

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session
March 4, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 8:04 a.m. on Monday, March 4, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator 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

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Kristen Kolbe, Program Analyst
Annette Teixeira, Committee Secretary

OTHERS PRESENT:

The Honorable Kristina Pickering, Chief Justice, Nevada Supreme Court
The Honorable James W. Hardesty, Associate Justice, Nevada Supreme Court
Kim R. Wallin, State Controller, Office of the State Controller
Stephanie Day, Deputy Director, Budget Division, Department of Administration

Chair Smith:

I will now open the hearing on Senate Joint Resolution (S.J.R.) 14 of the 76th Session.

SENATE JOINT RESOLUTION 14 OF THE 76TH SESSION: Proposes to amend the Nevada Constitution to create an intermediate appellate court. (BDR C-1013)

The Honorable Kristina Pickering (Chief Justice, Nevada Supreme Court):

I will be presenting today "The Need for a Court of Appeals" ([Exhibit C](#)). Now, more than ever before Nevada needs a Court of Appeals (COA). There are three important questions that need to be answered regarding the need for the COA. Why is the COA needed? How will it operate and what will it cost?

In the State of the Judiciary Address on March 1, 2013, I stated in detail the need for the COA. Page 6 of [Exhibit C](#) outlines the need and capsulizes what I addressed in the State of the Judiciary Address. Due to the increasing caseload, the Court has been forced to address the issues in different ways. We have been successful to some extent, but we are at a maximum capacity of 2,270 cases resolved. Our projection for the caseload is that it will continue to increase. We are not going to be able to deal with the backlog without a COA.

Page 7 of [Exhibit C](#) illustrates the Supreme Court case filings and disposals graphically in terms of the ever-increasing caseload and our efforts to keep up with it. There is a business component to this because when justice is delayed it is denied. This creates a cost in terms of civil cases because criminal cases take priority. The civil cases ultimately face the delays. The other cost is the loss of published precedent which is necessary to businesses seeking to relocate to Nevada or to do business here. The businesses want to see the statutes passed have been definitively interpreted by a precedential court. As a percentage of the total caseload, our published dispositions have declined.

The Honorable James W. Hardesty (Associate Justice, Nevada Supreme Court):

I recently reviewed the Court's business plan that was completed in 2007. I compared the projections that were made in 2007 to where we are today. The projected caseload is higher than what we projected in 2007. The backlog is also higher than what we projected in 2007. The plan that we are proposing, then and now, is generally referred to as a push-down model. It was discussed at some length in the 2007 study presented to the Legislature. The study

described precisely how the Court proposed to operate the COA. The Court has taken an efficient approach, one of the most efficient in the Country. We propose to take the caseload we have and that we are expecting to continue to receive, and operate and manage it with the same clerk's office and the same central staff. What we need is a COA that can process a category of cases quickly. Of the approximately 2,500 cases that were filed in fiscal year (FY) 2011-2012, 700 to 800 cases would have been automatically transferred to the COA. These are cases for petitions of judicial review of driver's license revocations, post-conviction cases and some criminal cases. A number of the civil cases are characterized as error-correction cases. The cases are not likely to generate an opinion which becomes precedent in the law, but is a case deserving of an appeal and is important to the parties themselves. What is important to us in this aspect of the plan is that all of the cases would be filed in the Supreme Court. The selected cases would be automatically transferred to the COA. Those cases would be decided by the COA. We are initially proposing a three-judge court. The cases could only be reviewed by the Supreme Court on a petition for certiorari to the Court. This is important because it completely terminates judicial bureaucracy on those cases that have been heard by the COA. Currently, cases that are heard by the Court's two panels are subject to petitions for rehearings and petitions for reconsideration. Most of the cases can be resolved by the COA within 6 to 9 months of the time they are filed. We already know that about 60 percent of our fast-track criminal cases are resolved in less than 6 months. We have confidence that the case types that would go to the COA would be resolved quickly. This will also let us resolve those cases in shortened orders instead of lengthy dispositional orders.

