

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-sixth Session
April 13, 2011**

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 8:10 a.m. on Wednesday, April 13, 2011, in Room 2134 of the Legislative Building, Carson City, 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.

COMMITTEE MEMBERS PRESENT:

Senator Steven A. Horsford, Chair
Senator Sheila Leslie, Vice Chair
Senator David R. Parks
Senator Moises (Mo) Denis
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Ben Kieckhefer

STAFF MEMBERS PRESENT:

Rex Goodman, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Heidi Sakelarios, Program Analyst
Patricia O'Flinn, Committee Secretary

OTHERS PRESENT:

Dale Erquiaga, Senior Advisor, Office of the Governor
Marcia Turner, Vice Chancellor for the University of Nevada Health Sciences
System, Nevada System of Higher Education
Joyce Haldeman, Clark County School District
Ray Bacon, Nevada Manufacturer's Association
Andrew Clinger, Director, Budget Division, Department of Administration
Mark A. Lipparelli, Las Vegas, Chair, State Gaming Control Board

CHAIR HORSFORD:

I will open the meeting with Senate Bill (S.B.) 305, and pass the gavel to Vice Chair Leslie.

SENATE BILL 305: Creates the P-20 Leadership Council. (BDR 34-365)

SENATOR BARBARA K. CEGAVSKE (Clark County Senatorial District No. 8):

States have been exploring the concepts of preschool through college leadership councils in a variety of ways for the last 15 years. These entities may be referred to as P-16 Councils, K-16 Councils or P-20 Councils. They are slightly different in the levels of education included, but they all entail an effort to streamline various education systems into one coherent whole. These councils seek to ease the transition between early childhood education, kindergarten through Grade 12 (K-12) and higher education by creating a single system whose standards are aligned so that success at one level indicates the student will be successful at the next. The document titled "Senate Bill 305-P-20 Leadership Council: Facts about P-16 and P-20 Councils" ([Exhibit C](#)) details features of these organizations in several states and the alignment of lawmakers, educators and business leaders who have the authority to produce results.

The purpose of S. B. 305 is to strengthen the participation of key State leaders in the activities of the education Leadership Council, to establish clear goals and link the Council to ongoing economic development efforts by leaders in the Nevada Legislature and Executive Branch. The current P-16 Council will be dissolved and replaced with a P-20 Council. Section 5 of the bill lists the membership of the Council. Section 6 states the staffing and operational support is provided by the Governor's Office.

Section 7 outlines the issues the Council shall address, including methods to ensure the successful transition of pupils from one level of education to another; that course work, standards and assessments required of pupils in secondary schools is aligned with the workload expected of students at the postsecondary level; creating methods to ensure collaboration among the business community, members of the educational community and political leaders to set forth a process for developing strategies for the growth and diversification of the economy of this State; policies relating to workforce development, employment needs of private employers and workforce shortages in occupations critical to the education, health and safety of the residents of this State; and other matters within the scope of the Council as determined necessary or appropriate by the Council. Section 8 of S.B. 305 specifies reporting requirements for the Council. Senate Bill 305 provides a unique opportunity to focus the attention of State leaders on both of our systems: prekindergarten through Grade 12 and the

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Nevada System of Higher Education (NSHE). This Legislative Session we are united in our priority to provide a unified policy directed to the fundamental issues of economic development and job creation. The framework of the P-20 Council can act as a vital component of that structure.

VICE CHAIR LESLIE:

I understand the need to include prekindergarten through four years of college, but why extend the focus beyond 16 to 20?

SENATOR CEGAVSKE:

The Governor's Office and NSHE expressed a desire to include the full spectrum of educational opportunity in this Council.

SENATOR DENIS:

I always think this is a great idea. We have had a P-16 Council. We always came up with great ideas, but nothing was ever implemented. How will the creation of an expanded P-20 Council through S.B. 305 change that?

SENATOR CEGAVSKE:

First, the state of the economy is pushing us to look further and embrace more. The many bills brought forward this Session on economic development have to do with our workforce and how we educate. We have leaders within the Legislative and Executive branches as well as in the community who are mindful of how important it is to link educational and workforce goals. People are asking key questions. What do we need for Nevada? Are the courses being offered by NSHE supporting economic and workforce development?

SENATOR DENIS:

How do you envision the Council implementing its ideas? Where is the power? Will the P-20 Council go to the Governor's Office with those ideas that require legislation?

