

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

**Seventy-Seventh Session
May 1, 2013**

The Joint Subcommittee on General Government of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Joyce Woodhouse at 9:42 a.m. on Wednesday, May 1, 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.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

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

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Lucy Flores, Chair
Assemblyman Paul Aizley, Vice Chair
Assemblyman D. Paul Anderson
Assemblyman Andy Eisen
Assemblyman Cresent Hardy
Assemblyman Joseph (Joe) M. Hogan

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Catherine Crocket, Program Analyst
Jennifer Gamroth, Program Analyst
Cynthia Clampitt, Committee Secretary

OTHERS PRESENT:

Michael Torvinen, Deputy Director, Department of Administration
John Borrowman, Budget Analyst, Budget Division, Department of Administration
Bruce Breslow, Director, Department of Business and Industry

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 2

Lori Myer, Administrative Services Officer, Director's Office, Department of
Business and Industry

Chair Woodhouse:

We will open the meeting on budget closings for the Division of Enterprise Information Technology Services (EITS) in the Department of Administration, and the Taxicab Authority and Transportation Services Authority under the Department of Business and Industry (B&I).

Catherine Crocket (Program Analyst):

The first budget is budget account (B/A) 721-1373, the Office of the CIO. There are four major closing issues within this account. Documentation for today's budget closing proposals is contained in the Joint Subcommittee on General Government Closing List #5, dated May 1, 2013 ([Exhibit C](#)).

FINANCE AND ADMINISTRATION

ADMINISTRATION

Administration - IT - Office of CIO — Budget Page ADMIN-54 (Volume I)
Budget Account 721-1373

The first Major Closing Issue is the request for a new deputy administrator position. Governor Brian Sandoval recommends additional funding totaling \$271,796 over the biennium to add an unclassified deputy administrator position for EITS. The Agency has indicated the position would be responsible for oversight of the 48 full-time equivalent (FTE) positions the Governor recommends transferring from the Department of Public Safety (DPS) to EITS in decision unit E-227.

E-227 Efficient and Responsive State Government — Page ADMIN-56

Fiscal Staff asked the Agency to describe the day-to-day job duties of the proposed deputy administrator position. The Agency indicated that the position would have no specific duties assigned because it would be an unclassified position. However, unclassified positions typically do have assigned job duties and responsibilities, as well as a stated job description.

Justification for the additional position is noted as the transfer of 48 FTE positions from the DPS to EITS. However, other resources exist within EITS that duplicate that responsibility. For example, the Governor recommends transferring a chief IT manager position, Grade 44, from the DPS to EITS as part of the consolidation. This chief IT manager currently oversees the DPS information technology (IT) operational units. The EITS indicates it is planning to reorganize the DPS operations during the upcoming biennium. Therefore, it appears that the chief IT manager would continue to be responsible to provide this oversight. Furthermore, the organizational charts for each agency show that this position would continue to be in charge of EITS staff. In addition, the Agency has indicated in a follow-up memo that the deputy administrator would focus on integrating the DPS-IT services into EITS operational areas. They would develop a plan for the 2015-2017 biennium.

However, the Executive Budget recommends a contract project manager whose duties would include operational oversight and planning for the consolidation. That item will be discussed later in this budget.

It appears EITS has sufficient resources to manage the consolidation and oversee the transferred staff without the addition of a new deputy administrator position.

During the 2011 Legislature, the elimination of a deputy position from the Department of Information Technology was approved as a part of the merger with the Department of Administration. The functions performed by the deputy were considered duplicative in the merged environment. The EITS fiscal, administrative and human resource responsibilities were transferred to the Department of Administration as a part of the consolidation. Because these responsibilities have not transferred back to EITS, it is unclear how the scope of responsibility of the EITS administrator increased after the 2011 Legislature recommended elimination of the position.

The Executive Budget recommends a salary of \$103,421 for the new unclassified position. The Joint Subcommittee discussed salary compaction issues created by setting the salary for the deputy administrator essentially equal to the salary of the administrator. As a result, a budget amendment was submitted to increase the salary for the EITS administrator and an increase in the salary of the deputy administrator.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 4

The Joint Subcommittee should note that the recommendation to increase the pay of the EITS administrator and the deputy administrator will be considered during the unclassified pay review process. Fiscal Staff requests authority to make technical adjustments necessary to implement any changes as a result of that process.

Does the Joint Subcommittee wish to approve the Governor's recommendation to add a deputy administrator position in B/A 721-1373?

Assemblyman Eisen:

My recollection of the hearing on this budget item is that far more was involved with the request for the deputy administrator position. It is an overall expansion, as we will discuss further in today's hearing.

There are demands for more Internet security, the expansion of the telephone system and this morning will include other additional functions being requested for EITS. David Gustafson, Chief Information Officer (CIO) of EITS, made a good justification for the addition of this position in the upcoming biennium. We are looking at a very different Division in the upcoming biennium than what we have currently. I would support approval of the position.

Senator Denis:

I agree with Assemblyman Eisen. We will see different operations and we have asked for additional functions and positive outcomes from Enterprise Technology.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR A NEW DEPUTY ADMINISTRATOR POSITION IN DECISION UNIT E-227 OF B/A 721-1373, WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

The second Major Closing Issue in B/A 721-1373 is the addition of a project management contractor for the DPS-IT consolidation in decision unit E-585.

E-585 Tech Invest, Efficient and Responsive St Governmen — Page ADMIN-57

This would result in an additional cost of \$125,000 in the 2013-2015 biennium. The Agency has indicated that existing staff does not have the time or ability to perform these duties. It should be noted that this decision unit would be contingent upon the approval of the consolidation of the DPS-IT services with EITS. The primary responsibility of the contractor would be developing a plan to integrate the transferred IT staff into the EITS existing budget accounts during the 2015-2017 biennium.

The Executive Budget recommends funding the project management contractor within the Office of the CIO, which is cost-allocated to other EITS budget accounts. The cost of the allocations is then passed on to other State agencies in the form of service rates EITS charges for utilizing IT services. However, the Agency has indicated that the contractor would solely benefit the DPS and work on the DPS consolidation. Therefore, it may be appropriate for the DPS to support the costs of transferring IT services to EITS.

The cost of the contract manager could be placed within the DPS-IT consolidation account and passed on to the DPS through that mechanism. Fiscal Staff calculates that this would result in an overall statewide General Fund savings of approximately \$8,750 over the biennium. The Joint Subcommittee may wish to consider the following options:

1. To approve the Governor's recommendation to fund a contract project manager in the Office of the CIO account; or
2. To approve a contract project manager within the DPS-IT consolidation account to be fully supported by the DPS in the 2013-2015 biennium. If the

Joint Subcommittee approves this option, the cost of the contract project manager would be allocated to DPS budget accounts through the DPS Director's Office cost-allocation process; or

3. To not approve the Governor's recommendation to fund a contract project manager.

Assemblywoman Flores:

What is the difference between Option No. 1 and Option No. 2?

Ms. Crocket:

Option No. 1 would leave the costs within B/A 721-1373 and the costs would be passed on to other EITS accounts, which would be supported through increased service rates and fees paid by most State agencies. Option No. 2 would place the costs in the DPS-IT account and the DPS would reimburse EITS for the costs of the position.

Assemblywoman Flores:

What are the pros and cons of leaving it in one account versus having it reimbursed by the other?

Ms. Crocket:

The positive effect of moving the costs into the consolidation account would be a net statewide General Fund savings. The negative effect of leaving the costs in the EITS account would be that other State agencies would be paying for a service that directly benefits the DPS.

Assemblywoman Flores:

In light of that information, Option No. 2 appears to be the better choice.

ASSEMBLYWOMAN FLORES MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE B/A 721-1373, DECISION UNIT E-225 WITH OPTION NO. 2 TO ADD A CONTRACT PROJECT MANAGER WITHIN THE DPS-IT CONSOLIDATION ACCOUNT TO BE FULLY SUPPORTED BY THE DPS IN THE 2013-2015 BIENNIUM WITH APPROVAL FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 7

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

The third Major Closing Issue in B/A 721-1373 is EITS rates and assessments. *Nevada Revised Statutes* (NRS) 242.211 specifies that agencies utilizing the services of EITS must pay a fee to reimburse EITS for the cost of providing the service. Accordingly, EITS charges fees to the State agencies, known as rates and assessments, to recover the cost of providing IT services. Historically, EITS rates have been calculated by Agency staff through a cost allocation computer application, which maps the expenditures associated with providing each IT service to the rate charged for providing that service. This historical process also considers budgeted reserve levels and excludes specified disallowed costs in order to comply with federal guidelines.

However, the Budget Division in the Department of Administration advised Fiscal Staff that the methodology used to calculate EITS rates and assessments included in the Executive Budget deviates from the previously established rate calculation process. It appears that the EITS rates and assessments process does not map expenditures to cost pools with the same level of accuracy as the established rate and assessment calculation process.

The Governor has submitted numerous budget amendments statewide which adjust EITS rates and assessments. These amendments revert to the historical calculation methodology, which is a more accurate means of mapping costs to revenues recovered. It appears reasonable to continue utilizing the historical methodology.

Does the Joint Subcommittee wish to approve the revised rate calculation methodology included in the Governor's amended budget, which reflects the historical rate calculation methodology? Fiscal Staff would also request authority to make technical adjustments to align budgeted reserves with revenue projections and thresholds established by the Budget Division regarding reserves.

ASSEMBLYMAN HOGAN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE MAJOR CLOSING ITEM NO. 3 IN B/A 721-1373 AS RECOMMENDED IN THE GOVERNOR'S AMENDED BUDGET AND TO AUTHORIZE FISCAL STAFF TO MAKE NEEDED TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

The Fiscal Analysis Division has received 24 budget amendments related to EITS budget accounts. Fiscal Staff has identified two issues within the numerous adjustments included in these 24 budget amendments, which impact the majority of EITS budget accounts. The first is an adjustment to reserve levels within EITS accounts. The EITS accounts carry a reserve balance, the allowable level of which is specified by federal regulations, through the Budget Division. The Executive Budget originally contained reserve levels that did not align with the established reserve levels.

The budget amendments establish new decision units to change the reserve levels. However, Fiscal Staff has reviewed expenditures in other State agencies and outside entities that would serve as revenue to EITS accounts and noted there was not a complete alignment between the actual revenues received in EITS and revenue levels projected in the budget amendments. Therefore, the adjustments aligning reserves and revenues are not accurate.

The second issue within the budget amendments is the methodology to assign revenue sources to decision units. Historically, EITS revenue sources assigned to a decision unit reflected the service rate revenue, which would fund the costs associated with that decision unit. The Governor's recommended budget continued to utilize this methodology. However, the budget amendments apply a new methodology, which, instead of directly mapping the costs to the revenue source

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 9

within each decision unit, applied a flat percentage split to every decision unit in a budget account. As a result, the stand-alone capability of each decision unit would be lost. The budget account would be considered as a whole and if any single decision unit was not approved or modified, the service fee revenue would be inappropriate.