We have maintained that through the case management system internally in the Court, every case that comes into the Court is managed by the head of the two central staff and Chief Justice. They generally decide where the decisional track is going to be for the case. We have made significant case management changes in the Court in the last 5 years. Most cases filed are reviewed by staff within 48 hours of filing. We expect to continue to use this system in managing the same docket by transferring it to the Court that is going to hear the case in this process which is called a push-down model. The Supreme Court would push-down a certain category of cases, other than a specified category of cases, that we have identified through our screening process. These are essentially error-correction or not "first-impression" cases. This frees up the Justices of the Court to focus their attention on some 1,500 cases that would have the potential for opinion and increase our capability for opinion writing.

Doing this still leaves the Court with one of the higher caseloads of any Supreme Court in the Country. We are operating efficiently through this model and believe we can accomplish this.

The Regional Justice Center opened in Las Vegas in 2005. We have plenty of space to accommodate the two justices of the Court, the three judges that would sit on the COA and any visiting Supreme Court justices. Our office space is workable and functional. We are going to use the same staff in the push-down model that we have developed.

The adoption of S.J.R. 14 of the 76th Session does not carry a fiscal impact. Only if the citizens vote to amend the Constitution will there be a fiscal consequence. If the amendment is approved, the three new judges would not take office before January 2015. The projected cost associated with the COA is \$1,497,000 per year, meaning \$791,644 for the last half of FY 2014-2015. This includes the start-up costs and a request for computers and furniture.

Page 10 of [Exhibit C](#) shows the specific potential fiscal impacts. This illustrates some of the suggestions that came out of our budget presentations. One of the proposals involves treating the court the same way the Legislature treats itself. This would allow us to accumulate our end balance, instead of reverting it. If the Court was allowed to accumulate its end balance starting immediately in 2013, we could set aside funds to contribute to the costs of the next biennium impact should this pass. If it does not pass, we will revert it as we have done in the past. The Court has reverted substantial sums of funds in the past. Some of the administrative assessments that the Legislature adopted in the 2010 Special Session have created a serious collection problem for the primary source of our funding. We have asked the Legislature to reexamine this because it directly impacts our administrative assessment revenue.

Senator Goicoechea:

Are you actually talking about three judges and nine employees?

Justice Hardesty:

Yes. We are initially going to have some start-up time. This will be a new experience for the Court and a new experience for the State. I think this is exactly what we need to get the job done.

Senate Committee on Finance
March 4, 2013
Page 5

Senator Goicoechea:

Do you anticipate needing additional law clerks?

Justice Hardesty:

We have a tremendous central staff. We would utilize our central staff to support the COA.

Senator Kieckhefer:

When you revert funds to the General Fund, can you carry those funds from one year to the next, or are there just biennium reversions?

Justice Hardesty:

We revert on a fiscal year basis.

Senator Kieckhefer:

Do you segregate the administrative assessments from other funding sources that you get from reversions, or is it all one lump sum and whatever is left over goes back?

Justice Hardesty:

It is a lump sum that goes back. However, some administrative assessments that are targeted to the Administrative Office of the Courts are retained.

Senator Kieckhefer:

That is a General Fund reversion.

Justice Hardesty:

Yes.

Senator Kieckhefer:

What is that reversion going to be for the end of this year?

Justice Hardesty:

We do not know, as it is impacted by administrative assessments which are currently down. As we reported to the joint committees, part of the reason they are down is due to the calculations of administrative assessments. The decrease began in 2010 when the \$5 preference fee was put in place. When we took \$5 off the top of the administrative assessments in a down economy, with

Justices of the Peace being requested to reduce, or eliminate, and possibly offset fines and fees with jail time, the collections went down for the Court.

