

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

**Seventy-Seventh Session
May 18, 2013**

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Maggie Carlton at 8:44 a.m. on Saturday, May 18, 2013, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, 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 Maggie Carlton, Chair
Assemblyman William C. Horne, Vice Chair
Assemblyman Paul Aizley
Assemblyman Paul Anderson
Assemblyman David P. Bobzien
Assemblyman Andy Eisen
Assemblywoman Lucy Flores
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman Michael Sprinkle



SENATE COMMITTEE MEMBERS PRESENT:

Senator Debbie Smith, Chair
Senator Joyce Woodhouse, Vice Chair
Senator Moises (Mo) Denis
Senator David R. Parks
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator Michael Roberson

COMMITTEE MEMBERS EXCUSED:

Assemblyman Joseph M. Hogan

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Michael J. Chapman, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Sarah Coffman, Senior Program Analyst
Joi Davis, Senior Program Analyst
Catherine Crocket, Program Analyst
Adam Drost, Program Analyst
Jennifer Gamroth, Program Analyst
Karen Hoppe, Program Analyst
Kristen Kolbe, Program Analyst
Andrea McCalla, Program Analyst
Wayne Thorley, Program Analyst
Mark Winebarger, Program Analyst
Carol Thomsen, Committee Secretary
Cynthia Wyett, Committee Assistant

Chair Carlton stated that the Committees would hear closing reports from the subcommittees, beginning with the report for the Division of Child and Family Services, Department of Health and Human Services.

Karen Hoppe, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the closing report ([Exhibit C](#)), from the Senate Committee on Finance Subcommittee on Human Services and the Assembly Committee on Ways and Means Subcommittee on Human Services, for the Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS) into the record.

The Subcommittees on Human Services have completed the review of the Governor's recommended budget for the Division of Child and Family Services for the 2013-15 biennium. The closing recommendations of the Subcommittees resulted in General Fund savings of \$176,595 over the 2013-15 biennium. The following comments describe the more significant recommendations of the Subcommittees.

Washoe County Child Welfare (101-3141) DHHS-DCFS-28: The Subcommittees approved the Governor's recommendation, as amended, to provide General Funds of \$2.5 million over the 2013-15 biennium for adoption subsidy caseload growth, and to revise the Federal Medical Assistance Percentage (FMAP) rates for FY 2015. The Subcommittees also approved adding clarifying back language in the Appropriations Act allowing the division to approach the Interim Finance Committee (IFC) to request additional funding for adoption subsidies, and limiting the block grant funding, for the Washoe and Clark County child welfare budgets. Additionally, the Subcommittees approved budget flexibility for the child welfare agencies to continue a pilot project over the 2013-15 biennium to improve specialized foster care in the state, as approved by the 2011 Legislature.

Clark County Child Welfare (101-3142) DHHS-DCFS-30: The Subcommittees approved the Governor's recommendation, as amended, to provide General Funds of \$6.6 million over the 2013-15 biennium for adoption subsidy caseload growth, and to revise the FMAP rates for FY 2015. As indicated for Washoe County, the Subcommittees approved adding clarifying back language in the Appropriations Act allowing the division to approach the Interim Finance Committee to request additional funding for adoption subsidies, and limiting the block grant funding, for the Clark County child welfare budget.

UNITY/SACWIS (101-3143) DHHS-DCFS-32: The Subcommittees approved General Funds of \$54,176 over the 2013-15 biennium to enhance the division's cost allocation plan software to a web-based system. The Subcommittees also approved General Funds of \$498,705 over the 2013-15 biennium to replace computer equipment and a video conferencing system, as recommended by the Governor.

Youth Alternative Placement (101-3147) DHHS-DCFS-54: The Subcommittees did not approve the Governor's recommendation to continue a flat budget for the China Spring/Aurora Pines youth camps. Instead, the Subcommittees approved increasing the youth camps' budget by \$1.3 million over the 2013-15 biennium to achieve intermediate Prison Rape Elimination Act (PREA) staffing ratios beginning in FY 2014. The budget enhancement was funded by retaining the county assessments at a comparable level to the 2011-13 biennium, rather than reducing county assessments by \$1.3 million over the 2013-15 biennium, as recommended by the Governor.

Juvenile Correctional Facility (101-3148) DHHS-DCFS-56: The Subcommittees approved the Governor's recommendation to reopen the Summit View Juvenile Correctional Center with \$1.4 million in General Funds and \$3.7 million in cost savings realized through reducing bed capacity at Nevada Youth Training Center (NYTC) from 110 beds to 60 beds, and eliminating 29 vacant NYTC positions. However, the Subcommittees asked for an update at the full Committees' closing hearing about how the division would address the security concerns associated with operating Summit View. The agency has indicated to Fiscal staff that the RFP evaluation committee selected a vendor on May 9, 2013, and that the vendor addressed the security requirements outlined in Section 3.7 of the RFP. The Subcommittees did not approve the Governor's recommendation to consolidate the three juvenile correctional facility budgets (Caliente Youth Center, NYTC and Summit View) into a single account. However, the Subcommittees authorized back language in the Appropriations Act that would allow the division to transfer General Fund appropriations between the three accounts with the approval of IFC. The Subcommittees also approved increasing the existing Facility Supervisor position from part-time to full-time, and authorized Fiscal staff to transfer a vacant

Assistant Superintendent position from the NYTC account to this account to act as the division's facility monitor for Summit View.

Caliente Youth Center (101-3179) DHHS-DCFS-65: The Subcommittees approved General Funds of \$80,475 over the 2013-15 biennium to fund a new Food Service Cook/Supervisor II position, as recommended by the Governor. As noted in the Juvenile Correctional Facility account, the Subcommittees did not approve the Governor's recommendation to consolidate the three juvenile correctional facility budgets, thereby maintaining the Caliente Youth Center budget account.

Rural Child Welfare (101-3229) DHHS-DCFS-75: The Subcommittees approved the Governor's recommendation, as amended, to provide General Funds of \$1.9 million over the 2013-15 biennium for adoption subsidy and foster care caseload growth, and to revise the FMAP rates for FY 2015. The Subcommittees also approved General Funds of \$300,992 over the 2013-15 biennium to fund four new Family Support Worker positions, and General Funds of \$255,991 to fund two new Mental Health Counselor positions. Additionally, the Subcommittees approved increasing two Administrative Assistant positions from part-time to full-time. Fiscal staff made technical adjustments to Budget Amendment A130023229 to correct lease costs for two rural offices, and adjust federal funding for the decision unit to add two new Mental Health Counselors, reducing General Funds by a total of \$136,667.

Nevada Youth Training Center (101-3259) DHHS-DCFS-94: The Subcommittees approved the division's request to replace the phone system at a cost of \$36,000, instead of \$250,000 as recommended by the Governor, and redirect the difference in General Funds of \$214,000 to a deferred maintenance decision unit to install a new water line from the water storage tanks to the NYTC campus. As noted in the Juvenile Correctional Facility account, the Subcommittees approved the reduction of NYTC beds from 110 to 60, including the elimination of 29 vacant NYTC positions, to provide budgetary savings to reopen the Summit View Juvenile Correctional Center. However, the Subcommittees did not approve the Governor's recommendation to consolidate the three juvenile correctional facility budgets.

Northern Nevada Child & Adolescent Services (101-3281)

DHHS-DCFS-108: The Subcommittees approved the Governor's recommendation to use \$252,278 in tobacco settlement funds over the 2013-15 biennium to provide Parent Management Training, Independent Living and Wraparound in Nevada (WIN) client services. The Subcommittees also approved converting a temporary contract employee to a part-time state position to comply with the federal Fair Labor Standards Act, and approved increasing an Administrative Assistant from part-time to full-time, as recommended by the Governor. The Subcommittees approved authority for Fiscal staff to adjust this account for amendments to revise the FMAP rates for FY 2015, and eliminate a duplicate HVAC project, reducing General Funds by \$77,161 over the 2013-15 biennium.

Southern Nevada Child & Adolescent Services (101-3646) DHHS-

DCFS-118: The Subcommittees approved the Governor's recommendation to use General Funds of \$306,115 over the 2013-15 biennium to add four new Psychiatric Nurse positions to Desert Willow Treatment Center (DWTC), to bring the facility into compliance with federal regulations regarding the staffing of nurses. The Subcommittees also approved a new Management Analyst position for the mental health services billing unit, funded entirely with federal Medicaid funds. Additionally, the Subcommittees approved converting two temporary contract employees to state employees, to comply with the federal Fair Labor Standards Act. The Subcommittees approved \$745,236 in tobacco settlement funds over the 2013-15 biennium to provide Parent Management Training and Mobile Crisis Unit services. The Subcommittees also approved General Funds of \$62,972 over the 2013-15 biennium to lease a medication management system for DWTC. Lastly, the Subcommittees approved authority for Fiscal staff to adjust this account for amendments to revise the FMAP rates for FY 2015, reducing General Funds by \$100,943.

The Subcommittees approved Other Closing Items in the DCFS budgets as recommended by the Governor, with noted amendments and minor or technical adjustments.

The Subcommittees approved closing the following accounts as recommended in The Executive Budget:

- Community Juvenile Justice Programs (101-1383) DHHS-DCFS-23
- Children, Youth & Family Administration (101-3145) DHHS-DCFS-42
- Victims of Domestic Violence (101-3181) DHHS-DCFS-73
- Child Welfare Trust (645-3242) DHHS-DCFS-88
- Transition From Foster Care (606-3250) DHHS-DCFS-90
- Review of Death of Children (101-3251) DHHS-DCFS-92
- Youth Parole Services (101-3263) DHHS-DCFS-102

Chair Carlton asked whether there were questions from the Committees regarding the closing report. The Chair called for a motion to accept the closing report excluding the Summit View Juvenile Correctional Center within budget account (BA) 3148.

SENATOR SMITH MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON HUMAN SERVICES AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON HUMAN SERVICES AS PRESENTED FOR THE BUDGET ACCOUNTS OF THE DIVISION OF CHILD AND FAMILY SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES, EXCLUDING THE SUMMIT VIEW JUVENILE CORRECTIONAL CENTER WITHIN BUDGET ACCOUNT 3148.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

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

Chair Carlton recalled concerns expressed during joint meetings of the Subcommittees about security at the Summit View Juvenile Correctional Center and asked representatives from the Division of Child and Family Services (DCFS) to address those concerns.

Amber Howell, Administrator, DCFS, Department of Health and Human Services (DHHS), stated that she would provide an update regarding the request for proposal (RFP) and discuss security at the facility without violating any purchasing laws regarding confidentiality.

Ms. Howell stated that a letter of intent had been sent to Rite of Passage, the vendor that had been selected to operate the program. The DCFS would enter

into negotiations with Rite of Passage regarding payment and programming; the contract had to be finalized by June 4, 2013.

In addition to the selection committee review of the RFPs from vendors, Ms. Howell said she and Steve McBride, Deputy Administrator, Juvenile Services, DCFS, DHHS, had also reviewed the proposals, which was very helpful. Ms. Howell noted that Rite of Passage was first in all areas, including security, and currently operated a program at the Robert E. DeNier Youth Services Center in Colorado that was very similar to the program DCFS was trying to establish at the Summit View Juvenile Correctional Center. The Colorado center had been in operation since 2000, and DCFS checked with the Colorado Office of Children, Youth and Families, which confirmed that Rite of Passage continued to maintain compliance with that agency's high standards.

Ms. Howell said she could not go into specifics regarding the proposed security, but Rite of Passage had adequately addressed all areas within the RFP, particularly the area regarding security at the facility. The Division felt very comfortable with the proposal from Rite of Passage.

Chair Carlton said concerns had been voiced by the people who lived in southern Nevada where the facility was located, one of which was the option for youth from out of state to be sent to the Summit View Juvenile Correctional Center. The Chair said the point was that the proposal for security at the facility was not as complete as she would like; she noted that the program at the Summit View Juvenile Correctional Center would be a different type of program, and there was a hardening of the delinquent juvenile population that created a danger factor. Chair Carlton said the last thing she wanted was to hear about an incident that had occurred at the facility because there was a lack of security. Chair Carlton voiced concerns because there would be no state personnel on-site to ensure that security was being properly handled.

Chair Carlton said that the proposal had advanced to the point that she could not stop the opening of the Summit View Juvenile Correctional Center, but she would follow the progress of the program closely. Because the Legislature was unable to review the requirements included in the RFP and the security proposal, Chair Carlton said there were not many options other than to express her apprehension on the record. She advised that the facility was very important to her and other legislators who represented that area of Clark County because they had to answer to their constituents about the Summit View Juvenile Correctional Center.

Assemblyman Sprinkle commented that he had also participated in past discussions regarding the facility, and he found some solace in knowing that Rite of Passage had been selected as the vendor that would operate the facility, because that program had a very good track record in the area of security. Assemblyman Sprinkle said he, too, was somewhat apprehensive, but he was glad to see that Rite of Passage would be the vendor.

Chair Carlton asked whether there were further questions from the Committees regarding the Summit View Juvenile Correctional Center, and there were none. The Chair called for a motion.

SENATOR KIECKHEFER MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON HUMAN SERVICES AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON HUMAN SERVICES AS PRESENTED FOR THE SUMMIT VIEW JUVENILE CORRECTIONAL CENTER WITHIN BA 3148, DIVISION OF CHILD AND FAMILY SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan was not present for the vote. Chair Carlton voted no.)

BUDGETS CLOSED.

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Chair Carlton said the next item for consideration by the Committees was the "Addendum to Joint Subcommittees on Human Services Closing Report," [Exhibit D](#).

Mark Winebarger, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that during the May 17, 2013, joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance, Fiscal Analysis Division staff distributed copies of [Exhibit D](#). The "Addendum to Joint Subcommittees on Human Services Closing Report," ([Exhibit D](#)) provided information on four budget amendments received from the Budget Division, Department of Administration, after the Subcommittees on Human Services closed the budgets listed in the exhibit. Mr. Winebarger advised that at the May 17, 2013, joint meeting of the Committees,

Chair Smith asked agency representatives to address the budget amendments during the May 18, 2013, meeting.

In response to Chair Smith's request, Chair Carlton asked agency representatives to address the four amendments.

Jeff Mohlenkamp, Director, Department of Administration, said the Governor wanted to focus on mental health and the importance of mental health services. The state received an additional \$21 million in tobacco settlement funding because of a one-time settlement, and a portion of that funding would be allocated to the Fund for a Healthy Nevada.

Mr. Mohlenkamp said the Governor believed it was essential to fund additional mental health needs, primarily in southern Nevada, but also at the Lakes Crossing Center in northern Nevada, to address the current needs in the inpatient facilities. The Governor also wanted to provide a place in the community with resources to support those individuals who were able to leave the inpatient setting. Because of that, the Governor recommended the budget amendments.

Mr. Mohlenkamp discussed the budget amendment for the Lakes Crossing Center, which addressed the needs of increasing census and higher demands from the courts. An additional Program of Assertive Community Treatment (PACT) team was recommended in southern Nevada to address those individuals who needed intensive wraparound services. The budget amendments would also support a new pilot mental health home visiting program. Mr. Mohlenkamp explained that the program was designed to provide services to the mentally ill and their families to ensure a safe return to the community setting.

Mr. Mohlenkamp also discussed the recommendation to renovate and add inpatient beds in the old Stein Hospital in southern Nevada. The Governor proposed additional resources to reopen a portion of the Stein Hospital, which would be addressed through the Capital Improvement Program (CIP) projects for the upcoming biennium, along with a request for additional funds to be set aside in the Contingency Account for staffing needs associated with reopening the facility.

Senator Smith asked for additional information about the recommendations from a consultant and asked what had prompted the budget amendments.

Richard Whitley, Administrator, Division of Mental Health and Developmental Services, DHHS, and Administrator, Health Division, DHHS, stated that the idea for the mental health home visiting pilot program had come about because of Assembly Bill 234, which allocated revenue to mental health services. The Division reviewed outpatient services, but when the budget was constructed, the Division had not received data from the Clark County Detention Center about mentally ill clients who were incarcerated. Mr. Whitley said that information had been received during the past three months, and the Division was able to complete the analysis.

Mr. Whitley advised that what appeared to lead to readmission to hospitals or further incarceration in the Clark County Detention Center were those mentally ill offenders who were released to the family home rather than to a supported living arrangement, such as group homes or halfway houses. A "missing group" of mentally ill offenders released to their families, he said, often suffered another crisis that required intervention by authorities.

Mr. Whitley said the Division believed that the mental health home visiting program would be a compliment to its continuum of care services, and it was an area that had not previously been addressed. The budget amendment was submitted because the Division was able to analyze the data from the Clark County Detention Center and finalize the proposal for the program with the funding in A.B. 234.

Mr. Whitley said the same issues arose in Washoe County because the population that was released to their families had not been addressed in a focused way with outpatient services.

Mr. Whitley stated that the budget amendment to fund a Program of Assertive Community Treatment (PACT) team was submitted because, through data review, the Division identified clients who would benefit from that intervention program. The PACT team was a comprehensive intensive case management system that offered wraparound services to the client. Mr. Whitley stated that when the Division went through the rounds of budget reductions over the past several years, a PACT team had been eliminated in Clark County as part of budget reductions. The budget amendment would restore that PACT team to Southern Nevada Adult Mental Health Services (SNAMHS).

Mr. Whitley explained that in 2005, one client initiated a lawsuit against Lakes Crossing Center and several other clients joined in, because of the wait-time in holding facilities prior to admittance to the Center. The U.S. Ninth Circuit Court of Appeals negotiated an agreement with the Division that the

average wait-time for a client in jail prior to being assessed would be between 7 and 10 days. Mr. Whitley advised that Lakes Crossing Center had been monitored for 3 years and continued to be observed by federal authorities; however, since the budget had been compiled, there was a current client wait-time in holding facilities of between 30 to 60 days. The budget amendment was a proactive recommendation to prevent the Division from failing to maintain the agreed-upon wait-time standard.

Mr. Whitley said when capacity was reached at Lakes Crossing Center, which was licensed for 56 beds, the Division had expanded to one of the vacant wings at the Dini-Townsend Psychiatric Hospital in Sparks. The budget amendment would fund renovation of an additional empty wing at the Dini-Townsend Psychiatric Hospital to add capacity for the Lakes Crossing Center, along with 20 additional positions to staff the wing.

Mr. Whitley stated that the consultants referred to by Senator Smith had recently toured the facilities at Southern Nevada Adult Mental Health Services (SNAMHS), primarily the Rawson-Neal Psychiatric Hospital. The Division had not received any written reports from those consultants to date. The current budget amendments identified problem areas that were evident by the data, and Mr. Whitley believed those proposals would overlap with some of the recommendations that would be submitted by the consultants.

Chair Carlton asked whether there were further questions from the Committees regarding the proposed budget amendments as outlined in [Exhibit D](#), and there were none. The Chair asked Mr. Winebarger to read the numbers of the budget amendments into the record.

