

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

**Seventy-sixth Session  
May 12, 2011**

The joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Steven A. Horsford at 8:14 a.m. on Thursday, May 12, 2011, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**SENATE COMMITTEES 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

**ASSEMBLY COMMITTEES MEMBERS PRESENT:**

Assemblywoman Debbie Smith, Chair  
Assemblyman Marcus L. Conklin, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Kelvin D. 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

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Assemblyman John Ocegüera

**STAFF MEMBERS PRESENT:**

Michael J. Chapman, Principal Deputy Fiscal Analyst  
Rick Combs, Assembly Fiscal Analyst  
Erica Eng, Program Analyst  
Rex Goodman, Principal Deputy Fiscal Analyst  
Mark Krmpotic, Senate Fiscal Analyst  
Wayne Thorley, Program Analyst  
Marian Williams, Committee Secretary

**OTHERS PRESENT:**

Debbie Honey, Administrative Services Officer, Nevada State Library and Archives  
Michael Fischer, D.D.S., Acting Director, Department of Cultural Affairs  
Christina Barr, Executive Director, Nevada Humanities  
Susan Boskoff, Executive Director, Nevada Arts Council, Department of Cultural Affairs  
Diane J. Comeaux, Administrator, Division of Child and Family Services Administration, Department of Health and Human Services  
Kevin Schiller, Director, Washoe County Social Services

CHAIR HORSFORD:

We will begin where we left off yesterday, with the budget closing for Economic Development and Tourism, Budget Account (B/A) 225-1522.

COMMERCE AND INDUSTRY

ECONOMIC DEVELOPMENT AND TOURISM

Tourism – Tourism Development Fund — Budget Page ECON DEV &  
TOURISM-29 (Volume II)  
Budget Account 225-1522

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WAYNE THORLEY (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

We left off at the bottom of page 7 of your closing document ([Exhibit C](#)) with the Springs Preserve Museum (SPM) budget item and Budget Amendment No. A383. A tentative agreement has been reached between the Las Vegas Valley Water District (LVVWD) and the Department of Cultural Affairs (DCA) to provide funding for SPM and share revenue. As part of this agreement, the Tourism Development Fund would transfer State Room Tax revenue to the museum to fund a portion of the operating costs. This recommendation would provide net reserve reductions in the Tourism Development Fund account of \$62,764 in fiscal year (FY) 2011-2012 and \$88,225 in FY 2012-2013. This is a net transfer because the Lorenzi Park facility is recommended to be closed.

Do the Committees wish to approve Budget Amendment No. A383 as recommended by the Governor, which provides reserve reductions of \$62,764 in FY 2011-2012 and \$88,225 in FY 2012-2013 in the Tourism Development Fund account in order to open and operate SPM in Las Vegas?

ASSEMBLYMAN HARDY MOVED TO APPROVE BUDGET AMENDMENT NO. A383 AS RECOMMENDED BY THE GOVERNOR.

SENATOR DENIS SECONDED THE MOTION.

SENATOR CEGAVSKE:

Will all the museum facilities at Lorenzi Park be completely shut down?

MR. THORLEY:

Yes, everything will be shut down at the Lorenzi Park facility. We will expand on this item during the DCA budget closing.

SENATOR CEGAVSKE:

Is everything housed in the Lorenzi Park museum facilities being transferred to SPM?

MR. THORLEY:

I am not sure.

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SENATOR CEGAVSKE:  
I just want to know where everything is going.

SENATOR DENIS:  
From what I understand, everything will be transferred to the new facility at SPM. The facility at Lorenzi Park is already closed and they have begun moving things to SPM. They are in negotiations with the City of Las Vegas to determine what to do with the buildings at Lorenzi Park.

MR. THORLEY:  
We will have a detailed discussion about this move during the DCA closing. This item is just an adjustment in the Tourism account if the items in the DCA are approved.

SENATOR CEGAVSKE:  
I am just concerned about the artifacts at the current facility, where they are being stored and if they will be put back on display at another location.

MR. THORLEY:  
We can explore those details in the DCA closing.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN CONKLIN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. THORLEY:  
The next item is Budget Amendment No. A370 regarding the reclassification of a public information officer (PIO). Yesterday, the Committees approved the transfer of a PIO from the DCA Director's Office to the Tourism Development Fund account. The Governor recommends reclassifying this position, which is currently vacant, from a classified Grade 37 to an unclassified public relations specialist. This would result in additional funding of \$1,610 in FY 2011-2012 and \$2,149 in FY 2012-2013. The Governor's recommendation is to split this funding evenly between General Fund and Room Tax revenue. However, yesterday the Committees approved funding this position entirely with

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Room Tax revenue and Staff recommends making adjustments to this budget amendment to fund the reclassification, if approved. Staff also notes that although this position is currently vacant, the DCA anticipates filling this position before the merger of the agencies on October 1, 2011. As a result, the incumbent would have the option to remain classified under statute. There are two options for the Committees to consider:

1. Approve the reclassification of the vacant PIO II position as an unclassified public relations specialist, but approve funding the reclassification entirely from Room Tax revenue.
2. Not approve Budget Amendment No. A370 which would maintain the PIO II position in the classified service of the State.

CHAIR HORSFORD:

If we keep the position classified, do we need to do anything else?

MR. THORLEY:

No, you do not need to do anything.

CHAIR HORSFORD:

I think we should go with the second option.

SENATOR KIECKHEFER:

I respectfully disagree. Having been a classified PIO under State service, I believe it is difficult to do your job as a classified employee. Your job is to assist individuals who are nonclassified or who work nights and weekends. It is incredibly difficult to do that job under the confines of the classified system. During my time as a public information officer, I recommended that every PIO in the State should be unclassified. I do not think classification is appropriate for the type of work that PIOs do.

I recommend the first option.

CHAIR HORSFORD:

I do not accept the recommendation. I requested a motion for Option No. 2. I do not understand why we are continuing to make these positions by appointment. Either you meet the qualifications of what is required for the position and you

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go through the hiring process, or you do not. I will accept a motion for Option No. 2.

SENATOR KIECKHEFER:

I do not think this is about the qualifications for the job. It is about the constraints of the classified system put upon you when doing the job.

MR. THORLEY:

Currently, the majority of the positions under the Commission on Tourism are unclassified. This transfer, if approved, would make the PIO an unclassified position similar to other positions. There is currently an unclassified PIO within the Commission on Tourism. The Agency has indicated that not approving the reclassification of the classified PIO would create inequity between employees whose responsibilities would be similar.

CHAIR HORSFORD:

Is the current PIO classified?

MR. THORLEY:

Correct. The current PIO for the DCA is a Grade 37. The Commission on Tourism has an unclassified PIO.

CHAIR HORSFORD:

We will move to the next item.

MR. THORLEY:

The next item is the Indian Affairs Commission. This budget was heard yesterday and the Committees approved the transfer of Room Tax revenue from the Tourism Development Fund to the Indian Affairs Commission. This transfer restored several positions to full-time equivalent (FTE) and funded the operating expenses of the Commission. This transfer was approved at \$39,189 in FY 2011-2012 and \$41,322 in FY 2012-2013. Staff recommends that the Committees approve this transfer from the Tourism Development Fund to the Indian Affairs Commission based on the Committees' actions yesterday.

SENATOR LESLIE MOVED TO APPROVE THE TRANSFER OF THE INDIAN AFFAIRS COMMISSION TO THE COMMISSION ON TOURISM AND TO TRANSFER ROOM TAX REVENUE.

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ASSEMBLYMAN HOGAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN CONKLIN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. THORLEY:

The last major closing issue is the Museum Dedicated Trust Fund. The Division of Museums and History (DMH), has five accounts that will be merging with the Commission on Tourism. These accounts are partially funded by Museum Dedicated Trust Fund monies. The *Executive Budget* as originally submitted erroneously balances all savings from the salary and benefits adjustment decision modules to the General Fund. However, a portion should have been balanced to the Museum Dedicated Trust Fund and there should have been a resulting increase in General Fund monies in that account. The Governor has submitted five budget amendments to increase General Fund appropriations in the five museum accounts to correct this error. The budget amendments restore all the General Funds. However, yesterday the Committees approved funding the museums evenly with Room Tax revenue and General Fund. If these budget amendments are approved, Staff recommends an adjustment to the budget amendments that would fund 50 percent to the restoration of General Fund monies with Room Tax revenue. This would result in additional Room Tax revenue transfers from the Tourism Development Fund of \$11,538 in FY 2011-2012 and \$11,106 in FY 2012-2013.

SENATOR RHOADS MOVED TO APPROVE FUNDING ONE-HALF OF THE GENERAL FUND EXPENSES IN THE FIVE DMH ACCOUNTS WITH ROOM TAX REVENUE AND TECHNICAL ADJUSTMENTS TO BUDGET AMENDMENTS, UPON APPROVAL OF THE COMMITTEES.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN CONKLIN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

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SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. THORLEY:

There are a number of other closing items in B/A 225-1522.

Tourism – Tourism Development Fund — Budget Page ECON DEV &  
TOURISM-29 (Volume II)  
Budget Account 225-1522

The first is decision unit M-101 which recommends reserve reductions of \$44,148 over the 2011-2013 biennium for Agency-specific inflationary costs associated with shipping of collateral pieces. This recommendation appears reasonable.

M-101 Agency Specific Inflation — Page ECON DEV & TOURISM-31

The next closing item, decision unit E-250, recommends reserve reductions of \$9,174 in each year of the 2011-2013 biennium to increase in-State and out-of-state travel expenditure authority to a level similar to the amount approved by the 2009 Legislature for the current biennium. Based on the information provided by the Agency, this recommendation appears reasonable.

E-250 Economic Working Environment — Page ECON DEV & TOURISM-34

The next decision unit, E-251, recommends reserve reductions of \$19,000 in each year of the 2011-2013 biennium to increase the funding level for the Nevada Commission on Tourism China Office to the amount authorized in the FY 2010-2011 work program. Based on the current FY 2010-2011 expenditure authority levels, this recommendation appears reasonable.

E-251 Economic Working Environment — Page ECON DEV & TOURISM-34

Another closing item is decision unit E-252, which recommends reserve reductions of \$555,640 in each year of the 2011-2013 biennium to restore total expenditures in the marketing and advertising category to a level similar to the amount approved by the 2009 Legislature for the current biennium. Based



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on current Room Tax revenue projects, this recommendation appears reasonable.

#### E-252 Economic Working Environment — Page ECON DEV & TOURISM-35

The final closing item is decision unit E-710, which recommends reserve reductions of \$74,055 over the 2011-2013 biennium for replacement computer hardware and software. This recommendation appears reasonable.

#### E-710 Equipment Replacement — Page ECON DEV & TOURISM-37

Staff also recommends one technical adjustment to decision unit E-901, which the Committees approved yesterday. This decision unit transfers two positions from the DCA Director's Office to the Commission on Tourism. This inadvertently transfers contract expenses of \$1,244 in each year of the biennium. These expenses should be reflected in the Nevada State Library and Archives account. Staff has made this technical adjustment to correct the error.

#### E-901 Transfer from DCA BA 2892 to Tourism BA 1522 — Page ECON DEV & TOURISM-38

ASSEMBLYWOMAN SMITH MOVED TO APPROVE RESERVE REDUCTIONS OVER THE 2011-2013 BIENNIUM FOR AGENCY-SPECIFIC INFLATIONARY COSTS AS RECOMMENDED BY THE GOVERNOR; TO APPROVE RESERVE REDUCTIONS TO INCREASE IN-STATE AND OUT-OF-STATE TRAVEL EXPENDITURE AUTHORITY AS RECOMMENDED BY THE GOVERNOR; TO APPROVE RESERVE REDUCTIONS TO INCREASE THE FUNDING LEVEL FOR THE NEVADA COMMISSION ON TOURISM CHINA OFFICE AS RECOMMENDED BY THE GOVERNOR; TO APPROVE RESERVE REDUCTIONS TO RESTORE TOTAL EXPENDITURES IN THE MARKETING AND ADVERTISING CATEGORY AS RECOMMENDED BY THE GOVERNOR; TO APPROVE RESERVE REDUCTIONS FOR REPLACEMENT COMPUTER HARDWARE AND SOFTWARE AS RECOMMENDED BY THE GOVERNOR; AND ANY NECESSARY TECHNICAL ADJUSTMENTS NOTED BY STAFF.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

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ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN CONKLIN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:  
The Committees will entertain a motion on Budget Amendment No. A370.

SENATOR KIECKHEFER MOVED TO APPROVE THE RECLASSIFICATION OF THE VACANT PUBLIC INFORMATION OFFICER II POSITION AS AN UNCLASSIFIED PUBLIC RELATIONS SPECIALIST, BUT APPROVE FUNDING THE RECLASSIFICATION ENTIRELY FROM ROOM TAX REVENUE.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

CHAIR HORSFORD:  
I will not support the motion, because I disagree with continuing to move all of these positions to political appointments. I do not think it is appropriate to do this in some cases and not in others.

SENATOR DENIS:  
I tend to agree with you, except in the particular case of the PIO. Because of the nature of the position, I think it is appropriate for the PIO, but it may not be appropriate in other cases. I will support the motion.

ASSEMBLYWOMAN CARLTON:  
Is the other PIO classified?

SENATOR DENIS:  
No.

ASSEMBLYWOMAN CARLTON:  
That was not made very clear. With this merger, we have one PIO who is classified and one that is not. Is that correct?

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ERICA ENG (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The PIO that the Governor proposes to reclassify is moving to the Commission on Tourism from the DCA Director's Office. When the PIO was in DCA, the position was part of the classified service. In the Commission on Tourism, the PIOs in this division are unclassified.

ASSEMBLYWOMAN CARLTON:

Am I correct in stating that the position was classified and it is now moving to unclassified?

MS. ENG:

You are correct.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN CARLTON AND HOGAN VOTED NO. ASSEMBLYMEN CONKLIN AND OCEGUERA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR HORSFORD VOTED NO.)

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MS. ENG:

This morning we will be closing the DCA which includes 16 budget accounts. The first is B/A 101-2892, the DCA Administration account.

EDUCATION

CULTURAL AFFAIRS

DCA – Cultural Affairs Administration — Budget Page CULTURAL AFFAIRS-1  
(Volume I)

Budget Account 101-2892

This account can be found on page 19 of [Exhibit C](#). The first major closing issue is the elimination of the DCA and closure of the Director's Office. The Governor proposes to disband DCA and close the Director's Office, effective October 1, 2011, but retain most of the Department's functions and accounts.

The Governor's recommended organizational changes are displayed in the table on page 20 of [Exhibit C](#). The Governor proposes to move the Nevada State Library and Archives (NSLA) to the Department of Administration. He proposes to move the DMH, along with the Nevada Arts Council (NAC), to the Commission on Tourism. In addition, he proposes to move the State Historic Preservation Office (SHPO) to the Department of Conservation and Natural Resources (DCNR).

The consolidations and other reductions would result in net General Fund savings of \$2.8 million in FY 2011-2012 and \$4.25 million in FY 2012-2013. Of these General Fund savings, \$1.6 million in FY 2011-2012 and \$2.2 million in FY 2012-2013 is attributable to the Governor's recommendation to fund the DMH and NAC accounts partially with Room Tax revenues transferred from the Commission on Tourism.

The Budget Division submitted bill draft requests (BDRs) to the Legislative Counsel Bureau (LCB) Legal Division in support of the Governor's recommended budget. The BDRs were incorporated into three budget bills: [S.B. 424](#), creating the Department of Tourism and Cultural Affairs; [S.B. 427](#), providing for the merger of various agencies under the Department of Administration; and [S.B. 435](#), transferring SHPO to the DCNR.

[SENATE BILL 424](#): Creates the Department of Tourism and Cultural Affairs. (BDR 18-1163)

[SENATE BILL 427](#): Provides for the merger of various state agencies into the Department of Administration. (BDR 18-1161)

[SENATE BILL 435](#): Transfers the Office of Historic Preservation from the Department of Cultural Affairs to the State Department of Conservation and Natural Resources. (BDR 18-1173)

After review of the proposed bills, the Department had concerns regarding language in the proposed bills. The Legal Division of the LCB has been working with the Agency, the Budget Division, and LCB Fiscal Staff to combine all three bills and incorporate all of the Governor's proposed reorganizations for DCA into one bill, [S.B. 427](#). The Legal Division is currently finalizing the proposed amendment for [S.B. 427](#). With the proposed amendment to [S.B. 427](#),

the passage of S.B. 424 and S.B. 435 would no longer be necessary and would be duplicative.

The *Executive Budget* proposes to eliminate 16 existing positions. Ten of these positions are currently filled and may result in layoffs. An additional eight administrative positions are recommended to be transferred from DCA accounts. The chart on page 21 of [Exhibit C](#) displays the position transfer and elimination units from the various DCA agencies. As part of the reorganization, the Governor proposes to transfer six administrative positions and associated operating costs to the Commission on Tourism, two from the Director's Office and four from DMH. The Governor also recommends transferring two administrative positions from the NSLA to the Administrative Services Division of the Department of Administration.

The Governor's proposal to close the Cultural Affairs Administration account, effective October 1, 2011, would save net General Fund appropriations of \$523,494 in FY 2011-2012 and \$721,399 in FY 2012-2013. The closure of the Director's Office would result in six position eliminations. One vacant position is recommended for elimination in M-160.

#### M-160 Position Reductions Approved During Biennium — Page CULTURAL AFFAIRS-2

The two remaining Director's Office positions are recommended to transfer to the Tourism Development Fund account. While these two items are interconnected because they deal with positions currently in the Director's Office, they are discussed separately.

In decision unit E-230, the *Executive Budget* recommends General Fund reductions to eliminate 6 FTE positions and their associated costs.

#### E-230 Reduce Duplication of Effort — Page CULTURAL AFFAIRS-3

The positions proposed to be eliminated include the director of the Department, an administrative services officer IV, an executive assistant, an IT professional III, a program officer II and an IT professional II. As of May 7, 2011, all six positions were filled, and the elimination of the positions would likely result in layoffs. Some of the major functions of the

Director's Office are listed at the top of page 22 of [Exhibit C](#). This office oversees the development and monitoring of executive and nonexecutive budgets; oversees IT planning for the Department; develops and tracks Department contracts; provides personnel management; and performs updates and upgrades to the Department's Website. The Agency indicates that the Website was visited slightly less than 500,000 times in 2010. The Office also serves as the media public information coordinator and provides marketing support for the divisions.

The Agency indicates that all of the former Director's Office functions will need to be assumed by the four former DCA divisions or receiving departments. Both DMH and NAC indicated to Staff that they are concerned about the loss of the executive assistant in the Director's Office who has helped the two division-level ASOs with writing contracts because of the two positions' heavy workload. The Agency indicated that no one in the Department of Tourism will be able to absorb the contract writing function currently provided by the executive assistant. The Governor's budget does not address the Agency's concern regarding the need for additional contract writing assistance for the two divisions.

