

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session
April 22, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 8:14 a.m. on Monday, April 22, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

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
Mark Winebarger, Program Analyst
Cynthia Clampitt, Committee Secretary

OTHERS PRESENT:

Keith Munro, Assistant Attorney General, Office of the Attorney General
Ross Miller, Secretary of State, Office of the Secretary of State
Nicole Lambole, Chief Deputy, Office of the Secretary of State

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Chair Smith:

Vice Chair Woodhouse will conduct the meeting while I present Senate Bill (S.B.) 404.

SENATE BILL 404 (1st Reprint): Revises provisions relating to business practices. (BDR 28-827)

Senator Woodhouse:

I will now open the hearing on S.B. 404.

Debbie Smith (Washoe Senatorial District No. 13):

Senate Bill 404 consists of two components. Section 1 requires anyone who does business with the State to purchase a business license. During the interim, I realized we have individuals who essentially subcontract with contractors having purchasing agreements, or are contractors for public works projects.

Those subcontractors receive tax revenue, but are not required to obtain a business license. People who benefit from Nevada tax dollars should obtain a business license.

The remainder of S.B. 404 is related to deceptive business practices, specific to the floral industry. It requires a company who places an advertisement on the Internet to list the location of its business.

This has become a big problem for florists in our communities who are, in a sense, scammed by out-of-state middlemen. The Internet vendor places a telephone number on the Internet and poses as a florist. They accept floral orders and subsequently call a local florist to place the orders.

That means the local customer receives less product because someone is making money between the customer and the local florist. The customer has no idea where the call is routed.

This was brought to my attention by Sparks Florist, my hometown florist. That particular florist is affected in two ways. If I Google florists in Sparks, Nevada, the result creates significant confusion about whether it is Sparks Florist or a florist in Sparks, Nevada.

These comments address the policy of the bill, but it is a good opportunity to support local businesses. The fiscal note was added because the bill addresses a deceptive trade practice and the Office of the Attorney General (AG) is involved because it may involve individuals from out-of-state. A small fiscal note is related to situations where an investigation may be required.

Keith Munro, Assistant AG, is present to answer questions concerning the fiscal note.

Senator Denis:

Your testimony reminded me this situation is not limited to the floral industry.

Senator Smith:

That is correct.

Senator Denis:

Websites are established by individuals who buy all the domain names for a certain kind of business. I have seen it in recycling and many other venues. It appears you are contacting a local business when in fact, it is one of these Websites that subsequently redirects your request to other places. Why does S.B. 404 only address the floral industry?

Senator Smith:

During the policy committee hearing, Senator Parks mentioned a similar issue with locksmiths. Certain industries are more likely to experience this situation. It also seems to happen in industries where someone is in need of fast service or in emergency situations. It is a general problem. I was asked to sponsor the legislation specifically related to florists because it seems to be a nationwide problem for the floral industry. Legislation has been passed in other states specifically related to florists.

My intent was to pass S.B. 404 related to the floral industry and consider other industries during the upcoming interim.

Senator Kieckhefer:

Does S.B. 404 prohibit a contractor from submitting, within their bid, a subcontractor who is not licensed and ultimately requiring that person to be licensed before they are paid? It seems that portion of the bill is contingent upon the receipt of funds.

Senator Smith:

When I first became interested in this matter, it related to purchasing issues. You may remember a particular contract during the summer of 2012, that drew considerable attention. Through the fallout from that discussion, it was realized that people who subcontract to purchasing contractors are not vetted or are required to obtain a business license. Subsequently, the bill was drafted to focus on subcontractors involved with public works. At first, I did not think that more narrow focus was necessary. Public works has its own provisions in the law, but they informed me this legislation is still necessary to ensure that anyone who subcontracts with the State, whether through public works or purchasing, would be required to obtain a business license.

Senator Kieckhefer:

I do not disagree with the policy from a process perspective. However, it seems S.B. 404 hinges on the receipt of money. Therefore, if someone were to submit a bid for a public works project, not all the subcontractors listed in the bid document would need to be licensed, but before they were paid for their work, they would need to be licensed.

Senator Smith:

That is correct, because that seemed to be the missing link according to the State Public Works Division (SPWD) in the Department of Administration.

Senator Woodhouse:

We will now review the fiscal note for S.B. 404.

Keith Munro (Assistant Attorney General, Office of the Attorney General):

As indicated by Senator Smith, investigations will be required for violations of the provisions in S.B. 404. The Office of the AG considered the fiscal note to be somewhat speculative. We assume there may be future investigations; however, it is felt the AG can absorb those costs. If these investigations result in a drain in our out-of-state travel account, we will request that the Interim Finance Committee (IFC) recognize our fiscal note on this legislation.

Senator Smith:

I did not request others to testify in support of S.B. 404 because only the fiscal note is being considered at this time.

Senator Denis:

Over the last few years, I have frequently discussed the lack of a consumer affairs office that could help to eliminate the possibility for fraud. This legislation addresses an Internet consumer situation. When a proposal for an office of consumer affairs is brought before a future Legislature, protections from Internet fraud and related issues should also be considered.

Senator Smith:

This issue is designed to protect both business owners and consumers. The consumer is paying a middleman to do nothing more than make a telephone call to place their order; therefore, the product received is worth less than what the consumer paid.

I will also be paying close attention to that situation as we move forward on this topic.

Senator Woodhouse:

We will now close the hearing on S.B. 404.

Chair Smith:

I will now open the Work Session on S.B. 26 regarding the Statewide Automated Victim Information and Notification System, within the Office of the AG.

SENATE BILL 26: Creates a statewide automated victim information and notification system within the Office of the Attorney General. (BDR 18-214)

Mark Krmpotic (Senate Fiscal Analyst):

This bill was heard in the Senate Committee on Finance meeting on March 18. It creates the Nevada Statewide Victim Information and Notification Everyday system, otherwise known as the NV VINE, within the Office of the AG.

This bill was referred to the Senate Committee on Finance based on the fiscal note submitted by the Nevada Department of Corrections (NDOC). The fiscal note originally totaled \$36,000. However, it has been revised to \$35,000.

In testimony before the Committee, the Agency indicated it might be possible to absorb the cost. However, they would prefer to have the appropriation to implement the bill.

The AG has a contract with a company named Appriss. They pay approximately \$157,000 annually. Each of the agencies that would use NV VINE, including the NDOC, would pay a certain amount to the AG. The amount varies based on the size of the agency. The largest agency would be the Las Vegas Metropolitan Police Department and the second largest is the NDOC.

Fiscal Division Staff received a budget amendment last week that would add a \$35,000 appropriation to the Attorney General's Victims of Domestic Violence account to fund NDOC's payment for its use of the NV VINE system. That would ostensibly remove the fiscal note from the bill and it could move forward. However, Fiscal Staff would suggest the appropriation be added to the NDOC budget, rather than the AG budget, because it places the funds with the user agency. The NDOC, as user, would pay the AG, or directly to the contractor, for its use of NV VINE, similar to other user agencies.