Therefore, Fiscal Staff does not recommend approval of the portion of these budget amendments that adjust reserve levels or modify the established revenue allocation methodology. The EITS revenue and assessments will be recalculated based on budget closing actions in the EITS accounts by the Legislature. Budgeted revenue and reserve levels would be adjusted at that time.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO NOT APPROVE THE ADJUSTMENT OF THE RESERVE LEVELS OR THE PORTIONS OF THE BUDGET AMENDMENTS THAT MODIFY THE ESTABLISHED REVENUE ALLOCATION METHODOLOGY.

ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

There are a number of other closing items in B/A 721-1373 and they all appear reasonable to Fiscal Staff with approval for Fiscal Staff to make technical adjustments. Informational items have also been included on pages 8 and 9, items 9 through 11, of [Exhibit C](#).

Does the Joint Subcommittee wish to approve Other Closing Item Nos. 1 through 8, as recommended by the Governor with noted technical adjustments and approval for Fiscal Staff to make necessary technical adjustments within this account related to the Department of Administration's internal cost allocations?

ASSEMBLYWOMAN FLORES MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEM NOS. 1 THROUGH 8,

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 10

AS PRESENTED ON PAGES 7, 8 AND 9 OF [EXHIBIT C](#) WITH NOTED TECHNICAL ADJUSTMENTS; AND TO AUTHORIZE FISCAL STAFF TO MAKE ADDITIONAL TECHNICAL ADJUSTMENTS AS NECESSARY RELATED TO DEPARTMENT OF ADMINISTRATION INTERNAL COST ALLOCATIONS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

We will now open the presentation on B/A 721-1365, the Administration IT Application Support account.

Administration - IT - Application Support — Budget Page ADMIN-64 (Volume I)
Budget Account 721-1365

Ms. Crocket:

There are three Major Closing Issues in B/A 721-1365. The first is a request for the addition of three new programmer/developer positions in decision unit E-225.

E-225 Efficient and Responsive State Government — Page ADMIN-66

These would be professional IT positions supported at a cost of \$617,452 over the 2013-2015 biennium. The cost would be recovered from billable fees charged to State agencies. The Agency has identified utilization increases as driving the need for the three new positions. One FTE position would support the Budget Division. Testimony by the Department of Administration indicated this new position would primarily support the development of priorities and performance-based budgeting modules in the Nevada Executive Budget System. It should be noted that the decision to devote resources to the further development of the Priorities and Performance Based Budget (PPBB) will be made later. Fiscal Staff recommends consideration of this position in conjunction with the Budget and Planning account

closing, which includes additional resources to advance the development of the PPBB.

Administration - Budget and Planning — Budget Page ADMIN-10 (Volume I)
Budget Account 101-1340

E-900 TXFR FRM Enterprise APLN SPT to Budget & Planning — Page ADMIN-16

The second position would be dedicated to support of the Division of Human Resource Management (DHRM). Time for the third position would be split equally between Department of Administration divisions. It appears statewide budgeted programmer/developer utilization levels are sufficient to support three additional positions in this account.

Fiscal Staff would note that the three new positions are budgeted at a step 10. Typically, new positions are budgeted at a step 1. Testimony by the Agency indicated that EITS has experienced difficulties in hiring IT-related positions at levels lower than a step 10. However, the Agency currently has 65 filled IT professional positions. Of those, 29 positions, or approximately 45 percent, are currently filled by incumbents at steps lower than 10. In addition, of the 36 IT professional positions that are filled by incumbents at a step 10, only 4 incumbents, or approximately 11 percent, have worked for the State for less than 10 years. Therefore, they would have normally advanced to a step 10 in that time. Fiscal Staff calculated the average step of filled IT professional positions with incumbents who are currently at steps lower than 10 to be at a step 5. Based on this, it appears the three new positions could be budgeted at a step 5 to reflect the Agency's historical hiring levels. That decision would provide a savings of approximately \$100,000 over the 2013-2015 biennium.

The Joint Subcommittee may consider the following options with respect to decision unit E-225:

1. To approve the Governor's recommendation for the addition of three new programmer/developer positions; or
2. To approve two new programmer/developer positions and defer the decision to add one additional programmer/developer position until the Budget and

Planning account closing is considered by the Joint Subcommittee. If this option is approved, Fiscal Staff requests authority to make technical adjustments based upon closing actions in the Budget and Planning account; or

3. To not approve the Governor's recommendation for the addition of three new programmer/developer positions.

If the Joint Subcommittee wishes to approve adding new programmer/developer positions, does the Joint Subcommittee wish to budget the positions at a step 5 rather than a step 10, for a savings of approximately \$100,000 in the 2013-2015 biennium?

Assemblywoman Flores:

Is the difference between Option No. 1 and Option No. 2 because of the Budget and Planning account closing? Which new position would be affected by Option No. 2?

Ms. Crocket:

There are a couple of decision units within the Budget and Planning account to devote additional resources to further development of the PPBB. The Director of the Department of Administration has indicated that one of the new positions is related to furthering development of the PPBB. Fiscal Staff would require authority to make technical adjustments if the furthering of the PPBB is not approved.

Assemblywoman Flores:

Will the decision regarding the appropriate step at which to fund the positions be a separate motion?

Chair Woodhouse:

The motion could be made either separately or as one motion.

Assemblywoman Flores:

If we choose to start the new positions at a step 5, rather than a step 10, what impacts will that make on the Agency in terms of its ability to compete with the private sector to attract these specially trained personnel?

Ms. Crocket:

During the Legislative Commission's Budget Subcommittee hearings prior to the beginning of this Legislative Session, there were discussions with the DHRM regarding hiring IT positions. They provided a follow-up memo stating that there were 4,121 eligible IT applicants during 2012. Of the applicants that were referred to State agencies for possible employment, 14 of the 4,121 declined to interview for positions due to salary. Of those 14 positions, 13 declined an interview for a specific position at the DPS. There is little supporting evidence indicating it is difficult to hire for IT positions.

Assemblywoman Flores:

Can you quantify the difference of funding at a step 10?

Ms. Crocket:

The funding would be approximately \$15,000. The option to budget the positions at a step 5 does not mean the Agency could not hire a position at a step 10. It would simply reduce the resources allocated to that account.

Senator Denis:

What happens if the Agency with authority to hire at a step 5, selects an individual, but to attract that person to the position, they need to hire the person at a step 10? Would the difference in salary come from another allocation?

Ms. Crocket:

That is possible. The Agency budgets include vacancy savings. The Agency experiences staff turnover within positions, allowing the Agency to use those budgeted resources differently.

Assemblyman Anderson:

There are different levels of unemployment. In my business, we are constantly attempting to attract IT professionals. Our industry has approximately a 3 percent unemployment rate creating a much more competitive environment than in other industries. Anything we can do to bring quality applicants to the State is a good idea. We should budget at an appropriate step and let the Agency decide how best to hire for the positions.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 14

Ms. Crocket:

The decision to budget at a step 5 would, in no way, preclude the Agency from hiring for a position at a step 10. The step 5 recommendation only reflects the historical hiring levels.

Assemblyman Anderson:

Have they historically funded positions at lower levels and sustained vacancies that have occurred creating additional duties for other staff?

Is it correct that if we fund the positions at a step 5, and the Agency finds a desirable candidate whom they hire at a step 8 or step 10, the Agency must pull from other priorities to fund the increased step?

Ms. Crocket:

That may not be the case because agencies typically experience staff turnover creating unused authority in the personnel category that could be used to fund a new position at an increased step.

Assemblyman Anderson:

That would still reduce funding to fill a recently vacated position to fund another position at a higher level.

Ms. Crocket:

The salary savings occur more from turnover and the time it takes to place an individual in the position.

Assemblyman Anderson:

We should make a decision that gives the Agency the most flexibility. We are placing additional functions in EITS. I support whatever option gives the Agency the most flexibility and support.

Chair Woodhouse:

Based on that discussion, we should make a choice between Option Nos. 1, 2 or 3 and make a separate decision regarding funding the positions at a step 5 or step 10.

Cindy Jones (Assembly Fiscal Analyst):

The option to budget the positions at a step 5 is purely a budgetary decision in recognition of historical payroll costs within this account and does not impact the method in which a position is compensated. If someone is hired at a step 10, that would decrease the Agency resources. If they were hired at step 1, there would be a surplus in resources. The Agency would have the option of appearing before the Interim Finance Committee (IFC) to gain additional payroll authority, if that was deemed necessary.

It is a balancing act. If we overfund categories or budgets within the internal service funds, we could find ourselves in a situation where we have excess funds because the rates are set too high to absorb the over-budgeted items. Excess reserves can result in Nevada being required to repay the federal government a portion of the funds collected.

Senator Denis:

Could we approve Option No. 2 without making a decision on funding the positions regarding the step 5 or step 10 recommendation?

Ms. Jones:

The Joint Subcommittee could leave the account open and require the item to be discussed at a future Joint Subcommittee meeting.

The position is budgeted at a step 10 in the Executive Budget. The decision before the Joint Subcommittee is whether to accept the Fiscal Staff recommendation to fund the positions at a step 5. Therefore, a motion is not necessary to specify funding at a step 10. However, if the Joint Subcommittee wished to approve the recommendation by Fiscal Staff to reduce the funding to a step 5, an action would be necessary.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE B/A 721-1365, DECISION UNIT E-225, WITH OPTION NO. 2, AUTHORIZING TWO NEW PROGRAMMER/DEVELOPER POSITIONS AS RECOMMENDED BY FISCAL STAFF AND TO HOLD THE THIRD POSITION REQUESTED UNTIL THE CLOSING OF B/A 101-1340, THE BUDGET AND PLANNING DIVISION ACCOUNT; AND TO FUND THE POSITIONS AT A STEP 10 AS RECOMMENDED BY THE GOVERNOR.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 16

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

The next Major Closing Issue in B/A 721-1365 is the Mobile Application Development in decision unit E-231.

E-231 Efficient and Responsive State Government — Page ADMIN-67

The Governor recommends an additional \$150,000 in the 2013-2015 biennium to support a contract mobile application developer. The Agency indicated that the Information Technology Advisory Board, which advises EITS regarding IT matters pursuant to NRS 242.124, recommended that EITS develop mobile applications. At the budget hearing, the Joint Subcommittee commented that many Nevada residents do not have computers and therefore, experience difficulties accessing State Websites.

According to the Agency, the contractor would establish a platform to enable mobile development by State agencies, as well as develop several mobile applications. However, EITS indicates it has not developed a prioritized list of applications that it intends to develop in the upcoming biennium. In a follow-up memo, the Agency indicated that contract programmer support would be necessary to develop further mobile applications and for maintenance of current mobile applications. The Agency stated it does not currently have the ability to transfer existing programmers to support that function.

Does the Joint Subcommittee wish to approve the Governor's recommendation to support contract mobile application development with infrastructure assessment revenue of \$150,000 over the upcoming biennium?

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE B/A 721-1365, DECISION UNIT E-231, AS RECOMMENDED BY

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 17

THE GOVERNOR.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

The next Major Closing Issue is the request for a benchmarking and replacement study to replace the ADVANTAGE information system in decision unit E-235 of B/A 721-1365.

E-235 Efficient and Responsive State Government — Page ADMIN-68

The Governor recommends \$350,000 in additional infrastructure assessment revenue funding in fiscal year (FY) 2013-2014 to support a software application benchmarking and replacement study for the ADVANTAGE information system, which includes the State's financial, payroll and human resources data systems.

