

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

**AND THE
SENATE COMMITTEE ON FINANCE
SUBCOMMITTEE ON GENERAL GOVERNMENT**

**Seventy-Seventh Session
May 10, 2013**

A joint meeting of the Assembly Committee on Ways and Means' Subcommittee on General Government and the Senate Committee on Finance's Subcommittee on General Government was called to order by Chair Lucy Flores at 8:27 a.m. on Friday, May 10, 2013, in Room 2134 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at nelis.leg.state.nv.us/77th2013. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Lucy Flores, Chair
Assemblyman Paul Aizley, Vice Chair
Assemblyman Paul Anderson
Assemblyman Andy Eisen
Assemblyman Crescent Hardy
Assemblyman Joseph M. Hogan

SENATE COMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator Moises (Mo) Denis
Senator Michael Roberson



STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Michael J. Chapman, Principal Deputy Fiscal Analyst
Adam Drost, Program Analyst
Andrea McCalla, Program Analyst
Connie Davis, Committee Secretary
Cynthia Wyett, Committee Assistant

The Committee Assistant called the roll, and a quorum of the members was present.

Chair Flores announced that the Subcommittees' budget closings would be taken in order beginning with the Department of Administration's Budget and Planning budget account (BA) 1340.

**FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
BUDGET AND PLANNING (101-1340)
BUDGET PAGE ADMIN-10**

Adam Drost, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Budget and Planning account included the Department of Administration Director's Office, the Budget Division, and the Office of Grant Procurement, Coordination, and Management.

Mr. Drost provided the following information regarding the account's one major closing issue:

- Expansion of Priorities and Performance Based Budgeting Initiative (PPBB) (Decision Units Enhancement (E) 225, E-245, E-250)

The 2011 Legislature passed Assembly Bill No. 248 of the 76th Session, which required The Executive Budget to include certain information regarding long-term performance goals and intermediate objectives of the Department of Administration. The Budget Division interpreted the provisions of A.B. No. 248 as directed by the Legislature to implement a Priorities and Performance Based Budgeting (PPBB) initiative, although the legislation did not provide for the modification of statewide budgeting practices. Priorities and Performance Based Budgeting identified the core functions of government and the objectives that

contributed to the core functions and determined the activities that linked to those objectives. Each of the activities were measured by up to three performance measures as an indication of the success of the activity.

Because A.B. No. 248 did not detail how the provisions of the bill would be put into practice, no funds were appropriated to provide for its implementation. The Budget Division used internal information technology (IT) staff to develop a module within the Nevada Executive Budget System (NEBS) to accommodate the PPBB initiative during the 2011-2013 biennium. The Budget Division displayed PPBB data in The Executive Budget and on the Internet using Nevada's open government website [<http://open.nv.gov/>]. The Governor recommended the continued development of the PPBB initiative as defined by the Budget Division through the following enhancements in the 2013-2015 biennium:

- ✓ New budget analyst 5 position - A new budget analyst 5 position would coordinate the Budget Division PPBB activities, complete the PPBB business plan, and work through the mechanical, structural, and business changes needed to complete the implementation. The position would also coordinate PPBB activities with the Office of the Controller, the Legislative Counsel Bureau, state agencies, programmers, and contractors. Fiscal Analysis Division staff of the Legislative Counsel Bureau noted that the position was budgeted at a step 7, and the agency advised that the higher step was necessary to recruit qualified candidates.

If the position was approved, the Department stated that it would evaluate the PPBB and budget workload to determine whether the position should continue once the implementation of PPBB was completed. Fiscal Analysis Division staff noted that the Budget Division currently assigned an existing budget analyst 5 to serve as a NEBS coordinator; however, the agency stated that position would continue to focus on maintaining and improving NEBS while the new position would focus strictly on PPBB.

- ✓ EITS System Programming – The Governor recommended 800 programming hours provided by the Division of Enterprise Information Technology Services (EITS) to make changes related to PPBB in NEBS and expand and maintain access to information available on the Internet. As previously indicated, the Budget Division used internal programming staff

to build the majority of the NEBS' PPBB module during the 2011-2013 biennium.

The Fiscal Analysis Division, Legislative Counsel Bureau, contracted with Aeris Enterprises, the same contractor that developed NEBS, to create its budgeting system, Budget Analysis System of Nevada (BASN). When the EITS staff made changes to NEBS during the 2011-2013 biennium, Aeris Enterprises performed a review of the changes but was not directly involved in the enhancements. That process resulted in several errors that were inadvertently transferred to the BASN system. If the decision unit was approved, there was no assurance that the changes proposed to be made by EITS staff to NEBS during the 2013-2015 biennium would not adversely affect the functionality of BASN. The Fiscal Analysis Division, in consultation with Aeris Enterprises, estimated an additional 320 hours of programming time for a total of \$72,000 would be needed for the Fiscal Analysis Division to review EITS programming changes and to ensure that the EITS code would not compromise the functionality of the Legislature's budgeting system.

- ✓ Contractor System Programming – The Budget Division included General Fund appropriations of \$75,000 in fiscal year 2014 and \$25,000 in fiscal year 2015 for Aeris Enterprises to program additional PPBB-related changes to NEBS. Aeris Enterprises would perform major changes to NEBS and would provide backup support to the EITS programming staff. The Budget Division had not defined the major programming changes as opposed to the minor changes performed by EITS.

The Budget Division advised that it would work with the Fiscal Analysis Division to determine the changes that would be required for the Legislature's budgeting system. However, no additional programming resources had been included in the Legislative Counsel Bureau (LCB) budget for the 2013-2015 biennium to execute the PPBB programming changes in BASN. While the Budget Division and the LCB had an agreement that any changes made in one system would automatically be provided in the other system, the LCB system had an advanced auditing and reporting feature that NEBS did not currently use. The Fiscal Analysis Division, in consultation with Aeris Enterprises, estimated 420 programming hours at \$94,500 over the 2013-2015 biennium to ensure changes made to NEBS were compatible with BASN's auditing and

reporting capabilities. Total programming expenditures for the LCB Fiscal Analysis Division over the 2013-2015 biennium amounted to \$166,500.

Mr. Drost advised that if the Legislature approved the three decision units, the Budget Division stated it would:

- ✓ Coordinate with the Legislature to determine structural modifications needed for the PPBB initiative.
- ✓ Refine activities, performance measures, objectives, and benchmarks to ensure they reflected the goals of state government.
- ✓ Create an Internet “dashboard” for improved public reporting of state budget information.
- ✓ Improve the functionality of NEBS to ease the use of PPBB for state agencies.
- ✓ Improve PPBB data analysis and reporting tools.
- ✓ Integrate PPBB elements into the state financial management system and LCB’s budgeting system.
- ✓ Identify pilot divisions and departments for construction of budgets in a PPBB format for presentation to the 2015 Legislature.

Additionally, if funding for the resources was continued, the Budget Division planned to achieve the following in the 2015-2017 biennium:

- ✓ Refine overall state budgeting structure to improve functionality.
- ✓ Address missing performance data.
- ✓ Transition the Budget Division’s role to focus on analysis of performance data.
- ✓ Implement additional enhancements to NEBS.

Mr. Drost advised that the final implementation of PPBB would be achieved in the 2017-2019 biennium when the new budgeting methodology would be fully integrated into the state’s financial management system.

As previously mentioned, Mr. Drost said that in the 2015-2017 biennium, the Budget Division planned to develop budgets of select agencies in the PPBB format and present those budgets to the 2015 Legislature as a pilot program. The selected agencies, he said, would have well-developed activities and performance measures. Additionally, the Budget Division would select agencies that were interested and motivated to participate and that represented a cross section of state activities.

Mr. Drost commented that a key element of the PPBB initiative that would be introduced by the pilot agencies was a transition from budgeting by budget account to activity-based budgeting. The Budget Division, he said, recognized the challenges to maintain existing data as some agencies began the PPBB transition to activity-based budgeting. The programming resources and the budget analyst 5 position recommended for the 2013-2015 biennium would focus on maintaining existing data as the initiative moved forward. After the PPBB transition was completed, the Budget Division expected that it would continue to provide the level of expenditure and revenue detail currently provided. Additionally, Mr. Drost advised that the Budget Division stated that if the PPBB was fully implemented, it had no plans to modify the state's current base, maintenance, and enhancement decision units structure of budgeting, although those decision units would be tied to activities rather than specific budget accounts.