SENATOR CEGAVSKE:

The Governor, or his designee, will be the chair of the Council. The Council can make recommendations to NSHE that do not require legislation to be implemented.

SENATOR KIECKHEFER:

It is clear there is not always a good method to transition students from high school into higher education. Could the P-20 Council review the transition in light of the funding formula for NSHE? The current funding formula seems to be a barrier to getting students into the right institutions for their individual needs.

SENATOR CEGAVSKE:

The charge for the P-20 Council is not only to focus on the transition from high school to college, but the transition from elementary school to middle school and then to high school as well. We do not document it, but there is a large eighth grade drop-out rate. The funding issues for all levels of education should be part of these discussions. The P-20 Council is an avenue to dissect these issues for more than the 120 days of the Legislative Session.

SENATOR DENIS:

Will the P-20 Council be housed in the Governor's Office?

SENATOR CEGAVSKE:

Yes, it will.

DALE ERQUIAGA (Senior Advisor, Office of the Governor):

We support S.B. 305. We understand the current P-16 Council has not functioned to the level the Legislature and other stakeholders have desired. Governor Sandoval is committed to this idea. We asked the Council to expand its scope into advanced degree attainment. It is important to our State's future.

You have asked what will make this body different. The primary difference is that the Governor, or his designee, will be in charge of the P-20 Council. Governor Sandoval is dedicated to making it work. In addition to permanent members from the Chancellor's Office or the Superintendent's Office, I encourage you to include business and parent representation. Consider also the Department of Employment, Training and Rehabilitation (DETR) so there is a Workforce Investment Board connection. Remember too, the Early Care and Education Office (ECEO) is housed in the Department of Health and Human Services Division of Welfare and Supportive Services, not the Department of Education. As Senator Cegavske has described, this is a coordination issue. None of these entities normally work together. Even the Governor's Cabinet is not a fixed entity; the members of the cabinet are chosen by each Governor. The previous governor chose not to have a K-12 member in his cabinet.

Governor Sandoval has chosen to have the Superintendent of Public Instruction sit in that body.

There is no current mechanism that guarantees the diverse group of interests that impact the P-20 world will get together in one room and exchange ideas. This Council is a vehicle for that process. The emphasis on workforce development and economic development is critical. The Blue Ribbon Task Force created for the federal Race to the Top Grant is an example of the positive outcomes that can arise from coordination among, and a common goal for, diverse groups. An official body is needed to take the place of the Blue Ribbon Task Force now that its mandate has expired. The Office of the Governor is committed to making the P-20 Council work. We will not add a fiscal note; we will make it work within available resources.

VICE CHAIR LESLIE:

Are you suggesting that the connection to DETR and ECEO should be added to section 5 of S.B. 305?

MR. ERQUIAGA:

Yes, I do think you should consider them. The ECEO population has different needs, and they are a voice that is not loudly heard because of funding in this State.

SENATOR DENIS:

I agree. We have always had business represented on the Council. In the past, the group was quite large. It is better to keep it as small as practicable. The trend is to eliminate commissions and boards, and this is adding one. Why is this different?

MR. ERQUIAGA:

I would suggest that this bill contain a sunset. If the P-20 Council cannot accomplish concrete objectives, it should not continue to exist. Whether that sunset is after two years or four years, it is a good idea. We are loath to add more bodies, but this is an existing entity that we think needs to be reorganized.

VICE CHAIR LESLIE:

Are you suggesting two years or four years?

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MR. ERQUIAGA:
Yes.

MARCIA TURNER (Vice Chancellor for the University of Nevada Health Sciences System, Nevada System of Higher Education):
The NSHE supports S.B. 305.

JOYCE HALDEMAN (Clark County School District):
The Clark County School District supports S.B. 305. The P-20 Council is an essential component to ensure everyone who is involved in education works toward a common goal and resources are coordinated as much as possible. I was a member of the Blue Ribbon Task Force. One of the items we studied was the governance structure regarding education in the State of Nevada. The Blue Ribbon Task Force has recommended the Governor be the education leader in the State. Hearing your discussion about where the power would reside made me think about coordination between the P-20 Council and the Interim Legislative Committee on Education. The two bodies will be on parallel tracks and it is important to avoid two sets of bill drafts addressing the same issues.

