr. Haartz said the next closing item was new out-of-state travel expenditures as depicted in decision unit Enhancement (E) 683. The Office of the State Treasurer recently added Putnam Investments as an approved 529 College Savings plan provider. The decision unit recommended \$4,574 in each year of the biennium in reimbursable travel and per diem costs to allow staff to conduct monitoring site visits to Putnam Investments' headquarters. Putnam indicated that it would reimburse the Office of the State Treasurer the cost of the per diem and travel.

Mr. Haartz said from an oversight standpoint, the decision unit appeared reasonable to Fiscal Analysis Division staff, and the decision was whether the Committee wished to approve \$4,574 in reimbursable travel and per diem costs in each of the biennium as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN CONKLIN MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 683 AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

Assemblyman Kirner wondered whether costs could be reduced by sending only one staff member to conduct the site visit at Putnam Investments' headquarters.

Mr. Haartz said it was conceivable that one person could conduct the site visit. Putnam Investments was recently added to the College Savings Plan and perhaps the first site visit would require two individuals. He stated he would defer to the Office of the State Treasurer for more specific details.

Assemblyman Kirner said it was not a major issue and he was simply curious regarding the process.

THE MOTION CARRIED. (Assemblyman Atkinson and Senator Kieckhefer were not present for the vote.)

Mr. Haartz said the final closing item was the cost-allocation transfer adjustment to budget account (BA) 1080 to account for decision units Enhancement (E) 801, E802, and E803. The recommendation appeared reasonable to Fiscal Analysis Division staff, and the decision was whether the Committee wished to approve the cost-allocation reductions in the aforementioned decision units as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR LESLIE MOVED APPROVAL OF DECISION UNITS ENHANCEMENT (E) 801, E802, AND E803 AS RECOMMENDED BY THE GOVERNOR, INCLUDING PERMISSION FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS RELATED TO THE INTERNAL COST ALLOCATION FOR THE OFFICE OF THE STATE TREASURER.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson and Senator Kieckhefer were not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS

TREASURER – ENDOWMENT ACCOUNT (101-1094)

BUDGET PAGE ELECTED-183

Alex Haartz, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the Endowment Account was the budget account in which the programmatic fees paid by the 529 college plan providers were deposited. The account also served as the funding source for three budget accounts (BA)1081, Higher Education Tuition Admin (Prepaid Tuition Program); BA 1088, Millennium Scholarship Administration; and BA 1092, Nevada College Savings Trust. Mr. Haartz stated there were no major closing issues in BA 1094.

Mr. Haartz explained that other closing items included a combination of base expenditures, maintenance, and enhancement decision units to fully fund BA 1081, BA 1088, and BA 1092. One series of decision units would continue funding for Prepaid Tuition Program administrative costs. Fiscal Analysis Division staff had made technical adjustments to the base expenditures, maintenance, and enhancement components of the budget to match the transfer revenues contained in the budget for the Prepaid Tuition Program. Because of the technical adjustments recommended by Fiscal Analysis Division staff, funding was restored to the Endowment Account Reserve category in the amount of \$17,402 in the first year and \$11,740 in the second year of the biennium.

Mr. Haartz noted that additional closing items included continued funding of Millennium Scholarship Administrative costs. Fiscal Analysis Division staff had made technical adjustments that had the effect of restoring funding to the Endowment Account Reserve category in the amount of \$83,594 in the first year and \$80,805 in the second year of the biennium.

Continuing, Mr. Haartz said Fiscal Analysis Division staff had made technical adjustments to the transfers to BA 1092, Nevada College Savings Trust. Those adjustments had the effect of actually drawing funding from the Endowment Account Reserve category in the amount of \$31,387 in the first year and \$36,355 in the second year of the biennium.

The net effect of the aforementioned three adjustments, said Mr. Haartz, resulted in \$69,609 in fiscal year (FY) 2012 and \$56,190 in FY 2013 being restored to the Endowment Account Reserve category.

Mr. Haartz said the decision was whether the Committee wished to approve the technical adjustments made by Fiscal Analysis Division staff.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR HORSFORD MOVED APPROVAL OF BUDGET ACCOUNT (BA) 1094 AS RECOMMENDED BY FISCAL ANALYSIS DIVISION STAFF, INCLUDING PERMISSION FOR STAFF TO MAKE ANY ADDITIONAL NECESSARY TECHNICAL ADJUSTMENTS RELATED TO THE INTERNAL COST ALLOCATION FOR THE OFFICE OF THE STATE TREASURER.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson and Conklin and Senator Kieckhefer were not present for the vote.)

BUDGET CLOSED.

ELECTED OFFICIALS

TREASURER – UNCLAIMED PROPERTY (101-3815)

BUDGET PAGE ELECTED-191

Alex Haartz, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that The Executive Budget recommended the addition of one full-time equivalent (FTE) management analyst 3 position requested by the Office of the State Treasurer to manage and promote the Voluntary Disclosure Agreement (VDA) program. In response to questions from the Committee, the Office of the State Treasurer provided revised projections which indicated that approximately \$1.2 million in fiscal year (FY) 2012 and \$1.6 million in FY 2013 would be generated because of adding the new position by increasing the amount of Voluntary Disclosure Agreements being entered into.