Do the Committees wish to approve the Governor's recommendation to eliminate the Director's Office and dissolve DCA and transfer the remaining four divisions to other state departments? This action would require the passage of an amended version of S.B. 427.

SENATOR CEGAVSKE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE THE DIRECTOR'S OFFICE; TO DISSOLVE DCA; AND TO TRANSFER THE REMAINING FOUR DIVISIONS.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

SENATOR DENIS:

We discussed this decision during a meeting of the Subcommittee on General Government and while I hate to do this, I do think consolidating some of the administrative functions is a good thing. This will also save some money, meaning we will not have to make quite as many cuts to DCA. I will support the motion. However, I want to keep on eye on this to

ensure that we are not making these changes to the detriment of cultural affairs in Nevada, because it is an important part of our State.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN HOGAN VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. ENG:

Decision Unit E-901 transfers two positions and other remaining operating costs from the DCA Director's Office to the Tourism Development Fund. The Governor also proposes to transfer IT and operating expenses currently funded by the Director's Office to NAC (E-902), SHPO (E-903) and NSLA (E-904).

E-901 Transfer from Director's Office to Tourism — Page CULTURAL AFFAIRS-5

E-902 Transfer from Director's Office to Arts Council — Page CULTURAL AFFAIRS-6

E-903 Transfer from Director's Office to SHPO — Page CULTURAL AFFAIRS-6

E-904 Transfer from Director's Office to NSLA — Page CULTURAL AFFAIRS-7

In Decision Unit E-901, the Governor recommends transferring a public information officer II and personnel analyst II from the DCA Director's Office, associated operating costs, and General Fund appropriations of \$138,249 in FY 2011-2012 and \$172,991 in FY 2012-2013 to the Tourism Development Fund account. In the Tourism Development Fund account, the Governor then proposes to use Room Tax reserves as the funding source for one-half of the expenditures in lieu of General Fund appropriations. Yesterday, however, the Committees approved not retaining General Funds in the Tourism Development Fund account to fund these two positions and their operating costs.

Additionally, the two positions would continue to perform their DCA duties, while also providing support for the rest of the Commission on Tourism. Both agencies indicate that the personnel analyst II would provide personnel services for the positions in the former DCA divisions, proposed to transfer to Tourism, as well as Tourism's current positions. While DCA indicates that a majority of the PIO's workload is spent on the DMH and NAC divisions, Tourism has also informed Staff that the former DCA PIO will work together with Tourism's other two PIOs and take over Tourism's media functions when the other Staff are on familiarization tours. The two positions proposed to transfer from the Director's Office in decision unit E-901 would be the only positions of the former DCA agencies proposed to transfer to Tourism that would actually relocate to Tourism's Paul Laxalt State Building in Carson City. The rest of the DCA positions would remain in their current location.

The Cultural Affairs Administration account currently funds a portion of the registration and membership dues and IT services for three of the Department's four divisions. The DCA Director's Office also funds e-mail services for all of NAC positions. Decision unit E-901 also transfers nominal amounts of registration and membership dues, hardware license contract costs, and the Department of Information Technology (DoIT) e-mail and Silvernet services for the two positions to Tourism. The Governor also recommends replacing three desktop computers and three medium-sized servers with new warranties in the 2011-2013 biennium in decision unit E-710.

#### E-710 Equipment Replacement — Page CULTURAL AFFAIRS-5

However, all three computers and one of three servers are proposed to be eliminated in E-230 with the closure of the Director's Office.

#### E-230 Reduce Duplication of Effort — Page CULTURAL AFFAIRS-3

The Governor proposes transferring one new server recommended to be replaced in FY 2011-2012 to the Commission on Tourism in decision unit E-901. The other new server, recommended for replacement in FY 2012-2013, is proposed to transfer to NAC in decision unit E-902, along with one Virtual Private Network, also known as VPN, account, and e-mail accounts for nine positions. Decision units E-902, E-903 and E-904 transfer



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nominal amounts of computer-related contract costs, purchasing assessment costs, and DoIT services to NAC, SHPO and NSLA, respectively.

Do the Committees wish to approve the Governor's recommendation to transfer two positions and remaining Director's Office operating costs to Tourism and the former DCA divisions?

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER TWO POSITIONS AND OPERATING COSTS TO TOURISM.

SENATOR LESLIE SECONDED THE MOTION.

SENATOR DENIS:

Were the computers that we discussed in these items taken out of the budget completely, or were they moved to other locations within the budget?

Ms. ENG:

The three computers and one of the servers are being removed with decision unit E-230. Only two servers will be replaced, one of which would go to Tourism and the other would go to NAC.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. ENG:

As part of the closure of the Director's Office and the proposed reorganizations, the *Executive Budget* proposes to downgrade four administrative services officers (ASOs) positions currently responsible for all fiscal management of each DCA division to the budget analyst II classification. The downgrades result in total General Fund savings of \$26,833 in FY 2011-2012 and \$33,050 in FY 2012-2013. However, the General Fund savings are not accurate, since all four positions are currently filled and the retained rate of pay provision would likely apply to these positions.

Additionally, the Governor has submitted Budget Amendments No. 276, No. 282 and No. 301 to reverse the ASO reclassifications proposed in the *Executive Budget* for SHPO, DMH and NAC, respectively. The proposed budget amendments are displayed in the table on page 24 of [Exhibit C](#). Budget Amendment No. 282, Tourism's Budget Amendment No. 302 and Budget Amendment No. 301 for DMH and NAC, respectively, include the Governor's recommended plan to replace one-half of the General Fund appropriation needed for the former DCA accounts with transfers from Tourism. However, Staff notes that the replacement of General Fund money with Tourism's Room Tax reserves has been calculated differently for DMH and Tourism's amendments than the NAC amendment. Staff notes that the final General Fund/Tourism transfer split will need to be recalculated and applied to each former DCA account after the Committees' final action on the Governor's recommendations for the Department. The budget amendments restoring three of the positions to the ASO classification level with the Tourism funding split noted by Staff, are reflected as resulting in net additional General Fund appropriations of approximately \$11,000 in FY 2011-2012 and \$11,600 in FY 2012-2013.

With the Governor's budget amendments, the only proposed reclassification that would remain would be the downgrade of the NSLA's ASO II to a budget analyst II. The Budget Division explained to Staff that the original intent of the reclassifications was to centralize fiscal services in each receiving department. After the recommended position transfers took effect, the fiscal positions would be pooled and given new budget account assignments and duties based on the needs of each reorganized department. However, the DCNR and the Commission on Tourism, after reevaluating existing and proposed new Staff, did not think a centralized fiscal unit was best for their varied programs. The ASOs in these Departments will continue doing the same duties and have the same budget accounts. Because of this, reclassification did not make sense for three of the four ASOs. The NSLA's ASO will centralize fiscal services with the Department of Administration after the ASO position transfers to the Department.

Based on this updated information, Staff recommends approving the three budget amendments to reverse the proposed ASO reclassifications for SHPO, DMH and NAC. As indicated by Staff, the budget amendments reflect

that additional net General Fund appropriations of approximately \$11,000 in FY 2011-2012 and \$11,600 in FY 2012-2013 are needed; however, the final General Fund/Tourism Room Tax reserve split will need to be calculated by Staff after the Committees' final closing actions. Do the Committees wish to approve the Governor's revised recommendation to retain the three ASOs for SHPO, DMH, and NAC under their current classification and to reclassify the NSLA's ASO II to a budget analyst II? If approved, Staff requests authority to make final adjustments to the proposed reclassifications consistent with Tourism's accounts after the decision is made regarding the transfers from Tourism.

SENATOR KIECKHEFER MOVED TO APPROVE THE GOVERNOR'S REVISED RECOMMENDATION TO RETAIN THE THREE ASOS UNDER THEIR CURRENT CLASSIFICATION; TO RECLASSIFY THE NSLA'S ASO; AND TO AUTHORIZE ANY TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

MS. ENG:

There are two other closing items. The first closing item is equipment replacement, as discussed in E-710 and the second, an IT position elimination. Staff has no concerns with these two closing items. Do the Committees wish to approve the two other closing items as recommended by the Governor?

SENATOR RHOADS MOVED TO APPROVE THE EQUIPMENT REPLACEMENT; TO APPROVE THE IT POSITION ELIMINATION; AND TO AUTHORIZE ANY TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

MS. ENG:

The other closing item is the elimination of DoIT e-mail services for two NAC positions proposed for elimination. The DCA Director's Office currently pays for the NAC e-mail services. Staff will make adjustments to this decision unit based on the Committees' closing actions in the NAC account. Staff requests authority to make final technical adjustments to this account based on the Committees' closing actions.

ASSEMBLYWOMAN MASTROLUCA MOVED TO GRANT STAFF THE AUTHORITY TO MAKE ANY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

MS. ENG:

The next closing is for B/A 101-2894, the Nevada Humanities account. This can be found on page 26 of [Exhibit C](#).

DCA – Nevada Humanities — Budget Page CULTURAL AFFAIRS-9 (Volume I)  
Budget Account 101-2894

This budget account serves as a pass-through for General Funds to the nonprofit organization, Nevada Humanities. The first major closing issue is the proposed budget reductions in decision unit E-600.

E-600 Budget Reductions — Page CULTURAL AFFAIRS-9

The Governor recommends an 80 percent reduction in funding for the Nevada Humanities program, reducing General Fund appropriations from \$50,000 to

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\$10,000 in each year of the upcoming biennium. The 2009 Legislature approved a 48 percent reduction from \$95,500 to \$50,000 in annual funding for the program during the 2009-2011 biennium. The Governor's proposed reductions would mean that over a five-year period, funding for the Nevada Humanities program will decrease to approximately one-tenth of what was actually received in FY 2008. The Agency explained State funding is specifically used to support the Las Vegas Nevada Humanities office, and the reductions would likely affect the Agency's ability to fill the position of southern Nevada program coordinator which has been vacant since June 2010 due to decreases in funding.

No performance indicators were included for the Nevada Humanities in the *Executive Budget*. Staff requested the Agency provide performance indicators which also reflected the Governor's proposed reductions. These performance indicators are listed in the chart on page 27 of [Exhibit C](#). The Agency's table indicates that the number of media audience members, the local history projects, Chautauqua programs, radio programs and publications are projected to decrease in FY 2010-2011 and FY 2011-2012 as compared to the FY 2008-2009 actual. It is not clear how much of this is due to the projected decrease in State funding.

Do the Committees wish to approve the Governor's recommended decrease of \$40,000, or 80 percent per year in pass-through funds to the Nevada Humanities program in the upcoming biennium?

CHAIR HORSFORD:

This is really a shared sacrifice.

SENATOR HARDY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDED DECREASE IN PASS-THROUGH FUNDS.

SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMEN AIZLEY, ATKINSON, BOBZIEN, CARLTON, HICKEY, HOGAN, KIRNER AND MASTROLUCA VOTED NO.)

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SENATE: THE MOTION CARRIED. (SENATORS DENIS, PARKS AND  
RHOADS VOTED NO.)

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CHAIR HORSFORD:  
I will accept a second motion in the Assembly.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDED DECREASE IN PASS-THROUGH FUNDS.

MR. COMBS:  
That is the motion that just failed. Do you want to change your vote?

ASSEMBLYMAN BOBZIEN:  
Yes.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN AIZLEY,  
CARLTON, HICKEY, HOGAN, KIRNER AND MASTROLUCA VOTED NO.)

\*\*\*\*\*

MS. ENG:  
The second major closing item is the merger of the Nevada Humanities account  
with NAC, decision unit E-905.

E-905 Trans-NV Humanities (2894) to Arts Council (2979) — Page CULTURAL  
AFFAIRS-10

The *Executive Budget* provides no rationale to explain the purpose of the  
merger. However, it appears that since NAC provides other pass-through grants  
to nonprofit arts and humanities organizations, the funding for  
Nevada Humanities could be handled similarly. Staff notes that the  
*Executive Budget* reflects the funding for Nevada Humanities in a separate  
category after the merger into the NAC account.

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Do the Committees wish to approve the Governor's recommendation to transfer the Nevada Humanities funding to the NAC account?

ASSEMBLYWOMAN SMITH MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER THE NEVADA HUMANITIES FUNDING TO THE NAC ACCOUNT.

SENATOR LESLIE SECONDED THE MOTION.

CHAIR HORSFORD:  
Is there any material effect of the recommendation?

Ms. ENG:  
There is no effect and there would be no budgetary change.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Ms. ENG:  
The next account is B/A 101-2891, the NSLA administration account. This account can be found on page 28 of [Exhibit C](#).

Administration – NSLA – Nevada State Library — Budget Page ADMIN-188  
(Volume I)  
Budget Account 101-2891

The Nevada State Library account is the administration account for the NSLA Division which includes five budget accounts.

The first major closing item is the reorganization under the Department of Administration, decision units E-800, E-805, E-904 and E-911.

E-800 Cost Allocation — Page ADMIN-194

E-805 Classified Position Reclassifications — Page ADMIN-194

E-904 Transfer from Director's Office to NSLA — Page ADMIN-195

E-911 Transfer from NSLA to Admin Svcs — Page ADMIN-196

The Governor recommends organizationally moving NSLA to the Department of Administration. Senate Bill 427 has been submitted to implement the proposed reorganization of NSLA under the Department of Administration. The Governor's budget reflects four cost allocation charges for the services that would be provided under the Department of Administration, including centralized personnel services, the Director's Office, PC/LAN technician and Administrative Services Division cost allocations. Additional General Fund appropriations for the Division's cost allocations are offset by the two position transfers in decision units E-805 and E-911. The Governor's proposed divisional reorganization results in a net General Fund increase of \$12,682 in FY 2011-2012 and \$1,929 in FY 2012-2013.

Do the Committees wish to approve the Governor's recommendation to move the NSLA Division under the Department of Administration and have the Division join four cost allocations that support the Department? If so, S.B. 427 would need to be approved.

ASSEMBLYMAN HOGAN:

Do we know the status of S.B. 427 at this time?

MS. ENG:

The bill is currently being worked on by the LCB Legal Division. I believe a proposed amendment was recently finalized and it will be submitted at the next hearing.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO MOVE THE NSLA DIVISION UNDER THE DEPARTMENT OF ADMINISTRATION; AND TO APPROVE THE DIVISION JOINING FOUR COST ALLOCATIONS THAT SUPPORT THE DEPARTMENT UPON THE APPROVAL OF S.B. 427.

SENATOR KIECKHEFER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.



SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Ms. ENG:

With the recommended closure of the DCA Director's Office and the reorganizations, the Governor recommends reclassifying the ASO II to a budget analyst II. The Governor recommends transferring this position and one accountant technician II from the NSLA to the Administrative Services Division of the Department of Administration. The transfer would result in General Fund savings of \$119,966 in FY 2011-2012 and \$161,333 in FY 2012-2013 because administrative charges would replace General Fund appropriations as the funding source for these positions in the Administrative Services account. The Agency indicated during its March 10, 2011, budget hearing that the two positions would physically move locations to the Blasdel Office Building. The two positions will be pooled with Administration's other fiscal positions, and then will get redistributed budget accounts and duties, rather than working solely on NSLA accounts.

Because of the change in duties and office locations, the Governor's recommended reclassification of the ASO II to a budget analyst II and the transfer of this position and the accountant technician II position to Administrative Services appears reasonable to Staff, if the divisional transfer is approved. Do the Committees wish to approve the reclassification and position transfers, as recommended by the Governor?

SENATOR RHOADS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER AND RECLASSIFY THE POSITIONS.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

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Ms. ENG:

The second major closing item is the Nevada State Library location consolidation, decision unit E-600.

#### E-600 Budget Reductions — Page ADMIN-191

The Governor recommends consolidating the Library's space within the north end of the NSLA building effective July 1, 2011. With the privatization of the Micrographics and Imaging Program (MIP), the Governor also recommends transferring building rental costs from MIP to the Nevada State Library. The net General Fund savings from the facility consolidation total \$324,468 over the 2011-2013 biennium. As discussed during the Agency's budget hearing, NSLA has started the move as of May 2011, because the Agency does not have the funds for moving costs and needs to use the savings from moving early to pay for the actual location consolidation.

Do the Committees wish to approve the Governor's proposal to consolidate the NSLA Division in the north end of the building? Staff notes that the consolidation is necessary for other proposed relocations and that the Agency has already begun moving as of May 2011.

CHAIR HORSFORD:

It is good that they have already started doing something that the Legislature has not approved.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S PROPOSAL TO CONSOLIDATE NSLA IN THE NORTH END OF THE STATE LIBRARY BUILDING.

SENATOR KIECKHEFER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

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Ms. ENG:

The *Executive Budget* recommends privatizing the MIP account. Budget Amendments Nos. 303, 316 and 317 have been submitted to implement the Governor's revised proposal not to close the State's MIP and instead retain it and transfer it to the Archives and Records account funded with General Fund appropriations. Some costs proposed to transfer to this account would instead transfer to Archives and Records.

Staff requests authority to make adjustments to the NSLA Administration account based on the Committees' closing decisions in MIP's budget.

ASSEMBLYMAN AIZLEY MOVED TO GRANT STAFF THE AUTHORITY TO MAKE ANY TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR RHOADS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. ENG:

The Governor proposes to transfer the Building and Grounds (B&G) Mail Services and Mail Services Equipment accounts organizationally under NSLA. The Governor's Priorities and Performance Budget states that NSLA is absorbing the operations of Mail Services to facilitate the transfer of State Agency records to the State Records Center in Carson City. The Agency indicates this would help facilitate the transporting of 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.

Senate Bill 427 provides for the transfer of oversight responsibilities for the State's mail service operations from B&G to the NSLA. Staff notes that the two accounts were closed as part of the B&G closing hearing on April 28, 2011. At the B&G closing hearing, the Committees voted to approve the Governor's plan to move the administration of the two accounts to NSLA contingent on passage of S.B. 427.

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Do the Committees wish to approve the Governor's recommendation to move the two Mail Services accounts under the NSLA, consistent with the previous action taken by the Committees? Staff notes that this decision would require that S.B. 427 be approved.

ASSEMBLYMAN GRADY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO MOVE THE TWO ACCOUNTS UNDER THE NSLA, CONTINGENT UPON THE APPROVAL OF S.B. 427.

SENATOR KIECKHEFER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Ms. ENG:

The *Executive Budget* proposes to permanently transfer the Library Database Program from the Other State Education Programs account to NSLA. The Agency indicates the transfer was proposed to streamline the paperwork required to manage this program. The transfer moves General Fund appropriations totaling \$421,165 in FY 2011-2012 under decision unit E-905.

E-905 Transfer from Library Funds to Library & Archives — Page ADMIN-195

This funding provides support to the statewide licensing of online library resources for kindergarten through Grade 12 students. The Agency indicates this revenue source supports contract expenditures for database licenses. The Agency also indicated during the adjusted base review process that the funding from the Department of Education is partially used as match for the federal Library Services and Technology (LSTA) grants.

