

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

**Seventy-Sixth Session  
April 28, 2011**

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chairwoman Debbie Smith at 8:20 a.m. on Thursday, April 28, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/76th2011/committees/](http://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](mailto: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 David R. Parks  
Senator Moises (Mo) Denis  
Senator Dean A. Rhoads  
Senator Barbara K. Cegavske  
Senator Ben Kieckhefer

**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  
Eric King, Program Analyst  
Scott Edwards, Program Analyst  
Jennifer Byers, Program Analyst  
Janice Wright, Committee Secretary  
Cynthia Wyett, Committee Assistant

Chairwoman Smith made opening remarks and said the Committee would work to close several budgets. She asked the Fiscal Analysis Division staff to begin with Budget Account 1082.

**ELECTED OFFICIALS**

**TREASURER—BOND INTEREST & REDEMPTION (395-1082)**

**BUDGET PAGE ELECTED-156**

Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said he would present closing items for the budget account (BA) 395-1082, closing items for the State Public Works Board, and closing items for the Buildings and Grounds Division. He explained there was one major closing item in BA 1082 that involved the recommended property tax rate for bonded indebtedness.

Mr. King said the Governor recommended maintaining the current property rate of \$.1555 per \$100 of assessed valuation for each year of the 2011-2013 biennium for general obligation debt for the Capital Improvement Program (CIP) bonds and \$.0145 for debt service for natural resources bonds such as the "Question 1 Program" authorized by Assembly Bill No. 9 of the 17th Special Session (2001). The total tax rate for the state debt service would remain unchanged at 17 cents per \$100 of assessed valuation. In spite of reports of projected assessed valuation decreases, the Governor's budget recommendation included a 14 percent increase in certain property tax revenues

between fiscal year (FY) 2010 actual expenditures and the FY 2011 work program amounts. After the submission of the Governor's recommend budget for this account, Fiscal staff received a FY 2011 work program revision submitted by the Office of the State Treasurer to the Executive Budget Division that reduced projected property tax revenues by approximately \$61.4 million from the FY 2010 actual amounts collected. In addition, the work program revision adjusted the FY 2011 reserve from approximately \$169.7 million to \$120.7 million that more closely matched the \$120.6 million FY 2011 reserve amount included in the *General Obligation Debt Capacity and Affordability Report-Biennium 2011-2013*.

Mr. King said because of the action to reduce FY 2011 reserves from approximately \$169.7 million to \$120.7 million, Fiscal staff reduced the balance forward and reserve amounts for the 2011-2013 biennium by approximately \$49 million. Fiscal staff believed that the reserves for this account were reasonable with the adjustments included in the work program prepared by the Office of the State Treasurer.

Mr. King said the Office of the State Treasurer determined that only \$29 million in debt (bonding) capacity was available for the 2011-2013 biennium. By way of comparison, the 2007 CIP and the 2009 CIP included \$143.9 million and \$520.5 million, respectively, in general obligation bond funding. Mr. King said his explanation was provided as information only, and the Committee was not required to take action on this item.

Mr. King said that in addition to the bonds issued to support the recommended 2011 CIP (\$27.1 million), the Office of the State Treasurer expected to issue \$1,376,821 in general obligation bonds for the 2009 CIP and \$490,000 in general obligation bonds for the Department of Cultural Affairs projects supported by the \$.1555 ad valorem tax levy. Overall, \$29 million in general obligation bonds would be issued in FY 2012 to support the Governor's recommended 2011 CIP, the 2009 CIP, and Cultural Affairs projects. Mr. King provided this information, but the Committee was not required to take action on this closing item.

Mr. King said The Executive Budget recommended retaining the current property tax rate of \$.0145 for debt service in each year of the 2011-2013 biennium to pay the existing bonded indebtedness for natural resources bonds from the "Question 1 Program" authorized by Assembly Bill No. 9 of the 17th Special Session (2001). No new Question 1 Program bond issuances were planned for the 2011-2013 biennium. This item was provided as information only, and the Committee was not required to take action on this closing item.

Mr. King said that Fiscal staff recommended closing this budget as recommended by the Governor with the technical change to the 2011-2013 biennium balance forward and reserve amounts.

SENATOR KIECKHEFER MOVED TO CLOSE BUDGET ACCOUNT 395-1082 AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS BY THE FISCAL STAFF.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Horsford, and Leslie were not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-SPWD-ENGINEERING AND PLANNING (401-1562)**  
**BUDGET PAGE ADMIN-80**

Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the State Public Works Board (SPWB) Administration-SPWD-Engineering and Planning [currently the SPWB Inspection] account contained two major closing items: the consolidation of State Public Works Board and the Buildings and Grounds Division (B&G); and budget reductions and position eliminations. Senate Bill 427 [proposed by the Department of Administration] would consolidate various departments and divisions within the Department of Administration.

Mr. King said The Executive Budget included a recommendation to create a new State Public Works Division (SPWD) within the Department of Administration (DOA) that would consist of this account and the accounts currently titled Buildings and Grounds [BA 1349], Administration SPWD Facility Cond & Analysis [BA 1560], and Marlette Lake Water System [BA 1366]. The consolidation recommendation included renaming BA 1562 to SPWD-Engineering and Planning.

Mr. King provided an organizational chart that depicted the recommended Division's structure showing the DOA Director overseeing an unclassified division administrator position. The Division Administrator was connected directly to the SPWB. The State Public Works Board would continue to provide

policy and regulatory oversight, construction claim and dispute resolution for operation of the state's construction projects, and building official functions. The three sections managed by the unclassified deputy administrator position were explained. The agency provided information in response to questions from the Joint Subcommittee on Human Services and Capital Improvements regarding the duties of each of these positions.

Mr. King said professional services referred to the state's building design and construction management function with information technology support that would be overseen by an existing deputy manager for professional services or a deputy administrator. The building official section was the state's building code compliance and enforcement function that would be overseen by an existing deputy manager for compliance and code enforcement or deputy administrator acting as the state's building official. The section's duties included plan checks, code inspections, and compliance for all new or remodeled facilities on state lands. The buildings and grounds section included facility and grounds maintenance and housekeeping for state-owned buildings, operation of the Marlette Lake Water System, and the state agency lease procurement functions that would be overseen by the existing B&G Division administrator position. The Governor's consolidation recommendation included reclassification of the existing unclassified B&G administrator position included in the B&G account (BA 1349) to an unclassified deputy administrator position.

Mr. King said the SPWB and B&G stated that the reorganization resulted in net biennial savings totaling \$315,528. Combining building design, engineering, and maintenance functions in one organization resulted in reduced building maintenance costs because staff representing these different building trades would interact and collaborate to construct building systems that were more efficient to maintain. Functions currently performed independently by SPWB and B&G such as receptionist and contracting tasks may be combined to reduce the total number of positions needed.

Mr. King summarized the decision units to implement the recommendation to consolidate the SPWB and B&G within the Department of Administration (DOA). He noted that approval of these decision units accomplished the consolidation of SPWB and B&G and affected the overall DOA consolidation.

Mr. King said decision unit Enhancement (E) 909 recommended reductions in capital improvement program (CIP) fees totaling \$488,359 for the 2011-2013 biennium by transferring five fiscal and administrative support positions, including three administrative assistant 3 positions, an accounting assistant 3 position, and a management analyst 1 position to the

DOA Administrative Services account (BA 1371). The recommendation would consolidate accounting and fiscal management functions in the Administrative Services budget. The agency stated that consolidating fiscal and contracting services staff would increase efficiency by reducing the ratio of supervisory personnel to staff. Positions that currently performed fiscal and contracting services as only one part of their duties would concentrate solely on fiscal or contracting services and that was expected to increase efficiency. Fiscal staff noted that the costs of the positions were recommended to be allocated to other DOA divisions, including the new SPWD in the 2011-2013 biennium.

Mr. King said that the five administrative assistant positions that would remain in this account, following the position transfers and eliminations included in The Executive Budget, would provide services related to the SPWB's CIP functions, including bidder qualifications, construction bid openings, and prevailing wage tasks.

Mr. King said that the Joint Subcommittee on General Government discussed the multiagency reorganization including the recommendation to reorganize the SPWB and B&G within the DOA. The Joint Subcommittee indicated that the consolidation and reorganization of various administrative divisions and departments with the DOA appeared logical and reasonable. The Joint Subcommittee expressed support for the Governor's recommendations noting that state agencies would be better served and expected that efficiencies and savings would be realized.

Mr. King asked whether the Committee wished to approve the transfer of three administrative assistant 3 positions, an accounting assistant 3 position, and a management analyst 1 position to the DOA Administrative Services account (BA 1371) contingent upon the closing action for that account for reductions in fees collected from the state's CIP totaling \$488,859 for the 2011-2013 biennium.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE TRANSFER OF FIVE POSITIONS TO THE DEPARTMENT OF ADMINISTRATION CONTINGENT UPON THE CLOSING ACTION FOR BUDGET ACCOUNT 1371 FOR REDUCTIONS IN FEES COLLECTED FROM THE STATE'S CAPITAL IMPROVEMENT PROJECTS TOTALING \$488,859 FOR THE 2011-2013 BIENNIUM.

SENATOR DENNIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Leslie were not present for the vote.)

\*\*\*\*\*

Mr. King said decision unit Enhancement (E) 230 recommended fee reductions of \$88,334 for the 2011-2013 biennium because of reduced space needs resulting in the elimination of 3,801 square feet of state-owned space in the Employers Insurance Company of Nevada (EICON) Building in Carson City. He asked whether the Committee wished to approve fee reductions totaling \$88,334 in the 2011-2013 biennium to reduce funding for space rental costs.

SENATOR PARKS MOVED TO APPROVE DECISION UNIT ENHANCEMENT 230 CONTAINING THE FEE REDUCTIONS OF \$88,334.

THE MOTION WAS SECONDED BY ASSEMBLYMAN HOGAN.

THE MOTION CARRIED. (Senators Cegavske and Leslie were not present for the vote.)

\*\*\*\*\*

Mr. King said decision unit E800 recommended \$138,799 for FY 2012 and \$167,991 for FY 2013 in inspection fees to pay the DOA cost-allocation charges. This recommendation appeared reasonable. He asked whether the Committee wished to approve the Governor's recommended cost-allocation increases. Fiscal staff requested authority to make technical adjustments to the Department of Administration's internal cost allocations based upon the closing actions approved for the Department's accounts that were supported by the allocations.

SENATOR KIECKHEFER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDED COST-ALLOCATION INCREASES AND AUTHORIZE THE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

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

\* \* \* \* \*

Mr. King said the second major closing item involved budget reductions and position eliminations. The Governor recommended reductions in fee revenues totaling \$4,346,858 for the 2011-2013 biennium resulting from the elimination of 27 positions, including 12 building construction inspectors, 8 project managers, 5 administrative assistants, 1 accounting assistant, and the deputy administrator for fiscal services. Fiscal staff confirmed that all of the positions recommended for elimination were vacant. If this recommendation was approved, 9 building construction inspectors, and 15 project manager positions would be authorized for the agency during the 2011-2013 biennium.

Mr. King said that an analysis of the estimated hours of building inspection services needed to complete work on the state's Capital Improvement Program (CIP) indicated that the number of inspector hours required may be less than the recommended staffing levels for inspections services during the 2011-2013 biennium. Conversely, the estimated hours of project management services needed indicated that the project management hours required may be more than the recommended staffing levels for project management services included in The Executive Budget.

Mr. King said that until the 2011 CIP was approved by the Legislature, an accurate projection of inspection and project management services needed during the 2011-2013 biennium was difficult to determine. In addition, if the State Public Works Division (SPWD) determined that additional positions were needed to complete the workload during the 2011-2013 biennium, the agency could seek Interim Finance Committee approval to add project manager positions during the interim. Considering the agency's ability to adjust staffing levels during the interim, the recommendation to eliminate 27 positions appeared reasonable.

Mr. King asked whether the Committee wished to approve the elimination of 12 building construction inspector positions, 8 project manager positions, 5 administrative assistant positions, 1 accounting assistant, and the deputy administrator for fiscal services for a savings of approximately \$4.3 million in inspection fees collected from the state's CIP during the 2011-2013 biennium.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE ELIMINATION  
OF 27 POSITIONS FOR A SAVINGS OF APPROXIMATELY  
\$4.3 MILLION IN INSPECTION FEES.

SENATOR KIECKHEFER SECONDED THE MOTION.



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

\*\*\*\*\*

Mr. King explained decision unit E250 recommended increasing fee revenues by \$2,632 in each year of the 2011-2013 biennium for on-call, temporary staff support to fill in when permanent staff in the Las Vegas SPWD office were on sick leave or annual leave. This recommendation appeared reasonable.

Mr. King said decision unit E251 recommended \$24,053 in inspection fees in FY 2013 for building code publications needed to maintain lawful and professional projects management and building inspection services by keeping staff informed of current construction codes. This recommendation appeared reasonable.

Mr. King said decision unit E710 recommended \$83,934 in FY 2012 and \$35,479 in FY 2013 for replacement computers and other equipment. This recommendation appeared reasonable.

Mr. King said decision units E750 and E601 recommended transferring six positions from the SPWB Administration account to the SPWD Facility Condition and Analysis account and funding those positions with \$1,272,440 in CIP fees. This recommendation was discussed in the closing document for the Administration-SPWD-Facility Condition and Analysis account

Mr. King said Fiscal staff requested authority to make any necessary technical adjustments based upon the Committee's closing actions in the SPWD Facility Condition and Analysis account.

Mr. King said the last item involved onetime charges of \$95 in each year of the 2011-2013 biennium for American Recovery and Reinvestment Act of 2009 training that was not eliminated from the base budget. The Fiscal staff recommended a technical adjustment to eliminate the onetime charges from the base budget.

Mr. King asked whether the Committee wished to approve the other closing items as recommended by the Governor and technical adjustments by Fiscal staff.

SENATOR HORSFORD MOVED TO APPROVE THE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-SPWD-FACILITY COND AND ANALYSIS (101-1560)**  
**BUDGET PAGE ADMIN-89**

Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said there were two major items in budget account (BA) 1560. The first item was the position transfers in decision units Enhancement (E) 601 and E750. The 75th Session (2009) approved the Governor's recommendation to transfer the six positions from the Public Works Administration account (BA 1560) to the Public Works Inspection account (BA 1562) for the 2009-2011 biennium, including the State Public Works Board (SPWB) Manager, the deputy manager for Professional Services, the deputy manager for Administration and Fiscal Services, an information technology professional 2, and 2 administrative assistants. The recommendation, which included funding the transferred positions with fee revenues generated from the CIP rather than with state appropriations, was approved because projected revenues were insufficient to restore General Funds for the positions' salaries. As a result, a Letter of Intent was issued that the six transferred positions should be funded with General Funds and be included in the Administration account base budget for the 2011-2013 biennium.