RAY BACON (Nevada Manufacturer's Association):
I will refer to my memo of April 12, 2011 to the Committee which you have before you ([Exhibit D](#)). I have been involved in the formation and operation of the P-16 Council in Nevada since its inception in 2003. It has been nonfunctional from the beginning. The P-16 Council in Nevada has always attempted to operate with no staff, no budget and leadership with no authority to take action. The changes offered in S.B. 305 do not fully address the problems. The membership outlined in section 5 states that the Chancellor of NSHE and the Superintendent of Public Instruction serve as nonvoting members of the Council. I think this is a mistake. All members should be voting members.

I suggest considering the Georgia council as a model. In Georgia, the members of the council are the department and function heads with the power, authority and responsibility to take action and spend money. Their mission is to ensure legislation and policy initiatives are implemented in a coordinated way. The typical meeting makes assignments, provides guidance and gathers information on progress and implementations. Institutions of higher education in Georgia produce what their employment sector needs; 57 percent of their technical graduates remain in Georgia. Nevada graduates tend to migrate to California.

I urge you to consider restricting the membership of the P-20 Council to the following members: the Governor as Chair; the Chancellor of NSHE; the State Superintendent of Education; the Director of DETR; the Director of the new Department of Economic Development, if created, or the Lieutenant Governor if the existing structure remains; and the Governor's education policy advisor. Between education and employment issues these few people have the authority and responsibility over much of the total budget of the State. I agree with the suggestion of setting a sunset on the P-20 Council.

SENATOR DENIS:

I agree that the Chancellor and Superintendent should be voting members.

VICE CHAIR LESLIE:

If you want people to attend the meetings and participate, they must have a vote.

I will close the hearing on S.B. 305 and return the gavel to Chair Horsford.

CHAIR HORSFORD:

We will open the hearing on S.B. 73. Staff has been working with the Legal Division on a conceptual amendment to this bill. There is no written amendment yet.

SENATE BILL 73: Makes various changes concerning state financial administration. (BDR 31-427)

MARK KRMPOTIC (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will outline the major provisions of S.B. 73 to remind the Committee about the purpose of this bill. Section 1 authorizes the Board of Examiners to delegate authority to a person designated by the Clerk of the Board to approve payment from the state claims account. Section 3 authorizes the Board of Examiners to delegate authority to a person designated by the Clerk of the Board to approve payment of claims from the Reserve for Statutory Contingency Account.

Section 2 of S.B. 73 removes the thresholds prescribed in law for the approval of work program revisions that require approval by the Interim Finance Committee (IFC). Section 4 removes the thresholds prescribed in law for the approval of gifts and governmental grants. Section 5 removes existing language

requiring IFC approval of federal funding in the form of a categorical grant or a specific program administered by a State agency, commission or department that is terminated and incorporated into a block grant from the federal government. All three sections contain the provision that the Board of Examiners and the IFC shall, upon the joint recommendation of the Chief of the Budget Division, the Senate Fiscal Analyst and the Assembly Fiscal Analyst, establish criteria to be used in determining whether such acceptance or allocation must be approved by the IFC.

Sections 6 through 8 remove prohibitions against certain agencies in the Executive Branch from changing a position from one occupational group to another without the approval of the Legislature and the IFC.

The potential amendments to this bill relate primarily to section 4, removing the provisions in statute regarding gifts in excess of \$10,000 and governmental grants in excess of \$100,000. If the Committee does not wish to eliminate this authority in statute, Staff suggests these modifications in S.B. 73 be stricken and the language revert to the original language in statute. If it is the intent of the Budget Director to submit position reclassifications that result in a salary increase, Staff suggests that language be included in the bill. Finally, the bill is effective upon passage and approval. It is unlikely, however, that the Senate and Assembly fiscal analysts will have time to consider these provisions with the Budget Director immediately. In order to allow time to set the criteria, Staff suggests setting an effective date of October 1, 2011.

ANDREW CLINGER (Director, Budget Division, Department of Administration):
I have not seen any amendments, but I would be happy to work with the Committee.

SENATOR KIECKHEFER:

I support the current language in section 4 which would delegate authority to approve grants from other entities. I would not support an amendment to eliminate that language.

CHAIR HORSFORD:

Let us hold the bill until the amendment is drafted. We cannot just eliminate the cap without retaining checks and balances.

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SENATOR KIECKHEFER:
I agree with the need for checks and balances.

MR. CLINGER:
The intent of section 4 is to remove the grant threshold from statute and establish it in policy.