Mr. Winebarger identified the four budget amendments in [Exhibit D](#) as:

- A13A0118—SNAMHS funding for one PACT team in southern Nevada.
- A13A0122—SNAMHS funding for mental health home visiting program.
- A13A0123—NNAMHS funding for mental health home visiting program.
- A13A0121—Lakes Crossing Center funding for ten additional beds at the Dini-Townsend Hospital and 20 new positions.

The Chair called for a motion.

SENATOR SMITH MOVED TO APPROVE BUDGET AMENDMENTS
A13A0118; A13A0122; A13A0123; AND A13A0121, AS
REFLECTED IN [EXHIBIT D](#).

ASSEMBLYMAN HORNE SECONDED THE MOTION.

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

Chair Carlton advised that the next closing report was for the Department of Employment, Training and Rehabilitation.

Mark Winebarger, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the closing report ([Exhibit E](#)), from the Senate Committee on Finance Subcommittee on Human Services and the Assembly Committee on Ways and Means Subcommittee on Human Services, for the Department of Employment, Training and Rehabilitation (DETR) into the record.

The Subcommittees on Human Services have completed the review of the Department of Employment, Training and Rehabilitation budget for the 2013-15 biennium. The closing recommendations of the Subcommittees resulted in an increase in General Funds of \$42,260 in FY 2014 and \$45,495 in FY 2015. The following comments describe the more significant recommendations of the Subcommittees.

Rehabilitation Administration (101-3268) DETR-8: Based on revised duties that include business development functions as part of DETR's work in the areas of workforce and economic development, the Subcommittees approved the Governor's recommendation to transfer the Chief of the Office of Disability Employment Policy (ODEP) from the Rehabilitation Administration account to the Vocational Rehabilitation account. The Chief works directly with employers and industry leaders building individual case models describing how and where disabled individuals can fit into the workforce and how businesses can take advantage of available tax credits and benefits.

Disability Adjudication (101-3269) DETR-17: The Subcommittees approved the Governor's recommendation for federal funds of \$510,319 over the biennium for two new Senior Physicians for the Disability Adjudication program. Senior Physicians review medical documentation, assist caseworkers with medical documentation questions, and provide staff training in medical terminology and policy application. These positions will help reduce the current

backlog of more than 600 claimants waiting for eligibility determinations.

Vocational Rehabilitation (101-3265) DETR-23: The Subcommittees approved the Governor's recommendation to reduce Case Services expenditures by \$60,000 each year of the biennium to fund the continuation of a media campaign developed by the Rehabilitation Division. The campaign is aimed at individuals who may qualify for rehabilitation services, but were unaware that such services were available and to educate businesses about the benefits of hiring individuals with disabilities.

Services to the Blind & Visually Impaired (101-3254) DETR-35: The Governor recommended consolidating the Services to the Blind and Visually Impaired budget account with the Vocational Rehabilitation account. DETR stated its Vocational Rehabilitation program has been a combined agency for many years for federal reporting purposes, but the accounting and budgeting systems have remained separate. The Subcommittees did not approve the merger of these budget accounts, citing concerns voiced by blind and visually impaired consumers and advocates and the Legislature's need for oversight of these resources and expenditures.

Blind Business Enterprise Program (101-3253) DETR-43: The Subcommittees approved reserved program fees of \$223,200 over the biennium for new and replacement equipment and maintenance costs for facilities currently operated by Business Enterprise of Nevada (BEN) vendors. The Executive Budget recommended \$354,771 to fund four potential BEN vendor sites during the 2013-15 biennium. However, as discussed at the agency's budget hearing, these vendor sites are no longer viable and no new alternate sites have been identified. Therefore, the Subcommittees did not approve funding for new sites in closing this budget.

Client Assistance Program (101-3258) DETR-51: Effective November 9, 2012, the Governor transferred the state's responsibilities to assist clients navigating and accessing services available under the federal Americans with Disabilities Act and the Rehabilitation Act to a nonprofit entity, the Nevada Disability Advocacy and Law Center (NDALC), therefore the Subcommittees approved the elimination of this budget account.

Employment Security Division (205-4770) DETR-64: The Subcommittees approved revenue and expenditure authority totaling \$31.2 million over the biennium as recommended by the Governor that would allow the Employment Security Division (ESD) to pay accrued interest to the federal government on the Unemployment Insurance Trust Fund loan. This would entail imposing a special interest assessment on employers until the loan is repaid. Assembly Bill 482 implements the interest assessment to employers supporting the loan repayment.

At a total biennial cost of \$1.2 million, the Subcommittees approved ten new ESD positions and related costs that will be funded with federal revenues and Career Enhancement Program (CEP) wage assessments. Four of these positions will be assigned to the Unemployment Insurance Integrity Unit, which helps detect and prevent fraud. Three positions will be assigned to the Unemployment Insurance Support Services Unit, which provides technical, legal, and policy guidance to all unemployment insurance operations. An ESD Manager position was approved for the Northern Telephonic Intake Center as part of the reorganization resulting from the roll-out of the Unemployment Insurance Modernization Project. The final two positions will be assigned to the Workforce Investment Support Services Unit who will monitor fiscal and programmatic activities of several workforce investment programs.

The Subcommittees approved the transfer of the Workforce Solutions Unit (WSU) from the Employment Security Division to the DETR Administration account. The WSU provides administrative support and program analysis for the statewide Industry Sector Councils and serves as a liaison between the sector councils, the department, and other stakeholders to monitor the alignment of the department's workforce investment initiatives with the Governor's Office of Economic Development's (GOED) goals. Since the WSU provides support and information across the department, including grants management for the department and employment strategies for the Vocational Rehabilitation program, funding for the WSU will change from federal resources to cost allocation revenues.

The Subcommittees also approved the Governor's recommendation to use \$2.5 million of reserve funding from the Career

Enhancement Program each fiscal year of the biennium to support additional client services and training designed to assist Nevada workers with finding employment or enhancing career opportunities. The CEP is funded with a 0.05 percent tax on employers' reported taxable wages. Included in the CEP is funding for the Silver State Works program, the IBM Center for Excellence, the Department of Corrections Prisoner Reentry program, GOED's Train Employees Now program, statewide licensing of the ACT Workforce Skills Assessment Tool, and customized training provided by Nevada's community colleges. Total funding for client services and training total approximately \$5.5 million each fiscal year.

Employment Security – Special Fund (235-4771) DETR-80: The Subcommittees approved federal funds of \$3.2 million for the continued implementation of the UInv system, which will replace the current 30-year-old UI tax and benefit system used to process wage, contribution and benefit information. The benefits portion of the system is scheduled for a July 2013 roll-out and the contributions system is scheduled for roll-out in December 2013.

Information Development and Processing (101-3274) DETR-98: The Subcommittees approved the Governor's recommendation for cost allocation revenues of \$237,600 in FY 2014 and \$475,200 in FY 2015 for contract services to provide technical expertise for an additional 24 months after the implementation of the Nevada Unemployment Insurance modernization project. The recommended contract will provide assistance and knowledge transfer regarding the new system architecture, design, and new programming languages that are yet to be fully developed within DETR's staff.

The Subcommittees supported cost allocation revenues of \$64,706 in FY 2014 and \$83,018 in FY 2015 for a new IT Manager II position, which will focus on the information technology security for the department. The Subcommittees also approved a total of \$14.0 million in cost allocation revenues for information technology expenditures for the department over the biennium.

Research & Analysis (101-3273) DETR-106: The Subcommittees approved the Governor's recommendation for cost allocation revenues totaling \$98,850 over the biennium for a new

intermittent Public Service Intern position who would provide assistance in responding to labor market information requests and services to the one or more of the nine Economic Development Sector Councils.

The Subcommittees approved cost allocation revenues of \$88,656 over the biennium to gain access to economic data through a licensed software product, which would allow the agency to identify in-demand occupations at the state and local levels on a real-time basis. This information will include analysis of occupational labor demand at the national, state, and local levels, which will be used in conjunction with monthly unemployment data to profile labor supply/demand imbalances in the economy.

Equal Rights Commission (101-2580) DETR-113: The Subcommittees approved budget amendment A13A0005, adding \$96,000 in General Fund appropriations over the biennium for armed guard security services at the Nevada Equal Rights Commission's office in Las Vegas.

The Subcommittees closed the following Department of Employment, Training and Rehabilitation accounts as recommended in The Executive Budget, with minor or technical adjustments:

- Administration (101-3272) DETR-92

Chair Carlton asked whether there were questions from the Committees regarding the closing report for the Department of Employment, Training and Rehabilitation, and there were none. The Chair called for a motion.

ASSEMBLYMAN KIRNER MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON HUMAN SERVICES AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON HUMAN SERVICES AS PRESENTED FOR THE BUDGET ACCOUNTS OF THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION.

SENATOR SMITH SECONDED THE MOTION.

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

BUDGETS CLOSED.

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Chair Carlton stated that the next closing report was for the Department of Public Safety.

Joi Davis, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, introduced Catherine Crocket, Program Analyst, and Karen Hoppe, Program Analyst, and indicated that she would read the closing report and Ms. Crocket and Ms. Hoppe were present to answer questions that might arise pertaining to their assigned budget accounts.

Ms. Davis read the closing report ([Exhibit F](#)) from the Senate Committee on Finance Subcommittee on Public Safety, Military and Veterans' Services and the Assembly Committee on Ways and Means Subcommittee on Public Safety, Natural Resources and Transportation, for the Department of Public Safety (DPS) into the record.

The Subcommittees completed the review of the Department of Public Safety budget request for the 2013-15 biennium, excluding the Division of Parole and Probation. The following closing recommendations result in increased General Fund appropriations of \$96,272 and decreased Highway Fund appropriations of \$126,845 over the 2013-15 biennium.

DIRECTOR'S OFFICE (201-4706) PUBLIC SAFETY-10: The Subcommittees approved the Governor's recommendation for \$140,547 in cost allocation reimbursements to support increasing three part-time Administrative Assistant positions to full-time for increased workload within the DPS Background Check Unit. The Senate members of the Subcommittees supported the Governor's recommendation to reduce \$139,749 in cost allocation reimbursements for the elimination of an Auditor III position, including an amendment to eliminate the \$43,107 in PERS buyout costs since the incumbent has accepted employment at another state agency. The Assembly members of the Subcommittees did not support the Governor's recommendation to eliminate the vacant Auditor III position.

FORFEITURES – LAW ENFORCEMENT (101-4703)

PUBLIC SAFETY-22: The Subcommittees approved forfeiture funds of \$1.4 million in FY 2014 for the purchase of 882 electronic control devices (Tasers) and associated supplies to outfit 802 sworn positions department-wide, plus a 10 percent spare allowance. The Subcommittees authorized staff to reduce the decision unit by 71 units if the proposed transfer of parole functions to the Department of Corrections (NDOC) is approved, because DPS would not purchase Tasers for the 71 sworn positions that would be transferred to NDOC. The Subcommittees also approved forfeiture funds of \$11,200 over the 2013-15 biennium to purchase 28 netbooks for use by DPS training academy cadets.

TRAINING DIVISION (101-3775) PUBLIC SAFETY-26: The Subcommittees approved the recommendation of Fiscal staff to revise the funding allocation for the Training Division budget. The Executive Budget included a funding allocation of 20 percent General Fund and 80 percent Highway Fund. However, based on the past eight training academies, a 25 percent General Fund and 75 percent Highway Fund allocation was more appropriate. The change in the funding allocation, together with technical adjustments, results in a net General Fund increase of \$111,649 and a net Highway Fund decrease of \$118,196 over the biennium. To ensure consistency and accuracy in determining the funding allocation for the Training Division in future biennia, statistical data for the past eight training academies (approximately five fiscal years) will be included with the Agency Request budget beginning with the 2015-17 biennium.

NHP K-9 PROGRAM (101-4705) PUBLIC SAFETY-45: The Subcommittees approved forfeiture funds of \$34,962 over the 2013-15 biennium to equip six replacement vehicles with specialty K-9 equipment. The agency advised the Subcommittees that it will be moving towards a single SUV platform statewide so that specialty K-9 equipment can be reused as future vehicles are replaced.

HIGHWAY PATROL (201-4713) PUBLIC SAFETY-47: The Subcommittees approved Highway Funds of \$1.1 million over the biennium to replace portable 800 MHz radios that are carried by each sworn officer, plus a 5 percent spare allowance. The agency

will replace 500 units over a five-year period, with 250 units to be purchased in the 2013-15 biennium.

DIVISION OF INVESTIGATIONS (101-3743) PUBLIC SAFETY-98:

The Subcommittees approved the Governor's recommendation for two new Management Analyst positions for the Nevada Threat Analysis Center, supported by a General Fund appropriation of \$269,751 over the 2013-15 biennium. The Subcommittees also approved the Governor's recommendation to close the Mesquite office, resulting in a net General Fund decrease of \$83,502 over the 2013-15 biennium, due to the Mesquite Police Department's decision to withdraw from the Southern Area Interdiction Narcotic Taskforce (SAINT). The office closure included the elimination of a DPS Sergeant position, and the Subcommittees authorized staff to make technical adjustments to remove the PERS buyout costs for the position if the incumbent is ineligible for the benefit. Additionally, the Subcommittees approved \$117,475 in General Funds and \$39,158 in Highway Funds to replace six vehicles over the 2013-15 biennium.

CRIMINAL HISTORY REPOSITORY (101-4709)

PUBLIC SAFETY-145: The Subcommittees approved the Governor's recommendation to establish a Rap Back program, which reports new convictions of an individual after an initial background check to an employer. The Subcommittees approved supporting costs associated with the Rap Back program with a \$10.50 annual per employee enrollment fee charged to employers and a \$2.50 increase in the fingerprint fee for all fingerprint-based background checks, as recommended by the Governor. Two new positions, one Administrative Assistant and one Accounting Assistant, would be added to support the Rap Back program. In addition, the Subcommittees approved the Governor's recommendation to add three new Administrative Assistant positions to support a projected increase in Sex Offender Registry caseload.

GENERAL SERVICES (101-4702) PUBLIC SAFETY-158:

The Subcommittees approved the Governor's recommendation to eliminate the Records and Technology Division and create a new General Services Division, largely comprised of a Records Bureau, a Dispatch Bureau and a Warrant Unit, within the department. The new General Services Division would provide centralized

departmental support and dispatch services, as well as manage departmental and criminal history records. Seventy-seven positions, primarily from the Nevada Highway Patrol, would be transferred in order to form the Dispatch Bureau and Warrant Unit of the division in this account. The Criminal History Repository account would comprise the Records Bureau of the new division.

TECHNOLOGY DIVISION (201-4733) PUBLIC SAFETY-165: The Subcommittees approved the Governor's recommendation to transfer the department's information technology services to the Division of Enterprise Information Technology Services within the Department of Administration as a move towards a statewide consolidated and standardized information technology environment. The Governor's recommendation eliminates the Technology Division account by transferring 48 positions and \$11.7 million in costs to the Division of Enterprise Information Technology Services and 5 positions and \$3.5 million in costs to other divisions within the Department of Public Safety.

FIRE MARSHAL (101-3816) PUBLIC SAFETY-189: The Subcommittees did not approve the Governor's recommendation to establish new administrative citation revenue in this account. Instead, the Subcommittees recommended that any administrative fine revenue collected pursuant to Assembly Bill 424, which would allow the Fire Marshal to issue administrative citations, be deposited into the State General Fund.

CAPITOL POLICE (710-4727) PUBLIC SAFETY-212: The Subcommittees approved the Governor's amended budget to eliminate two Capitol Police Officer positions assigned to the Supreme Court. The amendment is in conjunction with the Supreme Court's request for 2.5 positions to establish a dedicated security unit for the Supreme Court building and Administrative Office of the Courts annex in Carson City, which was approved by the Subcommittees on General Government. The elimination of two Officer positions from the Capitol Police budget results in a decrease in revenue of \$178,989 in FY 2014 and \$186,675 in FY 2015 transferred from the Department of Administration Buildings and Grounds Division. The Subcommittees expressed an interest in having the full Committees revisit the recommendation to eliminate the two Officer positions from the Capitol Police

account resulting from the request from the Supreme Court for its own security unit.

HIGHWAY SAFETY PLAN & ADMIN (101-4688)

PUBLIC SAFETY-229: Due to the state's ineligibility to receive funds under the federal "Moving Ahead for Progress in the 21st Century" (MAP-21) program, the Subcommittees approved eliminating \$423,094 over the 2013-15 biennium from the Highway Safety Plan and Administration account that would have been transferred from the Traffic Safety account.

MOTORCYCLE SAFETY PROGRAM (101-4691)

PUBLIC SAFETY-240: The Subcommittees approved an increase in motorcycle training registration fees of \$4,000 over the 2013-15 biennium, contingent upon the passage of A.B. 472 to increase the maximum fee for the program from \$100 to \$150, as recommended by the Governor. The Assembly passed A.B. 472 on May 6, 2013.

The Subcommittees recommend closing the following Department of Public Safety accounts as recommended in The Executive Budget, with minor or technical adjustments:

- Office of Professional Responsibility (201-4707)
PUBLIC SAFETY-17
- Evidence Vault (201-4701) PUBLIC SAFETY-35
- Highway Safety Grants Account (201-4721)
PUBLIC SAFETY-61
- Dignitary Protection (101-4738) PUBLIC SAFETY-69
- Emergency Management Division (101-3673)
PUBLIC SAFETY-115
- Emergency Management Assistance Grants (101-3674)
PUBLIC SAFETY-125
- Homeland Security (101-3675) PUBLIC SAFETY-129
- Child Volunteer Background Checks Trust Account
(101-4710) PUBLIC SAFETY-164
- State Emergency Response Commission (201-4729)
PUBLIC SAFETY-199
- Cigarette Fire Safety Standard and Firefighter Support
(101-3819) PUBLIC SAFETY-207

- Traffic Safety (101-4687) PUBLIC SAFETY-226
- Justice Assistance Act (101-4708) PUBLIC SAFETY-253
- Justice Assistance Grant Trust (101-4734)
PUBLIC SAFETY-256
- Justice Grant (101-4736) PUBLIC SAFETY-258
- Fund for Reentry Programs (101-4737) PUBLIC SAFETY-267
- Parole Board (101-3800) PUBLIC SAFETY-272

The Subcommittees are scheduled to close the Division of Parole and Probation on Wednesday, May 15, 2013. The Subcommittees' report for Parole and Probation will be presented to the Senate Committee on Finance and Assembly Committee on Ways and Means at a later date.

Chair Carlton asked whether there were questions from the Committees regarding the closing report for the Department of Public Safety.

ASSEMBLYWOMAN FLORES MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON PUBLIC SAFETY, MILITARY AND VETERANS' SERVICES AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION AS PRESENTED FOR THE BUDGET ACCOUNTS OF THE DEPARTMENT OF PUBLIC SAFETY.

SENATOR SMITH SECONDED THE MOTION.

Assemblyman Kirner noted that the Subcommittees had suggested that the full Committees revisit the recommendation to eliminate the two officer positions from the Capitol Police account. He asked whether further action was required by the full Committees.