According to the Agency, the ADVANTAGE system was deployed in 1998 and was written in the antiquated COBOL programming language, which is no longer widely used. In addition, the Agency has made numerous customizations to the system that makes it difficult to develop further enhancements without creating unanticipated consequences. The Agency indicates it anticipates the retirement of the majority of its COBOL programmers over the next several years and expects it will be difficult to recruit additional COBOL programmers in the future due to the outdated nature of the required skillset.

The benchmarking process with the contractor would evaluate the State's existing business practices and determine which are efficient or inefficient. The results of the benchmarking study would be used to develop business requirements for the replacement information system. The business requirements would be used to develop a request for proposal (RFP) to present to the 2015 Legislature. However, the Agency has indicated that the estimated cost of replacing the

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 18

ADVANTAGE system with a modernized system would total from \$75 million to \$100 million, and that would need to be funded as a statewide initiative.

The State Controller estimates that Nevada could save \$76.5 million each year by adopting best practices utilized in the private sector. The Joint Subcommittee noted it might be unreasonable to expect a State government to achieve the same level of efficiency as the private sector, given the level of controls in place within the governmental environment.

Does the Joint Subcommittee wish to approve the Governor's recommendation to fund a benchmarking and replacement study for the ADVANTAGE information system?

ASSEMBLYWOMAN FLORES MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNIT E-235 IN B/A 721-1365 AS RECOMMENDED BY THE GOVERNOR TO CONTRACT FOR A BENCHMARK AND REPLACEMENT STUDY TO MAKE RECOMMENDATIONS REGARDING THE REPLACEMENT OF THE ADVANTAGE SYSTEM.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

Other Closing Item No. 10 is related to disaster recovery and will be discussed within the IT-Security account, B/A 721-1389. Fiscal Staff would request authority to make technical adjustments based on the Joint Subcommittee's closing action in that account.

Administration - IT - Security — Budget Page ADMIN-120 (Volume I)
Budget Account 721-1389

Does the Joint Subcommittee wish to approve the Other Closing Item Nos. 1 through 9 on pages 14 through 16 of [Exhibit C](#) as recommended by the

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 19

Governor with authority for Fiscal Staff to make technical adjustments based on closing actions in the Security account and internal cost allocations?

ASSEMBLYMAN HOGAN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEM NOS. 1 THROUGH 9, AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS BASED ON THE CLOSING ACTIONS IN THE SECURITY ACCOUNT.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

We will now open the discussion on B/A 721-1385, the Computer Facility.

Administration - IT - Computer Facility — Budget Page ADMIN-76 (Volume I)
Budget Account 721-1385

Ms. Crocket:

There are two Major Closing Issues in this account. The first is the recommendation to outsource State email in decision unit E-232.

E-232 Efficient and Responsive State Government — Page ADMIN-80

The Governor recommends additional computer facility charges of approximately \$1 million to migrate the State's email services from State-owned and operated hardware and software to an outsourced, cloud-based email solution. The existing State email system would be transitioned to a cloud-based email system, meaning that State email would be remotely hosted on a vendor-owned and operated hardware and software system. The Agency has indicated that a working group has been assembled consisting of directors, managers and IT staff that would review available cloud-based email solution offerings. Currently, EITS indicates it

supports over 10,000 State email accounts on a Microsoft Exchange Server. The Agency indicated at the budget hearing that all of these systems are at the end of their useful lives and need to be replaced.

The Agency has indicated, in support of cloud-based services that, it would provide greater user storage capacity and additional functionality than is available on Agency-owned servers.

According to the Agency, migrating State email to a cloud-based solution would avoid capital expenditures associated with upgrading or replacing the existing State-owned email software and hardware. The Agency indicated the cost associated with replacing the State email system would be approximately \$7.9 million and that the email system would need to be replaced every 4 years. As a result, the average annual cost of a State-owned email hardware and software system would be approximately \$1.9 million. In comparison, the annual outsourced email cost would be \$512,100, or 26 percent of the cost associated with a State-owned system.

The Joint Subcommittee discussed whether there would be other costs associated with migrating to a cloud-based email solution, such as upgrading desktop computer software. The Agency indicated that cloud-based email services are accessible through Web browsers, so no additional hardware or software upgrades would be necessary.

Does the Joint Subcommittee wish to approve the Governor's recommendation to outsource State email to a cloud-based provider?

Senator Denis:

This is a prudent way to utilize email services. If we moved to cloud-based email in the early era of that technology, the State may have been a guinea pig. There is enough usage of cloud-based email services that the process would provide cost savings for the State. More importantly, outsourcing the technical assistance and maintenance features would be a savings in this budget account. Staff supporting the current email system could then be utilized in other areas.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNIT E-232 IN B/A 721-1385, AS RECOMMENDED BY

THE GOVERNOR TO UTILIZE CLOUD-BASED EMAIL TECHNOLOGY SERVICES.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

The Governor recommends \$73,832 in the 2013-2015 biennium to fund additional training, bringing the total annual training budget to approximately \$83,000 in this account, a 66 percent increase from the \$50,000 annual training budget approved by the 2011 Legislature. Of the recommended increase, approximately \$51,000, or 69 percent, would fund training-related travel, with the remainder supporting costs associated with direct training expenses.

In comparison, the Agency only spent 35 percent of its training budget for training-related travel in FY 2011-2012 and 65 percent of its allocation for direct training costs. Documentation attached to the Executive Budget indicates that the additional trainings included in decision unit E-228 are unknown at this time. Since State agencies typically provide detailed descriptions and price quotes when an increase in training is requested, Fiscal Staff asked the Agency what additional trainings this decision unit would support. The Agency replied that a detailed training plan could not be developed because training needs are not known at this time. Therefore, Fiscal Staff cannot evaluate the recommended increase in training benefits to EITS or its customers. It should be noted that EITS customers would fund the costs associated with increased training through charging higher user fees.

The Joint Subcommittee may wish to consider:

1. To not approve the Governor's recommendation to increase training in the Computer Facility account and indicate the Agency could submit a work program for consideration by the IFC when specific additional trainings are identified consistent with standard State budgeting practices and providing detailed descriptions of future expenditures; or
2. To approve the Governor's recommendation to increase training in the Computer Facility account.

Assemblywoman Flores:

There is already a Base Budget allocation for travel and for training. Given that the Agency has not indicated how the increased funds would be used, and that they have only utilized 35 percent of the 2011 allocation, increasing the budget to approximately \$83,000, or a 66 percent increase over the 2011 Legislative Session, does not make sense.

The Agency can approach the IFC when they have identified the appropriate training. I understand that training in this industry is different from other training due to the rapid development of technology. I support Option No. 1.

Michael Torvinen (Deputy Director, Department of Administration):

The need for the training and travel exists. I see all training and travel advance requests for the Department of Administration. I ensure travel and training serve a purpose and that the costs are reasonable.

Technology changes are ongoing. We sent someone to training for Voice over Internet Protocols (VoIP) as we move toward the telephone system consolidation.

Senator Denis:

Why was only 35 percent of the travel and training funds approved during the 2011 Legislature spent and yet the Agency is requesting an increase in this decision unit?

Mr. Torvinen:

I do not have the answer to that question. I am fairly new to my position and I am

not familiar with the reason the Division did not expend all its previous training and travel allocations.

Senator Denis:

I suspect a part of the reason may be that numerous IT projects were being developed and they were so busy that they were unable to take the time away for training.

John Borrowman (Budget Analyst, Budget Division, Department of Administration):

In FY 2011-2012, the Agency was authorized \$50,000 and spent \$46,000 for training. To date, they have spent \$35,000 of the \$50,000 allocated for FY 2012-2013. When Fiscal Staff noted only 35 percent of funding for training had been spent, that referred to how much was dedicated to travel as opposed to direct training expenditures. The Agency has a history of spending most of the funding allocated to them.

In this dynamic field, appearing before the IFC in advance of training application dates might be a challenge.

Assemblywoman Flores:

Will Fiscal Staff please clarify whether the 35 percent reference was related to training or to travel and 65 percent on direct training?

Ms. Crocket:

Those percentages were provided for comparison to the 69 percent increase the Agency has requested in the upcoming biennium. As stated by Mr. Borrowman, the Agency spent the majority of its training budget in FY 2011-2012. However, only 35 percent of the budget for training-related travel was spent in FY 2011-2012 and 65 percent of the training allocation was spent for direct training costs.

Assemblywoman Flores:

Does the current budget for training remain at \$50,000?

Ms. Crocket:

The Base Budget would be their actual FY 2011-2012 expenditures, or approximately \$46,000.

Assemblywoman Flores:

If they have used most of their training funds, and in light of the many technology enhancements being approved in this budget cycle, perhaps additional training funds are warranted.

Ms. Crocket:

The suggestion here is not that Fiscal Staff does not believe additional training will be necessary, it is simply that Fiscal Staff was not provided sufficient information to state the training requests were reasonable. That is based on the fact the Agency did not provide a specific purpose for the requested training funds.

Assemblywoman Flores:

With that explanation, I would support Option No. 2 for this budget item.

Chair Woodhouse:

We all agree that, with the direction the State is moving in expansion of EITS, significant training will be necessary, as will the subsequent travel required. I am in favor of Option No. 1, despite the challenges it may create. That would allow the Agency to present a work program requesting additional funding for specific training needs.

Senator Denis:

Requiring the Agency to return with a work program before the IFC would delay training. Therefore, I am in support of Option No. 2. The Agency has demonstrated they have utilized training funds in the past and we are approving significant additional responsibilities during this Legislative Session. If technological training were delayed, it would place this Agency at a disadvantage in being accepted into training courses.

Assemblyman Anderson:

I concur with the comments by Senator Denis. Additional fees are associated with late applicants for training programs. It becomes more expensive if funding is delayed through an IFC appearance.

ASSEMBLYWOMAN FLORES MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OPTION NO. 2, FOR DECISION UNIT E-228, IN B/A 721-1385, AS RECOMMENDED BY THE GOVERNOR.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 25

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN AIZLEY VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Assemblyman Aizley:

It is difficult to approve funds for training when we do not know what the training is for, where it will be and who will provide the training.

Chair Woodhouse:

We will now consider the Other Closing Items for B/A 721-1385 as described on pages 20 through 22 of [Exhibit C](#).

Ms. Crocket:

Other Closing Item No. 14 contains another disaster recovery-related expense in decision units E-583 and E-589.

E-583 Tech Invest, Efficient and Responsive St Governmen — Page ADMIN-80
E-589 Tech Invest, Efficient and Responsive St Governmen — Page ADMIN-82

Fiscal Staff requests authority to make technical adjustments based on the Subcommittee's closing action of disaster recovery items within the Security account.

In Other Closing Item No. 15, decision unit E-721, the Governor recommends additional funding of \$40,484 to support added printer maintenance costs. Fiscal Staff asked the Agency to provide backup documentation explaining and justifying the requested amount. However, after multiple requests, the Agency was unable to provide information to substantiate the budgeted amount. Accordingly, Fiscal Staff is unable to recommend approval of this decision unit.