CHAIR HORSFORD:
There is a reason the threshold exists. How many grants come in below, at or above the benchmark? We can create a streamlined system that also has accountability.

MR. CLINGER:
I can bring that information back to the Committee.

MR. KRMPOTIC:
This bill is not exempt. It must be passed out of Committee by Friday, April 15.

CHAIR HORSFORD:
We will reschedule this bill. We will now close the hearing on S.B. 73.

We will open the hearing on the Budget Closings.

HEIDI SAKELARIOS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):
The first account for closing is budget account (B/A) 101-4016, the Gaming Control Board (GCB).

COMMERCE AND INDUSTRY

GAMING

Gaming Control Board — Budget Page GAMING CONTROL BOARD-1 (Volume II)
Budget Account 101-4061

The Governor's recommended budget decreases the General Fund appropriation for GCB by about \$24.6 million in fiscal year (FY) 2011-2012 and about \$25 million in FY 2012-2013. The General Fund reduction represents a decrease of almost 22 percent in FY 2011-2012 and 20 percent in FY 2012-2013

compared to FY 2010-2011 appropriations. A significant portion of this General Fund reduction is a result of actions taken during the Twenty-sixth Special Session during which fees were generated to reduce General Fund appropriations by approximately \$4.3 million.

The first major closing issue for B/A 101-4061 is the result of a Letter of Intent issued during the 2009 Legislative Session requesting GCB to report to IFC regarding the practicality of adjusting the fees charged by GCB to fully cover the costs of its operating expenses. The GCB indicated in its response to the Letter of Intent that it had reviewed regulatory fee structures in other states and found some of the fees charged in those states are significantly higher than those imposed by GCB. They also found additional fees not included in GCB's existing fee structure.

After a comprehensive review of the current fee schedule, GCB indicated it would be possible to generate additional fee revenue to eliminate the General Fund need in GBC and Gaming Commission accounts. At the time the Letter of Intent was submitted, the Agency anticipated the General Fund need in their accounts would total about \$28.7 million in each year of the upcoming biennium. The *Executive Budget* reduced the General Fund need in the accounts to about \$24.9 million in FY 2011-2012 and approximately \$25.4 million in FY 2012-2013.

In response to the Letter of Intent, GCB identified four potential options to generate the fees necessary to eliminate the General Fund appropriations in their accounts. The four options they presented were: increasing the slot machine fees; modifying the independent agent registration fees; imposing a processing fee on each gaming device shipped out-of-state; and applying quarterly and annual fees to table poker games. The option to increase slot machine fees contained four alternatives in the way it would be imposed which would generate approximately \$28 million in each year of the biennium. These four alternatives are summarized on page two of the document titled "Senate Committee on Finance Closing List #2" ([Exhibit E](#)). None of these fee alternatives is included in the *Executive Budget*. The Agency sought feedback from the industry. They received a total of eight responses, a summary of which is included on page 3 of [Exhibit E](#). Additionally, the Agency provided a spreadsheet summarizing the fees GCB currently imposes to support gaming operations and the date the fees were last increased. This spreadsheet can be found on page 8 of [Exhibit E](#).

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SENATOR CEGAVSKE:

Of the four alternatives for fees on slot machines, the fourth only applies to those locations with 100 or more machines. Is the intent of this option not to hurt the small businesses that have fewer slot machines?

MS. SAKELARIOS:

That is correct.

SENATOR CEGAVSKE:

Will the other three alternatives have an impact on a business with any number of slot machines?

MS. SAKELARIOS:

The first and third alternatives impose additional fees on all locations. The second alternative imposes fees only on nonrestricted license locations.

SENATOR CEGAVSKE:

The third alternative contains a range of \$25 to \$225 per machine based on the number of slot machines at each location. Who determines that and what was it based on?

MS. SAKELARIOS:

The Agency did not provide information on how the amount of that fee was established.

SENATOR CEGAVSKE:

Who is affected by the option to impose a processing fee on gaming devices shipped out-of-state?

MARK A. LIPPARELLI (Las Vegas, Chair, State Gaming Control Board):

There are quite a few manufacturers based in Nevada, including International Game Technology, Bally, WMS Gaming, Inc., Aristocrat and several others. There are potential legal impairments to this option relating to the constitutionality of the imposition of a tax on a given industry that is not applied to other states.