Chair Carlton said the budget accounts for the Supreme Court had been closed in accordance with the elimination of the two Capitol Police officer positions and establishment of a dedicated security force. The Chair believed that the report for the Department of Public Safety should be accepted as presented.

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

BUDGETS CLOSED.

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Chair Carlton stated that the next closing report was for the Division of Parole and Probation, Department of Public Safety.

Kristen Kolbe, Program Analyst, Fiscal Analysis Division, read the closing report ([Exhibit G](#)), from the Senate Committee on Finance Subcommittee on Public Safety, Military and Veterans' Services and the Assembly Committee on Ways and Means Subcommittee on Public Safety, Natural Resources and Transportation, for the Department of Public Safety, Division of Parole and Probation (P&P) into the record.

The Subcommittees completed the review of the budget for the Department of Public Safety, Parole and Probation (P&P). The closing recommendations of the Subcommittees resulted in net General Fund increases of \$8,416,387 in FY 2014 and \$8,836,868 in FY 2015 with a similar General Fund reduction in the Department of Corrections Parole Services account.

Parole and Probation (101-3740) PUBLIC SAFETY-79: Consistent with the closing of the Nevada Department of Corrections (NDOC) Parole Services account, the Subcommittees did not approve the transfer of parole functions. The Subcommittees approved the staffing and caseload projections for sworn and non-sworn positions as recommended by the Governor and amended for updated caseload projections resulting in a net reduction of 6 positions (3 DPS Officer II positions, and 3 Parole and Probation Specialist III positions). Additionally, the Subcommittees approved reissuing a letter of intent approved by the 2011 money committees directing P&P to continue reporting to the Interim Finance Committee on a quarterly basis over the 2013-15 biennium, on the use of administrative banks, including the number of offenders and the type of offenders supervised by administrative banks.

The Subcommittees approved the remainder of the budget account as recommended by the Governor, including minor or technical adjustments.

Chair Carlton asked about staffing and caseload projections, as noted on page 11 of [Exhibit G](#), and the transfer of officer positions.

Ms. Kolbe said that pursuant to revised JFA Institute projections, which suggested a lower trend than originally projected for caseload growth, P&P revised the staffing and caseload numbers and the needs of each office, and a budget amendment was submitted. Of the sworn officers, seven were recommended for transfer from the southern command to the Carson City, Elko, and Reno offices. Ms. Kolbe noted that the three positions recommended for elimination were currently vacant.

Chair Carlton commented that the 2011 Legislature added 40 officer positions to P&P, but now officer positions were being eliminated. She asked what the vacancy rate was at the present time. Ms. Kolbe was not aware of that rate. Chair Carlton said she would contact the agency to discuss the matter.

Chair Carlton asked whether there were questions from the Committees regarding the closing report for the Department of Public Safety, Division of Parole and Probation, and there were none. The Chair called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON PUBLIC SAFETY, MILITARY AND VETERANS' SERVICES AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION AS PRESENTED FOR THE BUDGET ACCOUNT OF THE DEPARTMENT OF PUBLIC SAFETY, DIVISION OF PAROLE AND PROBATION.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Grady and Hogan were not present for the vote.)

BUDGET CLOSED.

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Chair Carlton stated that the next closing report was for the Department of Motor Vehicles.

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the closing report ([Exhibit H](#)), from the Senate Committee on Finance Subcommittee on Public Safety, Military and Veterans' Services and the Assembly Committee on Ways and Means Subcommittee on Public Safety, Natural Resources and Transportation, for the Department of Motor Vehicles (DMV) into the record.

The Subcommittees completed the review of the budgets for the Department of Motor Vehicles (DMV) and addressed the major closing issues enumerated below and recommends the following actions:

Director's Office (201-4744) DMV-17:

22 Percent Cap and Redirection of the GST Commission and Penalties: Under NRS 408.235, the DMV may not expend more than 22 percent of the fees collected (excluding gas tax) from the Highway Fund on administration. The Committees' action to close the department's budgets maintained the agency within the 22 percent cap in each year of the 2013-15 biennium. The Committees' actions leave funding authority of approximately \$9.3 million in FY 2014 and \$7 million in FY 2015 under the cap, respectively.

As the Committee will recall, the 2011 Legislature redirected GST Commissions and Penalties in the Field Services and the Motor Carrier budget accounts to the General Fund for both years of the 2011-13 biennium and replaced the revenue with Highway Funds to make the account whole. The administrative cap on the use of Highway Funds for administration was also increased from 22 percent to 33 percent in the 2011-13 biennium only.

For the 2013-15 biennium, the Governor's recommends restoring the 22 percent cap and the GST Commissions and Penalties as a funding source in FY 2014. However, the Governor recommends redirecting approximately \$24.9 million of GST Commissions and Penalties to the General Fund in FY 2015. The GST Commissions and Penalties have been replaced with Highway Fund appropriations in both the Field Services and the Motor Carrier

budget accounts, and the cap is recommended to increase from 22 percent to 32 percent in FY 2015. Assembly Bill 491, submitted by the Department of Administration and currently in the Assembly Ways and Means Committee, implements the Governor's recommendation to redirect GST Commissions and Penalties to the State General Fund and increases the cap to 32 percent for FY 2015. The Subcommittees did not take action on whether or not to redirect GST Commissions and Penalties in the amount of \$24.9 million. The Subcommittees deferred the decision to the money committees to decide on this policy issue in Assembly Bill 491.

Cost Allocations: The Executive Budget recommended several new cost allocations and changes to existing cost allocations by the Director's Office, Administrative Services, Automation, and Central Services budgets. As recommended, the Records Search, Verification of Insurance, and Motor Vehicle Pollution Control accounts would transfer fee revenues to the four aforementioned budget accounts in the form of cost allocation charges or reimbursement for administrative services provided.

The Subcommittees were concerned with the rationale for the proposed cost allocations for two reasons. First, the fee and penalty revenues collected in the Verification of Insurance budget, which exceed the program's operational needs/approved expenditures and a statutorily required \$500,000 reserve, are reverted to the Highway Fund at the end of each fiscal year. Secondly, in the Records Search budget, revenues that exceed operational needs and approved expenditures are transferred at 50 percent to the Central Services budget and 50 percent to the Automation budget to offset costs in each of those budgets, which as noted above are primarily funded with Highway Funds.

Based on these concerns, the Subcommittees approved staff's recommendation to remove the cost allocations recommended from those budget accounts that are primarily funded with Highway Funds to the fee funded Verification of Insurance and Records Search accounts that either revert excess fee revenue to the Highway Fund or divert excess fee revenue to offset expenditures that would otherwise be funded with Highway Funds. The Subcommittees approved the cost allocation to the Motor Vehicle Pollution budget because fees collected in this

budget do not revert to the Highway Fund and are retained in the budget at the end of the fiscal year.

Positions in the Classified Service Recommended to be moved to the Unclassified Service: The Governor recommends placing 11 positions currently in the classified service to the unclassified service in various budget accounts within the department. **Decisions regarding unclassified positions, including salaries will be made by the money committees, therefore no action was taken by the Subcommittees on the Governor's recommendation.**

Automation (201-4715) DMV-32: The Subcommittees approved four new Information Technology Professional IV positions. Three positions are funded with Highway Funds totaling \$681,403 over the 2013-15 biennium, and will be responsible, in team leadership roles, for addressing the department's seven-year backlog of IT projects and for the maintenance and programming of the DMV application. One new position will be assigned to support the Vehicle Information Database, which supports the department's emission control program and is funded via a cost allocation to the Motor Vehicle Pollution Control account totaling \$218,523 over the 2013-15 biennium.

The Subcommittees approved Highway Funds totaling \$182,895 over the 2013-15 biennium to reinstate a training budget for all Information Technology staff within the department to include training for the application programmers, systems training, Remedy training (an application used to track help desk tickets and project service requests) and "Mindleaders" training (an online training for a variety of topics).

Motor Vehicle Pollution Control (101-4722) DMV-57: The Subcommittees approved funding from reserves totaling \$107,184 over the 2013-15 biennium for the lease of a separate building for testing vehicle emission analyzers in Carson City. Costs include building rent, equipment, operating, and contract services for an alarm system and wiring of the building. The new location will provide space dedicated for the testing of current and new analyzers in an environment that will eliminate possible influences on the testing of the analyzers.

License Plate Factory (201-4712) DMV-78: The Subcommittees approved the Governor's recommendation to transfer costs associated with License Plate Factory from the department's Central Services budget account to a new License Plate Factory budget.

In addition, the Subcommittees approved the Governor's recommendation to make the License Plate Factory self-supporting by changing the funding source from Highway Funds totaling \$3.4 million over the biennium, to a new funding source based primarily on revenues collected from a new License Plate fee. The Subcommittees approved a License Plate fee of \$3 per license plate (excluding specialty plates), which is \$0.50 higher than the per license plate fee recommended by the Governor. The \$0.50 increase approved by the Subcommittees will allow for the repayment of Highway Fund appropriations over a five-year period to (1) establish a \$500,000 reserve recommended by the Governor in the License Plate Factory budget for cash flow purposes, and (2) to repay the \$3.8 million CIP Project (CIP-C03) for a new building to house the License Plate Factory, if approved by the Subcommittees on K-12/Higher Education/CIP. The \$3 License Plate fee will also allow for a small reserve for contingencies for unanticipated costs and increases in the cost of materials to produce the license plates. The new fee for the License Plate Factory is contingent upon approval of Assembly Bill 473. The \$3 License Plate fee is in addition to the \$0.50 Prison Industry fee currently assessed on each plate sold. Customers will continue to have the option of retaining their existing plates thereby avoiding the per plate fee.

Other revenue sources included in the License Plate Factory budget include fees from substitute and duplicate license plates, and costs allocated to the Special Plates Trust account for staff time and the cost of producing specialty plates.

The Subcommittees approved a budget amendment to include the transfer of the substitute and duplicate plate revenues totaling \$147,497 from the Central Services budget that was not included in The Executive Budget. In addition, the Subcommittees approved technical adjustments completed by Fiscal staff, including authority for Fiscal staff to make a technical adjustment based on the decision made by the Subcommittees on K-12/Higher

Education/CIP on the CIP project for the new building for the License Plate Factory.

Central Services (201-4741) DMV-66: The Subcommittees approved the Governor's recommendation of \$57,148 of Highway Funds in FY 2015 for interface costs and transition fees for the department to manage the proposed mandate of electronic submission of vehicle sales or lease information from dealers, rebuilders, and long-term lessors. This capability will provide customers with the ability to register a vehicle purchased or leased through the Internet instead of visiting a DMV office. The mandate for the electronic submission of vehicle sales or lease information from dealers, rebuilders, and long-term lessors is contingent upon the passage of Assembly Bill 454.

The Subcommittees approved the Governor's recommendation, which include follow-up budget amendments and technical adjustments completed by Fiscal staff, to replace Highway Fund appropriations totaling \$551,495 with fees for Duplicate or Substitute Plates, Certificate of Registration and Decals. The fees that replace Highway Funds are based on the department's projections and include \$147,497 transferred to the new License Plate Factory.

Field Services (201-4735) DMV-95: The Subcommittees approved Highway Funds in the amount of approximately \$1.1 million in FY 2014 and \$1.2 million in FY 2015 to continue 25 counter positions approved by the Interim Finance Committee (IFC) during the 2011-13 biennium. The continuation of the 25 positions will maintain wait-times at the 6 metropolitan offices at an average wait-time of 39 minutes, and will maintain resources in Elko and Winnemucca to respond to workload increases associated with population growth and mining activity.

The Subcommittees approved Highway Funds in the amount of \$371,076 in FY 2014 for a new automated customer flow queuing system for 12 field offices, and in FY 2015, \$49,272 was approved for the ongoing maintenance and support of the new queuing system. The customer flow queuing system is utilized to direct customers waiting in the office, and it is used to generate reports for the majority of Field Services statistical tracking, which includes wait-times, customer counts, customers served in less

than 30 minutes, and monitoring window coverage. The new system will have advanced technology, allowing customers to view their queue status on the web, cellular phones or other mobile devices along with wait-list summoning and appointment capability. This will reduce the amount of time the customer has to wait in an office. The current queuing system is obsolete and no longer supported by the vendor.

The Subcommittees approved issuing a letter of intent to the DMV to provide a status report on the new queuing system at every IFC meeting during the 2013-14 Interim.

Motor Carrier (201-4717) DMV-106: The Subcommittees approved the Governor's recommendation for a new fee for the administration of the International Fuel Tax Agreement decal program, projected to generate revenues of \$44,556 in FY 2014 and \$45,312 in FY 2015. The decals are effective for a calendar year and must be reissued each year at a cost of \$6 per decal set. The revenues result in a corresponding offset in Highway Funds. Implementation of the new fee is contingent upon passage of Assembly Bill 464.

The Subcommittees approved closing the following Department of Motor Vehicles' budget accounts as recommended by the Governor with minor or technical adjustments, as needed:

- REAL ID (201-4746) DMV-25
- Hearings (201-4732) DMV-27
- Administrative Services (201-4745) DMV-42
- Compliance Enforcement (201-4740) DMV-50
- Verification of Insurance (201-4731) DMV-84
- Records Search (201-4711) DMV-89
- Management Services (201-4742) DMV-114

Chair Carlton noted that although the Assembly Committee on Ways and Means had not yet considered A.B. 491 and A.B. 473, the Committee would consider the bills in the near future.

Chair Carlton asked whether there were questions from the Committees regarding the closing report for the Department of Motor Vehicles, and there were none. The Chair called for a motion.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON PUBLIC SAFETY, MILITARY AND VETERANS' SERVICES AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION AS PRESENTED FOR THE BUDGET ACCOUNTS OF THE DEPARTMENT OF MOTOR VEHICLES.

SENATOR PARKS SECONDED THE MOTION.

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

BUDGETS CLOSED.

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Chair Carlton said the next closing report was for the Nevada Department of Corrections.

Sarah Coffman, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the closing report ([Exhibit I](#)), from the Senate Committee on Finance Subcommittee on Public Safety, Military and Veterans' Services and the Assembly Committee on Ways and Means Subcommittee on Public Safety, Natural Resources and Transportation, for the Department of Corrections (NDOC) into the record.

The Subcommittees completed the review of the Nevada Department of Corrections' (NDOC) budget request for the 2013-15 biennium. The closing recommendations of the Subcommittees resulted in General Fund savings of \$12.3 million in FY 2014 and \$15.3 million in FY 2015.

The department's budget is primarily driven by the projected number of inmates to be housed. The Executive Budget provided funding to house an average of 12,745 inmates in FY 2014 and 12,774 in FY 2015. The budget, as modified by the Subcommittees, will provide funding to house an average of 12,667 inmates in FY 2014 and 12,714 in FY 2015. This budget modification was the result of an updated projection of the inmate population in February 2013, which reflects a decline in the level of

inmate population growth, since the October 2012 inmate population projection, used to establish the inmate population projection in The Executive Budget was slightly overestimated, compared to the actual inmate population experienced between October 2012 and February 2013. The revised inmate population level results in a General Fund savings of \$325,472 in FY 2014 and \$389,555 in FY 2015.

Department-Wide Issues: At the April 19, 2013, budget closing, the Subcommittees originally concurred with the Governor's recommendation to provide General Fund appropriations of \$1.2 million over the 2013-15 biennium for kosher and common fare meals for certain eligible inmates and recommended issuing a letter of intent to the NDOC specifying that if the Ninth District Court of Appeals made a ruling any time during the 2013-15 biennium in favor of the NDOC's recommendation to substitute kosher meals with common fare meals, the NDOC would determine the cost savings it would realize for the duration of the 2013-15 biennium by transitioning inmates receiving kosher diets to common fare diets, and revert the calculated savings to the General Fund. However, at the May 15, 2013, budget closing, the NDOC testified that the Ninth District Court of Appeals issued a ruling in favor of the NDOC replacing its kosher diet with its common fare diet. Accordingly, the money committees may wish to rescind the Subcommittees' recommendation for a letter of intent and instead approve General Fund reductions of \$384,323 in each year of the biennium to adjust inmate-driven food expenditures associated with 138 inmates transitioning from a kosher diet to a common fare diet.

The Subcommittees also voted in favor of reducing General Fund appropriations by \$237,317 in each year of the 2013-15 biennium to accurately reflect the current level of Remote Area Differential pay required for eligible employees.

The Subcommittees concurred with the Governor's recommendation, as amended, to transfer various Senior Correctional Officers and Correctional Officers among four institutions to assist the NDOC with its staffing plan. In addition, the Subcommittees provided the NDOC with authority to retain its remaining 185 Senior Correctional Officer positions

instead of reclassifying these positions to Correctional Officers as originally approved by the 2011 Legislature.

Director's Office (101-3710) CORRECTIONS-14: The Subcommittees voted to approve 4.51 new positions including a Criminal Investigator, an Administrative Assistant, two IT Technicians, and a half-time IT Professional position. In addition, the Subcommittees concurred with the Governor's recommendation, as amended, to provide the NDOC with \$20,000 in each year of the 2013-15 biennium for telephone maintenance in lieu of the Governor's original recommendation to provide \$246,303 in FY 2015 to transfer the management and maintenance of the NDOC's telephone system to the Division of Enterprise Information Technology Services. The Subcommittees also voted to approve additional General Fund appropriations of \$35,000 in each year of the biennium to fund the NDOC's share of ongoing maintenance expenditures for the Attorney General's Victim Information Notification System contingent upon the passage of Senate Bill 26.

Prison Medical Care (101-3706) CORRECTIONS-26: The Subcommittees voted to approve the Governor's recommendation of \$18.0 million in FY 2014 and \$18.8 million in FY 2015 for inmate-driven medical expenditures, as amended, with inflationary adjustments of \$1.4 million in FY 2014 and \$2.1 million in FY 2015 recommended for outside medical care, pharmaceutical contracts, prescription drugs, dental supplies, and medical supplies. In addition, the Subcommittees recommend reductions in General Fund appropriations of \$2.7 million in FY 2014 and \$5.2 million in FY 2015 to account for the estimated medical expenditures that would be directly paid by Medicaid, as a result of existing Medicaid eligibility for certain inmates and the expansion of inmate eligibility through the Affordable Care Act. In addition, the Subcommittees voted to approve General Fund appropriations of \$69,647 in FY 2014 and \$99,182 in FY 2015 for two new Administrative Assistant positions to conduct and oversee Medicaid eligibility filings for the NDOC. The Subcommittees recommended a bill draft request, which exempts the NDOC from being required to obtain an inmate's signature when filing on behalf of the inmate for Medicaid eligibility and billing claims.

Parole Services (101-3712) CORRECTIONS-36: The Subcommittees did not concur with the Governor's recommendation to transfer 105 positions from the Department of Public Safety's Division of Parole and Probation to a newly proposed Parole Services account within the NDOC. Correspondingly, the Subcommittees did not approve a new Deputy Director and Account Technician position associated with the operation of the proposed Parole Services account within the NDOC. Finally, the Subcommittees did not concur with the Governor's recommendation, as amended, to provide General Fund appropriations of \$13,477 in FY 2014 and \$20,785 in FY 2015 for new badges and Category I peace officer training for managerial staff associated with the parole services function.