Mr. King said that to comply with the Legislature's intent, decision unit Enhancement (E) 750 recommended restoring the six positions to the Administration SPWB Facility Condition and Analysis account (BA 1560) where the positions were funded with General Funds. However, the six positions were subsequently recommended for transfer to the SPWD Engineering and Planning (BA 1562) account and paid from fees collected from the state's CIP. The Governor's recommendation to fund the positions with fees collected from the CIP would avoid \$1,272,440 in General Fund costs for the

2011-2013 biennium. Mr. King noted that it appeared sufficient fees would be generated by the state's CIP to fund the six positions in the 2011-2013 biennium.

Mr. King asked whether the Committee wished to approve the Governor's recommendation to fund the six positions that were transferred to the SPWB Engineering and Planning account during the 2009-2011 biennium with fees from the state's CIP and avoid \$1,272,440 in General Fund costs for the 2011-2013 biennium by maintaining the positions in the Engineering and Planning account.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO FUND THE SIX POSITIONS WITH CAPITAL IMPROVEMENT PROGRAM FEES FOR THE 2011-2013 BIENNIUM.

SENATOR PARKS SECONDED THE MOTION.

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

\* \* \* \* \*

Mr. King said the second closing item was the consolidation of the State Public Works Board (SPWB) and the Buildings and Grounds Division. The Executive Budget recommended creating a new State Public Works Division (SPWD) and budgeting for six positions in the Engineering and Planning budget to avoid \$1,272,440 in General Fund supported personnel costs that would result from keeping the positions in this account. This proposal included funding the entire cost of the new SPWD Administrator's position with fees collected from the state's Capital Improvement Program (CIP) versus funding a portion of these costs from building rent revenues collected in the Buildings and Grounds account that the new administrator was recommended to oversee.

Mr. King noted that the Joint Subcommittee on Human Services and Capital Improvements requested an estimate of the time the new SPWD administrator would spend overseeing Buildings and Grounds; however, the agency had not provided an estimate of the time the Division administrator would spend managing functions performed by Buildings and Grounds. The agency stated that because there was no history upon which to base the allocation of rent revenues, and because the allocation would be subject to the federal government's approval, the allocation method would need to be based upon an

objective metric similar to the number of positions overseen by the Division administrator, which did not require history from prior periods.

Mr. King said agency staff testified that in the future, it might be appropriate to cost allocate the Division administrator's salary, but for the 2011-2013 biennium, the agency believed CIP fees were the appropriate revenue source. Fiscal staff suggested issuing a Letter of Intent instructing the Department of Administration (DOA) to perform a time and effort study on the costs of the SPWD administrator. The DOA should return to the 77th Session (2013) with a substantiated method for apportioning the Division administrator's salary among the three sections the position would oversee for the 2013-2015 biennium.

Mr. King asked whether the Committee wished to approve the use of CIP fees to fund the Division administrator position that was recommended for the new SPWD for the 2011-2013 biennium as recommended by the Governor.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO USE CAPITAL IMPROVEMENT PROGRAM FEES TO PAY FOR THE DIVISION ADMINISTRATOR POSITION.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

\* \* \* \* \*

Mr. King asked whether the Committee wished to approve the issuance of a Letter of Intent instructing the Department of Administration to develop a cost-allocation plan that would be incorporated in the 2013-2015 biennium budget recommendation that would divide the salary for the Public Works Division administrator's position between the three sections the position would oversee.

SENATOR KIECKHEFER MOVED TO APPROVE ISSUING A LETTER OF INTENT INSTRUCTING THE DEPARTMENT OF ADMINISTRATION TO DEVELOP A COST-ALLOCATION PLAN TO DIVIDE THE PUBLIC WORKS DIVISION ADMINISTRATOR'S SALARY BETWEEN THE THREE SECTIONS THE POSITION WOULD OVERSEE.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

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

\* \* \* \* \*

Mr. King said there were three other closing items for this budget. The agency indicated to the Legislative Commission's Budget Subcommittee that statutory responsibilities for annual fire safety inspections for state buildings would be shifted from the State Fire Marshal (SFM) to the SPWD to be conducted by the existing staff currently assigned to the Facilities Condition Analysis (FCA) program.

Mr. King said that the SPWB and the SFM stated the responsibility for the annual building fire safety inspections would remain with the SFM, and the FCA staff would assist the SFM with the annual building fire safety inspection requirements by completing the fire inspections for state-owned facilities. The SFM informed Fiscal staff that the plan to transfer inspections was devised when it appeared that all of the SFM's staff might be eliminated because of budget reductions. However, only a portion of the SFM staff was recommended to be eliminated, thus the inspection duties could be shared.

Mr. King said that the SFM inspected 100 percent of state-owned buildings in rural areas, approximately 70 percent in Washoe County, and approximately 20 percent in Clark County on an annual basis with its current staffing. Combining the SFM's resources with the FCA would maintain the percentage of state-owned buildings inspected. The agency indicated that even with the assistance of the FCA, all state-owned buildings would still not receive annual fire safety inspections. Mr. King said the Committee was not required to take action on this closing item.

Mr. King said decision unit Enhancement (E) 710 recommended \$1,240 in General Funds in the 2011-2013 biennium for replacement equipment, including a desktop computer that would be replaced [based upon the Department of Information Technology's five-year replacement guidelines] and standard office and antivirus software. This recommendation appeared reasonable.

Mr. King said decision unit E800 recommended \$1,229 of General Funds in the 2011-2013 biennium to pay the DOA cost-allocation charges for fiscal, personnel, and administrative oversight. Mr. King noted that the SPWB was

already paying DOA for allocated costs and that \$39,310 was approved for this purpose for the 2009-2011 biennium. By way of comparison, the Governor recommended \$26,451 for DOA's allocated costs for the 2011-2013 biennium.

Mr. King asked whether the Committee wished to approve the other closing items as recommended by the Governor. He asked for authority to be granted to the Fiscal staff to make technical adjustments to the Department of Administration's internal cost allocations based upon the closing actions approved for the Department's accounts that were supported by the allocations.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR HORSFORD SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-SPWD-BUILDINGS & GROUNDS (710-1349)**  
**BUDGET PAGE ADMIN-95**

Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 1349 contained two major closing items. The first item was the consolidation of the State Public Works Board (SPWB) and Buildings & Grounds Division (B&G). The Executive Budget included several recommendations that would consolidate B&G with the SPWB and create a new division within the Department of Administration (DOA).

Mr. King said the following decision units included in this account were related to the B&G and SPWB consolidation recommendation. Decision unit Enhancement (E) 811 recommended reductions in reserves totaling \$9,485 for the 2011-2013 biennium for the reclassification of two positions, including the filled unclassified B&G administrator position to an unclassified deputy administrator [\$0 fiscal effect] and the vacant chief engineer position to the unclassified service (\$9,485 fiscal effect). If the Committee approved the

Governor's recommended consolidation of the B&G and SPWB within DOA, the recommendation to reclassify the B&G administrator position to an unclassified deputy administrator appeared reasonable.

Mr. King asked whether the Committee wished to approve the reclassification of the Division administrator position to an unclassified deputy administrator.

SENATOR KIECKHEFER MOVED TO APPROVE THE RECLASSIFICATION OF THE DIVISION ADMINISTRATOR TO AN UNCLASSIFIED DEPUTY ADMINISTRATOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

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

\* \* \* \* \*

Mr. King said the agency stated that moving the chief engineer position from the classified service to unclassified service was recommended because of the responsibilities and the professional nature of the position's duties and because of the position's authority to obligate large sums of state money. The agency stated the recommendation would classify the chief engineer position consistent with existing unclassified SPWB project manager positions that were approved to move from the classified to unclassified service by the 74th Session (2007). The moves were approved because of the responsibilities and professional nature of the project manager's duties. For the purpose of the agency's justification for reclassification of the position, the recommendation to reclassify the chief engineer position may be considered in isolation from the recommended B&G and SPWB consolidation.

Mr. King asked whether the Committee wished to approve moving the chief engineer position from the classified to the unclassified service that increased costs by \$9,485 in the 2011-2013 biennium.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE MOVING THE CHIEF ENGINEER POSITION FROM THE CLASSIFIED TO THE UNCLASSIFIED SERVICE THAT INCREASED COSTS BY \$9,485 IN THE 2011-2013 BIENNIUM.

SENATOR PARKS SECONDED THE MOTION.

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

\*\*\*\*\*

Mr. King said decision unit E910 recommended reductions in rent revenues totaling \$124,333 for the 2011-2013 biennium because of the transfer of a program officer 1 position to the Department of Administration (DOA), Administrative Services account (BA 1371). This recommendation was related to the consolidation of fiscal and administrative staff within the DOA, Division of Administrative Services, and the Committee may wish to approve this recommendation contingent upon the closing actions for the Administrative Services account. Mr. King asked whether the Committee wished to approve the transfer of a program officer 1 to the DOA, Administrative Services account (BA 1371) contingent upon the closing action approved for that account for reductions totaling \$124,333 in the 2011-2013 biennium.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE TRANSFER OF A PROGRAM OFFICER 1 TO THE DEPARTMENT OF ADMINISTRATION CONTINGENT UPON THE CLOSING ACTION APPROVED FOR THAT DEPARTMENT.

SENATOR HORSFORD SECONDED THE MOTION.

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

\*\*\*\*\*

Mr. King said decision unit Enhancement (E) 231 recommended funding totaling \$66,686 in the 2011-2013 biennium for tenant improvements and insurance costs for the State Library and Archives Building, Blasdel Building, EICON Building, and Bryan Building to accommodate several of the Governor's recommended agency consolidations. He referred to a table that depicted amendments to The Executive Budget that decreased tenant improvement funding for the Administrative Services account and increased funding for the Division of Internal Audits account (BA 1342) based upon revised space renovation cost estimates.

Mr. King said Fiscal staff was informed that an unspecified portion of the B&G and Public Works tenant improvements recommended for total funding of \$19,228 had already occurred in fiscal year (FY) 2011 because of the reduction



of SPWB staffing levels. In addition, because of the discovery of radon gas in the basement of the EICON Building, the estimated cost and work schedule had changed for completion of the tenant improvements necessary for B&G's occupancy of the EICON Building. Fiscal staff did not suggest any changes to the recommended tenant improvement funding because of the uncertain nature of the estimated building renovation costs. Action on the budget amendments would take place during the closing hearings for the Administrative Services Division and Division of Internal Audits accounts.

Mr. King said the Committee may wish to approve this recommendation contingent upon the closing actions for the divisions within the DOA because this recommendation was related to the consolidation and reorganization of the various administrative divisions within the DOA.

Mr. King asked whether the Committee wished to approve funding the Governor's recommendation as amended for tenant improvement and insurance costs contingent upon the closing actions for the Buildings and Grounds Division, State Public Works Board, Department of Information Technology, Administrative Services Division, Department of Personnel, Division of Internal Audits, and the Office of Historic Preservation.

SENATOR HORSFORD MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION FOR FUNDING FOR TENANT IMPROVEMENT  
AND INSURANCE COSTS CONTINGENT UPON CLOSING ACTIONS  
OF THE VARIOUS DIVISIONS AND DEPARTMENTS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

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

\*\*\*\*\*

Mr. King said decision unit E800 recommended reductions in reserves totaling \$99,607 for the 2011-2013 biennium to pay the Department of Administration (DOA) cost-allocation charges for fiscal, personnel, and administrative oversight. Fiscal staff requested authority to make technical adjustments to the Department of Administration's internal cost allocations based upon the closing actions approved for the Department's accounts that were supported by the allocations.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS TO THE DEPARTMENT OF ADMINISTRATION'S INTERNAL COST ALLOCATIONS BASED UPON THE CLOSING ACTIONS APPROVED FOR THE DEPARTMENT'S ACCOUNTS THAT WERE SUPPORTED BY THE ALLOCATIONS.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

\* \* \* \* \*

Mr. King said the second major closing item for this budget account was the funding for building renovation costs in decision unit E800. The Governor recommended \$239,008 for the 2011-2013 biennium from reserves to fund building renovation projects. By comparison, the 2009 Legislature approved \$146,278 for building renovation projects. Mr. King referred to a table that summarized the building renovation projects for the 2011-2013 biennium.

Mr. King noted that in past biennia, the Legislature had approved building renovation funding once it was determined that none of the projects included in the backlog of deferred maintenance projects represented a life safety concern. At the March 1, 2011, Joint Subcommittee on Human Services and Capital Improvements budget hearing, the agency testified that there were no projects representing a life safety concern that had been deferred. Fiscal staff believed that the recommendation to fund \$239,008 in building renovation costs during the 2011-2013 biennium was reasonable, given that projects related to life safety concerns had been addressed.

Mr. King asked whether the Committee wished to approve \$239,008 for deferred maintenance projects during the 2011-2013 biennium as recommended by the Governor.

SENATOR KIECKHEFER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF \$239,008 FOR DEFERRED MAINTENANCE PROJECTS DURING THE 2011-2013 BIENNIUM.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

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

\*\*\*\*\*

Mr. King said the other closing items included a decrease of building rent. The Executive Budget recommended decreasing state agencies' office rent from \$1.02 to \$.96 per gross square foot in each year of the 2011-2013 biennium. This change represented a 5.9 percent decrease from the rent approved for the 2009-2011 biennium. The rent decrease would also decrease the reserves. In February 2010, the United States Department of Health and Human Services, Division of Cost Allocation, notified the state that B&G was maintaining excess reserves and that the reserve balance must be reduced or a federal payback would be required beginning in FY 2012.

Mr. King said because of the recommended rental rate reduction, the ending reserve balance for the account would decrease by \$454,772 to \$2.3 million for fiscal year (FY) 2013 or 16.3 percent less than the \$2.8 million ending reserve balance projected for FY 2011. Mr. King said an expeditious work program revision was approved in FY 2011 to use \$836,884 from reserves to address deferred maintenance projects that had developed into life safety and property protection concerns. Mr. King said this recommendation appeared reasonable considering the requirement to reduce reserves or repay the federal government.