SENATOR CEGAVSKE:

Have you discussed any of these fees with the Governor?

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MR. LIPPARELLI:
I have not.

SENATOR CEGAVSKE MOVED TO CLOSE B/A 101-4061 FOLLOWING
THE GOVERNOR'S RECOMMENDATION.

SENATOR RHOADS SECONDED THE MOTION.

SENATOR LESLIE:
I am willing to support the motion if we can reserve the option to come back to this.

CHAIR HORSFORD:
Are these fees primarily for audit and inspection-related purposes?

MR. LIPPARELLI:
The request of the Legislature in its Letter of Intent was to come up with funding scenarios that would include an amount of money up to the entire amount of the General Fund appropriations for this budget account.

CHAIR HORSFORD:
Does this budget account pay for positions that relate to the audit and compliance functions of GCB?

MR. LIPPARELLI:
Yes, that is correct.

MR. KRMPOTIC:
No fee increases were recommended in the *Executive Budget*. Closing this budget account as recommended by the Governor would not include any of these fees.

SENATOR LESLIE:
My concern is what impact losing these positions may have on our primary industry. We need our regulatory structure to remain strong. I know the Governor does not like new fees. No one does. We cannot afford to weaken the structure that will put our State's major industry at risk.

CHAIR HORSFORD:

In the event the Committee is able to come back and reconsider these issues, I will ask Staff to identify the impact of the funding and staff reductions.

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

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MS. SAKELARIOS:

The second major closing item is the position reductions included in decision units E-601, E-608, E-609 and E-610.

E-601 Budget Reductions — Page GAMING CONTROL BOARD-4

E-608 Staffing and Operating Reductions — Page GAMING CONTROL BOARD-5

E-609 Staffing and Operating Reductions — Page GAMING CONTROL BOARD-5

E-610 Staffing and Operating Reductions — Page GAMING CONTROL BOARD-6

The Governor proposes to eliminate a total of 18 positions and to reduce the training budget by 25 percent. This would result in a General Fund decrease of about \$1.42 million in FY 2011-2012 and about \$1.45 million in FY 2012-2013. Listed below is a summary of some of the more significant impacts GCB indicates would occur if the position eliminations are approved as recommended by the Governor:

- Audit Division: GCB anticipates that the elimination of four unclassified positions in the Audit Division would increase the audit cycle of the largest casinos. The increase would delay the detection and elimination of unpaid gaming taxes, the evaluation of compliance with gaming laws and the examination of records of unreported activities. Fiscal Staff would note that the Agency's performance indicators for the 2011-2013 biennium project the average length of the audit cycles for these licensees would increase from 2.27 years in FY 2009-2010 to 2.42 years in FY 2011-2012 and FY 2012-2013.
- Enforcement Division: GCB indicates that the elimination of four unclassified positions in the Enforcement Division would have multiple impacts, including, but not limited to, the elimination of 24 hour a day, 7 day a week

enforcement coverage statewide, a delay in response times, and reduced agent safety. The Board indicates the results could include losses of revenue through cheating and licensees becoming more susceptible to theft and fraud.

- Investigations Division: GCB indicates the elimination of one unclassified position in the Investigations Division will impact the Division's ability to conduct training, fiscal analysis and special projects.
- Gaming Lab: GCB indicates that the elimination of two unclassified technician positions in the Gaming Lab will reduce regulatory oversight at restricted licensee locations and inspections at non-restricted licensee locations, as well as transfer workload to Audit staff within the Audit Division and increase response time for assisting with patron disputes.
- Administrative Services: GCB anticipates that the elimination of one unclassified training officer position will decrease oversight of the Agency's in-house training program and shift other duties to existing staff.
- Support Staff: GCB indicates that the elimination of six classified positions will require professional staff to perform program staff and support staff duties.

Based on information provided by the Agency, 7 of the 18 positions recommended for elimination are currently filled and layoff costs are projected to total \$42,303 in FY 2011-2012. Two of the positions recommended for elimination are filled by individuals who are eligible for credential pay. The *Executive Budget* does not eliminate this expenditure. If these positions are approved for elimination, an additional savings of \$10,000 in each year of the biennium would be achieved through the elimination of the credential pay. Staff would note that technical adjustments have been made to eliminate credential pay in the Base Budget for two positions that are currently vacant.

CHAIR HORSFORD:

At a time when we have already found glitches in the audit functions of other major industries, the weakening of GBC's ability to audit by eliminating audit and enforcement positions does not make sense.