If the Committee wishes to move S.B. 26, it will require an amendment to budget account (B/A) 101-3710, NDOC, Office of the Director budget, adding \$35,000 annually to fund its cost of the NV VINE system.

NDOC - Director's Office — Budget Page CORRECTIONS-14 (Volume III)
Budget Account 101-3710

Chair Smith:

It appears critically important our agencies have access to this system.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 26 AS RECOMMENDED BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

Mr. Krmpotic:

Please specify the proposed amendment. Is the Committee considering adding the appropriation to S.B. 26?

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Senator Kieckhefer:

The amendment would be to add \$35,000 annually as submitted in the budget amendment and placing the funds into B/A 101-3710.

Mr. Krmpotic:

That would be a budget amendment that the money committees would consider when the budgets are closed.

Chair Smith:

We could simply pass the bill as written and make the amendment during budget closings. Is that your motion, Senator Kieckhefer?

SENATOR KIECKHEFER MOVED TO RESCIND HIS PREVIOUS MOTION AND TO DO PASS S.B. 26.

SENATOR PARKS SECONDED THE MOTION.

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

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Chair Smith:

We will now open the hearing to close the budget of the Office of the Secretary of State (SOS).

Mark Winebarger (Program Analyst):

I will begin with B/A 101-1050, the primary operating budget for the SOS beginning on page 2 of the Senate Committee on Finance Closing List #4 dated April 22 ([Exhibit C](#)).

SOS - Secretary of State — Budget Page ELECTED-146 (Volume I)
Budget Account 101-1050

The first major item is the transfer of the State Business Portal activity to B/A 101-1050. During the 2011 Legislative Session, in order to facilitate a more accurate picture of expenses related to the operation of the Business Portal, the SOS proposed that Portal expenses be reported in a new budget account. The Legislature approved the proposal and created B/A 101-1058.

SOS - State Business Portal — Budget Page ELECTED-164 (Volume I)
Budget Account 101-1058

The Governor recommends the transfer of the State Business Portal activity back to the Secretary of State's budget account. The SOS states the move will result in improved funding efficiencies in general operating categories, accounting functionality and program efficiencies. The SOS also indicates specific Business Portal costs can be distinguished from other costs by the use of job numbers within the State's accounting system. Although job numbers can be an effective way to track expenditures, unless the expenditure authority is approved separately at the category level, the Legislature cannot control the amount of funds spent on Business Portal activity.

It appears to Fiscal Staff that the main impetus for combining the two accounts is to make fiscal management easier for the SOS's staff. However, if maintaining transparency is desired, then establishing a separate expenditure category for the Business Portal, or a separate Business Portal budget account, is preferable.

The Committee should consider the following options for decision units E-900 through E-909 of B/A 101-1050:

- A. Approve the Governor's recommendation to eliminate the State Business Portal account and report Business Portal activity in the SOS's main account; or
- B. Approve the Governor's recommendation to eliminate the State Business Portal budget account and report Business Portal activity in the SOS's operating budget account, but separate Business Portal activity in a special Business Portal category within the main operating budget account; or
- C. Disapprove the Governor's recommendation and maintain a separate budget account for the Business Portal.

E-900 Transfer from SOS-State Bus Portal to Sec of State —
Page ELECTED-153

E-901 Transfer from SOS-State Bus Portal to Sec of State —
Page ELECTED-154

E-902	Transfer from SOS-State	Bus	Portal	to	Sec	of	State	—
	Page ELECTED-154							
E-903	Transfer from SOS-State	Bus	Portal	to	Sec	of	State	—
	Page ELECTED-155							
E-904	Transfer from SOS-State	Bus	Portal	to	Sec	of	State	—
	Page ELECTED-155							
E-905	Transfer from SOS-State	Bus	Portal	to	Sec	of	State	—
	Page ELECTED-155							
E-906	Transfer from SOS-State	Bus	Portal	to	Sec	of	State	—
	Page ELECTED-156							
E-907	Transfer from SOS-State	Bus	Portal	to	Sec	of	State	—
	Page ELECTED-156							
E-908	Transfer from SOS-State	Bus	Portal	to	Sec	of	State	—
	Page ELECTED-156							
E-909	Transfer from SOS-State	Bus	Portal	to	Sec	of	State	—
	Page ELECTED-157							

Senator Goicoechea:

Maintaining the activity in a special Business Portal category should not cost much more than having it combined. What is the fiscal difference between the three options?

Mr. Winebarger:

There is no difference in funding. It is only a difference of where the accounting is reported.

Senator Goicoechea:

I do not see a large impact on the accounting process. What will it cost the State?

Chair Smith:

It is more of a transparency issue or the ability to track the funds.

Mr. Krmpotic:

The proposal would be cost neutral. There is no increase or decrease in funds within this recommendation. Currently, the total is accounted through a separate budget account that is considered by the money committees and is reported through categorical breakdowns. With the separate account a person reviewing the Executive Budget could see salary, operating and recording costs, to name a few.

This proposal would simply merge the two budget accounts. If the Committee approves the budget as recommended by the Governor, categories within B/A 101-1050 would contain those categories and add the Business Portal categories. That transparency would be lost when reviewing the Executive Budget at the category level. Option A would be as recommended by the Governor. Option B would be to merge the budgets, but place the Portal operating expenses into a separate category.

Senator Goicoechea:

If there were no fiscal note, I would approve Option B.

Senator Kieckhefer:

Are there any other separate operating functions within the general operating account that are similar to Option B? Would this be the only categorical separation within the budget? Would it need to be accounted for each day? (The Secretary of State shook his head no.)

Ross Miller (Secretary of State, Office of the Secretary of State):

There are other categories within B/A 101-1050 and we would have no objection to Option B. That option would eliminate redundancies resulting from having a separate budget account for this operation. It will accomplish the Governor's objectives and provide the transparency your Fiscal Staff requests.

Nicole Lamboley (Chief Deputy, Office of the Secretary of State):

Other programs we track by category include the confidential address program, securities and the living will lockbox within B/A 101-1050. We would use the same procedure for this proposal.

SENATOR KIECKHEFER MOVED TO APPROVE OPTION B TO ELIMINATE THE STATE BUSINESS PORTAL ACCOUNT AND REPORT THE ACTIVITIES IN THE SOS OPERATING ACCOUNT BUDGET, BUT SEPARATE EXPENDITURES INTO A SPECIAL CATEGORY WITHIN DECISION UNITS E-900 THROUGH E-909 IN B/A 101-1050.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

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Mr. Winebarger:

In decision units E-232 and E-233 of B/A 101-1050, the Governor recommends General Fund appropriations of \$560,000 over the 2013-2015 biennium for contract information technology (IT) support services to assist IT State staff on election-related systems. Of this, \$175,000 would be in decision unit E-232 and \$385,000 in general IT support in decision unit E-233.

