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

Seventy-Eighth Session
February 20, 2015

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Paul Anderson at 8:05 a.m. on Friday, February 20, 2015, in Room 4100 of the Legislative Building, Carson City, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website: www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman Paul Anderson, Chair
Assemblyman John Hambrick, Vice Chair
Assemblyman Derek Armstrong
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Chris Edwards
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman James Oscarson
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus

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SENATE COMMITTEE MEMBERS PRESENT:

Senator Ben Kieckhefer, Chair
Senator Michael Roberson, Vice Chair
Senator Aaron Ford
Senator Pete Goicoechea
Senator Mark Lipparelli
Senator David R. Parks
Senator Joyce Woodhouse

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Jeff Ferguson, Senior Program Analyst
Kristen Kolbe, Program Analyst
Anne Bowen, Committee Secretary
Cynthia Wyett, Committee Assistant

Chair Anderson opened the joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance.

Chair Anderson called for public comment and hearing none, closed public comment.

ELECTED OFFICIALS
ELECTED OFFICIALS
CONTROLLER - CONTROLLER'S OFFICE (101-1130)
BUDGET PAGE ELECTED-234

Chair Anderson welcomed Ron Knecht, State Controller.

Ron Knecht, State Controller, Office of the State Controller, submitted Exhibit C, "Nevada Controller's Budget Presentation to the Senate Committee on Finance and the Assembly Committee on Ways and Means."

Mr. Knecht stated that the Governor's recommended budget for the Office of the State Controller was $7,319,199 in fiscal year (FY) 2016 and $5,749,544 for FY 2017. He said it was truly a status quo budget in the first year of the biennium. The Office incurred some deferred maintenance costs, such as computer systems, software, and hardware that had not been upgraded for years. Vendor support was no longer available. Mr. Knecht commented that this was common to many state agencies, but they were one-time expenses that occurred every 8 to 16 years. Other than the computer expenses, it was a status quo budget that did not increase the burden on taxpayers. The base budget contained 43 full-time employees and expenditures for continuing operations.

Deborah L. Cook, Chief Deputy Controller, Office of the State Controller, explained that the base budget maintained the funding for the state training facility. It had been the intent, as agreed last session, to transfer the state training facility operations to the Division of Enterprise Information Technology Services (EITS), Department of Administration. After discussions with the Department of Administration, it had been decided to leave the operation with the Controller's Office. Ms. Cook said that EITS could definitely maintain the servers and the computers, but that agency was not in the business of managing a state training facility. According to Ms. Cook, the facility was currently running smoothly; therefore, it had been left under the Office of the Controller. She said the Office had and would continue to consult with EITS on any problems.

Ms. Cook said the main item under maintenance was the debt collection system, which had a recommended budget of $864,497 for FY 2016 and $868,227 for FY 2017 as shown on page 5 of Exhibit C. The amounts reflected the vendor contract for the debt collection system, which was approved through the Interim Finance Committee (IFC) in August 2014. The contract was a performance-based contract, meaning that if the results were not satisfactory, the vendor would not be paid. The project was on schedule and projected to "go live" as of March 30, 2015.

Ms. Cook said decision unit Enhancement (E) 712 was a request to upgrade the check printing software and would cost $150,000 in FY 2016. The current system was 12 years old and the vendor no longer supported new development or document changes in the current system. Maintenance to continue the present system would increase substantially over the next renewal period, making it more cost-effective to upgrade the software.

Decision unit E-713 addressed business intelligence software. The budget was for $1,315,414 in FY 2016 and $84,087 in FY 2017. This request would replace the Oracle Discoverer program, which was the current software used to query the state's financial accounting system database. Ms. Cook stated Oracle no longer supported this software, and Oracle's suggestion was to upgrade to its business intelligence software. Discoverer also required subscribers to use the Java program to run the software. Java had many known security vulnerabilities, which could threaten the state's financial system. Additionally, a business intelligence product would provide the state with a more in-depth, robust view of financial data, which would enhance reporting capabilities for the state.

Decision unit E-720 requested $150,124 in FY 2016 and $19,257 in FY 2017, for videoconferencing capabilities in the state training facility. The request was for an upgrade to the Controller's current videoconferencing system. The new system would allow any state agency, board, or commission that used the facility rooms to connect with rooms or individuals' personal computers for the purpose of multilocation meetings. The system provided recording capabilities and on-demand playback for those recordings. Additionally, the system would allow legacy systems to connect through a gateway, thereby preserving and expanding the capability of those systems.

Ms. Cook said the Office of the Controller would also have a supplemental request for $35,000 in FY 2015 to cover a leave payout for a retiring employee. Ms. Cook was hopeful most of those costs could be covered within the budget, but the Office would work with the Fiscal Analysis Division, Legislative Counsel Bureau, before the close of the budgets to determine the exact amount needed.

Assemblyman Kirner commented that last session he had questioned the state training facility being under the Controller's Office He asked whether there was any information about the center and who was using it.

Mr. Knecht remarked that he had inherited an office with a reputation for functioning well, with a good staff, and his job was to continue that function and extend and improve the staff morale and performance.

In response to Assemblyman Kirner's inquiry, Ms. Cook said that as of the end of December 2014, 21 different agencies had used the training center facilities, for a total of 188 classes.

Assemblyman Armstrong said his question was more about replacing the Discoverer software with the business intelligence software. He said it appeared that was the only bid submitted for that software, which included the maintenance and training. Assemblyman Armstrong wondered whether there were any cheaper, but effective, alternatives for the state.

Ms. Cook replied the budgeted cost was about the average for business intelligence software. The Office of the Controller had looked at other alternatives and planned to look at more when the funding was approved. The current Discoverer program was an Oracle product, and the Office could choose its software, which was OBIEE [Oracle Business Intelligence Enterprise Edition]. Ms. Cook said she believed the quote for budgeting purposes was from CGI Group, Inc., which developed the Advantage product. There were other business intelligence products available and the Office would be using the Purchasing Division, Department of Administration, to determine exactly what could be done. Ms. Cook said there were probably cheaper reporting capabilities or software available, but she did not know whether they provided what was needed for this system.

Chair Anderson asked how this software upgrade affected the Office's ability to interact with other agencies.

Ms. Cook replied there were other agencies statewide that would be using business intelligence software.

Mr. Knecht maintained the new software would improve and upgrade the Office's current capability. The Office of the Controller would be investigating various vendors and would choose the optimal one, but time was of the essence because vendor support of the current system had run out.

Assemblywoman Benitez-Thompson said that according to accounting, the current software should last for another four years. She wondered about the needs assessment that had been performed and why the current system should be replaced now instead of trying to get the most out of it for a couple more years.

Mr. Knecht asked Assemblywoman Benitez-Thompson to elaborate on the reference she made when she said "according to accounting it should last another four years."

Assemblywoman Benitez-Thompson said that the state's current accounting system, Advantage, was scheduled to be replaced within the next four years. She said when the state purchased the equipment, it was for a set time frame. Assemblywoman Benitez-Thompson acknowledged the Discoverer system was coming to the end of life, but knowing the budget predicament, she wondered why not try to get another two years of life out of the program.

Mr. Knecht said he would provide a preliminary answer and then Ms. Cook would elaborate. He said the real problem with Discoverer was that vendor support had run out.

Ms. Cook said that whatever business intelligence system the Office of the Controller purchased could be used on any system that was available. If the current Advantage accounting system was replaced, the business intelligence system could still continue, as could the debt collection system.

Assemblywoman Benitez-Thompson stated she wanted to ensure the record was accurate, because it sounded as though the system was at the end of its software planned use within a four-year time frame. She noted that in one of the contracts being contemplated, it appeared that maintenance costs were covered for two years, and she wondered whether maintenance cost was separate from the vendor support.

James Smack, Assistant Controller, Office of the State Controller, stated that the current Discoverer program no longer had Oracle support and had not had Oracle support for a couple of months. Mr. Smack said the programmers seemed to believe the current system could be functional for another year. However, the nonsupport was the reason for the immediate need to get the software program upgraded now or at the beginning of the next biennium. He said once the program could not be maintained any longer and there was no vendor support, the agency would run into what was called "technical death." He believed the agency would be better off allocating the money now and taking care of the problem before it worsened.

Assemblywoman Dickman asked whether there were any security issues associated with the discontinuance of support, and Ms. Cook said she did not believe there were.

Assemblyman Armstrong questioned how long the transition would take from obtaining the software, switching the systems, and staff becoming trained.