Mr. Haartz stated that the Office of the Treasurer had also proposed adding several new performance indicators to demonstrate the effectiveness of the program if the position was added. The funding for the position would transfer from the Abandoned Property Trust Account. The decision was whether the Committee wished to approve \$51,659 in FY 2012 and \$64,374 in FY 2013 in transfers from the Abandoned Property Trust Account to fund the new FTE management analyst 3 position for the VDA program, as recommended in decision unit Enhancement (E) 250 of The Executive Budget.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR HORSFORD MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 250 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson and Conklin and Senator Kieckhefer were not present for the vote.)

Mr. Haartz said other closing items included nominal reimbursement of \$330 in each year of the biennium for the work-related use of an audit staff member's personal cellular telephone. The request was depicted in decision unit E251 and was included as an enhancement because base year costs had not been incurred. The cost appeared reasonable to Fiscal Analysis Division staff, and the decision was whether the Committee wished to approve the reimbursement for personal cellular telephone costs.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN KIRNER MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 251 AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson and Conklin and Senator Kieckhefer were not present for the vote.)

Mr. Haartz stated that other closing issues included the funding for Nevada's participation in the unclaimed property website—missingmoney.com—of the National Association of Unclaimed Property Administrators (NAUPA). The recommendation depicted in decision unit Enhancement (E) 252 appeared reasonable to Fiscal Analysis Division staff. There had previously been no cost to the state, but all states were now required to pay for participation.

Mr. Haartz stated that the recommendation for out-of-state travel costs, decision units E253 and E254, also appeared reasonable to Fiscal Analysis Division staff. The funding would allow staff to attend appropriate meetings during the biennium.

Decision unit E258, personnel cost-allocation transfer, appeared reasonable to Fiscal Analysis Division staff, said Mr. Haartz, insomuch as the program would begin paying a prorated share of the senior deputy treasurer position that would provide management oversight of the Las Vegas office where the program was located.

Mr. Haartz stated that decision unit E710 requested nominal replacement computer equipment recommended by the Governor in fiscal year (FY) 2013. The request would replace five desktop and three laptop personal computers. Decision units E801, E802, and E803 depicted the cost-allocation transfer adjustments to budget account (BA) 1080 proposed to be adjusted in The Executive Budget because of the E670 decision units relating to the salary reductions and merit pay and longevity reductions.

Mr. Haartz stated that all other closing items appeared reasonable to Fiscal Analysis Division staff, and the decision was whether the Committee wished to approve other closing items as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN BOBZIEN MOVED APPROVAL OF OTHER CLOSING ITEMS—DECISION UNITS ENHANCEMENT (E) 252, E253, E254, E258, E710, E801, E802, AND E803, AS RECOMMENDED BY THE GOVERNOR—INCLUDING PERMISSION FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS RELATED TO THE INTERNAL COST ALLOCATION FOR THE OFFICE OF THE STATE TREASURER.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson and Senator Kieckhefer were not present for the vote.)

BUDGET CLOSED.

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Assemblyman Hogan suggested that perhaps the Legislature should request an audit of the Office of the State Treasurer to ensure that the millions of dollars that would be used to promote the programs were in fact reaching the right

audience and soliciting the appropriate response. There was a great deal of funding identified for marketing, and Assemblyman Hogan wondered whether there should be continuing oversight or an audit of the effectiveness of the very expensive marketing plan.

Mr. Haartz said Fiscal Analysis Division staff had reviewed the various enhancement decision units and base expenditures, and they did not appear duplicative and tended to be synergistic in effect. However, Mr. Haartz said Assemblyman Hogan's point was well taken, and he would communicate with the Office of the State Treasurer.

LEGISLATIVE – JUDICIAL
JUDICIAL BRANCH
JUDICIAL DISCIPLINE (101-1497)
BUDGET PAGE JUDICIAL-51

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 1497 funded the Commission on Judicial Discipline (Commission) and the Standing Committee on Judicial Ethics and Election Practices. There were three major issues in BA 1497. The base budget for the Commission recommended an increase of \$106,030 in each year of the upcoming biennium to provide additional funding for private investigations and outside legal counsel services. Mr. Thorley indicated that the Commission used private investigators to review complaints filed against judicial officers. The Commission was also required by law to hire outside counsel when cases reached contested status and, in certain instances, when counsel recused because of a conflict of interest.

Mr. Thorley said the recommendation in the base budget would increase expenditures for those services to levels similar to those authorized by the 2009 Legislature. In the base year, fiscal year (FY) 2010, there were no public hearings, which was why the expenditures had been reduced in the base, and the reason the Governor recommended increasing expenditures to the level authorized in 2009.

Mr. Thorley said factors had been explained to Fiscal Analysis Division staff by the Commission regarding ongoing investigations and complaints that had been filed, but that information was confidential. Upon analysis of historic expenditures for private investigations and outside legal counsel services, it appeared that the amount budgeted in the base budget for those expenditures might be higher than could reasonably be justified. Mr. Thorley noted that the five-year average actual expenditures were \$110,078 for private investigations

and \$56,583 for legal counsel services. That amount was approximately \$50,000 less than the recommendation in The Executive Budget for both private investigations and legal counsel services for the upcoming biennium.

According to Mr. Thorley, the Commission had approached the Interim Finance Committee (IFC) to request additional funding when cases had exceeded the budgeted amount for private investigations and legal counsel expenditures. In years when the funding appropriated to the Commission was not used, the funding reverted to the General Fund.