E-232 Efficient and Responsive State Government — Page ELECTED-150

E-233 Efficient and Responsive State Government — Page ELECTED-151

The SOS indicates contracting with technology experts for specific needs, rather than increasing the number of staff dedicated to general IT services, is a better use of resources. At a recommended rate of \$110 per hour, the SOS will receive approximately 5,091 hours of support.

The concept of contracting for specific services from IT vendors with specialized knowledge appears to be reasonable to Fiscal Staff. Does the Committee wish to approve the recommendations in decision unit E-232 and the contract for IT support services to assist existing staff with upgrades and maintenance in decision unit E-233?

Chair Smith:

I will accept one motion for both decision units.

SENATOR KIECKHEFER MOVED TO APPROVE B/A 101-1050, DECISION UNITS E-232 FOR CONTRACT ELECTION-RELATED IT SUPPORT SERVICES OF \$175,000 AND E-233 FOR GENERAL IT SUPPORT SERVICES FOR \$385,000, AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

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

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Mr. Winebarger:

In decision unit E-225, the Governor recommends General Fund appropriations of \$360,000 over the biennium for credit card processing fees. This recommendation increases credit card processing fees to a combined total of \$1,924,850 for each year of the biennium. Based on fiscal year (FY) 2012-2013 year-to-date credit card processing fees paid by the SOS, Fiscal Staff projects its FY 2012-2013 expenditures will total approximately \$1.8 million. It appears to Fiscal Staff that increasing credit card fee payments is a reasonable decision.

E-225 Efficient and Responsive State Government — Page ELECTED-148

In November 2012, the United States District Court for the Eastern District of New York settled an agreement in the Payment Card Interchange Fee and Merchant Discount Antitrust Litigation. Visa and MasterCard are required to implement certain operating rule changes, including the ability for merchants in the U.S. to surcharge certain credit card transactions based on a percentage of all transactions made, beginning on January 27. *Nevada Revised Statute* (NRS) 353.1465 allows agencies to charge a fee for the acceptance of a credit card, but must not collect more than it is charged by the companies during a fiscal year. Although Visa and MasterCard rates vary by card, rates range from 1.73 percent on traditional credit cards up to 2.63 percent on commercial credit cards.

Based on the Governor's recommended budget of \$1.9 million each year for credit card fees, if the SOS's average credit card fee rate was 2.25 percent, the

SOS could recoup approximately \$850,000 in General Funds each year, by assessing a 1 percent surcharge on each credit card transaction.

The SOS stated that it concluded charging additional discount fees may discourage the use of online filings, which is the SOS's preferred transaction method. Additionally, according to the SOS, some customers stated that convenience fees carry a pejorative connotation of nickel-and-dime revenue generation, which may hurt Nevada's existing reputation as a premier, business-friendly filing jurisdiction. The SOS has determined that imposing credit card convenience fees was not in the best interest of the SOS.

Does the Committee wish to approve the recommendation in decision unit E-225 to increase General Fund appropriations by \$360,000 over the biennium for credit card processing fees?

Chair Smith:

This is always a dilemma for me because I dislike using General Fund appropriations to pay for credit card fees. I also understand the SOS's position of this having a "nickel and dime" effect. I wonder at what point the idea of paying a convenience fee will become the accepted business model for those making credit card transactions.

Senator Kieckhefer:

I support the recommendation for this decision unit. I am sensitive to the "nickel and dime" issues as well.

Senator Roberson:

I concur with Senator Kieckhefer.

Chair Smith:

If the budget is closed in this manner, I would ask the SOS to report how this item is going and how attitudes may be changing during the interim. It seems this particular topic is becoming more frequent within all State agencies.

Senator Parks:

This has been a topic of discussion during budget hearings for more than a decade. It would seem we might have arrived at a resolution statewide. It is an unpleasant fact.

SENATOR PARKS MOVED TO APPROVE THE GENERAL FUND APPROPRIATION OF \$360,000 FOR CREDIT CARD PROCESSING FEES IN B/A 101-1050, DECISION UNIT E-225, AS RECOMMENDED BY THE GOVERNOR.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Winebarger:

The SOS indicates the lobby in the Grant Sawyer State Office Building is not designed to provide workspace for customers or staff on high volume days and the overflow spills into the hallway. The SOS also has concerns the situation might result in fire marshal code violations. Therefore, \$25,000 is recommended to remodel the lobby of the SOS, Las Vegas office. The remodel will also add security features that will help ensure staff safety while processing and handling money transactions. The SOS provided a quote from the SPWD, dated March 7, 2012, which estimated the cost of the remodel at approximately \$12,000. The Governor recommends an additional General Fund appropriation of approximately \$13,000 to cover such costs as moving furniture, reconfiguring workstations, carpet and other repairs.

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The SOS did not supply quotes or other information to support these additional costs. As a result, it does not appear the additional request of approximately \$13,000 is identified to support any specific expenditure. Fiscal Staff suggests it could be removed from this enhancement.

However, because the remodel quote, provided by the SPWD, will be more than 1-year-old when work begins, Fiscal Staff believes it is reasonable to add a 10 percent contingency increase of \$1,193 for possible cost overruns.

The Committee may wish to consider the following options for decision unit E-228:

1. Approve the Governor's recommendation to increase General Fund appropriations by \$25,000 in FY 2013-2014 for the remodel of the SOS's lobby in the Grant Sawyer State Office Building; or
2. Modify the Governor's recommendation and approve General Fund appropriations of \$13,121, adding \$1,193 in contingency costs to the \$11,928 quote provided by the SPWD; or
3. Disapprove the Governor's recommendation.

Senator Denis:

I have been to the Grant Sawyer Building and I have seen the small lobby, which experiences considerable customer traffic. I would approve Option No. 2. The quote is outmoded and we know there will be additional costs.

Senator Kieckhefer:

What is the square footage in the lobby space? Are we simply redesigning, or increasing the space?

Mr. Winebarger:

It is an increase in space.

Ms. Lamboley:

The purpose is to provide better square footage for the customers and to move the staff to a more secure location. The business they provide requires the transfer of large amounts of money. The intent is also to stop the overflow of customers into the hallway or sitting in the elevator banks.