At the March 10, 2011, budget hearing, the Joint Subcommittee on General Government asked the Agency who the primary users were of the databases. On page 32 of [Exhibit C](#) the table lists the primary users. The Agency indicates that for the period between July 1, 2009, and March 11, 2011, a total of 16,861,282 searches were conducted on the databases. Academics from

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community colleges and universities accounted for the highest number of searches.

Staff notes that the Committees voted to approve the transfer of the Library Database program from the Other State Education Programs account during the Department of Education's closings on May 3, 2011.

Do the Committees wish to approve the Governor's recommendation to transfer the Library Database program and General Fund appropriations of \$421,165 in FY 2011-2012 from the Department of Education to NSLA, consistent with the Committees' earlier actions?

SENATOR DENIS:

This program allows us to buy licenses to access data. These databases can be accessed from a classroom, a library, a community college or a university. As you can see, we have 16.8 million people who access this database. This is a good investment on our part. We have had this program for several years and I believe it is a good thing.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION TO TRANSFER THE LIBRARY DATABASE  
PROGRAM TO NSLA.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

MS. ENG:

The Governor recommends decreasing General Fund appropriations by \$198,900 in FY 2011-2012 and \$218,469 in FY 2012-2013 to reduce the pass-through monies that fund Library Collection Development. The table on page 33 of [Exhibit C](#) shows the reductions for each county. Under the Governor's proposal, funding for each local county and other governmental units would decrease by 59 percent in FY 2011-2012 and 65 percent in

FY 2012-2013. When considering reductions from the last biennium, Collection Development funds for counties will have decreased from the \$600,000 legislatively approved FY 2008-2009 amount, to the \$335,000 FY 2009-2010 actual amount, to the \$116,531 total amount recommended by the Governor in FY 2012-2013. Over four fiscal years, the budgeted amount for Library Collection Development will decline by 81 percent. The Agency indicates the reductions will significantly impact collections at local public libraries and will likely affect meeting the match and maintenance of effort (MOE) requirement for federal LSTA grant funds. As the Agency explained during the budget hearing, General Fund reductions since FY 2006-2007 and the Governor's recommended 2011-2013 biennial reductions in collection development funding would result in a projected \$265,000 reduction in LSTA grant funds over the 2011-2013 biennium due to not meeting the MOE requirement. During the Department's budget hearing, the Subcommittee expressed concern regarding the potential loss of federal funds and asked what amount of state funds would be required to ensure that no loss would occur. The Agency has explained that there are two different components of the match: in order to qualify for an LSTA grant, the State must match 34 percent of total project costs; and the State must also meet MOE requirements in order to receive the full LSTA award.

The NSLA plans to submit a waiver to the federal government by June 30, 2011, to avoid a reduction in the federal FY 2011-2012 grant award. However, the Agency indicates if the waiver is not approved, it estimates that the federal FY 2011-2012 award will be reduced by 22.4 percent or \$375,562. According to the Agency's calculations, to avoid the estimated LSTA reduction due to not meeting MOE, additional General Fund appropriations of \$195,000 would be needed which is slightly less than the proposed FY 2011-2012 reduction. However, NSLA has told Staff that current LSTA grant amounts in the 2011-2013 biennium listed in the *Executive Budget* should not be reduced because the potential reductions to the grant are not definitively known.

Do the Committees wish to approve the Governor's recommendation to reduce General Funds for local counties' Collection Development by \$198,900 in FY 2011-2012 and \$218,469 in FY 2012-2013 which could potentially cause a reduction in LSTA funds over the biennium?

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CHAIR HORSFORD:

Why is Clark County not listed in the chart on page 33 of [Exhibit C](#)? I also have concerns about Eureka and Lander Counties not being on the list.

DEBBIE HONEY (Administrative Services Officer, Nevada State Library and Archives):

In this chart, library districts are included together under "Aid to Government Units."

CHAIR HORSFORD:

Are we cutting each county and library district by 65 percent or is it an overall cut?

MS. HONEY:

It is an overall cut of 65 percent.

CHAIR HORSFORD:

Is each county being cut the same amount, regardless of demand or population?

MS. HONEY:

Yes, each county is being cut the same amount.

CHAIR HORSFORD:

Who came up with that?

MS. HONEY:

This is based on a formula in statute.

CHAIR HORSFORD:

The formula is in statute, but where did you get the reduction? The reduction is just recommended by the Governor to create the budget, it is not the formula.

MS. HONEY:

I do not know the answer.

MICHAEL FISCHER, D.D.S. (Acting Director, Department of Cultural Affairs):

The State Librarian is at a meeting in Washington, D.C. We will get back to you on that question.

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Regarding the LSTA funds, they are regularly reduced and then LSTA grants are distributed by a committee regulated in statute.

CHAIR HORSFORD:  
Where do the LSTA funds come from?

DR. FISCHER:  
The LSTA funds come from the Library Services and Technology Act funds from the federal government. They use a three-year rolling average to figure out funding. The formula is very complicated.

SENATOR DENIS:  
I know a little bit about this. Every Session, since I first came to the Legislature, this has been my first bill. The Collection Development money is specifically for materials, the majority of which goes to books. The formula is fair and a majority of the money goes to the Las Vegas, Henderson, Boulder City and North Las Vegas library districts. This is about books, nothing else. The more money we put into this account, the more money is matched by the federal government. The less we put in, the less we get back.

MS. HONEY:  
We reduced the State Collection Development Fund by 65 percent. This is an overall reduction to this particular funding. Individually, you see a reduction of \$140,954 in "Aid to Government Units." The overall reduction, if you take the total amount, is 65 percent.

MS. ENG:  
The Budget Division determined these figures when they calculated the reductions. However, you can see that the percentage reductions were applied evenly to each county and the governmental units. We are dealing with two different issues. First, the reductions themselves, and second, how these reductions are going to affect the agencies' ability to meet their match and MOE requirements for the LSTA grants. The MOE formula is determined by averaging the last three years of: (a) 100 percent of salaries directly supporting the LSTA program, (b) 50 percent of public service salaries, and (c) 35 percent of overall operating costs. The organizations must meet the match entirely and the State must support 34 percent of the total program costs in order to get an LSTA grant. The MOE determines how large the federal grant will be. If the Agency is



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24 percent below the MOE, they will get a 24 percent reduction in their LSTA grant. The Agency has said this will happen under these reductions.

CHAIR HORSFORD:

Could you have a scenario where one county or library district has more money that they could put into the pot? This way, you could use that money and get more of the federal match instead of what you are doing, which is an across the board reduction.

MS. HONEY:

We are talking about two separate things. We are talking about State Collection Development money which is State funding. This money is displayed in the chart on page 33 of [Exhibit C](#). The distribution of funds is determined by a formula set in statute. Once we make a reduction to this funding, we cannot make individual changes because of the formula.

CHAIR HORSFORD:

We can change the statute. Our authority as the Legislature allows us to change it. If we chose to allocate this money differently than the way set out in statute, it would allow a county or a library district, which has the funds, to put in more money in order to get more federal funds. Why would we not consider this as an option?

SENATOR DENIS:

Is the federal match at a State level or at a local level? I know the local districts have funds for which they apply, but this is a larger State fund matched by the federal government.

We put money into this account, and based on that money we get a federal match. We then apply the formula to that money, and distribute it to the local districts, which is seen in the chart on page 33. The majority of the money goes to Clark County because they have a larger population.

CHAIR HORSFORD:

Is the allocation based on population?

SENATOR DENIS:

Yes.

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MS. HONEY:

It is based on the population and the local district's ability to match.

CHAIR HORSFORD:

Are you basing the formula on the most recent population estimates from the current census? What are you using to determine population?

MS. HONEY:

I believe it is the most current census, but I do not know that for sure.

CHAIR HORSFORD:

Who would be able to tell us?

DR. FISCHER:

We will get back to you on that.

CHAIR HORSFORD:

We will consider this and if you are not using the most recent census, will you adjust it before the allocation is made?

DR. FISCHER:

Yes, we will.

SENATOR KIECKHEFER MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION TO REDUCE GENERAL FUNDS FOR LOCAL  
COUNTIES' COLLECTION DEVELOPMENT.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

SENATOR DENIS:

There is nothing that we will vote on today that I would fully support. Over four years, we have cut this funding by 81 percent. These are books for our children. We are talking about educating our children. When they get out of school, they do not have access to books unless they go to the public library. For us to go from \$600,000 to this amount is wrong. We want our children to read by the time they are in third grade, but we are not going to give them the books that they need. I cannot support this. I know we have to make some tough decisions, but this is one of those things that I cannot do.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN AIZLEY, ATKINSON, CARLTON AND HOGAN VOTED NO.)

SENATE: THE MOTION CARRIED. (SENATOR DENIS VOTED NO.)

\* \* \* \* \*

MS. ENG:

The *Executive Budget* proposes reducing General Fund appropriations by \$40,000 in each year of the biennium to reduce pass-through funds for rural bookmobile services. The proposal would result in decreases of \$26,274 per year to Elko County, \$8,672 to Humboldt County and \$5,054 to Lincoln County. According to the Agency, the consequences of the recommendation are a reduction in bookmobile runs and hours. The Agency indicates that the following stops are currently completed for the three rural library counties: 27 locations over 2 weeks for Elko County; 7 locations over 1 week for Humboldt County; and 7 locations over 1 week for Lincoln County. The Agency indicates that the potential reduction in the number of stops due to the recommended funding decrease is currently unknown.

Budget Amendment No. 326 was submitted to reverse the Governor's recommendation and to restore General Funds of \$30,000 per year and \$10,000 per year in funding from transfers from the NSLA Gift Fund (a non-Executive account). There are two options for you to consider:

1. Approve the Governor's original proposal to eliminate General Fund appropriations of \$40,000 per year to reduce pass-through funds for rural bookmobile services.
2. Approve the Governor's revised recommendation to restore funding for the rural bookmobile program which would require additional General Funds of \$30,000 per year and transfers from the NSLA Gift Fund of \$10,000 per year, as compared to the *Executive Budget*.

ASSEMBLYWOMAN SMITH MOVED TO APPROVE THE GOVERNOR'S ORIGINAL PROPOSAL TO ELIMINATE GENERAL FUND APPROPRIATIONS OF \$40,000 TO REDUCE PASS-THROUGH FUNDS FOR RURAL

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BOOKMOBILE SERVICES; AND TO TRANSFER \$10,000 PER YEAR FROM  
THE NSLA GIFT FUND.

ASSEMBLYWOMAN SMITH:

Every decision we talk about is a tough decision, but I think there are other places where we can use this money. I would prefer to take the General Fund dollars and put them in the Nevada Humanities account that we just decimated by 80 percent.

SENATOR LESLIE SECONDED THE MOTION.

SENATOR RHOADS:

I have been protecting the rural bookmobile for the last 25 years. You cannot believe the outpouring of participation from the children in the rural schools. I know when my girls were young, they were so excited when the bookmobile came every other week. I would support Option No. 2.

ASSEMBLYMAN HAMBRICK:

Does this appropriation pay for all the bookmobile overhead costs? In the past year, we have seen fuel prices rise significantly. Does the rising price of gas impact the amount of funds they have to purchase books? How are we offsetting the overhead costs?

RICK COMBS (Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

These are just pass-through funds that go to the bookmobile program. There are other funding sources that are used to assist in funding these programs. Certainly, though, if their gas prices increase, there is less money for materials unless they change their budget. When one expense goes up, the others will be impacted.

ASSEMBLYMAN GOICOECHEA:

Clearly, the Governor's Office recognized how essential this program is in the rural areas. Communities like Jiggs, Currie or Denio do not have any other access to books besides the bookmobile. I think the Governor's Office recognized this and tried to restore funding. I oppose the motion and support Option No. 2.

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SENATOR LESLIE:

In the Department of Health and Human Services (DHHS) budgets, we had a lot of discussion about trying to get the private sector to cover things like eyeglasses for seniors, which have been cut by Medicaid. Rural bookmobiles are very important and I support them, but why are the mining companies not covering these costs? Has this been tried?

DR. FISCHER:

The \$10,000 donation is from a mining company.

CHAIR LESLIE:

Given the cost of gold, I think they can pick up the rest.

DR. FISCHER:

The collection materials are provided by the libraries themselves.

MS. ENG:

To clarify the answer to Assemblyman Hambrick's question, this is just an overall category reduction. That category includes line items for fuel and other operating costs.

ASSEMBLYWOMAN SMITH:

I understand how important this program is and this is a hard decision for us to make. We sit through making these decisions every day. This was not a priority in the original budget and we had to make all kinds of awful decisions about things we have to fund and where we feel we can do the best amount of good. My colleague made a good point about securing private donations, and surely we could do that. This is one of the tough decisions we are making every hour of every day here.

CHAIR HORSFORD:

I agree we need rural bookmobiles. We need to fund libraries and books. I have a library in my district that has cut back its hours. They are not open all the time and they are talking about closing it all together, even though it was just built several years ago. We had to fight to get it built in the first place because they did not want to build it in the neighborhood in which it was proposed. They wanted to build it in the newer suburbs. This is not just happening in the rural areas. There is a lack of access throughout the State, even in the urban

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areas. You have underserved communities that do not have access. I would love to have a bookmobile drive through the streets of West Las Vegas and North Las Vegas making sure that children have access to books.

ASSEMBLYWOMAN MASTROLUCA:

I echo the sentiments of my colleague. I am not happy or comfortable with one thing in this closing document. None of this will make me sleep better at night. Cutting anything to do with reading hurts down to my soul. The Henderson Library District has eliminated its bookmobile. They do not have the money to run it. We have underserved communities that will not have access to books. This is terrible. Our libraries are doing everything they can to find private dollars. We have cut money to family resource centers which was also in the original budget. There are no easy ways to say which is more important, access to books or providing support for health care. I reluctantly support this motion, but I hate to see anyone without access to reading materials.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN GRADY, AND GOICOECHEA VOTED NO. ASSEMBLYMAN ATKINSON WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR RHOADS VOTED NO.)

\* \* \* \* \*

MS. ENG:

General Fund reductions of \$6,582 in each year of the biennium are recommended to reduce funding for the Bibliographical Center for Research (BCR) which the budget indicates is for access to ContentDM (online exhibition software). The Agency explains the software was a collaborative effort with the University of Nevada, Reno, the University of Nevada, Las Vegas and other libraries and museums to provide cultural institutions access to online digital collections of Nevada materials. The Agency indicated that BCR went out of business after the Agency's budget request submittal. The Agency did not indicate what impact the reduction would have.

Do the Committees wish to approve the Governor's recommendation to eliminate funding for the online exhibition software with resulting General Fund savings of \$6,582 per year?

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SENATOR PARKS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE FUNDING FOR THE ONLINE EXHIBITION SOFTWARE.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN ATKINSON WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

MS. ENG:

The next closing item is simply informational. The Governor recommends \$3 million in FY 2011-2012 funding for the Nevada Broadband Task Force, which would be implemented upon the passage of A.B. 485.

ASSEMBLY BILL 485: Makes an appropriation to the Department of Administration for the Nevada Broadband Task Force. (BDR S-1241)

The funds will improve rural Nevada's connections to the Internet and will be used to help the State's rural residents access the World Wide Web, start new businesses and support the growth of existing businesses. Having better broadband connections will also allow the electronic exchange of health information between health care providers and hospitals.

The NSLA Administrator is the Chair of the Nevada Broadband Task Force and will help develop a list of recommended projects to the Department of Administration. The Department of Administration will be responsible for the fiscal management of the one-shot appropriation. There were no details provided in the budget that show a breakdown of how the funds would be expended or that identify the number of projects to be funded. The Agency also indicates that the approval of the broadband appropriation could potentially facilitate the ability of the rural bookmobiles to offer Internet services to their patrons. Staff notes that the one-shot appropriation will be further discussed and decided upon in A.B. 485.

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The next closing issue is Budget Amendment No. 292 for MIP. Staff requests authority to make adjustments to this account depending on the Committees' closing actions taken in the MIP budget account. Staff requests authority to make final technical adjustments consistent with the Committees' closing actions taken in other budget accounts and regarding the final decisions made on budget bills S.B. 427 and A.B. 485.

ASSEMBLYWOMAN SMITH MOVED TO APPROVE ANY TECHNICAL ADJUSTMENTS DEPENDENT ON THE CLOSING OF THE MIP BUDGET ACCOUNT AND TO APPROVE ANY TECHNICAL ADJUSTMENTS DEPENDENT ON S.B. 427 AND A.B. 485.

SENATOR PARKS SECONDED THE MOTION.

SENATOR KIECKHEFER:

I am against the \$3 million one-shot appropriation for broadband.

Ms. ENG:

This item is just informational.

SENATOR KIECKHEFER:

I do not think it has been made clear how the \$3 million will be allocated. I know the general intent is to extend last-mile coverage into the rural areas. Several days ago, I moved to add back services for seniors that totaled about \$1.5 million. I would propose funding those services with this money. We could find a lot of things to do with the other \$1.5 million.

SENATOR DENIS:

Is this American Recovery and Reinvestment Act of 2009 (ARRA) funding?

CHAIR HORSFORD:

This item and its funding will be discussed with A.B. 485. In the *Executive Budget*, the Governor has appropriated \$3 million of General Fund money for this item. This will be decided in a policy discussion and is just being noted under this budget so we are aware.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.



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SENATE: THE MOTION CARRIED. (SENATOR RHOADS VOTED NO.)

\* \* \* \* \*

ASSEMBLYWOMAN SMITH MOVED TO RECONSIDER THE NEVADA HUMANITIES BUDGET.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

ASSEMBLYWOMAN SMITH MOVED TO APPROPRIATE \$30,000 IN EACH YEAR OF THE BIENNIUM TO THE NEVADA HUMANITIES BUDGET.

Ms. ENG:

This budget can be found on page 27 of [Exhibit C](#).

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLYMAN GOICOECHEA:

I do agree with the Nevada Humanities, but I cannot support taking \$30,000 from the rural bookmobile. I oppose this motion.

ASSEMBLYMAN HAMBRICK:

Would the author of the motion consider targeting the \$30,000 specifically to one of the items listed in the chart on page 27 of [Exhibit C](#)? Instead of appropriating \$30,000 overall, which might not have a large impact, targeting this money specifically might have more of an impact.

ASSEMBLYWOMAN SMITH:

I would prefer to allow the organization to make the determination of how the money can be best utilized and spent. We all recognize that the money in this budget is always leveraged very well. The money is well distributed and spent

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throughout the State. I would rely on the organization to determine how to best utilize the funds.

ASSEMBLYMAN BOBZIEN:

It is awful that we have to make these decisions. I cannot believe we have to do this but, with these tough choices and the shared sacrifice, we must. Nevada Humanities has programs that make a huge difference in the lives of many Nevadans, particularly children across the State. I know Nevada Humanities has a great track record of targeting its grants to ensure that the money has a maximized impact. I am in full support of the motion.