Offenders' Store Fund (240-3708) CORRECTIONS-141: The Subcommittees did not concur with the Governor's recommendation for a new IT Professional position to address anticipated end-user demand that would result from system enhancements scheduled for the 2013-15 biennium. The system enhancements would make the Trust and Commissary system compatible with the Offender Management System, which would provide IT staff with the ability to generate information for end-users that was not previously available. The NDOC was not able to provide the Subcommittees with an estimate as to how the upgrade would affect existing staff's workload. The Subcommittees recommended directing the NDOC to seek approval from the Interim Finance Committee for this position during the 2013-14 Interim, when the NDOC is able to provide more specific data on how this upgrade will affect its workload.

Inmate Welfare Account (240-3763) CORRECTIONS-150: The Subcommittees voted to approve the Governor's recommendation for a new Administrative Assistant to provide clerical support for the Education Services Department within the NDOC. The new position is supported with transfers from the Offenders' Store Fund of \$77,939 over the 2013-15 biennium.

Prison Industry (525-3719) CORRECTIONS-157: The Subcommittees concurred with the revenue estimates provided in The Executive Budget, which project Miscellaneous Sales would increase by 18.3 percent over the 2013-15 biennium from \$3.2 million in FY 2012 to \$3.7 million in FY 2015. However, the

Subcommittees recommended issuing a letter of intent, directing the NDOC to provide the Committee on Industrial Programs with quarterly reports on its Miscellaneous Sales, retained earnings, and steps the Prison Industry program is taking each quarter to ensure the program is not relying on its retained earnings to support ongoing operating expenditures. The Subcommittees further indicated as part of the recommended letter of intent, that if after June 30, 2014, the Prison Industry program continued to support its operating expenditures with retained earnings, the Prison Industry program would be required to report to the Interim Finance Committee, identifying the steps it is taking to ensure the program is generating sufficient revenue to meet its expenditure obligations.

The Subcommittees recommended closing the following Nevada Department of Corrections accounts as recommended in The Executive Budget with minor or technical adjustments:

- Correctional Programs (101-3711) CORRECTIONS-32
- Ely State Prison (101-3751) CORRECTIONS-40
- High Desert State Prison (101-3762) CORRECTIONS-46
- Northern Nevada Correctional Center (101-3717)
CORRECTIONS-52
- Nevada State Prison (101-3718) CORRECTIONS-57
- Southern Desert Correctional Center (101-3738)
CORRECTIONS-59
- Lovelock Correctional Center (101-3759) CORRECTIONS-65
- Southern Nevada Correctional Center (101-3715)
CORRECTIONS-70
- Warm Springs Correctional Center (101-3716)
CORRECTIONS-74
- Florence McClure Womens Correctional Center (101-3761)
CORRECTIONS-79
- Casa Grande Transitional Housing (101-3760)
CORRECTIONS-85
- Northern Nevada Restitution Center (101-3724)
CORRECTIONS-90
- Stewart Conservation Camp (101-3722) CORRECTIONS-95
- Pioche Conservation Camp (101-3723) CORRECTIONS-100
- Three Lakes Valley Conservation Camp (101-3725)
CORRECTIONS-105

- Wells Conservation Camp (101-3739) CORRECTIONS-109
- Humboldt Conservation Camp (101-3741)
CORRECTIONS-114
- Ely Conservation Camp (101-3747) CORRECTIONS-119
- Jean Conservation Camp (101-3748) CORRECTIONS-124
- Silver Springs Conservation Camp (101-3749)
CORRECTIONS-129
- Carlin Conservation Camp (101-3752) CORRECTIONS-131
- Tonopah Conservation Camp (101-3754)
CORRECTIONS-136
- Prison Ranch (525-3727) CORRECTIONS-163

Chair Carlton asked whether there were questions from the Committees regarding the closing report for the Nevada Department of Corrections, and there were none. The Chair called for a motion.

SENATOR SMITH MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON PUBLIC SAFETY, MILITARY AND VETERANS' SERVICES AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION AS PRESENTED FOR THE BUDGET ACCOUNTS OF THE NEVADA DEPARTMENT OF CORRECTIONS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

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

BUDGETS CLOSED.

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Chair Carlton said the next closing report was for the Tahoe Regional Planning Agency and the State Department of Conservation and Natural Resources.

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the closing report ([Exhibit J](#)), from the Senate Committee on Finance Subcommittee on Natural Resources and Transportation and the Assembly Committee on Ways and Means Subcommittee on Public Safety, Natural Resources and Transportation, for the Tahoe Regional Planning Agency

and the Department of Conservation and Natural Resources (DCNR) into the record.

The Subcommittees completed the review of the Tahoe Regional Planning Agency (TRPA) and the State Department of Conservation and Natural Resources (DCNR) budget recommendations in The Executive Budget for the 2013-15 biennium. The closing recommendations of the Subcommittees resulted in an increase in General Fund appropriations of \$233,428 in FY 2014 and \$83,007 in FY 2015. The Subcommittees recommended the following closing actions:

Tahoe Regional Planning Agency (101-4204) DCNR-9: The Subcommittees approved a General Fund enhancement of \$258,266 in FY 2014 and \$247,266 in FY 2015 to fund a new Senior Environmental Specialist position to serve as the agency's manager over the Aquatic Invasive Species (AIS) program; a contract with the Division of State Parks to assist with the Lake Tahoe watercraft inspection program; and an update to the agency's permit tracking software. In total, the Subcommittees approved state support (General Fund appropriations and transfers from the DMV Pollution Control account) for the TRPA of \$3.06 million over the 2013-15 biennium, which equals 25 percent relative to California's apportionment. The Subcommittees also approved the Governor's recommendation to modify the existing budget requirement for the TRPA from traditional expenditure categories to a single line-item budget within The Executive Budget, contingent on the passage of Assembly Bill 480.

Comstock Historic District (101-5030) DCNR-24: The Subcommittees did not approve the Governor's recommendation to increase the full-time equivalent (FTE) employment status of a part-time Administrative Assistant I position from 0.15 FTE to 0.50 FTE, which would require additional General Fund appropriations of \$13,640 in FY 2014 and \$14,281 in FY 2015. Instead, the Subcommittees voted to increase the FTE employment status of the position to 0.51 FTE, which resulted in General Fund savings of \$492 in FY 2014 and \$513 in FY 2015, or \$1,005 over the 2013-15 biennium.

Administration (101-4150) DCNR-30: The Subcommittees approved the Governor's recommendation to transfer five

Sagebrush Ecosystem Team positions originally approved on October 25, 2012, by the Interim Finance Committee from the DCNR Director's Office to the Division of State Lands (two positions), the Division of Forestry (one position), the Department of Wildlife (one position), and the Department of Agriculture (one position). The Subcommittees also approved the portion of Budget Amendment A130024150 that relates to funding for the five positions, which replaced \$100,000 of Ruby Pipeline Settlement Proceeds with mining assessment fee transfers from the Department of Wildlife. Lastly, the Subcommittees approved the Governor's recommendation to transfer a vacant Accounting Assistant II position from the Division of Environmental Protection and reclassify the position to an Information Technology Technician IV position, as well as reclassify a vacant Accounting Assistant II position to a Public Information Officer I position, at a total additional cost of \$34,920 in FY 2014 and \$36,935 in FY 2015.

Division of Conservation Districts (101-4151) DCNR-41: The Subcommittees approved the Governor's recommendation for General Fund appropriations of \$117,011, as well as transfers of other funding sources totaling \$351,031 over the 2013-15 biennium, to continue to fund three Conservation Regional Specialist positions and associated operating expenses pursuant to a recommendation issued by the Governor's Greater Sage-Grouse Advisory Committee. The Subcommittees also voted to approve the Governor's recommendation for a General Fund appropriation of \$28,000 in each year of the 2013-15 biennium to increase grant awards to each of the 28 conservation districts by \$1,000 annually. This action increases the total annual grant award per district to \$3,500. The Subcommittees also approved the Governor's recommendation for a General Fund appropriation of \$40,000 in each year of the 2013-15 biennium to establish a new competitive grant pool to aid conservation districts in funding projects for the benefit of the sage grouse habitat.

The Subcommittees did not approve the Governor's recommendation for General Fund appropriations of \$17,023 in FY 2014 and \$14,700 in FY 2015 to increase funding for in-state travel, registrations, membership dues, and out-of-state travel. Instead, the Subcommittees approved a General Fund

appropriation of \$8,220 in each year of the 2013-15 biennium to increase funding for registrations, membership dues, and in-state and out-of-state travel, providing General Fund savings of \$8,803 in FY 2014 and \$6,480 in FY 2015.

State Parks (101-4162) DCNR-50: The Subcommittees approved the Governor's recommendation for General Fund appropriations of \$11,267 in FY 2014 and \$6,000 in FY 2015 to add 12 new credit card terminals at 9 state park locations to facilitate the electronic payment of entrance fees and annual park passes. The Subcommittees also approved the Governor's recommendation for General Fund appropriations of \$91,065 over the 2013-15 biennium to restore one of the two Maintenance Repair Specialist II positions in the Division of State Parks Southern Region that were eliminated in the current biennium by the 2011 Legislature. Lastly, the Subcommittees approved the Governor's recommendation for a General Fund appropriation of \$251,840 in FY 2014 for various deferred maintenance projects at 11 parks throughout the state.

Water Resources (101-4171) DCNR-69: The Subcommittees approved the Governor's recommendation to reduce General Fund appropriations by \$1.2 million in FY 2014 and \$3.2 million in FY 2015, to add fee revenue of approximately \$3.3 million in each year of the 2013-15 biennium from existing fees, and to establish a reserve in the Water Resource budget account totaling \$1.2 million by the end of FY 2015. The Subcommittees also approved the Governor's recommendation to add new fee revenue of \$361,348 in each year of the biennium. This revenue shift from General Fund appropriations to fee revenue is contingent upon approval of Senate Bill 468, which increases the fee on existing water applications and permits, as well as establishes fees for several new categories.

The Subcommittees approved the Governor's recommendation to expand the Adjudication Section of the Division of Water Resources by five positions, funded with fee revenue of \$494,360 and \$500,076 in FY 2014 and FY 2015, respectively, from the approved new and existing fee increases. In addition, the Subcommittees approved Budget Amendment A13A0109 to add General Fund appropriations of \$279,754 in FY 2014 and \$90,000 in FY 2015 for the cost of deferred maintenance at the

South Fork Dam. The Subcommittees did not approve the Governor's recommendation for a General Fund appropriation of \$30,000 in FY 2014 to cover the cost of the State Engineer to develop and adopt additional regulations. Instead, the Subcommittees approved a reserve reduction of \$30,000 in FY 2014 to fund the development and adoption of regulations.

Forestry (101-4195) DCNR-84: The Subcommittees approved the Governor's recommendation to replace a portion of the funding for 12 positions that are partially allocated and provide support to the departing NRS 473 (all-risk) fire protection districts in the Forestry Inter-Governmental Agreements account. However, the Subcommittees approved General Fund appropriations of \$60,335 in FY 2014 and \$67,387 in FY 2015 for this replacement funding, which is \$7,031 less in FY 2014 than the amount recommended by the Governor, to account for continued operation of the Eureka County NRS 473 fire protection district through January 1, 2014.

Due to a reduction in federal funding available to the Division of Forestry, the Subcommittees approved the Governor's recommendation for General Fund appropriations of \$102,702 in FY 2014 and \$104,614 in FY 2015 to fund a Conservation Staff Specialist II position that is currently funded by federal Consolidated Payment Grants (CPGs). In addition, due to the elimination of the federal Emergency Supplemental Hazardous Fuels Reduction program at the federal level, the Subcommittees approved the Governor's recommendation for a reduction of \$358,863 over the 2013-15 biennium in federal Emergency Supplemental Hazardous Fuels Reduction grant funds, as well as the elimination of three vacant Forester II positions that were funded by the grant.

Wildland Fire Protection Program (101-4194) DCNR-95: The Subcommittees approved the Governor's recommendation for General Fund appropriations of \$448,694 over the 2013-15 biennium, as well as county assessment revenue of \$3.6 million over the biennium, to support a new voluntary, risk-based Wildland Fire Protection Program. The Subcommittees also approved the creation of a new budget account within The Executive Budget, as well as 17 new firefighting positions, to support the Wildland Fire Protection Program. In order to provide

the Legislature with updates during the biennium on the development and implementation of the new program, the Subcommittees approved the issuance of a letter of intent to the Division of Forestry requesting semi-annual reports be provided to the Interim Finance Committee.

Forest Fire Suppression (101-4196) DCNR-97: The Subcommittees approved the Governor's recommendation to continue General Fund appropriations of \$2.5 million in each year of the 2013-15 biennium in support of fire suppression and emergency response activities. The Subcommittees also approved the Governor's recommendation to authorize the Division of Forestry to transfer up to \$250,000 in each year of the biennium of unexpended vehicle reimbursement revenue from the Forest Fire Suppression account to the Forestry account to fund major repair work on fire suppression vehicles and equipment. If the Subcommittees' closing recommendation on this item is approved by the full Committee, the addition of back language to the Appropriations Act will be necessary in order to grant the agency authority to balance forward the unexpended vehicle repair funding.

Forestry Inter-Governmental Agreements (101-4227) DCNR-105: Since Carson City and Storey County have ceased to operate their respective NRS 473 fire protection districts, the Subcommittees approved the Governor's recommendation to eliminate all revenue and expenditures associated with the two fire protection districts from the Forestry Inter-Governmental Agreements account. The Subcommittees did not approve the Governor's recommendation to eliminate Eureka County funding and expenditures of \$247,769 in FY 2014 and \$252,378 in FY 2015. Instead, based on testimony provided by the Division of Forestry indicating Eureka County anticipates accepting all-risk emergency service responsibilities from the state on January 1, 2014, the Subcommittees approved to continue existing Eureka County funding and expenditures through FY 2014 and to eliminate Eureka County funding and expenditures of \$252,378 in FY 2015.

State Lands (101-4173) DCNR-124: The Subcommittees approved the Governor's recommendation to transfer two Sagebrush Ecosystem Team positions from the DCNR Director's Office to the Division of State Lands, with a revision to the positions' funding

sources included in a portion of Budget Amendment A130024173. The budget amendment replaces Ruby Pipeline Settlement Proceeds with mining assessment fee transfers from the Department of Wildlife as a funding source for the two positions.

DEP Administration (101-3173) DCNR-158: The Subcommittees approved the Governor's recommendation of a reserve reduction of \$22,068 in each year of the 2013-15 biennium to fund additional in-state travel and professional development for Division of Environmental Protection (DEP) management and administrative support staff. The Subcommittees also voted to approve the Governor's recommendation of reserve reductions of \$60,000 in each year of the biennium for two new contracts for the maintenance of the environmental information exchange network and the conversion to a web content management system. Finally, the Subcommittees approved the Governor's recommendation of a reserve reduction of \$43,948 over the biennium to reclassify a Budget Analyst II position to a Budget Analyst III position and a vacant Administrative Assistant II position to an Information Technology Professional II position.

Air Quality (101-3185) DCNR-166: The Subcommittees approved the Governor's recommendation to add six new positions (four Professional Engineer positions and two Environmental Scientist III positions) and a new four-wheel drive pickup truck to the Air Quality account. The positions would perform air quality monitoring, permitting, and enforcement duties related to new federal Clean Air Act requirements and are funded by transfers of fee revenue from the Air Quality Management Account totaling \$531,456 in FY 2014 and \$613,626 in FY 2015. In addition to approving the six new positions, the Subcommittees approved the issuance of a letter of intent requesting semi-annual reports from the division concerning the new federal regulations and the division's efforts in complying with the regulations. Lastly, the Subcommittees voted to approve the Governor's recommendation of reserve reductions of \$18,687 in each year of the 2013-15 biennium to increase out-of-state travel expenditures related to staff training and professional development.

Waste Management and Federal Facilities (101-3187) DCNR-179: The Subcommittees approved the Governor's recommendation for transfers of fee revenue from the Hazardous Waste Management

account totaling \$130,287 over the 2013-15 biennium to fund a new Environmental Scientist III position and associated operating expenses in the Bureau of Corrective Actions. Additionally, the Subcommittees approved the Governor's recommendation for a combination of reserve reductions, federal Department of Energy grant funding, and transfers of fee revenue from the Hazardous Waste Management account totaling \$102,382 in each year of the biennium for additional travel and training expenditures. Finally, the Subcommittees approved the Governor's recommendation for federal Department of Energy grant funding and transfers of fee revenue from the Hazardous Waste Management account totaling \$200,000 in each year of the biennium for two new contracts to assist the division with oversight and review of federal Department of Energy activities in Nevada.

Safe Drinking Water Regulatory Program (101-3197) DCNR-205:

The Subcommittees approved the Governor's recommendation of laboratory certification fees of \$77,866 in FY 2014 and \$77,933 in FY 2015 to fund a new Environmental Scientist III position, as well as a 24-week temporary contract position, in the Laboratory Certification Program (LCP). The Subcommittees also approved transferring the LCP, including five positions, from the Water Quality Planning account to the Safe Drinking Water Regulatory Program account.

Water Planning Capital Improvement (101-4155) DCNR-213: Due to a significant increase in the FY 2015 ending reserve balance recommended in The Executive Budget, the Subcommittees approved a reduction in transfers from the Grants to Water Purveyors account of \$19,548 in FY 2014 and \$8,193 in FY 2015. This action reduced the reserve balance in the Water Planning Capital Improvement account to \$107,612 in FY 2014 and \$113,886 in FY 2015.

The Subcommittees closed the following accounts as recommended by the Governor, with minor or technical adjustments:

- State Historic Preservation Office (101-4205) DCNR-19
- Forestry Conservation Camps (101-4198) DCNR-100
- Forestry Nurseries (257-4235) DCNR-111

- Nevada Tahoe Regional Planning Agency (101-4166) DCNR-130
- Nevada Natural Heritage (101-4101) DCNR-134
- State Environmental Commission (101-4149) DCNR-156
- Water Pollution Control (101-3186) DCNR-173
- Mining Regulation/Reclamation (101-3188) DCNR-188
- State Revolving Fund – Administration (746-3189) DCNR-193
- Water Quality Planning (101-3193) DCNR-199

Chair Carlton asked whether there were questions from the Committees regarding the closing report for the Department of Conservation and Natural Resources.

SENATOR SMITH MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON NATURAL RESOURCES AND TRANSPORTATION AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION AS PRESENTED FOR THE BUDGET ACCOUNTS OF THE TAHOE REGIONAL PLANNING AGENCY AND THE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

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

BUDGETS CLOSED.

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Chair Carlton stated that the next closing report was for the Department of Administration, Budget and Planning account.

Adam Drost, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the closing report ([Exhibit K](#)), from the Senate Committee on Finance Subcommittee on General Government and the Assembly Committee on Ways and Means Subcommittee on General Government, for the Department of Administration, Budget and Planning account into the record.