SENATOR DENIS MOVED TO APPROVE OPTION NO. 2 TO DECREASE THE GOVERNOR'S RECOMMENDATION WITH A GENERAL FUND APPROPRIATION OF \$11,928, AND TO ADD \$1,193 FOR CONTINGENCY COSTS FOR A TOTAL OF \$13,121, AS RECOMMENDED BY FISCAL STAFF IN DECISION UNIT E-228.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Winebarger:

Similar to the lobby remodel of the Grant Sawyer Building, the SOS is requesting \$10,000 to remodel office space for IT staff in the Blasdel Building in Carson City. The SPWD estimated costs for materials, engineering and labor at \$5,299 and the SOS added \$4,701 to cover other costs, such as moving furniture and reinstalling and reconfiguring work stations. The SOS did not provide quotes or other evidence to support these additional costs. Fiscal Staff suggests \$4,701 can be removed from decision unit E-229.

E-229 Efficient and Responsive State Government — Page ELECTED-150

However, because the remodel estimate provided by the SPWD will be over 2-years-old before work begins, Fiscal Staff believes it is reasonable to add a 15 percent contingency amount, increasing costs by \$795.

The Committee may wish to consider the following options:

1. Approve the Governor's recommendation to increase General Fund appropriations by \$10,000 in FY 2013-2014 for the remodel of the SOS's IT office space in the Blasdel Building; or
2. Modify the Governor's recommendation and approve General Fund appropriations of \$6,094, adding \$795 in contingency costs to the \$5,299 quote provided by the SPWD; or
3. Disapprove the Governor's recommendation.

Chair Smith:

Is the proposed contingency \$795 or \$801?

Mr. Winebarger:

The correct contingency proposed is \$795.

Senator Denis:

Is this remodel for the IT office space or is it a server room?

Mr. Winebarger:

This is for the IT staff in the Blasdel Building. There are servers and other equipment present, but the intent is to provide staff more efficient workspace to do their jobs.

Senator Denis:

Is this simply a reconfiguration of the same space the staff currently occupies?

Mr. Winebarger:

That is correct.

Senator Denis:

Are there servers or other equipment in the same office area? Having worked for the State, servers are typically in rooms with no windows and they are noisy. Is there protection for the staff in this instance?

Mr. Miller:

The servers are located in that area. This proposal would provide workspace for the workers and segregate the servers from their workspace.

Senator Denis:

Will this segregate the noise from the servers? There must be protection from possible hearing loss due to the server noise.

Mr. Miller:

Yes, there is protection.

Senator Denis:

I would support Option No. 2, especially with a 2-year-old bid.

SENATOR DENIS MOVED TO APPROVE OPTION NO. 2 TO MODIFY THE GOVERNOR'S RECOMMENDATION AND TO APPROVE GENERAL FUND APPROPRIATIONS OF \$6,094, HAVING ADDED \$795 FOR CONTINGENCY COSTS, IN DECISION UNIT E-229 IN B/A 101-1050.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Winebarger, please report on Other Closing Item No. 1, the out-of-state travel provision in decision unit E-226.

E-226 Efficient and Responsive State Government — Page ELECTED-149

Mr. Winebarger:

The Governor recommends General Fund appropriations of \$16,000 over the biennium for out-of-state travel for staff. The SOS indicated the basic costs of travel, including airfare, ground transportation and hotels have increased. The SOS did not provide a schedule or detail of how the \$16,000 request was determined or where the travel would occur.

Fiscal Staff would note that \$11,241 is included in the Base Budget for out-of-state travel. Although the SOS has not provided a travel plan for the recommended additional \$8,000 each year, Fiscal Staff believes it is reasonable to add \$4,000 each year for travel costs to the training category. Since the SOS did not request travel funds in decision unit E-231, listed in Item No. 3 on page 6 of [Exhibit C](#), Staff recommends modification of the Governor's recommendation and approval of General Fund appropriations of \$4,000 each year to be placed in the training category.

E-231 Efficient and Responsive State Government — Page ELECTED-150

Chair Smith:

Would the travel category remain as recommended by the Governor? Would a total of \$8,000 be placed in the training category in decision unit E-231?

Mr. Winebarger:

That is correct.

Senator Denis:

Item No. 1 on page 6 refers to decision unit E-231 where travel was not included. Is the Fiscal Staff recommendation to place an additional \$8,000 in decision unit E-231, specifically for travel purposes?

Mr. Winebarger:

The travel would be approved in decision unit E-226, but placed in E-231 because the training category did not include any travel funds.

Senator Kieckhefer:

Is the Governor's recommendation of \$16,000 over the biennium, or \$8,000 each year, above the Base Budget?

Mr. Winebarger:

That is correct.

Senator Kieckhefer:

Is Fiscal Staff recommending reducing that amount to \$4,000 each year and placing the funds into the training category rather than the out-of-state travel category?

Chair Smith:

I was referring to the Governor's recommendation for the Base Budget of \$11,241.

SENATOR DENIS MOVED TO APPROVE DECISION UNIT E-226
REDUCING THE GENERAL FUND APPROPRIATION TO \$4,000 EACH
YEAR, AS RECOMMENDED BY FISCAL STAFF.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR PARKS MOVED TO APPROVE OTHER CLOSING ITEM
NOS. 2 THROUGH 6, AS RECOMMENDED BY THE GOVERNOR, WITH
TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

We will now open the hearing on B/A 101-1051, Help America Vote Act of 2002 (P.L. 107-252) (HAVA) Election Reform.

SOS - HAVA Election Reform — Budget Page ELECTED-159 (Volume I)
Budget Account 101-1051

Mr. Winebarger:

The Governor recommends federal Title I reserves of \$103,000 over the 2013-2015 biennium to continue and expand data sharing agreements with the Department of Motor Vehicles as required by federal election law and for the administration of the statewide voter registration list. Of the recommended \$103,000, the SOS has estimated \$50,000 is for payment to the Electronic Registration Information Center, Inc. (ERIC). When ERIC was formed in 2012, through assistance from The Pew Charitable Trusts, Nevada was one of seven states that pioneered the formation of ERIC.

Although the SOS has stated the annual dues in the upcoming biennium are not known, the best estimate is \$50,000 each year. The recommendation appears reasonable to Fiscal Staff.

SENATOR KIECKHEFER MOVED TO APPROVE B/A 101-1051 AS RECOMMENDED BY THE GOVERNOR, INCLUDING ALL CLOSING ITEMS; AND TO ALLOW STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS REGARDING IMPLEMENTATION OF OTHER ACTIONS IN THE SECRETARY OF STATE'S BUDGET ACCOUNTS.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Winebarger:

The next budget account is the State Business Portal, B/A 101-1058. The first major issue in this budget is decision units E-900 through E-909, which would move the funding for the portal activity into B/A 101-1050.