Beginning in 2011, we lost \$1,572,000 and the State gained \$2,381,000. In 2012, we lost \$798,000 and the State gained \$2,537,000. We still reverted about \$2 million in each of those 2 years. If you let us carry over our reversions, we can contribute \$750,000 in the current biennium, reducing its impact significantly. We have 2 years of carryovers that we can contribute and segregate for that purpose. This is a contingency plan, and it is entirely possible that the voters would reject this. We can put this in the Interim Finance Committee (IFC) Contingency Account. If the measure passes, we know the funds have been accumulated and designated. We are not trying to acquire more revenue, or set aside more revenue, for the Courts' budget. The Courts' budget has to stand on its own merits. We are trying to offer alternatives to the Committee on how we can fund this fiscal impact.

Senator Kieckhefer:

Is the Supreme Court reversion part of the revenue that we are projecting for expenditures in the upcoming budget cycle?

Mark Krmpotic (Senate Fiscal Analyst):

The Supreme Court reversion would go back into the unrestricted General Fund balance and be available for appropriation by the Legislature. I would remind the Committee that General Fund reversions for the current fiscal year have been increased. Whether we would make an adjustment just in this particular case is difficult to say because it is a small amount in the overall reversion, which is projected by the Governor to be about \$40 million a year.

Chair Smith:

We are here to make sure the mechanics are in place for this bill. If it passes in 2014, it goes into effect January 2015. It takes 6 months to gear up. You talked about expenses for the second half of the year. What are those expenses?

Justice Hardesty:

If the Constitutional Amendment passes, it would be in November 2014. In the 2 months that follow, we would be using some revenue from our budget to go through the judicial selection process to select the three judges. Under the terms of the Amendment, those three judges are to take office the first Monday

of January 2015. Commencing with the first Monday in 2015, the Court would begin. We have provided you a budget that assumes that the Court will be fully operational on that Monday. Realistically, they have to hire their law clerks and judicial assistants. If the judicial selection process takes longer than 60 days, it is conceivable that the Court would not begin until the first Monday of February. In presenting our numbers we have assumed that the Court will be 100 percent operational on the first Monday in January 2015.

The Court has had 5 years to look at this process. We are ready, internally, to start. Whether the voters approve the Court is another question. If they do, we are prepared.

Chair Smith:

On the policy side, it appears that as with most ballot questions, it is about the educational piece for the voter. We have seen what happens when there is not an actual campaign for a question. Is there a plan for a campaign?

Justice Hardesty:

There is a plan. Part of the reason that we asked the Legislature to examine this question early in the Session is because we have received a lot of support from the business, labor and gaming communities, along with the State Bar of Nevada. They are anxious for us to begin raising funds and initiating the steps necessary to educate the public about the need for this Court. In 2010, this measure was on the same ballot as the Judicial Merit Selection measure. That measure was much more controversial than this measure. It drew \$450,000 in fund-raising, but it lost by 11 points. We think that the two hurt each other. Unfortunately, we did not have any revenue to adequately inform the voters about the need for the COA in 2010. We expect this to be different this time around. We have identified people that will help us and funding sources that have agreed to contribute to the effort.

Senator Kieckhefer:

I think education extends beyond the general election ballot. I voted against this last Session due to a lack of understanding about the full scope of the need for the COA. I regret that now, and hopefully we can remedy that this Session. From a financial perspective, I really like the prospect of setting aside a reversion in a contingency fund so that we can make sure that we have the funding when it is needed in 2015.

Chair Smith:

There is no mechanism for us to deal with salaries for the judges of the COA. We do not want to be caught in the interim. We need a bill, or some way to deal with the salaries.

Justice Hardesty:

The salaries for the Supreme Court and the District Court judges are specified in statute. In 2007, we proposed salaries for the COA judges to be placed in the midpoint between the Supreme Court judges and the District Court judges. A bill could be approved that is contingent upon approval of the budget aspect, or the IFC could designate that at the time, based on the financial plan that we present. The awkward moment in which we find ourselves is that the Legislators approval of S.J.R. 14 of the 76th Session by itself does not create a fiscal impact; it is only created if the voters decide to approve the measure. We are simply trying to set aside the funds for salaries. It would appear appropriate based on your comment that a measure could be approved amending the Supreme Court salary statute that provides the salaries for the COA if S.J.R. 14 of the 76th Session is passed. That would probably be the only facilitating measure that I can think of.