ASSEMBLYMAN KIRNER:

Are there any federal matching dollars involved in this program? Likewise, is there a federal match for the rural bookmobile?

MS. ENG:

Nevada Humanities is a non-profit organization and these are pass-through funds. I believe they receive National Endowment for the Humanities federal funding. I think they use General Fund appropriations for a match, but I do not know that for sure. I do not know if there are matching federal funds for the bookmobile.

CHRISTINA BARR (Executive Director, Nevada Humanities):

Yes, we do use State funds to match federal funds and leverage federal money that comes to our State.

MS. HONEY:

Yes, the bookmobile funding is part of our match for our LSTA grant.

SENATOR LESLIE:

I support the motion. I would like to redirect the Committees' attention to the underlined sentence on page 26 of [Exhibit C](#). It states, "The Governor's proposed reductions would mean that over a five-year period, funding for the Nevada Humanities program will decrease to almost a tenth of what was actually received in FY 2007-2008." With this budget, they are at 90 percent. This is excessive. The other reason I support the motion is, even though I also really like the rural bookmobile, I think it is easier to raise funds from the mining companies for the bookmobile than for the Humanities. I do not mean to pick on

the mining companies, but this is an easy charitable request. I believe we can get this money back through a charitable donation. We can then leverage this money for Nevada Humanities, which provides a lot of great programs in the rural areas, such as Cowboy Poetry.

SENATOR DENIS:

I think the Humanities budget has been cut just like the other budgets. Nevada Humanities helps throughout the whole State and we can help more children with this. I do not like reducing the money we put toward the LSTA match, because this will mean even fewer books for the whole State. Maybe in this whole process, we can find some more money for books. I will support the motion because I think Nevada Humanities does great things.

MS. ENG:

There are a few vacant positions that we will be discussing. Depending on the Committees' actions on those items, that money could potentially go to fund Collection Development if you so chose.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN HAMBRICK, HARDY, GOICOECHEA AND GRADY VOTED NO.)

SENATE: THE MOTION CARRIED. (SENATORS CEGAVSKE AND RHOADS VOTED NO.)

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MS. ENG:

We will now move on to B/A 101-1055, the Micrographics and Imaging Program (MIP) account. The State's MIP provides document microfilming, scanning, CD-ROM, DVD, fiche, and other image production and preservation services to State and local agencies.

Administration – NSLA – Micrographics and Imaging — Budget Page  
ADMIN-213 (Volume I)  
Budget Account 101-1055

The Program has historically struggled with generating enough revenues to remain sustainable. This situation might be partially due to the fact that

although MIP increased its prices effective at the beginning of FY 2010-2011, the Agency has not been charging the published rates, because contracts with customer agencies have been executed based on what the agencies could pay at the time. Because of a concern for low reserve levels, the 2009 Legislature required MIP, via letter of intent, to submit semiannual reports to the Interim Finance Committee (IFC). In the December 2010 report, which was submitted at the IFC meeting on April 18, 2011, the Director of DCA indicated that revenues in the first six months of FY 2010-2011 did not reach projected levels. The semi-annual report recommended two options to address the revenue shortfall in FY 2010-2011: (1) require State agencies to use MIP for records projects (which would require a submittal of a BDR), or (2) close the account effective June 30, 2011. During the Base Budget review process, Staff had concerns that the account's revenue projections were over projected.

The second major closing item in this account is the proposed changes to the State's MIP. The *Executive Budget* recommends the privatization of MIP and the elimination of this budget account effective July 1, 2011. This recommendation would eliminate budgeted revenue as well as the positions in the account. During the DCA's Joint Subcommittee on General Government budget hearing on March 10, 2011, several State agencies expressed concerns about additional costs from using private sector services instead of MIP services. The Director of Administration explained that MIP needed to remain open and alternative funding methods for the account were being explored.

The Fiscal Analysis Division received seven budget amendments eliminating MIP related expenditures for state agencies that currently utilize MIP services. The Governor has a revised plan to close MIP as an enterprise fund and transfer a downsized version of the MIP to the General Fund supported Archives and Records account. The MIP will be funded by General Funds in this biennium and agencies will not be directly charged for MIP services. Instead, costs will be recovered in the 2013-2015 biennium through the Statewide Cost Allocation Plan (SWCAP). The Agency has explained to Staff that a system has been developed whereby each position performing MIP duties will track the amount of time spent and materials expended per Agency, and this will be logged and used to determine the billing amounts to recover in the next biennium. The Budget Office has indicated to Staff that the level of services for current agencies using MIP would not change.

In decision unit E-660 of the *Executive Budget*, the Governor recommended eliminating the account's revenues and related operating expenses over the 2011-2013 biennium including the elimination of four positions.

E-660 Program Reductions/Reductions to Services — Page ADMIN-215

Decision unit E-660 in Budget Amendment No. 317 for the MIP account would continue the elimination of the account's fee-based revenues (Microfilming Charges, Imaging Sales and Lab Sales). The revised E-660 would also eliminate the account's remaining reserves which would effectively eliminate the account as an enterprise fund.

Budget Amendment No. 317 would revise decision unit E-660 to eliminate only the vacant program officer II position which is responsible for managing MIP projects. This position has been vacant for a year, since May 5, 2010. Revised decision unit E-660 also reflects minor operating reductions. The budget amendments provide cleanup for E-661 and E-665 and would rescind the Governor's original recommendation in E-661 to revert roughly \$45,000 to the General Fund.

E-661 Program Reductions/Reductions to Services — Page ADMIN-216

E-665 Program Reductions/Reductions to Services — Page ADMIN-216

Rather than transfer cost allocation, equipment and SWCAP expenses to the NSLA administration account, which is currently in the Governor's recommended budget, the revised plan would transfer these costs to Archives and Records, where MIP will now be administered. The Governor's revised recommendation, reflected in Budget Amendment No. 317, proposes to continue the transfer of building rent expenses to the NSLA account in decision unit E-910.

E-910 Transfer from MIP to NSLA — Page ADMIN-218

The NSLA Administration account currently pays for the Division's rental expenditures. The budget amendment adds decision unit E-913 to reflect the Governor's revised proposal to retain MIP and transfer the program to Archives and Records.

#### E-913 Balance Forward from the Previous Year

Decision unit E-913 would transfer the three positions remaining in the MIP account, which include the IT technician V and two microfilm operator II positions. Decision unit E-913 also proposes to transfer MIP expenditures and reserves. However, the remaining reserves would be replaced by General Fund appropriations, as part of a revised plan to eliminate MIP as an enterprise fund.

General Fund appropriations would increase the Archives and Records account by \$320,285 in FY 2011-2012 and \$322,763 in FY 2012-2013. However, MIP expenditures in other State General Fund customer agencies would be eliminated through Budget Amendment Nos. 291 through 298, resulting in General Fund reductions of \$92,428 per year. If the Governor's revised plan is approved, Staff recommends technical adjustments to also eliminate MIP expenditures in the Controller's Office account. The net General Fund increase as compared to the *Executive Budget* is slightly offset by additional General Fund reductions in the NSLA Administration account due to the transfer of expenses to Archives and Records. The Governor's revised proposal to transfer MIP to Archives and Records and change it from an enterprise fund would result in net General Fund increases of \$181,062 in FY 2011-2012 and \$178,397 in FY 2012-2013, as compared to The *Executive Budget*.

The budget amendments explain that various State agencies are unable to outsource critical services currently provided by MIP due to security concerns or availability of service providers, and the complete elimination of MIP is not feasible at this time. Do the Committees wish to approve the Governor's revised recommendation to retain MIP and three of its current positions, change it from an enterprise fund, and transfer it to Archives and Records, where it will be temporarily funded in the 2011-2013 biennium with General Fund appropriations?

CHAIR HORSFORD:

There are a lot of things moving around for only \$200,000. I am sure a lot of time was spent analyzing this savings.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S  
REVISED RECOMMENDATION TO RETAIN MIP AND THREE OF ITS

CURRENT POSITIONS, TO CHANGE IT FROM AN ENTERPRISE FUND AND TRANSFER IT TO ARCHIVES AND RECORDS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR KIECKHEFER WAS ABSENT FOR THE VOTE.)

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Ms. ENG:

The only other closing item is the elimination of transfers to the DCA Director's Office account. This recommendation is necessary as part of the Governor's proposal to close the DCA Director's Office.

Staff requests authority to make final technical adjustments consistent with the Committees' closing actions taken in other budget accounts and regarding the final decisions made on budget bills S.B. 427 and A.B. 485. This would include inputting the budget amendments described in this account if the Committees approve the Governor's revised proposal for MIP.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE ELIMINATION OF TRANSFERS TO THE DCA DIRECTOR'S OFFICE ACCOUNT AND TO APPROVE ANY TECHNICAL ADJUSTMENTS NECESSARY.

SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN MASTROLUCA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR KIECKHEFER WAS ABSENT FOR THE VOTE.)

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Ms. ENG:  
Next is B/A 101-1052, Archives and Records.

Administration – NSLA – Archives and Records — Budget Page ADMIN-199  
(Volume I)  
Budget Account 101-1052

The first major closing issue is the proposed transfer of MIP which was already decided upon. Staff just notes that Budget Amendment Nos. 291 and 316 were submitted for the Archives and Records account to implement the Governor's revised proposal.

Staff requests authority to make technical adjustments necessary for the proposed budget amendments.

ASSEMBLYMAN HARDY MOVED TO APPROVE ANY NECESSARY  
TECHNICAL ADJUSTMENTS.

SENATOR PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN HOGAN AND  
MASTROLUCA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR KIECKHEFER WAS  
ABSENT FOR THE VOTE.)

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Ms. ENG:  
The second major closing issue is the vacant State Archives manager position. The State Archives manager position has been vacant for almost two years, since July 1, 2009. This situation is partially due to the Agency using the position's vacancy savings to restore funding for another position. During the Twenty-Sixth Special Session, there was a variance between the Governor's recommendation and the Legislature's approval regarding the elimination of an administrative assistant (AA) II position in Archives and Records. While the Governor recommended the complete elimination of the position in FY 2010-2011, the Legislature approved the elimination of the position only in



the first eight months of FY 2010-2011 and the position's funding was retained for the final four months of FY 2010-2011.

In order to fully restore the position, the Department utilized a portion of the salary savings from a vacant State Archives manager position. Therefore, the Agency chose to fund the AA II position while keeping the State Archives manager position vacant in FY 2010-2011.

Prior to the June 2010 IFC meeting, the Department indicated to Staff that the State Archives manager position was not essential due to the current staffing levels within Archives and Records. The Agency also indicated to Staff that the State Archives manager position would remain vacant for the remainder of the 2009-2011 biennium. The State Archives manager position is currently in the 2011-2013 Base Budget for Archives and Records with budgeted payroll costs of \$65,048 in FY 2011-2012 and \$68,589 in FY 2012-2013 funded through General Fund appropriations. The account currently has a State Records manager and an assistant administrator of Archives and Records which are also managerial level positions.

The NSLA indicates that 35 percent of the time of the assistant administrator for Archives and Records is spent performing the duties of the vacant State Archives manager position. The Agency has explained that the assistant administrator's other duties include supervision of the account's other Staff, providing archival expertise to State boards, and serving as the project lead for the Nevada Digital Archives project and other digital projects. Considering the Archives manager position has been vacant since July 2009, and the assistant administrator has during this time continued its own position duties in addition to the vacant State Archives manager's duties, it is not clear what additional duties the assistant administrator would perform if the Archives manager position were to be filled. The Agency has also indicated that the State Archives manager position is needed for the expansion of multiple digital preservation projects. However, the Agency has only completed four digital preservation projects thus far and, according to the DCA Director, there is a lack of funding for many of the digital projects in the upcoming biennium.

The elimination of the State Archives manager position would result in additional General Fund savings of \$65,048 in FY 2011-2012 and \$68,589 in FY 2012-2013 as compared to both the Governor's recommended budget and

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the proposed budget amendments. If approved for transfer, MIP could continue to be supervised by the State Records manager and the assistant administrator of Archives and Records. Do the Committees wish to retain the vacant State Archives manager position in the Archives and Records account as recommended by the Governor?

SENATOR DENIS MOVED TO RETAIN THE VACANT STATE ARCHIVES MANAGER POSITION AS RECOMMENDED BY THE GOVERNOR AND ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN HOGAN AND MASTROLUCA WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR KIECKHEFER WAS ABSENT FOR THE VOTE.)

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MS. ENG:

The next item is B/A 101-2893, the Literacy account.

Administration – NSLA – Literacy — Budget Page ADMIN-204 (Volume I)  
Budget Account 101-2893

There are no major closing issues. The only other closing item is the elimination of the Nevada Literacy Office and account. The Nevada Literacy Office account was eliminated effective July 1, 2010, during the Twenty-Sixth Special Session, and the Governor recommends continuation of this decision. Do the Committees wish to continue the policy decision approved by the Twenty-Sixth Special Session to eliminate the Nevada Literacy Office and account?

CHAIR HORSFORD:

We did not eliminate the Literacy Office during the Special Session, we suspended it. Now, they are making this a permanent policy. I remember this very well because I had a problem with it last time. I either opposed this or reluctantly agreed last time because it was just a suspension. Now we are

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saying that we will never have a Nevada Literacy Office. This was not the intent of the Special Session. I have an issue with how things like this are being represented. Just because it was done in 2009 or during a Special Session, does not mean it should be continued in perpetuity. If we want to suspend it, that might be okay.

SENATOR LESLIE:

I completely agree. If we are going to remove this money due to budget constraints, the motion should be to suspend, not eliminate.

SENATOR LESLIE MOVED TO SUSPEND THE FUNDING FOR THE NEVADA LITERACY OFFICE AND ACCOUNT.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

SENATOR DENIS:

I think I spoke about this last time as well. This is the office that coordinates the summer reading program. Even though each library runs its own program, this office coordinates it. This is what children do in the summer, they read. I support the motion to suspend. We need to figure out a way to do more with this office.

ASSEMBLYWOMAN CARLTON:

I wholeheartedly agree. I vividly remember this discussion on the Senate Floor during the Special Session. I asked book sellers in this State if they would be willing to support this program so children could learn to read and buy books in the future. The booksellers said no and that it was not their responsibility to buy books for children in this State. They made it clear that they sell books, not buy them. I support the motion. We can hold off on this for a few more years, but there have been too many times where suspensions have been portrayed as eliminations. Tough times require certain things, but when times get better, I do not want the program to be eliminated.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN MASTROLUCA WAS ABSENT FOR THE VOTE.)

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SENATE: THE MOTION CARRIED. (SENATOR KIECKHEFER WAS  
ABSENT FOR THE VOTE.)

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Ms. ENG:

I would note that one of the program officer positions that was in the Literacy account was transferred to the main NSLA account. This position is still providing some of the services of the Literacy Program.

The next closing item is the NSLA Cooperative Libraries Automation Network (CLAN) account, B/A 101-2895.

Administration – NSLA – CLAN — Budget Page ADMIN-208 (Volume I)  
Budget Account 101-2895

The Committees have not previously reviewed this account. Staff is responsible for developing closing recommendations for this account. The CLAN is a consortium of libraries and related agencies that share library and technological resources including an automated library catalog. There are no major closing issues.

The first other closing item is the reductions in transfers from the DMH Administration account. In the DMH Administration account, the Governor proposes to reduce General Fund appropriations by \$2,071 in both years of the biennium with corresponding reductions in transfers to the CLAN account. The Agency explained to Staff that this reduction was an error. Further, the budgeted revenue from DMH transfers in the CLAN account of \$877 per year remain and do not match the total budgeted transfers from the DMH Administration account. To correct the error and retain the transfers from the DMH account, additional annual transfers of \$1,194 would be needed, which Staff has reflected on the closing sheet.

The Agency also indicated to Staff that the cooperative agreement with CLAN and DMH allows CLAN to upload their collections to the online catalog. The Agency explained that if this nominal transfer is not funded, CLAN cannot put their collections on the catalog which significantly impacts CLAN. To complete the transfer, a funding restoration of \$2,071 per year is required in the DMH

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Administration account. Do the Committees wish to approve the nominal adjustments to the DMH Administration and CLAN accounts to restore the cooperative agreement transfers?

SENATOR DENIS MOVED TO APPROVE THE NOMINAL ADJUSTMENTS TO THE DMH ADMINISTRATION AND CLAN ACCOUNTS.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN BOBZIEN WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR KIECKHEFER WAS ABSENT FOR THE VOTE.)

\* \* \* \* \*

Ms. ENG:

The second closing item is the elimination of an IT technician position. The CLAN board voted not to fill the position in the 2009-2011 biennium. The Governor's recommendation appears reasonable to Staff. Do the Committees wish to approve the elimination of the vacant IT technician position as recommended by the Governor?

ASSEMBLYMAN HARDY MOVED TO APPROVE THE ELIMINATION OF THE VACANT IT TECHNICIAN POSITION AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN BOBZIEN WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR KIECKHEFER WAS ABSENT FOR THE VOTE.)

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Ms. ENG:

The next item is the Museums and History Administrative account, B/A 101-2941.

Tourism – Museums & History — Budget Page ECON DEV & TOURISM-48  
(Volume II)  
Budget Account 101-2941

There are six museum accounts, including this administrative account. The other accounts are funded primarily by General Fund appropriations, admission and ride charges and transfers from DMH.

The first major closing issue is the proposed reorganization under Tourism and General Fund replacements in Museum accounts. The Governor has not recommended closing any of DCA's museums. As part of the closure of the DCA Director's Office, the *Executive Budget* proposes to move two of the Department's four Divisions, NAC and DMH, to the Commission on Tourism. The Administration account for DMH is proposed to be merged into the main Tourism account. The Governor also recommends transferring all museums organizationally under the Commission on Tourism, but each will remain as a separate budget account. The reorganization would be effective October 1, 2011.

In decision unit E-900, the Governor proposes to transfer all four positions in the DMH Administration account and all operating costs to the Tourism Development Fund effective October 1, 2011. Decision unit E-900 would merge the account into the Tourism Development Fund account and effectively eliminate the DMH Administration account.

E-900 Transfer from DMH to Tourism — Page ECON DEV & TOURISM-51

The DMH and NAC have indicated that they would not physically relocate. However, also in Decision unit E-900, the *Executive Budget* reflects the elimination of a nominal amount of funding for property and content insurance for the Agency-owned DMH Administration because the building has been removed from the building schedule. Staff recommends General Fund increases of \$150 per year to retain the Agency-owned DMH administrative Building,

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since the Agency will not be moving locations. A technical adjustment reflecting this adjustment is included in this closing document.

With the two accounts merged, it would be more difficult to maintain transparency and separate accounting of the museum-related expenditures from Tourism expenditures. Staff notes that the Committees voted on this merger yesterday and you decided not to merge the account with Tourism. Staff requests the authority to make technical adjustments in order to retain the DMH Administrative building.