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E-901	Transfer from	SOS-State	Bus	Portal	to	Sec	of	State	—	Page
ELECTED-169										
E-902	Transfer from	SOS-State	Bus	Portal	to	Sec	of	State	—	Page
ELECTED-170										
E-903	Transfer from	SOS-State	Bus	Portal	to	Sec	of	State	—	Page
ELECTED-170										
E-904	Transfer from	SOS-State	Bus	Portal	to	Sec	of	State	—	Page
ELECTED-170										
E-905	Transfer from	SOS-State	Bus	Portal	to	Sec	of	State	—	Page
ELECTED-171										
E-906	Transfer from	SOS-State	Bus	Portal	to	Sec	of	State	—	Page
ELECTED-171										
E-907	Transfer from	SOS-State	Bus	Portal	to	Sec	of	State	—	Page
ELECTED-171										
E-908	Transfer from	SOS-State	Bus	Portal	to	Sec	of	State	—	Page
ELECTED-172										
E-909	Transfer from	SOS-State	Bus	Portal	to	Sec	of	State	—	Page
ELECTED-172										

These items need to be approved, due to the manner in which B/A 101-1050 was closed.

SENATOR KIECKHEFER MOVED TO APPROVE DECISION UNITS E-900 THROUGH E-909 IN B/A 101-1058, AS RECOMMENDED BY THE GOVERNOR, ELIMINATING THE BUSINESS PORTAL ACTIVITY FROM THIS ACCOUNT.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Winebarger:

The Governor recommends General Fund appropriations of \$354,746 over the biennium for the State Business Portal disaster recovery planning and implementation. The SOS indicates that the Portal architecture must provide business continuity in the event of a critical outage to allow the Portal to continue operations.

The SOS noted that partner agency systems might not have compatible disaster recovery for their systems, which may limit the disaster recovery functionality of the Portal.

E-225 Efficient and Responsive State Government — Page ELECTED-165

According to the SOS, the disaster recovery plan is to ensure the continued operation of Portal transactions and prevent data loss of Common Business Registration (CBR) information. The Portal is the only State program collecting and sharing CBR information with other agencies.

The Secretary of State estimates this data from a third party would cost approximately \$5,000 per user annually if not provided by the Portal. The SOS states this enhancement is intended to provide a completely mirrored, operational and seamless State Business Portal environment at an offsite location should an outage occur. It appears to Fiscal Staff that the goal of the SOS is to protect this data and ensure its continuous availability. However, since the data is backed up daily, the loss of data should not be an issue. The SOS has not provided an estimated value of the Portal availability, while considering the cost of the plan and the likelihood of an event that would cause the System and the data to be unavailable. In addition, it has not provided information regarding the cost to the State, nor its local government partners, should the System be unavailable for a short time.

Senator Kieckhefer:

On page 11 of [Exhibit C](#), in the first paragraph of your notes, you indicate these costs would be incurred in future bienna with 3 percent annual increases.

Should we expect this approximately \$355,000 to be an ongoing line item within the SOS budget?

Mr. Winebarger:

That is correct. This would be an ongoing line item with an expected increase of approximately 3 percent each year.

Does the Committee wish to approve decision unit E-225 and increase the General Fund appropriations by \$354,746 over the biennium to maintain the disaster recovery solution?

SENATOR DENIS MOVED TO APPROVE DECISION UNIT E-225, ADDING \$354,746 FOR THE DISASTER RECOVERY SOLUTION SYSTEM, AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Smith:

We will now consider Other Closing Item Nos. 2, 4 and 5 on page 12 of [Exhibit C](#), in decision units E-227, E-710 and E-720. These appear to be all recommended as set forth in the Executive Budget.

E-227 Efficient and Responsive State Government — Page ELECTED-166

E-710 Equipment Replacement — Page ELECTED-167

E-720 New Equipment — Page ELECTED-168

SENATOR PARKS MOVED TO APPROVE OTHER CLOSING ITEM NOS. 2, 4 AND 5 IN B/A 101-1058; AND DECISION UNITS E-227, E-710 AND E-720, AS RECOMMENDED BY THE GOVERNOR.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Smith:

We will now consider Other Closing Item No. 1 on page 12 of [Exhibit C](#).

Mr. Winebarger:

The Governor recommends General Fund appropriations of \$77,366 over the biennium in decision unit E-226 for Lightweight Directory Access Protocol (LDAP) service. The SOS LDAP is required to store user profile data, which will allow agencies to develop an enterprise level single-sign-on solution.

E-226 Efficient and Responsive State Government — Page ELECTED-166

The SOS has recently indicated that it will not be using this service as originally intended, but would like to retain the funding to provide security features related to the State Business Portal's disaster recovery plan. However, the SOS has not identified specific security services or products that would enhance the Portal's disaster recovery plan. Fiscal Staff cannot recommend approval of this decision unit without a specific plan or identified purpose.

Chair Smith:

Hearing no objection from the SOS, I would entertain a motion.

SENATOR KIECKHEFER MOVED TO NOT APPROVE DECISION UNIT E-226 IN B/A 101-1058 RESULTING IN GENERAL FUND SAVINGS OF \$77,366.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Smith:

We will now consider Other Closing Item No. 3 on page 12 of [Exhibit C](#).

Mr. Winebarger:

In decision unit E-228, the Governor recommends General Fund appropriations of \$24,200 each year of the biennium for staff training. The SOS has identified three Oracle classes at a cost of \$12,100 each for two employees at a total cost of \$24,200 over the biennium. The Governor's recommendation of \$24,200 each year is twice the amount needed based on documentation from Oracle. However, the SOS indicates the additional funding for training is needed and requests approval for the amount as requested.

E-228 Efficient and Responsive State Government — Page ELECTED-166

Fiscal Staff notes that, in addition to this decision unit, the Governor recommends \$129,500 for information staff training in decision unit E-231 in B/A 101-1050 that has been approved by the Committee. Therefore, Fiscal Staff recommends reducing this decision unit to \$12,100 in each fiscal year, for a General Fund savings of \$24,200 over the biennium.

SOS - Secretary of State — Budget Page ELECTED-146 (Volume I)
Budget Account 101-1050

E-231 Efficient and Responsive State Government — Page ELECTED-150

SENATOR PARKS MOVED TO APPROVE DECISION UNIT E-228, TO
REDUCE FUNDING BY \$24,200 OVER THE BIENNIUM IN B/A 101-1058,
AS RECOMMENDED BY FISCAL STAFF.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Smith:

We will now consider Other Closing Item No. 6.

Mr. Winebarger:

In decision unit E-805, the Governor recommends the reclassification of all three State Business Portal IT staff. According to the SOS, the reclassifications, as presented in the chart on page 13 of [Exhibit C](#), are based upon the level of

talent and expertise exhibited by the incumbents. However, it should be noted that the IT professional III position, recommended to be reclassified to a master IT professional II, has been vacant since April 2012. The Governor recommends General Fund appropriations of \$59,216 over the biennium to fund the reclassifications. Although the Department of Administration's Division of Human Resource Management (DHRM) will determine if the duties performed by the positions listed in the chart qualify for the reclassifications, Fiscal Staff recommends funding for the IT professional IV and IT manager III. However, since the position to be upgraded to a master IT Professional II has been vacant for over 1 year, the "talent and expertise exhibited" by this position cannot be verified.