Mr. Drost advised that the state's Advantage Financial System might also be affected by the transition to PPBB. The Budget Division reported that Advantage was able to accommodate tracking expenditures by both activity and budget account, although it was unclear whether Advantage had the ability to capture budget authority by both activity and budget account. Accordingly, Mr. Drost said that full implementation of the PPBB initiative might be hindered by the state's current financial management system, and full PPBB implementation could require a new financial management system. The Executive Budget, he said, included a recommendation to study the replacement of the state financial management system over the 2013-2015 biennium.

Mr. Drost explained that the three PPBB-related decision units, recommended by the Governor, would provide the necessary background and parameters needed by vendors as they responded to requests for proposals (RFP) for a replacement financial system that would interface with the state's PPBB initiative. The Department of Administration's EITS planned to complete the tasks associated with the RFP process during the 2013-2015 biennium and present a proposal for the replacement of the Advantage System to the 2015 Legislature.

Mr. Drost advised that representatives of the Budget Division contacted Fiscal Analysis Division staff on May 8, 2013, to advise that the 800 hours of EITS programming recommended in decision unit E-225 were not related to PPBB. The Budget Division, he said, advised that the 800 programming hours were necessary to address backlogged information technology enhancement

requests related to the Contract Entry and Tracking System (CETS), the Nevada Project Account System (NPAS), non-PPBB related enhancements to NEBS, and the Nevada open government website that included PPBB data. According to the Budget Division, there were currently 376 requests for enhancements to those systems with an additional 72 requests awaiting assignment. Mr. Drost advised that the Budget Division had not provided the programming hours associated with the requests. He said it was unclear to Fiscal Analysis Division staff how many of the hours were related to each system and whether the original request for 800 programming hours included hours for PPBB-related enhancements, as testified to by the Budget Division during its March 5, 2013, budget hearing.

Mr. Drost reported that on May 1, 2013, the Subcommittees on General Government closed the EITS Application Support budget (BA 1365) and voted to approve a full-time programmer position to assist Aeris Enterprises in the development of PPBB. The position was approved contingent upon the Subcommittees approving other assets to more fully develop PPBB within the Budget and Planning account. However, Mr. Drost said that based on the new information from the Budget Division, the May 1, 2013, decision was no longer the intent for the programming hours. If the Subcommittees chose to approve the 800 additional programming hours unrelated to PPBB, he said that the Assembly Committee on Ways and Means and the Senate Committee on Finance might wish to revisit the decision unit within the EITS Application Support account prior to closing the account.

Mr. Drost provided the following two options related to the further development of PPBB-based budgeting for the Subcommittees' consideration:

- Approve the Governor's recommendation for a new budget analyst 5 and Aeris Enterprises programming resources to further develop the PPBB initiative.
- Do not approve the Governor's recommendation for a new budget analyst 5 and Aeris Enterprises programming resources to further develop the PPBB initiative.

In response to Chair Flores' request for discussion, Senator Woodhouse expressed concern that the proposed changes to NEBS by EITS staff would adversely affect the functionality of BASN. Additionally, she noted the absence of definition regarding the major programming changes Aeris Enterprises

proposed for NEBS, the absence of a breakdown of the 800 hours to associated projects, and the absence of a solid plan for bringing the PPBB forward.

In response, Chair Flores advised that Mr. Drost would address the intent for the 800 hours in the second option for consideration. She shared, however, the concerns expressed by Senator Woodhouse and asked whether a business plan existed for the continued development of the PPBB initiative.

Mr. Drost responded that while there was no business plan, pages 4 and 5 of the closing document ([Exhibit C](#)) provided information, which he had previously discussed, concerning how the Budget Division planned to move forward with the PPBB initiative.

In response to Chair Flores' question concerning a PPBB format, Mr. Drost advised that during a previous hearing, the Budget Division discussed its Nevada's open government website on which was presented a concept of the PPBB format.

Chair Flores expressed skepticism that decisions could be made based on information on the Nevada open government website.

Senator Denis raised concerns regarding the lack of detail on updating NEBS to a new PPBB system and developing an interface with BASN that would enable communication between the Executive and Legislative Branches.

Mr. Drost provided clarification and said that the Department had advised that the EITS' programming hours would be required to address backlogged IT enhancement requests and not PPBB enhancements. He also explained that the PPBB would be a module within the NEBS that would be developed by Aeris Enterprises. Mr. Drost pointed out, however, that LCB would need additional resources totaling \$166,500 to ensure that BASN system enhancements were supported.

Senator Denis brought up the need for continued discussion with the Department of Administration concerning the BASN interface.

Chair Flores advised that one of the options for the Subcommittees' consideration was to approve the Governor's recommendation for a new budget analyst 5 position and Aeris Enterprises programming resources to further develop the PPBB initiative.

Assemblyman Hogan also joined his colleagues in expressing skepticism concerning the lack of a detailed plan.

Assemblyman Anderson suggested that if it was the Subcommittees' intention to not approve the Governor's recommendation, the Department of Administration should be provided with clear direction concerning how to proceed with the PPBB and what they needed to accomplish.

Chair Flores expressed agreement with Assemblyman Anderson's suggestion and recalled that The Executive Budget included a recommendation to study the replacement of the financial management system over the 2013-2015 biennium.

Mr. Drost advised that the EITS budget included a recommendation to study the replacement of the Advantage System over the 2013-2015 biennium and to present a proposal for its replacement to the 2015 Legislature.

Senator Denis recalled a comment concerning Aeris Enterprises and complimented Aeris' work with NEBS. He said, however, he continued to be concerned about whether Aeris could develop the interface with the state's systems.

Assemblyman Eisen complimented the Budget Division's work in moving toward priorities and performance based budgeting but agreed that there were questions remaining, particularly regarding the selection of performance measures. Assemblyman Eisen expressed uncertainty that the state was ready to replace the current budgeting system.

ASSEMBLYMAN EISEN MOVED TO NOT APPROVE THE
RECOMMENDATION FOR A BUDGET ANALYST 5 AND THE
ADDITIONAL AERIS ENTERPRISES PROGRAMMING RESOURCES
TO FURTHER DEVELOP THE PPBB INITIATIVE.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

Mr. Drost asked whether the Subcommittees wished to approve the Governor's recommendation for 800 additional EITS' programming hours with the intent

that the hours would primarily be used for non-PPBB-related system enhancements.

SENATOR WOODHOUSE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR 800 ADDITIONAL EITS' PROGRAMMING HOURS WITH THE INTENT THAT THE HOURS WOULD PRIMARILY BE USED FOR NON-PPBB-RELATED SYSTEM ENHANCEMENTS.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

Mr. Drost provided the following information on other closing items:

- Transfer of Business Process Analyst 3 Position (Decision Units Enhancement (E) 500 and E-900

The business process analyst 3 position recommended to be transferred from EITS to the Budget Division would oversee content management for Department websites, assist with automation efforts in partnership with EITS, and complete special projects for the Director.

The Budget Division submitted Budget Amendment A13A0026, which adjusted the EITS full-time-equivalent (FTE) driven assessments related to the position. The recommendation, as amended, appeared reasonable to staff.

- Equipment Replacement (Decision Unit Enhancement (E) 710)

The Governor recommended General Fund appropriations of \$7,397 in fiscal year 2014 and \$11,125 in fiscal year 2015 to replace computer equipment. The recommendation appeared reasonable to staff.

- Cost Allocation (Decision Unit Maintenance (M) 801 and Enhancement (E) 801, E-802 and E-804)

The Governor recommended cost-allocation changes related to the Department of Administration's Administrative Services Division and the Division of Human Resource Management centralized human resource services. The recommendations appeared reasonable to staff.