Budget and Planning (101-1340) ADMIN-10: The Subcommittees voted to not approve the Governor's recommendations to add a new Budget Analyst V position and General Fund appropriations of \$100,000 in the 2013-15 biennium for additional contractor programming resources to further develop the Priorities and Performance Based Budgeting (PPBB) initiative. The Subcommittees concurred with the Governor's recommendation to approve \$144,549 in cost allocation reimbursements over the 2013-15 biennium for additional Enterprise Information Technology Services programming hours that would primarily be used for non-PPBB related system enhancements.

Senator Smith asked the Committees to reconsider the recommendation from the Subcommittees on General Government. The Legislature unanimously approved the Priorities and Performance Based Budgeting (PPBB) initiative in 2011, and the Budget Division had completed a great deal of work over the interim without additional funding. Senator Smith believed that legislators who approved the PPBB initiative realized that it would be a long-term process and would require additional resources over time. She said she could not imagine why the Legislature would cease to support the PPBB initiative by not providing the necessary resources.

Senator Smith said without the necessary resources, the expectations of the Legislature would be limited. The Budget Division was able to begin work on the PPBB initiative over the interim with the help of other agencies, but without any resources. In addition, the Fiscal Analysis Division of the Legislative Counsel Bureau (LCB) also needed commensurate funding so that the budget systems could communicate about the budget process moving forward.

Senator Smith recommended that the Committees approve the request for the new budget analyst 5 position and add \$124,875 in fiscal year (FY) 2014 and \$41,625 in FY 2015 to fund additional resources needed by the LCB Fiscal Analysis Division to implement PPBB in the Legislature's budgeting system.

Senator Smith suggested that the Committees appoint a subcommittee of the Interim Finance Committee (IFC) to work with the LCB Fiscal Analysis Division and the Budget Division in further development of the PPBB initiative.

Chair Carlton said there had been many discussions regarding the PPBB initiative during the 2011 Legislature and the initiative had passed. There were many opinions and options regarding PPBB, and Chair Carlton said her level of discomfort was with the lack of information regarding the progression of the

initiative. Allowing a group to work through a subcommittee of IFC so that the Legislature was involved in the process would make information more available as PPBB progressed.

Chair Carlton believed that decisions made by the Committees during the meeting would not tie the hands of future legislators. Those legislators, she said, could make independent decisions when the information was presented to the 2015 Legislature. She opined that future legislators would have more information available to make a decision regarding PPBB if there were additional resources over the upcoming interim to move the process forward.

Assemblywoman Flores, Chair of the Assembly Committee on Ways and Means Subcommittee on General Government, reported that the Subcommittees had spent a great deal of time discussing the issue. The 2011 Legislature, she said, approved the PPBB initiative but had not provided the resources necessary to undertake the initiative, the same dilemma the 2013 Legislature currently faced. Assemblywoman Flores recalled that the Subcommittees had been presented with a broad statement concerning how the additional budget analyst 5 position would help move PPBB forward. She also recalled that the Subcommittees had considered the fact that the legislative budget process was not fully aligned with the Budget Division's budget process because of different performance measures. Additionally, she advised that receiving information that included performance indicators but not the line items the legislators were accustomed to seeing in budgets was a major concern. The Subcommittees, she explained, had not received information that the line items would continue to be provided.

Assemblywoman Flores expressed discomfort regarding the lack of information concerning how the budget analyst 5 position was intended to be used. The request was that the position was needed to implement PPBB, and the duties, she said, were presented to the Subcommittees as ". . . coordinate the Executive Budget Office's PPBB activities," and "complete the PPBB business plan. . . needed to complete the PPBB implementation."

Assemblywoman Flores said additional information was needed to make a decision regarding the position, and she did not want to be without the necessary information in 2015 to make the appropriate budget decisions. She believed that if the position was approved, the Committees should be very clear concerning what needed to be accomplished and the duties of the position.

Senator Kieckhefer said he supported the recommendation for the additional position. He had worked over the interim with Jeff Mohlenkamp, Director, Budget Division, Department of Administration, as the framework was being

constructed for the PPBB initiative. Senator Kieckhefer believed the information received by the 2013 Legislature was a great first step in creating a mechanism by which the Legislature could evaluate the efficacy of the programs that it put into place. That would significantly change the scope of how the Legislature would evaluate and spend money as a government, which Senator Kieckhefer believed was critically important. The performance indicators included in budgets in the past were virtually meaningless, and the new PPBB initiative was taking the state in the right direction; he opined it should be funded.

Senator Kieckhefer shared Assemblywoman Flores' concerns about the details that the Legislature would have at its disposal in the budget process, but he felt comfortable that the details would remain under the PPBB initiative. Senator Kieckhefer felt that Fiscal Analysis Division staff would have access to the necessary information, and there would be no restrictions to accessing the needed budget details by the Legislature. He also believed that the backup data would indicate that the expenditures were in line with priorities. Senator Kieckhefer stated he was very supportive of approving the requested position and the funding for the LCB Fiscal Analysis Division.

Assemblywoman Kirkpatrick commented that the Legislature set a goal for a long-term project, and the Budget Division had completed a great deal of work on the PPBB initiative, even with the limited resources on hand. Mrs. Kirkpatrick stated that the goal should not be forgotten going forward with the long-term vision. She noted that there were some instances when detail was not what would be beneficial to the Legislature, and perhaps the two agencies working together with sufficient resources could implement a system that worked for Nevada as a whole. Mrs. Kirkpatrick believed that PPBB should be funded, and it was important that the Legislature be part of the process throughout the interim through the IFC so that the Legislature would be up to speed with the process.

Assemblyman Eisen said he had reservations about the PPBB process, but it was a matter of helping the PPBB initiative mature. He believed that the current budget process needed to be changed, and the Legislature should move away from funding budgets simply because that was the way they had been funded in the past. Assemblyman Eisen hoped that the focus over the interim would be to determine the importance of performance measures. He wanted to ensure that there was a process to identify performance measures and how those measures tied to the proposed funding. The system, he said, should also provide the details needed by the Legislature to support the necessary budget decisions. Assemblyman Eisen said the Legislature should not look at the end of the biennium as the end of the development of PPBB.

Senator Denis commented that the performance indicators had improved and were more meaningful during the 2013 Session, and the PPBB process would improve those measures even further. His concern was about the technology pieces and whether the systems could tie together to provide the necessary information to the Legislature. Senator Denis said he was now comfortable with the recommendation, particularly with an IFC subcommittee monitoring PPBB moving forward.

Chair Carlton asked whether there were further comments or questions from the Committees. She stated that her support of the recommendation was not necessarily support for the PPBB initiative, but she was in support of assimilating additional information needed to make future budget decisions.

The Chair called for a motion.

SENATOR SMITH MOVED TO CLOSE BUDGET ACCOUNT 1340, BUDGET AND PLANNING, DEPARTMENT OF ADMINISTRATION, AS RECOMMENDED BY THE GOVERNOR, INCLUDING APPROVAL OF A NEW BUDGET ANALYST 5 POSITION; TO APPROVE A GENERAL FUND APPROPRIATION OF \$124,875 IN FISCAL YEAR 2014 AND \$41,625 IN FISCAL YEAR 2015 TO FUND ADDITIONAL RESOURCES NEEDED BY THE FISCAL ANALYSIS DIVISION OF THE LEGISLATIVE COUNSEL BUREAU TO IMPLEMENT PPBB IN THE LEGISLATIVE BUDGET SYSTEM; AND TO CREATE A SUBCOMMITTEE OF THE INTERIM FINANCE COMMITTEE TO WORK WITH THE DEPARTMENT OF ADMINISTRATION AND THE FISCAL ANALYSIS DIVISION IN THE IMPLEMENTATION OF PPBB.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

Assemblyman Aizley commented that he would reluctantly support the motion, because he could not see how the state would pay for the performance enhancements. Assemblyman Aizley did not think additional General Funds could be allocated without the addition of new funds from one year to the next, unless funds were taken away from "underperforming" areas, and Assemblyman Aizley did not believe that was a solution.

Senator Smith commented that there were areas of state government that had consistently been underfunded such as the information technology area, and PPBB was one example where the Legislature could not produce a better budgeting system that provided the necessary information without investing in

the process. She believed that the Legislature should incrementally fund PPBB because it would take a long period of time to develop an improved system for use by the Legislature to make better-informed budget decisions.

Senator Smith said the process could not be improved without investing. There were priorities in the state, but if the Legislature did not take steps to better invest in the infrastructure in ways such as PPBB, the process would not improve.

Chair Carlton stated her desire that PPBB would allow for more information sharing between the Executive branch and the Legislative branch.

The Chair called for a vote on the motion currently before the Committees.

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

BUDGET CLOSED.

* * * * *

The Chair stated that the next closing report for consideration by the Committees was for the Nevada System of Higher Education.

Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the closing report ([Exhibit L](#)), from the Senate Committee on Finance Subcommittee on K-12/Higher Education/CIP and the Assembly Committee on Ways and Means Subcommittee on K-12/Higher Education/CIP, for the Nevada System of Higher Education (NSHE) into the record.

On May 15, 2013, the Subcommittees on K-12/Higher Education/CIP completed the review of the Nevada System of Higher Education (NSHE) budget recommendations in The Executive Budget for the 2013-15 biennium. The Subcommittees' action resulted in the addition of General Fund appropriations of \$3.18 million in FY 2014 and \$2.14 million in FY 2015. The Subcommittees approved the following closing actions:

Use of a Funding Formula: The Subcommittees adopted the recommendation of the 2011-2012 Interim Committee to Study the Funding of Higher Education pursuant to Senate Bill No. 374

(S.B. No. 374 Study Committee) of the 2011 Legislature and the recommendation of the Governor to distribute General Fund appropriations to the NSHE teaching institutions' (UNR, UNLV, CSN, GBC, TMCC, WNC and NSC) state supported operating budgets through a funding formula. As recommended by the S.B. No. 374 Study Committee and used in The Executive Budget, the funding formula is based upon resident, completed weighted student credit hours (WSCH). The Subcommittees concurred with the S.B. No. 374 Study Committee that the count of WSCH for the 2013-15 biennium should include all WSCH associated with the letter grade of "F" and with those WSCH associated with Fs for non-attendance to be excluded effective the 2015-17 biennium. The Subcommittees also adopted FY 2012 as the year upon which the count of WSCH should be based. While The Executive Budget was based upon FY 2012 WSCH, The Executive Budget excluded WSCH associated with F-grades 100 percent at UNR and UNLV, 75 percent at NSC and 50 percent at the four community colleges.

Pre-Formula Funding Factors: The Subcommittees approved the Small Institution Factor for Great Basin College and Western Nevada College as recommended by the S.B. No. 374 Study Committee and included in The Executive Budget, but based it upon the count of WSCH previously approved by the Subcommittees (all F-grade WSCH in FY 2012). This action had the effect of increasing, by \$139,710 in each fiscal year, the amount of General Fund appropriations in The Executive Budget available to be distributed through the count of WSCH.

Additionally, the Subcommittees approved the Research O&M Funding Factor for UNLV and UNR as recommended by the Governor and included in The Executive Budget. In approving the Research O&M factor, the Subcommittees approved additional General Fund appropriations of \$1.73 million (\$1,725,398) in each fiscal year for Research O&M support to UNLV, which was funded by redistributing, on a post-formula basis, \$1,158,782 and \$566,616 from CSN and NSC, respectively. This resulted in no net cost to the General Fund.

Funding Formula Mitigation (Hold Harmless/Stop Loss Funding): As recommended in The Executive Budget, for the 2013-15 biennium, GBC and WNC were budgeted to receive \$2 million in new General Fund appropriations and \$6.4 million in

budgeted General Funds redistributed from UNLV, CSN and NSC on a post-formula basis. The mitigation policy recommended by the Governor was that when compared to the level of General Fund appropriation an institution would otherwise receive (Base-Maintenance-Enhancement level) prior to applying the funding formula, institutions should neither lose more than 10 percent nor gain more than 67 percent in FY 2014 and no more than 15 percent and 80 percent, respectively, for FY 2015. This mitigation policy only applied on behalf of GBC and WNC as those institutions experienced a greater than 10 percent and 15 percent reduction in FY 2014 and FY 2015, respectively.

In considering The Executive Budget, the Subcommittees approved mitigation for GBC and WNC to hold each institution harmless at 15 percent of each institution's current FY 2013 General Fund appropriation. In addition, the Subcommittees approved the following mitigation actions (Option "d"):

1. Eliminate the M-203 Decision Unit as recommended in The Executive Budget. This action eliminated \$6.24 million in mitigation for GBC and WNC over the biennium and restored an equal, cumulative amount to UNLV, CSN and NSC;
2. Eliminate the E-275 Decision Unit as recommended in The Executive Budget. This action reduced \$2 million in cumulative mitigation funding from GBC and WNC over the biennium;
3. Provide General Fund appropriation mitigation to GBC of \$4.34 million over the biennium (\$2,387,480 in FY 2014 and \$1,951,558 in FY 2015); and General Fund appropriation mitigation funding to WNC of \$3 million over the biennium (\$1,767,792 in FY 2014 and \$1,233,990 in FY 2015) for total mitigation funding of \$4.16 million and \$3.19 million in FY 2014 and FY 2015, respectively. This represents total funding of \$7.34 million over the biennium compared to the \$8.24 million recommended in The Executive Budget; and
4. Additionally, the Subcommittees accepted Budget Amendments A13A0126 and A13A0129 submitted by the Budget Division on May 10, 2013, to add \$1 million in new General Fund appropriations in each fiscal year to GBC and WNC for

mitigation; however, the Subcommittees chose not to allocate the funding and left it for the full Committees to distribute.

General Fund – Non-General Fund Revenue Offset Policy: The S.B. No. 374 Study Committee recommended that for purposes of calculating the level of General Fund appropriations to be budgeted in the NSHE's state supported operating budgets, projected non-General Fund revenues should not be considered to offset the amount of General Fund appropriations that would otherwise be budgeted. In addition, the S.B. No. 374 Study Committee recommended that the student fee and tuition revenues should continue to be budgeted in the institutions' state supported operating budgets for transparency purposes. This policy recommendation was implemented in The Executive Budget through the M-200 Decision Unit. The Subcommittees approved the budget policies that non-General Fund revenues should not be used to offset the level of General Fund appropriations that would otherwise be budgeted and that non-General Fund revenues should continue to be budgeted in the NSHE's state supported operating budgets for transparency purposes.

Finally, the Subcommittees approved the M-200 Decision Unit as recommended in The Executive Budget with the exception of Budget Account 2992, UNLV Law School, and Budget Account 3002, Dental School – UNLV. The Subcommittees did not accept the M-200 Decision Unit for these budget accounts. This had the effect of adding \$831,041 in General Fund appropriations over the 2013-15 biennium.

Performance Funding: For FY 2015, the S.B. No. 374 Study Committee recommended a 5 percent carve-out from each institution's "base" General Fund appropriation (totaling \$19.15 million) that would be earned back based upon performance criteria recommended by the Board of Regents. The S.B. No. 374 Study Committee additionally recommended that this amount increase by 5 percent per year to 10 percent, 15 percent, and 20 percent in FY 2016, FY 2017 and FY 2018, respectively. As recommended by the Governor, The Executive Budget did not include performance funding in FY 2015. The Subcommittees voted not to adopt the recommendations of the S.B. No. 374 Study Committee and the Board of Regents to allocate General Fund appropriations towards performance funding. However, while this

motion passed in the Assembly, the motion failed to pass in the Senate.

Non-Formula Budget Account Funding: The Subcommittees approved the Governor's recommended 2013-15 biennium funding levels for the NSHE non-formula, state supported operating budgets, inclusive of the \$500,000 in annual General Fund appropriations recommended in Decision Unit E-125 in Budget Account 2990 – Cooperative Extension Service, and adjusted for the M-200 Decision Unit in the UNLV School of Law and Dental Medicine budget accounts. Additionally, the Subcommittees voted to reduce the General Fund appropriations recommended in The Executive Budget in UNR Budget Account 2980 by \$500,000 per fiscal year, or \$1 million over the 2013-15 biennium. However, the Subcommittees chose to leave to the money committees the decision of how to reallocate/redistribute the \$500,000 per fiscal year reduced from Budget Account 2980.

Consolidated – Unconsolidated Budget Accounts: The Subcommittees approved maintaining the NSHE state supported operating budgets in an unconsolidated manner as included in The Executive Budget. The 2011 Legislature had approved the consolidation of certain NSHE budget accounts as one strategy to provide institutions with greater flexibility in managing 2011-13 biennium budget reductions.

Desert Research Institute (DRI) Funding Formula: The Subcommittees approved the S.B. No. 374 Study Committee's recommendation of a funding formula for DRI and provided direction that DRI should utilize the funding formula in the preparation of the 2015-17 biennium budget. For the 2013-15 biennium, DRI's state supported operating budget developed through the traditional Base-Maintenance-Enhancement methodology and included in The Executive Budget as a nonformula budget.

Budget Amendments: The Subcommittees accepted all six of the budget amendments submitted by the Budget Division. The cumulative effect of the budget amendments was to add \$2.24 million in General Fund appropriations over the 2013-15 biennium.

Technical Adjustments: Lastly, the Subcommittees approved Fiscal staff's request for authority to make adjustments for statewide decision units as well as any necessary technical adjustments.

Subcommittees Recommended Formula Funding: The formula funding levels recommended by the Subcommittees compared to the institution's FY 2013 General Fund appropriations prior to any final closing actions approved by the money committees and technical adjustments are as shown on page 7 of [Exhibit L](#).

Unresolved Budget Closing Issues: As noted previously, the Subcommittees did not make a decision on several items and deferred those for the money committees to decide. These are:

1. Allocation of the \$1 million in annual General Fund appropriations accepted (but not distributed) in Budget Amendments A13A0129 (GBC) BA 2994 and A13A0126 (WNC) BA 3012: While the Subcommittees accepted the funds, action is required to incorporate the funding into NSHE specific budget account(s). **Do the Committees wish to distribute these General Fund appropriations in a particular manner?**

Chair Carlton asked the Chair of the Assembly Committee on Ways and Means Subcommittee on K-12/Higher Education/CIP to comment on the funding.

Assemblyman Horne, Chairman of the Assembly Committee on Ways and Means Subcommittee on K-12/Higher Education/CIP, stated that funding had been eliminated in decision unit E-275 to reduce \$2 million in cumulative mitigation funding from GBC and WNC over the biennium. Assemblyman Horne believed that the budget amendments as submitted by the Budget Division should be accepted and the funding restored to decision unit E-275.

Chair Carlton asked Mr. Haartz to confirm the appropriate action by the Committees. Mr. Haartz suggested that the Committees accept the budget amendments as submitted by the Budget Division and allocate the funding as recommended by those budget amendments.

ASSEMBLYMAN HORNE MOVED TO ACCEPT BUDGET AMENDMENT A13A0129—GREAT BASIN COLLEGE—BA 2994, AND BUDGET AMENDMENT A13A0126—WESTERN NEVADA COLLEGE—BA 3012, AS SUBMITTED BY THE BUDGET DIVISION,

WITH FUNDING ALLOCATED AS RECOMMENDED BY THOSE
BUDGET AMENDMENTS.