Mr. Smack said the transition plan to the new software was going to be immediately after the next Comprehensive Annual Financial Report (CAFR) was completed. The Discoverer reports were what the CAFR accountants were used to, and once the CAFR was completed, the Office of the Controller would be rolling out the new software system. The two programs could be run concurrently to iron out any problems and ensure accurate reporting with the new system for the next CAFR.

Assemblywoman Benitez-Thompson said she had a question about the new videoconferencing equipment. The tentative plan had been for EITS to take over and maintain the state training facility, and it seemed sensible to her that the equipment stayed with the facility, so when that transfer happened, the equipment did not stay with the Office of the Controller. She asked what type of input was received from EITS about the videoconferencing equipment request.

Ms. Cook said it had been decided to leave the equipment and the managing of the facility within the Office of the Controller. The Office conferred with EITS about problems or questions and solicited opinions from them. She said EITS was supportive of anything the Office of the Controller did with the state training facility.

Chair Anderson commented that he had not been sure last session that the Controller's Office was the best agency to oversee the training facility. He asked how many other agencies were using the facility and for details regarding the request for videoconferencing equipment.

Ms. Cook replied that many agencies wanted to use the facilities, but unfortunately, were turned away because it was usually booked solid.

Chair Anderson requested clarification of "booked solid," because the numbers the Committees had showed the facility being used about half the time.

Ms. Cook replied that she would have to consult the statistics, but thought the facility was used most of the time.

Chair Anderson said the Committees' information was that there were 63 meetings with approximately 1,100 persons being trained at the facility from April 1, 2014 through June 30, 2014. However, the building was only being used about 53 percent of the time available.

Ms. Cook said she would have to look into the report and get back to Chair Anderson. However, she said the agency had requests for videoconferencing from several agencies, and it would be an upgrade to the Office's current system.

Chair Anderson referred to the videoconferencing and asked whether the Office of the Controller would be able to tie in with other agencies and perform training via videoconferencing.

Ms. Cook replied the goal of the agency was to be able to tie in with almost anybody in any location.

Mr. Knecht remarked that he had received a technical demonstration recently that showed how people could tie into the system with handheld devices and videoconference from wherever they were. He said it was a great leap forward that took advantage of the continuing development of the technology.

Chair Anderson said he was still not sure whether the state training facility should be under the Office of the Controller. He said it seemed as though other state agencies could take advantage of the state training facility. Chair Anderson asked whether Mr. Knecht had any thoughts on why it was not under some other agency where training would normally occur.

Ms. Cook stated that the agency had talked extensively with the Department of Administration, and they agreed that EITS was capable of supporting the information technology (IT) aspect, but that was not the whole function of the facility. It was a training facility, and because the Office of the Controller had the IT staff to support it, the Office initiated the purchase of the computer equipment and everything in the facility. The Office of the Controller had worked with EITS to get recommendations for the system that was installed along with other advice. However, the Office had a full-time training person who used the facilities one-third to one-half of the time for training on the accounting system. Ms. Cook said she was not in the Controller's Office when the state training facility was awarded last session, but the management was running smoothly, and after talking with Julia Teska, Director, Department of Administration, it was decided to leave the facility with the Office of the Controller.

Chair Anderson said it seemed as though it would fit better under human resources or some agency in that field.

Mr. Knecht said the operation was running smoothly, and while he understood the concern, it seemed to him that it was one of those, "if it ain't broke, don't fix it" propositions. The Office of the Controller had full IT capability to support the training center and provide the substantive training that EITS could not provide.

Assemblywoman Dickman said it was her understanding that the Office of the Controller was requesting an additional position, but she did not see it in the Governor's recommended budget.

Mr. Smack explained that the position, which was removed from the agency request, was a legal researcher. The legal researcher with the new debt collection system would be handling day-to-day legal processes and documents, such as judgments, bank levies, liens, garnishments, and bankruptcies. Mr. Smack said the Office of the Controller did not have the resources or legal expertise to handle the various problems that were expected to increase once the new debt collection system went online.

ELECTED OFFICIALS
ELECTED OFFICIALS
CONTROLLER - DEBT RECOVERY ACCOUNT (101-1140)
BUDGET PAGE ELECTED-241

Ron Knecht, State Controller, Office of the State Controller, introduced budget account (BA) 1140, Debt Recovery Account. Mr. Knecht acknowledged that this budget was proposed by the previous State Controller.

Deborah L. Cook, Chief Deputy Controller, Office of the State Controller, stated BA 1140 was the Controller's Debt Recovery Account. The amounts in this budget account and the Governor's recommended budget were $1,980,018 for fiscal year (FY) 2016 and $4,078,546 for FY 2017. Budget account 1140 was a reserve budget account, and funds in this account could only be used for the purposes of debt collection. Ms. Cook said the major program funded out of this budget was the debt collection system discussed in BA 1130.

Ms. Cook stated the reserves for this budget account were projected to be $1,023,275 in FY 2016 and $3,117,911 in FY 2017. The amounts for the reserve were based on the revenues that had been projected by the debt collection project vendor. She said the system was not functional, so the numbers were not yet proven.

Assemblyman Edwards commented that he was confused, because on the one hand, the report said that 100 percent of the money stayed in the account, and in another section, that the account retained about 23 percent. He was attempting to figure out the correct numbers.

Mr. Knecht explained that his predecessor did something he thought was very sensible. In the hard times when there was no money to procure a new debt collection system, the former Controller made an arrangement with the contractor to develop and operate the system and receive payment when collections started coming in. Mr. Knecht said the new debt collection revenues were split between the state and the vendor until the vendor was paid the full contract amount.

Ms. Cook addressed Assemblyman Edwards' question regarding the 23 percent. She said the Office of the Controller was tasked with collecting debt for the state. The debt started at the agencies, and for about the first 60 days of arrearage, the agency tried to collect it; if that failed, the debt was transferred to the Office of the Controller. The Controller began the collection process and, if successful, collected the debt. Statutorily, sometimes the money had to go back to the original agency for specific purposes. According to Ms. Cook, out of all the money collected, approximately 23 percent was returned to the Debt Recovery Account.

Assemblyman Edwards said, in effect, the Controller ended up with a 23 percent administration fee for the amount of money collected.

Assemblyman Edwards continued and said the debt collection account was supposed to collect an estimated $7.2 million. He asked whether the approximate $3 million remaining, after taking into account the $1.8 million for the computer system and the amount retained as reserves, would be distributed to the agencies.

James Smack, Assistant Controller, Office of the State Controller, stated that all of the numbers were projections based on the hypothetical performance of a system that had not been installed. The Controller's Office did not know what kind of performance it would be receiving from the system, so it was difficult to project the numbers. Mr. Smack said 75 percent of every dollar taken into BA 1040 was going to CGI Group, Inc., per the contract approved by the Interim Finance Committee (IFC). It was a performance-based contract, so if the system did not perform well, CGI would not get very much money. Mr. Smack said that if the system performed to expectations, the projections of those payoffs would probably be a bit higher in fiscal year (FY) 2016 and a bit lower in FY 2017. He pointed out that $7.2 million was a vendor figure based on CGI's expectations of the system.

Mr. Smack said another item to be considered regarding the $7.2 million was that there was a phase 2 to the debt collection system. He said that phase 2 was expected to generate $7.8 million and would likely be a performance-based contract. However, if phase 2 went into effect as expected in FY 2017, the Controller's Office would be paying on that contract at that time. Phase 2 would provide more capabilities than phase 1. Mr. Smack said it might be getting too complicated, but he wanted show where the dollars were going and why the numbers looked a little lower in FY 2017. His concern was that the Committees not read too much into the high dollar numbers.

Mr. Smack returned to Assemblywoman Dickman's question about the legal researcher position. He stated that if the Controller's Office did not receive a legal researcher, the money recovered would not be as high, because some of that recovery was based on the Office's ability to perform garnishments, bank levies, and bankruptcies, which the current staff could not do.

Ms. Cook addressed Assemblyman Edwards and stated he was correct that $7.2 million was projected to go into the Debt Recovery Account.

Assemblyman Edwards said that added to the confusion, because $7.2 million was actually projected for FY 2016 and $13.2 million for FY 2017. He suggested that the Controller's Office meet with Fiscal Analysis Division, Legislative Counsel Bureau, staff for concurrence.

Ms. Cook said that if the numbers needed changing she would be happy to work with the Fiscal Analysis Division.

Chair Anderson said he wanted to learn more about phase 2 of the debt recovery system, because he believed a larger picture of the project was more informative.