Chair Smith:

I think we can use a Committee bill to take care of this with some contingency language.

Justice Hardesty:

Can we offer such a measure for your consideration?

Chair Smith:

Yes. Please work with our Fiscal Staff on this.

Justice Hardesty:

Since they would be constitutionally provided judges, they are the only ones that need specific salaries to be designated. The staffing would be covered by a budget approval. As I had suggested earlier, if the Committee is inclined to let us roll over our reversions, accumulate and segregate them for purposes of the COA from year to year, we would then know where we are with the salaries. It might not be necessary at that point to go to the IFC until the Session begins in 2015.

Chair Smith:

We will keep working together to figure out what the options are to develop a plan and get a bill drafted.

Senator Goicoechea:

I believe it would be beneficial for the ballot question if we had the salaries locked in. If it is open-ended, the voters may speculate on the amount of the judges' salaries.

Chair Smith:

I will close the hearing on S.J.R. 14 of the 76th Session. We will now open the hearing on the Office of the State Controller, budget account (B/A) 101-1130.

ELECTED OFFICIALS

CONTROLLER'S OFFICE

Controller - Controller's Office — Budget Page ELECTED-234 (Volume I)
Budget Account 101-1130

Kim R. Wallin (State Controller, Office of State Controller):

I will be discussing our handout today entitled "State of Nevada, Office of the Controller, Kim R. Wallin" ([Exhibit D](#)). Our mission statement is outlined on page 2 of [Exhibit D](#). We strive to advance accountability, continuity and efficiency in the State's financial operations. Page 5 of [Exhibit D](#) represents the Office of the Controller as the financial hub for the State. On average, over \$1.014 billion per day in transactions are processed through the statewide accounting system. This includes vendors, payroll deposits and money transfers. This is why it is important that the integrity and safety of the Integrated Financial System (IFS) is maintained. Our job responsibilities do not change with budget fluctuations, we still have to prepare the *State of Nevada Comprehensive Annual Financial Report* (CAFR), pay the bills and collect the debt. The Agency Services Department has seen an increase in their workload, due to other agencies that have eliminated their fiscal staff. The Department has to correct errors from those agencies. The CAFR accountants in the last financial reporting year had over 200 additional hours in overtime in preparing the CAFR. We hired an independent contractor for 3 months to complete our CAFR because of the lack of training of the staff in the agencies. We have spent a significant amount of time helping the agencies to close their books before we could start the CAFR.

Page 7 of [Exhibit D](#) represents our performance indicators. The first performance indicator is the percentage of debts collected under \$25,000. The actual collection for FY 2011-2012 was 19 percent. We had projected 45 percent. One of the reasons we did not make the projected goal in FY 2011-2012 was due to the elimination of assistant controller's position which was responsible to oversee the debt collection. There was no additional staff to perform this job. The debt continues to be old, with 634 days being the average age. With the passage of A.B. No. 87 of the 75th Session, agencies have been cleaning out their books and turning over old debt. Of the debt that was collected under \$25,000, 26 percent of it was over 5 years old, representing \$13.2 million out of a \$50 million portfolio.

Going forward, if we staff our debt collection completely and we are able to automate the collection of the debt received from agencies, we can start receiving and working on younger debt. We will be able to increase our percentage of collection. We were able to get 40 percent of our vendors to be paid by electronic funds transfer (EFT). This is a 12 percent increase over what we were projecting. We have calculated that we have saved the State an additional \$151,000 by not having to issue checks. Last year, we issued 120,950 EFT payments and 183,466 checks.

In our IT department we continue to track the dollars saved by having State employees do the programming versus having to utilize outside contractors. We have estimated that we saved our Office over \$961,000 in FY 2011-2012. In FY 2012-2013, we are projecting a savings of \$920,000. Another benefit is the programming is done on demand instead of having to wait for an outside contractor. We saved \$60,000 by not having to buy a software package for our FileBox that we have implemented. In addition, we are saving on the annual maintenance costs. When we move our accounting system over to the new platform, we will be able to do this in-house without having to hire outside contractors. We estimate that we have saved over \$135,000 a year by having our own database administrator. We are continually trying to automate the systems for cost and production savings.