Senator Kieckhefer believed that the motion would differ somewhat from Assemblyman Horne's recommendation to restore the funding through decision unit E-275.

Assemblyman Horne said his suggestion was to accept the budget amendments, which would restore the funding.

Mr. Haartz agreed and explained that the budget amendments would actually restore the funding to decision unit E-275.

Senator Goicoechea said he did not sit on the Subcommittee for K-12/Higher Education/CIP, but it was his understanding that the funding would go back into decision unit E-275 and be restored for use by GBC and WNC.

Senator Roberson stated that he concurred with the motion and he would offer a second.

SENATOR ROBERSON SECONDED THE MOTION.

Chair Carlton thanked Senator Roberson and called for a vote on the motion currently before the Committees.

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

Mr. Haartz read the second unresolved budget closing issue into the record:

2. Allocation of the \$500,000 reduced in each year from UNR Budget Account 2980: The Subcommittees' action deferred the decision about into which NSHE budgets account(s) the funding should be reallocated. If the money committees did not allocate these funds, the effect will be to remove the \$500,000 from the budget in each fiscal year. **Do the Committees wish to reallocate these General Fund appropriations in a particular manner?**

Fiscal staff would also request clarification as to whether the Committee's preference is to still remove the \$500,000 from the

UNR formula budget or from a UNR non-formula budget account, such as Budget Account 2985, UNR Statewide Programs. **Do the Committees wish to clarify the application of this adjustment?**

Chair Carlton asked Senator Kieckhefer to address the issue.

Senator Kieckhefer, who served on the Interim Committee to Study the Funding of Higher Education [Senate Bill No. 374 of the 76th Session (2011)], recommended that the \$500,000 be removed from the UNR Statewide Programs account, which was a UNR nonformula budget account.

Assemblyman Horne, Chairman of the Assembly Committee on Ways and Means Subcommittee on K-12/Higher Education/CIP, agreed that the request was to remove the funds from the UNR Statewide Programs account.

Senator Denis stated that it was also his understanding to remove the funds, with which he agreed.

Chair Carlton stated that the other issue was the reallocation of the General Fund appropriations, and it was her understanding that those funds would be set aside and not reallocated at the present time.

The Chair called for a motion.

ASSEMBLYMAN HORNE MOVED TO REMOVE \$500,000 IN EACH YEAR OF THE BIENNIUM FROM BUDGET ACCOUNT 2985, UNR STATEWIDE PROGRAMS, WHICH WAS A NONFORMULA BUDGET ACCOUNT.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

Mr. Haartz read the third unresolved budget closing issue into the record:

3. Elimination of M-200 Decision Unit Savings at UNLV School of Law and Dental Medicine: As noted previously, the Subcommittees approved the elimination of the M-200 Decision Units included in the UNLV School of Law and Dental Medicine budget accounts. This had the effect of adding \$831,041 in General Fund appropriations over the 2013-15 biennium. The

Subcommittees did not determine how the \$831,041 would be funded. **Do the Committees wish to approve General Fund appropriations to fund this budget change?**

Chair Carlton asked Assemblyman Horne to address the issue.

Assemblyman Horne suggested funding the \$831,041 through General Fund appropriations, and he offered the following motion.

ASSEMBLYMAN HORNE MOVED TO APPROVE GENERAL FUND APPROPRIATIONS OF \$831,041 OVER THE 2013-2015 BIENNIUM IN THE UNLV SCHOOL OF LAW AND DENTAL MEDICINE BUDGET ACCOUNTS.

SENATOR DENIS SECONDED THE MOTION.

Senator Smith stated she had voted no at the subcommittee level and she would vote no again today because that was \$831,041 in General Fund that the Legislature had not anticipated spending over the upcoming biennium. It was her understanding that the General Fund appropriation would become part of the base budget going forward.

Chair Carlton asked whether there were additional comments from the Committees, and there were none. The Chair called for a vote on the motion currently before the Committees.

THE MOTION CARRIED. (Senators Goicoechea, Kieckhefer, and Smith voted no. Assemblymen Bobzien, Eisen, Grady, Hambrick, Hickey, and Kirner voted no.) (Assemblyman Hogan was not present for the vote.)

Mr. Haartz read the fourth unresolved budget closing issue into the record:

4. Performance Funding: As previously noted, the Subcommittees were unable to reach consensus on the issue of performance funding with the Assembly voting to not include performance funding in the 2013-15 biennium, while the Senate voted to include performance funding. **Do the Money Committees wish to include a system of performance funding as recommended by the S.B. No. 374 Study Committee or not include performance funding consistent with The Executive Budget?**

Chair Carlton asked whether there were questions or comments regarding performance funding.

Assemblywoman Flores stated for the record that she did not vote to include performance funding for the upcoming biennium at the subcommittee level, and she intended to vote no again. While she understood the concept, she did not think that performance funding would incentivize individuals to increase performance. Assemblywoman Flores said an additional appropriation might make more sense because that would be an incentive, but to carve out 5 percent from each institution's base General Fund appropriation that could be earned back based upon performance appeared to be a masquerade rather than an incentive.

Senator Kieckhefer stated that the Interim Committee to Study the Funding of Higher Education (S.B. No. 374) had researched the issue, and he would support performance funding. The structure that would be put into place would operate under the theory that "if there were no consequences for doing it wrong, there was no incentive to do it right."

Senator Kieckhefer said a performance pool was a standard operating mechanism within higher education budgets nationwide, and the interim study committee had heard much testimony about how those pools functioned in other states. Senator Kieckhefer said he understood some of the discomfort expressed by other members, and he suggested that the Committees keep the performance pool in place as a structural entity, potentially without funding. Perhaps the Legislature could track the data that was settled upon by both the interim study committee and the subcommittee created by the Board of Regents and revisit the issue in 2015 to ascertain whether a performance pool would make sense in Nevada, funded with either a carve-out or with new funding.

It was Chair Carlton's understanding that Senator Kieckhefer was in favor of a performance pool and was open minded about whether to fund that pool over the upcoming biennium.

Senator Kieckhefer stated that the Chair's understanding was correct.

Assemblyman Eisen said he struggled with the concept of a performance pool, and felt it was reminiscent of PPBB. The concept of monitoring performance and outcomes was very important, and Assemblyman Eisen believed that keeping track of what was being accomplished was important. He stated that he appreciated Senator Kieckhefer's comments and believed that steps should be taken to reach the point where the Legislature was focused on performance.

Assemblyman Kirner said he had also voted against a performance pool at the subcommittee level, and he believed that calling the carve-out performance funding was simply “playing with words.” It would amount to a carve-out, a take-away, or a penalty for schools, and he was not comfortable with the concept. Assemblyman Kirner stated that if the preference of the Committees was to measure the performance to see what would occur prior to funding a pool, he would agree. He believed that the percentage of the carve-out would graduate each biennium starting with the current proposal of 5 percent and increase incrementally each session. Assemblyman Kirner said he preferred to have the Legislature measure performance and revisit the funding concept in 2015. He agreed with Assemblywoman Flores’ comment that the performance pool would not be an incentive. He said the performance pool would be a penalty, and the Legislature and the state should not manage education by penalty.

Senator Goicoechea stated he was an advocate of the performance pool, but he was concerned that the carve-out would prove detrimental for smaller institutions. While Senator Goicoechea agreed with his colleague about the structure of the performance pool, he did not think it could be funded for the upcoming biennium. He said that if the concept moved ahead, some type of business plan and/or incentive for smaller institutions would be needed, rather than a carve-out, to allow the institutions to improve performance.

Chair Carlton declared the Committees in recess at 11:30 a.m. The Chair reconvened the meeting at 11:59 a.m.

Chair Carlton stated that there were members who wished to comment; the Chair recognized Assemblyman Kirner.

Assemblyman Kirner stated that after further clarification regarding the performance pool, it appeared that the Legislature was attempting to establish performance measurements for the Nevada System of Higher Education (NSHE) and then hold the institutions to those measurements. Although not totally satisfactory, Assemblyman Kirner said he was appreciative of the policy and would support the performance pool.

Assemblyman Bobzien said that for some time the Legislature had been insistent that there should be greater expectations for performance and accountability for higher education institutions. He believed that the performance pool would be a meaningful step forward and would start a process that would move forward into future biennia; he opined that it was a good first step.

After further clarification, Assemblywoman Flores noted that the majority of the funding would be allocated to the institutions with approximately 2 percent of the funds withheld. If no significant improvement was shown by an institution over a span of years, there would be a more significant effect. Assemblywoman Flores also agreed with Assemblyman Bobzien's comments regarding performance measurements and said she would support the performance pool.

Senator Goicoechea said he believed performance should be measured, but he reiterated his concern about the effect of a 5 percent carve-out on smaller institutions.

Chair Carlton explained that the 5 percent carve-out was at the end of the formula and would not have a long-term effect on institutions.

With no further comments to come before the Committees, the Chair called for a motion.

SENATOR KIECKHEFER MOVED TO APPROVE PERFORMANCE FUNDING AS RECOMMENDED BY THE INTERIM COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION (S.B. NO. 374).

ASSEMBLYMAN HORNE SECONDED THE MOTION.

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

Because the Committees approved the performance pool, Mr. Haartz advised that Fiscal Analysis Division staff needed authority to create language to implement a system of performance funding. Based upon the recommendations of the Interim Committee to Study the Funding of Higher Education (S.B. No. 374), as well as the subcommittee appointed by the Board of Regents, Fiscal Analysis Division staff requested permission to establish a new budget account within The Executive Budget into which the allocated General Fund appropriations would be budgeted. Within that new budget account, Fiscal Analysis Division staff would establish a separate expenditure category so that each institution's funding would be kept separate within that budget account.

Additionally, Mr. Haartz advised that Fiscal Analysis Division staff requested authority to establish back language in the 2013-2015 Appropriations Act authorizing the balance forward of unearned performance funds for

two successive years. Additionally, he said staff needed to establish back language that allowed for the transfer of General Fund appropriations for the new performance funding budget account to each institution's state-supported operating budgets through the Interim Finance Committee (IFC) work program process. The same transfer authority, he said, would ultimately allow any unearned funds to be transferred to the state-funded Perkins Loan budget account for distribution as student financial aid.

Chair Carlton called for a motion.

ASSEMBLYMAN HORNE MOVED TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO:

- ESTABLISH A NEW BUDGET ACCOUNT WITHIN THE EXECUTIVE BUDGET IN WHICH TO BUDGET THE ALLOCATED GENERAL FUND APPROPRIATIONS.
- ESTABLISH SEPARATE EXPENDITURE CATEGORIES FOR EACH INSTITUTION WITHIN THE NEW BUDGET ACCOUNT.
- THROUGH BACK LANGUAGE IN THE 2013-2015 APPROPRIATIONS ACT, AUTHORIZE: (1) THE BALANCE FORWARD OF UNEARNED PERFORMANCE FUNDS FOR TWO SUCCESSIVE YEARS; AND (2) THE TRANSFER OF THE GENERAL FUND APPROPRIATIONS FROM THE NEW PERFORMANCE FUNDING BUDGET ACCOUNT TO EACH INSTITUTION'S STATE-SUPPORTED OPERATING BUDGET THROUGH THE INTERIM FINANCE COMMITTEE WORK PROGRAM REVISION PROCESS. THE SAME TRANSFER AUTHORITY WOULD ALLOW UNEARNED FUNDS TO BE TRANSFERRED TO THE STATE-FUNDED PERKINS LOAN BUDGET ACCOUNT.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

Before continuing his presentation, Mr. Haartz provided clarification concerning budget-closing issue 1. He advised that the additional \$1 million General Fund appropriation, contained within budget amendments A13A0129 and A13A0126 that the Governor recommended for GBC and WNC, should be added postformula so that each institution received 100 percent of the funds.

Otherwise, the effect would be a reduction of the 15 percent mitigation to approximately 11 percent. Mr. Haartz said he wanted to share that information with the full Committees to maintain a clear record.

Chair Carlton thanked Mr. Haartz, and opined that the Committees were comfortable with adding the funds postformula.

Mr. Haartz read the fifth unresolved budget closing issue into the record.

5. Adjustment to GBC and WNC Mitigation Levels to Account for Salary and Merit Restoration in the 2013-15 Biennium:
Fiscal staff would note for the Committees that an unintended effect of the Subcommittees' action to approve mitigation for GBC and WNC based upon each institution's legislatively approved FY 2013 General Fund appropriation level was that the institutions would not receive General Fund appropriations to cover the salary and fringe costs of the furlough eliminations and merit pay restorations included in The Executive Budget in each year of the 2013-15 biennium. As a result, unlike the other NSHE institutions, GBC and WNC will not receive specific funding to cover the employee salary and fringe costs associated with any pay restoration decisions ultimately approved by the 2013 Legislature for the 2013-15 biennium. Based upon the salary and fringe restorations contained in The Executive Budget, \$959,557 in General Fund appropriations (\$299,400 at GBC, \$660,157 at WNC) would be needed over the 2013-15 biennium to fund employee compensation restoration in addition to the approved FY 2013 mitigation level.
Do the Committees wish to approve the additional General Fund appropriations?

Chair Carlton thanked Mr. Haartz for bringing that matter to the attention of the Committees so that all employees would be treated fairly.

Chair Carlton asked whether there were questions from the Committees, and there were none. The Chair called for a motion.

ASSEMBLYMAN HORNE MOVED TO APPROVE THE ADDITIONAL GENERAL FUND APPROPRIATION TO FUND EMPLOYEE COMPENSATION RESTORATION IN ADDITION TO THE FY 2013 MITIGATION LEVEL FOR GREAT BASIN COLLEGE AND WESTERN NEVADA COLLEGE.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

The Chair stated that the next closing report for consideration by the Committees was for the Western Interstate Commission for Higher Education.

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the closing report ([Exhibit M](#)) from the Senate Committee on Finance Subcommittee on K-12/Higher Education/CIP and the Assembly Committee on Ways and Means Subcommittee on K-12/Higher Education/CIP into the record for the Western Interstate Commission for Higher Education (W.I.C.H.E.).

The Subcommittees on K-12/Higher Education/CIP completed the review of the Western Interstate Commission for Higher Education (W.I.C.H.E.) budget recommendations in The Executive Budget for the 2013-15 biennium. The Subcommittees approved the following closing actions:

WICHE LOAN & STIPEND (101-2681) NSHE-108: The Subcommittees closed the account as recommended by the Governor, including General Fund appropriations totaling \$193,906 in FY 2014 and \$193,410 in FY 2015 to replace a projected shortfall in non-state revenues. The Subcommittees also approved continuing a letter of intent issued by the 2011 Legislature permitting WICHE to administratively adjust the number of slots per profession to meet student demand, as well as allow WICHE to balance forward unexpended fee revenues received after May 15 of each year, as long as the balanced forward revenues will be expended on increasing the number of Health Care Access Program (HCAP) loan repayment slots. Additionally, the Subcommittees approved authority for WICHE to be able to transfer General Fund appropriations between budget accounts subject to the recommendation of the Governor and approval of the Interim Finance Committee.

The Subcommittees closed WICHE Administration account (101-2995, NSHE-105) as recommended by the Governor, with authority for Fiscal staff to make technical adjustments.

Chair Carlton asked whether there were questions from the Committees, and there were none. The Chair called for a motion.

ASSEMBLYMAN KIRNER MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIP AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIP AS PRESENTED FOR THE BUDGET ACCOUNT OF THE WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION.

SENATOR SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bobzien and Hogan were not present for the vote.)

BUDGET CLOSED.

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Chair Carlton advised the Committees that motions had been made and voted upon for the various unresolved budget-closing issues for the Nevada System of Higher Education; however, the Committees had not voted to accept the closing report in total. The Chair called for a motion.

ASSEMBLYMAN HORNE MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIP AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIP AS PRESENTED FOR THE BUDGET ACCOUNTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION.

SENATOR SMITH SECONDED THE MOTION.

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

BUDGETS CLOSED.

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The Chair stated that the next closing report for consideration by the Committees was for the Department of Education, State Public Charter School Authority, and Commission on Postsecondary Education.

Andrea McCalla, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the closing report ([Exhibit N](#)) from the Senate Committee on Finance Subcommittee on K-12/Higher Education/CIP and the Assembly Committee on Ways and Means Subcommittee on K-12/Higher Education/CIP into the record for the State Public Charter School Authority and Commission on Postsecondary Education.

The Subcommittees on K-12/Higher Education/CIP completed the review of the Nevada Department of Education (NDE) and State Public Charter School Authority (SPCSA) budget recommendations in The Executive Budget for the 2013-15 biennium. The closing recommendations of the Subcommittees, inclusive of approved budget amendments, result in a decrease in General Fund appropriations of \$128,124 in FY 2014 and an increase in General Fund appropriations of \$274,585 in FY 2015. The Subcommittees recommended the following closing actions:

Educational Trust Account (101-2614) K-12 EDUCATION-31:

Based on information provided to the Subcommittees regarding the current trend of expired gift card revenue in the Abandoned Property Trust Account, the Subcommittees did not approve the Governor's recommendation in the base budget of revenue authority for transfers from the Abandoned Property Trust Account of \$21,000 in each year of the 2013-15 biennium. Instead, the Subcommittees approved revenue authority for transfers from the Abandoned Property Trust Account of \$109,000 in each year of the biennium, which represents a five-year average of actual and anticipated transfers from the Abandoned Property Trust Account to the Educational Trust Account.

In addition to approving the Governor's recommendation in the base budget to allocate \$3,307 in each year of the 2013-15 biennium for the State Teacher of the Year program, the Subcommittees approved other expenditures not recommended in The Executive Budget, but rather proposed by members of the Subcommittees, the Department of Education, and Fiscal staff, which include \$50,518 over the biennium to fund additional travel

and operating expenditures of the Office of Parental Involvement and Family Engagement; \$97,918 in FY 2014 to fund the travel and operating expenditures of the statewide Common Core State Standards Implementation and Professional Development Team; \$6,402 in FY 2014 and \$6,500 in FY 2015 to fund the annual Interstate Compact on Educational Opportunity for Military Children assessment; and \$303,320 in FY 2014 to fund the development of training modules for teachers and administrators.

In approving these additional expenditure items, the Subcommittees instructed Fiscal staff to work with the Department of Education to determine a more reasonable indirect cost assessment than the amounts included for each expenditure recommendation. Fiscal staff requests authority to make technical adjustments to indirect cost assessments based on the outcome of continued discussions with the Department of Education on this matter.