Mr. King said decision unit Maintenance (M) 200 recommended adjustments to annualize utility costs for the new Campos Building based upon utility expenditures of the Grant Sawyer Building. In response to questions from Fiscal staff, the agency provided the Campos Building's actual utility cost information that was used to adjust the recommendation to annualize the facility's utilities costs. This recommendation appeared reasonable based on the adjustments for the Campos Building's actual utility costs.

Mr. King said decision unit Enhancement (E) 230 recommended reserve reductions totaling \$10,722 for the 2011-2013 biennium to reassign oversight of the state's mail services functions to the Division of State Library and Archives pursuant to the Governor's recommendations. This recommendation appeared reasonable.

Mr. King said decision unit E710 recommended funding totaling \$42,694 for the 2011-2013 biennium for replacement equipment. Decision unit E900 recommended transferring \$18,262 for the 2011-2013 biennium to the Governor's Mansion Maintenance account for utility [garbage costs] for the

mansion. A subsequent adjustment recommended paying this cost from General Funds in the Governor's Mansion Maintenance account. This recommendation appeared reasonable.

Mr. King said decision unit E902 recommended transferring \$118,763 to the Capitol Police account for each year of the 2011-2013 biennium for costs associated with contracted security services at the Bradley Building and Belrose Building in Las Vegas. The agency stated that because the contracted services were related to security, the contracts should be administered by the Department of Public Safety-Capitol Police account because Capitol Police staff was better qualified than B&G staff to assess the risk and requirements for the security of the facilities. The companion decision unit accepting this transferred funding into the Capitol Police account was approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means.

Mr. King said the next closing item dealt with the fundamental review of base budgets and performance indicators. It was provided as informational only for the Committee and no action was required.

Mr. King said the Fiscal staff recommended approving the other closing items as recommended by the Governor with technical adjustments for utility costs in the Campos Building. The Fiscal staff also requested authority to adjust the transfer of the Department of Public Safety, Capitol Police account [decision unit E902] based upon closing adjustments approved for that account.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATIONS FOR OTHER CLOSING ITEMS WITH  
AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL  
ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Leslie were not  
present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 1366 contained two major closing items, the consolidation of the State Public Works Board (SPWB) and Buildings and Grounds Division (B&G) and the increase in reserves. The Executive Budget recommended creating a new State Public Works Division (SPWD) within the Department of Administration that would become responsible for managing the Marlette Lake Water System. Currently, management and oversight responsibilities for the water system were assigned to the Division administrator at B&G that the Governor recommended be changed to a deputy administrator position.

Mr. King said the agency stated that the operation of the Marlette Lake Water System would not be affected by the recommendation to consolidate B&G with the SPWB and operating costs would not change from amounts included in the recommended budget.

Mr. King said decision unit Enhancement (E) 800 recommended increasing reserves by \$18 in the 2011-2013 biennium for adjustments to the Department of Administration's internal cost allocations based upon the closing actions approved for the Department's accounts that were supported by the allocations.

Mr. King asked whether the Committee wished to approve reassigning responsibility for oversight of the Marlette Lake Water System from the Buildings and Grounds Division to the Public Works Division.

SENATOR KIECKHEFER MOVED TO APPROVE THE REASSIGNMENT OF RESPONSIBILITY FOR OVERSIGHT OF THE MARLETTE LAKE WATER SYSTEM FROM THE BUILDINGS AND GROUNDS DIVISION TO THE PUBLIC WORKS DIVISION WITH AUTHORITY FOR THE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Leslie were not present for the vote.)

\* \* \* \* \*

Mr. King said the second major closing item in this budget account was an increase in reserves. The fiscal year (FY) 2013 ending reserve balance for this account was recommended to increase by \$540,262, or over 200 percent, to

\$799,996 in FY 2013 from the \$259,734 that was originally approved for FY 2011. Fiscal staff calculated that the recommended ending reserve balance for FY 2013 totaled over seven months of operating expenses for the system. When asked to explain why the reserves were recommended to increase significantly for the 2011-2013 biennium, the agency indicated that debt service revenues used to pay for the capital improvements that had already been implemented for the system were anticipated to be short by approximately \$50,000 in each year of the 2011-2013 biennium, and that this shortage would be made up from reserves. The agency explained that it planned to use \$400,000 from reserves to pay for a portion of the \$4.9 million in capital improvements that were planned for the system for the 2011-2013 biennium.

Mr. King said that when the agency was asked whether the account should be adjusted to move \$400,000 from reserve, the agency indicated that because only estimates of construction costs were available, the agency's preference was to leave the funds in reserve. The use of reserves was not expected to increase debt service rates for the system's customers. This recommendation appeared reasonable considering the Interim Finance Committee's ability to adjust the water system's budget during the interim.

Mr. Kings asked whether the Committee wished to approve the recommended \$799,996 in FY 2013 ending reserve balance for the Marlette Lake Water System account that may be adjusted during the interim once actual construction costs for improvements were determined.

SENATOR HORSFORD MOVED TO APPROVE THE RECOMMENDED  
\$799,996 IN FISCAL YEAR 2013 ENDING RESERVE BALANCE  
FOR THE MARLETTE LAKE WATER SYSTEM ACCOUNT.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Leslie were not present for the vote.)

\*\*\*\*\*

Mr. King said decision unit E720 recommended funding from reserves totaling \$5,400 for the 2011-2013 biennium for new equipment. This recommendation appeared reasonable. Mr. King provided information to the Committee about the repairs that had been planned and completed for the system.

Mr. King said the Fiscal staff recommended the other closing items be approved as recommended by the Governor.

SENATOR DENIS MOVED TO APPROVE THE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Horsford, and Leslie were not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-NSLA-MAIL SERVICES (713-1346)**  
**BUDGET PAGE ADMIN-221**

Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Joint Subcommittee on Human Services and Capital Improvements had not previously reviewed this budget account. Fiscal staff was responsible for developing closing recommendations for this account. The one major closing item was the reassignment of the state's mail services operation to the Division of State Library and Archives.

Mr. King said as part of the consolidation and agency reorganizations included in The Executive Budget, the Governor recommended transferring oversight responsibility for the state's mail services operations to the Division of State Library and Archives (NSLA) within the Department of Administration. The Department of Administration's budget overview stated that reassigning the mail services operation to NSLA would enhance distribution of the state's records. In addition, information included in the Executive Branch's Priorities and Performance Budget stated that the reassignment of mail services to NSLA would facilitate the transfer of state agency records throughout the state to the State Records Center in Carson City.

Mr. King said the NSLA was the legal custodian of all state records that must be retained for administrative, legal, or historical reasons. Additional information regarding the recommended reassignment indicated that NSLA would use existing mail delivery contracts administered by the Mail Services account to move archival records to and from the State Records Center rather than using

the "Good of the State" contracts established by the Purchasing Division for archival records shipments.

Mr. King said the Buildings and Grounds Division stated that the recommended reassignment would benefit NSLA because of the quantity of state records that were routinely shipped to and from the State Records Center. In addition, the reassignment was consistent with other consolidations and mergers included in The Executive Budget because the recommendation was less about saving money and more about positioning similar organizations together to create the potential for future productivity enhancements. The Building and Grounds Division also stated that the future savings or enhancements to services could not be quantified. Two decision units in this account would accomplish the transition of mail services to NSLA.

Mr. King said decision unit Enhancement (E) 230 recommended reductions totaling \$10,722 during the 2011-2013 biennium to eliminate payments for administrative oversight of the state's mail services functions to the Buildings and Grounds account (BA 1349).

Mr. King said decision unit E800 recommended \$16,851 from reserves in the 2011-2013 biennium based on changes to the Department's internal cost allocations.

Mr. King said Fiscal staff requested authority to make technical adjustments to decision units E230 and E800 based upon the action taken on Senate Bill 427 that provided for the transfer of oversight responsibilities of the state's mail service operations from the Buildings and Grounds Division to the Division of State Library and Archives

Assemblywoman Carlton asked whether this decision involved any personnel changes or whether this decision was strictly administrative. She wondered whether there was any quantifiable savings resulting from the move.

Mr. King said he did not believe that the proposal would affect the organization of the state mail services operations. This proposal was merely taking the organization and moving it under the Division of State Library and Archives. Mr. King said the Fiscal staff was not provided with any amounts of savings. The agency indicated that efficiencies would come from combining similar organizations.

SENATOR KIECKHEFER MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION AND AUTHORIZE FISCAL STAFF TO MAKE



TECHNICAL ADJUSTMENTS ON DECISION UNITS  
ENHANCEMENT 230 AND ENHANCEMENT 800.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford were not present for the vote.)

\*\*\*\*\*

Mr. King said decision unit E710 recommended reserve funding totaling \$400 during the 2011-2013 biennium for replacement antivirus software. This recommendation appeared reasonable.

Mr. King asked whether the Committee wished to approve decision unit E710 as recommended by the Governor. The Fiscal staff also requested approval to make technical adjustments to change the classification of the revenue received from the state agencies for mail services costs from Other Funds to Interagency Transfers.

ASSEMBLYMAN GRADY MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION FOR DECISION UNIT ENHANCEMENT 710  
AND APPROVE AUTHORITY FOR FISCAL STAFF TO MAKE  
TECHNICAL ADJUSTMENTS.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford were not present for the vote.)

BUDGET CLOSED.

\*\*\*\*\*

DEPARTMENT OF ADMINISTRATION  
NSLA-MAIL SERVICES EQUIPMENT (713-1347)  
BUDGET PAGE ADMIN-227

Eric King, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Joint Subcommittee on Human Services and Capital Improvement had not previously reviewed this budget account. The Fiscal staff was responsible for developing closing recommendations for this account. The major closing

item was the reassignment of the state's mail services operation to the Division of State Library and Archives. The Fiscal staff recommended closing this account as recommended by the Governor.

SENATOR PARKS MOVED TO CLOSE BUDGET ACCOUNT  
713-1347 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford were not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

**HEALTH AND HUMAN SERVICES-DIRECTOR'S OFFICE**  
**HHS-DO-CONSUMER HEALTH ASSISTANCE (101-3204)**  
**BUDGET PAGE DHHS DIRECTOR-30**

Jennifer Byers, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Governor recommended merging the Office for Consumer Health Assistance [currently in the Governor's Office BA 1003] with the Office of Minority Health [currently in the Health Division BA 3204] and transferring the combined accounts to the Department of Health and Human Services (DHHS) Director's Office. The newly combined account had been renamed "Consumer Health Assistance," and was designed to provide a single point of contact for consumers, including members of minority groups and injured workers, regarding health care issues.

Ms. Byers said these decision units were discussed and approved during the budget closing hearing on the Governor's Office of Consumer Health Assistance (BA 1003). That budget was closed on April 5, 2011, by the Joint Subcommittee on Human Services and Capital Improvements. The joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means closed BA 1003 on April 22, 2011.

Ms. Byers said Fiscal staff recommended approval of these companion decision units because the Committee already approved part of this merger. Ms. Byers asked whether the Committee wished to approve the merger of the Office for Consumer Health Assistance with the Office of Minority Health into this account.

SENATOR KIECKHEFER MOVED TO APPROVE THE MERGER OF THE OFFICE FOR CONSUMER HEALTH ASSISTANCE WITH THE OFFICE OF MINORITY HEALTH.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblywoman Carlton were not present for the vote.)

\* \* \* \* \*

Ms. Byers said The Executive Budget included the elimination of a vacant half-time administrative assistant position in decision unit Enhancement (E) 325. This recommendation appeared reasonable to Fiscal staff.

Ms. Byers said the elimination of the Health Division's indirect cost allocation was contained in decision unit E230. If the Legislature approved the transfer of the minority health program from the Health Division to the Director's Office, the Health Division's indirect cost allocation would not be assessed to this account. This recommendation appeared reasonable to Fiscal staff because the merger had been approved.

Ms. Byers said the transfer of the Nevada 2-1-1 telephone number program was contained in decision unit E900. The Executive Budget recommended the transfer-in of the 2-1-1 program and General Funds totaling \$31,000 each year of the 2011-2013 biennium from the DHHS Director's Office (BA 3150).

Ms. Byers said that the Joint Subcommittee on Human Services and Capital Improvements approved the transfer as well as the addition of the UnitedHealth Group settlement funds in the amount of \$67,447 for each year of the 2011-2013 biennium. The total funding approved to transfer to this account was \$31,000 of General Funds, plus \$67,447 of UnitedHealth Group settlement funds, for total Nevada 2-1-1 support of \$98,447 in each year. The Committee approved the transfer out from the Department of Health and Human Services Director's Office on April 22, 2011. The Fiscal staff requested authority to make technical adjustments to reconcile all transfer decision units within this account.

Ms. Byers asked whether the Committee wished to approve the other closing items as presented with technical adjustments as needed.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR OTHER CLOSING ITEMS AND AUTHORIZE FISCAL STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

**HEALTH DIVISION**  
**HHS-HD-RADIOLOGICAL HEALTH (101-3101)**  
**BUDGET PAGE DHHS HEALTH-1**

Jennifer Byers, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 3101 contained no major closing items but contained several other closing items. The elimination of the Agreement in Principle grant from the United States Department of Energy and the elimination of a position were informational and did not require the Committee to take action.

Ms. Byers said the recommended reserves in the account at the end of fiscal year (FY) 2012 were \$2.8 million and at the end of FY 2013 were \$3.1 million. Reserves in a fee-funded account should be used for cash-flow purposes until fees were collected. Fiscal staff calculated that a six-month reserve would be \$1.3 million in both FY 2012 and FY 2013. At the Joint Subcommittee on Human Services and Capital Improvements budget hearing, the agency indicated a six-month reserve would be adequate.

Ms. Byers said with a six-month reserve of \$1.3 million needed, the reserve level in FY 2013 was \$1.5 million more than was needed. The account's current reserved fees were \$2.53 million. Fiscal staff was not aware of a statutory prohibition against diverting these moneys to the General Fund. Given that the reserve was made up of fee revenues only, it appeared that a portion of the reserve [up to \$1.5 million] could be transferred to the State General Fund to provide funding to restore General Fund budget reductions.

Ms. Byers asked whether the Committee wished to approve the transfer of \$1.5 million from this account to the State General Fund in FY 2011.

In response to questions from Senator Kieckhefer, Ms. Byers said this \$1.5 million was additional revenue that was not included in The Executive Budget. These were fees that were collected when the Division inspected radiological machines. Over the years, vacancy savings had accumulated in the reserves. The reserves were at a level that exceeded what was needed for the six-month reserve.