- Technical Adjustment

Travel expenditures for the Economic Forum members to attend meetings were historically allocated in the Budget and Planning account, however, expenditures were not reflected in the base year since the expenditures occurred in the odd-numbered year of a biennium. An error occurred when expenditure authority was not recommended for fiscal year 2015, and the Budget Division requested a technical adjustment for travel expenditure authority related to the Economic Forum travel in fiscal year 2015. Historically, the Department had been authorized to expend \$4,900 in odd fiscal years for Economic Forum travel; however, the Department spent \$3,431 in fiscal year 2009 and \$3,262 in fiscal year 2011 for Economic Forum travel, or an average of \$3,347. The request for a technical adjustment of \$3,347 in fiscal year 2015 for travel expenditures associated with the Economic Forum appeared reasonable to staff.

Mr. Drost asked whether the Subcommittees wished to approve other closing items as recommended and amended by the Governor and to authorize Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments, including General Fund appropriations of \$3,347 in fiscal year 2015 for travel expenditures for Economic Forum members.

ASSEMBLYMAN AIZLEY MOVED TO APPROVE OTHER CLOSING ITEMS AS RECOMMENDED AND AMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS, INCLUDING GENERAL FUND APPROPRIATIONS OF \$3,347 IN FISCAL YEAR 2015 FOR TRAVEL EXPENDITURES FOR ECONOMIC FORUM MEMBERS.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

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FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
ADMINISTRATIVE SERVICES (716-1371)
BUDGET PAGE ADMIN-140

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Administrative Services Division provided administrative and fiscal support to the divisions of the Department of Administration. The Division was funded entirely through a cost allocation to the other agencies within the Department of Administration.

Ms. McCalla provided the following information on the two major closing issues for the Administrative Services Division budget:

- New Half-Time Database Administrator (Decision Unit Enhancement (E) 225)

The Governor recommended \$144,550 over the 2013-2015 biennium for additional Division of Enterprise Information Technology Services (EITS) database administrative services. The funding would support a 0.50 full-time-equivalent (FTE) database administrator to work on the website that handled workflows between the Administrative Services Division and other divisions within the Department of Administration. The database administrator would also work to enhance the website to automate additional services that would eliminate several manual processes.

Ms. McCalla asked whether the Subcommittees wished to approve administrative assessment funding totaling \$144,550 over the 2013-2015 biennium to provide support for an additional half-time database administrator.

SENATOR WOODHOUSE MOVED TO APPROVE ADMINISTRATIVE ASSESSMENT FUNDING TOTALING \$144,550 OVER THE 2013-2015 BIENNIUM TO PROVIDE SUPPORT FOR AN ADDITIONAL HALF-TIME DATABASE ADMINISTRATOR.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

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

- Position Elimination (Decision Unit Enhancement (E) 231)

The Executive Budget recommended the elimination of an accounting assistant 2 position resulting in a reduction of cost-allocation funds of \$90,678 over the 2013-2015 biennium. The position had been vacant since July 23, 2012. Fewer transactions would be processed through the Administrative Services Division accounting office because of the proposed transfer of the Commodity Foods Program to the State Department of Agriculture. The elimination of the position would redistribute the noncommodity foods workload among the remaining 12 accounting staff. Based on the information provided and the Subcommittees' prior closing actions related to the transfer of the Commodity Food Program to the Department of Agriculture, the recommendation appeared reasonable to staff.

Ms. McCalla asked whether the Subcommittees wished to approve the elimination of a vacant accounting assistant 2 position resulting in a reduction of the cost-allocation funds of \$90,678 over the 2013-2015 biennium.

ASSEMBLYMAN EISEN MOVED TO APPROVE THE ELIMINATION OF A VACANT ACCOUNTING ASSISTANT 2 POSITION RESULTING IN A REDUCTION OF THE COST-ALLOCATION FUNDS OF \$90,678 OVER THE 2013-2015 BIENNIUM.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

Ms. McCalla provided the following information on other closing items:

- Interest Earnings (Decision Unit Enhancement (E) 230)

The Executive Budget proposed that the agencies within the Department of Administration and the Attorney General's Tort Claim Fund be permitted to retain interest earned to assist in funding operations. Senate Bill 473, heard on April 8, 2013, in the Senate Committee on Government Affairs and rereferred to the Senate Committee on Finance was enabling legislation for the recommendation. The recommendation appeared reasonable to staff, contingent upon passage and approval of S.B. 473.

- Replacement Equipment (Decision Unit Enhancement (E) 710)

The Governor recommended administrative assessment funding totaling \$11,220 over the 2013-2015 biennium to replace computer equipment in accordance with the EITS recommended five-year replacement schedule. The recommendation appeared reasonable to staff.

- Division of Human Resource Management Cost Allocation (Decision Unit Enhancement (E) 804)

The Governor recommended a cost allocation totaling \$5,906 over the 2013-2015 biennium for increases in the Division of Human Resource Management cost allocation for centralized personnel services. The recommendation appeared reasonable to staff.

Ms. McCalla advised that Fiscal Analysis Division staff of the Legislative Counsel Bureau recommended that all other closing items be approved as recommended by the Governor and that Fiscal Analysis Division staff be authorized to make any necessary technical adjustments.

SENATOR WOODHOUSE MOVED TO APPROVE ALL OTHER
CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND
TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE
TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

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

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**FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
PURCHASING (718-1358)
BUDGET PAGE ADMIN-209**

According to information provided by the Fiscal Analysis Division of the Legislative Counsel Bureau, the Purchasing Division's primary responsibility was to assist state agencies and political subdivisions with the efficient procurement

of quality supplies, equipment, and services at a reasonable cost. The Purchasing Division also handled the disposal of state property and maintained the state's inventory of fixed assets. An assessment on Executive Branch agencies primarily funded the account, while service and handling fees provided a secondary source of funding.

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that there were no major closing issues for the Purchasing Division budget.

Ms. McCalla provided the following information on other closing items:

- Replacement Equipment (Decision Unit Enhancement (E) 710)

The Governor recommended \$31,948 in fiscal year 2014 and \$6,745 in fiscal year 2015 for replacement computer equipment in accordance with the Division of Enterprise Information Technology Services' schedule. The recommendation appeared reasonable to staff.

- Increase Funding Transfer to Commodity Food Program (Decision Unit Enhancement (E) 227)

The Executive Budget recommended \$16,783 in each year of the 2013-2015 biennium to reimburse the Commodity Food Program for costs related to the Division's excess property program. Based on the information provided and the Subcommittees prior closing actions in approving the recommended transfer of the Commodity Food Program to the State Department of Agriculture, the recommendation appeared reasonable to staff.

- Interest Earnings (Decision Unit Enhancement (E) 230)

The Governor recommended authorizing the Purchasing Division to receive interest earnings of \$1,213 in fiscal year 2014 and \$1,421 in fiscal year 2015, from the Office of the Treasurer as part of its operating budget. As previously mentioned in the closing document for the Administrative Services Division, Senate Bill 473 was the enabling legislation for the recommendation. The recommendation appeared reasonable to staff contingent upon the passage and approval of S.B. 473.

- Cost Allocations (Decision Units Maintenance (M) 801, and Enhancement (E) 801, E-802 and E-804)

The Governor recommended a net reduction in reserve expenditures of \$749 in each year of the 2013-2015 biennium for the Department of Administration's Administrative Services Division cost allocation. Additionally, the Governor recommended reserve funding of \$2,115 in fiscal year 2014 and \$2,180 in fiscal year 2015 to increase the centralized human resource services cost allocation in the Division of Human Resource Management. The recommendation appeared reasonable to staff.

- Ending Reserve Balance

The Executive Budget originally recommended an ending reserve balance of \$119,404 in fiscal year 2015, which represented approximately 16 days of operating expenditures. However, on March 14, 2013, the Budget Division submitted Budget Amendment A130011358. The amendment, which adjusted the Attorney General cost-allocation plan assessment and the Purchasing assessment, resulted in the fiscal year 2015 ending reserve balance to increase to \$348,931. The increase represented approximately 47 days of operating expenditure. The recommendation appeared reasonable to staff.

Ms. McCalla advised that Fiscal Analysis Division staff of the Legislative Counsel Bureau recommended closing the Purchasing Division budget as recommended by the Governor, inclusive of Budget Amendment A130011358, and to authorize Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments as necessary.