There would be potential General Fund savings if the Committee chose to reduce the expenditures authorized for the Commission for outside legal counsel services and private investigations. Basing the funding levels for private investigations and outside legal services on a five-year average would result in establishment of those expenditures at a more reasonable level than that recommended in The Executive Budget. However, Mr. Thorley noted that because of the unpredictable nature and complexity of complaints filed, historic expenditure levels might not be indicative of future expenditure levels. If extraordinary investigation and outside legal counsel expenditures were required by the Commission, it could approach IFC to request additional funding from the Contingency Fund when expenditures exceed the amount budgeted.

Mr. Thorley stated that because the expenditures for private investigations and legal counsel services were budgeted in the Operating category, the Commission had some flexibility. For example, if the Commission exceeded expenditures for private investigations but did not meet the expenditures budgeted for legal counsel services, there would be flexibility for the Commission to remain within the total amount budgeted for the Operating category without the need to submit a work program to the IFC to request additional funds.

Mr. Thorley indicated there were three options for consideration by the Committee:

1. Approve expenditures related to private investigations and legal counsel services as recommended in The Executive Budget in the base budget.
2. Approve expenditures related to private investigations and legal counsel services at the five-year average of those expenditures. That would generate General Fund savings of \$98,339 in each year of the 2011-2013 biennium.
3. Approve expenditures related to private investigations and legal counsel services at an amount below the amount recommended in

The Executive Budget, but above the five-year average. The General Fund savings from that option would depend on the expenditure levels approved by the Committee.

Assemblyman Hambrick asked whether there was information available about the type of complaints filed with the Commission. Mr. Thorley explained that all complaints filed with the Commission on Judicial Discipline were private and confidential. The complaints were not made public until the investigation reached the public hearing stage of the proceedings; however, a limited number of complaints actually reached that stage. Mr. Thorley further explained that the confidentiality of complaints was delineated in *Nevada Revised Statutes*. The Commission often issued a private reprimand when it determined that a complaint did not warrant a public hearing, but there was sufficient evidence of a violation of the Nevada Code of Judicial Conduct.

Mr. Thorley stated that the Fiscal Analysis Division could provide a breakdown of the number of complaints filed against certain judicial officers and who had filed those complaints. For example, inmates of the Department of Corrections often filed complaints against certain judicial officers.

Assemblyman Hambrick said he appreciated the confidentiality aspect extended to individuals regarding complaints, but he believed information about the amount of funding for per diem and expenses related to an investigation should be available to the Legislative Counsel Bureau's (LCB's) Audit Division staff to track certain expenses. When per diem or other expenses appeared to spike, LCB audit staff should be able to review those expenses.

Mr. Thorley stated that the Commission on Judicial Discipline contracted with The Advantage Group for private investigations, and the cost for investigative services was \$65 per hour, which had been the ongoing rate for approximately five years. The Commission had used The Advantage Group for the past nine years, and there were also per diem and travel costs for investigations. For outside legal counsel services, said Mr. Thorley, the Commission had retained a number of law firms at the below market rate of approximately \$150 per hour, and that rate was expected to continue through the upcoming biennium.

Assemblyman Hogan said it appeared the costs and providers had been very stable, and he suggested the Committee select the option that provided for expenditures at the five-year average of those expenditures.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN HOGAN MOVED THAT THE COMMITTEE SELECT OPTION 2: APPROVE EXPENDITURES RELATED TO PRIVATE INVESTIGATIONS AND LEGAL COUNSEL SERVICES AT THE FIVE-YEAR AVERAGE OF THOSE EXPENDITURES FROM FISCAL YEAR (FY) 2006 TO FY 2010.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Atkinson and Senator Kieckhefer were not present for the vote.)

Mr. Thorley indicated that the next issue was an increase in training expenditures. The base budget for the Commission on Judicial Discipline recommended an increase in training expenditures of \$15,707 in FY 2012 and \$4,666 in FY 2013 when compared to actual training expenditures of \$2,098 in FY 2010. Fiscal Analysis Division staff noted that over the last three fiscal years, the Commission had expended less on training than had been approved. The Commission had been authorized to spend \$8,848 on training for FY 2011, but year-to-date expenditures totaled \$118.

Mr. Thorley said in response to questions from the Committee regarding why training expenditures were lower than the amount approved, the Commission indicated that a number of factors had led to expending less for training than budgeted. One reason was a recent complex judicial misconduct matter regarding a former district court judge, which consumed a large portion of the Commission's time and budget for FY 2008 and FY 2009. The Commission also used money budgeted for training expenditures to fund the additional expenses to hold public hearings for the contested case. Also, said Mr. Thorley, some national training seminars had been cancelled because of economic conditions.

Mr. Thorley indicated that Fiscal Analysis Division staff had reviewed a detailed list of the budgeted training expenditures for each year of the upcoming biennium, and because of information provided by the Commission, the recommendation in the base budget to increase training expenditures appeared reasonable.

The next closing item was decision unit Enhancement (E) 250. Mr. Thorley stated that The Executive Budget recommended General Fund appropriations of

\$16,984 in fiscal year (FY) 2012 and \$16,924 in FY 2013 to fund four public hearings per year over the 2011-2013 biennium. No public hearings had been held in FY 2010; however, because of a several factors, including the current complaints that had been filed and the ongoing investigations, the Commission anticipated holding four public hearings in each year of the biennium.