SENATOR CEGAVSKE:

I agree these are hard decisions to make, but of the 18 positions to be eliminated, 11 of them are vacant.

SENATOR CEGAVSKE MOVED TO APPROVE THE ELIMINATION OF 18 FULL TIME EQUIVALENT POSITIONS AS RECOMMENDED BY THE GOVERNOR AND THE ELIMINATION OF BUDGETED CREDENTIAL PAY FOR TWO ELIMINATED POSITIONS AS RECOMMENDED BY FISCAL STAFF.

SENATOR RHOADS SECONDED THE MOTION.

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

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MS. SAKELARIOS:

The *Executive Budget* includes a General Fund offset. The amount of the General Fund savings is increased by \$61,000 in each year of the biennium due to a new fee recommended for gaming employees. Currently, individuals pay a \$75 fee to register or renew registration as gaming employees. Each time they file a change of employment notice, they file a change form. There is no charge for filing a change of employment application. The *Executive Budget* includes a \$5 fee that would be assessed to casino employees each time they transfer employment or add a new location. The Agency indicates the amount of this fee was determined by looking at the workload accommodated by their staff. Three administrative assistants process an average of 1,000 gaming employee change forms each month. A technical adjustment has been made by Fiscal Staff in decision unit E-601 to transfer the revenue from these fees to a separate general ledger account to allow this revenue to be identified and tracked separately from other investigation fees collected in this account. The Agency notes that this fee was originally approved by S. B. No. 93 of the 75th Legislative Session. They have been working to establish the amount of the fee and the technology necessary to process the fee.

SENATOR RHOADS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO IMPOSE A NEW \$5 FEE FOR PROCESSING GAMING EMPLOYEE CHANGE FORMS AND THE TECHNICAL ADJUSTMENTS MADE BY STAFF IN DECISION UNIT E-601.

SENATOR PARKS SECONDED THE MOTION.

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SENATOR LESLIE:

I will vote for the motion, but I must point out that we are willing to impose fees on the employees but not the industry.

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

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MS. SAKELARIOS:

The third major closing issue in B/A 101-4061 is the General Fund offset included in decision unit E-607.

E-607 Staffing and Operating Reductions — Page GAMING CONTROL BOARD-4

The Governor recommends a General Fund reduction of \$242,564 in each year of the biennium and a corresponding increase in the transfer from the Gaming Control Board Investigation Fund, B/A 244-4063.

Gaming Control Board Investigation Fund — Budget Page GAMING CONTROL BOARD-15 (Volume II)
Budget Account 244-4063

The budget indicates the increase in the transfer reflects the reimbursement for management positions that have historically not billed their time to gaming applicants. The management positions that would now begin billing their time include an applicant services coordinator, four supervisors and two deputy chief positions located in the Investigations Division.

SENATOR RHOADS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO REPLACE GENERAL FUNDS TOTALING \$242,564 IN EACH YEAR OF THE 2011-2013 BIENNIUM WITH GAMING INVESTIGATION FUND ACCOUNT REVENUE FOR THE COSTS ASSOCIATED WITH GAMING APPLICATION REVIEW ACTIVITIES PERFORMED BY THESE DESIGNATED MANAGEMENT POSITIONS.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

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MS. SAKELARIOS:

The other closing items in B/A 101-4061 include decision units E-250, E-251, E-252, E-710 and E-720.

E-250 Economic Working Environment — Page GAMING CONTROL BOARD-3

E-251 Economic Working Environment — Page GAMING CONTROL BOARD-3

E-252 Economic Working Environment — Page GAMING CONTROL BOARD-4

E-710 Equipment Replacement — Page GAMING CONTROL BOARD-8

E-720 New Equipment — Page GAMING CONTROL BOARD-8

The Governor recommends \$55,475 in each year of the biennium in decision unit E-250 for travel and training. Of that amount, \$25,496 is General Fund appropriations. This increase is offset by funding reductions and realignments made in other decision units within the *Executive Budget*. Tables summarizing the various decision units and the net increases and decreases for travel and training are on pages 4 and 5 of [Exhibit E](#).

The Governor recommends \$5,775 in each year of the biennium in decision unit E-251 for recruitment and advertising costs for professional staff position vacancies that may occur during the biennium. The Agency indicates that the unique qualities of the positions at GBC make it necessary to advertise vacancies in locations other than the State Personnel and the Agency's Websites.