Assemblyman Sprinkle said his question piggybacked on the other questions about the reserve, but he wondered whether the money stayed in the Debt Recovery Account or went somewhere else. He also asked, because this was a software program, whether there was a follow-up when staff performed an investigation to acquire the money.

Mr. Knecht commented that the important thing in what Mr. Smack said about debt collection was that the Controller's Office did not get good debts, but the dregs, after the agencies had given their best efforts to collect. For example, Gaming collected approximately 99 percent of its debt, and the Controller's Office received the 1 percent that was difficult to collect.

Mr. Smack explained that the Debt Recovery Account collection and use was defined in subsection 2 of *Nevada Revised Statutes* (NRS) 353C.226 that read, "Money in the Account may only be used for support of the debt collection efforts of the State Controller pursuant to this chapter." Subsection 3 of NRS 353C.226 stated, "Money transferred to this account is a continuing appropriation solely for the purpose of authorizing the expenditure of the transferred money for the purpose set forth in subsection 2." Mr. Smack said, in other words, the Controller's Office could only use money in the reserves for debt collection.

Ms. Cook noted that the reserves balanced forward every year in the Debt Recovery Account.

Assemblyman Armstrong said it appeared that debt collections were going to increase dramatically with the new software. He requested a reference for the proposed collection figure, because he was having a difficult time believing that the state was going to be so much more successful at collecting debt. Assemblyman Armstrong also wanted to know what would happen if collections were less than projections.

Mr. Knecht commented that the new system would provide a means to increase debt collection, especially if the Controller's Office received the requested legal researcher.

Mr. Smack said the projections were provided by the vendor, and it was expected that the number would increase to approximately 30.22 percent in FY 2017. According to Mr. Smack, one factor that was not being considered was older debt carried in-house, much of which was ready to send to the State Board of Examiners for write-off. He said he wanted to look at old debt again and possibly identify better collection opportunities using the new system.

Assemblyman Armstrong asked whether much of the debt was more than ten years old, and Mr. Smack replied that there was some.

Assemblyman Armstrong inquired as to whether there was a statute of limitations for how long the state could collect on that debt.

Mr. Knecht said there were statutes of limitation, and as Mr. Smack had already said, a lot of debt could be written off. However, Mr. Knecht stated that with the new means available, the Controller's Office planned to try to collect one more time, and if that failed, the debt would be written off.

Assemblyman Armstrong said the last part of his question was what happened if the Controller's Office could not collect the forecasted amount of debt and how that would affect the accounts.

Mr. Smack said he did not believe the effect on the accounts would be substantial, because about half of the old debt was already scheduled to be looked at by the Board of Examiners. About half of the total debt that was in-house at the end of FY 2014, which included everything from 60 days old to 20-plus years, totaled approximately $92 million. Mr. Smack maintained that even if half of the $92 million was lost because it was beyond the statute of limitations, there was still $46 million that could be recovered. He further said if 24 percent to 30 percent of the $46 million could be collected, it would come close to the figures in the report.

Assemblywoman Swank said she wanted to talk about the Advantage system. She said she knew it was aging and she also knew it would work for a few more years, but the state would be spending $1.4 million to replace the Discoverer system, and she wondered whether that was the best way to spend the money.

Ms. Cook replied that she did not know the lifespan for the replacement of the Discoverer system but anticipated it would be more than four years. The lifespan of the system would not be known until the system went out to bid and the information was provided by the vendors. However, this system, whatever it might be, should be able to be used with any other system that the state used in the future.

Assemblywoman Kirkpatrick noted that the Controller's Office had been working on the debt collection system since 2009, and every session it requested one more employee or one more service. She said that at one point, the Controller's Office had $5 million in debt to collect and collected less than $3,000 of that amount. There was a process in place that allowed the Controller's Office to write off debt and a statute to attach liens. Assemblywoman Kirkpatrick said the Legislature kept doing all the right things with zero results, and there was nothing to show for the money invested. She requested a detailed report outlining the ramifications if the money did not come in correctly, because based on past history, it had never been a tenth of what it was supposed to be.

Mr. Knecht noted that the Office of the State Controller was not at risk for development costs or operational costs because of the vendor contract.

Mr. Smack stated that he agreed with Assemblywoman Kirkpatrick, and in looking back at the debt collection and the amount of money that had been recovered, he had not been satisfied with the results. One of Mr. Smack's main focuses since being appointed to his position was to look at the debt collection system and see how it could be improved. He said he had been involved with CGI, the contractor, in installing the new debt collection system, and he had requested particular reporting, because it had not been working the way the Office wanted it to work. Mr. Smack said many debts were old debts, with Gaming being the example. The Controller's Office received the 1 percent of the debt Gaming could not collect, which would also be seen across the other 80 agencies that had older debt. The 60-day requirement was in force now, so more of the debt being received was the newer debt that would be more collectible. Mr. Smack acknowledged that the process was not where it needed to be, but the new system was going to be the start of a new process. The system had to perform or the vendor was not going to be paid. Several other states were using a similar product for debt collections and had seen positive results.

Assemblywoman Kirkpatrick commented that she did not agree that the state would not lose anything if the system did not perform, because staff time was the investment, and there should be a return on that investment. She asked how the Controller's Office planned to keep the Legislature informed about the progress of the debt collection and requested information showing the age of the debt in yearly increments.

Mr. Smack said the agency was compiling an aging report that would show to the various ages of the debt, and he would forward a copy to the Committees. He said the Controller's Office was committed to improvement of the debt collection system, and he was convinced it would improve. He added that he would be happy to receive requests for any reports and information the legislators would like to review.

Mr. Knecht commented that he agreed with everything Mr. Smack had said, but shared Assemblywoman Kirkpatrick's concern and understood her skepticism. He noted the Controller's Office budget did not have any new positions as recommended by the Governor. It was a continuing operation with the existing positions.

Assemblyman Edwards said that based on testimony, if the agency collected half of the $92 million and ended up with $46 million, of which they expected to receive 30 percent with the new system, that would leave $14 million, and if 75 percent of that went to the agencies, the Controller's Office would be left with approximately $3.6 million, which was about the cost of the system. He opined that it did not seem to be much of a return on investment, especially when considering staff time and other efforts.

Mr. Smack replied that as far as the present dollar amount for FY 2014, that was correct, but ongoing debt would be turned over to the Controller after agencies had attempted collection. The number would change, determined by how much debt was carried in-house, and a large amount would be written off by the Board of Examiners.

Assemblyman Edwards said he thought Mr. Smack had mentioned a return around 8 percent to 20 percent greater than currently achieved.

Mr. Smack said it was difficult to determine a percentage with a system that was not yet functioning. He said he would have a better idea toward the middle of summer when the system was running and everyone was trained on it.

Assemblyman Armstrong referred to the aging debt report being prepared for the Committees and said he was curious to see the report and the different categories of debt. He requested some context about the number of times some of those debts had been placed in collection.

Chair Anderson recommended that the Office of the Controller provide the aging debt report to the Fiscal Analysis Division staff so that the Committee could see the information in detail.

Mr. Knecht stated the Controller's Office would be happy to provide that report.

Ms. Cook responded to Assemblyman Edwards' question and said the objective with the new system was to collect money for the state. It did not matter whether the money went back to the agencies or into the Debt Recovery Account.

Assemblywoman Titus observed that in her experience with debt collection related to healthcare, it was extremely cumbersome with very little return on the time invested. She also agreed with Assemblyman Armstrong's observations that once past the 90-day, 1-year, 2-year, or 3-year mark, the amount collected never equaled the cost of the collection.

Mr. Knecht agreed that old debts had a very low probability of yielding anything. He said that was why Mr. Smack had emphasized processing aged debt through the new system.

Chair Anderson asked Mr. Knecht if he had any final remarks.

Mr. Knecht stated he had the good fortune to inherit a good staff with high morale and high performance and an operation with a good reputation. The minor exceptions were already being corrected, namely, debt collection. He remarked that in the second year, after the replacement of the Discoverer system, the taxpayers would be burdened less with the Controller's budget in FY 2017 than in FY 2015.

Assemblywoman Benitez-Thompson commented that perhaps the better starting place was ensuring that all of the state agencies that were required to turn over debt to the Controller's Office were actually doing so. She said timely submission of debt, reported accurately, would provide a better chance for recovery.

Ms. Cook said she agreed; however, the Controller's Office wanted to have the tools in place with the new system before demanding agencies turn over their debt.

Chair Anderson closed the hearing on budget account (BA) 1130 and BA 1140.