Mr. Thorley noted that the recommendation would increase expenditure authority related to public hearings to levels similar to that approved by the 2009 Legislature. Because of the information provided by the Commission, the amount of funding recommended to conduct four public hearings per fiscal year appeared reasonable.

The question was whether the Committee wished to approve decision unit E250, which would add General Fund appropriations of \$33,908 over the 2011-2013 biennium to fund four public hearings in each fiscal year, as recommended in The Executive Budget.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN GOICOECHEA MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 250 AS RECOMMENDED BY THE GOVERNOR.

SENATOR DENIS SECONDED THE MOTION.

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

Mr. Thorley said the 2009 Legislature had authorized the addition of a legal research assistant position for the Commission that would provide assistance with research and writing; however, because of budget cuts that position had never been filled. The base budget for the 2011-2013 biennium recommended General Fund appropriations of approximately \$132,730 to fund the position.

The decision was whether the Committee wished to fund the legal research assistant position approved by the 2009 Legislature as recommended by the Governor.

Assemblyman Goicoechea commented that simply because the position was funded did not mean it would be filled over the upcoming biennium.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that it would be up to the Commission whether or not the position was filled. Assemblyman Goicoechea asked whether the funding would revert if the position was not filled. Mr. Combs stated that was correct, unless the Commission submitted a work program to the Interim Finance Committee (IFC) to move that funding to another category.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR DENIS MOVED APPROVAL OF FUNDING FOR THE
LEGAL RESEARCH ASSISTANT POSITION AS RECOMMENDED BY
THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

BUDGET CLOSED.

As an aside, Chairwoman Smith called the Committee's attention to the increase in training expenditures. Mr. Thorley had stated that the increase in training expenditures appeared reasonable; however, a vote was not required by the Committee because it was a base budget item. Chairwoman Smith noted that it would be helpful in the future if increases in training expenditures were reflected in the Commission on Judicial Discipline's budget request as an enhancement rather than being reflected in the base budget.

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EDUCATION

COMMISSION ON POSTSECONDARY EDUCATION (101-2666) **BUDGET PAGE POSTSEC EDUCATION-1**

Joi Davis, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major issues in budget account (BA) 2666. She pointed out that during the budget hearing of April 6, 2011, numerous questions were asked regarding enrollment, institutions, and average tuition costs. That information had been provided to the Committee, and Ms. Davis said Fiscal Analysis Division staff recommended that the budget be closed as recommended by the Governor.

Senator Horsford disclosed for the record that his employer was licensed by the Commission on Postsecondary Education; however, that would not affect him any more or less than other Committee members, and he would vote on the budget closure.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR CEGAVSKE MOVED APPROVAL OF BUDGET ACCOUNT
(BA) 2666 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

BUDGET CLOSED.

EDUCATION

DEPARTMENT OF EDUCATION

NDE – EDUCATIONAL TRUST FUND (101-2614)

BUDGET PAGE K-12 EDUCATION-23

Julie Waller, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the 2007 Legislature created the Educational Trust Fund to be funded by transfers of expired or abandoned gift certificates from the Abandoned Property Trust Fund. The *Nevada Revised Statutes* (NRS) required that transferred funds only be expended as authorized by the Legislature for educational purposes. Ms. Waller indicated that The Executive Budget recommended \$9,000 in each year of the upcoming biennium be transferred to the Educational Trust Fund; however, there were no expenditure recommendations included in the budget.

During the K-12 Joint Subcommittee budget hearing on February 24, 2011, the Superintendent of Public Instruction (Superintendent) proposed using the Educational Trust Fund to expand and support a State Teacher of the Year program to honor each school district's Teacher of the Year and to then select an overall Teacher of the Year. Ms. Waller said the Joint Subcommittee

requested that the Superintendent submit a formal plan outlining the details of the Department's recommendation for use of the Educational Trust Fund.

Ms. Waller stated that during the K-12 Joint Subcommittee work session on March 31, 2011, the Superintendent discussed the details of the proposed State Teacher of the Year program. Those details depicted the State Teacher of the Year winner receiving a \$2,000 stipend, as well as providing \$500 stipends to district winners.

Ms. Waller reported that the written details of the proposal were modified to include:

- A \$2,000 stipend for the State Teacher of the Year.
- Travel costs of \$1,000 to attend the annual meeting to select a Regional Teacher of the Year winner and to participate in professional development training.
- Travel costs of \$3,000 to attend a training meeting and the announcement of the National Teacher of the Year in Washington, D.C.
- A \$1,000 Scholarship to spend one week at International Space Camp in Huntsville, Alabama.

Ms. Waller noted that the existing balance in the Trust Fund was \$49,481 prior to the upcoming transfers of \$9,000 in each year of the biennium, and the Trust Fund could support the Teacher of the Year Program for seven years without additional funding.