Decision unit E-252 includes the Governor's recommendation to increase General Fund appropriations totaling \$3,000 in each year of the biennium for imaging services. The *Executive Budget* indicates the Agency will be unable to perform this function due to staffing reductions. The Agency has been outsourcing microfilming and micrographic work to the Micrographics and Imaging Program since the end of FY 2009-2010.

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Decision unit E-710 recommends a transfer from the GBC Investigation Fund account totaling \$24,324 in FY 2011-2012 and \$10,038 in FY 2012-2013 for replacement furniture, gaming lab equipment and computer software for the Gaming Lab.

Decision unit E-720 of B/A 101-4061 recommends the GBC Investigation Fund account transfers totaling \$50,616 in FY 2011-2012 and \$53,900 in FY 2012-2013 to fund software and new equipment items within the Gaming Lab which would allow the Gaming Lab to perform system inspections without interfering with day-to-day operations of the casino.

SENATOR RHOADS MOVED TO APPROVE DECISION UNITS E-250, E-251, E-252, E-710 AND E-720 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR FINAL DEPARTMENT COST ALLOCATIONS AND ANY ACTIONS TAKEN IN THE OTHER GAMING CONTROL BOARD ACCOUNTS THAT AFFECT THIS ACCOUNT.

SENATOR PARKS SECONDED THE MOTION.

SENATOR DENIS:
Is GCB proposing to outsource part of the functions of the Gaming Lab?

MR. LIPPARELLI:
There is a bill pending that would begin the process to allow private labs to conduct testing.

SENATOR DENIS:
Where is that bill coming from?

MR. LIPPARELLI:
The bill is sponsored by Assemblyman James Ohrenschall.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

MS. SAKELARIOS:

The Governor recommends a General Fund appropriation of \$1,256,104 in FY 2011-2012 to replace computer equipment within the Agency to ensure continuity of operations and data security. This is a one-shot appropriation included in S.B. 428.

[SENATE BILL 428](#): Makes an appropriation to the State Gaming Control Board to replace computer and technology hardware. (BDR S-1243)

The next item is B/A 101-4067, Gaming Commission.

Gaming Commission — Budget Page GAMING CONTROL BOARD-11 (Volume II)
Budget Account 101-4067

This budget account is funded entirely by General Fund appropriation. It includes revenue to support the Commissioners' salaries, one staff position and some of the operating and travel costs associated with the Gaming Commission. There is one major closing item for consideration. The *Executive Budget* recommends reducing General Fund appropriations by \$50,679 in FY 2011-2012 and \$51,068 in FY 2012-2013 by reducing the senior research specialist position from full-time to part-time. This reduction is recommended to meet the Governor's 10 percent General Fund reduction target for the biennium. The position is currently filled as a part-time position.

E-606 Staffing and Operating Reductions — Page GAMING CONTROL BOARD-12

Staff has made technical adjustments to eliminate the credential pay from this account resulting in a General Fund savings of \$5,214 in each year of the biennium.

SENATOR RHOADS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO REDUCE THE SENIOR RESEARCH ANALYST POSITION FROM FULL-TIME TO PART-TIME AND TO GRANT STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. SAKELARIOS:

The final item is B/A 244-4063. The revenue for this account comes from gaming license applicants. There are no major closing issues within this budget account. Staff notes that each of the enhancement modules in this budget account reflect transfers necessary to support the decision units contained in the Gaming Control Board account, B/A 101-4061.

SENATOR CEGAVSKE MOVED THAT B/A 244-4063 BE APPROVED AS RECOMMENDED BY THE GOVERNOR WITH THE AUTHORITY FOR STAFF TO MAKE ANY ADJUSTMENTS THAT MAY BE NECESSARY AS A RESULT OF COMMITTEE CLOSING ACTIONS ON THE GAMING CONTROL BOARD ACCOUNT, B/A 101-4061.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR HORSFORD:

As there is no further business before this Committee, the meeting is adjourned at 9:48 a.m.

RESPECTFULLY SUBMITTED:

Patricia O'Flinn,
Committee Secretary

APPROVED BY:

Senator Steven A. Horsford, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
305	C	Senator Cegavske	Facts about P-16 and P-20 Councils
305	D	Ray Bacon	Memo to Committee
	E	Heidi Sakelarios	Closing Document