E-805 Classified Position Reclassifications — Page ELECTED-168

Chair Smith:

Will the SOS provide an update on this situation?

Mr. Miller:

The issue surrounding the master IT professional II upgrade is that we have tried unsuccessfully to recruit for this position at the present classification level. Once the applicants review the job description and the pay scale, they lose interest. The request to upgrade the position is based on the level of expertise needed in the Business Portal system.

SENATOR GOICOECHEA MOVED TO APPROVE THE UPGRADE OF THREE POSITIONS IN DECISION UNIT E-805 OF B/A 101-1058, AS RECOMMENDED BY THE GOVERNOR.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Smith:

I will now close the hearing on the budgets of the SOS and open the hearing on B/A 101-1130, Office of the State Controller.

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

Kristen Kolbe (Program Analyst):

This account has four major closing issues. The first item is the Debt Collection and Recovery System (DCARS) in decision unit E-227.

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

The Governor recommends a transfer from the Debt Recovery Account of \$200,000 to contract with the vendor to provide enhancements that would automate the reporting of debts owed from State agencies.

As background information, the 2009 Legislature approved General Funds of \$317,383 over the 2009-2011 biennium to implement a technology solution, which would allow the Office to manage the information collection, collation and workflow process related to the State's debt collection efforts. At that time, the implementation of DCARS was projected to result in the collection of an additional \$4.6 million in debts owed to the State. Assembly Bill No. 87 of the 75th Legislative Session was approved to facilitate the implementation of DCARS.

Assembly Bill No. 196 of the 76th Legislative Session expanded the Controller's debt collection authority to include entering into cooperative agreements with any governmental entity, including district courts, and reciprocal agreements with the federal government for the collection and offset of indebtedness. Additionally, the 2011 Legislature authorized \$200,000 in transfers from the Debt Recovery Account to the Controller's Office to enhance the existing DCARS.

Fiscal Staff would note that according to the State's financial system, less than \$2,000 has been expended toward debt collection costs from the Debt Recovery Account since it was established in FY 2009-2010. Although authorized, no transfer from the Debt Recovery Account to the Controller's Office account has occurred.

The Office indicates the recommendation included in the Executive Budget would automate the reporting from State agencies, cities, counties and courts as previously approved. However, the Office indicates it has not entered into

cooperative agreements with the cities, counties, courts or federal government as authorized by A.B. No. 196 of the 76th Legislative Session. Rather, the Office has been using in-house IT resources to query information regarding debts owed. The Office indicates it needs the ability to create reports and conduct "analytics." The Office indicates the recommended funding as previously approved, would allow automatic extraction of data from each agency, eliminating manual processes and reducing debt offset processes from 90 up to 120 days, down to 60 days.

During the March 4 budget hearing, the Committee expressed concern that the Office had been provided resources to facilitate debt collections, but that the Office had not utilized those resources. The Office testified that it had been utilizing in-house IT resources, but that staff was too busy to complete the additional enhancements for DCARS. Further, the Office testified that other State agencies had requested funds from the Debt Recovery Account and since the Office was unable to verify the funding sources based on the information provided by the other State agencies, funding was returned to the requesting agency thereby reducing the Debt Recovery Account. The Office asserts the recommended enhancements to DCARS will provide the tools needed to improve the debt collection process.

Does the Committee wish to approve \$200,000 in transfer funds from the Debt Recovery Account allowing the Controller to contract with a vendor to provide enhancements to DCARS, as recommended by the Governor in decision unit E-227?

SENATOR WOODHOUSE MOVED TO APPROVE DECISION UNIT E-227 FOR \$200,000 FROM THE DEBT RECOVERY ACCOUNT TO CONTRACT WITH A VENDOR TO COMPLETE DCARS IN B/A 101-1130, AS RECOMMENDED BY THE GOVERNOR.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

* * * * *

Ms. Kolbe:

The Governor recommends \$26,874 in General Fund money and \$163,529 in transfer funds from the Debt Recovery Account over the 2013-2015 biennium to restore the assistant controller position eliminated as recommended by the Governor and approved by the 2011 Legislature. The Office indicates that if the assistant controller position were approved, 10 percent of the position's time would be allocated for public information efforts, 5 percent for Legislative liaison duties and 85 percent for debt collection. In response to Fiscal Staff inquiries, the Office indicated the debt collection duties of the assistant controller had not been reassigned and that the Controller had performed some of the duties as time permitted.

E-750 Budget Restorations — Page ELECTED-243

However, in follow-up information provided after the March 4 budget hearing, the Office stated that the existing chief accountant position manages and performs supervisory duties for the Debt Collection Unit, consisting of the chief accountant and four accounting positions.

Although the 2011 Legislature approved the elimination of the assistant controller position as recommended by the Governor, the position was approved to remain in the Unclassified Pay Bill allowing the Office the ability to approach the IFC during the 2011-2013 biennium requesting restoration of the position. The Controller testified during the 2011 Legislative Session that in the event of the passage of A.B. No. 196 of the 76th Legislative Session and the increase of the Office's workload by collecting debts for cities, counties and the courts, the Office would appear before the IFC to restore the assistant controller position using debt collection funds. The assistant controller position and operating costs total approximately \$110,000 each fiscal year of the 2011-2013 biennium. Fiscal Staff would note the Office did not approach the IFC during FY 2011-2012, or during the first half of FY 2012-2013, to restore the position as authorized by the 2011 Legislature in support of debt collection efforts.

The table on the bottom of page 16 of [Exhibit C](#) provides a history of the Debt Recovery Account established in FY 2009-2010, including reserve levels that continue to grow. Projected funding for the assistant controller position of approximately \$110,000 each year could be supported based on this information concerning the reserves in the Debt Recovery Account.

The performance indicators provided in the table on the top of page 17 of [Exhibit C](#) reflect a reduction in the total percentage of debts under \$25,000 collected in FY 2009-2010 and FY 2010-2011, which were significantly less than projected for FY 2011-2012.

According to the Office, the actual average age of debt turned over to the Office was 634 days in FY 2011-2012 which is significantly less than that of the 803 days in FY 2009-2010. The Office indicates projections for the 2013-2015 biennium are based on the restoration of the assistant controller position. Fiscal Staff is unable to confirm the reasonableness of these numbers.

During the budget hearing on March 4, the Office testified that since the assistant controller position was eliminated, collection of debt owed to the State had declined from 28 percent to 19 percent, a loss estimated by the Office at \$2.7 million. Fiscal Staff would note that debt collections in FY 2010-2011 exceeded that collected in FY 2009-2010, after the incumbent in the assistant controller's position was terminated in October 2010. Further, according to the State's financial system, as of April 19, debt collections for FY 2012-2013 have exceeded that collected in FY 2010-2011. The table on the bottom of page 17 of [Exhibit C](#) provides a history of the non-Executive Budget Collection Agency Activity account, which is the primary revenue source for the Debt Recovery Account.