Ms. Waller stated that the decision was whether the Committee wished to approve the use of \$7,000 in each fiscal year of the 2011-2013 biennium from the Educational Trust Fund to support the State Teacher of the Year program, or whether the Committee wished to retain the funding in the Reserve as recommended in The Executive Budget.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR HORSFORD MOVED APPROVAL OF THE USE OF
\$7,000 IN EACH YEAR OF THE 2011-2013 BIENNIUM FROM THE
EDUCATIONAL TRUST FUND TO SUPPORT THE STATE TEACHER
OF THE YEAR PROGRAM.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

Chairwoman Smith explained that the K-12 Joint Subcommittee had heard discussion about the Teacher of the Year Program and that there had been very little offered to the Teacher of the Year. Chairwoman Smith said Teacher of the Year was a significant honor bestowed on the teacher, but the state had never allocated funding to offer any benefits. In the past, the Department of Education had made an effort to send the State Teacher of the Year to the national ceremony. Chairwoman Smith said the Educational Trust Fund seemed the appropriate financial tool to support the program.

Assemblyman Goicoechea asked whether the motion would create a \$2,000 per year savings. Ms. Waller explained that The Executive Budget did not recommend any expenditure from the Trust Fund; however, the initial discussion had proposed a budget of approximately \$10,500. Once the details had been worked out by the Department of Education, the final budget request was for \$7,000.

Assemblyman Goicoechea asked whether the funding would be above the Governor's recommendation. Ms. Waller explained that there were no expenditure recommendations within The Executive Budget. Because *Nevada Revised Statutes* indicated that expenditures from the Educational Trust Fund could only be made as authorized by the Legislature, the Budget Division left that decision up to the discretion of the Legislature.

Chairwoman Smith further explained there had been no plan to expend the newly accumulated funding, and if no action was taken by the Legislature, the funds would remain in the Reserve category.

Assemblyman Kirner said it appeared that the funding for the Teacher of the Year program would come from the Reserve category within the Educational Trust Fund budget account.

Chairwoman Smith stated that was correct, and she called for a vote on the motion.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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EDUCATION

DEPARTMENT OF EDUCATION

NDE – EDUCATION STATE PROGRAMS (101-2673)

BUDGET PAGE K-12 EDUCATION-27

Julie Waller, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the major closing issue in budget account (BA) 2673 was the recommendation in The Executive Budget to eliminate school support teams in non-Title I schools, decision unit Enhancement (E) 600. Because of budget reductions approved by the 26th Special Session (2010), the funding was reduced for school support teams in non-Title I schools; however, some funding had already been expended which carried over into the base budget for the upcoming biennium.

Ms. Waller indicated that the recommendation would eliminate the remaining \$270,000 of General Funds in each year of the upcoming biennium for school support teams. The Department indicated that the No Child Left Behind Act did not require school support teams for non-Title I schools, and it was a state requirement to provide technical assistance to qualifying non-Title I schools. The recommendation would eliminate the state funding, and the school districts would be responsible for funding and providing technical assistance to qualifying non-Title I schools.

The decision was whether the Committee wished to approve the Governor's recommendation to eliminate \$270,000 of General Fund in each year of the 2011-2013 biennium for state-supported technical assistance and school support teams for non-Title I schools.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR CEGAVSKE MOVED APPROVAL OF THE ELIMINATION
OF \$270,000 IN GENERAL FUND IN EACH YEAR OF THE
2011-2013 BIENNIUM AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

Senator Horsford said he would reluctantly support the motion. He noted that non-Title I schools were not held to the same income criteria as Title I schools. The non-Title I schools consisted of middle-class and upper middle-class students attending schools that had not met adequate yearly progress for several consecutive years.

Senator Horsford said school support teams were a remediation effort that had been put into place several years ago in an attempt to help turnaround failing schools. The Governor's position that the state end social promotions was appropriate, but Senator Horsford said he did not know how to end social promotions without equipping school leaders with the resources to effectively turnaround poor performing schools. Senator Horsford said those were not low-income, high English as a second language student population schools, but rather were the middle-class, everyday schools, and he hoped the Committee understood that fact.

Chairwoman Smith agreed, and stated she had visited a non-Title I school in her district where the principal informed her that the school was considered a "bubble school" and, therefore, did not qualify for additional federal funding. Also, the school was not considered a "high-end" school and was not able to solicit private funding. Chairwoman Smith said the principal's comment was that the school's teachers were expected to meet and collaborate to determine what was best for their students at the classroom level, but there was no professional development available for those teachers because the school lacked the type of funding available to Title I schools. Chairwoman Smith said that was one example of the frustration of non-Title I schools; teachers were held to the same expectations as those at other schools, but they did not have the same resources and support system.

Chairwoman Smith called for a vote on the motion.

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

Ms. Waller said other closing items in budget account (BA) 2673 included the following enhancement (E) decision units:

- E710: Recommended computer hardware replacement that totaled \$9,126 over the biennium.
- E903: Recommended the transfer of two positions from BA 2673 to the Education Staffing Services account, BA 2719. That would align the funding with the duties performed. The decision unit would result in a 50 percent decrease of General Fund support for each position.
- E904: Recommended transfer of one state-funded position to BA 2709, Discretionary Grants – Restricted as a federally funded position, which would align funding with the duties performed.

- E800: Recommended centralizing personnel services for certain agencies within the Division of Human Resource Management, a new division that would be created within the Department of Administration. The cost allocation in decision unit E800 might be affected by the decision regarding the proposed reorganization and centralization of certain services within the Department of Administration.
- Performance Indicators: The budget account had only one performance indicator—student enrollment. Fiscal Analysis Division staff and the Budget Division would work with the Superintendent of Public Instruction to develop new performance measures for the account.