E-721 New Equipment — Page ADMIN-86

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 26

Does the Joint Subcommittee wish to approve Other Closing Item Nos. 1 through 13 with the noted technical adjustments? Fiscal Staff requests authority to adjust Other Closing Item No. 14, decision units E-583 and E-589, based on closing decisions in the Security account. Fiscal Staff recommends that Item No. 15, decision unit E-721, not be approved.

Chair Woodhouse:

The motion would be to approve Other Closing Item Nos. 1 through 13 and to not close Item Nos. 14 and 15.

Ms. Crocket:

Fiscal Staff requests permission to make technical adjustments in this account if the disaster recovery initiative is not approved within the Security account for Item No. 14.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEM NOS. 1 THROUGH 13 IN B/A 721-1385 AS RECOMMENDED BY THE GOVERNOR, WITH NOTED TECHNICAL ADJUSTMENTS; AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR ITEM NO. 14, CONTINGENT ON THE CLOSING OF THE SECURITY ACCOUNT, B/A 721-1389.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

Fiscal Staff recommended Other Closing Item No. 15 not be approved.

Senator Denis:

If the Agency provides the requested information later, can they come forward to gain approval for Item No. 15?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 27

Ms. Crocket:

That is correct. This item would be a non-IFC work program due to the smaller size of the request. It can be processed internally through the Department of Administration.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO NOT APPROVE OTHER CLOSING ITEM NO. 15 IN B/A 721-1385, WITH PERMISSION FOR THE AGENCY TO REQUEST THIS ITEM LATER AS A WORK PROGRAM.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

I will now open the discussion on B/A 721-1386, Administration, IT, Data Communication and Network Engineering.

Administration - IT - Data Comm & Network Engin — Budget Page ADMIN-90
(Volume I)
Budget Account 721-1386

Ms. Crocket:

This account contains one Major Closing Issue, which is a request to increase network capacity in decision units E-225, E-226, E-227 and E-228.

E-225 Efficient and Responsive State Government — Page ADMIN-92

E-226 Efficient and Responsive State Government — Page ADMIN-92

E-227 Efficient and Responsive State Government — Page ADMIN-93

E-228 Efficient and Responsive State Government — Page ADMIN-93

The Governor recommends additional funds totaling \$403,861 over the 2013-2015 biennium to increase network capacity for Internet services and

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 28

SilverNet, in order to meet growing State agency demand for data transport services. Network capacity would be increased in Ely, Fallon and southern Nevada, as well as on the State's north-south data transmission line. Information provided by the Agency indicates that current customer utilization levels on the networks are sufficient to require an upgrade at this point. The EITS Division indicates that current network capacity and utilization levels on the Ely, Fallon, north-south transmission lines and the Southern Nevada Internet connection are resulting in latency that is negatively impacting the computer operations of State agencies.

Does the Joint Subcommittee wish to approve the Governor's recommendation to increase network capacity in Ely, Fallon, Southern Nevada and on the north-south transmission line to meet State agency demand for data services?

Senator Denis:

As more and more technology is incorporated into State services, the demand for increased capacity increases exponentially.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNITS E-225, E-226, E-227 AND E-228 IN B/A 721-1386 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

Under Other Closing Items for B/A 721-1386, Fiscal Staff notes Item No. 4 is another disaster recovery-related expense. Fiscal Staff requests approval to make technical adjustments based on the closing actions in the Security account.

Does the Joint Subcommittee wish to approve decision units M-801, E-801, E-803, E-802, E-804, E-230, and E-710 through E-717 in Other Closing Item Nos. 1 through 3 as recommended by the Governor with authority for technical adjustments based on closing actions in the Security account for Item No. 4?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 29

Fiscal Staff also requests authority to make any necessary technical adjustments to this account related to the Department of Administration's internal cost allocations.

M-801 Cost Allocation — Page ADMIN-92
E-801 Cost Allocation — Page ADMIN-98
E-802 Cost Allocation — Page ADMIN-98
E-804 Cost Allocation — Page ADMIN-99
E-230 Efficient and Responsive State Government — Page ADMIN-93
E-710 Equipment Replacement — Page ADMIN-95
E-711 Equipment Replacement — Page ADMIN-96
E-712 Equipment Replacement — Page ADMIN-96
E-713 Equipment Replacement — Page ADMIN-96
E-714 Equipment Replacement — Page ADMIN-97
E-715 Equipment Replacement — Page ADMIN-97
E-716 Equipment Replacement — Page ADMIN-97
E-717 Equipment Replacement — Page ADMIN-98

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEMS IN B/A 721-1386, DECISION UNITS M-801, E-801, E-802, E-804, E-230, AND E-710 THROUGH E-717 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

We will now discuss B/A 721-1387, the Telecommunications account.

Administration - IT - Telecommunications — Budget Page ADMIN-101 (Volume I)
Budget Account 721-1387

Ms. Crocket:

The only Major Closing Issue in this account is the replacement of the State telephone system in decision unit E-584.

E-584 Tech Invest, Efficient and Responsive St Governmen — Page ADMIN-104

The Governor recommends General Fund appropriations totaling \$1.9 million in the 2013-2015 biennium to fund an operating lease to replace the existing State telephone and voicemail systems in Carson City, Las Vegas and Elko with a modernized system that utilizes current telephony technologies, including VoIP. The operating lease would have a 5-year term, with an original cost recommendation of \$5.4 million over the term of the lease and an associated interest expense of \$1.1 million.

The Agency indicated that General Funds included in this account were essentially a placeholder, and that the Agency intended to amend the proposal to fund the replacement system with user fee revenue. A budget amendment was submitted and entered by the Fiscal Analysis Division. In addition to various other changes, this amendment eliminates General Fund appropriations in this decision unit and funds the replacement telephone system with fee revenue totaling about \$1.2 million over the upcoming biennium.

Costs associated with leasing the replacement telephone system would decrease the original cost from approximately \$1.9 million to approximately \$1.4 million over the biennium. There is an additional cost reduction associated with discontinuing support costs for the existing telephone system in FY 2014-2015. The revised budget amendment reduces the total cost of \$4.5 million over the 5-year term of the lease at an interest rate of 2.07 percent compared to the original 9.39 percent interest rate.

The Agency has explained that moving to a leased model would represent an outsourcing of the State's telephone system. It would be managed and supported by a vendor.

Portions of the information provided on pages 28 and 29 of [Exhibit C](#) were discussed in the hearing for this budget.

Regarding General Fund appropriations and access to the Contingency Account, Budget Amendment No. A13A0002 was submitted that would reestablish General Fund appropriations of \$100 each in each year of the 2013-2015 biennium in this account, allowing it to access the Contingency Account. Testimony by the Department of Administration at the budget hearing indicated that the Department would request an \$800,000 General Fund appropriation to the Contingency Account, specifically for allocation to EITS in support of additional costs associated with replacing the telephone system and connecting to new State agencies. Compared with the amended lease cost of \$1.4 million over the 2013-2015 biennium, \$800,000 represents approximately a 60 percent contingency. Assembly Bill (A.B.) 474 would allocate \$5.8 million to restore the balance in the Contingency Account, but will not restrict any portion of the \$5.8 million from appropriation specifically to EITS, or for costs associated with the replacement telephone system. However, the Budget Division has advised Fiscal Staff that the \$5.8 million requested in A.B. 474 does include the \$800,000 General Fund appropriation the Department had stated was related to the telephone system.

ASSEMBLY BILL 474: Makes appropriations to restore the balances in the State Claims Account, Emergency Account, Reserve for Statutory Contingency Account and Contingency Account. (BDR S-1174)

The Division is subject to several statutory provisions governing its financial operations. Statute establishes the Fund for Information Services as an internal service fund. Pursuant to NRS 353.323, section 4, subsection (a), internal service funds are used to account for self-supporting business activities on a cost-reimbursement basis. Statute further specifies that agencies utilizing EITS services must pay a fee to reimburse EITS for the entire cost of providing the service and states that all costs associated with EITS' operations, including rental, repair, replacement costs of equipment and all salaries of personnel, must be paid out of the Fund for Information Services, an internal service fund. Therefore, it appears that appropriating General Funds to support replacement equipment for EITS, either by direct appropriation or through the Contingency Account, is inconsistent with statutory provisions governing internal service funds and the EITS operations. Fiscal Staff recommends removing all General Fund appropriations from this account and rejecting Budget Amendment No. A13A0002.

Fiscal Staff asked the Agency to explain how the \$800,000 appropriation was determined and to describe what types of additional costs could arise. The Agency indicated that engineering and design work, necessary to connect additional State agencies to the telephone system, has not yet been completed. As a result, EITS is unable to identify costs associated with connecting additional agencies that do not currently utilize the statewide telephone system. For example, the Agency noted that it might be necessary to trench a new data transmission line to certain correctional facilities. The \$800,000 appropriation appears to be primarily related to potential costs associated with adding new State agencies to the statewide telephone system; whereas, this decision unit upgrades the existing telephone system. The additional appropriation should be considered as a separate request from this decision unit.

It appears that the cost of connecting additional State agencies to the statewide telephone system is an agency-specific expense that should be supported by these agencies, rather than by EITS and its customers. Accordingly, it would be appropriate for other State agencies to request funding to support costs associated with connecting to the telephone system. It may be reasonable to allow EITS access to a reasonable amount of contingency funding to support unanticipated costs associated with upgrading the core telephone system.

The statutes specify that the Contingency Account must be used to supplement regular legislative appropriations. Therefore, accounts without General Fund appropriations, such as EITS, cannot access the Contingency Account. However, General Fund money could be appropriated to the IFC, for allocation to EITS to cover unanticipated costs associated with the basic telephone system replacement, as well as to other State agencies that identify additional costs associated with connecting to the telephone system. Funding appropriated to the IFC rather than the Contingency Account, would not require that budget accounts contain General Fund appropriations in order to access this additional funding. In order to comply with statutory provisions governing EITS, any General Funds allocated to EITS should be structured as a loan to be repaid to the General Fund beginning in FY 2015-2016.

Does the Joint Subcommittee wish to approve the Governor's recommendation as amended to replace the State's telephone system with a leased system funded entirely by user fees? If so, Fiscal Staff recommends not approving

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 33

Budget Amendment No. A13A0002 to add the General Fund appropriation of \$100 for access to the Contingency Account. The decision of whether to appropriate General Fund money to support the costs of adding new State agencies to the telephone system will be made by the money committees when they consider A.B. 474. That bill could be amended to specify the funding to be appropriated to the IFC rather than the Contingency Account.

Senator Denis:

The discussion on this budget item during the hearing on this account makes sense, especially as a leased telephone system. The way technology keeps changing, we would save money in the end through a leased system.

There are positions that support the current State-owned telephone system. How would support for users of the system be affected? Would staff go to the providing vendor, or would there still be individuals coordinating the telephone system on behalf of the State?

Mr. Torvinen:

There is no intention of position eliminations. Staff will still be needed to coordinate with the vendor.

Senator Denis:

In the past, I have had the opportunity to utilize State staff. They still worked with the vendor; it was simply more efficient to have advocates with the vendor on behalf of the State.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNIT E-584 IN B/A 721-1387, AND TO PROVIDE ACCESS TO FUNDS THROUGH THE IFC RATHER THAN THE CONTINGENCY ACCOUNT UPON APPROVAL OF A.B. 474.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

Mr. Torvinen:

With all due respect, I would disagree with your Fiscal Staff regarding the annual payment of \$100 allowing the Agency to access the Contingency Account. I am

a certified public accountant and have spent time as staff in the Audit Division of the Legislative Counsel Bureau (LCB).