ASSEMBLYMAN ANDERSON MOVED TO CLOSE THE PURCHASING DIVISION BUDGET AS RECOMMENDED BY THE GOVERNOR, INCLUSIVE OF BUDGET AMENDMENT A130011358, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

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

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**COMMERCE & INDUSTRY
DEPARTMENT OF AGRICULTURE
COMMODITY FOOD PROGRAM (101-1362)
BUDGET PAGE AGRICULTURE-19**

According to information provided by the Fiscal Analysis Division, Legislative Counsel Bureau, the Commodity Food Program, under the direction of the Purchasing Division, Department of Administration, administered the distribution of food received from the U.S. Department of Agriculture (USDA). The food distribution program provided USDA commodity foods to schools, senior centers, Indian reservations, food banks, and other eligible agencies and individuals in Nevada.

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided the following information on the major closing issues for the Commodity Food Program budget:

- Proposed Transfer to the State Department of Agriculture

As a part of a statewide consolidation of food and nutrition programs within the State Department of Agriculture, the Governor recommended transferring the Commodity Foods Program from the Purchasing Division, Department of Administration, to the State Department of Agriculture. Fiscal Analysis Division staff of the Legislative Counsel Bureau noted that on April 26, 2013, the Assembly Committee on Ways and Means Subcommittee on General Government and the Senate Committee on Finance Subcommittee on General Government met jointly and approved the creation of the Food and Nutrition Division within the Department of Agriculture. Additionally, on April 30, 2013, the Assembly Committee on Ways and Means Subcommittee on K-12/Higher Education/CIP and the Senate Committee on Finance Subcommittee on K-12/Higher Education/CIP met jointly and approved the transfer of Nutrition Education Programs to the State Department of Agriculture.

The account contained various decision units that related to the Governor's recommendation to transfer the Commodity Food Program to the Department of Agriculture, including decision units Enhancement (E) 226, E-227, E-230, and E-801. The enhancements would be discussed in other major closing issues.

At the March 15, 2013, joint meeting of the Subcommittees on General Government, the Department of Agriculture testified that there would

not be any cost savings or reduction of delivery costs during the 2013-2015 biennium because of the merger. The goal, however, was to increase the amount of fresh fruits and vegetables delivered without increasing costs, through efficiencies gained from the use of the food banks.

The Commodity Food Program also advised that capital improvements in a cost range of \$450,000 to \$500,000 were needed for its current office and warehouse facility in Reno. The improvements would not be necessary if the recommended transfer was approved.

Ms. McCalla asked whether the Subcommittees wished to approve the Governor's recommendation to transfer the Commodity Food Program and 13 full-time-equivalent positions from the Department of Administration to the Department of Agriculture, consistent with the prior closing actions of the subcommittees approving the statewide consolidation of food and nutrition programs within the Department of Agriculture.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER THE COMMODITY FOOD PROGRAM AND 13 FULL-TIME-EQUIVALENT POSITIONS FROM THE DEPARTMENT OF ADMINISTRATION TO THE DEPARTMENT OF AGRICULTURE, CONSISTENT WITH THE PRIOR CLOSING ACTIONS OF THE SUBCOMMITTEES APPROVING THE STATEWIDE CONSOLIDATION OF FOOD AND NUTRITION PROGRAMS WITHIN THE DEPARTMENT OF AGRICULTURE.

SENATOR DENIS SECONDED THE MOTION.

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

- New Location for the Las Vegas Warehouse (Decision Unit Enhancement (E) 226)

The Executive Budget recommended \$79,092 in fiscal year 2014 and \$81,801 in fiscal year 2015 to relocate the Commodity Food Program's Las Vegas warehouse to a new location. The current warehouse had been determined to be unsuitable to store food, and the agency needed to relocate its warehouse.

The recommended funding in The Executive Budget supported a 15,000-square-foot facility at 45 cents per square foot per month (\$81,000 annually) although the location of the new warehouse had not yet been determined.

In a memo dated March 26, 2012, the Department of Agriculture advised that the Commodity Food Program was currently negotiating an agreement with Three Square Food Bank in Las Vegas to store both dry-good products and cold food storage. Because of the ongoing negotiation of the Las Vegas' warehouse space agreement with Three Square Food Bank, staff was unable to determine whether the recommended funding in E-226 was reasonable.

Ms. McCalla asked whether the Subcommittee wished to approve the Governor's recommendation of \$79,092 in fiscal year 2014 and \$81,801 in fiscal year 2015 to relocate the Commodity Food Program's Las Vegas warehouse to a new location.

Chair Flores asked for additional information concerning the availability of the new Three Square Food Bank location.

Jim R. Barbee, Director, State Department of Agriculture, advised that although he could not provide a guarantee, he was optimistic that the Commodity Food Program would be sharing space at the Three Square Food Bank warehouse facility.

Greg Smith, Administrator, Purchasing Division, the current administrator of the Commodity Food Program, advised that almost 90 percent of the Program's food products had already been moved to the Three Square Food Bank warehouse location. He explained that the Purchasing Division was currently waiting for the Three Square Food Bank attorney and executive board to approve a document concerning the relocation.

Senator Denis asked whether the food products had been moved to the Three Square Food Bank's regular warehouse or other space.

Mr. Smith advised that the Three Square Food Bank had two warehouses at its facility in North Las Vegas, and the Commodity Food Program would share the south warehouse space.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF \$79,092 IN FISCAL YEAR 2014 AND \$81,801 IN FISCAL YEAR 2015 TO RELOCATE THE COMMODITY FOOD PROGRAM'S LAS VEGAS WAREHOUSE TO A NEW LOCATION.

SENATOR DENIS SECONDED THE MOTION.

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

- Excess Property Program Cost Increase (Decision Unit Enhancement (E) 227)

The Governor recommended a new reimbursement from the Department of Administration's Purchasing Division for \$16,783 in each year of the 2013-2015 biennium to reimburse the Commodity Food Program for payroll costs associated with the Division's excess property program.

At the March 15, 2013, joint meeting of the Subcommittees on General Government, the Department of Agriculture testified that there would be no additional supply or travel costs associated with the excess property program.

Ms. McCalla asked whether the Subcommittees wished to approve the Governor's recommendation of \$16,783 in each year of the 2013-2015 biennium to reimburse the Commodity Food Program for payroll costs associated with the Purchasing Division's excess property program.

SENATOR WOODHOUSE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF \$16,783 IN EACH YEAR OF THE 2013-2015 BIENNIUM TO REIMBURSE THE COMMODITY FOOD PROGRAM FOR PAYROLL COSTS ASSOCIATED WITH THE PURCHASING DIVISION'S EXCESS PROPERTY PROGRAM.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

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

- Reclassification of the Social Services Chief (Decision Unit Enhancement (E) 805)

The Governor recommended reserve funding of \$12,006 in fiscal year 2014 and \$11,364 in fiscal year 2015 to change the classified social services chief 1 position to an unclassified food and nutrition deputy administrator. The position would work as the deputy administrator over the entire Food and Nutrition Division. On April 26, 2013, in a joint meeting, the Subcommittees on General Government approved the creation of the Food and Nutrition Division within the Department of Agriculture. Additionally, on April 30, 2013, in a joint meeting, the Subcommittees on K-12/Higher Education/CIP approved the transfer of Nutrition Education Programs to the Department of Agriculture.

Ms. McCalla asked whether the Subcommittees wished to approve the Governor's recommendation for funding of \$12,006 in fiscal year 2014 and \$11,364 in fiscal year 2015 to change the classified social services chief 1 position to an unclassified food and nutrition deputy administrator within the Department of Agriculture with authorization for Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments, subject to final approval of the reclassification by the full money committees.

SENATOR WOODHOUSE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR FUNDING OF \$12,006 IN FISCAL YEAR 2014 AND \$11,364 IN FISCAL YEAR 2015 TO CHANGE THE CLASSIFIED SOCIAL SERVICES CHIEF 1 POSITION TO AN UNCLASSIFIED FOOD AND NUTRITION DEPUTY ADMINISTRATOR WITHIN THE DEPARTMENT OF AGRICULTURE AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS, SUBJECT TO FINAL APPROVAL OF THE RECLASSIFICATION BY THE FULL MONEY COMMITTEES.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

- New Driver Position (Decision Unit Enhancement (E) 225)

The Governor recommended reserve funding of \$7,571 in fiscal year 2014 and \$22,794 in fiscal year 2015 to add a new driver position for the Las Vegas warehouse. The position was inclusive of a \$29,038 offset in each fiscal year for the cost of temporary services currently used in the Las Vegas warehouse. A full-time temporary worker did not have a commercial driver's license needed for the position and was unable to perform all of the necessary duties associated with the job.