Ms. Waller indicated that Fiscal Analysis Division staff recommended that the remainder of the account be closed as recommended by the Governor, with authority for Fiscal Analysis Division staff to make any necessary technical adjustments.

Senator Horsford asked whether the motion would include the centralized personnel services cost allocation and Ms. Waller stated that was correct.

Senator Horsford stated that he was not comfortable combining personnel functions under the Department of Administration because the Superintendent of Public Instruction was not required to report to the Governor, but rather reported to the State Board of Education. Senator Horsford did not believe that personnel functions should be centralized without a policy decision about governance by the Department of Education. He stated that he had raised the same issue at previous budget hearings. Senator Horsford wondered whether there was a way to eliminate decision unit Enhancement (E) 800, Centralized Personnel Services Cost Allocation, from the budget closure. Senator Horsford stated it was not about a cost savings, but rather was a policy matter.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), indicated that the issue of centralized personnel services was included in several budget accounts. Fiscal Analysis Division staff had not recommended either approval or disapproval of that closing issue, and he indicated that the outcome would be determined when the budget was closed for the Department of Administration. At that time it would be determined whether or not to centralize personnel services within the proposed Division of Human Resource Management.

Julie Waller, Program Analyst, Fiscal Analysis Division, LCB, stated that the budget for the Department of Administration had been closed including the recommendation to centralize personnel services.

That being the case, said Mr. Combs, if the Committee took different closing action for BA 2673 today, it would be inconsistent with the budget closing for the Department of Administration.

Ms. Waller said the Committee could close the budget contingent upon whether or not a policy decision was forthcoming regarding the governance of the Department of Education.

Mr. Combs asked whether BA 2673 was the appropriate account to request such a policy decision or whether there was another more suitable avenue to explore.

Ms. Waller believed that Senator Horsford was referring to a Senate bill that would determine the governance structure of the Department of Education.

Chairwoman Smith said she also wondered whether there was a Senate bill that would actually approve the consolidation plan and would determine the governance of the Department of Education.

Joi Davis, Senior Program Analyst, Fiscal Analysis Division, LCB, explained that Senate Bill 197 currently before the Senate Committee on Finance included the K-12 governance structure.

Mr. Combs said the Committee should make it clear for the record that it would take no action regarding decision unit E800 within BA 2673, and if policy decisions differed, the Committee could address the needed changes within the budget for the Department of Administration.

Chairwoman Smith said she would also like to know the cost of the centralized personnel services cost allocation versus individual personnel services.

Ms. Waller said the cost allocation had been reviewed, and the Department of Education reported that with the elimination of the personnel analyst positions and using the centralized personnel services cost allocation, there would be a savings of between \$6,600 and \$29,000, depending upon the grade and step of the personnel analyst positions.

Chairwoman Smith asked whether Senator Horsford would like to make a motion.

SENATOR HORSFORD MOVED APPROVAL OF BUDGET ACCOUNT (BA) 2673 AS RECOMMENDED BY THE GOVERNOR INCLUDING DECISION UNIT E800, WITH THE UNDERSTANDING THAT THE COST ALLOCATION WOULD ONLY BE APPROVED IF THE POLICY DECISION REGARDING DEPARTMENT OF EDUCATION GOVERNANCE WAS APPROVED. IF NOT APPROVED, PERSONNEL SERVICES WOULD REMAIN AS A STAND-ALONE FUNCTION AND WOULD NOT BE CONSOLIDATED UNDER THE DEPARTMENT OF ADMINISTRATION. THE MOTION INCLUDED AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY

BUDGET CLOSED.

EDUCATION

DEPARTMENT OF EDUCATION

NDE – EDUCATION STAFFING SERVICES (101-2719)

BUDGET PAGE K-12 EDUCATION-33

Julie Waller, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that Fiscal Analysis Division staff was responsible for the closing recommendations for the budget because the Committee had not previously heard testimony or reviewed budget account (BA) 2719.

Ms. Waller stated that the account was a non-General Fund account designed to facilitate accounting for staff positions funded by multiple sources within the Department of Education. There were no major closing issues in BA 2719, but there were other closing items that recommended transferring positions to and from several budget accounts within the Department.

Ms. Waller said the first item was decision unit Enhancement (E) 901, which recommended transferring an administrative assistant 4 position from BA 2719 to the GEAR UP account (BA 2678) to align funding with duties performed. The recommendation appeared reasonable.

The next item included decision units E502 and E902, which recommended the transfer of one administrative assistant 3 position from the Nutrition Education Program account (BA 2691) to BA 2719 to align funding with duties performed. As recommended, the position would be supported 100 percent by federal funds as opposed to 15 percent General Fund and 85 percent federal funds. The recommendation appeared reasonable.

Ms. Waller said the next item was decision units E503 and E903, which recommended the transfer of two positions, an education program professional and an administrative services officer 3, from the Education State Programs account (BA 2673) to BA 2719 to align funding with duties performed. That transfer would result in a General Fund savings of \$84,657 in fiscal year (FY) 2012 and \$85,776 in FY 2013. The recommendation appeared reasonable.