There is no statutory prohibition against placing the \$100 into an internal service fund. Internal service funds are simply a means of accounting for a service within the governmental entity.

The statute references how things are spent. The revenue is intended to account for services and the cost of services. Internal service funds are meant to measure results, not just to allow inflows and outflows of funds. It is a mechanism to allow the Agency to move forward with the replacement telephone system and handle contingencies.

Ms. Crocket:

Fiscal Staff discussed this provision with the Legal Counsel of the LCB and they concurred with our interpretation. The interpretation is related more to the fact that agencies must reimburse EITS for the entire cost of providing services, rather than the issue of internal service funds.

Ms. Jones:

More than one statute is involved with this budget situation. There is the statute that governs internal service funds in general. However, NRS 242.211 has additional language regarding cost recovery specifically related to EITS.

This discussion surrounds the procedure to move the \$800,000 from point A to point B. Fiscal Staff will work with the Agency to ensure the mechanics are correct.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 35

Ms. Crocket:

Other Closing Item Nos. 1 through 6, decision units M-801, E-801, E-802, E-804, E-225, E-226, E-230, E-710 and E-720, as described on page 31 of [Exhibit C](#), appear reasonable to Fiscal Staff with approval for Fiscal Staff to make noted technical adjustments and permission to make technical adjustments related to internal cost allocations.

M-801 Cost Allocation — Page ADMIN-103
E-801 Cost Allocation — Page ADMIN-107
E-802 Cost Allocation — Page ADMIN-107
E-804 Cost Allocation — Page ADMIN-107
E-225 Efficient and Responsive State Government — Page ADMIN-103
E-226 Efficient and Responsive State Government — Page ADMIN-103
E-230 Efficient and Responsive State Government — Page ADMIN-104
E-710 Equipment Replacement — Page ADMIN-106
E-720 New Equipment — Page ADMIN-106

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEM NOS. 1 THROUGH 6, AS RECOMMENDED BY THE GOVERNOR IN DECISION UNITS M-801, E-801, E-802, E-804, E-225, E-226, E-230, E-710 AND E-720 WITHIN B/A 721-1387; AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

We will now consider B/A 721-1388, Network Transport Services.

Administration - IT - Network Transport Services — Budget Page ADMIN-110
(Volume I)
Budget Account 721-1388

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 36

Ms. Crocket:

There are no Major Closing Issues in this budget account. The six Other Closing Issues in decision units M-801, E-801, E-802, E-804, E-225, E-230, E-720, E-721, and E-710 through E-715, as described on pages 33 and 34 of [Exhibit C](#), all appear reasonable to Fiscal Staff with minor technical adjustments.

M-801 Cost Allocation — Page ADMIN-112
E-801 Cost Allocation — Page ADMIN-117
E-802 Cost Allocation — Page ADMIN-118
E-804 Cost Allocation — Page ADMIN-118
E-225 Efficient and Responsive State Government — Page ADMIN-112
E-230 Efficient and Responsive State Government — Page ADMIN-112
E-720 New Equipment — Page ADMIN-116
E-721 New Equipment — Page ADMIN-117
E-710 Equipment Replacement — Page ADMIN-114
E-711 Equipment Replacement — Page ADMIN-114
E-712 Equipment Replacement — Page ADMIN-115
E-713 Equipment Replacement — Page ADMIN-115
E-714 Equipment Replacement — Page ADMIN-116
E-715 Equipment Replacement — Page ADMIN-116

Does the Joint Subcommittee wish to approve Other Closing Item Nos. 1 through 6 with noted technical adjustments and authority to make additional technical adjustments related to cost allocations?

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEM NOS. 1 THROUGH 6, IN DECISION UNITS M-801, E-801, E-802, E-804, E-225, E-230, E-720, E-721, AND E-710 THROUGH E-715, AS RECOMMENDED BY THE GOVERNOR AND NOTED TECHNICAL ADJUSTMENTS; AND TO AUTHORIZE FISCAL STAFF TO MAKE FURTHER TECHNICAL ADJUSTMENTS RELATED TO COST ALLOCATIONS.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

We will now consider B/A 721-1389, IT Security.

Ms. Crocket:

There are three Major Closing Issues in this account. The first item is Disaster Recovery in decision units E-501, E-589 and E-901.

E-501 Adjustments to Transfers — Page ADMIN-124

E-589 Tech Invest, Efficient and Responsive St Governmen — Page ADMIN-124

E-901 TXFR Frm Enterprise APLN SPT to Security — Page ADMIN-127

The Governor recommends funds totaling \$1.1 million over the upcoming biennium to plan and implement the first phase of a statewide IT disaster recovery plan. The Governor recommends funding to support additional computer hardware and software purchases, as well as a disaster recovery consultant. The costs associated with disaster recovery efforts would be distributed among the EITS accounts. They include Application Support, Computer Facility, Network Communications and Data Engineering and Security accounts as shown on page 36 of [Exhibit C](#).

The disaster initiative is the result of a January 2012 LCB audit finding that EITS did not have a written disaster recovery plan. Its contingency plans are outdated and the existing disaster recovery hardware is insufficient to restore computer-based operations in the event of a disaster situation. Testimony by the Agency indicated that this disaster recovery initiative would only cover the State's core IT infrastructure. Individual State agencies would continue to retain responsibility for supporting disaster recovery capabilities for agency-specific computer applications.

In addition to the recommended hardware and software purchases, one IT professional position would be transferred from the Application Support account to the Security account to document disaster recovery processes as well as coordinate disaster recovery testing. The subsequent phases of disaster

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 38

recovery planning could be to develop plans to test the disaster recovery capabilities of critical agency-specific applications.

The Governor also recommends funding to support consulting services to facilitate disaster recovery testing. The consultant would develop a disaster recovery program that EITS would carry out on a continuous basis. Fiscal Staff has completed a few minor technical adjustments to expenditures in these decision units that are shown on page 35 of [Exhibit C](#).

Does the Joint Subcommittee wish to approve the Governor's recommendation to dedicate one position to disaster recovery planning and direct \$1.1 million over the 2013-2015 biennium to implement disaster recovery planning with technical adjustments?

ASSEMBLYMAN ANDERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE MAJOR CLOSING ITEM FOR DISASTER RECOVERY IN DECISION UNITS E-501, E-589 AND E-901 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

The next Major Closing Issue is the Continuous Monitoring System proposed in decision units E-225, E-227, E-228 and E-583 of B/A 721-1389.

E-225 Efficient and Responsive State Government — Page ADMIN-122
E-227 Efficient and Responsive State Government — Page ADMIN-123
E-228 Efficient and Responsive State Government — Page ADMIN-123
E-583 Tech Invest, Efficient and Responsive St Governmen — Page ADMIN-124

The Governor recommends additional funds totaling \$351,845 in the 2013-2015 biennium for software and services necessary to establish a continuous monitoring system. Continuous monitoring software continually monitors devices, networks, applications and databases for malicious attacks and vulnerabilities. If a vulnerability or attack were detected, EITS staff would be alerted and it could initiate a response. The recommended software would allow increased system monitoring as well as data collection and analysis of malicious system access attempts. The Agency has indicated that the continuous monitoring system should be viewed as a critical component of the State's information security system.

The recommended funding would support two software packages and one monitoring service. The Splunk software package would log and correlate malicious events. Security Center software would be deployed by EITS to scan the networks on a continuous basis. Funding would support continuous monitoring of firewalls by an outside entity. Currently, EITS indicates that staff manually detects and investigates security vulnerabilities. No additional hardware resources are necessary to support continuous monitoring, as the software would be deployed on existing hardware.

Fiscal Staff has completed a few minor technical adjustments as shown on page 36 of [Exhibit C](#).

Does the Joint Subcommittee wish to approve the Governor's recommendation to establish a continuous monitoring system with noted technical adjustments?

ASSEMBLYMAN ANDERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE MAJOR CLOSING ISSUE NO. 2 IN B/A 721-1389, DECISION UNITS E-225, E-227, E-228 AND E-583 AS RECOMMENDED BY THE GOVERNOR WITH NOTED TECHNICAL ADJUSTMENTS.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

The final Major Closing Issue in B/A 721-1389 is the statewide desktop computer security initiative. At its April 18 meeting, the IFC approved a FY 2012-2013 work program to fund the first year of a 3-year payment plan to purchase 15,000 user licenses for Symantec Endpoint security software. The new security software would be used to implement a consolidated, statewide approach to desktop computer security. The Agency intends to deploy the security software on all desktop computers throughout the State.

The Fiscal Analysis Division received Budget Amendment No. A130011389, which, in part, funds the ongoing costs associated with the new security software in the 2013-2015 biennium at a cost of \$656,128 over the biennium. Based on IFC's approval of the statewide desktop security software, Fiscal Staff recommends approval of the portion of Budget Amendment No. A130011389, which funds the software costs in the 2013-2015 biennium.

Does the Joint Subcommittee wish to approve funding for statewide desktop computer security software in the upcoming biennium?

Assemblyman Anderson:

We have seen desktop security proposed in all the other agencies' budgets. This proposal would consolidate security provisions statewide.

ASSEMBLYMAN ANDERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE DESKTOP COMPUTER SECURITY INITIATIVE AS RECOMMENDED BY THE GOVERNOR IN BUDGET AMENDMENT NO. A130011389 WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

At the IFC meeting, members of the Committee expressed an interest in issuing a letter of intent directing EITS to report to the IFC regarding implementation and effectiveness of the statewide computer security initiative. If the Joint Subcommittee wishes to issue a letter of intent, a reporting frequency should be specified.

Senator Denis:

Numerous letters of intent are initiated. However, this is one area where there is need for feedback, because we will be consolidating many separate provisions. This would be a benefit to the Agency because they will return to the Legislature in the future requesting funding for technology improvements. A report should be made within 6 months.

Assemblyman Anderson:

A 6-month reporting period seems appropriate. It will allow time for the initiative to be implemented. Sometimes new software does not perform on older hardware. The report will provide background for whether future hardware upgrades will be needed.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO
ISSUE A LETTER OF INTENT REQUIRING THE AGENCY TO REPORT THE
PROGRESS TO THE IFC AT 6-MONTH INTERVALS.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 42

Ms. Crocket:

The four Other Closing Items are decision units M-801, E-801, E-802, E-804, E-226, E-230 and E-710, on pages 38 and 39 of [Exhibit C](#), appear reasonable and Fiscal Staff requests authority to make technical adjustments.

M-801 Cost Allocation — Page ADMIN-122
E-801 Cost Allocation — Page ADMIN-126
E-802 Cost Allocation — Page ADMIN-127
E-804 Cost Allocation — Page ADMIN-127
E-226 Efficient and Responsive State Government — Page ADMIN-122
E-230 Efficient and Responsive State Government — Page ADMIN-123
E-710 Equipment Replacement — Page ADMIN-126

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEM NOS. 1 THROUGH 4 WITH RELATED DECISION UNITS AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

We will now consider B/A 721-1405, information technology consolidation from the DPS.