Senator Kieckhefer said he believed it would be appropriate to review the reserves and determine the level of fees generating the excess revenues.

Chairwoman Smith suggested that action could be taken during the process of establishing fees and regulations. The Committee could send a Letter of Intent to the Director of the Department regarding the amount of fees.

Senator Kieckhefer said he did not believe the Legislature would need to send a Letter of Intent because this was a minor matter. But as a matter of policy, fees should be established for a specific purpose and not be used to supplement the General Fund.

Senator Leslie said the accumulation of excess revenues occurred in many budget accounts. She suspected the accumulation was generally because of vacancy savings rather than the establishment of a fee that was too high. The Health Division was vigilant in reviewing its fee structures. She agreed that if the fee was set too high, the fee should be reduced to meet the cost of the inspections.

Chairwoman Smith said aside from the fee, the other problem was whether the agency had a material vacancy savings and suggested the Committee should be concerned about that problem. She wondered whether the Division needed more staff to handle the tasks of the inspections.

Richard Whitley, Administrator, State Health Division, testified that historically the program had experienced vacancies. The Legislative Counsel Bureau conducted an audit of the program and determined the regulatory process was appropriate and the inspections were being completed in a timely fashion. The Division was revisiting the costs of performing the inspections because the program was currently fully staffed. The Division would reduce its fees if it determined that the fees exceeded the costs of performing the inspections. He explained it was difficult to calculate the amount of fees needed to reimburse

the amount of time and effort required to complete the inspections when the program had been historically understaffed. These were highly technical positions that were difficult to recruit for, but the program was fully staffed at this time.

SENATOR KIECKHEFER MOVED TO APPROVE THE TRANSFER OF \$1.5 MILLION FROM THIS ACCOUNT TO THE STATE GENERAL FUND IN FISCAL YEAR 2011.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblyman Oceguela were not present for the vote.)

\* \* \* \* \*

Ms. Byers said decision unit Enhancement (E) 710 included reserve funding of \$84,624 in fiscal year (FY) 2012 and \$13,635 in FY 2013 to replace six desktop computers and six laptop computers and the replacement of various specialized radiation equipment. The agency had requested that the six laptop computers be purchased instead of six desktop computers. The agency would purchase six computers in FY 2012 and six computers in FY 2013.

Ms. Byers said the agency provided Fiscal staff with recent quotes for the specialized radiation equipment recommended in this decision unit. Fiscal staff recommended a technical adjustment from reserves to fund an increase of \$1,051 in FY 2012 and \$10,218 in FY 2013, based on the requested change for computer equipment and based upon the recent price quotes received for the specialized equipment.

Ms. Byers said decision unit E721 included reserve funding of \$82,035 in FY 2012 and \$10,790 in FY 2013 for a new database that satisfied United States Nuclear Regulatory Commission (NRC) compatibility requirements. The Division stated this request resulted from audit findings by NRC that the state's database was deficient. The Health Division justified this by noting the proposed database would allow the program to interface with the strategic national radiation control plan. The Division wished to use the same database currently used by another state and customize it for use in Nevada.

Ms. Byers said Fiscal staff was provided with a copy of the NRC audit mentioned in the justification. The agency indicated that funding totaling \$76,754 that was approved for a similar database during the

75th Session (2009) was not expended because the estimated cost to develop a program came in significantly higher than the \$76,754 approved in the 2009-2011 biennium. The agency confirmed that the \$82,035 recommended in FY 2012 and \$10,790 in FY 2013 would be sufficient to customize the database from another state to meet Nevada's needs for the Cancer Registry program. This request appeared reasonable to Fiscal staff. Ms. Byers requested authority to make technical adjustments for the final Health Division cost allocation and indirect-cost rate assessment and to reconcile transfers between Health Division accounts.

Ms. Byers asked whether the Committee wished to approve the other remaining closing items with technical adjustments.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE REMAINING  
OTHER CLOSING ITEMS IN BUDGET ACCOUNT 3101 WITH  
AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL  
ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and  
Assemblyman Oceguela were not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

#### HEALTH DIVISION

#### HHS-HD-HEALTH RADIOLOGICAL & HAZARDOUS WASTE (251-3152) BUDGET PAGE DHHS HEALTH-14

Jennifer Byers, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 3152 contained decision unit Enhancement (E) 710 that requested the replacement of six computers. Later the Health Division indicated the computers existing in this budget account were sufficient and this request for computers was not needed. Fiscal staff eliminated this decision unit and requested authority to make technical adjustments for the final Health Division cost allocation and indirect-cost rate assessment.

Ms. Byers asked whether the Committee wished to close this account as recommended by the Governor with the elimination of decision unit E710 and the technical adjustments noted.

ASSEMBLYMAN CONKLIN MOVED TO CLOSE BUDGET ACCOUNT 3152 AS RECOMMENDED BY THE GOVERNOR WITH THE ELIMINATION OF DECISION UNIT ENHANCEMENT 710 AND AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblyman Ocegura were not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

#### **HEALTH DIVISION**

#### **HHS-HD-CANCER CONTROL REGISTRY (101-3153)**

#### **BUDGET PAGE DHHS HEALTH-17**

Jennifer Byers, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said The Executive Budget recommended two new positions, a business process analyst and a biostatistician to meet the requirements of the Cancer Registry program and maintain program certification and funding from the Centers for Disease Control and Prevention. The Cancer Registry grant awarded by the Centers for Disease Control and Prevention was the recommended funding mechanism for two new positions and associated operating expenditures. The biostatistician position would be the lead position for data management, quality control, analysis, and reporting. The business process analyst position would work with the program manager and staff on daily projects for the Cancer Registry related to quality control and reporting of data.

Ms. Byers asked whether the Committee wished to approve the Governor's recommendation to add two new positions to be funded with the Cancer Registry grant.



ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ADD TWO NEW POSITIONS TO BE FUNDED WITH THE CANCER REGISTRY GRANT.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblyman Oceguela were not present for the vote.)

\*\*\*\*\*

Ms. Byers said the Cancer Registry grant was adjusted by Fiscal staff to reconcile revenues to the most recent notice of grant award for the Cancer Registry grant. As a result of a fiscal year (FY) 2011 work program approved at the February 3, 2011, Interim Finance Committee meeting, the reserves in The Executive Budget were overstated by \$438,927. The reserves were reduced to support the Division's contract with Macro International, Inc. Fiscal staff reduced reserves to \$82,633 in FY 2012 and \$87,466 in FY 2013 based on the work program approved at the February 3, 2011, Interim Finance Committee meeting.

Ms. Byers said replacement equipment was requested in decision unit Enhancement (E) 710. Grant and reserve funding was recommended to replace four computers and two network printers. Fiscal staff made an adjustment to place the computer equipment, printers, and software in the Information Services category instead of the Operating category. With Fiscal staff's technical adjustments, this recommendation appeared reasonable. Fiscal staff asked for approval to make technical adjustments to other closing items, the final Health Division cost allocation, and indirect-cost rate assessment.

ASSEMBLYMAN GRADY MOVED TO APPROVE ADJUSTMENTS MADE TO OTHER CLOSING ITEMS AND AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblyman Oceguela were not present for the vote.)

BUDGET CLOSED.

\*\*\*\*\*

**HEALTH DIVISION**

**HHS-HD-COMMUNITY HEALTH SERVICES (101-3224)**

**BUDGET PAGE DHHS HEALTH-140**

Jennifer Byers, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Fiscal staff adjusted several revenue sources to balance to current grant awards to reflect current revenue projections. A major shortfall was projected for the revenue source "Charges for Services." This revenue was earned from providing community health nursing services other than family planning. A budget amendment was received April 27, 2011, to reduce the Charges for Services revenue and increase the General Funds in this account by \$147,010 in FY 2012 and \$146,881 in FY 2013. The budget amendment and the revised projections for Charges for Services appeared reasonable to Fiscal staff.

Ms. Byers asked whether the Committee wished to approve the recommended budget amendment to reduce the Charges for Services revenue and increase the General Funds in this account by \$147,010 in FY 2012 and \$146,881 in FY 2013.

Senator Kieckhefer asked about the budget amendment and whether it would be the amount included in the Governor's add-backs. He wondered whether this was one of the services that was originally proposed to be shifted to the local governments.

Ms. Byers said the fee revenue for Charges for Services had decreased because the economy was depressed and persons were unable to pay when they came into the health clinics for nursing services. Because the revenues were declining, General Funds were needed to replace some of the fees.

John Borrowman, Budget Analyst 4, Budget Division, said he agreed with the response provided by the Fiscal staff. Fewer fees were being collected. Expenditures had remained constant. Fees received from the patients had been declining. To maintain the program, revenues from the General Fund were needed.

SENATOR KIECKHEFER MOVED TO APPROVE THE  
RECOMMENDED BUDGET AMENDMENT TO REDUCE CHARGES  
FOR SERVICES AND INCREASE GENERAL FUNDS BY \$147,010 IN  
FISCAL YEAR 2012 AND \$146,881 IN FISCAL YEAR 2013.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblyman Ocegueda were not present for the vote.)

\*\*\*\*\*

Ms. Byers said decision unit Enhancement (E) 250 reclassified \$210,461 in fiscal year (FY) 2012 and \$208,070 in FY 2013 in the Preventive Health and Health Services (PHHS) block grant revenues as a transfer from budget account (BA) 3220 (Chronic Disease). Fiscal staff noted that this reclassification of PHHS block grant revenues was budgeted at a lower amount than the recommended transfer from BA 3220 (\$219,000 per year). Fiscal staff made a technical adjustment to reconcile total revenues for this funding source up to the \$219,000 grant award. This recommendation appeared reasonable with Fiscal staff's adjustment.

Ms. Byers said \$186,224 of revenue was reclassified in the Maternal Child Health (MCH) block grant revenue as a transfer from BA 3222, MCH block grant in each year of the 2011-2013 biennium. The Division received a federal recommendation to deposit all of the MCH block grant revenue into BA 3222 and transfer it to other accounts rather than receiving the block grant in multiple accounts, as in the past. This recommendation appeared reasonable to Fiscal staff.

Ms. Byers said the budget requested a transfer-in of two positions [one health program specialist and one health resource analyst] from the Consumer Health Protection account. This decision unit was funded with the federal Public Health Emergency Preparedness and Hospital Preparedness grants. The two positions would manage public health preparedness activities in the rural counties, which were the same duties that the positions currently performed in the Consumer Health Protection account. The Health Division indicated that the main benefit of relocating these positions was to house them in the same account as the position that supervised them. Companion decision unit E524 corrected the revenue general ledger number included in decision unit E924 for the Hospital Preparedness grant. This recommendation appeared reasonable to Fiscal staff.

Ms. Byers said the Fiscal staff made several technical adjustments to this account. The adjustments included reconciling the amounts transferred between accounts within the Health Division; reconciling federal grant receipts to the most recent notice of grant award; reconciling fee revenue based on the most recent projections; and an adjustment to move two different grants out of

one category into separate categories for better tracking [which included the Centers for Disease Control and Prevention grant for Public Health Preparedness and the Assistant Secretary for Preparedness and Response grant for the Hospital Preparedness Program]. Fiscal staff asked for approval of the technical adjustments reflected in the closing document and requested permission to eliminate revenues and expenditures related to the Community Health Nursing category in this account, if decision unit E690 was approved in the Biostatistics and Epidemiology account (BA 3219).

Ms. Byers provided information regarding the Douglas County and Lyon County proposed consolidation with Carson City Health and Human services; neither county intended to proceed with the consolidation.

Ms. Byers asked whether the Committee wished to approve the other closing items with authority for Fiscal staff to make technical adjustments for the final Health Division cost allocation and indirect-cost rate assessments and reconcile transfers between Health Division budget accounts.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 3224 AND AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR LESLIE SECONDED THE MOTION.

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

BUDGET CLOSED.

\* \* \* \* \*

#### HEALTH DIVISION

#### HHS-HD-MARIJUANA HEALTH REGISTRY (101-4547)

#### BUDGET PAGE DHHS HEALTH-158

Jennifer Byers, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said The Executive Budget recommended a 91 percent increase in license and fee revenue from \$603,768 in fiscal year (FY) 2010 to \$1,153,150 in each year of the 2011-2013 biennium. Revenue for the first nine and one-half months of FY 2011 totaled \$655,232. The Joint Subcommittee on Human Services and Capital Improvements asked the

Health Division to provide an updated analysis of revenue projections for fees for FY 2012 and FY 2013. For FY 2012, the revised fee projections totaled \$877,861, an increase of 10.8 percent over the FY 2011 projections of \$792,051. For FY 2013, the revised fee projections totaled \$1,115,489, an increase of 27.1 percent over FY 2012. The 10.8 percent increase over FY 2011 for FY 2012 appeared reasonable to Fiscal staff. The Health Division did not provide any rationale for the 27.1 percent increase in FY 2013 over FY 2012. Because the program was fairly new to the Division, it appeared the Health Division was having difficulty projecting caseload growth and fee revenues for this account. Fiscal staff was still unclear as to the methodology used to project caseload growth and fee revenues.

Ms. Byers said the reserves for FY 2012 would total \$409,428 and \$420,426 for FY 2013. If the Committee approved all decision units in this account with the adjustments noted, a 90-day reserve would be \$269,914 in FY 2012 and \$273,848 in FY 2013. Fiscal staff recommended a 10 percent increase in fee revenues for FY 2013 over FY 2012 rather than a 27.1 percent increase that would reduce the revenues to \$965,647 in FY 2013, for a \$149,842 reduction. The adjustment would bring the reserve levels to \$270,584 for FY 2013 and that amount was close to a 90-day reserve.

Ms. Byers presented three options for consideration of the Committee:

- A. Accept the updated fee revenue projections provided by the Health Division.
- B. Reduce the FY 2012 fee revenue projections by \$149,842 to reflect a 10 percent increase for FY 2013 over FY 2012, resulting in a \$270,584 reserve level in FY 2013.
- C. Approve the Governor's budget that reflected a 91 percent increase in license and fee revenue, but which is not considered inaccurate by the Division.

In response to a question from Assemblywoman Mastroluca, Ms. Byers said there were no General Funds in this budget account, and the options would have no effect on other General Funds available to other agencies.

Senator Kieckhefer said all the Committee was really doing was adjusting the projected reserve at the end of the 2011-2013 biennium.