ASSEMBLYMAN AIZLEY MOVED TO APPROVE ANY TECHNICAL ADJUSTMENTS BY STAFF TO RETAIN THE DMH ADMINISTRATIVE BUILDING.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR KIECKHEFER WAS ABSENT FOR THE VOTE.)

\* \* \* \* \*

MS. ENG:

The Committees approved the General Fund replacements in the Museum Accounts when closing the Tourism budget. As part of the proposed reorganization of DMH and NAC under the Commission on Tourism, the Governor recommends replacing one-half of the total General Fund appropriations in each account for the last nine months of FY 2011-2012 and all of FY 2012-2013 with transfers from Tourism. The Governor's proposed reorganization of the two divisions to the Commission on Tourism would take effect October 1, 2011. The net General Fund savings from all of the Governor's recommended General Fund replacements for former DCA expenses total \$4.2 million over the 2011-2013 biennium, as depicted in the table on page 48 of [Exhibit C](#). Based on the Committees' actions yesterday, there will be additional funds because Tourism will be paying for these costs.

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Do the Committees wish to approve the Governor's recommendation to use transfers of Room Tax revenues from the Commission on Tourism to replace 50 percent of General Fund appropriations of former DCA expenses in DMH and NAC accounts starting October 1, 2011? Staff also requests authority to make any necessary adjustments to the Museum, NAC and Tourism accounts to reflect the 50-50 General Fund replacement.

CHAIR HORSFORD:

I still see an issue here. We are doing this for the upcoming biennium because there are reserve Room Tax dollars. What happens in 2013? How will these entities be funded at that time?

MR. COMBS:

The current budget reflects the money as coming out of the Room Tax reserve. However, during the current biennium the Commission was required to transfer some of their reserve to the General Fund as a result of our actions last Session. Those transfers to the General Fund are not reflected in the *Executive Budget* for the upcoming biennium. Because that money is not reflected as going to the General Fund, it boosted the reserve. After looking at the budget, Staff believes that the Room Tax revenues will be sufficient to fund this going forward. We will not need to change the way the Agency is funded after the upcoming biennium.

CHAIR HORSFORD:

Do we know the amount of the estimated Room Tax? That information will be helpful because it looks like one thing for the upcoming biennium, but it will look different in the future. When we first began the budget review process, I was concerned that we would be creating a hole in the budget.

MR. COMBS:

Our analysis is that funding will be available in later biennia in order to continue this arrangement going forward.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO USE TRANSFERS OF ROOM TAX REVENUES TO REPLACE 50 PERCENT OF GENERAL FUND APPROPRIATIONS STARTING OCTOBER 1, 2011; AND TO AUTHORIZE STAFF TO MAKE ANY TECHNICAL ADJUSTMENTS NECESSARY.



SENATOR KIECKHEFER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Ms. ENG:

The second closing item is a proposed hold harmless for previously reduced positions. The 2009 Legislature approved the reduction of all full-time museum employees to 0.8 FTE. The Governor has recommended holding these reduced positions harmless from the salary cut applied to other State employees. For any museum positions currently budgeted at 0.8 FTE and funded with General Fund money, the Governor proposes exemptions from the 5 percent salary reductions and funding restorations totaling \$301,898 of General Fund appropriations over the 2011-2013 biennium. The salary cut restorations are not proposed for the portion of any position's cost either fully or partially funded with private funds. This difference is because, as the Agency explains, the privately funded positions were part-time prior to July 1, 2009, while the full-time museum employees were reduced to 0.8 FTE for budget reductions.

Do the Committees wish to approve the restorations for General Fund positions previously reduced to 0.8 FTE as recommended by the Governor, which total \$301,898, and do the Committees wish to give Staff authority to make final adjustments after final payroll rates and salary reductions are calculated?

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE RESTORATIONS FOR GENERAL FUND POSITIONS PREVIOUSLY REDUCED TO 0.8 FTE AS RECOMMENDED BY THE GOVERNOR AND TO APPROVE ANY NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MS. ENG:

The next issue regarding lower realized admission fee revenues is just for the Committees' information. In March 2011, the Agency estimated that total admission charge revenues are projected to experience a shortfall of 25 percent, or \$150,806, in FY 2010-2011. The Budget Division has included a supplemental appropriation for the most recent estimated shortfall amount in the proposed amendment to S.B. 427. The supplemental appropriation was not in the original version of the bill or the *Executive Budget*. Action on this item is not needed now. The supplemental appropriation will be discussed further when S.B. 427 is considered.

The next closing item is the Museum Dedicated Trust Fund and its projections. There are seven private trust fund accounts outside of the *Executive Budget* which support the various museums. These funds come from donations and revenues from the museum store, museum memberships and special events in the Museum Dedicated Trust Fund accounts, which is then expended on museum installations, special projects and the privately funded museum positions. The Agency indicated to Staff following the budget hearing that salary reductions in the E-670 decision unit series only reflected General Fund savings and did not account for the applicable reductions to the Museum Dedicated Trust Fund transfers for the positions funded by this revenue.

E-670 5% Salary Reduction — Page ECON DEV & TOURISM-50

The Budget Division has submitted Budget Amendment Nos. 246, 248, 249, 250 and 251 to add back General Fund appropriations that should have been originally reflected as Trust Fund transfer reductions. This is reflected in the table on page 50 of [Exhibit C](#).

The Budget Division subsequently indicated to Staff that the amendments inadvertently omitted the 50 percent transfers from Tourism that the Governor has recommended for the museum accounts, as described above. Staff recommends adjusting the amounts in the table on page 50 to account for this

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funding split. To accomplish this, additional Tourism transfers of \$11,538 in FY 2011-2012 and \$11,106 in FY 2012-2013 are needed.

Staff recommends approval of Budget Amendment Nos. 246 in addition to 248 through 251 since they would reflect the proper funding alignment to recognize the salary reductions. However, these adjustments were suggested without the transfers from Tourism/General Fund replacements. Do the Committees wish to approve the budget amendments with adjustments to account for the 50-50 funding split between General Fund appropriations and Tourism transfers that are recommended by the Governor?

CHAIR HORSFORD:

Has Staff reviewed the efficiency of the fund reserve levels in these accounts in order to ensure we are not creating a hole down the road?

MS. ENG:

There is a table on page 11 of [Exhibit C](#) that tallies these amendments, including the Governor's recommendations and the Committees' approved options. It also shows the projected reserves and the net effect.

MR. COMBS:

We reviewed the fund reserve levels as a part of our overall analysis. Whenever a budget amendment or Staff recommends the use of Room Tax revenue, we have reviewed this use to ensure that the funds are available. As long as there is not a huge dropoff in Room Tax revenue, like there was at the start of the recession, this use is sound. If there is another large dropoff in revenue, we will need to adjust these calculations. Our recommendations are founded on the fact that there are no rules about where you can and cannot use Room Tax revenue for funding accounts. You are making these decisions for the next biennium, and the Legislature may choose to adjust those decisions as you go forward.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE BUDGET AMENDMENTS TO ACCOUNT FOR THE 50-50 FUNDING SPLIT AS RECOMMENDED BY THE GOVERNOR.

SENATOR KIECKHEFER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

MS. ENG:

The other closing item for this account has already been discussed. The next account for the Committees' review is B/A 101-1350, the Lost City Museum.

Tourism – Museums & Hist – Lost City Museum — Budget Page ECON DEV &  
TOURISM-53 (Volume II)  
Budget Account 101-1350

The only major closing issue is the organizational change and General Fund replacements from Tourism revenue. The Committees have already approved this in the main DMH account.

The next account is B/A 101-2870, the Nevada Historical Society.

Tourism – Museums & Hist – Nevada Historical Society — Budget Page ECON  
DEV & TOURISM-59 (Volume II)  
Budget Account 101-2870

The first major closing issue is a vacant position. According to the Human Resource Data Warehouse (HRDW), the curator III position has been vacant since July 1, 2009, more than a year and one-half. The position's payroll costs are currently budgeted at \$49,996 in FY 2011-2012 and \$52,760 in FY 2012-2013. The Agency's fund maps indicate the position is funded 50 percent with General Fund appropriations and 50 percent with transfers from Tourism. The account has another curator III position, as well as a curator I position. The Agency indicates that the position was held vacant to accrue salary savings to offset shortfalls. The curator I has been under filling the role of the curator III. The Division indicates it had planned to fill the position but delayed action based on the Agency's original proposal to close the Nevada Historical Society in the upcoming biennium. The Agency indicates that research requests have been answered at a delayed rate due to the vacant position. However, although the Agency projected only answering 4,500 research requests in FY 2010, it actually handled 4,735.

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The *Executive Budget* recommends continuation of funding for the curator III position which has been vacant since July 1, 2009. Do the Committees wish to continue funding for the vacant curator III position in the Base Budget for the Nevada Historical Society?

ASSEMBLYMAN HARDY MOVED TO CONTINUE FUNDING THE VACANT CURATOR III POSITION.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

MS. ENG:

The second major closing item is the organizational change and General Fund replacements from Tourism revenue. This item was already approved and does not require any further action.

The next account is B/A 101-2940, the Nevada State Museum, Carson City.

Tourism – Museums & Hist – Nevada State Museum, CC — Budget Page ECON  
DEV & TOURISM-64 (Volume II)  
Budget Account 101-2940

The only major closing issue is the organizational change and General Fund replacements. This has already been approved and does not require any action.

The next account is the Nevada State Museum, Las Vegas, B/A 101-2943.

Tourism – Museums & Hist – Nevada State Museum, LV — Budget Page ECON  
DEV & TOURISM-70 (Volume II)  
Budget Account 101-2943

The original *Executive Budget* provides funding for the current museum at Lorenzi Park, however, the Governor has submitted a budget amendment to

close Lorenzi Park and open the Springs Preserve museum. The State has spent \$51.6 million to construct the new Nevada State Museum, Las Vegas facility and permanent exhibits at the Las Vegas Springs Preserve. The Springs Preserve State Museum is part of the 180 acre Springs Preserve campus maintained by the Las Vegas Valley Water District (LVVWD). The *Executive Budget* does not include funding to open the SPM. The *Executive Budget* proposes funding to continue operations of the State Museum at Lorenzi Park with the museum's existing 10.6 FTEs. For the Nevada State Museum, Las Vegas at Lorenzi Park, the Governor recommends total funding of \$1,109,574 in FY 2011-2012 and \$1,123,512 in FY 2012-2013, which includes General Fund appropriations of \$654,154 in FY 2011-2012 and \$529,521 in FY 2012-2013. As part of this funding, the Governor recommends a base increase in General Fund appropriations of \$392,136 over the 2011-2013 biennium to cover new expenses in the account for the SPM maintenance and utility costs. The costs for the SPM are currently being funded with Question One funding through June 30, 2011.

As mentioned during the Agency's March 10, 2011, Joint Subcommittee hearing, the Agency has moved or is in the process of moving the remaining exhibits from the Lorenzi Park Museum to the new SPM. The Museums and History Board voted to stop charging admission at the Lorenzi Park site effective March 2, 2011, due to the lack of exhibits. Essentially, the *Executive Budget* continues funding in the upcoming biennium for a museum that will have no remaining exhibits.

On April 8, 2011, the Budget Division submitted Budget Amendment No. 262 which proposes to open the State's SPM. The target opening date for the new museum would be September 1, 2011, with the assumption of a four-day per week schedule consistent with the other State museums. The new museum would likely be open Friday through Monday, from 10 a.m. to 6 p.m., and at other times for special events only.

There are two decision units in Budget Amendment No. 262. The first, (E-236), reflects the savings from closing the Lorenzi Park facility.

E-236 Savings from Closing Lorenzi Park Museum

The second, (E-754), reflects the additional costs associated with opening the Springs Preserve Museum.

#### E-754 Springs Preserve Museum Opening

The table on page 60 of [Exhibit C](#) shows these changes.

The proposal to open the new museum assumes that the museum at Lorenzi Park would be abandoned. The Agency indicates that the utilities, security and fire suppression systems at the Lorenzi Park facility would be turned off by October 31, 2011. Decision unit E-236 reflects reductions solely from Lorenzi's utilities totaling \$47,673 in FY 2011-2012 and \$71,336 in FY 2012-2013, including reductions in General Fund appropriations of \$60,541, admission charges of \$8,752, and transfers from Tourism of \$49,716 over the 2011-2013 biennium. Staff notes that under the amended proposal, the remainder of the operating expenditures for the Nevada State Museum, Las Vegas account budgeted for Lorenzi Park would be used instead for the SPM.

The DCNR's Division of State Lands is currently in a lease agreement with the City of Las Vegas for the one and one-half acre property at Lorenzi Park on which the museum is located. Although the State owns the building, the lease is subject to termination at the option of the City if the State fails, for three consecutive months, to utilize the facility as a normally functioning museum. At the Department's Joint Subcommittee on General Government Work Session, the Governor's Chief of Staff indicated that the City was looking into possibly sending out a request for proposal to use the building as a cultural institution. The City suggested the State amend the current agreement to retain Lorenzi Park as a southern Nevada records center. The Governor's Office had an evaluation done on the building and determined that there are currently insufficient resources to cover the capital improvement costs associated with opening a southern Nevada records center at Lorenzi Park. The conclusion was the building can be vacated with no additional budgeted costs after October 31, 2011.

In Decision unit E-754 of Budget Amendment No. 262, the Governor recommends additional General Fund appropriations of \$120,352 in FY 2011-2012 and \$121,705 in FY 2012-2013 to open SPM. However, when

combined with the above-described reductions from closing Lorenzi Park (E-236) and the agreement with LVVWD described below, opening SPM would require total additional funds from all sources of \$227,194 in FY 2011-2012 and \$250,586 in FY 2012-2013, including additional General Fund appropriations of \$93,291 in FY 2011-2012 and \$88,225 in FY 2012-2013.

In addition to the 13 staff at Lorenzi Park, a total of 10.6 FTEs, the amendment would add 6 new employees, or 4.51 FTEs, and downgrade the existing facility supervisor I to a maintenance repair worker IV. Five of the new positions would be staffed at 0.8 FTE and there would be 1 new 0.51 FTE retail storekeeper funded from the Museum Dedicated Trust Fund. The table on the bottom of page 60 of [Exhibit C](#) lists the additional positions requested.

The recommended staff is 8.02 FTEs less than what was originally requested by the Agency to open the new museum. This is partly due to an agreement with LVVWD whereby the District would share some of its personnel and contracted staff. The SPM opening scenario presented in Budget Amendment No. 262 relies upon a revenue and staff sharing agreement, referred to as Agreement One, with the LVVWD for the upcoming biennium; however, this agreement with the LVVWD agreement was not included in the budget amendment because the plan is preliminary and the terms have not been finalized nor have all the details been worked out.

Staff notes that since the Department's Work Session on April 12, 2011, the Agency has been working with LVVWD to modify the original cooperative agreement between LVVWD and the State which was entered into on June 1, 2010. On May 2, 2011, Staff was e-mailed an initial draft of potential changes to the agreement which incorporate the new shared personnel and shared ticket agreement between the two parties. Staff notes that the proposed draft details the second, more recent option provided by LVVWD and not the first option upon which the budget amendment was based. Additionally, LVVWD has proposed to strike language in the agreement which provides more specificity to its services provided to the State and any language indicating the value the District has estimated for the personnel services being offered below.

The proposal with LVVWD includes the District's estimation of \$258,614 per year in staffing and in-kind services it would provide to the State Museum. The



LVVWD proposes to provide the following staff or services, which LVVWD has valued at \$83,614 per year:

- Two temporary museum attendants at 0.51 FTE (\$20,334).
- Coordination of education programming (\$20,000).
- Ticketing/administrative staffing (\$33,280).
- Volunteer coordination of four or more volunteers (\$10,000).
- Opportunity Village custodial support and general outdoor maintenance, including lighting and grounds security (no dollar estimate provided).

The proposal also includes an estimated marketing and advertising benefit valued by LVVWD at \$175,000. The District initially provided the following breakdown of that estimate:

- 15 percent benefit from \$600,000 media buy (\$90,000).
- Signage/sponsorship at events: \$3,000 per event, 20 assumed (\$60,000).
- Features in printed publications (\$25,000) including Water Smart Living, Desert Discovery, membership newsletter, and LVVWD bill inserts.
- Possible features in Water District's television, Web, and social media advertising.

Staff notes that under LVVWD's valuation of services, 68 percent of the total value the District estimates it will provide the State Museum is from the District's current marketing efforts. The LVVWD indicated to Staff in a meeting that it would not expand or increase its marketing efforts to advertise specifically for the State Museum, but that the District would now incorporate the State Museum in its existing marketing.

Agreement Option One was the initial agreement presented and is the basis for the Governor's budget amendment. The initial agreement proposed by LVVWD via e-mail on April 4, 2011, was based on a guaranteed percentage of the adult general admission tickets the District sold in 2010. The LVVWD indicated that 35,672 adult general admission tickets (priced at \$9.95) were sold in FY 2009-2010, totaling \$356,720. The District anticipates that the number of adult tickets sold will increase by 17,500, with additional sales revenue of \$175,000 per year, from the opening of the new State Museum. The LVVWD has proposed prepaying and guaranteeing the State Museum 10 percent, or \$35,672 of its 2010 adult general admission tickets; and 10 percent, or

\$17,500 of the additional adult general admission tickets, anticipated to be sold in the upcoming biennium because of the opening of the State Museum. At the continued joint ticket price of \$9.95 per adult, the guaranteed admission revenue from LVVWD would total \$53,172 per year. If the SPM realizes additional admissions over the anticipated figure, the State would be credited 10 percent of the excess adult admission charges received by LVVWD at the end of the fiscal year.

Many questions were brought up during the Work Session regarding the proposed agreement with LVVWD and the District's current visitation estimates. The District indicated that general admissions made up a small portion of the total revenue it received from SPM with the highest revenue generated from special events. The State Museum also has the potential to generate significant special events revenues. The Joint Subcommittee discussed whether special events revenues generated by the State Museum could go to fund ongoing museum operations. Currently, special event revenues are deposited to the non-Executive Museum Dedicated Trust Fund. The Subcommittee decided not to pursue using special events and facility rental revenues for the operating expenses of SPM. Staff notes that possible revenue generated from special events occurring during regular operating hours was not discussed. Proposed museum operating days include Friday through Monday, which could provide many opportunities for special events to be held during regular operating hours.

During the Work Session, the Subcommittee questioned why the budget amendment proposed that the State Museum only receive 10 percent of the \$175,000 in anticipated adult ticket sales in addition to the \$356,720 the District anticipates receiving from adult admission revenues, considering the increase is anticipated because of the opening of the new State Museum. The Subcommittee expressed concern that after the District covers its initial costs, including the additional costs of providing extra personnel services for the State and the loss of the base 10 percent of known adult admission revenues transferred to the State, there is a potential point where additional revenues are received with little or no additional costs. However, at this point of profit, the State would continue to receive 10 percent of additional adult admission tickets, and anything above the projected 17,500 additional adult ticket revenue would not be credited until the close of the fiscal year. The Subcommittee directed the Agency to meet with Staff and LVVWD to pursue additional options to the revenue sharing agreement.