Administration - IT - Info Tech Consolidation DPS — Budget Page ADMIN-130
(Volume I)
Budget Account 721-1405

Ms. Crocket:

There is one Major Closing Issue in this account and that is the transfer of the DPS's IT Services to EITS in decision units E-530 through E-534, E-800, E-801,

E-802, E-804 and E-930 through E-934. The Governor recommends transferring the DPS-IT activities and staff, including 48 positions, to EITS as the first phase of efforts to centralize statewide IT services within EITS. The DPS staff would transfer into this separate account within EITS, instead of being integrated with existing EITS accounts in the 2013-2015 biennium. Transferred staff would not physically relocate to EITS facilities, but would remain in their existing location. The Governor recommends funds totaling \$12.3 million to support this account, which would be primarily funded by cost-allocation reimbursements received from the DPS. Testimony by the Director of the Department of Administration indicated that the proposed transfer of the DPS-IT services is a move toward a statewide consolidated and standardized IT environment. The Director further indicated that this consolidation should be viewed as a pilot program. The proposed consolidation has also been discussed by the Joint Subcommittee on Public Safety, Military and Veterans' Services.

E-530 Adjustments to Transfers — Page ADMIN-130
E-531 Adjustments to Transfers — Page ADMIN-130
E-532 Adjustments to Transfers — Page ADMIN-130
E-533 Adjustments to Transfers — Page ADMIN-131
E-534 Adjustments to Transfers — Page ADMIN-131
E-800 Cost Allocation — Page ADMIN-131
E-801 Cost Allocation — Page ADMIN-132
E-802 Cost Allocation — Page ADMIN-132
E-804 Cost Allocation — Page ADMIN-132
E-930 Transfer from DPS Technology to EITS — Page ADMIN-133
E-931 Transfer from DPS Technology to EITS — Page ADMIN-133
E-932 Transfer from DPS Technology to EITS — Page ADMIN-134
E-933 Transfer from DPS Technology to EITS — Page ADMIN-134
E-934 Transfer from DPS Technology to EITS — Page ADMIN-135

The EITS Administrator testified that the State currently has a largely decentralized IT environment. However, the Agency also indicates that NRS 242, which governs EITS, is primarily structured to support a mostly centralized IT environment. Currently, individual State agencies are largely responsible for determining their own specific IT environments. According to the Agency, this decentralized IT environment results in duplicative expenditures and separate IT environments

throughout the State. These have been created, in many cases, without sufficient attention to security, redundancy or enterprise-level planning.

During the Work Session, the Joint Subcommittee expressed interest in knowing a timeline for the upcoming biennium. A general timeline is described on pages 42 and 43 of [Exhibit C](#). The Agency stated a detailed, formal consolidation and integration plan would be prepared for the 2015-2017 biennium, at which time the DPS staff would be merged into existing EITS accounts representing the true consolidation. The plan would be developed by a contract manager during the upcoming biennium. The general timeline indicates a project manager would be hired in the summer of 2013, who would begin to review existing documentation during the fall and winter of 2013. The project manager would work with EITS and the DPS to begin developing the detailed consolidation plan.

The project manager would present the consolidated integration plan to EITS and the DPS leadership for approval. In the fall of 2014, EITS would begin preparing its Agency-request budget, including the integrated and consolidated environment. The proposal would then make its way through the budget cycle for the 2015 Legislative Session.

The Joint Subcommittee on Public Safety, Military and Veterans' Services expressed concern that the consolidation lacked robust measurements of success. The Department of Administration stated that measurements of customer satisfaction would be the primary means of determining whether this pilot project is successful. This would be measured by customer satisfaction surveys and compliance with the service agreement between DPS-IT and EITS to measure the consolidation's success.

In addition, EITS indicated that a successful consolidation with the DPS would be defined by four measurements:

- That total DPS-IT costs are reduced or remain the same in the integrated environment.
- The elimination of the temporary DPS-IT Consolidation account representing the full merger of DPS-IT staff into EITS.

- Compliance with the Criminal Justice Information Security standards does not decline.
- That additional IT functionality is provided to the DPS.

According to EITS, an evaluation of the success of the consolidation using these four measurements would not be possible until after the 2015-2017 biennium, when the true consolidation of DPS-IT services within EITS has occurred.

The Executive Budget contains funding of approximately \$420,000 in the 2013-2015 biennium to support the consolidation, including a one-time cost of \$175,000 for contract costs and the remaining \$245,000 would be ongoing costs associated with increases in staffing and salary levels.

The DPS accounts must contain \$12.3 million in IT cost allocation expenditures to fully fund the DPS-IT consolidation account within EITS.

The Governor's original recommended budget created a \$900,000 shortfall by not budgeting sufficient expenditures within the DPS to support the consolidation account. As a result of concerns expressed by Fiscal Staff, budget amendments were submitted to correct the error. It appears that with the budget amendments, funding is sufficient. The amendments do not affect B/A 721-1405 or any DPS accounts. As a means of determining the potential cost effectiveness of consolidation, a mechanism was built into the Executive Budget to estimate what the DPS would pay EITS using standard utilization models.

The Governor's recommended budget originally estimated it would cost \$13.5 million for the DPS to purchase IT services from EITS, which is approximately 15 percent more than their costs of providing services internally. However, budget amendments were submitted that reduce the cost from \$13.5 million to \$4.8 million over the biennium, suggesting it would be more cost-effective for the DPS to purchase IT services from EITS. The EITS Administrator noted the original database-hosting utilization levels included in the DPS budgets were unreasonable.

Based on review of the supporting documentation for the revised utilization levels, the revised database-hosting costs appear to be related more to the DPS costs of

providing the service, rather than standard EITS costs. It may not be reasonable to utilize the \$4.8 million as an indicator of what it may cost the DPS to purchase IT services from EITS in the future.

Fiscal Staff requested EITS to provide projections of the anticipated costs of providing IT services to the DPS. The EITS replied it is not possible to project costs at this time.

From a statewide cost-efficiency perspective, the Department of Administration testified that cost-saving efficiencies and economies of scale would likely be achieved through the consolidation of other State agencies. However, the Department has not identified the other State agencies it would consolidate at this time. It is unclear as to what degree future saving would be achieved through economies of scale.

The Governor recommends General Fund and Highway Fund appropriations of \$100 each in each year for this account. This budget item is similar to the issue previously discussed in the Telecommunications account. The \$100 would allow this account access to the Contingency Account. Fiscal Staff asked the Agency if it was aware of any circumstances that could generate a shortfall in B/A 721-1405, and the Agency indicated that it is not aware of such circumstances. Given that the IT services in this account would be performed for the sole benefit of the DPS, and the DPS will be billed for costs within this account, EITS could properly bill the DPS for any unanticipated costs that might arise. Statutory provisions specify that agencies utilizing EITS services must pay a fee for the entire cost of providing that service.

Regarding the feasibility of integrating the DPS-IT staff into existing EITS budget accounts in the 2015-2017 biennium, the true integration would take place in 2013-2015 biennium. The DPS Technology Division account is funded with cost allocations. It does not include a reserve balance. In contrast, EITS accounts carry a reserve balance to provide for approximately 45 days of operating costs. As a result of integrating DPS-IT costs into existing EITS accounts, a level of funding is needed to maintain the same reserve providing for 45 days of operating expenses within EITS would increase. The EITS indicated to Fiscal Staff that the federal agency that oversees its reserve levels has stated that the merger of DPS costs into existing EITS accounts must include funding to support additional

reserves to maintain the current targeted reserve days. Therefore, funding must exist in the DPS-IT consolidation account at the beginning of the 2015-2017 biennium to support the increase reserves within EITS accounts.

However, The Executive Budget does not include a mechanism to accumulate reserves within this account. Fiscal Staff asked EITS and the DPS to provide a description of how the incremental increase in reserves would be funded in the future. However, no plan has been provided.

It is unclear how it will be feasible to merge the DPS costs into existing EITS budget accounts in future biennia unless there is a mechanism to comply with federal guidelines to contribute additional reserve funding.

Fiscal Staff estimates \$600,000 to \$700,000 in funding would be necessary to contribute an appropriate level of reserve funding to existing EITS accounts. Regarding a potential funding source for the incremental increase in reserves, statutory provisions governing EITS specifically preclude appropriating funding to this account or to any other EITS account facilitating the merger.

Since EITS accounts budget for reserves, paying to build those reserves would be considered a cost of EITS to provide IT services. It appears reasonable for the DPS to support the costs associated with building reserves necessary to integrate its existing DPS-IT staff into EITS.

The Joint Subcommittee may wish to issue a letter of intent to EITS, instructing it to develop a detailed plan for specifying the amount of reserve funding necessary to merge DPS-IT costs into EITS accounts, the source of funding that would provide this amount in the 2015-2017 biennium, and the timeline for accumulating this funding. The plan could be presented to the IFC.

Fiscal Staff has completed a couple of technical adjustments related to personnel costs as listed on page 47 of [Exhibit C](#).

The first would eliminate EITS security and infrastructure assessment charges as EITS does not charge assessments to its own budget accounts. The second would establish vacancy savings within this account generating savings of \$371,839 over the biennium.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 48

Typically, vacancy savings are budgeted within internal service funds and it would be appropriate to budget for vacancy savings in this Account.

Does the Joint Subcommittee wish to approve the Governor's recommendation to transfer the DPS-IT services to EITS with technical adjustments? If so, Fiscal Staff recommends removing General Fund and Highway Fund appropriations from this account. The Joint Subcommittee may wish to issue a letter of intent to the Agency to develop a plan for funding the reserves necessary to merge the DPS-IT costs into EITS accounts in the future.

Assemblyman Anderson:

What is the amount of reduction in the General Fund and Highway Fund in B/A 721-1405?

Ms. Crocket:

That would be \$100 each in General Fund and in Highway Fund appropriations.

Assemblyman Anderson:

Was that proposed as a contingency similar to the previous discussion? Will it change the budget levels needed to make the migration or other costs?

Ms. Crocket:

As noted previously, that provision would have no effect on migration efforts.

Assemblyman Anderson:

Is the projected \$600,000 to \$700,000 in reserve funds request to comply with federal guidelines?

Ms. Crocket:

That is correct.

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE TRANSFER OF THE DPS-IT SERVICES TO EITS AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 49

Assemblywoman Flores:

Does this include the letter of intent or is it separate?

Chair Woodhouse:

We will take the letter of intent as a separate item.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

ASSEMBLYMAN AIZLEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO ISSUE A LETTER OF INTENT AS DESCRIBED ON PAGE 47 OF [EXHIBIT C](#).

SENATOR DENIS SECONDED THE MOTION.

Assemblywoman Flores:

Would the letter of intent direct the agencies regarding the \$100 Contingency Account provision? The EITS will need reserves. It is important for the Legislature to acknowledge that unintended consequences may occur.

How will they have access to funding when those circumstances occur if they cannot access the Contingency Account?

Ms. Crocket:

The letter of intent would require the Agency to develop a plan for providing necessary funding. There are statutory provisions and the Contingency Account was more related to emergency situations in the upcoming biennium, rather than seeking to build reserves with regard to the merger.