Chair Anderson opened the hearing on budget account (BA) 1497, Judicial Discipline.

JUDICIAL BRANCH
JUDICIAL DISCIPLINE (101-1497)
BUDGET PAGE JUDICIAL-84

Paul C. Deyhle, General Counsel and Executive Director, Commission on Judicial Discipline, and the Executive Director of the Standing Committee on Judicial Ethics, submitted Exhibit D, "Commission on Judicial Discipline and Standing Committee on Judicial Ethics, Budget Account 1497."

Mr. Deyhle said he had a little housekeeping note prior to his budget presentation. A budget amendment was submitted recently, which created some confusion between the Commission on Judicial Discipline and the Budget Division, Department of Administration, so the numbers differed slightly from what was submitted and what was referenced in the Commission's legislative materials. Mr. Deyhle said the differences were slight, and most importantly, the substantive requests and enhancements to the Commission's proposed budget remained the same.

Mr. Deyhle said that although the Commission had requested a number of items in its proposed budget, any one of which he would be happy to discuss in more detail, the budget focused on four or five vital areas of need.

One request was the addition of an assistant general counsel. Mr. Deyhle stated that he currently wore three hats: (1) Executive Director of the Commission handling all the administrative functions, budgeting, finance, and payroll; (2) general counsel of the Commission, providing legal advice and managing all of the investigations, as well as litigation against the Commission separate and apart from judicial discipline cases; and (3) executive director of the Standing Committee on Judicial Ethics and overseeing the issuance of legal opinions. Mr. Deyhle said there was also an administrative component to the Standing Committee position, and he spent time on the telephone with judges who called in with questions that required research. He also assisted the Nevada Supreme Court on recommendations to changes to the Nevada Code of Judicial Conduct, as well as laws that governed the Commission.

The staffing for the Commission had only increased once since 1998. Mr. Deyhle said the shortage of labor had caused ongoing backlogs in case review and investigations, which had required the engagement of four or five outside counsel members to process the backlog.

Mr. Deyhle stated that he had started with the Commission in November 2013, and shortly after his arrival, the Commission ran out of money. As a result, investigations were halted; vendors, including contract counsel, were not paid; and a further backlog of cases was created, which required even more money to process.

Mr. Deyhle compared the Commission on Ethics, with one Executive Director, one general counsel, one assistant general counsel, and three staff members, with the Commission on Judicial Discipline. He stated that the Commission on Judicial Discipline had only three staff members and desperately needed help. Another staff member would remedy the situation and save money. The Commission's other request was to change the location of its office, because the present location had antiquated telephone lines and data transmission cables, which prevented the Commission from using common equipment and technology. The present office had no room to sit or have meetings and the conference table was an inexpensive plastic folding table placed in the common area for conference calls and meetings. Mr. Deyhle said the office had no storage space and no security. Staff was threatened on a daily basis by unhappy civil and criminal litigants. The new location would allow for an increase in productivity and efficiency. Mr. Deyhle said the Commission was also asking for a half-time position to be converted to a full-time position to assist with the legal, administrative, and investigatory functions of the office. It was hoped that with these changes, the Commission would no longer have to hire temporary staffing agency employees as it had in the past.

The Commission was also requesting a reclassification of a current management assistant 2 to an management assistant 4, which was more reflective of the actual duties this employee performed, and additional training funds. Mr. Deyhle said the training funds were not a lot of money, but they were needed not only to provide more training to judge the judges, but also for staff to receive training. He maintained that if he was judging the judges, then he should at least know what they knew and go to the same training sessions.

The last few years had highlighted the many challenges that the Commission faced in overseeing judicial misconduct and protecting the public. Mr. Deyhle said the proposed budget would go a long way to providing the Commission with the necessary resources and staff to not only do the job, but most importantly, to do it well in accordance with its constitutional and statutory mandates.

Separate and apart from the Commission's budget, the Commission was also seeking a sponsor to introduce legislation that would enable the Commission to tap into the Reserve for Statutory Contingency Account in emergency circumstances when the Commission's funds had been depleted, as happened in a recent case. During that case, Mr. Deyhle said the Commission ran out of money and had to halt investigations and stop paying vendors. Everything came to a halt while the Commission waited for funds through the State Board of Examiners (BOE) and Interim Finance Committee (IFC) process. In this difficult situation, it took 50 or 60 days to resolve the problem. Mr. Deyhle did not know if that situation would occur again, but if it did, the Commission wanted to have access to money quicker, so it would not have to halt operations and create a bigger backlog of cases.

The Honorable James Hardesty, Chief Justice, Nevada Supreme Court, stated that this might be the first time that a Chief Justice of the Nevada Supreme Court ever appeared at a hearing dealing with the Judicial Discipline Commission's budget. He said he appeared today because as he had prepared for his duties as Chief Justice, he spent considerable time looking at the Judicial Discipline Commission's budget. For more than a decade, the financing of this budget had been a concern to the Supreme Court. The Judicial Discipline Commission had been the subject of at least two studies by the Supreme Court or subcommittees of the Article 6 Commission, dating back to 2009. The Article 6 Commission subcommittee urged an increase in funding of the Judicial Discipline Commission's budget. Chief Justice Hardesty said that as he perused this budget and visited the Commission's offices, he was stunned at the delays in the investigation and prosecution of cases. He said he was concerned about the inefficiencies that currently existed, and he was shocked during the course of the Judge Steven Jones legal process that the Commission work would be stalled for two months. Chief Justice Hardesty also thought that it was grossly inefficient to reach out to contract lawyers at high-cost billable hours when this could be offset by staff at much lower cost and a surer consistency in prosecution in these affairs. He said he could comment on details if necessary, but he urged the Committees and the Legislature to support this budget request. The funding was not significant in the overall scheme of things, but the improvement to the Commission's productivity would be substantial.

Chief Justice Hardesty was also concerned about the increasing number of complaints against judges, although that did not mean that those complaints were valid. He said it was very important to have complaints resolved quickly, both by the persons who were complaining and also by the judges who might be subject to the complaints. Complaints taking months and years to be processed were a serious concern for the people of the state and the integrity of the judicial system, according to Chief Justice Hardesty. He said Mr. Deyhle could provide specifics and figures, but a substantial number of the complaints were disposed of fairly quickly, probably in excess of 50 percent. Unfortunately, many other complaints needed further investigation and a timely review, which Chief Justice Hardesty believed could be done with a more efficient and adequately budgeted staff.

Assemblyman Armstrong said it was his understanding that this budget account was completely funded from the State General Fund and asked why there was no process to levy fines or fees.

Mr. Deyhle responded that the Commission had the ability to impose fines and penalties, but those fines did not go back to the Commission, and the Commission was indeed 100 percent funded by the General Fund.

Assemblywoman Kirkpatrick asked for the exact case backlog and how the Commission would be helped if it received another counsel position. She also agreed with Assemblyman Armstrong that the Commission probably needed a funding source outside of the General Fund.

Mr. Deyhle thanked Assemblywoman Kirkpatrick for her comments and noted that judicial discipline complaints were increasing. In 2012, there were 147 cases filed, and in 2014, close to 225 cases were filed. The Commission projected a 50 percent to 60 percent increase in complaints over the next biennium.

Assemblyman Oscarson thanked Chief Justice Hardesty for his presentation. He said his recollection was that assessed fines went to the General Fund, but basic costs could then be returned to the entity that expended them. He asked whether that was the case for the Commission on Judicial Discipline.

Mr. Deyhle responded that was not his understanding, but he could be incorrect. He was not aware of the Commission receiving costs in a judicial discipline case.

Gary Vause, Vice Chairman, Commission on Judicial Discipline, commented that before he was appointed to the Commission, he had not understood very much about it. The Commission was composed of two district judges appointed by the Nevada Supreme Court, two lawyers appointed by the State Bar of Nevada, and three lay members appointed by the Governor. All Commission members had alternates. Mr. Vause was one of the lay members.

Mr. Vause said there were hundreds of complaints filed against judges, and every one had to be investigated. A large number of complaints were written by inmates in the Nevada state prison system. The vast majority of complaints, after a preliminary investigation, were dismissed. Mr. Vause said most of the work the Commission performed was like the tip of an iceberg that no one saw. The work was confidential and Commission meetings were not open to the public. Most of the Commission's work was completely below the radar where no one was aware a complaint had been filed, handled, and disposed of, but every complaint had to be investigated.