The LVVWD charges \$4.95 per child for admission to its facility, except for children on school-sponsored trips. The State would not receive any admission revenues charged by the District for children because statute requires free admission to any of the State museums for children under the age of 18. The possibility of charging children and possibly revising the statute was brought up in meetings with LVVWD; however, Staff never received further information regarding a potential, proposed revenue share for admissions from children. Essentially, the District will continue charging for children, but the State will not receive any of those funds.

The District provided a breakdown of total FY 2009-2010 visitation to SPM that totaled 203,457 visitors. Staff notes that the largest visitation numbers were 63,121 visitors for District-sponsored events, for which the District often alters its prices. The visitation total also included general admission visitors of 47,332 including adult, children, discounted, and Website purchased tickets, as well as nonresident adult and children admissions. Staff asked if the District could provide a breakdown of that figure, and specifically the number of nonresident adults, who are charged an admission price of \$18.95, but the District said this information could not be easily derived. Any additional revenue from nonresident adults is not part of the proposed agreement with the District. A potential increase in the joint ticket price over the District's current \$9.95 rate was also discussed. Although the District had originally presented an option of raising the joint ticket price to \$11.95 with the extra revenues generated from the \$2.00 increase transferring to the State, the District did not favor this option at the Work Session nor in later meetings. The District felt that they had reached a good price point and if the price were raised, they feared the higher price might possibly drive away visitors.

During the Work Session, the Subcommittee also asked the District why the State would only receive 10 percent of admissions in a situation where a visitor is just going to attend the State Museum and not the rest of the Springs Preserve facility. The Subcommittee asked if the option were ever discussed to charge separate admission tickets for the Springs Preserve and the State Museum in addition to the joint ticket. The Agency and LVVWD believed independent admissions would be difficult to implement, and might be confusing to visitors, which could drive people away.

Agreement Two has a higher ticket percentage, but no guaranteed revenue. In response to direction from the Subcommittee, the Agency and LVVWD developed a second revenue sharing agreement option which included the State receiving a higher percentage of revenue from admission tickets. However, the second agreement option would not include the revenue guarantee provided in Agreement One. Instead, the District would transfer 30 percent of the anticipated new, adult general admission tickets sold in FY 2011-2012 and 40 percent of new adult general admission tickets sold in FY 2012-2013. The additional adult admission figure is the same as used in the first agreement option of 17,500. This arrangement would mean that the District would keep 100 percent of the adult admission revenues for the first 35,000 adult tickets sold, and the State would not begin receiving revenues until adult admission numbers were estimated to exceed the FY 2009-2010 base amount. Therefore, after the District covers its same base FY 2009-2010 costs and revenues, the State would only gain 30 percent of the extra revenue anticipated from the estimated additional visitors of 17,500. Under the second agreement, the State would receive an estimated \$52,348 in FY 2011-2012 (30 percent of 17,500 new adults at \$9.95) and \$69,650 in FY 2012-2013.

The LVVWD has also included in the agreement to offer a \$10 surcharge for visitors with individual and/or family memberships that would grant access to the State Museum. When combined with the admission revenue share, the second agreement option would potentially total \$59,278 in FY 2011-2012 and \$76,580 in FY 2012-2013. As a comparison, the first agreement would guarantee 10 percent or \$35,672 of its 2010 adult general admission tickets and 10 percent or \$17,500 of the additional adult general admissions anticipated totaling \$53,172 per year. While the second agreement is estimated to provide more revenue, the revenue is not guaranteed, and is based on the expectation that there will be 17,500 new adults above the FY 2009-2010 amount. Staff also notes that the Administrator of Museums and History has explained that it is typical for museum attendance to increase significantly the first year a museum opens and then decrease in the next year. Neither of the agreements would provide the State Museum the optimal situation to benefit from the first year increase. Since the revenue in Agreement One is guaranteed and not dependent on the number of adult admission tickets sold, which makes it a more conservative choice than Agreement Two in the case that adult ticket sales do not exceed the 35,000 initial adult admissions, the Governor's Office has indicated it continues to support Agreement One. Staff notes that both

agreements involve some uncertainty because they each anticipate some or all of the revenue to include additional adult admissions over the adult attendance in FY 2009-2010.

Staff notes that under the Agreement One option with LVVWD, admission revenues received by the State would be roughly 70 percent less per year than estimates provided previously by the Agency if the State Museum were to directly charge \$10 per ticket. When the Agency developed a scenario to open the State Museum at the Springs Preserve during the Agency requested budget, it projected adult visitation at 17,982 in FY 2011-2012, for total revenue of \$179,820, and adult visitation at 19,545 in FY 2012-2013, for total revenue of \$195,450. While the second year estimate may be higher than LVVWD's estimates, the projected adult admissions for FY 2011-2012 of 17,982 is not significantly more than the estimated 17,500 in new adult admissions upon which both of the revenue agreements with LVVWD are based. Both agreement options with LVVWD would also make the State Museum dependent on the collections and approved revenue transmittal determined by LVVWD, rather than the State directly collecting an amount per person admitted. However, both parties have indicated that a joint ticket would enhance the visitors experience by providing access to both facilities for no additional cost. In addition, as indicated above, LVVWD would provide an estimated \$83,614 per year in personnel services, which allowed the Agency to decrease the number of additional positions it anticipated would be needed with the opening of the museum. The agreement also provides marketing and advertising benefits valued by the District at \$175,000 per year.

Finally, the Agency also asked LVVWD whether there was a possibility to increase the proposed portion of the State's admission revenue from the 10 percent to 90 percent in the first agreement or the 30 percent to 70 percent in FY 2011-2012 and the 40 percent to 60 percent in FY 2012-2013 in the second agreement, to 50-50 if new adults exceed the 17,500 projected amount. The District indicated an increase in revenue proportions due to larger than anticipated additional adult admissions inferred that the increase is directly correlated with the opening of the new museum. The LVVWD indicated that it has increased its marketing efforts and improved the product it sells to visitors. The District was not willing to discuss a possible 50-50 State/LVVWD admission revenue share if increased visitation exceeds the projected 17,500 per year. Staff notes that in neither of the two agreements will the

State Museum account receive any revenues from children even though the number of children will likely increase if adult admissions are projected to increase, or any revenues from third-party events, facility rentals, or museum-related events. Additionally, both parties have indicated that either agreement would only be temporary, over the 2011-2013 biennium.

There are two closing options and two letter of intent options for the Committees. Staff notes that both agreement options involve the closure of the current Lorenzi Park Museum effective October 31, 2011, and the opening of the State Museum at the Springs Preserve on September 1, 2011, which is not funded in the *Executive Budget*.

The first letter of intent option would be to approve the Governor's revised recommendation in Budget Amendment No. 262 to open the SPM under Agreement Option One with LVVWD. The District would guarantee 10 percent of the FY 2009-2010 adult admissions, plus 10 percent of the additional adult admissions anticipated at 17,500 for a total of \$53,172 per year. As reflected in the amendment, this option would require net additional General Fund appropriations of roughly \$93,291 in FY 2011-2012 and \$88,225 in FY 2012-2013 and Tourism transfers of roughly \$62,764 in FY 2011-2012 and \$88,225 in FY 2012-2013, as compared to the Governor's budget.

The second letter of intent option would be to approve LVVWD Agreement Option Two which has no revenue guarantee. The State would receive 30 percent of any new, additional adult admissions over the number of FY 2009-2010 adult admissions in FY 2011-2012 and 40 percent of new adult admissions in FY 2012-2013, for a total of \$52,238 in FY 2011-2012 and \$69,650 in FY 2012-2013. Under this option, the State may also have the potential to receive additional revenues estimated at \$6,930 per year from SPM members. This option would require additional General Fund appropriations of roughly \$95,383 in FY 2011-2012 and \$77,798 in FY 2012-2013 and Tourism transfers for \$57,230 in FY 2011-2012 and \$77,798 in FY 2012-2013.

ASSEMBLYMAN CONKLIN:

I was hoping we would be able to find a better deal with LVVWD. I know that Staff worked tirelessly to come up with something. There are two options. The first is fairly assured and the second leaves us open to a budget shortfall. Our

goal is to get this project open. In that spirit and recognizing that this is only a two-year agreement which we will have the opportunity to reevaluate, I recommend the first letter of intent option.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE GOVERNOR'S REVISED RECOMMENDATION IN BUDGET AMENDMENT NO. 262 TO OPEN SPM UNDER AGREEMENT OPTION ONE WITH THE WATER DISTRICT; TO ISSUE A LETTER OF INTENT TO DIRECT THE AGENCY TO PROVIDE QUARTERLY REPORTS TO IFC REGARDING THE AGREEMENT CONTINGENT ON A REEVALUATION OF THE AGREEMENT AT SIX-MONTH INTERVALS AFTER ACTUAL ADMISSION FIGURES AND CUSTOMER SURVEYS HAVE BEEN CONDUCTED; AND WITH THE PROVISION THAT THE AGENCY SUBMIT TO THE BUDGET DIVISION AND LCB FISCAL STAFF A REVENUE SHARE PLAN FOR MUSEUM-SPONSORED OR THIRD-PARTY SPECIAL EVENTS DURING NORMAL STATE MUSEUM OPERATING HOURS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MS. ENG:

The next closing item is B/A 101-4216, the State Railroad Museums.

Tourism – Museums & Hist – State Railroad Museums — Budget Page ECON  
DEV & TOURISM-75 (Volume II)  
Budget Account 101-4216

The Agency indicated in its FY 2010-2011 revised Admission and Ride Charges revenue projections that collecting an admission charge in the East Ely Railroad Museum is difficult because the larger site, operated by the White Pine Historical Railroad Foundation, charges its own admission/site fee separately. The State of Nevada East Ely Railroad Museum has a single, 0.8 FTE employee. The Agency indicates the State of Nevada owns and operates the 1906 East Ely

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Railroad Depot and the adjacent railroad freight building. The majority of the complex is operated by the Nevada Northern Railway Museum, separately from the State museum system.

A meeting was held between the Division and the Foundation in August 2010 during which the Agency proposed developing a combined admission for the entire site. However, discussions were halted because the State's portion of the East Ely Depot Museum was proposed to close under the Agency-requested budget. The table on page 67 of [Exhibit C](#) displays the breakdown of revenue for the Ely museum.

No action is needed at this point. However, the Committees may wish to have the Agency report semiannually to IFC on the status of negotiations toward a joint ticket agreement with the White Pine Historical Railroad Foundation.

CHAIR HORSFORD:

Without objection, we will instruct Staff to issue a letter of intent for the Agency to report semiannually to IFC.

Ms. ENG

The next issue is B/A 101-2979, the Nevada Arts Council.

Tourism – Nevada Arts Council — Budget Page ECON DEV & TOURISM-81  
(Volume II)

Budget Account 101-2979

The NAC is divided into six programs: Grants, Arts Education, Community Arts Development (CAD), Public Awareness and Arts Initiatives, Folklife, and Artist Services. The first major closing issue is the reorganization and transfers from Tourism. We already discussed this in the DMH account, but Staff notes the transfer of the former director's office costs. This was already approved in the DCA account. The second major closing item is the reclassification of positions. This was also approved in the DCA closing. Staff requests authority to make adjustments, if necessary, to reflect the Committee's closing actions in the DCA Director's Office account and the DMH account.

ASSEMBLYMAN AIZLEY MOVED TO GRANT STAFF THE AUTHORITY  
TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.



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SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Ms. ENG:

In decision unit E-805, there is a proposed reclassification of cultural resource specialist III to a cultural resource specialist II.

E-805 Classified Position reclassifications — Page ECON DEV & TOURISM-86

The Agency and Budget Division have indicated to Staff that the reclassification of the cultural resource specialist III to a cultural resource specialist II is due to a reduction in supervisory responsibilities. The position currently oversees a community resource specialist II position which is proposed for elimination. With the position eliminated, the cultural resource specialist III position would not need to retain the higher classification since it would no longer supervise FTE staff. The *Executive Budget* reflects the reclassification of this position resulting in General Fund savings of \$6,353 in FY 2011-2012 and \$6,391 in FY 2012-2013. Budget Amendment No. 301 erroneously restores funding to reverse all of decision unit E-805 which includes both reclassifications. However, the Committees have only voted to retain the current ASO I position. In the closing sheet adjustments, staff recommends adjusting decision unit E-805 to only remove the ASO I reclassification, which results in additional General Fund appropriations of \$2,767 in FY 2011-2012 and \$3,647 in FY 2012-2013.

Do the Committees wish to approve the Governor's revised recommendation to remove the reclassification of the ASO I position and to continue the reclassification of the cultural resource specialist III position, with Staff's recommended technical adjustments?

ASSEMBLYMAN AIZLEY MOVED TO APPROVE THE GOVERNOR'S REVISED RECOMMENDATION TO REMOVE THE RECLASSIFICATION OF THE ASO I POSITION AND TO CONTINUE THE RECLASSIFICATION OF

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THE CULTURAL RESOURCE SPECIALIST III POSITION, WITH STAFF'S  
RECOMMENDED TECHNICAL ADJUSTMENTS.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN  
MASTROLUCA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Ms. ENG:

The third major closing issue is two position eliminations. Decision unit E-606 recommends the elimination of two vacant positions, a cultural/natural resource specialist II and an administrative assistant II, which would result in decreases in General Fund appropriations of \$98,816 in FY 2011-2012 and \$100,731 in FY 2012-2013.

E-606 Staffing and Operating Reductions — Page ECON DEV & TOURISM-84

According to the HRDW, the administrative assistant II has been vacant since March 1, 2010, and the cultural/natural resources specialist II has been vacant since August 17, 2010. The Agency indicates that the cultural/natural resource specialist II is the CAD program associate and is responsible for managing several grant programs, assisting in the quarterly newsletter, overseeing social media and electronic communications and providing direct services to cultural organizations in both urban and rural areas in Las Vegas. The Agency indicates that currently either the administrator, ASO I or contract workers perform the responsibilities of this vacant position. The Agency indicates that four temporary employees have been hired in FY 2010-2011 to work on CAD projects totaling \$22,932 in costs. The Agency has indicated that the loss of the position will have the following impacts: suspension of on-site grantee reviews and local CAD assistance, suspension of social media and electronic communications with NAC constituents and delay in the completion of federal grant application and strategic plan documents.

The administrative assistant II, the Agency explained, is the sole full-time support position for the administrator and program staff in both offices, as well as the Agency's Website editor. The Agency has indicated that the position vacancy has resulted in additional workload for existing staff and delays of necessary program services. All receptionist and office manager duties are handled by this position, and with its elimination, the Agency indicated these duties would be handled by professional staff. The position works directly with the administrator in the planning of board meetings and various Agency events, including the Governor's Arts Awards. The position also maintains the NAC database and the mailing and e-mail lists of subgrantees and state, regional and national constituents. The Agency explained that three temporary staff were hired to replace some of the position's duties for a total estimated cost of \$37,387 in FY 2010-2011.

Do the Committees wish to approve the elimination of the two vacant positions, a cultural/natural resource specialist II and an administrative assistant II, as recommended by the Governor?

SENATOR PARKS:

Was the fact that the cultural/natural resource specialist II writes State and federal grants considered when evaluating this elimination? Is this a lost opportunity to bring additional revenue to the programs in the State?

MS. ENG:

In the Agency's description, they said that this position does perform grant-related functions, including grant functions for subgrantees. However, there are other positions in NAC that also provide grant support.

SUSAN BOSKOFF (Executive Director, Nevada Arts Council, Department of Cultural Affairs):

The NAC receives funding from the National Endowment for the Arts (NEA), which requires a one-to-one match. We have not yet heard what our grant will be for the upcoming budget year. This position, just as all professional positions in the Agency, works directly with numerous organizations, grantees and constituents who use our services. This position is also responsible for writing and attracting new funding from private and public sources. In brief, when we lose a professional staff position, we lose the opportunity to have a person with experience in this field to write grants and attract additional funding for our

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programs. For example, community development works with community action planning, rural arts agencies and inner city community development. Some of the funding from NEA must be spent directly on underserved communities and this position assists in that.

SENATOR PARKS:

I see the cost savings in not hiring for these positions, but I think there could be lost revenue opportunities that might otherwise result if these positions were filled. We save \$100,000, but we could lose \$200,000. In my mind, we are still \$100,000 behind.

MS. BOSKOFF:

With these positions eliminated, we will be required to substantially reorganize NAC. At this point, in order to maintain our core services and respond to our constituents, we have had to use federal dollars to hire temporary employees. We have already received 640 funding applications this year alone. Our temporary employees helped with finishing the strategic plan, which is required by NEA, maintaining grant reviews, keeping the phone lines operating and providing services to the public. We have used approximately \$50,000 to \$60,000 in federal funds to ensure our doors stay open while these two positions have been vacant.

SENATOR KIECKHEFER MOVED TO APPROVE THE ELIMINATION OF THE TWO VACANT POSITIONS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN GRADY WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MS. ENG:

The next closing issue is subgrant program reductions in decision unit E-660.

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E-660 Program Reductions/Reductions to Services — Page ECON DEV &  
TOURISM-84

This decision unit recommends decreases in General Fund appropriations of \$30,116 in FY 2011-2012 and \$38,190 in FY 2012-2013 to reduce funding for all six of NAC's community-based grant programs. The Governor recommends less than \$10,000 in annual reductions to pass-through grants provided in the Arts Education, Community Arts Development, Artist Services, Public Information/Arts Initiatives, and Folklife programs. Reductions to grants to nonprofit arts organizations and nonarts organizations are recommended totaling \$16,610 in FY 2011-2012 and \$21,063 in FY 2012-2013.

Do the Committees wish to approve the Governor's recommendation to reduce funding for the NAC's six community-based grant programs by a total of \$30,116 in FY 2011-2012 and \$38,190 in FY 2012-2013 with resulting General Fund savings?

ASSEMBLYMAN BOBZIEN:

In accordance with Assembly Standing Rule No. 23, I need to disclose that my company is a subcontractor on a project for Artown, which is a recipient of these grants. Because of this, I will not be voting on this matter. A copy of my disclosure statement ([Exhibit D](#)) has been submitted for the record.

SENATOR KIECKHEFER:

In a previous motion, we voted to restore funding for a portion of the Humanities grants. I would like to do something similar for the arts.

CHAIR HORSFORD:

Where would we get the money to pay for it?

SENATOR KIECKHEFER:

I would like to eliminate the \$3 million one-shot for broadband. I think there would still be money left over after the Senior Property Tax Assistance program.

CHAIR HORSFORD:

I think I already spent that money.