Ms. McCalla asked whether the Subcommittees wished to approve the Governor's recommendation of \$7,571 in fiscal year 2014 and \$22,794 in fiscal year 2015 to add a new driver position and associated costs for the Las Vegas warehouse.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF \$7,571 IN FISCAL YEAR 2014 AND \$22,794 IN FISCAL YEAR 2015 OF RESERVE FUNDING TO ADD A NEW DRIVER POSITION AND ASSOCIATED COSTS FOR THE LAS VEGAS WAREHOUSE.

SENATOR DENIS SECONDED THE MOTION.

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

Ms. McCalla provided the following information on other closing items:

- Travel Costs for an Annual Meeting (Decision Unit Enhancement E-230)

The Governor recommended funding for instate travel costs of \$996 in each year of the 2013-2015 biennium for Las Vegas employees of the Commodity Food Program to attend the Department of Agriculture's annual meeting in Reno. The recommendation appeared reasonable to staff, based on closing actions taken by the Subcommittees on General Government in other Department of Agriculture budget accounts.

- Replacement of Computer Equipment (Decision Unit Enhancement (E) 710)

The Governor recommended reserve funding of \$29,667 in fiscal year 2014 for replacement computer equipment in accordance with the recommended replacement schedule of the Division of Enterprise Information Technology Services. The recommendation appeared reasonable to staff.

- Replacement of Electric Pallet Jacks (Decision Unit Enhancement (E) 711)

The Executive Budget recommended \$4,067 in each fiscal year of the 2013-2015 biennium for the replacement of two electric pallet jacks. The recommendation appeared reasonable to staff.

- Replacement of a Tractor Truck and a Refrigerated Trailer (Decision Unit Enhancement (E) 712)

The Governor recommended reserve funding totaling \$143,482 and federal Emergency Food Assistance Program grant funding totaling \$47,630 over the 2013-2015 biennium for the replacement of a tractor truck and a refrigerated trailer, both of which were more than 12 years old. The recommendation appeared reasonable to staff.

- Department of Agriculture Cost Allocation (Decision Unit Enhancement (E) 801)

In conjunction with the proposed transfer of the Commodity Food Program to the Department of Agriculture, the Governor recommended reserve funding of \$281,328 in fiscal year 2014 and \$288,718 in fiscal year 2015 for the Department of Agriculture's cost allocation. The recommendation appeared reasonable to staff.

- Division of Human Resource Management Cost Allocation (Decision Unit Enhancement (E) 804)

The Governor recommended reserve funding of \$1,059 in fiscal year 2014 and \$1,092 in fiscal year 2015 for increases in the Division of Human Resource Management cost allocation for centralized personnel services. The recommendation appeared reasonable to staff.

Ms. McCalla recommended closing all other closing items as recommended by the Governor and authorizing Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments as necessary.

ASSEMBLYMAN AIZLEY MOVED TO APPROVE ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

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

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**COMMERCE & INDUSTRY
DEPARTMENT OF AGRICULTURE
DAIRY COMMISSION (233-4470)
BUDGET PAGE AGRICULTURE-29**

According to information provided by the Fiscal Analysis Division, the State Dairy Commission included 3 Governor appointed members and 13 staff members. The Dairy Commission inspected, licensed, and regulated all segments involved in the production and sale of dairy products to Nevada consumers from farm-level production through sales to the customer. The account was primarily funded through license and permit fees on regulated dairy products.

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided the following information on major closing issues:

- Reorganization and Consolidation Plan – Dairy Commission

The Executive Budget recommended the transfer of the Nevada Dairy Commission from the Department of Business and Industry to the State Department of Agriculture. Senate Bill 469, which was referred to the Senate Committee on Finance, provided for that transfer.

During the Subcommittees on General Government work session on April 2, 2013, the State Department of Agriculture said it was responsible for animal health but not currently responsible for dairy products as a commodity. By transferring the Dairy Commission to the Department of Agriculture, all aspects of the dairy industry would fall under a single department.

Ms. McCalla discussed the following decision units recommended in relation to the fiscal effects of the Governor's reorganization and consolidation plan for the Dairy Commission:

- Elimination of Three Positions (Decision Unit Enhancement (E) 225)

The Executive Budget recommended the elimination of three positions within the Dairy Commission's budget, one management analyst 2, one business process analyst 1, and the division administrator of the Dairy Commission. The duties of the three positions and the incumbent staff would transfer to positions within the Department of Agriculture.

The Budget Division, Department of Administration, submitted Budget Amendment A130014470 to transfer two positions to the Department of Agriculture's Administrative Division, which eliminated the gap in employment that would have resulted under the Governor's original recommendation.

- Cost Allocations Modifications (Decision Units Maintenance (M) 804, Enhancement (E) 801, E-802)

Under the Governor's recommended reorganization and consolidation plan, the Dairy Commission's cost allocation from the Department of Agriculture would increase by \$207,140 over the 2013-2015 biennium from \$161,197 currently paid to the Department of Business and Industry to \$368,337 for the Department of Agriculture, a 128.5 percent increase.

In response to Chair Flores' question concerning the 128 percent increase in the Dairy Commission's cost allocation, Ms. McCalla advised that the cost increase was offset by transferring two of the positions currently funded out of the Dairy Commission's budget to the Department of Agriculture's Administrative Division.

- Reduction to Non-State Lease Expenditures

Additional rent savings would be realized once the Dairy Commission relocated to the Department of Agriculture, although the Commission's northern office lease would not expire until June 2015. The Department of Agriculture advised that it had dairy laboratory facilities at its headquarters in Sparks as well as some staff with the ability to perform testing of dairy products. The Department, however, planned to continue to contract with the University of Nevada, Reno laboratory to perform the necessary laboratory testing until it could determine the additional laboratory equipment that was required for dairy testing.

At the April 26, 2013, joint meeting, the Subcommittees on General Government approved the creation of the Food and Nutrition Division within the Department of Agriculture. On April 30, 2013, the Subcommittees on K-12/Higher Education/CIP approved the transfer of Nutrition Education Programs to the Department of Agriculture.

Ms. McCalla asked whether the Subcommittees, consistent with prior closing actions to consolidate food and nutrition programs under the Department of Agriculture, wished to approve decision units E-225, M-804, E-801, E-802, and E-804 to transfer the Dairy Commission and ten full-time-equivalent positions from the Department of Business and Industry to the Department of Agriculture, inclusive of Budget Amendment A130014470.

Jim R. Barbee, Director, State Department of Agriculture, in response to Assemblyman Hardy's question concerning the background of the Department's laboratory staff, advised that the staff members were microbiologists with the educational skill to manage the testing. Additionally, he advised that some of dairy staff had the capabilities to do some of the testing as well.

Mr. Barbee also advised Assemblyman Hardy that the Department did not expect there would be a need for future full-time-equivalent positions.

ASSEMBLYMAN HARDY MOVED TO APPROVE DECISION UNITS E-225, M-804, E-801, E-802, AND E-804 TO TRANSFER THE DAIRY COMMISSION AND TEN FULL-TIME-EQUIVALENT POSITIONS FROM THE DEPARTMENT OF BUSINESS AND INDUSTRY TO THE DEPARTMENT OF AGRICULTURE, INCLUSIVE OF BUDGET AMENDMENT A130014470.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

- Healthy Nevada Dairy Products Program (Decision Unit Enhancement (E) 275)

The Executive Budget recommended reserve funding of \$12,283 in fiscal year 2014 and \$11,323 in fiscal year 2015 for the Healthy Nevada Dairy Products program, a new initiative to promote an increase in the consumption of dairy products in the state and to promote economic growth of Nevada's dairy industry. According to the agency, community outreach efforts using coloring books aimed at an age group below those students receiving an agricultural curriculum in the schools would be a simple effort to raise awareness of the nutritional value of dairy products.