Senator Kieckhefer asked whether Mr. Deyhle saw a correlation between judges who went through the vetting and appointment process and those who were directly elected. Mr. Deyhle replied he did not, and in fact, there was a study performed in 2012 at Stanford University, which was the only one of its kind, that evaluated judicial conduct commissions in over 35 states, including Nevada. That study showed there was no direct correlation between elected and appointed judges and the complaints filed.

Senator Roberson stated that the Judicial Discipline Commission served a very important function, and if it was not funded it could not function, which was a problem from a public policy perspective. Nevertheless, Senator Roberson also wanted to caution the Committees that he did not believe it was prudent to create an incentive for an agency to assess fines and penalties, based upon a need to fund its budget.

Assemblywoman Dickman wondered whether the new position, if approved, would completely eliminate the need for contract services, and further, whether there was a potential for net savings.

Mr. Deyhle replied that there was a great potential for net savings, because the Commission would not have to engage private counsel for the preliminary review of cases. Special prosecutors were required by law, but an extremely high-profile, complex case was the only situation Mr. Deyhle could envision requiring contract counsel.

Assemblyman Kirner inquired about the Commission's current backlog.

Mr. Deyhle replied that there was currently no backlog, as the cases were in the process of being preliminarily reviewed by him and contract counsel. However, as had been discussed earlier, the Commission had to engage contract counsel and pay them at private rates. According to Mr. Deyhle, there was also lack of continuity, because everyone had their own ways of doing things, and, additionally, the Commission preferred not to use outside attorneys on confidential cases.

Assemblyman Kirner said he noticed a large increase in the Commission's budget from 2015 into 2016 and asked whether that was attributable to the cost of the reclassification and hiring another assistant general counsel.

Mr. Deyhle said that was correct.

Assemblyman Kirner asked whether the additional cost of the new positions was in addition to the cost for outside counsel.

Mr. Deyhle said the Commission forecasted that over the next biennium the taxpayers would pay $100,000 or more if the new positions were not funded.

Assemblywoman Carlton requested clarification of the complaint process and wondered who filed most of the complaints. She requested a breakdown of the types of complaints and who was filing them.

Mr. Deyhle said complainants were citizens, litigants, judges, inmates, court attendees—it could be anyone. The specific breakdown was in the Commission's annual report on its website, and Mr. Deyhle said he would be happy to provide it to the Committees.

Assemblywoman Carlton said the Commission was 100 percent General Fund, and she was trying to figure out who was asking for its services and their contribution to paying for those services.

Assemblyman Armstrong requested actual cost savings with in-house counsel as compared to hiring contract counsel. He also asked whether contract counsel was required to keep track of billable hours.

Mr. Deyhle stated that contract counsel was required to provide itemized invoices with the time and description of the services. It was difficult to project how much would be spent on contract counsel because it depended on how many judicial discipline cases the Commission was receiving and also the number of high-profile or complex cases. Mr. Deyhle said that over the last biennium, funds had been depleted rapidly because of the judicial discipline of Judge Steven Jones. In the future, there might be high-profile or complex cases that would require a significant amount of staff time and resources. Mr. Deyhle said the complex cases required the Commission to divert resources from the receipt of complaints to the judicial discipline case, which created a backlog and necessitated the hiring of outside counsel.

Assemblyman Armstrong asked whether the Commission set the billable rate, or outside counsel charged their private billable rates.

Mr. Deyhle said, generally, there was a negotiated rate for contract counsel to review a preliminary complaint or address any backlog. In the situation with Judge Jones, a number of lawsuits were filed throughout the state and the Commission was forced to hire private counsel at excessive rates because the Commission had to respond quickly, which increased many of the billings.

Chair Anderson discussed the request for legislation to allow the Commission to request funds from the Reserve for Statutory Contingency Account rather than the Interim Finance Committee's (IFC) Contingency Account. He noted that in 2014, the Commission had received, he believed, roughly $170,000 from the IFC, but later reverted about $56,000 to the General Fund. He wanted to know whether that was due to poor cash management and whether Mr. Deyhle believed the only option was to resort to the Reserve for Statutory Contingency to avoid the Commission becoming cash-strapped and have to wait on the IFC process.

Mr. Deyhle said that three or four months after he started with the Commission, it became apparent it was running out of money and the IFC process was begun. Accessing the Contingency Account took time, and Mr. Deyhle said he understood that, but in the case of the Judge Jones disciplinary hearing, there were many filings across the state and funds were depleted very quickly. He maintained the Commission could use the BOE and IFC process again through proper planning and forecasting. However, in emergency circumstances when Commission funds were completely depleted within a short period of time, access to the Reserve for Statutory Contingency Account would prevent the Commission from stopping its business and halting investigations.

Chief Justice Hardesty referred to Assembly Bill (A.B.) 68, which was a bill that would expressly declare filings in district courts relating to judicial discipline to be presumptively frivolous and subject to the order of attorneys' fees.

The jurisdiction under the *Nevada Constitution* for hearing review of judicial discipline actions rested with the Supreme Court. The Chief Justice said the bill attempted to intercept and impede actions that would be prosecuted in other courts and generate substantial legal costs for the Commission and the Legislature. The district court judge would be instructed under A.B. 68 to consider award of attorneys' fees and regard the action as presumptively frivolous.

Chief Justice Hardesty said he would like to weigh in on comments by Senator Roberson. He urged the Committees not to approach the Commission as a fee-based commission. As an example, judges sometimes referred other judges to the Commission for impairment observation or observations that led one to suspect impairment. Many times those issues could be handled by the Commission through supervision and interim steps discipline. He believed it would be an inhibition to citizens throughout the state who might have pending litigation, even in another court, to file a complaint against a district court judge when they had observed misconduct. He also said the independence of the Commission on Judicial Discipline was important. According to Chief Justice Hardesty, if the Commission was viewed as an entity undertaking discipline to generate fees, there would be an appearance of impropriety. He said that while he appreciated the potential burden on the State General Fund, there were important policy reasons to maintain the current funding system.

Assemblywoman Kirkpatrick clarified that she was not saying the Commission on Judicial Discipline should not receive General Funds, but that the Legislature should ensure a steady revenue source for the Commission.

LEGISLATIVE BRANCH
LEG - NEVADA LEGISLATURE INTERIM (327-2626)
BUDGET PAGE LEGISLATIVE-15

Claire Clift, Secretary of the Senate, Nevada Legislature, submitted Exhibit E, "Nevada Legislature Interim Budget Account 327-2626, Governor's Recommended Budget, 2015-17 Biennium." Ms. Clift read the following statement into the record:

> The budget for the Interim Nevada Legislature provides funding for the administrative staff from the two houses of the Legislature during the interim between legislative sessions. The three permanent employees for each House are responsible for finalizing the work of the preceding session, preparing for the upcoming

session, assisting legislators, and providing information to the public as the need arises.

The base budget includes funding for the continuation of six full-time-equivalent (FTE) positions throughout the biennium for the two Houses.

The Nevada Interim Legislature requests two positions to be added to the Interim budget, one for each House. The two House positions we are requesting had been funded in previous years, during interim periods, through the Legal Division and the Research Division of the Legislative Counsel Bureau (LCB). These positions were established approximately ten years ago to provide for succession planning in the Houses in an effort to keep session-only staff members employed during the interim and develop them for future higher-level responsibilities. We are asking that those two staff positions now be included as full-time staff for the Houses going forward.

These two staff members would be primarily responsible for assisting with the editing and indexing of the final Journals of the two Houses. For the past several sessions, these constitutional records have been in excess of 8,000 pages. The Journals, generally, include any special sessions held upon adjournment of the regular session, and take, at least, an interim to adequately review, edit, and index. By adding this position, the Final Journals should be published prior to the end of even-numbered years of the biennium.

Also, we are requesting position upgrades for the two full-time staff each House currently employs. In the Senate, these two staff members are the House's principal management staff. The upgrades are requested in an effort to achieve parity and equity with similar management staff of the Executive Branch's personnel, training, and business process classifications.

These full-time employees help manage and coordinate training for the Senate each legislative session. They prepare course descriptions, develop curriculum, and deliver training to approximately 100 session employees. They conduct training and needs assessments, analyze results, and make recommendations to the Secretary of the Senate. As upper-level management staff of the Senate, these members plan, organize, and supervise work in the areas of staffing selection and recruitment, training and development, classification and compensation, and administrative services. They analyze business processes by maintaining documentation of such processes and identify work processes that can be automated. They develop and write procedure and policy manuals for Senators and session staff. They are directly responsible for the day-to-day management and supervision of Senate staff during legislative sessions as well as during interim periods when preparing for a session or finalizing the work of a session.