The next item, said Ms. Waller, was decision unit E910, which recommended the transfer of an administrative assistant 2 position to the Education Support Services account to properly align funding with the duties of the position. That would result in a General Fund savings of \$41,538 in FY 2012 and \$42,489 in FY 2013. The recommendation appeared reasonable.

The last item, said Ms. Waller, was decision unit E800, which recommended centralizing personnel services for certain agencies within the proposed Division of Human Resource Management within the Department of Administration. Also, Fiscal Analysis Division staff would request authority to make technical adjustments based on the closing of other budget accounts regarding the personnel services cost allocation.

Ms. Waller stated that Fiscal Analysis Division staff recommended that BA 2719 be closed as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN HARDY MOVED APPROVAL OF BUDGET ACCOUNT (BA) 2719 AS RECOMMENDED BY THE GOVERNOR, WITH THE UNDERSTANDING THAT THE COST ALLOCATION WOULD ONLY BE APPROVED IF THE POLICY DECISION REGARDING DEPARTMENT OF EDUCATION GOVERNANCE WAS APPROVED. IF NOT APPROVED, PERSONNEL SERVICES WOULD REMAIN AS A STAND-ALONE FUNCTION AND WOULD NOT BE CONSOLIDATED UNDER THE DEPARTMENT OF ADMINISTRATION. THE MOTION INCLUDED AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGET CLOSED.

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EDUCATION
DEPARTMENT OF EDUCATION
NDE – EDUCATION SUPPORT SERVICES (101-2720)
BUDGET PAGE K-12 EDUCATION-39

Julie Waller, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 2720 funded 28 full-time equivalent (FTE) positions and supported the Department of Education's grant accounting,

reporting, auditing, accounts payable and receivable, payroll and personnel, budgeting and purchasing, networking, and copying.

Ms. Waller indicated that the first major closing issue was decision unit Enhancement (E) 225, which recommended the elimination of the Department of Education's personnel analyst position. That recommendation was based on the Department of Administration's centralization of personnel services. The Department indicated that the personnel analyst position would be vacant upon the retirement of the incumbent in April 2011. The position was recommended for elimination in February 2012, and the projected savings from the position elimination was \$30,593 in fiscal year (FY) 2012 and \$74,382 in FY 2013. Ms. Waller noted that the funding for the cost allocation for centralized personnel services provided by the Division of Human Resource Management recommended for BA 2720 was \$5,223 in FY 2012 and \$8,825 in FY 2013 (decision unit E800).

Ms. Waller stated that in response to requests from Fiscal Analysis Division staff, the Department provided its position regarding personnel centralization. The Department expressed some concern over the potential for increased processing time for personnel information and was unsure about the mechanics of the personnel centralization concept.

The decision was whether the Committee wished to approve the Governor's recommendation to eliminate the Department of Education's personnel analyst position resulting from the centralization of personnel services in the Division of Human Resource Management within the Department of Administration.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR CEGAVSKE MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 225 AS RECOMMENDED BY THE GOVERNOR. (AMENDED TO INCLUDE RESTORATION OF THE POSITION IF THE DEPARTMENT OF EDUCATION DID NOT PARTICIPATE IN THE CENTRALIZATION OF PERSONNEL SERVICES, AND DEPENDING UPON POLICY CHANGES INCLUDED IN [SENATE BILL 197](#).)

ASSEMBLYMAN HARDY SECONDED THE MOTION (AS AMENDED).

Chairwoman Smith asked for clarification because decision unit E225 was aligned with decision unit E800, which recommended centralizing personnel services.

Ms. Waller said the Committee might wish to indicate that if the policy decision was changed by S.B. 197, and the Department of Education did not participate in the centralization of personnel services under the Department of Administration, the position addressed in decision unit E225 would be returned to the Department.

Chairwoman Smith asked Senator Cegavske and Assemblyman Hardy whether they would agree to amend and include restoration of the position if the Department did not participate in centralization of personnel services in their motion and second. Senator Cegavske and Assemblyman Hardy agreed with that stipulation.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a vote.

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

Ms. Waller stated that during the review of the Department's primary administrative budgets by the Legislative Committee for the Fundamental Review of the Base Budgets of State Agencies, there had been discussion regarding the significant turnover that had resulted in the replacement of nearly all fiscal staff. Ms. Waller stated that BA 2720 was the account that housed those fiscal staff. At that time, the Fundamental Review Committee noted that training was important and that the training budget should be retained if at all possible.

Ms. Waller stated that The Executive Budget recommended only \$96 over the 2011-2013 biennium for training, which was primarily the result of the Governor's directive to halt and reduce all travel and training. In compliance with that directive, the Department had not expended its travel and training budget that had been approved by the 2009 Legislature. That budget was \$17,648 or approximately \$8,800 each fiscal year. Ms. Waller stated that was the reason the base budget included very little funding for training; therefore, going forward The Executive Budget did not recommend restoration of that funding.

Upon the request of Fiscal Analysis Division staff, the Department provided a proposed training budget, should funding become available or the Legislature decided to restore that budget. Ms. Waller said the Department indicated that grant management training to support the development of a new grants unit within the Department's Office of Finance and Planning would be a priority.