According to the Dairy Commission, the per capita consumption of dairy products was slowly declining in the United States, and massive marketing campaigns were promoting the use of products that were not in the public's best interest when it came to their health and welfare. The Commission stated that it was counterproductive to promote production and marketing without promoting consumption. Page 20 of the closing document ([Exhibit C](#)) outlined the Commission's projected use of the funding.

In response to the Subcommittees' questions concerning measuring the program's performance, the Commission advised that the number of classroom presentations and the number of annual agro-tourism events, such as fairs, would measure the program.

Ms. McCalla asked whether the Subcommittees wished to approve the Governor's recommendation of reserve funding of \$12,283 in fiscal year 2014 and \$11,323 in fiscal year 2015 for a new Healthy Nevada Dairy Products program.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF RESERVE FUNDING OF \$12,283 IN FISCAL YEAR 2014 AND \$11,323 IN FISCAL YEAR 2015 FOR A NEW HEALTHY NEVADA DAIRY PRODUCTS PROGRAM.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

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

Ms. McCalla provided the following information on other closing items:

- Replacement Equipment (Decision Unit Enhancement (E) 710)

The Executive Budget recommended funding for replacement computer equipment in accordance with the Division of Enterprise Information Technology Services (EITS) replacement guidelines. Fiscal Analysis Division staff noted that if the Subcommittees approved decision unit E-225, a technical adjustment to remove replacement computer equipment for one position recommended for elimination and two positions recommended for transfer would be needed. The recommendation appeared reasonable to staff with authorization for the Fiscal Analysis Division staff of the Legislative Counsel Bureau to make technical adjustments to the replacement computer equipment associated with the three positions.

- Division of Human Resource Management Cost Allocation (Decision Unit Enhancement (E) 804)

The Governor recommended reserve funding of \$1,145 in fiscal year 2014 and \$1,181 in fiscal year 2015 for increases in the Division of Human Resource Management cost allocation for centralized personnel services. The recommendation appeared reasonable to staff.

Ms. McCalla advised that Fiscal Analysis Division staff recommended closing all other closing items as recommended by the Governor with authorization for staff to make the technical adjustment associated with the positions recommended for elimination as well as any other necessary technical adjustments.

SENATOR WOODHOUSE MOVED TO APPROVE ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE THE TECHNICAL ADJUSTMENT ASSOCIATED WITH THE POSITIONS RECOMMENDED FOR ELIMINATION AS WELL AS ANY OTHER NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson and
Assemblyman Aizley were not present for the vote.)

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**COMMERCE & INDUSTRY
DEPARTMENT OF BUSINESS & INDUSTRY
INDUSTRIAL RELATIONS (210-4680)
BUDGET PAGE B & I-75**

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the Industrial Relations account included the Division of Industrial Relations Administrator's Office, the Workers' Compensation Section, and the Legal Section.

Ms. McCalla provided the following information on the account's major closing issue:

- New Contract to Compile Data in the Nevada Medical Fee Schedule (Decision Unit Enhancement (E) 226)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund of \$269,000 in fiscal year 2014 for a vendor to compile national data and provide recommendations for updating the fees and charges for medical treatment and services provided to injured workers included in the Nevada Medical Fee Schedule. The last study to assess Nevada's conversion factors and reimbursement levels for medical services provided through Nevada's workers' compensation program was completed in 2002.

At the March 15, 2013, joint meeting of the Subcommittees on General Government, the Administrator of the Division of Industrial Relations testified that the \$269,000 for the study had been determined by obtaining an estimate from the contractor who had completed the last Medical Fee Schedule for Nevada. The recommendation appeared reasonable to staff.

Ms. McCalla asked whether the Subcommittee wished to approve an allocation from the Workers' Compensation and Safety Fund for \$269,000 in

fiscal year 2014 for a vendor to study the Nevada Medical Fee Schedule as recommended by the Governor.

SENATOR WOODHOUSE MOVED TO APPROVE AN ALLOCATION FROM THE WORKERS' COMPENSATION AND SAFETY FUND FOR \$269,000 IN FISCAL YEAR 2014 FOR A VENDOR TO STUDY THE NEVADA MEDICAL FEE SCHEDULE AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson and Assemblyman Aizley were not present for the vote.)

Ms. McCalla provided the following information on other closing items:

- Out-of-State Travel Increase (Decision Unit Enhancement (E) 225)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund of \$8,354 in fiscal year 2014 and \$8,156 in fiscal year 2015. The recommendation appeared reasonable to staff.

- Equipment Replacements (Decision Unit Enhancement (E) 710)

The Executive Budget included a funding allocation to replace computer equipment in accordance with the Division of Enterprise Information Technology Services replacement guidelines. The recommendation also included office furnishings and small office equipment as well as funding to replace five agency-owned vehicles, each over ten years old, with five long-term-leased motor pool vehicles. The recommendation appeared reasonable to staff.

- New Equipment (Decision Unit Enhancement (E) 720)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund to purchase computer equipment pursuant to a recommendation by the Division of Enterprise Information Technology Services. The recommendation appeared reasonable to staff.

- Cost Allocations (Decision Units Maintenance (M) 804 and Enhancement (E) 804)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund in the amount of \$5,991 in fiscal year 2014 and \$6,177 in fiscal year 2015 for the Department of Administration's centralized personnel services cost allocation. Additionally, The Executive Budget recommended an adjustment to the Department of Business and Industry Director's Office cost allocation. The recommendation appeared reasonable to staff.

- Position Transfers (Decision Unit Enhancement (E) 900)

The Governor recommended the transfer of one management analyst position and one administrative assistant position from the Industrial Relations budget account to the division's Occupational Safety and Health Enforcement account to properly align the duties being performed. The Governor's recommendation was cost-neutral and appeared reasonable to staff.

Ms. McCalla advised that Fiscal Analysis Division staff recommended that other closing items be approved as recommended by the Governor with authorization for the Fiscal Analysis Division staff to make technical adjustments as necessary.

ASSEMBLYMAN EISEN MOVED TO APPROVE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson and Assemblyman Aizley were not present for the vote.)

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COMMERCE & INDUSTRY
DEPARTMENT OF BUSINESS & INDUSTRY
OCCUPATIONAL SAFETY & HEALTH ENFORCEMENT (210-4682)
BUDGET PAGE B & I-83

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Division of Industrial Relations' Occupational Safety and Health Administration (OSHA) was funded primarily through an allocation from the Workers' Compensation and Safety Fund.

Ms. McCalla provided the following information on the account's major closing issues:

- Classified Position Salary Increases (Decision Unit Enhancement (E) 807)

The Executive Budget included an allocation from the Workers' Compensation and Safety Fund totaling \$497,326 in fiscal year 2014 and \$505,159 in fiscal year 2015, representing an approximate 10 percent salary increase, or a two-grade salary adjustment, for 57 classified safety specialist positions and 15 classified industrial hygienist positions. The recommendation also included adjustments for compaction issues for 13 supervisory personnel. The Division advised that the increase was necessary because of the difficulty the agency had retaining experienced and qualified personnel because of the significant salary differences between other types of entities that employed safety inspectors and state inspectors.

In addition to salary increases recommended in the OSHA budget, the Governor also proposed the same increases in the Safety Consultation and Training section and the Mine Safety and Training section. Page 26 of the closing document ([Exhibit C](#)) provided a table that summarized the number of positions in each budget account that would be eligible to receive the salary increase and the total additional cost of the Governor's recommendation for the entire Division. The table reflected that 120 positions would be affected by the salary increase for a total of \$1,424,366 over the biennium.

According to a salary survey report by the Division of Human Resource Management, 16 out of 39 safety specialists and industrial hygienists surveyed left their jobs for a higher salary.

During the joint meeting of the Subcommittees on General Government on March 15, 2013, OSHA representatives testified that currently only 12 of the 42 employees in field positions were highly qualified for their work duties. Representatives from OSHA reported that it took approximately five to seven years to fully train the safety specialists, who were hired with little or no experience.