Ms. Byers said the Committee was basically projecting revenues and expenditures that were budgeted in the categories and anything that was left over went into the reserves

In response to a question from Senator Kieckhefer, Ms. Byers said there would be no effect on the program.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE OPTION B AND REDUCE THE FISCAL YEAR 2013 FEE REVENUE PROJECTIONS BY \$149,842 TO REFLECT A 10 PERCENT INCREASE FOR FISCAL YEAR 2013 OVER FISCAL YEAR 2012, RESULTING IN A \$270,584 RESERVE LEVEL IN FISCAL YEAR 2013.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblyman Ocegura were not present for the vote.)

\* \* \* \* \*

Ms. Byers said Marijuana Health Registry program was currently supported by one administrative assistant. The Executive Budget included funding for three new positions [two program officers and one administrative assistant] in decision unit E252.

Ms. Byers said the Joint Subcommittee on Human Services and Capital Improvements asked the Health Division to provide additional information on the need for two program officer positions. The response from the agency indicated that instead of two program officers and one administrative assistant recommended in The Executive Budget, the agency requested two administrative assistant positions and one program officer position. The Division requested a change to provide training online instead of traveling to the communities throughout the state. The Division believed it could eliminate one of the recommended program officer positions.

Ms. Byers said the justification for the one administrative assistant position included in The Executive Budget was based on a time and effort study that Fiscal staff believed demonstrated the need for three administrative assistants. The projected fee revenue for the 2011-2013 biennium would not support three administrative assistants. That was why the agency was only requesting two administrative assistant positions to process the increase in new applications and renewals. Fiscal staff reviewed the time and effort study and the methodology used appeared reasonable. The agency's informal request for one program officer and two administrative assistants instead of the two program officers and one administrative assistant recommended in

The Executive Budget appeared reasonable to Fiscal staff and would result in savings of \$6,895 in FY 2012 and \$9,204 in FY 2013.

Ms. Byers said Fiscal staff made several technical adjustments. The amounts recommended for in-state travel had been moved out of the operating category to the in-state travel category. The operating expenses and new office furniture expenses were reduced to reflect costs for three new positions instead of four positions. The amounts recommended for new office furniture, computer hardware, and software costs had been moved out of the operating category to the equipment and information technology categories.

Ms. Byers asked whether the Committee wished to approve one of the following two options with the noted technical adjustments:

A. The Health Division's request to change this decision unit from one administrative assistant and two program officers to two administrative assistants and one program officer resulting in a fee revenue savings of \$6,895 in FY 2012 and \$9,204 in FY 2013.

B. The Governor's original recommendation to add one administrative assistant and two program officer positions.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE  
OPTION A WITH THE TECHNICAL ADJUSTMENTS MADE BY THE  
FISCAL STAFF.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Horsford, and Rhoads and Assemblymen Atkinson and Ocegura were not present for the vote.)

\*\*\*\*\*

Ms. Byers said decision unit Enhancement (E) 250 was related to the three new positions and included funds for additional out-of-state travel, operating expenses, a laptop, and an LCD projector for one of the two program officer positions that would provide training to physicians, law enforcement, and local health authorities. The Subcommittee asked the Health Division to provide additional information on the need for the positions and the substantial amount recommended for travel and training. In the agency's response, it indicated it would eliminate one of the two program officers that were designated to

provide training and fill educational needs. The training could be addressed with online meeting software for a cost of \$950 per year instead of traveling to provide the training onsite. By providing training online, \$46,429 in FY 2012 and \$41,901 in FY 2013 for in-state travel, operating supplies, and computer hardware could be eliminated.

Ms. Byers said Fiscal staff eliminated a total of \$49,568 in FY 2012 and \$45,040 in FY 2013 in this decision unit and added \$950 each year for the online training software for a net cost of \$4,089 in each year of the 2011-2013 biennium.

Ms. Byers asked whether the Committee wished to approve decision unit Enhancement (E) 250 to include \$950 each year of the 2011-2013 biennium for an online software program to provide training and educational information for the Marijuana Health Registry program, and \$3,139 each year of the 2011-2013 biennium for two trips for one employee to attend out-of-state training programs and conferences related to the Marijuana Registry program.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE DECISION UNIT ENHANCEMENT 250 TO INCLUDE \$950 EACH YEAR OF THE 2011-2013 BIENNIUM FOR AN ONLINE SOFTWARE PROGRAM TO PROVIDE TRAINING AND EDUCATIONAL INFORMATION FOR THE MARIJUANA HEALTH REGISTRY PROGRAM AND \$3,139 EACH YEAR OF THE 2011-2013 BIENNIUM FOR TWO TRIPS FOR ONE EMPLOYEE TO ATTEND OUT-OF-STATE TRAINING PROGRAMS RELATED TO THE MARIJUANA REGISTRY PROGRAM.

SENATOR LESLIE SECONDED THE MOTION.

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

\*\*\*\*\*

Ms. Byers said The Executive Budget included a transfer of \$700,000 each year to the Division of Mental Health and Developmental Services, Substance Abuse Prevention and Treatment Agency account (BA 3170). The agency indicated the funding would be used to provide priority access for assessments and treatment for families referred by child welfare agencies



Ms. Byers said the Subcommittee asked the Health Division to provide an updated analysis of revenue projections for fees for FY 2012 and FY 2013. Based on the updated analysis of fee revenue projections, the agency indicated it was still able to transfer the \$700,000 recommended each year of the 2011-2013 biennium to the Substance Abuse Prevention and Treatment program. This recommendation appeared reasonable to Fiscal staff.

Ms. Byers asked whether the Committee wished to approve the Governor's recommendation to transfer \$700,000 each year of the biennium to the Division of Mental Health and Developmental Services, Substance Abuse Prevention and Treatment Agency to provide priority access for assessments and treatment to families referred by child welfare agencies.

Chairwoman Smith said she would like to hold this item and did not feel ready to make a decision on this matter today. This was a significant transfer, and she asked Fiscal staff to hold this item.

Ms. Byers said decision unit Enhancement (E) 720 included reserve funding of \$68,070 to move the Marijuana Health Registry program from its current location to office space within the Technology Way building in Carson City that was used by the Vital Records staff. Fiscal staff previously noted that this account appeared to be funding space improvements for the Office of Vital Records staff, who worked out of the Health Statistics and Planning account. In response, the Health Division had indicated that the funding recommended for E720 was no longer needed. Fiscal staff eliminated E720 and increased revenues by \$68,070 in FY 2012.

Ms. Byers said Fiscal staff requested authority to make technical adjustments for the final Health Division cost allocation and indirect-cost rate assessment.

ASSEMBLYMAN HARDY MOVED TO APPROVE OTHER CLOSING  
ITEMS IN BUDGET ACCOUNT 4547 WITH AUTHORITY FOR  
FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR PARKS SECONDED THE MOTION.

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

\*\*\*\*\*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-INFORMATION TECHNOLOGY DIVISION (101-1320)**  
**BUDGET PAGE ADMIN-25**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Governor recommended the elimination of the Department of Administration's Information Technology (IT) Division. The Department of Administration was recommended to absorb the operations of the Department of Personnel, the Division of State Library and Archives, the State Public Works Board, and the Department of Information Technology. The Department of Information Technology would become the Division of Enterprise IT Services, the existing IT Division would be eliminated, and the IT Division's current functional responsibilities would be aligned with other divisions within the restructured Department of Administration as well as the Office of the State Treasurer.

Mr. Edwards said the Joint Subcommittee on General Government considered the multiagency reorganization, including the elimination of the current IT Division and creation of the new Division of Enterprise IT Services (formerly Department of Information Technology) within the Department. The Joint Subcommittee indicated that based upon prior budget hearings and testimony received, there was a nexus for the consolidation, the reorganization appeared logical, and state agencies would receive better service in critical areas including IT and human resources. For those reasons as well as the efficiencies and savings to be realized, the Joint Subcommittee expressed support for the Governor's recommendations.

Mr. Edwards said the position eliminations were included in decision unit Enhancement (E) 229. Because of the reorganization, the Governor recommended the elimination of the Department of Administration's existing IT Division Administrator [0.80 full-time equivalent position] and General Funds of \$189,934 over the biennium. This position was currently filled.

Mr. Edwards said if the reorganization with the Department of Administration was not approved, the agency would still recommend eliminating this budget account. The Administrator position would be transferred to the Budget Division rather than be eliminated. He noted that the Budget Division had estimated a Public Employees' Retirement System buyout for this position of \$75,157 as well as a terminal leave payout of \$24,441. Funding for these amounts had been budgeted in the total General Fund one-shot appropriations included in The Executive Budget. Fiscal staff believed this recommendation was reasonable.

Mr. Edwards said the next item was the transfer of the Nevada Executive Budget System (NEBS) to the Budget Division. Decision unit Enhancement (E) 900 recommended General Fund transfers of \$686,209 over the biennium to move administrative costs associated with NEBS to the Department of Administration's Budget and Planning budget account (BA) 1340. Funding in this decision unit included contractual support, programmer support, and Department of Information Technology database administrator support for NEBS, as well as the Contract Entry and Tracking Systems, the Nevada Project Accounting System, the Open Government Initiative, and other systems. While the contractual and Department of Information Technology support costs for these systems would be paid by the Budget Division, the ongoing functional responsibility (for example, IT related coordination and oversight) would be assumed by the new Division of Enterprise IT Services. This recommendation appeared reasonable to the Fiscal staff.

Mr. Edwards said the Governor recommended decision unit E901 and a transfer of \$57,350 in General Funds over the 2011-2013 biennium to move the Division's statewide Electronic Payment (E-payment) administration to the State Treasurer (BA 101-1080). The agency testified that the responsibility for the E-payment system belonged with the Office of the State Treasurer because ongoing support was a fiscal function rather than an IT function. This recommendation appeared reasonable to the Fiscal staff.

Mr. Edwards noted that the IT Division had functional responsibility for the administration of statewide software licenses, including oversight of the annual renewal of the software maintenance contract with Oracle. By eliminating the IT Division, the agency reported these duties would be jointly assumed by the contract section within the Department of Administration's Administrative Services Division and the new Division of Enterprise IT Services. There was no funding directly associated with this function.

Mr. Edwards said decision unit E800 eliminated the remaining Department cost-allocation transfers because of the elimination of this budget account. This recommendation appeared reasonable to Fiscal staff.

Mr. Edwards asked whether the Committee wished to confirm the Joint Committee's preference to approve the Governor's recommendation and eliminate the Department of Administration's Information Technology Division account that included the elimination of a 0.80 full-time equivalent position, the transfer of NEBS and software license administration to the Department of Administration, and the transfer of E-payment administration to the Office of the State Treasurer.

Senator Denis said there was little savings involved in the transfer but, more importantly, customer service would improve, and that was the most important facet of information technology improvements.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION TO ELIMINATE THE INFORMATION  
TECHNOLOGY DIVISION.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and  
Assemblymen Carlton, Hambrick, Hogan, and Oceguela were not  
present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-INFORMATION TECHNOLOGY PROJECTS (101-1325)**  
**BUDGET PAGE ADMIN-30**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 1325 was established to monitor and control expenditures of large information technology (IT) projects. The account included projects funded in whole or in part by the General Fund to accommodate the reallocation of project funds as necessary. There were no major closing items for this account.

Mr. Edwards said the Governor did not recommend eliminating the IT Projects account, but The Executive Budget removed all funding for technology investment projects and placed it in the respective agency budgets. This account would continue to exist but without funding for the 2011-2013 biennium to potentially monitor and control the expenditures associated with future large IT projects beyond the 2011-2013 biennium.

Mr. Edwards said that historically, the IT Division staff had provided fiscal oversight of statewide IT projects budgeted in the account. The agency confirmed that future oversight would be provided by a project oversight committee that existed within the Department of Information Technology, but it had not been used in recent years. The Committee would be reestablished and

staffed with IT managers, as well as business managers from respective agencies and fiscal staff from the Budget Division.

Mr. Edwards said that based upon the multiagency reorganization, the elimination of the Department of Administration's IT Division, and the placement of technology investment projects within each respective agency budget, the Committee may wish to consider issuing a Letter of Intent to the Department of Administration. The Letter of Intent would direct the Department to reestablish the project oversight committee to provide oversight of technology investment projects approved within each respective agency for the 2011-2013 biennium. Furthermore, the Letter of Intent would request that the Department identify members of the project oversight committee and periodically report on committee activities.

Assemblyman Bobzien offered his support for this approach. He said legislators did not appreciate receiving surprise reports on cost overruns and problems with IT projects. He believed an oversight mechanism was important to learn about problems and prevent them from happening. He supported the Letter of Intent.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR THE INFORMATION TECHNOLOGY PROJECTS ACCOUNT AND A LETTER OF INTENT TO REESTABLISH THE PROJECT OVERSIGHT COMMITTEE.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblymen Carlton, Hogan, and Ocegvera were not present for the vote.)

BUDGET CLOSED.

\*\*\*\*\*

DEPARTMENT OF ADMINISTRATION  
ADMINISTRATION-IT-OFFICE OF CIO (721-1373)  
BUDGET PAGE ADMIN-111

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred to a chart of the staffing related decision units resulting from the Governor's recommended reorganization of the Department of Administration. The reorganization resulted in a net reduction of

four full-time equivalent (FTE) positions, taking the Department from 130 FTE positions to 126 FTE positions for the 2011-2013 biennium. The decision units were itemized by budget accounts.

Mr. Edwards said budget account (BA) 1373 was for the Office of the Chief Information Officer (CIO) that was formerly the Director's Office. For the 2011-2013 biennium, the Governor recommended merging Department of Information Technology with the Department of Administration (DOA) and renaming the Department of Information Technology to the Division of Enterprise Information Technology (IT) Services. As a result, this account would represent the Office of the Chief Information Officer (CIO) budget of the Enterprise IT Services Division.

Mr. Edwards said the major closing item was the reorganization. The Executive Budget recommended a number of decision units related to the reorganization. He referred to a summary of the staffing changes. Decision unit Enhancement (E) 229 would result in elimination of eight FTE positions and a position reclassification. The transfers out to other budgets were contained in decision units E904 and E905. The transfers of positions into this budget account were contained in decision units E906, E912, and E913.

Mr. Edwards noted that the Governor's reorganization included physically relocating remaining Department of Information Technology staff currently located within leased space to state-owned buildings. Associated staff relocation was recommended for this account, as well as the Application Support (BA 1365) and Security accounts (BA 1389), with Enterprise IT Services Division vacating space on King Street and Fairview Drive and moving to the Nevada State Library and Archives Building. Staff relocation was also recommended between state-owned facilities, with limited funding for moving services included in the Computer Facility account (BA 1385).