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SENATOR CEGAVSKE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO REDUCE FUNDING FOR NAC'S SIX COMMUNITY-BASED GRANT PROGRAMS.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN AIZLEY, ATKINSON, HOGAN AND MASTROLUCA VOTED NO. ASSEMBLYMAN BOBZIEN ABSTAINED FROM THE VOTE.)

SENATE: THE MOTION FAILED. (SENATORS DENIS, HORSFORD, KIECKHEFER, LESLIE AND PARKS VOTED NO.)

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SENATOR KIECKHEFER MOVED TO RESTORE 75 PERCENT OF THE TOTAL PROPOSED GENERAL FUND REDUCTION IN EACH YEAR OF THE BIENNIUM, CONSISTENT WITH THE RESTORATION IN THE HUMANITIES ACCOUNT.

CHAIR HORSFORD:  
How would you propose to pay for it?

SENATOR KIECKHEFER:  
I would propose to pay for it by rejecting the \$3 million one-shot appropriation to broadband.

CHAIR HORSFORD:  
We do not have the authority to do that. The one-shot is a policy bill currently in the Assembly Committee on Ways and Means. You may never have a chance to vote on that bill.

SENATOR KIECKHEFER:  
We have voted for a lot of things for which we do not currently have money.

CHAIR HORSFORD:  
I cannot support a motion without some indication of how you would pay for it. The restorations that have been made in other areas of the budget have had

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options on how to pay for them. It is not that I think the arts are unimportant. The arts are very important, but I would just like to know how we are going to pay for it.

SENATOR KIECKHEFER:

Just as you have put forward options on how to restore funding, I have put forward an option on how I would like to restore this particular funding. I am being consistent. These are all policy decisions that will be taken up in other bills.

SENATOR PARKS SECONDED THE MOTION.

CHAIR HORSFORD:

Just to be clear, we will be restoring funding for the arts and the sponsor has stated that he will fund this restoration using money from the \$3 million one-shot broadband appropriation. This appropriation is currently an Assembly bill in the Assembly Committee on Ways and Means and the funds may already be earmarked for another purpose. Is this the intent of the sponsor?

SENATOR KIECKHEFER:

Yes, it is consistent with the new tax bills that have been introduced.

CHAIR HORSFORD:

I oppose this motion.

SENATE: THE MOTION FAILED. (SENATORS CEGAVSKE, HORSFORD, LESLIE AND RHOADS VOTED NO.)

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SENATOR LESLIE:

Although I am very reluctant, I will make a motion to make these cuts to be consistent with the Assembly. We need to move on.

SENATOR LESLIE MOVED TO APPROVE THE GOVERNOR'S  
RECOMMENDATION TO REDUCE FUNDING FOR NAC'S  
SIX COMMUNITY-BASED GRANT PROGRAMS.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. ENG:

The next major closing item is the building rent schedule. Staff notes that there was an error and an extra Carson City rent was originally included. Staff has reflected this reduction on your closing adjustments sheet. In addition, the Agency indicated in response to inquiries from the Joint Subcommittee on General Government that the division administrator had secured a reduction in the current rent for the Carson City office from \$1.40 a square-foot monthly to \$1.17 a square-foot. Staff has updated the rent schedule to reflect the reduced rate, which results in General Fund savings of \$8,729 in FY 2011-2012 and \$8,731 in FY 2012-2013. Do the Committees wish to approve Staff's recommended adjustments to the base building rent schedule?

ASSEMBLYMAN CONKLIN MOVED TO APPROVE STAFF'S RECOMMENDED ADJUSTMENTS TO THE BASE BUILDING RENT SCHEDULE.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. ENG:

The *Executive Budget* proposes to relocate the Las Vegas NAC office to a more economical rental property which was not identified in the budget. The General Fund savings from a new office location are projected to be \$15,200 over the biennium. The budget includes an additional \$1,800 in moving costs. The account's building rent schedule reflects the subtraction of the current rental property with a rental rate of \$1.946 a square-foot, and the addition of



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space from an unknown lessor with a rental rate of \$1 a square-foot. The Agency indicated to Staff in a May 2, 2011, meeting that a new location has not yet been found, but it was still consulting with the Buildings and Grounds Division and also looking into possibly moving into SPM if it were to open in the upcoming biennium. Do the Committees wish to approve the Governor's recommendation to reduce the Las Vegas office rental rate based on a new office location?

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO REDUCE THE LAS VEGAS OFFICE RENTAL RATE BASED ON A NEW OFFICE LOCATION.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MS. ENG:

Staff requests authority to make technical adjustments to reflect the Committee's closing action taken in the Nevada Humanities Account.

CHAIR HORSFORD:

Without objection, so moved.

MS. ENG:

The next account for the Committees' consideration is SHPO, B/A 101-4205.

DCNR – State Historic Preservation Office — Budget Page DCNR-159  
(Volume III)

Budget Account 101-4205

The first major closing issue is the reorganization under DCNR. The Governor has recommended moving SHPO under DCNR. As part of the proposed reorganization, the *Executive Budget* proposes to relocate SHPO to DCNR's Richard H. Bryan Building effective August 1, 2011. As part of the DCA

Director's Office closure, the Governor recommends reclassifying the administrative services officer I position. However, the budget amendment that would reverse this reclassification was already approved by the Committees. The removal of the reclassification would require additional General Fund appropriations of \$1,348 in FY 2011-2012 and \$1,441 in FY 2012-2013 and National Park Service (NPS) grant revenues of \$2,022 in FY 2011-2012 and \$2,162 in FY 2012-2013, as compared to the Governor's budget. The adjustments are not reflected on the closing sheet. Staff will make the necessary technical adjustments.

CHAIR HORSFORD:  
Without objection, so moved.

MS. ENG:  
The second major issue is the location move. The *Executive Budget* recommends an increase of \$35,214 in FY 2011-2012, \$14,086 in General Fund appropriations and \$21,128 of federal Historic Preservation Grant revenue, and savings of \$15,403 in FY 2012-2013, \$6,161 in General Fund appropriations and \$9,242 of federal Historic Preservation Grant revenue, for the relocation of the Carson City office. This is found in decision unit E-230.

#### E-230 Reduce Duplication of Effort — Page DCNR-161

The Governor recommends additional funds of \$36,142 for new equipment and communication lines in FY 2011-2012 associated with the move, including \$13,020 for new furniture, \$5,468 for two servers, \$3,995 for one Ethernet port, and \$5,191 for a server rack, shelving, and a power distribution unit. In response to inquiries from the Joint Subcommittee on General Government, the Agency indicated that it cannot move with its current furniture because the furniture belongs to the NSLA. The Agency also indicated in its response that \$3,000 in FY 2011-2012 for new hardware for phone connections and server room data lines is to maintain the Nevada Cultural Resource Information System (NVCRIS). Since the NVCRIS system is funded by the U.S. Bureau of Land Management (BLM) grant, staff has recommended increasing BLM grant revenues by \$3,000 to pay for this hardware instead of General Funds and NPS grant revenues. Do the Committees wish to approve the Governor's recommendation to relocate SHPO's Carson City office to the DCNR in the Bryan Building with Staff's recommended technical adjustments?

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SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO RELOCATE SHPO'S CARSON CITY OFFICE WITH STAFF'S RECOMMENDED TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN CONKLIN AND HOGAN WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MS. ENG:

The next closing item is the grant revenue projections. Staff is recommending that the Agency's main grant from NPS be adjusted to the most recent grant award for federal fiscal year 2011 of \$738,601 per year. Staff has made adjustments to the program categories for subgrants to different agencies. Staff also recommends adjusting the Agency's BLM grant which is currently budgeted at \$35,297 in FY 2011-2012 and \$36,297 in FY 2012-2013. Fiscal year 2009-2010 actual receipts from the BLM were \$107,714 and the FY 2010-2011 authority is \$407,662. Staff recommends adjusting the grant to the FY 2009-2010 actual amount and increasing the BLM grant by \$72,417 in FY 2011-2012 and \$71,417 in FY 2012-2013. The primary application of the funds is for maintenance and development of activities relating to cultural resources database enhancement, and to provide access for BLM Nevada archeologists to the NVCRIS. Do the Committees wish to approve Staff's recommended increases to NPS and the BLM grants with corresponding program expenditure increases?

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE STAFF'S RECOMMENDED INCREASES TO NPS AND THE BLM GRANTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN CONKLIN AND HOGAN WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MS. ENG:

The next two closing items can be taken in a block. The first is the Nevada Department of Transportation (NDOT) funded position elimination. The position has been vacant for more than two years, since September 24, 2008. The Agency has seen a recent decline in NDOT revenues. The Governor's recommendation appears reasonable to Staff. The second issue is the MIP budget amendment. Staff requests authority to make adjustments based on the Committees' earlier recommendation to this account.

Do the Committees wish to approve the two recommendations as recommended by the Governor and the revised recommendation with the Governor's budget amendment?

ASSEMBLYMAN HARDY MOVED TO APPROVE THE TWO RECOMMENDATIONS AS RECOMMENDED BY THE GOVERNOR; THE GOVERNOR'S BUDGET AMENDMENT; AND ANY NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MS. ENG:

The next account is the Comstock Historic District, B/A 101-5030.

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There are no major closing issues, other than to note that this is also part of the reorganization under DCNR. However, the Comstock Historic District is currently in Virginia City and it is not proposed to move. There is only a signage repainting.

Staff requests authority to make adjustments to this account depending on the Committee's closing actions taken in the SHPO budget account.

CHAIR HORSFORD:  
Without objection, so moved.

We will be in recess for five minutes.

The Committees will come to order at 11:47 a.m. We will begin with the budget closing for the Legislative Counsel Bureau, B/A 327-2631.

## LEGISLATIVE/JUDICIAL

### LEGISLATIVE BRANCH

LEG - Legislative Counsel Bureau — Budget Page LEGISLATIVE-1 (Volume I)  
Budget Account 327-2631

LORNE J. MALKIEWICH (Director, Legislative Counsel Bureau):

I will be reviewing some proposed adjustments to the budgets of LCB, the Interim Legislature and the State Printing Office. I have prepared a summary of the proposed changes for your review ([Exhibit E](#)). These changes are in response to some of the concerns raised during my earlier testimony on the budget.

One of our first challenges is the Las Vegas Office which has outgrown its current space. The Committees directed us to look into possible solutions for this problem. We looked at an option for getting considerably more space, but that was too expensive. We looked into the option of getting a little space and remodeling it, but that was still too expensive. Our third solution is to take over Suite 4000 which is directly adjacent to our offices in the Grant Sawyer State Office Building. We will not add money for remodeling in our budget, but we will add some money for computers. We would eventually grow into that space. I

suspect that we will need more space in the future. This will not be the end of this discussion, but it will relieve some of the pressure on the office. We worked with the Equal Rights Commission which will be the Agency displaced from this space. Brian Burke, our Fiscal Analyst, received estimates for the amount of the adjustment.

The next item is training for leadership development. One of our other challenges is the rapid turnover of our staff. For example, in the Fiscal Division, seven of the top eight employees have left. The one employee who did not leave in the last two years, will be doing so soon and we will have turned over all of the top eight positions. We would like to ensure that we have adequate training for our future leaders. We would like to have funding for outside training as well.

The third item of concern is the restoration of funding to fill vacancies in the Fiscal Division. There are two vacancies in Fiscal. To save money during this Session, the Division brought in Session hires. We were very lucky and found great people to fill these positions. We cannot count on this happening again. Because we have had such high turnover, many of our employees have moved up the ranks and we have had to fill lower positions. It would be nice to have these positions funded. We are not adding positions, but simply filling vacancies that have been held open for budget savings.

Finally, there are several small in-State travel items. We have been doing road shows and road trips. We generally budget for Broadcast and Production Services to travel on these trips, but do not budget for the Legislative Police. We would like to put a small amount into the Legislative Police budget. David Byerman, Secretary of the Senate, has done a wonderful job saving money on travel during the interim, but we feel we need to restore a small amount to this budget.

There are no adjustments to the printing office.

We do have a savings in our budget because we built it with a furlough, rather than a 5 percent salary reduction. Although you have gone to a half furlough, there will be some savings in our budgets. The total amount over the biennium was \$800,000 in General Fund savings and \$45,000 in authorizations. These will offset a large portion of the proposed changes.

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The only other technical adjustment is to terminal leave pay. Last Session, I asked for authority to pay terminal leave out of the fund if necessary. I did not do so. This was only in case of an emergency. Again, I ask for authority if necessary during the upcoming biennium.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE PROPOSALS FOR LCB AND THE LEGISLATIVE BUDGETS.

SENATOR KIECKHEFER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN CARLTON WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR CEGAVSKE WAS ABSENT FOR THE VOTE.)

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MR. COMBS:

Because of the approval of the Las Vegas office, you will need to reopen B/A 101-2580 of the Equal Rights Commission.

HUMAN SERVICES

EMPLOYMENT, TRAINING AND REHABILITATION

DETR – Equal Rights Commission — Budget Page DETR-22 (Volume III)  
Budget Account 101-2580

Staff requests the authority to make necessary technical adjustments.

SENATOR LESLIE MOVED TO REOPEN THE EQUAL RIGHTS COMMISSION BUDGET AND TO APPROVE ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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SENATE: THE MOTION CARRIED. (SENATOR CEGAVSKE WAS ABSENT FOR THE VOTE.)

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REX GOODMAN (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

We will begin with the closing of B/A 101-3145, the Children, Youth and Family Administration.

HHS-DCFS – Children Youth & Family Administration, — Budget Page DHHS  
DCFS-1 (Volume III)  
Budget Account 101-3145

This item can be found on page 2 of your closing packet ([Exhibit F](#)). The first major closing issue is the elimination of mental health room and board for children not in the Division's custody. The *Executive Budget* includes reductions in the Administration account of approximately \$3.5 million in each year of the 2011-2013 biennium and eliminates General Fund increases that would have been required to address caseload increases totaling approximately \$1 million in FY 2011-2012 and \$1.4 million in FY 2012-2013. The Division has submitted Senate Bill 476, currently in the Senate Committee on Finance, to amend Section 62E.520 of *Nevada Revised Statutes* to remove current language that allows the juvenile courts to commit children to the Division's custody if the child is in need of residential psychiatric services or other residential services.

SENATE BILL 476: Makes various changes concerning the juvenile justice system. (BDR 5-1216)

Budget amendments were received on April 27, 2011, which request restoration of the \$3.5 million per year of funding eliminated in decision unit E-665.

E-665 Program Reductions/Reductions to Services — Page DHHS DCFS-7

The restored funding is also requested to be transferred to four other Division budget accounts, rather than maintained in the Administration account. The bulk of this transfer would go to the Community Juvenile Justice Programs



budget, where it would be allocated to the judicial districts to allow them to fund the mental health room and board for their placements. A smaller amount would go to Rural Child Welfare, Northern Nevada Child and Adolescent Services (NNCAS) and Southern Nevada Child and Adolescent Services (SNCAS) budgets to pay for other children, mainly parental custody cases. This would restore \$3.5 million and the budget reduction is approximately \$4.5 million in FY 2011-2012 and \$4.8 million in FY 2012-2013, meaning there will still be a reduction of \$1.5 million in FY 2011-2012 and \$1.8 million in FY 2012-2013. The growth in this population will be absorbed elsewhere, mainly in the counties' budgets.

The Committees may wish to approve one of the three following options for these decision units:

1. Approve the Governor's original recommendation to eliminate all funding for mental health room and board expenses for youth not in the custody of the Division.
2. Approve restorations of funding, as requested in budget amendments submitted, including \$3,496,799 of General Fund money in each year.
3. Approve restorations of funding of some other amount. The full amount of funding for mental health room and board placements recommended for elimination is \$4,534,491 in FY 2011-2012 and \$4,852,827 in FY 2012-2013.

If the Committees choose to restore funding for these placements, it may also wish to consider whether the funding should be transferred to other Division budget accounts, as requested in budget amendments submitted. If funding is to be transferred to the NNCAS and SNCAS accounts, Staff would request authority to reopen those accounts to add the additional funding, since the accounts were closed by the Committee on April 22, 2011.

SENATOR LESLIE:

I think this is a very important restoration. I wish we could add the growth as well, but that is several million dollars more. My recommendation is to approve Option Two. I think it is also important to approve the budget amendments that Mr. Goodman outlined. We are giving the responsibility of managing this money

to the judges. We had long hearings on this. I think the judges are ready to do this. They can do it more effectively and efficiently. I support this change.

SENATOR LESLIE MOVED TO APPROVE RESTORATIONS OF FUNDING, AS REQUESTED IN BUDGET AMENDMENTS SUBMITTED; TO TRANSFER FUNDING TO THE OTHER DIVISION BUDGET ACCOUNTS; AND TO GRANT AUTHORITY TO STAFF TO REOPEN ACCOUNTS IN ORDER TO MAKE TECHNICAL ADJUSTMENTS TO FUNDING LEVELS.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The next item is the establishment of a children's behavioral health policy and accountability board. The *Executive Budget* recommends establishing a Children's Behavioral Health Policy and Accountability Board to support the Commission on Mental Health and Developmental Services and the three regional children's mental health consortia in the State. Funding of \$90,752, of which \$45,376 is from the General Fund, in each year of the 2011-2013 biennium is recommended to support the new Board, including board member's travel, financial assistance for the regional consortia and contract psychiatrist consulting services. Six positions from NNCAS and SNCAS, including two public service interns and four mental health counselors, were recommended by the Governor to transfer to this account to support the Board and the priorities developed by the Commission. In the Committees' budget closing hearings for the NNCAS and SNCAS accounts, the Committees did not approve transferring three of the positions recommended to support the Board, two public service interns from the SNCAS account and one mental health counselor from the NNCAS account, because the transfers would have resulted in the reduction of direct services to children.

The remaining item is to transfer three positions, one from NNCAS and two from SNCAS. These are three mental health counselor positions. These

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positions would perform reduced functions of this board. Senate Bill 448 was introduced to support the changes to this Board.

SENATE BILL 448: Makes various changes concerning the regulation of mental health services provided to children in this State. (BDR 39-1217)

In the hearing of this bill, the changes were not supported by the Committees and the Division has since withdrawn its request to pass this bill. The Division believes that it can implement reduced functions of the Board with the three positions that remain to be transferred. The Division has also indicated that they can keep the General Fund impact neutral by reducing other requested expenses, such as travel and contract consulting services. There are three positions transferred, as well as \$45,000 per year for the regional consortia.

Do the Committees wish to approve the adjusted transfers of three positions to support the reduced activities related to children's behavioral health, as well as adjustments to correctly align funding for the positions and to reflect an increased Federal Medical Assistance Percentage (FMAP) rate?

Do the Committees wish to approve the Division's adjusted request to provide the regional children's mental health consortia with financial support of \$45,000 per year, but remove the recommended funding for board member travel and contract psychiatrist consulting services?