Educator Effectiveness (101-2612) K-12 EDUCATION-33: The Subcommittees approved the Governor's recommendation to create a new Educator Effectiveness budget account to focus resources on the goal of educator effectiveness, including professional development and educator and administrator evaluations. The Subcommittees also approved General Fund appropriations to provide increased funding for the Regional Professional Development Program's professional development related to the Common Core State Standards and educator evaluations. However, due to action taken by the Subcommittees to approve professional development funding in the Educational Trust Account of \$303,320 in FY 2014, the Subcommittees reduced the recommended General Fund appropriation of \$1.5 million to \$1.2 million in FY 2014 and approved \$1.3 million in FY 2015. The Subcommittees' action resulted in General Fund savings of \$303,320 in FY 2014, as compared to the Governor's recommended budget.

Additionally, the Subcommittees approved the Governor's recommendation of General Fund appropriations of \$150,000 in FY 2014 and \$170,000 in FY 2015 to contract with a vendor to evaluate the validation plan developed by the Teachers and Leaders Council.

Ms. McCalla said since the Subcommittees closed the Educator Effectiveness budget account, changes had been made to Senate Bill 407 (1st Reprint), which required the Committees to reconsider the closing recommendations of the Subcommittees.

Wayne Thorley, Program Analyst, Fiscal Analysis Division, LCB, informed the Committees that certain budget issues should be readdressed in the Educator Effectiveness budget account. He explained that S.B. 407 (R1) addressed a variety of issues that were also addressed in the budget. There was an appropriation in the bill and an appropriation in the budget as approved by the Subcommittees.

Senator Smith clarified that S.B. 407 (R1) contained an appropriation for the program. She said, however, that it would make more sense for the funding to remain in the budget rather than funding the program through the bill and asked Mr. Krmpotic to provide additional information. Senator Smith said she wanted to make sure that funding was allocated through the most appropriate funding source and not through the budget and the bill.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that an appropriation for the additional funding for the Regional Professional Development Program (RPDP) in fiscal year (FY) 2015 totaling \$1,315,000 was included in S.B. 407 (R1), which was currently in the Senate Committee on Finance. The recommendation from the Committees on May 17, 2013, was to move the RPDP funding from the Educator Effectiveness budget account (2612) to the School Remediation Trust Fund budget account (2615). To remain consistent with that decision, the Committees should consider moving the additional funding for RPDP to the School Remediation Trust Fund.

Mr. Krmpotic stated that based on language included in S.B. 407 (R1), the Department of Education was to approach the Interim Finance Committee (IFC) to request allocation of the \$1,315,000 if the appropriation was included in the bill. However, if the Committees wished to keep the appropriation in the budget account, the Committees might wish to consider placing the second year appropriation of \$1,315,000 in reserve so the agency could approach IFC consistent with the language in S.B. 407 (R1).

Senator Smith stated that the Teachers and Leaders Council of Nevada had agreed that part of the money would remain with IFC so that after validation of the new program model, the Council could approach IFC for the remaining

funds. Senator Smith indicated that was a key component to the new budget account.

For clarification, Chair Carlton said it appeared that rather than processing the funding through S.B. 407 (R1), the funding would be processed through the budget account, with accountability to approach IFC for the funding for the second year of the biennium.

Mr. Krmpotic suggested that the second year appropriation recommended in the budget be placed in reserve.

Chair Carlton asked whether there were questions from the Committees.

Assemblywoman Kirkpatrick asked whether the funding would continue to be placed in reserve, or whether that would apply to the FY 2015 allocation only.

Mr. Krmpotic explained that the language was valid only for the next biennium.

Senator Smith said that she believed additional funding might be required in the future, and, if that was the case, a request for funding could be submitted to the 2015 Legislature.

Chair Carlton asked whether there were further questions or comments from the Committees, and there were none. The Chair called for a motion.

SENATOR SMITH MOVED TO PROCESS THE FUNDING FOR THE REGIONAL PROFESSIONAL DEVELOPMENT PROGRAM INCLUDED IN SENATE BILL 407 (1ST REPRINT) THROUGH BUDGET ACCOUNT 2615, SCHOOL REMEDIATION TRUST FUND, WITH THE SECOND FISCAL YEAR APPROPRIATION OF \$1,315,000 PLACED IN RESERVE FOR ALLOCATION THROUGH THE INTERIM FINANCE COMMITTEE.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

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

Chair Carlton asked Ms. McCalla to continue her presentation.

Ms. McCalla stated that the next budget account within the closing report for the Department of Education, State Public Charter School Authority, and Commission on Postsecondary Education was Education State Programs.

Education State Programs (101-2673) K-12 EDUCATION-35: The Subcommittees approved the Governor's recommendation for General Fund appropriations of \$496,991 over the 2013-15 biennium for three new positions within the Department of Education, including a Public Information Officer II position, an Information Technology Professional II position, and an Education Programs Professional position. The Subcommittees also approved a portion of Budget Amendment A130022673, which added General Fund appropriations of \$283,147 in FY 2014 and \$304,398 in FY 2015 to fund one new Education Programs Professional position, two existing positions within the department that are currently funded by indirect cost assessments, and replacement computer equipment for the department's Audit Unit in FY 2015.

Because the Education State Programs account was closed before the Nutrition Education Programs account, no action was taken by the Subcommittees on the portion of Budget Amendment A130022673 that recommends additional General Fund appropriations of \$37,792 in FY 2014 and \$37,455 in FY 2015 to fund one half of a Program Officer I position that was recommended in The Executive Budget to be transferred to the Department of Agriculture with the Nutrition Education Programs account but was not approved by the Subcommittees. As a result, action by the full Committees is required to approve the portion of Budget Amendment A130022673 that relates to funding one half of a Program Officer I position. Lastly, the Subcommittees approved the Governor's recommendation for General Fund appropriations of \$300,564 in FY 2014 and \$318,698 in FY 2015 to support an increase in the department's internal cost allocation due to the transfer of seven audit positions to the Education Staffing Services account.

Education Support Services (101-2720) K-12 EDUCATION-49: The Subcommittees approved the Governor's recommendation to reduce indirect cost allowance funding of \$330,669 in FY 2014 and \$336,835 in FY 2015 as a result of the transfer of the Nutrition Education Programs (BA 2691) from the Department of

Education to the Department of Agriculture. The Subcommittees also approved the Governor's recommendation to reduce indirect cost allowance funding of \$384,598 in FY 2014 and \$388,909 in FY 2015, due to a reduction in the approved indirect cost rate, as well as a reduced base of federal expenditures to which the indirect cost rate will be applied.

Proficiency Testing (101-2697) K-12 EDUCATION-57: The Subcommittees approved the Governor's recommendation for a continued systems maintenance contract with OtisEd, the vendor that developed the System for Accountability Information in Nevada (SAIN); however, because the Department of Education's current contract with OtisEd does not expire until the end of November 2013, the Subcommittees approved prorated General Fund appropriations of \$109,083 in FY 2014 and \$187,000 in FY 2015, resulting in General Fund savings of \$77,917 in FY 2014. The Subcommittees also approved the Governor's recommendation for General Fund appropriation of \$228,680 over the 2013-15 biennium to fund software and server license updates for the SAIN system, as well as the Governor's recommendation for a General Fund appropriation of \$341,568 in FY 2014 to fund a Nevada School Performance Framework contract that is currently supported by federal funds.

The Subcommittees approved the Governor's recommendation for General Fund appropriations of \$684,183 in FY 2014 and \$653,973 in FY 2015 to fund the various SAIN enhancement and maintenance projects recommended in Decision Units E-561 and E-562. However, only \$463,623 in FY 2014 was approved by the Subcommittees for expenditure on three high priority projects (the development of a unique teacher identifier, an update to the Nevada Growth Model application, and various software platform upgrades) and database administration services from the Division of Enterprise Information Technology Services. The Subcommittees approved placing the remaining \$220,560 of the FY 2014 appropriation, as well as the entire \$653,973 appropriation in FY 2015, in a special reserve category to be accessed by the department through the Interim Finance Committee work program revision process. In addition, the Subcommittees approved the issuance of a letter of intent to the Department of Education requiring annual reports be submitted to the Interim Finance Committee over the 2013-15 biennium regarding the milestones

achieved in the approved SAIN enhancements and maintenance projects.

Finally, the Subcommittees approved the Governor's recommendation for a General Fund appropriation of \$341,568 in FY 2014 to fund a contract with eMetric that is currently supported by federal funds.

Teacher Education and Licensing (101-2705) K-12

EDUCATION-64: The Subcommittees approved the Department of Education's updated teacher licensing, endorsement, and renewal fee revenue of \$1.08 million in each year of the 2013-15 biennium, which represents a 2.4 percent increase over the amount recommended in The Executive Budget of \$1.06 million in each year of the biennium. Due to policy and procedural concerns noted by the Subcommittees regarding the Office of Teacher Licensure, the Subcommittees did not approve the Governor's recommendation to transfer an Administrative Assistant III position from the Teacher Education and Licensing account to the Education Staffing Services account, resulting in General Fund savings of approximately \$59,847 over the 2013-15 biennium in the Education State Programs account.

The Subcommittees also approved the issuance of two letters. First, the Subcommittees approved the issuance of a letter of intent to the Department of Education requesting semi-annual updates to the Interim Finance Committee on the progress that has been made in improving the policies, procedures, and customer service in the Office of Teacher Licensure, including the progress in establishing the ability to accept online submittal of teacher licensure applications. Second, the Subcommittees approved the issuance of a letter to the Audit Division of the Legislative Counsel Bureau requesting the Legislative Auditor include a focus on the Office of Teacher Licensure in the scope of the Department of Education audit scheduled for the summer of 2013.

Drug Abuse Education (101-2605) K-12 EDUCATION-70: Due to the discontinuation of grant funding for this account at the federal level, the Subcommittees approved the Governor's recommendation that all funding and expenditures, as well as the budget account, be eliminated.

School Health Education – AIDS (101-2611) K-12 EDUCATION-71:

Due to the discontinuation of grant funding for this account at the federal level, the Subcommittees approved the Governor's recommendation that all funding and expenditures, as well as the budget account, be eliminated, including one vacant Education Programs Professional position.

Discretionary Grants – Restricted (101-2709) K-12 EDUCATION-84:

The Subcommittees closed the account as recommended by the Governor, but also approved the issuance of a letter of intent directing the department to report annually to the Interim Finance Committee on the progress of the Longitudinal Data System and the federal grant expenditures through the end of the 2013-15 biennium.

Career and Technical Education (101-2676) K-12 EDUCATION-103:

Based on information received from the U.S. Department of Education concerning future funding levels for the federal Perkins Technical Education grant, the Subcommittees did not approve the Governor's recommendation to reduce federal Perkins grant revenue authority by \$3.7 million in each year of the 2013-15 biennium. Instead, the Subcommittees approved the elimination of Decision Unit E-495, which then restored federal Perkins grant funding to approximately \$8.7 million in each year of the biennium, which represents a 4.8 percent increase over actual FY 2012 federal Perkins grant revenue. Additionally, due to the elimination of federal funding for the Perkins Technical Prep grant program, the Subcommittees approved the Governor's recommendation to eliminate Perkins Technical Prep grant revenue authority in the amount of \$47,688 in each year of the biennium.

State Public Charter School Authority (101-2711) K-12 EDUCATION-123:

Based on updated enrollment projections for state sponsored charter schools, the Subcommittees approved administrative fee revenue authority of \$1.49 million in FY 2014 and \$1.63 million in FY 2015, which represents an increase of 50 percent and 48 percent, respectively, when compared to the administrative fee revenue recommended in The Executive Budget of \$991,859 in FY 2014 and \$1.1 million in FY 2015. The Subcommittees also approved the Governor's recommendation to fund two new contracts, one with the National Student

Clearinghouse and one with ACT, at a total cost of \$87,678 over the 2013-15 biennium.

Public Charter School Loan Program (101-2708) K-12 EDUCATION-130: The Governor recommends the creation of a new budget account, as well as a one-time General Fund appropriation of \$750,000 in FY 2014, to fund a revolving loan program for all Nevada charter schools (both state and district sponsored). The closing document for the Public Charter School Loan Program was presented to the Subcommittees on April 17, 2013, and April 30, 2013; however, the Subcommittees did not take any action on the Governor's recommendation at either hearing. The Subcommittees discussed the possibility of using excess administrative fee revenue in the State Public Charter School Authority account to fund the revolving loan program instead of a General Fund appropriation. Other closing options include approving the budget as recommended by the Governor, approving a one-time General Fund appropriation that must be repaid over time by administrative fee revenue in the State Public Charter School Authority account, or not approving any funding for the revolving loan program. Action is required by the full Committees to close the Public Charter School Loan Program budget.

Chair Carlton asked whether there were questions from the Committees regarding the public charter school loan program.

Assemblyman Eisen advised that there had been significant discussion by the Subcommittees regarding the program and that he had concerns about the use of \$750,000 in General Funds for the program. The Subcommittees, he said, had also discussed using excess administrative fee revenue within the State Public Charter School Authority (SPCSA) account.

Assemblyman Eisen said he had spoken with representatives of the SPCSA who were concerned about the use of excess administrative fee revenue for the loan program. There was concern that the administrative fees were collected from 16 of the 32 charter schools, and the SPCSA planned to refund a portion of that funding to the schools. He said, however, there were additional responsibilities facing the SPCSA in the near future that would require use of those funds.

Assemblyman Eisen expressed reservations about the use of General Funds for the public charter school loan program especially at the level that had been proposed.

Assemblyman Hickey believed that use of General Funds for the public charter school loan program would be a more than worthwhile investment in one of the state's most successful school models. He commented that a number of other states had recognized the value of such an investment, and some states such as California had mandated that facilities be made available for charter schools.

Assemblyman Hickey said that the funds would be an investment in a program that had proven to be a successful component of Nevada's educational programs for over 20 years. He supported the General Fund contribution as recommended by the Governor because he said it was for a worthwhile investment. Additionally, he noted that prior testimony indicated there were careful elements of scrutiny and evaluation regarding the qualifications of charter schools. Assemblyman Hickey encouraged Legislative support of what he said had proven to be a "bright star" in education by providing schools that attracted a unique group of students.

Senator Smith concurred that there had been considerable discussion about the public charter school loan program, and she had been initially intrigued by the idea of possibly using excess administrative fee revenue rather than General Funds. However, after lengthy discussions, she said it was determined that only a portion of the charter schools that would have access to the loan program paid the fees. Additionally, she said the excessive fee revenue was part of the Distributive School Account (DSA) funding, and a portion of the fee revenue would be returned to the schools by reducing their rates.

Senator Smith said another issue was that the state promoted charter schools as demonstrated by the 2011 Legislature's creation of the State Public Charter School Authority (SPCSA). That Authority, she said, had provided valuable information to the 2013 Legislature during budget discussions.

Senator Smith said that support should be provided to the charter schools through the loan program and that one way the state could attract and sustain even better charter schools was through a state-support system. Funding for the public charter school loan program, she pointed out, would be a one-time appropriation for a revolving loan fund that would be repaid with interest, and the program would be under considerable scrutiny. If the state wanted better charter schools and a sustainable system in place, Senator Smith said the Legislature had to show support for charter schools, which was the reason why

she supported the Governor's recommendation for the public charter school loan program.

Assemblywoman Kirkpatrick asked how the public charter school loan program would operate. The recommendation was to set aside \$750,000 in FY 2014, and she asked about the return on investment.

Wayne Thorley, Program Analyst, Fiscal Analysis Division, LCB, explained that legislation was passed approximately 13 years ago that created the Account for Charter Schools, which included a revolving loan program for charter schools. While statutory authority existed to operate the loan program, the program had never been funded. Mr. Thorley said that pursuant to statute, the funding in the public charter school loan program would be available to charter schools that had been approved and were ready to begin the first year of operation and to existing charter schools to help those schools improve current operations.

Mr. Thorley said the current statutory limit of each loan was \$25,000 per year and S.B. 471 (R1) would increase that amount to \$200,000 per year for all loans. The bill had passed out of the Senate Committee on Finance on May 15, 2013, and would be considered by the Assembly Committee on Ways and Means.

Per Mr. Thorley, pursuant to regulation, the interest rate on charter school loans was the prime rate at the state's largest bank. That rate was currently 3.75 percent and was set by the Commissioner of the Division of Financial Institutions. The loans would be repaid by withholding DSA payments to the charter schools; charter schools would not be responsible for making a direct repayment. Mr. Thorley explained that per regulation, the charter school's per-pupil DSA payment would be reduced annually by the same amount as the required repayment of the loan.

Assemblywoman Kirkpatrick believed the only way that a revolving loan account could be established within the state was through a nonprofit organization, which had to be overseen by the Department of Business and Industry. She asked how the public charter school loan program would be managed.

Mr. Thorley was not aware of a requirement that revolving loan funds had to be established under the Department of Business and Industry. Current statute stated that the charter school revolving loan program would be operated by the Department of Education; however, S.B. 471 (R1) would transfer that authority to the SPCSA. Mr. Thorley said *Nevada Revised Statutes* (NRS) 386.576 through NRS 386.578 governed the Account for Charter Schools.

Assemblywoman Flores asked whether there were regulations that connected the ability to receive a loan with the performance of the charter school. She was not comfortable with the proposal to fund the public charter school loan program with General Funds at the subcommittee level because the SPCSA had only recently been established. Assemblywoman Flores opined that some charter schools were wonderful, but that unfortunately there were other charter schools that did not compare well and some that had been shut down.

Assemblywoman Flores noted that charter schools often started with General Fund support and asked whether there were any performance requirements attached to the loans. It appeared, she said, that charter schools that failed to perform could continue to collect funds, and performance would not connect to the loan.

Mr. Thorley stated that there were no performance requirements in current statute associated with the loans. The regulations outlined certain procedures that schools must follow when applying for loans. Mr. Thorley indicated that the information that must be included in the loan application was set forth in regulation. He was not aware of any requirements that the schools would need to meet any type of performance benchmark to continue receiving the loan funds or to apply for another loan.

Assemblyman Sprinkle asked about oversight of the General Funds that would be used for the public charter school loan program because there appeared to be no performance benchmark required.

Mr. Thorley stated there would be oversight of the charter schools through the SPCSA or the school districts, depending on which entity was sponsoring the charter of the school. Loan funds, he said, would be administered by the SPCSA; however, there was no statutory or regulatory language that would tie the loans to a performance benchmark.

Assemblyman Sprinkle said it appeared there would be no oversight from the state or the Legislature.

Mr. Thorley confirmed that Assemblyman Sprinkle's assertion was correct.

Senator Kieckhefer said it was important to remember that charter schools were also public schools and were accessible to all students. He commented that the state had put a significant amount of General Fund money into traditional schools that were not performing well and the question as to whether the public

charter school loan program would be an appropriate use of General Fund money was interesting.

Senator Kieckhefer opined that the state had made a commitment to support charter schools by creating the State Public Charter School Authority (SPCSA) in 2011, which, from all accounts, was performing well. Giving parents an option within the educational system was valuable, and giving parents the ability to make a choice about where their child attended school, he said, was an inherent investment on the part of the family in the future of their child's education.

Senator Kieckhefer believed that providing state resources to support public charter schools was appropriate, and, compared to the level of public resources provided to traditional schools, \$750,000 was a modest investment. Senator Kieckhefer expressed strong support for the public charter school loan program. He said he believed the use of the funds was appropriate within the state's educational scheme and for giving parents the choice of the appropriate school for their children.