Although OSHA believed that the recommended increase in salary might not entirely resolve the issue the agency had experienced with staff retention, the higher salaries should help to attract and retain personnel that were more qualified. Occupational Safety and Health Administration representatives further advised that, ideally, the safety specialist 3 position could be moved from a grade 35 to a grade 40 to match the compliance/enforcement investigator 3 salary along with similar increases to other position classifications. The salary increases were identified as a corrective action in the 2009 evaluation of the state's OSHA program.

In response to a question posed by the Subcommittees on General Government, OSHA said that the impact of the Governor's recommended 10 percent salary increase would require an approximate 1.6 percent increase for self-insured and group assessments and 2 percent for private insurance companies.

Page 27 of the closing document ([Exhibit C](#)) provided a summary of the findings of the 2008 salary survey completed by the then Department of Personnel Compensation and Classification Division [now Department of Administration Division of Human Resource Management, Compensation, Classification, and Recruitment Section].

Ms. McCalla asked whether the Subcommittees wished to approve an allocation from the Workers' Compensation and Safety Fund totaling \$497,326 in fiscal year 2014 and \$505,159 in fiscal year 2015. The allocation, if approved, would increase salaries by approximately 10 percent, a two-grade adjustment, for 57 classified safety specialists, 15 classified industrial hygienists, and 13 supervisor positions, as recommended by the Governor.

SENATOR WOODHOUSE MOVED TO APPROVE AN ALLOCATION FROM THE WORKERS' COMPENSATION AND SAFETY FUND TOTALING \$497,326 IN FISCAL YEAR 2014 AND \$505,159 IN FISCAL YEAR 2015. THE ALLOCATION, IF APPROVED, WOULD INCREASE SALARIES BY APPROXIMATELY 10 PERCENT, OR A

TWO-GRADE ADJUSTMENT, FOR 57 CLASSIFIED SAFETY SPECIALISTS, 15 CLASSIFIED INDUSTRIAL HYGIENISTS, AND 13 SUPERVISOR POSITIONS, AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- Position Reclassification (Decision Unit Enhancement (E) 808)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund of \$40,089 in fiscal year 2014 and \$37,598 in fiscal year 2015 to reclassify a vacant safety specialist enforcement position to an unclassified chief investigator position. The position would serve as a second staff attorney for the Division and would manage the Nevada OSHA discrimination program. According to the Division of Industrial Relations, an audit in 2011 pointed out problems in oversight of the program. The chief investigator's duties would include determining the merit of cases and preparing the legal team to pursue those cases in district court.

Fiscal Analysis Division staff noted that decision unit E-808 was related only to funding the position. If the Subcommittees approved the funding, the decision on whether to reclassify the classified safety specialist enforcement position to an unclassified chief investigator position as well as the appropriate salary of the position would be made by the full committees. Fiscal Analysis Division staff requested authorization to make technical adjustments based upon final decisions regarding unclassified salary changes by the money committees.

ASSEMBLYMAN AIZLEY MOVED TO APPROVE THE FUNDING FOR THE POSITION AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS BASED UPON FINAL DECISIONS REGARDING UNCLASSIFIED SALARY CHANGES BY THE FULL MONEY COMMITTEES.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- New Chief Administrative Officer Position (Budget Amendment A13A0076)

Several stakeholders testified, during the March 15, 2013, joint meeting of the Subcommittees on General Government, regarding the need for a new position to oversee the inspections of elevators, escalators, and boilers because of a backlog of approximately 1,500 units that had not been inspected. On April 13, 2013, the Budget Division, Department of Administration, submitted Budget Amendment A13A0076 that recommended an allocation from the Workers' Compensation and Safety Fund of \$79,725 in fiscal year 2014 and \$102,043 in fiscal year 2015 to add a new unclassified chief administrative officer position to oversee the Mechanical Unit.

Although OSHA and the Mechanical Unit both focused on safety issues, their attention was concentrated in separate areas and they operated using separate regulations and standards. The Governor supported the concept of separating the Mechanical Unit from OSHA to improve operating efficiency.

Ms. McCalla asked whether the Subcommittees wished to approve an allocation from the Workers' Compensation and Safety Fund of \$79,725 in fiscal year 2014 and \$102,043 in fiscal year 2015 to create a new unclassified chief administrative officer position to oversee the Mechanical Unit, as recommended by the Governor in Budget Amendment A13A0076.

ASSEMBLYMAN ANDERSON MOVED TO APPROVE AN ALLOCATION FROM THE WORKERS' COMPENSATION AND SAFETY FUND OF \$79,725 IN FISCAL YEAR 2014 AND \$102,043 IN FISCAL YEAR 2015 TO CREATE A NEW UNCLASSIFIED CHIEF ADMINISTRATIVE OFFICER POSITION TO OVERSEE THE MECHANICAL UNIT, AS RECOMMENDED BY THE GOVERNOR IN BUDGET AMENDMENT A13A0076.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- Technology Investment Request (Decision Unit Enhancement (E) 580)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund of \$195,000 in fiscal year 2014 and \$36,000 in fiscal year 2015

to replace the existing permit/licensing software (Versa system) for the Mechanical Unit.

The Legislative Counsel Bureau (LCB) Audit Division conducted an audit of the Division of Industrial Relations (DIR), and the audit report issued on September 19, 2012, reported that the DIR management and staff noted serious problems with the Versa system. The Division had researched and evaluated other licensing database systems and worked with the Purchasing Division, Department of Administration, to complete a solicitation waiver for a request for proposal to use Jurisdiction Online as a vendor.

The DIR noted that the Division's information technology professional had been working closely with the Division of Enterprise Information Technology Services to develop a technology investment request (TIR). Concerns regarding the quality of the existing data were brought up during the March 15, 2013, joint meeting of the Subcommittees on General Government. Division of Industrial Relations representatives testified, during the meeting, that they had researched data conversion and were confident that the conversion to Jurisdiction Online would be successful and that the data in the new system would be accurate.

Ms. McCalla asked whether the Subcommittees wished to approve an allocation from the Workers' Compensation and Safety Fund of \$231,000 over the 2013-2015 biennium to replace the existing permit/licensing software (Versa system) for the Mechanical Unit, as recommended by the Governor.

Additionally, Ms. McCalla advised that because of prior problems concerning the manner in which the existing permit/licensing software for the Mechanical Unit was put into practice, the Subcommittees might wish to consider issuing a letter of intent for the DIR to report semiannually or annually to the Interim Finance Committee concerning its progress on the implementation of the new database system.

SENATOR WOODHOUSE MOVED TO APPROVE AN ALLOCATION FROM THE WORKERS' COMPENSATION AND SAFETY FUND OF \$231,000 OVER THE 2013-2015 BIENNIUM TO REPLACE THE EXISTING PERMIT/LICENSING SOFTWARE (VERSA SYSTEM) FOR THE MECHANICAL UNIT AND ISSUE A LETTER OF INTENT FOR THE DIR TO REPORT SEMIANNUALLY TO THE INTERIM FINANCE COMMITTEE CONCERNING ITS PROGRESS ON THE IMPLEMENTATION OF THE NEW DATABASE SYSTEM.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. McCalla provided the following information on other closing items:

- Replacement Equipment (Decision Unit Enhancement (E) 710)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund of \$99,515 in fiscal year 2014 and \$17,342 in fiscal year 2015 for replacement computer equipment including a phone and data system for the Reno office in accordance with the Division of Enterprise Information Technology Services. The recommendation appeared reasonable to staff.

- New Equipment (Decision Unit Enhancement (E) 720)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund totaling \$35,284 in fiscal year 2014 and \$11,568 in fiscal year 2015 for new equipment that included two long-term leases of state motor pool vehicles, desktop computers, and a Global Positioning System (GPS) for OSHA vehicles. The recommendation appeared reasonable to staff.

- Position Transfers (Decision Unit (E) 900)

The Governor recommended the transfer of one management analyst position and one administrative assistant position to the Occupational Safety and Health Enforcement budget from the Division of Industrial Relations.

- Cost Allocation Adjustments (Decision Units Maintenance (M) 804 and Enhancement (E) 804)

The Executive Budget recommended a decrease of \$17,008, in fiscal year 2014 and an increase of \$191 in fiscal year 2015 for adjustments to the Department of Business and Industry Director's Office cost allocation. The Governor also recommended an allocation from the Workers' Compensation and Safety Fund of \$9,340 in fiscal year 2014 and \$9,629 in fiscal year 2015 for increases in the Division of Human Resource Management cost allocation for centralized personnel services. The recommendation appeared reasonable to staff.