ASSEMBLYWOMAN MASTROLUCA:

What would the \$45,000 actually be used for?

MR. GOODMAN:

I do not have that information. It would be \$15,000 to each of the regional consortia, which is a compromise. To clarify, this was not a budget amendment, but an informal request from the Agency based on the actions of the prior budget closings.

DIANE J. COMEAUX (Administrator, Division of Child and Family Services Administration, Department of Health and Human Services):

The \$45,000 a year will be split amongst the consortia. The consortia is required by statute to develop a ten-year strategic plan and to have regular

meetings to identify areas of improvement in children's mental health. This money will allow the consortia to hire a consultant to help them do some of this work and to do some pilot programs. We have historically funded this through a grant, but the grant went away. This funding will replace the grant.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE THE ADJUSTED TRANSFERS OF THREE POSITIONS; TO APPROVE THE ADJUSTMENTS TO CORRECTLY ALIGN FUNDING FOR THE POSITIONS TO REFLECT AN INCREASED FMAP RATE; AND TO APPROVE THE DIVISION'S ADJUSTED REQUEST TO PROVIDE THE REGIONAL CHILDREN'S MENTAL HEALTH CONSORTIA WITH FINANCIAL SUPPORT, BUT REMOVE THE RECOMMENDED FUNDING FOR BOARD MEMBER TRAVEL AND CONTRACT PSYCHIATRIST CONSULTING SERVICES.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The third item for consideration is the block grant for State child welfare integration funding. We can hold this item until a decision is made in the integration account. In this account, the *Executive Budget* proposes to transfer the funding to the counties in the form of a capped block grant, rather than based on the historic model of line-item budgets for specific expenses. The Governor recommends two new social services program specialist positions to provide oversight to the child welfare service programs in the counties. The Division has indicated that these positions would provide quality improvement process support and include meetings with the child welfare agencies, monitoring of reports and other duties. There is a cost of \$91,981 in FY 2011-2012 and \$125,465 in FY 2012-2013. This decision can be made contingent on the decisions of the capped block grant request in the integration accounts.

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CHAIR HORSFORD:

We will defer action on this item until the block grant is addressed.

MR. GOODMAN:

The first other closing item is training enhancement. The Governor recommends enhancements in funding for Specialized Training expenses of approximately \$86,000 in each year of the 2011-2013 biennium for increased contract vendor costs. Staff had several concerns about this item and based on inquiries, Budget Amendment No. 265 was submitted to reduce General Funds by approximately \$321,000 per year and replaced it with approximately \$236,000 of Title IV-E of the Social Security Act funding in each year, which reduces funding and expenditures in the category to approximately the same amount that was expended in FY 2009-2010.

Do the Committees wish to approve the adjustment to funding and expenditures for Specialized Training included in the budget amendment submitted?

SENATOR LESLIE MOVED TO APPROVE THE ADJUSTMENT TO FUNDING AND EXPENDITURES FOR SPECIALIZED TRAINING INCLUDED IN THE BUDGET AMENDMENT SUBMITTED.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The next item is the transfer of positions from the Juvenile Correctional Facility. There are two positions from the Summit View Youth Correctional Center account that are recommended for transfer because Summit View closed. These positions support juvenile justice programs throughout the State. The Division recommends transferring these positions to the Administration account and this recommendation appears reasonable to Staff.

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The next item is the transfer of a position to NNCAS. This would transfer a management analyst position which manages the business office of NNCAS. This transfer appears reasonable to Staff.

The next other closing item is the elimination of positions held vacant during the 2009-2011 biennium. This includes an accounting assistant, a management analyst and a social services program specialist. These eliminations appear reasonable to Staff.

The final other item is the reallocation of Title XX of the Social Security Act funding. This would trade Title XX funding for General Fund money in the Rural Child Welfare account. There is no net reduction. This just reallocates the Title XX funding to where the Division believes its use is more accurately reflected. This recommendation appears reasonable to Staff.

SENATOR LESLIE MOVED TO APPROVE THE TRANSFER OF POSITIONS FROM THE JUVENILE CORRECTIONAL FACILITY; TO APPROVE THE TRANSFER OF A POSITION TO NNCAS; TO APPROVE THE ELIMINATION OF POSITIONS HELD VACANT DURING THE 2009-2011 BIENNIUM; AND TO APPROVE THE REALLOCATION OF TITLE XX FUNDING.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The last item in this account is the previous Letters of Intent that have been issued to the Division. There are 12 Letters of intent and they are ongoing from as far back as 1995. The Department and Division have indicated that they believe that letters of intent expire after the biennium in which they were issued. Staff has a different opinion. When asked about which of these Letters of Intent they believe should be continued, the Division indicated that only two of the Letters of Intent should be continued. The first Letter of Intent they believe should be continued was issued in 1995 and can be seen at the top

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of the chart on page 6 of [Exhibit F](#). They also believe that the Letter of Intent issued in 2003 regarding reports for the Summit View property should be continued. The Division wishes to discontinue reporting on the rest of the Letters of Intent. Staff agrees that the two identified letters should be continued to be reported upon because they are of continuing interest to the Committees. If the Committees have a special interest in any of the other items, Staff recommends that those be continued. Staff also asks for direction from the Committees regarding letters of intent and if and when they expire.

SENATOR LESLIE:

We did not discuss this in Subcommittee. I think that Staff is correct in that only the two Letters of Intent mentioned are currently needed. I believe that we can agree that letters generally expire unless it is so important that we direct otherwise. The only other Letter of Intent I still see a need for is the last one on the chart on page 7 of [Exhibit F](#). This letter, issued in 2009, pertains to the status of Clark County's effort to receive the projected increased federal revenue in the Clark County Integration budget. This has been a continuing problem and I do not think we are maximizing our federal revenue in Clark County. I do not think the County has proven that they are accessing all the money available to them.

SENATOR LESLIE MOVED TO INSTRUCT THE DIVISION TO CONTINUE REPORTING ON THE 1995 LETTER OF INTENT; TO CONTINUE REPORTING ON THE 2003 LETTER OF INTENT REGARDING THE SUMMIT VIEW PROPERTY; TO CONTINUE REPORTING ON THE 2009 LETTER OF INTENT REGARDING CLARK COUNTY'S EFFORTS TO RECEIVE INCREASED FEDERAL REVENUE; AND TO AUTHORIZE STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS .

SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The next account is B/A 101-3141, the Washoe County Integration budget.

HHS-DCFS – Washoe County Integration — Budget Page DHHS DCFS-25  
(Volume III)  
Budget Account 101-3141

The first major closing item is the block grant for State funding for child welfare. The *Executive Budget* recommends providing the State's portion of funding in the Washoe and Clark County Integration accounts to those counties in the form of capped annual block grants, instead of the historic model of line item expense budgets. Under the block grant proposal, General Fund appropriations would total \$50 million in each year of the 2011-2013 biennium for the two counties to support child welfare services, with \$12.5 million for Washoe County and \$37.5 million for Clark County. Outside of the block grant, an additional \$7 million supports the fiscal incentive program, with \$1.75 million for Washoe County and \$5.25 million for Clark County. If the block grant proposal is approved, General Fund appropriations in the Washoe County Integration budget would be reduced by \$88,015 in FY 2011-2012 and \$173,221 in FY 2012-2013 from the total amount of General Fund money recommended in the other decision units in the budget based on a funding formula to equalize and maintain costs for services at the 2009-2011 biennium level.

The Division has informally requested that federal Title XX and Title IV-B revenues allocated to the integration budget accounts be adjusted to more equitably divide the funds available between the two accounts, in the same percentages as the allocation of General Fund appropriations in the recommended block grant, at 75 percent for Clark County and 25 percent for Washoe County. This request would reduce Title XX funding in this account by \$267,880 and Title IV-B funding by \$27,996 in each year of the biennium and increase funding by the same amounts in the Clark County Integration account. This appears to be a reasonable adjustment if the decision unit is approved.

Staff has attended several meetings between the Division, the Clark and Washoe County child welfare agencies, and Committee members regarding the implementation of the block grant, the performance improvement plan and the accounting, and other funding issues in the Counties' budgets. In order to



address concerns expressed, particularly those of Clark County, the Division proposed to amend S.B. 447 to delay the implementation of the fiscal incentive portion of the plan until FY 2013-2014, which would make all of the State funding, inside and outside of the block grant, available to the Counties in the 2011-2013 biennium, regardless of performance.

**SENATE BILL 447**: Makes various changes concerning the administration of child welfare services. (BDR 38-1218)

With this, \$7 million of fiscal incentive funding would be available to the Counties during this biennium, without any regard for their performance. The implementation of the performance improvement plan would also begin in FY 2012-2013. Two years from now, when the Committees review the outcomes of the implementation, if this plan is approved, there would be little historical basis to present to the Committees which is a concern of Staff.

From Staff's perspective, the recommended block grant plan would appear to contain some positive aspects, capable of improving child welfare services in the State. The flexibility provided to the Counties to expend state funds on both "front-end" services and "back-end" services could allow resources to be used to implement system reforms that would not otherwise be possible. The performance improvement and fiscal incentive plans would appear to promote improvement in the system by more directly tying performance outcomes to the Counties' budgets. However, from a short-term fiscal perspective, providing the state funding in the 2011-2013 biennium without the standard budgetary structure of categorical and line-item authority, while also delaying the implementation of the performance improvement and fiscal incentive portions of the plan, may present concerns about accountability for the expenditure of the state funding. The Division has suggested that back language be included in the General Appropriations Act to stipulate that no additional funding for the integration budgets may be requested if the block grant concept is approved. Specific aspects of the implementation of the plan could also be modified in the approval of S.B. 447, if the concept is approved in the budget.

Do the Committees wish to approve the recommended block grant of State funding in this account as recommended by the Governor?

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ASSEMBLYWOMAN MASTROLUCA:

This took a lot of effort and a lot of time, but we came out with a good plan that everyone can agree to. This will help child welfare in Nevada. We talk about flexibility and accountability and this has the best of both worlds.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE THE  
RECOMMENDED BLOCK GRANT OF STATE FUNDING IN THIS ACCOUNT  
AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLYWOMAN MASTROLUCA:

Ms. Comeaux, please explain the MOE that is required by the Counties so that we have an understanding of what they will accomplish.

MS. COMEAUX:

We had an opportunity to meet with the Counties in order to discuss their specific concerns regarding the block grant. We came to a number of concessions. Specifically, one concession dealt with the block grant itself and how it was calculated from year to year. We originally had a block grant that was consistent every year. The Counties were concerned about the adoption assistance program because it is a growing program and we did not want to provide a disincentive.

As part of a concession, we agreed to have the block grant be a two-allocation process. The first allocation is a base allocation which the Counties would have available to them at the same level that they had in the previous biennium. The second allocation would cover the caseload growth for the adoption assistance program. In doing this, we put language in the bill that indicates that the base allocation itself would be available without category restriction, meaning the Counties could spend it on whatever they deem appropriate. The second thing we added was that any unspent General Fund money remaining from the base allocation could be retained and reinvested at the end of the fiscal year. Because of these concessions, we wanted to ensure that the Counties also had a strong commitment to this program. To do this, we added language that states that the Counties must maintain local funds for child welfare and child protective services at a level equal to or greater than the amount appropriated for

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FY 2010-2011. If the County fails to do this, the Division will reduce the block grant allocation proportionate to the amount of the county reduction.

MR. GOODMAN:

This is a proposed amendment to S.B. 447. The Legal Division is currently working on the amendment and conveyed to me that they have some concerns about this last section. Because we do not have a formal amendment, we do not know what language they will settle on and what will be appropriate for statute. The Legal Division has expressed that tying this to a specific year may be problematic in the long term.

MS. COMEAUX:

I had an opportunity to speak with the Legal Division and I believe we have worked through their concerns. The amendment may not be exactly the way we originally submitted it, but it will be relatively close.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE THE REALLOCATION OF TITLE XX AND TITLE IV-B FUNDING AS REQUESTED BY THE DIVISION AND TO ADD BACK LANGUAGE PROHIBITING THE COUNTIES FROM REQUESTING ADDITIONAL STATE FUNDS DURING THE INTERIM.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The second major item in this account is the therapeutic foster care pilot project. This was not heard by the Subcommittee. In the recent meetings that Staff has attended with the Division and the county child welfare agencies regarding the block grant of State funding, the three entities have identified issues regarding the current practice in specialized or therapeutic foster care among their providers. The three entities have formulated a plan to implement a pilot project to provide therapeutic foster care through nonprofit providers using only State funding. The Division estimated that the project would not have an immediate budgetary impact, but requested that back language be included in the General Appropriations Act similar to language included by the 2009 Legislature to allow the divisions within the DHHS to transfer General Funds between division budget accounts with approval of IFC. The Division and county representatives were asked to be prepared to provide detail to the Committees, if necessary, to explain the concepts of the project.

Do the Committees wish to recommend back language be added to the General Appropriations Act to allow DHHS divisions to transfer General Fund money between accounts, with approval of IFC, to facilitate a pilot project related to therapeutic foster care?

ASSEMBLYWOMAN MASTROLUCA MOVED TO RECOMMEND BACK LANGUAGE BE ADDED TO THE GENERAL APPROPRIATIONS ACT TO ALLOW DHHS DIVISIONS TO TRANSFER GENERAL FUNDS BETWEEN ACCOUNTS, WITH APPROVAL OF IFC.

SENATOR LESLIE SECONDED THE MOTION.

KEVIN SCHILLER (Director, Washoe County Social Services):

Currently, the therapeutic foster care system is paid with a combination of Medicaid funds and funds coming from the Division. This has created a number of difficulties in terms of how we meet the needs of children. There are several bills this Session to address these issues. In moving forward with this, we are trying to take the concept of therapeutic foster care and look at it differently. There are three main components to this issue. This program will take our highest need children, who require the most care in terms of mental health, medication management and behavior management, and put them in a pilot program that addresses those needs. This will create more quality assurance

and more accountability through clinical case management. We will then be able to address the needs of these foster care homes. The pilot program will look at this from two levels. First, the pilot will examine children that are already in a therapeutic setting, and second, it will work with children who are approaching a therapeutic setting. We are combining our efforts in the north with the Rural Division of Child and Family Services, because the majority of our rural children are placed in homes within Washoe County. I believe we will be able to take a population of children and do a study we can bring back to you during the next Session. This study will help us make some fundamental changes and recommendations regarding how to meet the needs of these children. As I said, these are the most difficult children we serve and it is critical that we look at a system that will address their needs more efficiently. We need to create accountability for providers and for us as an agency, to ensure that we do what is in the best interest of these children.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The first other closing item deals with caseload growth for adoption subsidies, foster care placements and specialized care placements. This is a normal increase each year for caseload growth. Some errors were identified in the calculations used to project the Governor's budget, but because of the block grant concept, adjustment to those amounts is not needed. The Counties will use the funding as they see fit to cover these areas.

The second item is the expiration of the FMAP rate enhancements from ARRA. General Funds were added to this account to make up for the reduction in FMAP rates. There is also a reprojected for FY 2012-2013 of the FMAP rate. However, because the block grant concept was approved, funding for FMAP rates was not changed in this account. This decision unit can be approved as recommended.

The third issue deals with some unfunded positions in this account. The County built its budget with three (2.5 FTE) positions being held vacant, but not eliminated. Once again, with the block grant concept, this can be approved as recommended without any adjustment.

The fourth item is an additional position of an accounting clerk to help the County manage its financial management functions. This recommendation appears reasonable.

The fifth item deals with Department funding changes related to Temporary Assistance for Needy Families (TANF) funding. The TANF funding is being pulled out of this account and being replaced with General Fund money. This appears reasonable to Staff, because all of the TANF funding is being used in the Welfare Division, where it is received.

The last closing item deals with salary costs. Staff highlighted some salary issues to the County. The State funded flat salaries for the current biennium and the County paid for merit and longevity pay. If the block grant concept had not been approved, Staff would have recommended removing this difference. However, because the block grant was approved, all of these items appear reasonable and can be approved as recommended by the Governor. Staff requests the authority to make any technical adjustments needed based on the other closing items in the other accounts.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO INCREASE FUNDING FOR CASELOAD INCREASES IN ADOPTION SUBSIDIES, FOSTER CARE PLACEMENTS AND SPECIALIZED CARE PLACEMENTS; TO APPROVE ADDITIONAL GENERAL FUNDS TO REPLACE TITLE IV-E REVENUE; TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR ADDITIONAL FUNDING FOR ONE NEW COUNTY ACCOUNT CLERK POSITION; TO APPROVE THE DEPARTMENT FUNDING CHANGES; TO APPROVE THE GOVERNOR'S RECOMMENDATION TO FUND SALARIES OF COUNTY STAFF IN THE 2011-2013 BIENNIUM; AND TO AUTHORIZE STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

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ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

Because the block grant concept has been approved, we can return to the Administration account and to closing item three, block grant State child welfare integration funding. Do the Committees wish to approve the addition of two social services program specialist positions to support the recommended block grant in the Clark and Washoe County Integration budgets?

This would be two additional staff positions to provide quality improvement support and monitoring, as well as information technology system reporting. They would also monitor State and federal laws relating to child welfare. This was included in the Governor's budget at a cost of \$91,981 in FY 2011-2012 and \$125,465 in FY 2012-2013.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE THE ADDITION OF TWO SOCIAL SERVICES PROGRAM SPECIALIST POSITIONS.

SENATOR LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. GOODMAN:

The next budget is the Clark County Integration account, B/A 101-3142.

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Budget Account 101-3142

The same major issue is included in this account regarding the block grant for the State portion of child welfare funding. All of the same concerns and comments apply to this account. There are no significant differences between the requests for Clark and Washoe Counties. Clark County would be on the receiving end of the adjustment of Title XX and Title IV-B funding, but the decision made by the Committees on the Washoe County budget should also be made here for Clark County.

SENATOR LESLIE MOVED TO APPROVE THE RECOMMENDED BLOCK GRANT OF STATE FUNDING IN THIS ACCOUNT AS RECOMMENDED BY THE GOVERNOR AND TO APPROVE THE REALLOCATION OF TITLE XX AND TITLE IV-B FUNDING BETWEEN THE CLARK AND WASHOE COUNTY INTEGRATION BUDGETS, AS REQUESTED BY THE DIVISION.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OCEGUERA WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

With no further business before the Committees, we are adjourned at  
12:35 p.m.

RESPECTFULLY SUBMITTED:

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Marian Williams,  
Committee Secretary

APPROVED BY:

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Senator Steven A. Horsford, Chair

DATE: \_\_\_\_\_

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Assemblywoman Debbie Smith, Chair

DATE: \_\_\_\_\_

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Wayne Thorley	Closing List #17
	D	Assemblyman David P. Bobzien	Disclosure Statement
	E	Lorne J. Malkiewicz	Budget Closing Proposal for LCB and Related Budgets
	F	Rex Goodman	Closing List #18