During the budget hearing on March 4, the Office indicated it did not agree with the Governor's recommendation to support the assistant controller's position costs with transfers from the Debt Recovery Account since none of the Office's other positions were funded with transfers from the Account. Further, the Office testified that their understanding is the monies recorded in the Debt Recovery Account are limited to funding IT projects or purchases. *Nevada Revised Statute* 353C.226 provides that "money in the Account may only be used for the support of the debt collection efforts of the State Controller... ." Fiscal Staff would note that based on the provisions of NRS 353C.226, Legislative Counsel has confirmed that the money in the Debt Recovery Account is not restricted only to IT purchases or projects. Additionally, the Office testified that due to the uncertainty of funding in the Debt Recovery Account, the Office did not previously request restoration of the assistant controller position that had been tasked with debt collection efforts.

There are three options for the Committee to consider:

1. Approve decision unit E-750 to restore the assistant controller position as recommended by the Governor including the transfer from the Debt Recovery Account of \$161,798 over the 2013-2015 biennium to support 85 percent of the assistant controller's salary, benefits, operating and equipment costs; or
2. Restore the assistant controller position and eliminate transfers from the Debt Recovery Account of \$161,798 to support 85 percent of the assistant controller's salary, benefits, operating and equipment costs. This option would result in an additional General Fund allocation of \$161,798 needed over the 2013-2015 biennium to restore the position and related costs; or
3. To not approve decision unit E-750 to restore the assistant controller position.

If the Committee chooses Option No. 3, it may wish to consider leaving the assistant controller position in the Unclassified Pay Bill allowing the Controller to approach the IFC to request reestablishment of the position with a transfer from the Debt Recovery Account to support debt collection efforts.

Senator Kieckhefer:

Fiscal Staff noted that it was permissible under statute to use the Debt Recovery Account funding for this position. I am not comfortable with allocating General Fund money for this position. Therefore, I am left with the idea of whether or not the position should be replaced.

The collections to date in FY 2012-2013 are significantly higher without the position than they were previously, when the position was filled. I would approve the Governor's recommendation to fund the position with 85 percent from the Debt Recovery Account and with the understanding that I would expect to see increases in debt recovered during the 2013-2015 biennium.

SENATOR KIECKHEFER MOVED TO APPROVE OPTION NO. 1 FOR DECISION UNIT E-750 IN B/A 101-1130 TO FUND THE ASSISTANT CONTROLLER POSITION WITH 85 PERCENT OF FUNDING DERIVED FROM THE DEBT RECOVERY ACCOUNT.

SENATOR GOICOECHEA SECONDED THE MOTION.

Chair Smith:

I agree with the recommendation to restore the position. Testimony was positive from the Controller about the need for the position. I am concerned about the Controller personally collecting debt when there are many other duties of her office that require her attention. I was also concerned about the lack of public information officer functions within the Office of the Controller.

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

* * * * *

Chair Smith:

The Senate Committee on Finance has closed this item differently than the Assembly Committee on Ways and Means. It will be necessary to revisit this budgetary item.

Ms. Kolbe:

The third major closing item for B/A 101-1130 is the Single Audit Reporting Form (SARF) in decision unit E-581.

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

The Governor recommends a General Fund appropriation of \$22,500 over the 2013-2015 biennium to purchase editing software and software maintenance to standardize the reporting of accounting transactions by providing editing solutions.

As background information, the 2011 Legislature approved General Fund money of \$50,000 in FY 2011-2012 for a solution to eliminate most data entry required by State agencies and address control issues related to balancing and reconciling the SARF.

Due to delays in the procurement and contracting processes, the Office approached the IFC at its August 23, 2012, meeting for Contingency Account

funds of \$42,200, which was approved. According to the State's financial system, all \$50,000 has now been expended.

The Office indicated that the solution platform would enable the Office to automate information from the State's accounting system and eliminate most of the data entry currently required from State agencies. The recommendation included in this decision unit would allow the Office to pull that information automatically from the State's accounting system.

During the budget hearing on March 4, the Office testified that auditors are requesting more information and analytical work to reduce errors on reports regarding federal grants. If errors are not corrected, the State may be subject to increased audits and additional audit fees. However, the Office has not provided Fiscal Staff with written audit findings to substantiate the Office's claims of possible increased audits and audit fees.

Does the Committee wish to approve General Funds of \$22,500 over the 2013-2015 biennium for the purchase of editing software and maintenance for the SARF?

SENATOR KIECKHEFER MOVED TO APPROVE DECISION UNIT E-581 IN B/A 101-1130 FOR \$22,500 FOR THE SARF, AS RECOMMENDED BY THE GOVERNOR.

SENATOR DENIS SECONDED THE MOTION.

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

* * * * *

Ms. Kolbe:

The fourth and final major closing item for B/A 101-1130, as seen on pages 19 and 20 of [Exhibit C](#), is for a computer training room that was not included in the Executive Budget. During the budget hearing on March 4, the Office requested the Committee consider adding General Funds of \$204,749 over the 2013-2015 biennium for a 2,500-square-foot computer training room located in the Carson City area for State users of the State financial system. The computer training room would provide training to

approximately 20 students at a time and could be used by other State agencies based on availability according to the Office.

If approved, the Office estimated it would use the training room approximately 5 days each month and trainings would vary from 4-hour blocks to full-day classes. Further, the Office indicated that the management and coordination of the computer training room would most likely be assigned to the existing training officer with assistance from the Controller's Office help desk.

The Office reports that until recently, the training room of the Division of Welfare and Support Services (DWSS), Department of Health and Human Services (DHHS), was used by the Office for training purposes. However, due to scheduling shifts for DWSS programs, the training room is no longer available consistently on a monthly basis. The Office related that no other hands-on training room exists in Carson City.

However, it should be noted that the first floor of the Blasdel Building includes a computer room that accommodates the testing of 30 prospective State employees. According to the Office, the State's financial system does not work on eight of the computers in the Blasdel Building testing room. Further, the Blasdel Building testing room has been utilized by both the Office and the DHRM to teach portions of the State's financial and human resource systems.

During the March 4, budget hearing the Committee inquired into the use of the Legislative Counsel Bureau (LCB) training room as an option to the Blasdel Building testing room. In follow-up information, LCB IT staff has indicated that the LCB training room is utilized for training Session staff and full-time staff. Further, LCB IT staff cited concerns over installation and compatibility of software, cloning of computers following each training event, maintenance of the computers based on an accelerated usage schedule and providing for secured access to the facility.