Mr. Edwards noted that the Joint Subcommittee on General Government considered the multiagency reorganization, including the elimination of the current DOA IT Division and creation of the new Enterprise IT Services Division within the Department. The Joint Subcommittee expressed support for the Governor's recommendations.

Mr. Edwards said the Office of the CIO account staffing would decrease from 17 FTE to 6 FTE positions.

Mr. Edwards said the position eliminations and reclassification of the deputy director position were contained in decision unit Enhancement (E) 229.

The Governor recommended a reduction of \$1,547,060 over the 2011-2013 biennium through the elimination of eight FTE positions. The recommended reductions were attributed to the merger of the Department of Information Technology, the DOA, and the Department of Personnel. The agency indicated that the positions would duplicate the efforts of other positions if the Governor's proposed merger was approved.

Mr. Edwards said four of the eight FTE position eliminations were considered layoffs, including the chief accountant, management analyst 1, personnel analyst 2, and IT professional 3. The incumbent occupying the chief accountant position recently accepted a position with the Department of Agriculture. Therefore, it appeared only three positions would be considered layoffs. With the change in status of the chief accountant [that is, from a filled position to a vacant position], the agency reevaluated its Public Employees' Retirement System (PERS) buyout and terminal leave requirements. The Budget Division confirmed that the PERS buyout associated with the remaining three layoffs would be \$56,612, a reduction of \$28,813. The Budget Division reported that the \$42,948 in combined terminal leave requirements would be reduced to \$19,067 or \$23,881 less than currently recommended in The Executive Budget. Fiscal staff completed technical adjustments for the reduced PERS buyout and terminal leave payout amounts that were reflected in the closing documents.

Mr. Edwards said that because of the restructuring of the Department of Information Technology into the Enterprise IT Services Division, decision unit E229 also included a reclassification of the Department of Information Technology deputy director into a Division Administrator/state chief information officer (CIO) [no change in salary].

Mr. Edwards said decision unit E229 included the relocation of the remaining staff from leased space to a state-owned facility. This included \$67,668 in FY 2012 for relocation expenses, including moving services, office furniture, cubicles, and tenant improvements for the space to be occupied in the Nevada State Library and Archives building.

Mr. Edwards said decision unit E229 appeared reasonable with the adjustments noted based upon the consensus of the Joint Subcommittee supporting the Governor's recommendation to reorganize the Department of Information Technology within the Department of Administration.

Mr. Edwards asked whether the Committee wished to approve decision unit Enhancement 229, including the elimination of eight FTE positions,

reclassification of the deputy director position to Division Administrator/state CIO, reductions of \$1,599,754 over the biennium [as adjusted], and the relocation of remaining staff from leased space to a state-owned building, as recommended by the Governor.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR DECISION UNIT ENHANCEMENT 229 WITH STAFF ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblywoman Carlton were not present for the vote.)

\* \* \* \* \*

Mr. Edwards said the Governor recommended transferring one IT professional 4 from this account to the Department of Administration (DOA) Budget Division (BA 1340) in decision unit Enhancement (E) 904. The position's functions under Department of Information Technology included strategic planning, research, analysis [for example, cost/benefit surveys, grant requests], IT governance committee support, technical consultation, customer communications concerning technology plans, and special projects. Once transferred to the DOA's Budget Division, this position would become the chief of the research, planning, and grants management unit. The agency testified that the incumbent currently performed functions that included finding grants for state agencies, boards, and commissions by research and other means.

Mr. Edwards asked whether the Committee wished to approve decision unit Enhancement 904 that transferred one IT professional 4 position to the Budget Division where the position would serve as the chief of the research, planning, and grants management unit, as recommended by the Governor.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR DECISION UNIT ENHANCEMENT 904.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblywoman Carlton were not present for the vote.)



\* \* \* \* \*

Mr. Edwards said decision unit Enhancement (E) 905 transferred five full-time equivalent (FTE) positions from this account to the Department of Administration (DOA) Administrative Services (BA 1371). The agency confirmed that the positions to be transferred consisted of the Department of Information Technology's fiscal unit that performed billing, accounts receivable, and other accounting functions. Once transferred, the positions would perform similar support services for the entire Department of Administration.

Mr. Edwards asked whether the Committee wished to approve decision unit E905 that transferred five positions to the Administrative Services Division, as recommended by the Governor.

SENATOR PARKS MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION ON DECISION UNIT ENHANCEMENT 905.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and  
Assemblywoman Carlton were not present for the vote.)

\* \* \* \* \*

Mr. Edwards said the Governor recommended transferring three FTE positions from other budgets to the Office of the Chief Information Officer (CIO) for the desktop support unit that would provide personal computer/local area network (PC/LAN) technician and desktop support to all staff in the consolidated DOA. The transfer from the Department of Personnel was contained in decision unit Enhancement (E) 906 and the related decision unit E500. The Governor recommended transferring an information technology (IT) professional 2 from the Department of Personnel and changing the funding for this position to cost-allocation funds in lieu of personnel and payroll assessments in E500.

Mr. Edwards said the transfer from the Budget Division was contained in decision unit E912 and related decision units E805 and E501. The Governor recommended transferring an IT professional 3 from the Budget Division to the Office of the CIO account. The Governor recommended a reduction of \$13,546 over the biennium in decision unit E805 to downgrade this position to an IT professional 2 that was commensurate with the functions to be performed. The Governor also recommended \$1,588 over the biennium in additional cost-allocation revenue in decision unit E501 to align the revenues

and expenditures associated with this transfer. Mr. Edwards noted that the position to be reclassified would result in a downgrade from a grade 39, step 10, to a grade 37, step 10. The corresponding decrease in total salary and benefits for the incumbent would be approximately \$5,841 in FY 2012 and \$7,705 in FY 2013.

Mr. Edwards said that according to the *Nevada Administrative Code* (NAC) 284.290, the incumbent in this position would be allowed to retain his or her current rate of pay despite being downgraded from an IT professional 3 to an IT professional 2. The agency would budget for a reduced salary but it appeared there could be a funding shortfall in personnel expenses for the account. The Budget Division testified concerning the retained rate of pay, confirmed the change in grade and related potential cost effects, and indicated that the amounts were immaterial given the size of the budget.

Mr. Edwards said the transfer from the computer facility was contained in decision units Enhancement (E) 913 and E502. The Governor recommended transferring an IT technician 4 from the Computer Facility budget (BA 1385) and funding that position with cost-allocation funds in lieu of computer facility charges.

Mr. Edwards said that based upon the information provided by the agency, the transfer of these three positions from other accounts to this account appeared reasonable. He asked whether the Committee wished to approve decision units E906, E500, E912, E501, E805, E913, and E502 to centralize PC/LAN technical support in the Office of the Chief Information Officer as recommended by the Governor.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION TO CENTRALIZE THE PERSONAL  
COMPUTER/LOCAL AREA NETWORK TECHNICAL SUPPORT.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and  
Assemblywoman Carlton were not present for the vote.)

\* \* \* \* \*

Mr. Edwards said decision unit E800 recommended adjustments to the cost-allocation plans of the Enterprise IT Services Division and the DOA, with increases of \$26,573 in FY 2012 and \$33,215 in FY 2013. This

recommendation appeared reasonable. The Fiscal staff requested authority to make adjustments to all agency revenues, as well as cost allocations and reserve levels based upon the final approval of decision units in this and all other accounts within the Department.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNIT ENHANCEMENT 800 AND AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and Assemblywoman Carlton were not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-IT APPLICATION SUPPORT (712-1365)**  
**BUDGET PAGE ADMIN-121**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 1365 was formerly the Application Design and Development Division, and with the reorganization, it would become the Application and Support budget account within the Division of Enterprise Information Technology (IT) Services. The account contained two major closing items including reorganization and budget reductions associated with position elimination.

Mr. Edwards said that The Executive Budget recommended consolidating the statewide IT Help Desk support provided by both the Department of Information Technology and the Department of Personnel into a single point of contact Help Desk in this account. The reorganization would allow the establishment of a new Enterprise Business Analysis unit within this account to better assist customers by translating customer needs into information technology requirements. In addition to restructured staffing, the Governor's reorganization included physically relocating the remaining Department of Information Technology staff from the current King Street and Fairview Drive locations to the Division of State Library and Archives building.

Mr. Edwards said because of the merger of Department of Information Technology and the Department of Personnel with the Department of Administration, total staffing for this account would increase by 13 full-time equivalent (FTE) positions, including transfers from the Department of Personnel, Budget Division, and the computer facility currently within the Department of Information Technology.

Mr. Edwards said the agency testified that it was establishing the application support budget account as the customer face of the organization. Through the recommended reorganization, the agency would establish the new Enterprise Business Analysis unit to perform data modeling and processing, project management and oversight, and serve as the intermediary between the agency's programmers and its customer agencies to ensure successful completion of projects and initiatives. The agency staff would work with agencies to coordinate and oversee the lifecycle of customer requirements including the definition of their needs; determination of whether the work should be performed in-house or contracted out; the resolution of problems; and efforts to ensure user acceptance and satisfaction.

Mr. Edwards said that the agency testified that the reorganization would consolidate statewide Help Desk support from the Department of Information Technology and the Department of Personnel. The Department of Personnel's Help Desk provided IT support concerning the Human Resources (HR) Data Warehouse, HR Advantage, and the Nevada Employee Action and Timekeeping System. The Department of Information Technology Help Desk provided support concerning mainframe security and passwords, email accounts, billing questions, and wide area network outages. With the consolidation, the statewide support provided by both Department of Information Technology and the Department of Personnel would become a single point of contact Help Desk.

Mr. Edwards said the Governor recommended transferring seven full-time equivalent (FTE) positions to this account from the Department of Personnel in decision unit Enhancement (E) 901. The transferred FTE positions consisted of an IT manager 3, a business process analyst 3, a management analyst 3, a management analyst 1, two program officers 1, and a training officer 2. The Governor recommended funding these positions with the Department of Information Technology and infrastructure assessments in lieu of personnel and payroll assessments [E500]. Of the positions transferred to this account, the agency reported that four positions would be assigned to the new Enterprise Business Analysis unit, and two would be assigned to the

consolidated Help Desk. In addition, the IT manager would be assigned to supervise the Enterprise Application Teams section.

Mr. Edwards said the transfer from the Budget Division was contained in decision units Enhancement (E) 908 and E501. The Governor recommended transferring a business process analyst 3 position to this account from the DOA's Budget Division (BA 1340) in decision unit E908. The Governor recommended funding this position with infrastructure assessment revenue in lieu of General Funds, providing savings of \$166,004 over the 2011-2013 biennium. Once transferred to this account, the agency indicated this position would be assigned to the new Enterprise Business Analysis unit.

Mr. Edwards said the Governor recommended transferring five full-time equivalent (FTE) positions to this account from the Computer Facility budget (BA 1385) in decision unit E914. The transferred FTE positions consisted of an IT professional 4, an IT professional 2, and three IT technicians 4. The Governor recommended funding the IT professional 4 position with infrastructure assessment revenue in lieu of computer facility charges [decision unit E502]. Of the positions transferred to this account, the agency reported that four FTE positions would be assigned to the consolidated Help Desk, with the IT professional 4 assigned to manage the new Enterprise Business Analysis unit.

Relative to decision unit E805, Mr. Edwards said the Governor recommended infrastructure assessments totaling \$12,553 over the 2011-2013 biennium to reclassify three FTE positions transferred to this account from the Department of Personnel (BA 1363) in decision unit Enhancement (E) 901 and one position transferred to this account from the Computer Facility budget (BA 1385) in decision unit E914. The reclassified positions from the Department of Personnel consisted of a management analyst 3 [grade 37] and a training officer 2 [grade 36] reclassified as business process analyst 2 positions [grade 36]. The management analyst 1 position [grade 33] would be reclassified to a business process analyst 1 position [grade 34]. It appeared the reclassification of these positions was recommended based upon commensurate duties within the new Enterprise Business Analysis unit. The reclassified position from the Computer Facility budget represented an upgrade of the IT professional 2 position [grade 37] to an IT professional 3 position [grade 39] that was recommended based upon commensurate duties of the position.

Mr. Edwards noted that, similar to the IT professional 3 position recommended for downgrade within the Office of the Chief Information Officer (CIO) account, decision unit E805 contained one reclassified position with potential budgetary

implications associated with NAC 284.290 [retained rate of pay]. The Budget Division testified concerning the retained rate of pay, confirmed the change in grade and related cost effects, and indicated that the amounts were immaterial given the size of the budget in this account.

Mr. Edwards said the Governor recommended \$234,396 in fiscal year (FY) 2012 and a reduction of \$5,274 in FY 2013 for staff relocations from leased space to a state-owned facility. For FY 2012, decision unit E229 included moving expenses as well as office furniture, cubicles, and tenant improvements for the space to be occupied in the Nevada State Library and Archives building.

Mr. Edwards said the consolidated Help Desk and Enterprise Business Analysis unit would be funded by the infrastructure assessment that was a service rate billed to all agencies statewide. These services would be available to any state agency paying the infrastructure assessment. The agency testified that it would evaluate customer demand and usage for the services offered by the new Enterprise Business Analysis unit over the 2011-2013 biennium. The agency testified it would revisit its billing model following the 2011-2013 biennium to determine whether establishing a new service rate was appropriate.

Mr. Edwards asked whether the Committee wished to approve decision units E901, E500, E908, E501, E914, E502, E805, and E229, that included transferring 13 positions to the Application Support budget account, creating a consolidated Help Desk, a new Enterprise Business Analysis unit, and relocating staff from leased space to a state-owned building, as recommended by the Governor.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION FOR DECISION UNITS ENHANCEMENT  
(E) 901, E500, E908, E501, E914, E502, E805, and E229.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Horsford and  
Assemblywomen Carlton and Mastroluca were not present for the  
vote.)

\* \* \* \* \*

Mr. Edwards said the Governor recommended reductions of \$57,502 in fiscal year (FY) 2012 and \$58,383 in FY 2013 because of the elimination of a

management analyst 2 assigned to the Web Services group in decision unit Enhancement (E) 606. According to the agency, when this position became vacant the Department reassigned an IT professional 3 from the Programming Section to the Web Services group to enhance the group's ability to support customers and provide programming skills required for web development. Reassigning an IT professional to the Web Services group was necessary because of increased programming requirements in performing these functions. Mr. Edwards said this recommendation appeared reasonable based upon the information provided by the agency.