If an emergency of transferred operations occurred, based on the statutory provision that EITS must recover the entire cost of providing services from State agencies, it would be reasonable for it to approach the DPS and request them to process a work program to transfer funding to B/A 721-1405 to support additional unanticipated costs.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 50

Assemblywoman Flores:

Did the motion approving the transfer of DPS-IT to EITS include technical adjustments removing the \$100?

Chair Woodhouse:

That is correct. There is a motion on the floor to issue a letter of intent.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

Another motion is needed to remove the General Fund and Highway Fund appropriations from this account to align with the statutory provisions.

ASSEMBLYMAN ANDERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO REMOVE GENERAL FUND AND HIGHWAY FUND APPROPRIATIONS OF \$100 EACH IN B/A 721-1405 TO COMPLY WITH STATUTORY REQUIREMENTS RELATED TO EITS.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Crocket:

There is one Other Closing Item in B/A 721-1405. Budget Amendment No. A130021405 was received to establish a new decision unit, E-799, regarding cost allocations. The portion of the amendment that relates to the new decision unit appears reasonable to Fiscal Staff.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 51

Does the Joint Subcommittee wish to accept the portion of the budget amendment establishing the new decision unit? Fiscal Staff requests authority to make other adjustments in this account related to cost allocation changes and to line item transfers from the DPS.

SENATOR ROBERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE, THROUGH A PORTION OF BUDGET AMENDMENT NO. A130021405, ESTABLISHMENT OF THE NEW DECISION UNIT E-799 RELATED TO COST ALLOCATIONS; AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS WITHIN THIS ACCOUNT RELATED TO OTHER COST ALLOCATIONS AND LINE ITEM TRANSFERS FROM THE DPS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN ANDERSON WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Woodhouse:

We will now consider B/A 245-4130, the Taxicab Authority, within the B&I.

COMMERCE AND INDUSTRY

BUSINESS AND INDUSTRY

B&I - Taxicab Authority — Budget Page B & I-182 (Volume II)
Budget Account 245-4130

Jennifer Gamroth (Program Analyst):

The first Major Closing Issue is the additional Agency needs and ending reserve balances as indicated in Budget Amendment Nos. A13A0009, A13A0056 and A13A0070 for the Department of Administration's Motor Pool Division. At the Joint Subcommittee on General Government budget hearing held March 5, the

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 52

Joint Subcommittee requested the Taxicab Authority to provide a list of the Agency's needs that are in addition to the Governor's recommended budget for the Agency for the 2013-2015 biennium.

On March 29, the Fiscal Analysis Division received a budget amendment from the Budget Division for additional items in new decision units E-225, E-226, E-228, E-710 and E-806. In addition, Fiscal Staff has completed technical adjustments that are included in the closing document beginning on page 53 of [Exhibit C](#). The total cost of the additional decision units is \$1.1 million, funded from reserves, for FY 2013-2014 and \$455,591 for FY 2014-2015. The ongoing costs, if all of the additional enhancement decision units are approved by the Joint Subcommittee, not including one-time expenses and reserves for FY 2014-2015, total approximately \$6.5 million, and fee revenues generated a total of approximately \$6.6 million. Therefore, revenues would exceed ongoing expenditures through the enhancement decision units established in the budget amendments, by approximately \$65,000.

If the Joint Subcommittee were to approve all of the decision units requested by the Agency, including the technical adjustments completed by Fiscal Staff, the Agency would have an ending reserve balance of approximately \$3.2 million at the end of FY 2014-2015. That is a reduction of \$1.7 million compared to the ending reserve balance included in the Executive Budget of approximately \$4.9 million. A typical fee-funded budget account carries a 90-day reserve for cash flow purposes to allow time for the receipt of fee revenues. A 90-day reserve in this account would equate to approximately \$1.6 million.

The first new item is decision unit E-225 in Budget Amendment No. A13A0009. This decision unit includes funding from reserves totaling \$310,228 in FY 2013-2014 and \$368,617 in FY 2014-2015 for six additional positions and associated office equipment. The six new positions include an unclassified deputy administrator, two administrative assistant II positions, two taxicab vehicle inspector I positions and a public safety dispatcher II position.

The Agency indicates that over the past decade, the workload of the Taxicab Authority has increased by over 60 percent and the number of licensed taxicabs has increased from 1,800 to more than 3,500. The Agency stated that oversight of the taxicab industry in Clark County involves the licensing, permitting,

compliance and enforcement of 16 taxicab companies and more than 10,000 taxicab drivers, and that current staffing levels do not provide an adequate number of resources for the Agency.

The 2011 Legislature approved the transfer of an administrative services officer (ASO) position to the Department's Administration account as part of the centralization of fiscal, information technology and licensing functions within the Department. The Agency noted that in addition to the fiscal duties assigned to the ASO, the ASO position also served as the deputy administrator. The functions performed by the ASO as the deputy administrator fell onto the taxicab administrator when the ASO position was transferred to the Director's Office.

The Agency explained the new deputy administrator position will assist the taxicab authority administrator with oversight of the Agency and will provide assistance with the increased workload. In addition, the new deputy administrator position would also be assigned those duties that were previously assigned to the ASO position. The deputy administrator will perform a broad range of professional, managerial and analytical work, and will be responsible for planning, organizing, staffing and directing major areas in administrative support and program operations, coordinating efforts with the Compliance\Enforcement Division and carrying out administrative programs that are essential to meeting Agency goals and services delivered to the taxi-riding public.

The administrative assistant II positions serve an average of 5,400 walk-in customers each month, while also providing administrative support for the Taxicab Authority and the Taxicab Authority Board, the Compliance\Enforcement, Dispatch and Vehicle Inspections Units. The administrative assistant II positions are also responsible for the testing, licensing and permitting of individuals who submit applications to own or operate taxicabs within Clark County. The Agency currently has 11 administrative assistant positions.

The vehicle inspector positions conduct taxicab inspections for compliance with applicable federal and State laws, rules and regulations including mechanical and emission control standards, rate displays, taximeter accuracy, radio equipment, appearance, and other elements as required. Vehicles that do not meet the requirements are taken out of service until repairs are made and the vehicles are reinspected. The Agency currently has seven taxicab vehicle inspector positions.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 54

Dispatchers provide dispatch support to the Agency's staff including compliance/enforcement investigators and vehicle inspectors, and are responsible for receiving and transmitting routine and emergency radio communications for all mobile units. The Agency currently has five public safety dispatcher positions.

Fiscal Staff has included a technical adjustment totaling \$20,825 in FY 2013-2014 and \$4,247 in FY 2014-2015 to add one vehicle and the associated costs for the vehicle. The requested vehicle will be shared by the two new taxicab vehicle inspector positions. In addition, Fiscal Staff has included technical adjustments totaling \$3,366 in FY 2013-2014 and \$3,054 in FY 2014-2015 to add uniform allowances for the two new taxicab vehicle inspectors and operating costs for all six new positions.

If the Joint Subcommittee approves decision unit E-225, which includes a new unclassified deputy administrator position, decisions and the salaries regarding positions in the unclassified service will be made by the full money committees. Fiscal Staff requests authority to make technical adjustments based upon final decisions made by the money committees.

Does the Joint Subcommittee wish to approve the new decision unit E-225 included in Budget Amendment No. A13A0009, with the technical adjustments noted, to fund six new positions including an unclassified deputy administrator position, two administrative assistant II positions, two taxicab vehicle inspector I positions, and one public safety dispatcher II position and associated costs?

ASSEMBLYWOMAN FLORES MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE NEW DECISION UNIT E-225 INCLUDED IN BUDGET AMENDMENT NO. A13A0009 WITHIN B/A 245-4130; AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN HOGAN WAS ABSENT FOR THE VOTE.)

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 55

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

* * * * *

Ms. Gamroth:

A new decision unit, E-226, requests the purchase for replacement of 23 vehicles. The proposal is included in Budget Amendment Nos. A13A0056 and A13A0070. The 23 vehicles requested are funded with \$40,000 in revenues from the sale of 20 Agency vehicles and funding from reserves totaling \$582,860. Of the 23 Agency vehicles to be replaced, 3 are inoperable and will not be sold. All 23 of the Agency vehicles that are being replaced have in excess of 100,000 miles on the odometers and/or are 7 years old, or older. Fifteen of the 23 vehicles are designated as law enforcement vehicles used by the compliance/enforcement investigator positions. Law enforcement vehicles require special wiring and the installation of a law enforcement equipment package, which is also included in the decision unit.

The budget amendments received from the Budget Division originally included the purchase of the 23 vehicles and associated operating costs for the Taxicab Authority in the Motor Pool Division's budget, which would have replaced the 23 Agency vehicles with new Motor Pool vehicles. However, if the Motor Pool Division were to purchase the vehicles they would need to purchase them with General Funds. Since this account is 100 percent fee-funded, Fiscal Staff has included the purchase of the vehicles and associated operating costs in the Taxicab Authority's budget instead of the Motor Pool Division's budget. This decision unit appears reasonable based on the State's vehicle replacement policy.

Does the Joint Subcommittee wish to approve new decision unit E-226 included in Budget Amendment Nos. A13A0056 and A13A0070 to purchase 23 Agency replacement vehicles out of the Taxicab Authority budget account, funded from reserves, instead of from the Motor Pool budget account?

ASSEMBLYWOMAN FLORES MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE NEW DECISION UNIT E-226 INCLUDED IN BUDGET AMENDMENT NOS. A13A0056 AND A13A0070 TO PURCHASE

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 56

23 REPLACEMENT VEHICLES WITHIN B/A 245-4130 FUNDED BY RESERVES.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN HOGAN WAS ABSENT FOR THE VOTE.)

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

* * * * *

Ms. Gamroth:

The next new decision unit is E-228 contained in Budget Amendment No. A13A0009 for a new compliance/enforcement investigator II position and associated office equipment. This decision unit includes funding from reserves totaling \$97,031 in FY 2013-2014 and \$79,329 in FY 2014-2015. As noted in decision unit E-225, the Agency indicates the workload of the Taxicab Authority has increased over 60 percent during the past decade, and additional compliance and investigative staff are needed to effectively regulate the taxicab industry and provide an adequate level of service and responsiveness to its customers.

The 2011 Legislature approved the Governor's recommendation to eliminate five of nine airport control officer positions, as staffing needs by the Taxicab Authority at McCarran International Airport were no longer needed. The four remaining airport control officer positions were reclassified to compliance/enforcement investigators. The Agency currently has 29 compliance/enforcement investigator positions.

Fiscal Staff has included a technical adjustment totaling \$37,231 in FY 2013-2014 and \$4,595 in FY 2014-2015 in the closing document to add a vehicle with a law enforcement package, operating costs, and a uniform allowance for the new compliance/enforcement investigator position.

Does the Joint Subcommittee wish to approve decision unit E-228 to fund a new compliance/enforcement investigator II position and associated costs included in

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 57

Budget Amendment No. A13A0009, with the technical adjustment for a new vehicle with a law enforcement package, operating costs and a uniform allowance for the new position?