Ms. McCalla advised that Fiscal Analysis Division staff of the Legislative Counsel Bureau recommended approving other closing items as recommended by the Governor with authorization for staff to make necessary technical adjustments.

ASSEMBLYMAN HARDY MOVED TO APPROVE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**COMMERCE & INDUSTRY
DEPARTMENT OF BUSINESS & INDUSTRY
SAFETY CONSULTATION AND TRAINING (210-4685)
BUDGET PAGE B & I-91**

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Division of Industrial Relations included the Safety Consultation and Training section (SCATS), which assisted employers in developing and instituting effective safety and health programs to reduce and prevent workplace hazards.

Ms. McCalla provided the following information on the one major closing issue for the Safety Consultation and Training budget:

- Classified Position Salary Increases (Decision Unit Enhancement (E) 807)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund totaling \$142,078 in fiscal year 2014 and \$144,760 in fiscal year 2015, representing an approximate 10 percent salary increase, or a two-grade salary adjustment, for 17 classified safety specialists and 3 classified industrial hygienist positions as well as four supervisory personnel.

Ms. McCalla asked whether the Subcommittee wished to approve an allocation from the Workers' Compensation and Safety Fund totaling \$142,078 in fiscal year 2014 and \$144,760 in fiscal year 2015 to increase salaries by approximately 10 percent, or a two-grade adjustment, for 17 classified safety specialists, 3 classified industrial hygienist positions, and 4 supervisory personnel as recommended by the Governor.

SENATOR DENIS MOVED TO APPROVE AN ALLOCATION FROM THE WORKERS' COMPENSATION AND SAFETY FUND TOTALING \$142,078 IN FISCAL YEAR 2014 AND \$144,760 IN FISCAL YEAR 2015 TO INCREASE SALARIES BY APPROXIMATELY 10 PERCENT, OR A TWO-GRADE ADJUSTMENT, FOR 17 CLASSIFIED SAFETY SPECIALISTS, 3 CLASSIFIED INDUSTRIAL HYGIENIST POSITIONS, AND 4 SUPERVISORY PERSONNEL AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. McCalla provided the following information on other closing items:

- Replacement Equipment (Decision Unit Enhancement (E) 710)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund totaling \$15,461 in fiscal year 2014 and \$14,953 in fiscal year 2015 for a long-term lease of three vehicles through the Motor Pool Division and computer equipment in accordance with replacement guidelines of the Division of Enterprise Information Technology Services. The recommendation appeared reasonable to staff.

- New Computers (Decision Unit Enhancement (E) 720)

The Executive Budget included an allocation from the Workers' Compensation and Safety Fund totaling \$2,280 in fiscal year 2014 for the purchase of two additional desktop computers recommended by the Division of Enterprise Information Technology Services. The recommendation appeared reasonable.

- Division of Human Resource Management Cost Allocation (Decision Units Maintenance (M) 804 and Enhancement (E) 804)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund totaling \$933 over the 2013-2015 biennium for adjustments to the Business and Industry Director's Office and the Division of Human Resource Management cost allocations. The recommendation appeared reasonable.

Ms. McCalla advised that Fiscal Analysis Division staff recommended closing all other closing items as recommended by the Governor with authorization for staff to make any necessary technical adjustments.

ASSEMBLYMAN HARDY MOVED TO APPROVE ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**COMMERCE & INDUSTRY
DEPARTMENT OF BUSINESS & INDUSTRY
MINE SAFETY & TRAINING (210-4686)
BUDGET PAGE B & I-97**

According to information provided by the Fiscal Analysis Division, Legislative Counsel Bureau, the Mine Safety and Training section (MSATS) of the Division of Industrial Relations provided mine inspection, technical assistance, consultation, safety, and health training to prevent mine accidents and occupational illness, pursuant to chapter 512 of the *Nevada Revised Statutes* (NRS).

The agency's mission was to reduce the frequency and severity of mine accidents and to assist Nevada's mining industry in complying with state and federal standards. The MSATS' five district offices, located in Henderson, Carson City, Tonopah, Elko, and Winnemucca each had one mine inspector.

Although the MSATS was primarily funded through an allocation from the Workers' Compensation and Safety Fund, a smaller portion of funding was allocated annually, on a formula basis, from a federal grant through the Mine Safety Health and Administration training program.

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the MSATS budget had one major closing issue. Ms. McCalla provided the following information concerning classified position salary increases:

- Classified Position Salary Increases (Decision Unit Enhancement (E) 807)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund totaling \$67,405 in fiscal year 2014 and \$67,638 in fiscal year 2015, which represented an approximate 10 percent salary increase, or a two-grade salary adjustment, for eight classified safety specialists and two classified industrial hygienist positions and one supervisory position.

Ms. McCalla asked whether the Subcommittees wished to approve an allocation from the Workers' Compensation and Safety Fund totaling \$67,405 in fiscal year 2014 and \$67,638 in fiscal year 2015 to increase salaries by approximately 10 percent, or a two-grade adjustment, for eight classified safety specialist positions, two classified industrial hygienist positions, and one supervisory position, as recommended by the Governor.

ASSEMBLYMAN ANDERSON MOVED TO APPROVE AN ALLOCATION FROM THE WORKERS' COMPENSATION AND SAFETY FUND TOTALING \$67,405 IN FISCAL YEAR 2014 AND \$67,638 IN FISCAL YEAR 2015 TO INCREASE SALARIES BY APPROXIMATELY 10 PERCENT, OR A TWO-GRADE ADJUSTMENT, FOR EIGHT CLASSIFIED SAFETY SPECIALIST POSITIONS, TWO CLASSIFIED INDUSTRIAL HYGIENIST POSITIONS, AND ONE SUPERVISORY POSITION, AS RECOMMENDED BY THE GOVERNOR.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. McCalla provided the following information on other closing items:

- Replacement Equipment (Decision Unit Enhancement (E) 710)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund of \$62,842 in fiscal year 2014 and \$37,618 in fiscal year 2015 for computer equipment in accordance with replacement guidelines of the Division of Enterprise Information Technology Services. Additionally, the recommendation included funding for the replacement of various industrial hygiene equipment and two trucks, one of which was purchased in 2005 and the other in 2006. The recommendation appeared reasonable to staff.

- New Equipment (Decision Unit Enhancement (E) 720)

The Governor recommended an allocation from the Workers' Compensation and Safety Fund totaling \$15,390 in fiscal year 2014 to purchase one new desktop computer, one mercury analyzer, one noise dosimeter, and two handheld Global Positioning System (GPS) devices. The recommendation appeared reasonable.

- Cost Allocation Increase (Decision Units Maintenance (M) 804 and Enhancement (E) 804)

The Executive Budget recommended a net allocation from the Workers' Compensation and Safety Fund of \$436 over the 2013-2015 biennium for adjustments to the Business and Industry Director's Office and the Division of Human Resource Management cost allocations. The recommendation appeared reasonable.

Ms. McCalla advised that Fiscal Analysis Division staff recommended approving all other closing items as recommended by the Governor with authorization for Fiscal Analysis Division staff to make any necessary technical adjustments.

SENATOR WOODHOUSE MOVED TO APPROVE ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF OF THE LEGISLATIVE COUNSEL BUREAU TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

Assembly Committee on Ways and Means
Subcommittee on General Government
Senate Committee on Finance
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THE MOTION CARRIED UNANIMOUSLY.

Chair Flores closed the hearing on the Department of Administration and Department of Business and Industry budget accounts and opened the hearing to public comment.

Hearing no response to her request for public comment, Chair Flores adjourned the meeting at 9:44 a.m.

RESPECTFULLY SUBMITTED:

Connie Davis
Committee Secretary

APPROVED BY:

Assemblywoman Lucy Flores, Chair

DATE: _____

Senator Joyce Woodhouse, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: May 10, 2013

Time of Meeting: 8:27 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Fiscal Analysis Division	Subcommittees on General Government Closing List #8