Page 8 of [Exhibit D](#) outlines our new performance measures. Our collections for debt over \$25,000 has been forecasted at 25 percent, the figure represented on the page is incorrect. The actual amount was 6.75 percent collected. The vacancies that we have in the department have affected this figure. Of the debt in this category over \$25,000, 66 percent is over 5 years old. This figure

represents about \$30.4 million out of the total of the approximate \$50 million in the total portfolio.

Senator Denis:

Explain to me why you projected the average age of debt turned over to the Controller is 90 days old, but actually it is 634 days old.

Ms. Wallin:

When we did the projection we thought that the agencies would be in compliance earlier. They are still not all in compliance. As we get them into compliance, we are receiving very old debt.

Senator Denis:

How do the agencies get into compliance?

Ms. Wallin:

Some agencies are provided an exemption from the Controller's office to not have to turn their debts over within 60 days. The Department of Taxation is one agency that does not have an exemption and is not in compliance. They are not turning their debts over to the Controller's office. They have old debt. Their accounts receivable for the FY 2011-2012 was about \$216.5 million of which about \$191 million was over 120 days old.

Senator Denis:

What is the reason they give for not staying in compliance?

Ms. Wallin:

I do not know. The Department of Taxation originally told me that they were going to turn over 20,000 accounts that were valued at \$500 or less. They thought it would make more sense to start collections with this group. They recently acquired a new director and they never turned over the debt. I met with the new director of Taxation in November 2012, right before the Executive Branch Audit Committee meeting. The Executive Branch told them to turn over their debts to our Office. They still have not turned over the accounts. A Memorandum of Understanding was given to them for an exemption until their new staff could be trained. They were to turn over the initial 20,000 accounts and then all accounts over a year old would be turned over by July 1, 2013. I still do not have any accounts.

The performance indicator dealing with the number of Form 1099s rejected by the IRS is something important to correct. The IRS is starting a program of going after states who issue 1099s that have wrong information on them. Our Office has a centralized Vendor Services Department. All vendors are set up through this Department. We have gone from having over 200 reject notices down to less than 30. This last year, 151 of our 1099s were sent back to us because our third-party payer, who processes the Medicaid 1099s, was using the State's federal employer identification number (FEIN). The previous third-party payer was using its own FEIN number. I asked that Medicaid contact the third-party payer instructing them to use their own FEIN number next year. The rejections at this high level can subject the State to penalties of \$100 per 1099. It can also subject us to audits.

Pages 9 and 10 of [Exhibit D](#) outlines the Executive Budget recommended requests. Decision units E-670, E-671 and E-672 are adjustments for reducing salary, salary freezes and suspending longevity pay for the biennium. There are morale issues attached to these units. State employees have not had any merit salary increases or longevity pay since 2009, with some of our staff not receiving a raise since 2007.

E-670 Reduce Salary for 2013-2015 Biennium — Page ELECTED-236

E-671 Freeze Salary for FY 2014 — Page ELECTED-236

E-672 Suspend Longevity for 2013-2015 Biennium — Page ELECTED-237

Decision units E-711 through E-718, and E-722 through E-729 are for the replacement of computer equipment. Decision unit E-719 is for the replacement of some chairs. Some of the chairs are over 10 years old.