Mr. Edwards asked whether the Committee wished to approve decision unit E606 that eliminated a vacant management analyst 2 position and reassigned an IT professional 3 position to the Web Services group, as recommended by the Governor.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION IN DECISION UNIT ENHANCEMENT 606.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Denis, and Horsford  
and Assemblywomen Carlton and Mastroluca were not present for  
the vote.)

\* \* \* \* \*

Mr. Edwards said decision unit Enhancement (E) 710 recommended \$26,124 over the biennium for replacement computer hardware that was being replaced according to standard schedules, and this recommendation appeared reasonable. Decision units Maintenance (M) 800 and E800 recommended adjustments to the cost allocations of the Enterprise IT Services Division and the DOA, and these recommendations appeared reasonable.

Mr. Edwards asked whether the Committee wished to approve other closing items as recommended by the Governor.

SENATOR KIECKHEFER MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION ON THE OTHER CLOSING ITEMS IN BUDGET  
ACCOUNT 1365.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Denis, and Horsford, and Assemblywomen Carlton and Mastroluca were not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-IT-COMPUTER FACILITY (721-1385)**  
**BUDGET PAGE ADMIN-131**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 1385 was formerly the budget for the Computing Division but under the Governor's reorganization would become the Computer Facility budget and would replace the Computing Division within the Division of Enterprise Information Technology (IT) Services. The major closing items included the reorganization, a new position, and a mainframe upgrade.

Mr. Edwards said that because of the merger of the Department of Information Technology and the Department of Personnel with the Department of Administration (DOA), total staffing for this account would decrease by six full-time equivalent (FTE) positions. These merger decision units had already been addressed with the Office of the Chief Information Officer in BA 1373 in decision unit Enhancement (E) 913 and the transfer to the Application Support account in decision unit E914 that transferred five FTE positions to the account associated with the consolidated Help Desk. He noted that approval of decision unit E914 was contingent upon approval of E914 in the Application Support account BA 1365. The Governor recommended \$1,511 in fiscal year (FY) 2012 in decision unit E229 for moving expenses to relocate staff between state-owned facilities.

Mr. Edwards said the position transfers contained in decision units E913 and E914 should be approved or not approved based upon the prior action taken in the Office of the Chief Information Officer and Application Support budget accounts. He asked whether the Committee wished to approve decision unit E229 that provided for the relocation of staff between state-owned facilities.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION IN DECISION UNITS ENHANCEMENT (E) 913,  
E914, AND E229.



SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Denis, and Horsford and Assemblywomen Carlton and Mastroluca were not present for the vote.)

\* \* \* \* \*

Mr. Edwards said the Governor recommended in decision unit E251 computer facility charges of \$52,100 in FY 2012 and \$67,659 in FY 2013 to add an IT professional 3 and related computer hardware and software to support the UNIX services and the Office of the Secretary of State's (SOS) Business Portal infrastructure in the virtual server environment. The Department of Information Technology's Internet Services and Servers unit provided Enterprise UNIX support and Enterprise Virtual Server services. For the current biennium, the agency indicated the workload associated with the Division of Welfare and Supportive Services M205 project had fully committed employee resources supporting the UNIX environment.

Mr. Edwards said the agency had indicated that this new position would provide ongoing infrastructure support for the SOS Business Portal. The agency indicated it did not have the staff to support the SOS Business Portal project that started in FY 2011. As a result, the SOS hired a Master Services Agreement (MSA) contractor to provide support for the Business Portal. The funding for the MSA contractor would sunset on June 30, 2011. The position would be replaced by a new Department of Information Technology employee. In addition to the Business Portal, the position would support the agency as it offered a new virtual server hosting service in the 2011-2013 biennium that included many of the same responsibilities as the Business Portal project, but for an increased number of virtual environments and customers. The agency reported that this position would support the Department of Information Technology Enterprise UNIX environment.

Mr. Edwards said that the Joint Subcommittee questioned the agency as to the differences between the IT professional 3 recommended for this account and the three IT positions funded by the SOS. The agency testified that this position would replace the MSA contractor supporting the SOS Business Portal project. The position would perform back-end functions that included server management and maintenance and would be dedicated entirely to the Business Portal project. The agency reported that the new position would be used to support the SOS Business Portal project, the UNIX services, and the agency's new virtual server service provided to state agencies.

Mr. Edwards said that because the information previously reported differed from the agency's testimony provided at the budget hearing, the agency was asked to provide clarification concerning the functions to be performed by this position and whether the payroll allocation should be modified to reflect dedicating 100 percent of the position's time to the Business Portal project. In response, the agency confirmed that the position's primary area of engagement would be the Business Portal project until the Business Portal was completed in late 2011. At that time, the agency anticipated that the Business Portal related workload would begin to decline and create additional capacity for the position to begin supporting UNIX team assignments. This position would then become the additional resource needed to support the UNIX environment as well as the projected future increase in virtual server demand.

Mr. Edwards said that the Joint Subcommittee noted that the Office of the Chief Information Officer (CIO) budget account (BA 1373) recommended elimination of an IT professional 3 that was a filled position and would result in a layoff. The Subcommittee questioned the agency as to why it did not transfer that filled position to the Computer Facility budget account. The agency testified that it was not possible to transfer the position because of a difference in the skills and experience required by the new position that would have a virtualization and server focus, rather than a focus upon the contract and administrative functions currently performed by the incumbent in the position to be eliminated in the Office of the CIO budget account.

Mr. Edwards said this recommendation appeared reasonable based upon the information provided by the agency. He asked whether the Committee wished to approve decision unit E251 that added an IT professional 3 for the Computer Facility budget account as recommended by the Governor.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION ON DECISION UNIT ENHANCEMENT 251.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Denis and  
Assemblymen Conklin and Mastroluca were not present for the  
vote.)

\* \* \* \* \*

Mr. Edwards said a mainframe upgrade was contained in decision unit Enhancement (E) 710. The Governor recommended \$819,528 in FY 2012 and

\$456,489 in FY 2013 to upgrade the Department's existing IBM z9 mainframe to the z10 mainframe. According to the agency, the Department of Information Technology installed the z9 mainframe in June 2008. The hardware purchase incorporated two additional upgrades that could increase system performance if the current capacity became insufficient to support customer demand. There were no initial costs for these processor upgrades; however, if implemented the upgrades would result in increased software charges and hardware maintenance costs. The agency had until June 2011 to exercise these upgrades with no z9 platform alterations allowed beyond June. Although it could continue to use the existing z9 mainframe, the agency indicated that delaying the recommended upgrade to the z10 would eliminate technology discounts and other cost savings to be realized by converting to the newer mainframe.

Mr. Edwards said that the Joint Subcommittee questioned the agency as to the need for the z10 upgrade. In response, the agency reported that the customer demand had gradually increased over time, with mainframe usage increasing approximately 10 percent per year over the last 15 years. Furthermore, the z9 was currently operating near the ceiling of its capacity, and the z10 mainframe would provide approximately 20 percent more processing power than currently available in the z9. Therefore, approving the upgrade to a z10 would be planning for the future.

Mr. Edwards said that the Joint Subcommittee also asked the agency to identify the disadvantages of not moving forward with an upgrade to the z10. The agency testified that the primary disadvantage would be that the state would become constrained by the z9 mainframe, which could not be upgraded beyond June 30, 2011, because IBM discontinued its support. The z10 platform would provide ongoing flexibility to adjust the mainframe capacity and speed based upon demand. The agency testified that the \$225,084 in hardware costs associated with an upgrade using the current z9 components would increase to an estimated \$2 million cost if a complete mainframe replacement was purchased at a later date.

Mr. Edwards said this recommendation appeared reasonable based upon the information provided by the agency, including the operating benefits and cost-effectiveness of upgrading to the z10 mainframe. Mr. Edwards asked whether the Committee wished to approve decision unit Enhancement (E) 710 to upgrade the z9 mainframe to a z10 mainframe as recommended by the Governor.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNIT ENHANCEMENT 710.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

\* \* \* \* \*

Mr. Edwards said other closing items included a new service rate to be charged to customer agencies for recovering costs associated with the Virtual Server Hosting. This was an informational item only and required no action by the Committee.

Mr. Edwards said decision unit Enhancement (E) 279 recommended \$34,334 over the biennium for additional operating licenses associated with agency's enterprise virtual servers, enterprise web services, enterprise email, and server hosting services. Funding supported 23 additional operating licenses over the biennium. These licenses would provide the agency with a 4-to-1 ratio as it created servers in its virtual environment, and this request would support up to 55 servers in FY 2012 and 35 servers in FY 2013.

Mr. Edwards noted that based upon projected customer usage, The Executive Budget included 30 new virtual servers in FY 2012 and 12 new virtual servers in FY 2013. Using the 4-to-1 ratio of virtual servers per operating licenses, the agency would only need eight additional operating licenses in fiscal year (FY) 2012 and three additional operating licenses in FY 2013. The decrease in license requirements would result in a reduction of \$8,956 in FY 2012 and \$8,957 in FY 2013. Based upon this information, Fiscal staff recommended approval of decision unit E279, but at the reduced funding level of \$11,943 in FY 2012 and \$4,478 in FY 2013.

Mr. Edwards said decision unit E712 recommended \$184,871 in FY 2012 to replace the virtual tape management system in Las Vegas. The funding will pay for one virtual engine appliance and related vendor services. This recommendation represented the continuation of a project started in 2010 that was designed to free up current enterprise storage, streamline operations by moving away from the use of physical tapes, and improve disaster recovery capabilities. The engine appliance recommended for the 2011-2013 biennium represented the southern data center's counterpart to the one located at the

computer facility in Carson City. By implementing a second virtual engine appliance in Las Vegas, the agency would be able to cease creating physical tape backups of all mainframe data that were currently transported and stored offsite. With the completed system in place, the data would backup to the new appliance in Carson City and then be replicated at the disaster recovery site in Las Vegas. This recommendation appeared reasonable based upon the information provided by the agency.

Mr. Edwards said decision unit E714 recommended \$22,722 over the biennium for computer hardware being replaced according to standard schedules, and the recommendation appeared reasonable.

Mr. Edwards said decision unit E715 recommended \$616,135 in FY 2012 and a reduction of \$74,064 in FY 2013 for replacement of the Department's enterprise backup system in both Carson City and Las Vegas as a disaster recovery component. He noted that this item was approved by the Interim Finance Committee on February 3, 2011. As a result, the funding recommended in this decision unit for an enterprise backup solution was no longer necessary. Accordingly, Budget Amendment A00186 was submitted by the Department of Administration to eliminate the funding for this equipment and associated costs. Fiscal staff completed technical adjustments for the elimination of the enterprise backup solution, and Fiscal staff recommended approval of decision unit E715 as revised by Budget Amendment A00186.

Mr. Edwards said decision unit recommended \$113,483 over the biennium for replacement servers that supported web, email, and server-hosting services. These items were being replaced because they were older than five years and no longer available for hardware warranty coverage. The recommendation appeared reasonable.

Mr. Edwards said decision unit E718 recommended \$127,604 in FY 2013 to replace a continuous-forms laser printer that was used by customer agencies. The current printer was 12 years old and required frequent maintenance. Funding included vendor services as well as monthly maintenance. The recommendation appeared reasonable.

Mr. Edwards said decision unit E720 recommended \$39,604 in each year of the 2011-2013 biennium to purchase virtual server infrastructure operating systems and related maintenance enabling the agency to increase virtual server capacity. The recommendation appeared reasonable.

Mr. Edwards said decision units Maintenance (M) 800 and E800 recommended adjustments to the Division's and Department's cost-allocation plans. The recommendation appeared reasonable.

Mr. Edwards asked whether the Committee wished to approve the other closing items as recommended by the Governor with the adjustments as noted.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR OTHER CLOSING ITEMS NUMBERED ONE THROUGH NINE IN BUDGET ACCOUNT 1385, WITH THE ADJUSTMENTS MADE BY THE FISCAL STAFF AS NOTED.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Denis and Assemblymen Conklin and Mastroluca were not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-IT-DATA COMM & NETWORK ENGIN (721-1386)**  
**BUDGET PAGE ADMIN-141**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 1386 funded the development, operation, and maintenance of the statewide data communications infrastructure. This included the state's wide area network [SilverNet] that provided Internet access and data communication lines for state agencies.

Mr. Edwards said decision unit Enhancement (E) 275 recommended telecommunications charges of \$21,390 in fiscal year (FY) 2012 to upgrade the core switch memory used in SilverNet's hardware to run operating system software. This recommendation appeared reasonable based upon the information provided by the agency.

Mr. Edwards said decision unit E710 recommended telecommunications charges of \$347,725 in FY 2013 to replace security devices that had received their end-of-life notices and would no longer be supported by the vendors. This

recommendation appeared reasonable based upon the information provided by the agency.

Mr. Edwards said decision unit E712 recommended telecommunications charges of \$5,220 in FY 2012 for computer hardware being replaced according to standard schedules. This recommendation appeared reasonable based upon the information provided by the agency.

Mr. Edwards said decision unit E713 recommended telecommunications charges of \$208,459 in FY 2012 to upgrade the core switch chassis and related parts that supported SilverNet's core infrastructure in both Carson City and Las Vegas. This recommendation appeared reasonable based upon the information provided by the agency.

Mr. Edwards said decision unit E750 recommended telecommunication charges of \$17,500 in each year of the 2011-2013 biennium for staff training to maintain Cisco certifications associated with security, as well as network routing and switching. This recommendation appeared reasonable based upon the information provided by the agency.

Mr. Edwards said decision units Maintenance (M) 800 and E800 recommended adjustments to the Division of Enterprise IT Services and the Department of Administration's cost-allocation share. This recommendation appeared reasonable based upon the information provided by the agency.

Mr. Edwards asked whether the Committee wished to approve the Data Communications and Network Engineering account as recommended by the Governor.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION FOR THE DATA COMMUNICATIONS AND  
NETWORK ENGINEERING ACCOUNT.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Cegavske and  
Assemblyman Conklin were not present for the vote.)

BUDGET CLOSED.