The Office indicates increased demands for training as reflected in the table on the bottom of page 19 of [Exhibit C](#).

The Controller's Office offers approximately 17 online classes for training on the State's financial system. In response to Fiscal Staff inquiries, the Office indicates 150 students, or 16.4 percent, were trained through online classes in FY 2011-2012. Additionally, Fiscal Staff would note the Office does not provide

training to employees outside the Reno-Carson City area due to fiscal and logistical constraints. Employees outside the Reno-Carson City area must travel to Carson City for hands-on classes or are trained using the online classes.

During the budget hearing on March 4, the Office testified that the existing Blasdel Building testing room is ineffective because a number of students had been turned away due to lack of space, computer availability was inconsistent, and partitions in the computer testing room were not providing a conducive environment for interaction between the instructor and the students. Additionally, the Office expressed concerns regarding security issues surrounding personally identifiable information such as the unauthorized use of social security numbers as it relates to the use of off-site training facilities. In follow-up information, the Office indicates the number of students turned away from training was unknown, since it does not keep records on those events. It is estimated that 60 hours have been expended by the Controller's Office IT staff to provide maintenance, repairs or services to the Blasdel Building testing room computers.

Fiscal Staff would note that the computer equipment in the Blasdel Building testing room is approximately 2-years-old. Further, the partitions are on either side of the computer stations, but do not block the view of the student or the instructor. In addition, personally identifiable numbers such as social security numbers are highly restricted and not available to employees outside personnel or payroll positions.

The Committee may wish to consider the following options:

1. To not approve an additional \$204,749 in General Funds for a computer training room as requested by the State Controller, but not recommended in the Executive Budget; or
2. Approve additional General Funds of \$204,749 over the 2013-2015 biennium for a computer training room to be managed and maintained by the Controller's Office with availability to other State agencies.

Senator Denis:

There has been considerable discussion during this Legislative Session about IT needs and the new uses for the State agencies. We tend to spend money on

hardware and software, but we do not spend money on training or as much money on support of the systems. This is one of those issues where the Agency is asking for an opportunity to train people on how to use the equipment for which we have provided large amounts of funding. I support approval of this request. Even if the other computer room does not have the issues that have been enumerated, we have limited facilities for training people to use our computer systems. This room would also be available to other agencies for training their staff.

SENATOR DENIS MOVED TO APPROVE MAJOR CLOSING ITEM NO. 4, WITH OPTION NO. 2, TO INCLUDE GENERAL FUNDS OF \$204,749 FOR A NEW IT TRAINING FACILITY IN B/A 101-1130.

SENATOR WOODHOUSE SECONDED THE MOTION.

Chair Smith:

When other State agencies use the new computer room would there be any sort of cost allocation from their budgets for use of the facility?

Ms. Kolbe:

There is nothing built into the budget to require the cost allocation at this point. Because the Controller's Office is predominantly funded by General Fund revenue, they would recoup no additional funding.

Chair Smith:

This item is appropriate when we were talking about the more than 400 new employees that will be hired in the DHHS and whether that Agency will need additional space for training as well.

Senator Kieckhefer:

I oppose approval of this request. The plan would spend approximately \$200,000 on office space that will be utilized 5 days each month. There is no agreement with any other State agencies to use it. Some other agencies have their own office space for training. It is a lot of money to spend for 60 days each year.

Fiscal Staff indicates the challenges in the Blasdel Building testing room are not as insurmountable as was originally presented to the Committee.

Senator Goicoechea:

Where would the training room be built?

Ms. Kolbe:

The Office indicates the training room would occupy the training room space that was previously located on Fairview Drive. It is the same facility and has space to train 20 students at a time.

Chair Goicoechea:

Would this be an upgrade to an existing training room?

Ms. Kolbe:

When the training room on Fairview Drive was eliminated from the budget, the equipment was also excessed out. This proposal would provide new and upgraded equipment.

Senator Kieckhefer:

The proposal for this training facility would be in Carson City and all of the 400-plus new DHHS employees will be hired in Las Vegas. Four offices are being opened in Las Vegas to accommodate the Medicaid expansion and federal Affordable Care Act implementation. How does this meet their needs?

Chair Smith:

I only used those 400 new employees as an example. I was just thinking of the volume of employees we train. I share the sentiments of Senator Denis. In the original hearing, the Controller stated how important it is that employees in the agencies are well trained on our systems and budget processes. We have seen a large turnover in staff coming before us in the IFC and during Legislative Sessions. Over the 5 years of the recession, we have eliminated nearly every training opportunity.

Senator Denis:

While there is no proposal before us at this time, it is probable that we need a similar facility in the Las Vegas area. If we do not provide facilities for training, then we must rent one. I understand we will not use the proposed facility every day, although, I suspect once it is available, many agencies will take advantage of the training room.

Senator Goicoechea:

Have we looked at where the greatest need exists? Is it in Carson City or southern Nevada? We can likely get by for another biennium, but that has been the situation over the past 5 years. Is there a greater demand for use of these funds?

THE MOTION CARRIED. (SENATORS KIECKHEFER AND GOICOECHEA VOTED NO. SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

* * * * *

Chair Smith:

There appear to be no particular issues in the Other Closing Items of this budget account.

SENATOR PARKS MOVED TO APPROVE THE REMAINING OTHER CLOSING ITEMS IN B/A 101-1130, AS RECOMMENDED BY THE GOVERNOR; AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

* * * * *

Chair Smith:

We will now consider the final budget, B/A 101-1140, the Debt Recovery Account.

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

Ms. Kolbe:

This account has no major closing issues. In addition, the recommended transfer of funds from the Debt Recovery Account to the Controller's Office account to fund the assistant controller position and other closing decisions, Fiscal Staff considered applying additional funding transfers from the account for other

items related to debt collection efforts. Those included salary and benefits for the existing five positions, general operating costs and equipment purchases for the Debt Collection Unit. However, based on the limited history of the Debt Recovery Account, limited funding transfers are reflected in this closing document [Exhibit C](#). The Committee may wish to review funding transfers from the Debt Recovery Account to the Controller's Office to fund staff, general operating costs and equipment purchases related to debt collection efforts in future biennia.

Staff seeks authority to adjust the account as may be necessary based on the closing actions of the Controller's Office account, including technical adjustments.

SENATOR GOICOECHEA MOVED TO CLOSE B/A 101-1140, AS RECOMMENDED BY THE GOVERNOR; AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR PARKS SECONDED THE MOTION.

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

BUDGET CLOSED.

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Senate Committee on Finance
April 22, 2013
Page 40

Chair Smith:

That concludes the items we have for consideration today. Seeing no one wishing to make public comment, this meeting is adjourned at 9:58 a.m.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
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	24	Fiscal Staff	Closing List #4 dated 4-22-2013