E-711 Equipment Replacement — Page ELECTED-237

E-712 Equipment Replacement — Page ELECTED-238

E-713 Equipment Replacement — Page ELECTED-238

E-714 Equipment Replacement — Page ELECTED-238

E-715 Equipment Replacement — Page ELECTED-239

E-716 Equipment Replacement — Page ELECTED-239

E-717 Equipment Replacement — Page ELECTED-239

E-718 Equipment Replacement — Page ELECTED-240

E-719 Equipment Replacement — Page ELECTED-240

E-722 New Equipment — Page ELECTED-240

E-723 New Equipment — Page ELECTED-241

E-724 New Equipment — Page ELECTED-241

E-725 New Equipment — Page ELECTED-241

E-726 New Equipment — Page ELECTED-242

E-727 New Equipment — Page ELECTED-242

E-728 New Equipment — Page ELECTED-242

E-729 New Equipment — Page ELECTED-243

Decision unit E-227 is a request for enhancement to the Debt Collection and Recovery System. The funding will come from B/A 101-1140. This decision unit was approved in the last Session, but I did not have the money in the recovery account to implement it at that time. We will be utilizing management service agreements to do the programming for this system. Our programmers are committed to other projects. This enhancement will allow us to automatically extract our information from the agency systems. We can then perform debt offset at 60 days and start collection of the debt earlier. The agencies will not have to complete a spreadsheet for their debts. The system will allow us to automate collection from the courts, cities and counties. We will be charging a collection fee once we start collecting from the courts and local municipalities.

E-227 Efficient and Responsive State Government — Page ELECTED-235

Controller - Debt Recovery Account — Budget Page ELECTED-245 (Volume I)
Budget Account 101-1140

Decision unit E-581 is for an enhancement to software for our single audit reporting system and the maintenance of the system. This software will allow us to do the analytics tracking that our auditors are asking us to do. It will also allow our staff to work with the agencies to make sure they do not continue to make errors in reporting. If we cannot start doing follow up in analytics, our audit fees will probably go up about \$50,000 a year.

E-581 Tech Invest, Efficient and Responsive St Government — Page
ELECTED-236

Decision unit E-750 is the restoration of my assistant controller position. It is an Executive Budget item. The funding of the position is recommended from my debt recovery account at 85 percent, with 15 percent coming from the General Fund. I am requesting that this position be funded entirely from the General Fund. The intent of the debt recovery account was to use it for IT enhancements. Other positions in the Debt Collection Department are funded from the B/A 101-1140.

E-750 Budget Restorations — Page ELECTED-243

Chair Smith:

You have been operating without the assistant controller position since 2011. What have you done with the duties of this position since that time?

Ms. Wallin:

The duties are not getting done. The debt collection that the assistant controller was responsible for was turned over to me. *The Citizens-Centric Report* was able to be passed to another staff member. The *Intergovernmental Financial Dependency Report* is currently not being done. The assistant controller position was also our Legislative liaison and my public information officer. My husband assists with the position's duties.

Chair Smith:

Did you have the ability to come before the IFC for the position?

Ms. Wallin:

Yes. I did not have any revenue in my debt recovery fund. Senate Bill (S.B.) 21 stipulates that agencies have 60 days to request any funds from the account if they believe that it is not General Fund revenue. I have received numerous requests for return of revenue up to 3 years after collection. It will take control of the decision making of the revenue in the account. The agencies will have to go through the IFC to make the determination.

SENATE BILL 21: Revises provisions governing state financial administration.
(BDR 31-379)

On page 32 of Exhibit D we are asking for a State computer training center as outlined. This was not included in the Executive Budget. The Controller is responsible for training all State users on the IFS. All State employees must take this training before they are allowed to access the System. We would share the training center with six other agencies. Those agencies include the Purchasing Division, the Department of Education, the Department of Motor Vehicles, the Division of Human Resource Management, the Division of State Library and Archives and the Department of Employment, Training and Rehabilitation. Currently, no computer training center exists for this purpose. We are currently using the State Division of Human Resource Management testing center. The center does not allow easy interaction between the instructor and the students. If this does not get approved in the Controller's budget, I recommend that we include this training center in the Enterprise Information Technology Services (EITS) budget. Recovery of the funding for this training center could then be done by the EITS for the use of the center.

Page 33 of Exhibit D shows that the B/A 101-1140 was created in A. B. No. 87 of the 75th Session, section 7, subsection 3. Money in this account may only be used to support debt collection efforts of the Controller upon approval of the IFC. As of the end of FY 2011-2012 we had \$287,251 in that account and we currently have \$335,715 in the account. Revenue is set aside in this account from the 2 percent fee that we charge when we collect a debt and any interest we receive on installment sales. We also deposit any General Fund revenue that we collect.