The Director of Senate Staffing oversees the management of approximately 75 Senate session staff and is recommended to be classified at Grade 38. The Assistant Secretary of the Senate oversees the management of the Front Desk staff and operations and is recommended to be classified at Grade 37.

Currently, both staff members are classified under the Executive Branch Class Specifications for Clerical Services. This classification does not accurately represent the duties or the responsibilities these jobs perform.

The increase to the budget for FY 2016, by moving these staff into the upgraded positions, would be an enhancement in decision unit Enhancement (E) 807 and would increase the agency request for the Senate in FY 2016 by $1,615 and in FY 2017 by $8,133.

The base budget for the Senate has been adjusted in FY 2016 for expenditures that will not be incurred in the upcoming biennium due to the Secretary of the Senate being stationed in Carson City instead of Las Vegas. Also, in decision unit E-551, the Senate requests enhancements in operating expenditures totaling $1,623 in FY 2016 and $326 in FY 2017 to cover increased costs associated with out-of-state travel for Senate staff. Should the additional staff position be approved, the enhancement for E-551 is requested to be increased by $2,000 each year of the biennium to this staff member to attend the annual Professional Development Seminar sponsored by the American Society of Legislative Clerks and Secretaries.

> Also, if that additional position was approved for both Houses, the Assembly would also need that additional $2,000 per year enhancement for travel for their staff member to attend this very important seminar.

Assemblyman Hickey asked how overall funding for the LCB compared with other states.

Ms. Clift explained that she did not have the information to answer that question. The structure of legislatures throughout the country was different. She said Nevada would have to be compared with other biennial states, but even then there would be a wide spectrum, because Texas was a biennial state that met in special session quite often and had an almost year-round staff. Ms. Clift said the National Conference of State Legislators probably had that information.

Susan Furlong, Chief Clerk of the Assembly, Nevada Legislature, submitted Exhibit F, "Nevada Legislature Interim Budget Account 327-2626, Governor's Recommended Budget, 2015-17 Biennium, Interim Assembly Operation."

Ms. Furlong explained that permanent staff in the Assembly was different from permanent Senate staff because managers who supervised session, committee, and personal staff were also session staff. Assembly managers were not full time, whereas in the Senate that function was part of its permanent structure. Ms. Furlong said the employees supervising Assembly session staff had been doing so since 1995 or 1996, and the two full-time staff in the Assembly functioned as paralegals.

According to Ms. Furlong, many of the documents prepared by the LCB became part of the record of the House, and the permanent staff examined those documents to ensure that they were identical to what the body had adopted or passed. The staff also reviewed documents for accuracy and style. Ms. Furlong stated that style was very important with amendments because if not entered into the Journal correctly, the entire meaning of the amendment could change. Staff also checked for changes in bill draft requests (BDR) numbers, summaries, titles, exemption specifications, and conflicts with other bills. Ms. Furlong said staff went through the same process with committee records, ensuring that all the actions of the committees were documented and any conflicts were identified and resolved. Staff also performed research on special projects, developed training for staff and legislators, and provided other support to the

House as needed. There were special projects which staff organized, such as the LCB staff appreciation breakfast hosted by Assemblyman Oscarson during the interim.

If reclassification of the two positions was approved, a Grade 38 would be recommended for the new chief deputy clerk and a Grade 37 for the senior deputy clerk. Ms. Furlong said, assuming each position was to receive a 5 percent increase over the most recent salary level, the total increase would be $6,433 in FY 2016 and $13,440 in FY 2017. As with the Senate, if the additional staff position was approved, the Assembly would need additional travel funds to ensure that the new staff person also received the benefit of training with the American Society of Legislative Clerks and Secretaries. Also requested was an enhancement to decision unit Enhancement (E) 551 in operating expenditures to cover some increased travel expenses associated with the Chief Clerk's service as the president-elect of the American Society of Legislative Clerks and Secretaries.

LEGISLATIVE BRANCH
LEG - LEGISLATIVE COUNSEL BUREAU (327-2631)
BUDGET PAGE LEGISLATIVE-10

Rick Combs, Director, Legislative Counsel Bureau (LCB), presented an overview of budget account (BA) 2631 and submitted Exhibit G, "Legislative Counsel Bureau, Budget Account 327-2631, Governor's Recommended Budget, 2015-17 Biennium."

The Legislative Counsel Bureau was the central nonpartisan staff for the Legislature and consisted of five separate divisions: the Administrative Division, the Audit Division, the Fiscal Analysis Division, the Legal Division, and the Research Division.

Mr. Combs said the LCB's budget development process differed from the Executive and Judicial Branch agencies. By October 15 of even-numbered years, the Budget Division, Department of Administration, was required to submit all agency-request information to the Fiscal Analysis Division. The LCB made sure the Legislative Branch was included in the agency-request information by including a place-holder budget to ensure the Legislative Branch budget was not overlooked in the Governor's recommended budget and to have that information available as part of the required public information. That placeholder budget was completed by October 15 in consultation with the division chiefs and legislative leadership and included preliminary recommended changes from the previous budget.

Mr. Combs explained that the Legislative Commission met in either November or December, prior to session, and the Director's Office of the LCB submitted the recommended budget at that meeting. The Legislative Commission voted, after making any changes believed necessary, to transmit the budget recommendation to the Office of the Governor. Historically, unless there was concern about having sufficient money, the LCB budget was added to the Governor's recommended budget. The version of the budget in The Executive Budget was the version approved by the Legislative Commission at its meeting on December 22, 2014.

Mr. Combs said there were two minor errors in the budget that he would review at the end of the presentation. Another difference concerned longevity pay for state employees. When the recommendation to the Legislative Commission was submitted, it was not clear whether the Governor was going to restore longevity pay, so longevity restoration was in that budget. Ultimately, the Governor decided not to include the restoration of longevity payments in his recommended budget. Mr. Combs said longevity pay had been removed from the LCB budget before it was transmitted to the Governor's Office.

General Fund appropriations totaled $30,713,342 in the first year of the biennium and $30,257,325 in the second year of the biennium. Mr. Combs said this was approximately a 4 percent increase over the appropriations that were approved for the LCB budget in the current biennium. He noted the increase compared to approximately a 21 percent increase in the elected officials' budgets.

Mr. Combs said there was a correction on page 2 in Exhibit G. The FY 2014 and FY 2015 amounts for FTE were listed at 253.25 and that figure should be 254.25 FTE. That was the current staffing, just for the Legislative Counsel Bureau, in BA 2631.

Mr. Combs presented the Administrative Division enhancements. The Administrative Division was made up of personnel in the LCB that supported all the other personnel in the Bureau, as well as legislators and Senate and Assembly staff. The Accounting/Human Resources Unit, Broadcast and Production Services Unit, Facilities Unit, General Services Unit, Information Technology Services (ITS), the Las Vegas office, and the Legislative Police were all part of the Administrative Division. This biennium, the Governor's recommended budget included $32,198 in FY 2016 and $43,539 in FY 2017 for restoration of a vacant janitorial position for the Division.

Mr. Combs stated that when LCB was required to adjust its budget during the recession because of the budgetary shortfalls, vacant positions were left unfilled. There were a number of positions on the books without an employee, or funding, and gradually, LCB had been asking to restore some of them. At one point, the LCB, Interim Nevada Legislature, and the State Printing Office had approximately 316 funded positions. Mr. Combs said that if this budget was approved as recommended, there would be around 276.25 FTE positions. The requested position was a janitorial position that had been filled, and it was believed that by restoring this position, it would eliminate the need for overtime for special cleaning projects, as well as problems that arose during the interim when there were only seven janitors.

The second position requested in the Administrative Division was a new IT professional position at the cost of $69,883 in FY 2016 and $90,190 in FY 2017. Mr. Combs said there was nothing good that happened when something IT-related went down. When the website and Internet went out during the first week of session, Mr. Combs said he received phone calls all afternoon from persons inside the building asking when the Internet would be fixed. The Internet was relied upon by everyone and over the years, many new programs were added, with the Nevada Electronic Legislative Information System (NELIS) as the primary example. Mr. Combs said that five years ago, NELIS did not exist.

The decision unit also included $51,813 in FY 2016 and $66,866 in FY 2017 for a new legislative police officer position. The Bureau had been staffing the Las Vegas office with intermittent police officer positions, but because of increased workload, as well as the attendance numbers at meetings, it was decided to transfer one permanent full-time position that was located in Carson City to the Las Vegas office during the interim. While the Legislative Police had been dealing with being one officer short and could continue to deal with it, replacing the officer in the north would allow the chief and lieutenant to work on supervision and training duties instead of staffing duty stations.