\*\*\*\*\*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-IT-TELECOMMUNICATIONS (721-1387)**  
**BUDGET PAGE ADMIN-148**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said The Executive Budget recommended \$160,000 in fiscal year (FY) 2012 to conduct a telecommunications system consolidation analysis in budget account (BA) 1387. Mr. Edwards noted the 75th Session (2009) issued a Letter of Intent to the agency directing the agency to provide specific plans for the state's telecommunications system, including the introduction of vendor independence and increased opportunities for competitive procurement. Following the Department of Information Technology's review and analysis, the agency reported in August 2010 that vendor independence was not feasible at the current time, but steps could be taken to improve vendor independence, competitive contract bidding, and lower costs of ownership. Accordingly, the Department of Information Technology recommended a technical and financial study and analysis of the state's existing phone systems be performed; and that funding was included in the Governor's recommended budget.

Mr. Edwards said that the Legislative Commission's Budget Subcommittee questioned the Department about the recommended telecommunications study and what the study would specifically include. In response, the Department of Information Technology indicated that the study represented a professional services agreement to provide a technical and financial review of the disparities between multiple existing state phone systems. The scope of the study would include developing an efficient and cost-effective statewide telecommunications plan for all state agencies, including a consolidation plan to reduce duplication. The anticipated outcomes included steps to implement an upgraded consolidated statewide communications platform with a systematic multiyear strategy for operational savings. According to the agency, the study would show the operational savings achieved in each phase that would fund subsequent phases of the program as well as the overall return on investment. The timeline to complete the study would be six weeks once the professional services agreement was negotiated and in place.

Mr. Edwards said the agency testified that the state had many telecommunications systems that were at their end-of-life for manufacturer's support that affected many agencies that owned and operated their own systems. This situation presented the state with an opportunity to review its independent systems for the purpose of eliminating duplications in voice mail, processors, maintenance, and overhead. The goal was to consolidate these



areas by leveraging existing infrastructure and using technologies to achieve economies of scale. The agency further testified that this recommendation was to conduct a manufacturer's study that would produce a road map for self-funding an upgrade of the state telecommunications systems through a reduction in duplications, maintenance, and overhead expenses. Procuring a manufacturer to perform the study would be completed through a bid process using specific criteria based upon the state's existing telecommunications configuration.

Mr. Edwards said that the Legislative Commission's Budget Subcommittee questioned the agency regarding the \$160,000 projected cost of the study and asked whether the Department had explored the use of in-house staff and/or state agencies to minimize the need to outsource the study, thereby reducing costs. According to the agency, neither the Department of Information Technology nor any other state agency possessed the specialized skill sets required to conduct the proposed study. The agency previously reported that a vendor with expertise in telecommunications was necessary to conduct this study because of the required technical proficiencies and necessary insight into the evolution of the industry and telecommunications hardware. State government phone systems design and engineering work was traditionally outsourced because of its complexity. Agency staff typically performed system additions, moves, and changes, as well as call-routing and other simple administrative tasks.

Mr. Edwards said the Joint Subcommittee expressed concerns that contracting with an industry-specific manufacturer [for example, Avaya] to complete the study may result in contracting with that same company for purchasing new telecommunications infrastructure. The agency testified that once the study was completed, the agency would work with the Purchasing Division to bid future technology investments.

Mr. Edwards said although there were a limited number of manufacturers for telecommunications infrastructure, each manufacturer had a series of "bronze," "silver," and "gold" partners for implementing these systems and related services. Any future request for proposal (RFP) to purchase new telecommunications infrastructure would be issued through the Purchasing Division, and those partner vendors would be able to respond to the RFP. Because each partner vendor understood the industry's practices and cost components for telecommunications infrastructure, competition should result in reduced costs related to installation and other implementation discounts.

Mr. Edwards asked whether the Committee wished to approve decision unit E250 that provided \$160,000 to conduct a telecommunications study as recommended by the Governor. The Committee may wish to consider issuing a Letter of Intent to monitor the findings of the study and the resulting implementation plan to consolidate state telecommunications and related systems.

Senator Horsford asked about the cost of the study. In the private sector, when he needed to buy a phone system, he would ask for three bids, and the vendors performed a study of what he needed as part of the bid. He did not understand why the state had to spend \$160,000 to get bids of what was needed. The private sector should provide an analysis of the state's needs to get its business.

Senator Denis asked that same question. He too had wondered why the state would spend \$160,000 to get a company to tell the state what it needed to ask for in the request for proposal (RFP). He discovered that there was a lot that went into studying the telecommunications plan to develop the bid request. Much work was needed before the state could develop its list of needs for the bid. The state could use the information from the study to develop its list of specifications for the bid.

Ken Adams, Chief IT Manager, Communications, Department of Information Technology, testified the Department obtained some high-level quotes on costs of such a telecommunications study. There were numerous Avaya phone systems in the state agencies, and many of those systems were old and near the end of their warranty periods and manufacturer's support. Many agencies had large investments in their phone systems. The Department did not want to get into a position where it would orphan existing investments in systems. The state had systems that were still under lease. If the Department issued an RFP without the benefit of a study, the RFP might not address all the diverse systems used by state agencies.

Mr. Adams said some state agencies, such as the Department of Corrections, the Division of Emergency Management, and the Office of Homeland Security, had call centers, and the telephone systems must be designed to meet the specific needs of each agency. The Department could not place any other state agency at risk for being unable to meet its needs. Some state agencies had invested significant funds in call-center software to handle call routing. Typically, when a client called in and entered their specific client number, the phone system acted as a computer, and information could be pulled up on that specific client. Mr. Adams said the Department did not want to be in a position

where one state agency invested \$1.5 million and that agency's custom engineering would not be accounted for in the design of the new telecommunications system that was requested in the bid.

Mr. Adams said the Department wanted the study to look at the economies of scale for the state. Perhaps the state could save by getting rid of 32 different voice mail systems and pare that down to 2 voice mail systems. Instead of having 15 or 16 major processors, maybe the state could pare that down to a smaller number of processors and allow the state to economize.

Assemblywoman Carlton asked about the study. She wondered whether this study would assess the needs of each state agency prior to issuing the RFP.

Mr. Adams said the state had the opportunity to study the large telephone systems in state agencies. Some systems were at the end of their manufacturer's support period. There were components in these systems that could be upgraded to extend the life of the investment. The Department wanted to see where it could create some economies and efficiencies by looking at upgrading devices to current models and extending the life of its existing investment.

Assemblywoman Carlton voiced concerns about having a company perform the study and having competitors evaluate the needs of the state. The vendors had the expertise, whereas the Department staff did not specialize in this type of work. Assemblywoman Carlton wondered whether it would be better to have the vendors come in and tell the state what they could offer. She thought the Department was approaching this from the wrong direction. The vendors may know of a better system than what the state had. The Department was examining the existing systems, and the vendors may be able to suggest systems about which the Department was unaware.

Mr. Adams said that was exactly what the Department was attempting to do by asking for the study and learning what the vendors could do for the state. The Department wanted to learn what the state had now that could be leveraged. The state had made a considerable investment and needed to learn what could be used instead of investing in an entirely new infrastructure.

Mr. Adams said many new technologies must be studied including five digit dialing without long distance, voice mail to email interfaces, call-down lists, and many other products that may be better and more efficient solutions. There were many opportunities, and Mr. Adams did not want to orphan the investment that the state had already made in telephone equipment systems.

Senator Horsford said the Spending and Government Efficiency Commission (SAGE) reviewed this matter and made some recommendations. He still did not understand why this study was not a function that could be performed by the Department. The Department should be able to assess state agencies and issue an RFP to meet the state's needs. The Department of Information Technology lacked the expertise for its staff to identify the needs of state agencies for telecommunications, email, and data needs to put together a proposal to put out to bid. Senator Horsford did not believe the Department was approaching this in the most efficient or effective manner. But that problem was up to the Executive Branch to fix.

Assemblyman Bobzien said what he needed to hear was some assurance that from a cost-effective perspective this study was going to result in a better approach. He thought the whole point was to separate out a company's risk in looking at bidding a project without having any idea about the true scope and complexity. When a company contemplated a bid without knowing the scope of the project, the company would normally present a higher bid to provide some cushion. That is why businesses would bring in a third party such as a professional services organization that would bid on the project. Their job was to help the client understand the scope of the project prior to issuing the RFP. A prospective bidder could not say it submitted a very high estimate of costs and proposals because it had no idea of the project's scope. The study removed the risk for prospective bidders, and the resulting bids were lower.

Mr. Adams said Assemblyman Bobzien was correct and that was the Department's intent. The telecommunications systems were approved many years ago. The intent of the RFP was to have 90 percent of the service related to phone systems. Phone systems were complicated and examination of large systems showed the systems were engineered similar to the SilverNet system. The Department had the capacity to do an analysis on SilverNet. But this telecommunications system was very complex.

Mr. Adams said traditionally the state's position was to use a value-added service to do this engineering and design work for the phone systems. There were persons in the industry that did this for a living. The Department had never employed that type of person because the Department had always relied on the service provider because the technology changed quickly. With the advent of new switching software versus traditional PBX hardware, telecommunications systems were being replaced with servers. The industry was getting into life cycles that were within several years of each other similar to computers. These life cycles would be much shorter because it would be server-based and not software-based.

Chairwoman Smith shared concerns about contracting versus using in-house expertise. She understood that the Joint Subcommittee had reviewed this item, and Fiscal staff had studied this matter carefully.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION FOR DECISION UNIT  
ENHANCEMENT 250 AND ISSUE A LETTER OF INTENT TO  
MONITOR THE FINDINGS OF THE STUDY.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

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

\* \* \* \* \*

Mr. Edwards said decision unit E710 recommended \$3,246 in each year of the 2011-2013 biennium to replace six desktop computers. The equipment was being replaced according to standard schedules. This recommendation appeared reasonable.

Mr. Edwards said decision unit E750 recommended \$7,557 in each year of the 2011-2013 biennium for staff training associated with Voice-Over-Internet Protocol and fundamentals in networks and telecommunications. This recommendation appeared reasonable.

Mr. Edwards said decision units Maintenance (M) 800 and E800 recommended adjustments to the cost-allocation plans of the Enterprise IT Services Division and the Department of Administration. The cumulative effect of these adjustments was an increase of \$29,081 in fiscal year (FY) 2012 and \$36,866 in FY 2013. These recommendations appeared reasonable.

Mr. Edwards asked whether the Committee wished to approve the other closing items in BA 1387 as recommended by the Governor.

SENATOR PARKS MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION ON THE OTHER CLOSING ITEMS.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Leslie and Assemblymen Hambrick and Ocegura were not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION-IT-NETWORK TRANSPORT SERVICES (721-1388)**  
**BUDGET PAGE ADMIN-155**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said The Executive Budget recommended establishing a new service rate charged to customer agencies for recovering costs associated with leased antenna space in budget account (BA) 1388. This item was informational only and required no action by the Committee.

Mr. Edwards said decision unit Enhancement (E) 253 recommended \$10,768 in fiscal year (FY) 2012 for staff training in basic network fundamentals and the transition to Internet protocol technology. This recommendation appeared reasonable.

Mr. Edwards said decision unit E254 recommended \$11,378 in each year of the 2011-2013 biennium for in-state travel to maintain and reconfigure the digital microwave system.

Mr. Edwards said decision unit E255 recommended \$80,000 in each year of the 2011-2013 biennium for contract labor to provide microwave radio system installation and maintenance services in lieu of adding permanent staff. According to the agency, this unit was responsible for a statewide digital microwave system that directly supported public safety communications. The agency reported that the number of digital microwave sites that it supported had increased from 70 before 2007 to 114 in 2011, an increase of 44 sites during that time without increases in staffing. Based upon this information, the recommendation appeared reasonable.

Mr. Edwards said decision units E712, E713, and E716 recommended \$148,409 over the biennium for replacement vehicles including a heavy duty one-ton diesel truck with a service body and three three-quarter-ton diesel trucks with utility shells. The recommendations appeared reasonable.

Mr. Edwards said decision unit E714 and E715 recommended \$533,528 over the 2011-2013 biennium for the replacement of rectifiers used for charging batteries at communication sites. The agency reported that large capacity battery plants provided the power sources for the communications infrastructure and were charged by rectifiers that were now at the end-of-life and no longer supported by the manufacturer. Based upon this information, the recommendation appeared reasonable.

Mr. Edwards said decision unit E718 recommended \$3,246 in fiscal year (FY) 2012 and \$10,696 in FY 2013 for computer hardware that was being replaced according to standard schedules. Based upon this information, the recommendation appeared reasonable.

Mr. Edwards said decision unit E721 recommended \$25,030 in each year of the 2011-2013 biennium to purchase and install ice shields for microwave antennas to prevent damage from falling ice. Based upon this information, the recommendation appeared reasonable.

Mr. Edwards said decision units Maintenance (M) 800 and E800 recommended adjustments to the cost-allocation plans of the Enterprise IT Services Division and the Department of Administration. Based upon this information, the recommendations appeared reasonable.

Mr. Edwards asked whether the Committee wished to approve the Network Transport Services account as recommended by the Governor.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION ON THE OTHER CLOSING ITEMS FOR THE  
NETWORK TRANSPORT SERVICES BUDGET ACCOUNT 721-1388.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Governor recommended office relocation associated with the merger of Department of Information Technology with the Department of Administration in budget account (BA) 1389. Staff that was currently housed in leased space would be moved to state-owned buildings. The Governor recommended \$33,558 in fiscal year (FY) 2012 and a reduction of \$27,951 in FY 2013 associated with the relocation of staff. Based upon the information provided by the agency, this recommendation appeared reasonable.

Mr. Edwards said decision unit E711 recommended \$10,204 over the 2011-2013 biennium to replace two physical servers with two virtual servers, as well as replacement equipment including one desktop computer, one printer, and related hardware for the Nevada Card Access System. This recommendation appeared reasonable

Mr. Edwards said decision units Maintenance (M) 800 and E800 recommended adjustments to the cost-allocation plans of the Enterprise IT Services Division and the Department of Administration. This recommendation appeared reasonable.

Mr. Edwards asked whether the Committee wished to approve the Security account as recommended by the Governor.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION FOR THE SECURITY BUDGET ACCOUNT  
721-1389.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*



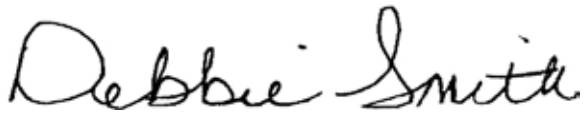
Chairwoman Smith asked whether there were any public comments. Hearing none, and there being no further business before the Committee, Chairwoman Smith adjourned the meeting at 10:59 a.m.

RESPECTFULLY SUBMITTED:

---

Janice Wright  
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 28, 2011

**Time of Meeting:** 8:20 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Sign-In Sheets