The expenditures for this account are in decision unit E-227 for \$200,000 of computer enhancements. Funding for my assistant controller position at

85 percent of the funds would be \$70,652 in FY 2013-2014 and \$92,967 in FY 2014-2015. Operating expenses of \$2,500 are also included here.

Chair Smith:

The decrease in collections in FY 2011-2012 and the increase in FY 2012-2013 are related to the assistant controller position being eliminated. This will be restored once the position is approved and filled.

Ms. Wallin:

Yes, that is correct. Not having the assistant controller we are not able to implement the federal Treasury Offset Program administered by the Debt Management Services. This Program assists with collection when a vendor owes us money and when unemployment overpayments are made. This has just been implemented within the last year and allows us to collect overpayments our unemployment agency has paid out, even from their income tax refund. Another tool we were not able to implement is financial data matching. If the debtor has a bank account in Nevada then we can take possession of that account to capture their debt owed. We were not able to implement those tools without the assistant controller position.

Page 36 of [Exhibit D](#) describes a one-shot appropriation to replace an obsolete server. The existing servers are over 10 years old. New servers are needed to adequately support the State's IFS and final reporting capabilities. Additionally, maintenance costs will be reduced by approximately \$200,000 over 5 years with the purchase of the new servers. I plan on speaking with the EITS on this request to make sure that they do not have a system that we could use instead. We have not had a chance to talk to them.

Chair Smith:

Will you be talking with the EITS soon?

Ms. Wallin:

My IT manager will be getting together with them this week.

Chair Smith:

Please let our Fiscal Staff know the outcome.

Ms. Wallin:

Yes, I will.

Chair Smith:

I would like to ask Stephanie Day from the Budget Division of the Department of Administration to talk about the training room.

Stephanie Day (Deputy Director, Budget Division, Department of Administration):

The Department of Administration has a training center in the Blasdel Building that is used as a testing room. It is available to other agencies and I believe that the Controller's office has used the room. There is not another facility that I am aware of in the north, other than the Legislative Branch, that could accommodate the number of users that the Controller's Office is looking for.

Chair Smith:

Is that the same room that we were talking about earlier that is used for testing?

Ms. Day:

Yes.

Chair Smith:

This room does not sound like it is very conducive to training. It may accommodate testing, but not training. Have you discussed the actual layout of the testing center to accommodate the training?

Ms. Day:

It does have partitions in the room for privacy of the individuals testing. When we are using it for a training facility, the trainer can actually be sitting up higher to interact with the trainees. But, I do not know how well this has been working.

Ms. Wallin:

My training officer has difficulties sitting on a stool to see the students.

Chair Smith:

Are these all-day trainings?

Ms. Wallin:

They are broken out into 4-hour sessions. Some can be all day.

Senator Kieckhefer:

Must your staff complete this training before they can get into your computer systems?

Ms. Wallin:

Yes. Before they can start entering payment information into our systems they must be trained.

Senator Kieckhefer:

How many people must be trained on a weekly or monthly basis?

Ms. Wallin:

We trained 997 employees last year.

Senator Kieckhefer:

Are they spread throughout the year?

Ms. Wallin:

Yes. It ranges in time, based on the section of training the employee may be required to take. We have over eight different classes for basic training.

Senator Kieckhefer:

As was mentioned earlier, the Legislature has a good-sized training lab with computers. I do not know if we allow other branches of government to use the lab.

Chair Smith:

We should talk about this further and come up with a solution. We should become more efficient and use the resources that are available.

Senate Committee on Finance
March 4, 2013
Page 19

Chair Smith:

This meeting stands adjourned at 9:45 a.m.

RESPECTFULLY SUBMITTED:

Annette Teixeira,
Committee Secretary

APPROVED BY:

Senator Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	2		Attendance Roster
	C	15	Kristina Pickering, Chief Justice	The Need for a Court of Appeals
	D	52	Kim R. Wallin, Controller	State of Nevada Office of the Controller