There were various position upgrades requested for the Administrative Division. Mr. Combs said he was requesting a one-grade increase for three management level positions in ITS. He stated the request was primarily an effort to ensure the Bureau did not lose these employees to other agencies and other private-sector opportunities. Those employees were relied upon for their specialized knowledge of LCB's systems, and to lose them would entail a difficult replacement process. Mr. Combs noted that one position in the ITS unit would receive a three-grade increase, if approved, because the Bureau had decided not to request the restoration of a management position that was held vacant during the recession.

A one-grade increase was requested for a heating, ventilation, and air conditioning (HVAC) specialist position. Mr. Combs said that over the years, the duties and responsibilities of that position, as well as the training, were identical to the other HVAC specialist's position on staff, and unfortunately, the salaries were not the same even though the positions performed the same work.

Finally, there was a request for a three-grade increase for a broadcast and production services technician. Mr. Combs said there would be no cost during the upcoming biennium because the position's salary would not be increased any differently, but it would allow the employee to top out at a higher level. He explained that when positions were left vacant during the recession, this one became different from the rest, and it was a matter of making that one employee's salary comparable to the four other employees in that unit.

Mr. Combs remarked that in the decision unit was a request for an increase in intermittent salary amounts for the General Services Unit. Positions were cut when budget reductions were made in General Services, and there was no reason to restore any of cutbacks, but on occasion it was helpful to hire someone to fill in on a temporary basis.

Decision unit Enhancement (E) 227 included $10,393 in FY 2016 and $5,273 in FY 2017 for increased travel and training for four of the units within the Administrative Division. The largest amount was $4,500 in the first year of the biennium for some additional training for the Information Technology Services staff to maintain certifications in various programs and languages.

Decision unit E-228 included $50,000 in FY 2016 and $2,000 in FY 2017 for replacement computer hardware and software. Mr. Combs had listed in Exhibit G at the bottom of page 4, the units of the Administrative Division that would receive various amounts. Decision unit E-228 also included $9,439 in each year of the biennium for licensing fees and training associated with the Legislative Police's records management system. The Legislative Police were able to acquire the management system at no cost during the current biennium, but licensing fees were not covered. Mr. Combs said if the Legislature did not approve the fees, the Legislative Police would stop using the records management system and go back to the old system.

Decision unit E-228 requested $4,000 in each year of the biennium for increased maintenance costs for the Legislative Police vehicles. The Division had requested replacement of the GMC Yukon that was used to drive legislators back and forth to the airport because of the mileage on the vehicle.

On page 5 of Exhibit G, there was a document that set out the budget amounts for the current biennium compared to what was recommended for the next biennium, in addition to the increase in FTE. Mr. Combs said the positions were increasing from 85.25 positions to 87.25 positions.

The next part of the account was the Audit Division, which audited agencies of both the Executive and the Judicial Branches and also ensured that the single-audit was conducted every year. Mr. Combs said the single-audit was basically an audit to ensure that the LCB was able to accept federal grant funds. He pointed out that the Audit Division received an award for its audit on the Taxicab Authority and the long-hauling problem during the past biennium. He said it was a national award, and he was constantly impressed with the level of work performed by the Audit Division.

There were two decision units that affected the Audit Division. The first was decision unit Enhancement (E) 225, which was a request for $108,996 in FY 2016 and $140,324 in FY 2017 to restore a vacant, unfunded audit supervisor position. There were four current audit supervisor positions that were funded and an information services audit supervisor that was funded at the same level. Mr. Combs explained this was one of the positions that was left vacant during the recession, but LCB would like to restore it to help increase the number of audits the Audit Division was able to perform. He believed the position would also help address any legislation that came through this session as well.

Decision unit E-228 included $20,034 in FY 2016 and $20,384 in FY 2017 for replacement of computer hardware and software. It included laptops, monitors, printers, and annual licensing costs for specialized auditing software used by the Division.

At the bottom of page 6 of Exhibit G was a table that reflected the Governor's recommended budget compared to the current biennium. Mr. Combs pointed out an error in this area. It was a data-entry error at some point during the process that ended up changing the start date for an existing position to about three-quarters of the way through the upcoming biennium. Although the position was included in the budget, it was underfunded. Mr. Combs said his commitment to the Committees was that either he would come back at budget closing with a plan to correct the mistake through other adjustments to the budget or in some other form, or he would ask the Legislature to help cover the mistake.

Mr. Combs said the Fiscal Analysis Division staffed the Assembly Committee on Ways and Means and the Senate Committee on Finance, as well as the revenue and taxation committees, and was responsible for the fiscal notes that were processed during session. The Fiscal Analysis Division was also responsible for staffing the Economic Forum and helping with revenue projections. The budget for the Fiscal Analysis Division requested $11,510 in FY 2016 and $11,500 in FY 2017 for a two-grade increase for one of the Division's entry-level clerical positions. Mr. Combs said the Bureau was trying to create a two-level supervisory format in the Fiscal Analysis Division for clerical staff. The cost for the format was a little higher than it would have been otherwise, because there were some staff members who were currently underfilling certain positions, and to create this two-person supervisory staff would require step increases in another position as well.

Decision unit E-227 included $1,129 in FY 2016 and $2,280 in FY 2017 for increased training and travel for the Fiscal Analysis Division. Mr. Combs said the Division had a significant turnover in the last four to five years, and he believed that enabling staff to attend training sessions and meet with legislative staff from other states regarding fiscal matters was beneficial.

Decision unit E-228 included $14,800 in FY 2016 and $600 in FY 2017 for replacement laptops, printers, and a paper shredder.

Mr. Combs said there were no added positions for the Fiscal Analysis Division recommended for the upcoming biennium.

The next division was the Legal Division, which drafted the bills and regulations, and provided committee counsel for interim studies and the standing committees during the session. Mr. Combs said the Legal Division served as legal advisors to the Legislature and the other divisions of the Legislative Counsel Bureau. The Division codified and published all of the laws and regulations and created the *Official Nevada Law Library* that was sold on CD. Proceeds from the CD sales, as well as their other publications, were part of what was used to offset the General Fund need for the Legal Division in the budget. The Division produced the weekly bill draft request (BDR) list during session and the *Register of Administrative Regulations*. Mr. Combs said, additionally, the Legal Division operated the State Printing Office and the Legislative Gift Shop.

Decision unit E-225 included funding of $69,134 in FY 2016 and $93,932 in FY 2017 to restore a vacant and unfunded entry-level attorney position in the Legal Division. Mr. Combs said the position was left vacant during the recession and was the last remaining attorney position that had been left vacant. This action would restore the attorney positions the Legal Division lost during the recession. According to Mr. Combs, there were some other positions in the Legal Division that remained unfunded. The decision unit also included $13,390 in FY 2016 and $13,338 in FY 2017 for one-grade increases for two of the supervisory attorney positions. He said the positions had taken on additional responsibilities, and this was an attempt to compensate those employees.

Decision unit E-227 included $8,400 in each year of the upcoming biennium for the cost of attending the annual meeting of the National Conference of Commissioners on Uniform State Laws. There were members of the Legal Division who were members of that body, but they had been unable to attend because out-of-state travel was eliminated during the recession.

Decision unit E-228 included $13,136 in FY 2016 and $92,000 in FY 2017 for the replacement of printers in the first year of the biennium and four high-capacity copy machines in the second year of the biennium.

Decision unit E-228 also included $30,000 in FY 2016 and $5,000 in FY 2017 for a one-time software purchase and licensing costs to enable the Legal Division to make the Official Law Library usable on mobile devices. Because sales of the Official Law Library was part of what offset the General Fund need in its budget, the Legal Division had an incentive to sell as many copies as possible. Mr. Combs said this was one way to ensure the CD was an attractive item to purchase.

On page 9 of Exhibit G was a chart that showed the total payroll for the current biennium, as well as what was requested for the upcoming biennium for the Legal Division.

Mr. Combs said the Research Division was the general information and service arm of the Legislature. It conducted research into a wide variety of subjects at the request of legislators, legislative committees, other state and local officials, and the citizens of Nevada. It consisted of a Research Library that performed excellent work and was relied upon by many people, including the media, and the Constituent Services Unit that helped provide information to constituents. The Research Division also served as policy staff on committees during session, as well as the interim study committees.