ASSEMBLYWOMAN FLORES MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE NEW DECISION UNIT E-228 IN BUDGET AMENDMENT NO. A13A0009; AND TO AUTHORIZE APPROVAL OF TECHNICAL ADJUSTMENTS MADE BY FISCAL STAFF.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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

* * * * *

Ms. Gamroth:

Decision unit E-710 in Budget Amendment No. A13A0009 requests replacement and new equipment. This decision unit includes funding from reserves of \$105,014 in FY 2013-2014 to replace 2 servers, 17 desktop computers, 26 laptop computers including software and 6 new touchpads for the taxicab vehicle inspectors. The replacement equipment is in accordance with the State's computer replacement policy. This decision unit appears reasonable.

Does the Joint Subcommittee wish to approve decision unit E-710 included in Budget Amendment No. A13A0009, to fund replacement equipment as has been described?

ASSEMBLYWOMAN FLORES MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE NEW DECISION UNIT E-710 IN BUDGET AMENDMENT NO. A13A0009 TO REPLACE 2 SERVERS, 17 DESKTOP COMPUTERS, 26 LAPTOP COMPUTERS INCLUDING SOFTWARE AND 6 NEW TOUCHPADS FOR THE TAXICAB VEHICLE INSPECTORS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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

* * * * *

Ms. Gamroth:

The final new decision unit in Budget Amendment No. A13A0009 is E-806 to increase the salary of the unclassified taxicab authority administrator. This decision unit includes funding from reserves in the amount of \$7,638 in FY 2013-2014 and \$7,645 in FY 2014-2015 to increase the salary. Of the \$7,638, approximately \$5,800 is the actual salary increase. The balance supports fringe benefits.

The Department indicates the taxicab administrator is responsible for the administration and enforcement of the Taxicab Authority. As the taxi industry has grown, so have the responsibilities of the Taxicab Authority. The taxicab administrator supervises enforcement investigators and administrative staff, along with managing the Taxicab Authority Board. Other divisions within the B&I that have similar staffing levels and responsibilities have administrators that are compensated at a higher rate than the taxicab administrator. The Department indicates that based on the statutory duties required of the taxicab administrator, an increase in compensation is justified to be commensurate with the other B&I Divisions and administrators.

Decisions regarding positions in the unclassified service and the salaries for unclassified positions will be made by the full money committees. Fiscal Staff requests authority to make technical adjustments based upon final decisions made by the money committees.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO ALLOW FISCAL STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS BASED ON THE FINAL DECISIONS OF THE SENATE COMMITTEE ON FINANCE AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS REGARDING UNCLASSIFIED POSITIONS AND THE NEW DECISION UNIT E-806 THROUGH BUDGET AMENDMENT NO. A13A0009.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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

* * * * *

Ms. Gamroth:

The second Major Closing Issue in B/A 245-4130 included in the Executive Budget is decision unit E-240 for the relocation of the Taxicab Authority closer to McCarran International Airport.

E-240 Efficient and Responsive State Government — Page B & I-185

The Budget Division submitted Budget Amendment No. A13A0009, which included an adjustment to increase the space from 10,244 square feet to 13,000 square feet, and to increase the cost per square foot from \$1.26 to \$1.80 per square foot. However, based on discussions with the Agency, the cost per square foot has been reduced. Fiscal Staff has included a technical adjustment to increase the budget for non-State owned building rent by \$77,292 in FY 2013-2014 and \$72,274 in FY 2014-2015, funded from reserves, to include the cost for a 13,000-square-foot space at \$1.45 per square foot. The Agency has indicated that this square footage will be sufficient for existing staff and seven additional positions previously approved by the Joint Subcommittee.

Costs for a security guard or a permanent position for the Agency's security needs was identified as a concern at the budget hearing, but was not included in the budget amendment. The Agency notes that the properties they are considering are locations that will not need a security guard at this time. In some cases, there is already security on-site and security needs may be specified in the lease.

Does the Joint Subcommittee wish to approve decision unit E-240 for the relocation of the Taxicab Authority to a new location near the McCarran International Airport, with the technical adjustment noted to increase the

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 60

non-State owned building rent costs for a 13,000-square-foot space at a cost of \$1.45 per square foot for each fiscal year of the 2013-2015 biennium?

Assemblyman Anderson:

Has the length of the proposed lease been determined? Current lease costs are reasonable, but may increase in the future. Has a long-term lease been considered?

Ms. Gamroth:

I am unsure whether the Agency has locked in long-term rates. If that has not been established, the Agency can ask the IFC through a work program to increase the funding from its reserves.

Bruce Breslow (Director, Department of Business and Industry):

The Agency is requesting a 3-year lease. That would align with all of the B&I agencies that will be due for lease renewal near that time. Because of the condition of the Bradley Building, and many other buildings, we may want to bring a proposal before the Legislature for something completely different to bring all B&I agencies together at one location. During the 2015-2017 biennium, it may be more affordable to propose building a separate B&I office building and we would bring that proposal before the Legislature.

Senator Denis:

The current lease rate is \$1.26 per square foot on East Sahara Avenue in Las Vegas. Most of the State agencies are leasing better locations, with some also being provided greater square footage for the same or less cost than they were paying in the past. Is the proposed rate higher because it is closer to the airport? Is this a new facility?

Mr. Breslow:

To my knowledge, the Agency lost the space they were going to lease because of the length of time it took to gain approval for the move. The Buildings and Grounds Section, State Public Works Division, in the Department of Administration is still looking for an appropriate space for this Division.

Lori Myer (Administrative Services Officer, Director's Office, Department of Business and Industry):

Over the past couple of months, we have worked with the Buildings and Grounds

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 61

Section and we looked at several properties. The \$1.45 per square foot rate was considered a good price average.

Senator Denis:

Is the property discussed in [Exhibit C](#) no longer available?

Ms. Myer:

It is no longer available.

Senator Denis:

Is a facility with 13,000 square feet the amount of space that is requested?

Ms. Myer:

That was based on the forms the Agency completed for the Buildings and Grounds Section describing the number of employees and the special needs of the Agency.

Mr. Breslow:

The square footage is based on a formula the agencies are required to use to determine the amount of space required. A lease agreement still needs to be presented to the Legislature or the IFC.

Senator Denis:

Is the Taxicab Authority limited to consideration of a specific area to find a location?

Ms. Myer:

The Taxicab Authority continues to search for a location near the airport because that would be the most convenient for their industry.

Mr. Breslow:

The location is not limited. However, we were hoping for that general area because it is a shorter drive to the airport.

Senator Denis:

If the Agency does not have a specific lease, would the Legislature approve a specific amount for the new lease? What happens if the Agency comes back with another lease that is \$1.75 per square foot?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 62

Ms. Gamroth:

Because this account is fee funded and the funds are balanced forward, the Agency has a reserve of approximately \$3.1 million. The Agency would come back to the IFC with a work program to permit it to add reserves into their operating category to cover the additional costs.

Assemblywoman Flores:

The actual space that will be leased is still unknown. Given that the assessment was that the Agency would not need additional funding for security, and the self-funded nature of the account, if it is determined additional security is required, then I would hope a work program would be presented for the additional funding needs. The nature of the activities that occur in this Agency make security very important. We must emphasize the safety of our employees.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNIT E-240 IN B/A 245-4130 FOR THE RELOCATION OF THE TAXICAB AUTHORITY AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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

* * * * *

Chair Woodhouse:

We will now consider Other Closing Items in B/A 245-4130.

Ms. Gamroth:

A transfer was made from the Taxicab Authority budget to the Aging and Disability Services Division (ADSD) of the Department of Health and Human Services for the Senior Ride program in decision unit M-100. The total amounts transferred from the Taxicab Authority budget to the ADSD's Federal program and Administration

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 63

budget for the Senior Ride Program were made to reconcile the accounts in both years of the 2013-2015 biennium.

M-100 Statewide Inflation — Page B & I-183

HHS-ADSD - Federal Programs and Administration — Budget Page DHHS-ADSD-22
(Volume II)
Budget Account 101-3151

This decision unit appears reasonable with the technical adjustment, and with authority for Fiscal Staff to make additional technical adjustments if needed.

Does the Joint Subcommittee wish to approve Other Closing Item Nos. 1 through 5, in B/A 245-4130 as recommended by the Governor with the noted technical adjustment made by Fiscal Staff and authority for Fiscal Staff to make technical adjustments for departmental transfers and cost allocations?

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEMS NOS. 1 THROUGH 5 ON PAGES 55 AND 56 OF [EXHIBIT C](#), IN B/A 245-4130, AS RECOMMENDED BY THE GOVERNOR; WITH THE TECHNICAL ADJUSTMENT MADE IN DECISION UNIT M-100 TO REMOVE A TRANSFER TO THE ADSD FOR SENIOR RIDE AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY TO DEPARTMENTAL TRANSFERS AND COST ALLOCATIONS.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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

* * * * *

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 64

Ms. Gamroth:

Budget account 101-3922, Transportation Authority, has no Major Closing Issues. However, Fiscal Staff would request authority to make technical adjustments for the cost allocations included in this account.

B&I - Transportation Authority — Budget Page B & I-196 (Volume II)
Budget Account 101-3922

Does the Joint Subcommittee wish to approve Other Closing Items as recommended by the Governor including authority for Fiscal Staff to make technical adjustments for departmental transfers, the Director's Office department-wide cost allocation, the Nevada Highway Patrol dispatch service cost allocation and other technical adjustments as needed?

ASSEMBLYWOMAN FLORES MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEM NOS. 1 THROUGH 3 ON PAGES 58 AND 59 OF [EXHIBIT C](#) IN B/A 101-3922 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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

* * * * *

Ms. Gamroth:

The final account is B/A 101-3923, the Transportation Authority Administrative Fines account.

B&I - Transportation Authority Admin Fines — Budget Page B & I-202 (Volume II)
Budget Account 101-3923

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 65

There are no Major Closing Issues in this account. The only Other Closing Item is in decision unit E-350. This decision unit appears reasonable to Fiscal Staff.

E-350 Safe and Livable Communities — Page B & I-203

Does the Joint Subcommittee wish to approve closing this account as recommended by the Governor with authority for Fiscal Staff to make technical adjustments?

Assemblywoman Flores:

Why is there a difference in the method of funding for the Taxicab Authority and the funding for the Transportation Authority, that has jurisdiction for all of Nevada except Clark County? Why do we have to spend approximately \$2.3 million in the first year, and approximately \$2.4 million in the second year from the Highway Fund, which has been taxed heavily over the years? Our infrastructure burden is huge and yet we are actually paying to have our infrastructure even more burdened without any provision to fully fund infrastructure improvements. This is an area that must be considered in future budgets.

There is not a whole lot we can do about this right now, but I did want to put this on the record because it concerns me that we are spending so much money out of the Highway Fund to fund an Agency that essentially is going to put more wear and tear on our roads.

SENATOR DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE B/A 101-3923, INCLUDING DECISION UNIT E-350, AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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

* * * * *

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
May 1, 2013
Page 66

Chair Woodhouse:

That concludes the budget accounts to be reviewed today. Seeing no one wishing to make public comments, this meeting is adjourned at 11:55 a.m.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

Assemblywoman Lucy Flores, Chair

DATE: _____

Joint Subcommittee on General Government
 Senate Committee on Finance
 Assembly Committee on Ways and Means
 May 1, 2013
 Page 67

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	2		Attendance Roster
	C	60	Fiscal Analysis Division, Legislative Counsel Bureau	Joint Subcommittee on General Government Closing List #5, May 1, 2013