Chair Carlton asked about the reserve in the Account for Charter Schools.

Mr. Thorley replied that the total amount projected for the end of the current fiscal year was \$535,103, which did not take into account \$276,426 in operating reserves. The \$535,103, he said, would be available to the Committees to use for the public charter school loan program, which would leave three months funding of \$276,426 for operating reserves in the SPCSA.

Assemblywoman Kirkpatrick said it appeared that taking the funds from the reserve would affect the DSA allocations across the entire state.

Chair Carlton said using General Fund money would affect the entire state; DSA dollars were allocated to the Account for Charter Schools, but using the reserves would not affect the DSA budget accounts that had already been closed. The DSA was funded with state dollars that were allocated to charter schools, and the reserve of the allocated funds was set aside in the account.

Mr. Thorley clarified that there were 16 schools currently sponsored by the SPCSA, which were paying between 1 percent and 2 percent of the per-pupil DSA amount to the SPCSA to operate as a charter, and that revenue was used for administrative expenses. Mr. Thorley reiterated that the 16 charter schools were sponsored by the state and paid into the SPCSA account. That was the

source of the reserve revenue that was discussed as a possible funding source for the public charter school loan program.

Assemblywoman Kirkpatrick asked how those reserves would be used and whether the funds would be used only for those 16 schools.

Mr. Thorley indicated that charter schools paid the administrative fee to the SPCSA and those funds were used for the operational costs of the SPCSA, such as salaries for Steve Canavero, Ph.D., Director, SPCSA, and his staff. The SPCSA provided the oversight of the 16 charter schools. The administrative fees also funded the activities of the SPCSA Board, the body that approved new charters and charter renewals.

Assemblywoman Kirkpatrick said if the Legislature took the money out of the reserve, it would take the operating funding for the SPCSA and eliminate the oversight authority.

Mr. Thorley advised that the \$535,103 in reserve funding was currently unallocated administrative fee revenue and had not yet been identified for expenditure. If the Committees did not use the funds for the public charter school loan program, he said that the SPCSA would have the opportunity to use the funding for other SPCSA operations.

Assemblywoman Kirkpatrick asked whether the \$750,000 in General Funds had been approved at the subcommittee level. Assemblywoman Kirkpatrick said that charter schools were not held to the same standards as public schools, and questioned whether the amount was flexible.

Chair Carlton explained that the \$750,000 in General Fund dollars was recommended by the Governor and that there had been discussion at the subcommittee level about the funding, which was why the Committees were considering the budget account again. Chair Carlton said the amount was open to discussion at the Committees' request.

Assemblyman Horne said he was uncomfortable with the Governor's recommendation to use General Fund dollars for the public charter school loan program. The SPCSA had reserves from which funding could be used for the program, and S.B. 471 (R1) would increase the amount of the loan to \$200,000. Passage of the bill would allow charter schools to apply for a loan of up to \$200,000, and he questioned whether that would diminish the efficacy of the \$750,000.

Chair Carlton understood that S.B. 471 (R1) would allow the loan amount to increase to \$200,000.

Mr. Thorley reported that the State Public Charter School Authority (SPCSA) had requested \$1 million for the charter school loan program in its original budget. That figure was based on the anticipation of introducing S.B. 471 (R1), which would increase the maximum loan amount to \$200,000. Mr. Thorley said the SPCSA anticipated that there would be demand for approximately five loans, which could be funded with the requested \$1 million. When The Executive Budget was issued by the Governor, it included the recommendation for \$750,000 in General Fund revenue for the loan program.

Senator Denis asked whether the SPCSA could allocate the reserve funding back to the charter schools.

Mr. Thorley responded that the SPCSA currently refunded the reserve administrative fee revenue back to the schools through lowering the rate for future quarters and not collecting as much revenue. That had been done for fiscal year (FY) 2012, and the SPCSA was in the process of refunding the reserve for the current fiscal year. Mr. Thorley stated the SPCSA had been collecting 1.5 percent, and that amount had been reduced to 1 percent, which was how the refund was achieved.

Mr. Thorley reported that the SPCSA had advised Fiscal Analysis Division staff that it would be operating as a local education agency for special education purposes. Work program revision requests would be submitted to the Interim Finance Committee in June 2013 from the SPCSA to accept federal Individuals with Disabilities Education Act (IDEA) funds related to special education, which would create new positions. Mr. Thorley said that there was some uncertainty, going forward, concerning the SPCSA expenditures for special education and whether there would be a need to use a portion of the existing reserve funds.

Senator Denis opined that because 16 charter schools paid the administrative fees and the reserve was refunded to those 16 charter schools, the funding for the public charter school loan program should come from the General Fund. Every charter school, he said, could apply for loans and could benefit from the administrative fees paid by only 16 charter schools. Senator Denis noted that some charter schools were doing quite well, and there were others that could do better with access to funding. If the state wanted the best charter schools, it needed to provide support through programs such as the public charter school loan program.

Assemblyman Grady said when charter schools borrowed from the loan program, repayment was made by reducing that school's portion of DSA funding, which guaranteed repayment of the loan.

Chair Carlton said that was her understanding.

Mr. Thorley said it was not exactly a guaranteed repayment because there had been some charter schools that received DSA funding and then shut down. The state was currently in the process of attempting to recoup the DSA funding that had been provided to one closed charter school through the Office of the Attorney General; however, there was no guarantee that the money would be repaid. Mr. Thorley said requiring the charter schools to make the repayment through withholding a portion of the DSA payment would reduce the risk of default.

Chair Carlton asked whether there were further questions from the Committees, and there being none, the Chair called for a motion.

SENATOR KIECKHEFER MOVED TO APPROVE BUDGET ACCOUNT 2708, PUBLIC CHARTER SCHOOL LOAN PROGRAM, AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick voted no.)
(Assemblyman Hogan was not present for the vote.)

Chair Carlton asked Ms. McCalla to continue her presentation.

Ms. McCalla stated that the next budget account within the closing report for the Department of Education, State Public Charter School Authority, and Commission on Postsecondary Education, was Nutrition Education Programs.

Nutrition Education Programs (101-2691) AGRICULTURE-8: As part of a statewide consolidation of food and nutrition programs within the Department of Agriculture, the Subcommittees approved the Governor's recommendation to transfer the Nutrition Education Programs account from the Department of Education to the Department of Agriculture to create a new Food and Nutrition Division with the Commodity Food Program and the Dairy Commission. As part of this transfer, the Subcommittees also approved the Governor's recommendation for federal

administrative indirect cost allowance funding of \$9,924 in FY 2014 and \$9,933 in FY 2015 to fund the reclassification of the classified Director of Nutrition Education Programs position to an unclassified Food and Nutrition Administrator position within the Department of Agriculture.

The Subcommittees approved the Governor's recommendation for federal administrative indirect cost allowance funding of \$380,745 over the 2013-15 biennium to fund three new positions, including an Accountant Technician III position, an Auditor II position, and an Information Technology Professional III position. Additionally, the Subcommittees approved the Governor's recommendation for federal administrative indirect cost allowance funding of \$39,275 in FY 2014 and \$31,575 in FY 2015 to fund four new intermittent Quality Assurance Specialist I positions. Lastly, the Subcommittees approved Decision Units E-500 and E-900, as well as the portion of Budget Amendment A130022691 that relates to these two decision units, for federal administrative indirect cost allowance funding of \$49,973 in FY 2014 and \$51,279 in FY 2015 to fund an Administrative Assistant IV position that is currently funded in the Department of Education's Education Staffing Services account.

The Subcommittees closed the following accounts as recommended by the Governor, with authority for Fiscal staff to make technical adjustments:

- Education Staffing Services (101-2719)
K-12 EDUCATION-43
- GEAR UP (101-2678) K-12 EDUCATION-75
- Other Unrestricted Accounts (101-2706)
K-12 EDUCATION-79
- Elementary & Secondary Education-Title I (101-2712) K-12
EDUCATION-90
- Elementary & Secondary Education Titles II, V & VI
(101-2713) K-12 EDUCATION-96
- Continuing Education (101-2680) K-12 EDUCATION-109
- Individuals with Disabilities (IDEA) (101-2715)
K-12 EDUCATION-113
- Commission on Postsecondary Education (101-2666)
POSTSEC EDUCATION-3

Chair Carlton stated that the Committees needed to make a decision regarding budget amendment A130022673 in budget account 2673, Education State Programs, that approved funding for one half of a program officer 1 position.

Chair Carlton asked whether there were further questions or comments from the Committees, and there being none, the Chair called for a motion.

SENATOR KIECKHEFER MOVED TO APPROVE BUDGET AMENDMENT A130022673 IN BUDGET ACCOUNT 2673, EDUCATION STATE PROGRAMS, THAT APPROVED FUNDING FOR ONE HALF OF A PROGRAM OFFICER 1 POSITION.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

Chair Carlton called for a motion to accept the closing report in total.

ASSEMBLYMAN KIRNER MOVED TO ACCEPT THE CLOSING REPORT FROM THE SENATE COMMITTEE ON FINANCE SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIP AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIP FOR THE BUDGET ACCOUNTS WITHIN THE DEPARTMENT OF EDUCATION, STATE PUBLIC CHARTER SCHOOL AUTHORITY, AND COMMISSION ON POSTSECONDARY EDUCATION.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

BUDGETS CLOSED.

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Chair Carlton advised that the Committees would next consider budget differences as described in [Exhibit O](#), "Senate Committee on Finance and Assembly Committee on Ways and Means, Report on Budget Closing Differences, May 18, 2013." The Chair asked Ms. Jones to address the first budget difference.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), read the budget difference for budget account (BA) 4868 into the record.

Governor's Office of Energy (101-4868): The Governor recommended in Decision Unit E-250 to eliminate a Management Analyst II and a Renewable Energy Analyst position with reductions in transfers of property tax receipts from the Renewable Energy Fund of \$145,142 in FY 2014 and \$159,617 in FY 2015. However, on April 29, 2013, the Energy Office provided information indicating that recent property tax collections and updated projections for the remainder of FY 2013 will allow for increased funds of \$323,064 available to balance forward for use by the Energy Office in FY 2014 and FY 2015.

As a result, Assembly Ways and Means closed the account restoring two positions: the Management Analyst II originally recommended for elimination, and a new Energy Efficiency Manager in lieu of the Renewable Energy Analyst position.

The funding to restore the two positions totals \$156,426 (\$49,200 federal funds; \$107,226 transfers from Renewable Energy Fund) in FY 2014 and \$172,560 (\$18,000 federal funds; \$154,560 transfers from Renewable Energy Fund) in FY 2015.

Senate Finance closed the account eliminating the two positions as recommended by the Governor.

Chair Carlton recognized Senator Smith.

Senator Smith stated that she would recommend that the Senate take action to close in accordance with the Assembly regarding BA 4868 and BA 4869.

Chair Carlton asked Ms. Jones to also address the closing difference for BA 4869.

Ms. Jones read the following into the record.

Renewable Energy Fund (101-4869): Related to the previous item, the Energy Office submitted updated information on April 29, 2013, identifying increased property tax collections and updated projections for the remainder of FY 2013 that will allow

for increased funds of \$323,064 available to balance forward for use by the Energy Office in FY 2014 and FY 2015.

Assembly Ways and Means closed the account allowing for transfers of \$107,226 in FY 2014 and \$154,560 in FY 2015 from the Renewable Energy Fund account to the Office of Energy account to support the Management Analyst II and the Energy Efficiency Manager positions.

Senate Finance closed the account as recommended by the Governor that eliminated funding support for the two positions.

Chair Carlton recognized Senator Smith, who offered the following motion:

SENATOR SMITH MOVED THAT THE SENATE COMMITTEE ON FINANCE CLOSE BUDGET ACCOUNTS 4868 AND 4869 IN ACCORDANCE WITH THE CLOSURE BY THE ASSEMBLY COMMITTEE ON WAYS AND MEANS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY BY THE SENATE COMMITTEE ON FINANCE.

Chair Carlton asked Mr. Krmpotic to read the next budget difference.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the budget difference for budget account (BA) 1130 into the record.

Controller's Office (101-1130): In Decision Unit E-750, the Governor recommended restoring the Assistant Controller position that was eliminated during the 2011 Legislative Session. Funding to restore the position consists of a combination of General Funds and transfers from the Debt Recovery Account of \$82,169 (\$11,607 General Fund) in FY 2014 and \$108,234 (\$15,267 General Fund) in FY 2015.

Assembly Ways and Means closed the account not approving the Governor's recommendation to restore the Assistant Controller position. Senate Finance concurred with the recommendation to restore the position.

Chair Carlton called for a motion from the Assembly Committee on Ways and Means.

ASSEMBLYMAN BOBZIEN MOVED THAT THE ASSEMBLY COMMITTEE ON WAYS AND MEANS CLOSE BUDGET ACCOUNT 1130 IN ACCORDANCE WITH THE CLOSURE BY THE SENATE COMMITTEE ON FINANCE.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

THE MOTION CARRIED BY THE ASSEMBLY COMMITTEE ON WAYS AND MEANS. (Chair Carlton and Assemblywoman Kirkpatrick voted no.) (Assemblyman Hogan was not present for the vote.)

Chair Carlton asked Mr. Krmpotic to read the next budget difference.

Mr. Krmpotic read the budget difference for budget account (BA) 1140 into the record.

Debt Recovery Account (101-1140): Related to the previous item, the Governor recommended transfers to the Controller account of \$70,562 in FY 2014 and \$92,967 in FY 2015 to support the restoration of the Assistant Controller position. **Assembly Ways and Means did not approve the recommendation to restore the Assistant Controller position. Senate Finance concurred with the recommendation to restore the position.**

Chair Carlton called for a motion from the Assembly Committee on Ways and Means.

ASSEMBLYMAN EISEN MOVED THAT THE ASSEMBLY COMMITTEE ON WAYS AND MEANS CLOSE BUDGET ACCOUNT 1140 IN ACCORDANCE WITH CLOSURE BY THE SENATE COMMITTEE ON FINANCE.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED BY THE ASSEMBLY COMMITTEE ON WAYS AND MEANS. (Assemblyman Hogan was not present for the vote.)

Chair Carlton asked Ms. Jones to read the next budget difference.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), read the budget difference for budget account (BA) 1526 into the record.

Governor's Office of Economic Development (101-1526): The Budget Division submitted Budget Amendment A13A0120, which proposes to provide a General Fund appropriation for the Nevada Catalyst Fund of \$1.5 million in FY 2015 instead of the original recommendation for \$3.5 million. Of the \$2 million General Fund reduction, the amendment indicates \$1 million would be added to the GOED account in FY 2014, in a special use category, for the Unmanned Aerial Vehicle (UAV) program. Specifically, the \$1 million would be used to secure airspace and communication frequencies and other expenditures related to securing one of the six test centers. The remaining \$1 million would be combined with an additional \$3 million General Fund appropriation recommended for appropriation to the Interim Finance Committee for the UAV program.

Assembly Ways and Means closed the GOED account by adding the \$1 million General Fund appropriation in FY 2014. Senate Finance closed the budget as originally recommended by the Governor.

Chair Carlton indicated that the Assembly Committee on Ways and Means had received additional information after the Senate Committee on Finance had closed BA 1526, which was the reason for the budget difference.

Senator Smith said she would recommend that the Senate Committee on Finance close BA 1526 and BA 1529 in accordance with the Assembly Committee on Ways and Means.

Chair Carlton noted that the information regarding BA 1529 as presented in [Exhibit O](#) was:

Nevada Catalyst Fund (101-1529): As indicated above, the Budget Division submitted Budget Amendment A13A0120 to reduce the proposed General Fund appropriation for the Nevada Catalyst Fund from \$3.5 million to \$1.5 million.

Assembly Ways and Means closed the account consistent with the amendment. Senate Finance closed this account as originally recommended by the Governor.

Chair Carlton recognized Senator Smith, who offered the following motion:

SENATOR SMITH MOVED THAT THE SENATE COMMITTEE ON FINANCE CLOSE BUDGET ACCOUNTS 1526 AND 1529 IN ACCORDANCE WITH THE CLOSURE BY THE ASSEMBLY COMMITTEE ON WAYS AND MEANS.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY BY THE SENATE COMMITTEE ON FINANCE.

Chair Carlton asked Mr. Krmpotic to read the next budget difference.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, read the budget difference for budget account (BA) 4706 into the record.

DPS Director's Office (201-4706): The Governor recommended the elimination of an Auditor III position in the Department of Public Safety, Director's Office account. The agency indicated that it wished to focus on recruitment, hiring and retention by applying its resources to increase administrative positions in the Background Check unit and eliminate the Auditor position. The Auditor duties will be absorbed by fiscal staff within the Director's Office, with assistance by the Department of Administration's Internal Audit Division, as needed.

The Assembly members of the Subcommittees on Public Safety did not approve the elimination of the Auditor position, which is now vacant. The Senate members of the Subcommittees approved the Governor's recommendation to eliminate the Auditor III position.

Chair Carlton stated there had been some concerns about eliminating the auditor position, but she noted that the position was currently vacant. The Chair asked whether there were comments from the Committees.

Assemblyman Grady asked how an auditor position could be eliminated and the responsibilities split among the remaining staff in the Director's Office when that office was scheduled to be audited. He said he did not believe that it would be appropriate for staff in that office to conduct an audit, which he described as being similar to "the fox guarding the hen house."

Senator Smith offered the following motion:

SENATOR SMITH MOVED THAT THE SENATE COMMITTEE ON FINANCE CLOSE BUDGET ACCOUNT 4706 IN ACCORDANCE WITH THE CLOSURE BY THE ASSEMBLY COMMITTEE ON WAYS AND MEANS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY BY THE SENATE COMMITTEE ON FINANCE.

BUDGETS CLOSED.

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Chair Carlton opened the meeting to Public Comment. There being no response to her request, Chair Carlton adjourned the hearing at 1:24 p.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

Senator Debbie Smith, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means and Senate Committee on Finance

Date: May 18, 2013

Time of Meeting: 8:44 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
**	C	Karen Hoppe, LCB	Closing Report DCFS
**	D	Mark Winebarger, LCB	Addendum/budget amendments
**	E	Mark Winebarger, LCB	Closing Report DETR
**	F	Joi Davis, LCB	Closing Report DPS
**	G	Kristen Kolbe, LCB	Closing Report, P&P
**	H	Jennifer Gamroth, LCB	Closing Report, DMV
**	I	Sarah Coffman, LCB	Closing Report, NDOC
**	J	Wayne Thorley, LCB	Closing Report, TRPA and DCNR
**	K	Adam Drost, LCB	Closing Report Department of Administration, Budget and Planning
**	L	Alex Haartz, LCB	Closing Report, NSHE
**	M	Andrea McCalla, LCB	Closing Report, WICHE
**	N	Andrea McCalla, LCB	Closing Report, State Public Charter School Authority & Commission on Postsecondary Education
**	O	Cindy Jones, LCB	Report on Budget Closing Differences, May 18, 2013