Decision unit E-225 included $14,091 in FY 2016 and $14,050 in FY 2017 for two position upgrades. One upgrade was for the constituent services manager position and a one-grade increase was being requested, because of the growth and the size of that unit and the fact that it now included employees in both Carson City and the Las Vegas office. The LCB was also requesting a two-grade increase for the senior assistant librarian position based on a comparison of salary levels of other state library personnel.

Decision unit E-227 included $13,507 in FY 2016 and $8,856 in FY 2017 for travel and training funds for Research Division employees. Mr. Combs said that when the recession happened, travel and training had been cut from all budgets. For the Research Division employees who wanted to be policy experts in their areas, attendance at meetings to discuss these topics was very important. Mr. Combs said this enhancement would not return them to where they should be, but would help restore the levels to allow them to maintain their expertise.

Decision unit E-228 included $3,500 in FY 2016 and $1,500 in FY 2017 for replacement equipment.

Mr. Combs said the final request in decision unit E-228 was for $30,557 in FY 2016 for the construction of an office in the Grant Sawyer State Office Building in Las Vegas. The Research Division currently had a permanent research analyst position in the Constituent Services Unit who was working out of a cubicle in the Grant Sawyer Building, and the request was for funds to build an office for that employee.

Before noting that there were no new positions requested by the Research Division, Mr. Combs praised the work of the new committee chairs and the assistance provided by the Research, Fiscal Analysis, and Legal Division staff to the committees.

Mr. Combs said the final General Fund request in the Legislative Counsel Bureau budget was for the Legislative Commission and interim committees. The budget had not included funding for out-of-state travel for legislators for the past three biennia, and this recommendation did not restore any out-of-state travel funding. Mr. Combs stated that the funding that was included in the budget for the interim study statutory committees assumed that all the meetings, except for the Legislative Committee on Public Lands, the Tahoe Regional Planning Agency (TRPA), and the Legislative Committee for the Review and Oversight of the Marlette Lake Water System, would be conducted by videoconferencing. Persons attending those meetings would attend in the location nearest to their homes, and Mr. Combs said that system had kept travel costs down. He suggested to the Committees that if they wished to change that practice at some point, the LCB needed to be notified to provide the amount of money that it would cost to handle those committees differently. As Mr. Combs indicated, the TRPA and the Public Lands Committee moved to different places, and funding was included in the budget for travel for all members of those committees.

Mr. Combs said the only enhancement for the Legislative Commission and interim committees' portion of the budget was a request for $15,000 in FY 2016 and $10,000 in FY 2017. During the past interim, there were a number of instances when persons with hearing impairments requested interpreter services for the meetings, and there was no money budgeted for that service. Fortunately, the LCB was able to provide interpreter services for every request received. Mr. Combs said the requested funding would be accessed first and then other sources if that funding was depleted.

Mr. Combs remarked that before he went on, he would like to give the Committees an update on each division and "give them a pat on the back."

Mr. Combs could not say enough about the job the Administrative Division performed prior to the start of session. Every legislator in the building moved offices, and Administrative Division staff was able to get pictures hung, get furniture moved, get wiring run, and help people with their cell phone service. He said the level of service provided and the lengths that staff went to were outstanding.

Mr. Combs said he was impressed with the work that the ITS Unit did on the NELIS system. He had received many compliments about the speed at which NELIS now worked, as well as the enhancements that had been made to make the system more user friendly.

According to Mr. Combs, sometimes the Las Vegas office was forgotten because the session was conducted in Carson City. However, thousands of people in southern Nevada were able to attend and take part in the process because of five to seven very dedicated employees in Las Vegas who helped make that possible. He said he appreciated their efforts.

Mr. Combs said he had already mentioned the national award the Audit Division received, but it continued to be a professional and efficient division. Mr. Combs said he had served as Director for three years, and he had received only one call from an agency complaining about the way it was treated during an audit. He said that was impressive, considering the number of audits that were performed.

Mr. Combs said he knew he did not need to tell the Committees about the Fiscal Analysis Division, but particularly in a session like this, the staff did an extraordinary job. He said that having worked in the Fiscal Analysis Division for over 13 years, it would always have a special place in his heart.

The Legal Division was where Mr. Combs started his career at the LCB, and he wanted to point out the number of prefiled bills that were available this session exceeded the number available for last session. The Legal Division was working a tremendous number of hours to keep up with the fast pace of the session.

According to Mr. Combs, the Research Division was in a transition period because of the retirement of Director Don Williams. Pepper Sturm was acting as interim director for the session and was planning to retire right after session was over. Mr. Combs said he had the sense that Research Division staff always strived to be the policy experts that the legislators relied upon.

Senator Kieckhefer commented that the staff members who worked for the Legislative Counsel Bureau were truly second to none, and from the top on down, they were nothing short of spectacular.

LEGISLATIVE BRANCH
LEG - PRINTING OFFICE (741-1330)
BUDGET PAGE LEGISLATIVE-20

Rick Combs, Director, Legislative Counsel Bureau (LCB), presented an overview of budget account (BA) 1330.

Mr. Combs stated the State Printing Office provided printing, copying, and related services to all three branches of government in the state of Nevada, as well as provided services for other governmental entities. All work was performed on a fee basis. The office was transferred to the Legislative Counsel Bureau (LCB) in FY 2004 from the Executive Branch. The budget for the State Printing Office was funded entirely through fee revenues and recycling income and received no General Fund appropriations. Mr. Combs explained that the projected budget request was based on the current biennium level of what business was received and the associated revenues.

Four positions had been eliminated in the base budget for the upcoming biennium. Mr. Combs stated that revenues for the State Printing Office, as with all governmental printing facilities, had been declining for many years as the result of evolving technologies. The State Printing Office had done its best to anticipate the changes in the market and industry and how they affected its revenues. When a position became vacant, the position was filled only if it was absolutely needed. If a biennium passed without the position needing to be filled, it was eliminated. Mr. Combs said that is why there were four positions eliminated for the upcoming biennium. He noted, however, that the State Printing Office continued to do excellent work, and one of the things it had been able to do because of the changing technology was some unemployment insurance printing and mailing that used to be performed on a mainframe-type system. As technology evolved, the State Printing Office was looking for new ways to adapt.

Assemblyman Hambrick said he could not let Senator Kieckhefer be the only legislator to praise the Legislative Counsel Bureau. He noted that the session had many freshmen legislators and all committees had new chairs, and it was amazing how the staff had helped. Assemblyman Hambrick said the LCB staff made the legislators look good, and he thanked Mr. Combs.

Assemblywoman Kirkpatrick said she wanted to have a conversation with Mr. Combs, because she was concerned that every time positions were deleted, the LCB did not get them back. She said the LCB continued to do more for less and when other agencies were requesting new positions, the thought of giving up four positions made her nervous.

Mr. Combs replied that because the State Printing Office was not a General Fund agency, it provided the LCB with some ability to request new positions during the interim from the Legislative Commission. The LCB had many intermittent people brought in for special jobs and had funding for salaries, so Mr. Combs believed the State Printing Office could be staffed if a big contract was awarded.

Chair Anderson opened the hearing to public comment and hearing none closed public comment.

Chair Anderson adjourned the meeting at 10:44 a.m.

RESPECTFULLY SUBMITTED:

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Anne Bowen
Committee Secretary

APPROVED BY:

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Assemblyman Paul Anderson, Chair

DATE: __________________________

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Senator Ben Kieckhefer, Chair

DATE: __________________________

EXHIBITS

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

Date: **February 20, 2015** **Time of Meeting:** **8:05 a.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Ron Knecht, State Controller, Office of the State Controller	Nevada Controller's Budget Presentation to the Senate Committee on Finance and the Assembly Committee on Ways and Means
	D	Paul C. Deyhle, General Counsel and Executive Director, Commission on Judicial Discipline	Commission on Judicial Discipline and Standing Committee on Judicial Ethics, Budget Account 1497
	E	Claire Clift, Secretary of the Senate, Nevada Legislature	Nevada Legislature Interim, Budget Account 327-2626, Governor's Recommended Budget, 2015-17 Biennium
	F	Susan Furlong, Chief Clerk of the Assembly, Nevada Legislature	Nevada Legislature Interim, Budget Account 327-2626, Governor's Recommended Budget, 2015-17 Biennium, Interim Assembly Operation
	G	Rick Combs, Director, Legislative Counsel Bureau	Legislative Counsel Bureau, Budget Account 327-2631, Governor's Recommended Budget, 2015-17 Biennium