Ms. Waller stated that based on the information received by the Department, there were two proposed training options for the Committee's consideration:

1. Two staff to attend three classes in Las Vegas each fiscal year for a cost of \$8,224 in FY 2012 and \$9,304 in FY 2013, for a total cost of \$17,528 over the biennium.
2. One staff to attend three classes in Las Vegas each fiscal year for a cost of \$4,112 in FY 2012 and \$4,652 in FY 2013, for a total cost of \$8,764 over the biennium.

According to Ms. Waller, the first option was in line with the training budget for the 2009-2011 biennium. The options listed for consideration by the Committee indicated the requirement for additional cost-allocation reimbursement funding; however, Ms. Waller noted that BA 2720 had adequate reserves that could fund the training expenditures should the Committee decide to restore the training budget.

The options for consideration by the Committee were:

- A. Approve the Governor's recommended funding of \$96 for training expenditure authority over the 2011-2013 biennium.
- B. Approve option 1 to add cost-allocation reimbursement funding totaling \$17,528 to increase training expenditure authority over the 2011-2013 biennium for two staff to attend three classes in Las Vegas.
- C. Approve option 2 to add cost-allocation reimbursement funding totaling \$8,764 to increase training expenditure authority over the 2011-2013 biennium for one staff to attend three classes in Las Vegas.

Chairwoman Smith realized that budget reductions were necessary, but it appeared counterproductive that within an education budget, only \$96 was allowed for training.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

SENATOR CEGAVSKE MOVED APPROVAL OF TRAINING EXPENDITURES AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

Assemblyman Kirner wondered whether there might be a fourth alternative. The Department of Administration was forming a grants management function, and perhaps there would be some in-house opportunities for cross-training without persons being sent to Las Vegas for training. Ms. Waller said that was a possibility that could be explored.

Assemblywoman Mastroluca pointed out that Ms. Waller had stated there was sufficient funding in reserves to cover the cost of training, and she believed it made sense to send at least one person to training. Because her job involved training, Assemblywoman Mastroluca said she could testify to the value of training, particularly in the area of grants management. That was not a simple process, and a person needed training to understand how to apply for grants and submit the required reporting after a grant was received; if the process was not done properly, it could jeopardize future grant applications. For that reason, Assemblywoman Mastroluca said she would vote against the current motion.

Assemblyman Conklin echoed Assemblywoman Mastroluca's comments. In an effort to cut budgets, sometimes it appeared that the Legislature was "stepping over a dollar to pick up a penny." Assemblyman Conklin believed that grant management training was critically important. The education budget was being cut to the "bone," and now the request was to cut training for staff that could then retrain other fiscal staff. Assemblyman Conklin said he would prefer approval of option C that would allow training for one person to attend training. Assemblyman Conklin said he could not support the motion to approve as recommended by the Governor.

Chairwoman Smith called for a vote on the motion currently before the Committee.

THE MOTION FAILED. (Assemblymen Aizley, Atkinson, Bobzien, Carlton, Conklin, Goicoechea, Grady, Hickey, Hogan, Mastroluca, Ocegüera, and Smith and Senators Leslie and Parks voted no. Senator Horsford was not present for the vote.)

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a second motion.

ASSEMBLYMAN CONKLIN MOVED APPROVAL OF RESERVE FUNDING TOTALING \$8,764 TO INCREASE TRAINING EXPENDITURE AUTHORITY OVER THE 2011-2013 BIENNIUM FOR ONE STAFF TO ATTEND THREE CLASSES IN LAS VEGAS.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Hardy voted no. Senator Horsford was not present for the vote.)

Ms. Waller asked whether the Committee wished to approve reserve funding in lieu of cost-allocation reimbursement funding. Chairwoman Smith stated that was correct.

Ms. Waller stated that other closing items included decision unit Enhancement (E) 710, computer hardware and software replacement. The Governor recommended cost-allocation reimbursement funding totaling \$25,117 in fiscal year (FY) 2012 and \$26,745 in FY 2013 to replace computer hardware and software. A small portion of the funding, \$400 in each year of the biennium, was requested for software to erase hard drives prior to donating the older equipment. The decision unit appeared reasonable.

The next closing item, said Ms. Waller, was decision units E905, E510, and E910, which recommended the transfer of two positions to align the funding sources with the duties being performed by the positions. The recommendation also appeared reasonable.

The last closing item was the reserve level. Ms. Waller said there had been prior discussion regarding the indirect cost rates that were charged. The Department provided an explanation about how the rates were calculated and applied. Ms. Waller explained that as new rates were approved, there might be a reserve balance, but as new rates were determined, the balance would be included in the calculation, which served to lower the indirect cost rate. She believed that the Governor's recommendation for a reserve balance of \$1.4 million at the end of the 2011-2013 biennium appeared reasonable, and it appeared that no adjustment would be required to the indirect cost rates.

Ms. Waller stated that Fiscal Analysis Division staff recommended closing the remainder of the account as recommended by the Governor.

Chairwoman Smith asked whether there were further questions or comments, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN CONKLIN MOVED APPROVAL OF THE
REMAINDER OF BUDGET ACCOUNT (BA) 2720 AS
RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY
FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY
NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

BUDGET CLOSED.

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Chairwoman Smith stated that concluded the budget presentations, and she asked whether there was public comment to come before the Committee. There being none, the hearing was adjourned at 10:07 a.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
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: April 25, 2011

Time of Meeting: 8:10 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster