

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Eighth Session
March 16, 2015**

The Senate Committee on Finance was called to order by Chair Ben Kieckhefer at 9:02 a.m. on Monday, March 16, 2015, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Ben Kieckhefer, Chair
Senator Pete Goicoechea
Senator Mark A. Lipparelli
Senator David R. Parks
Senator Joyce Woodhouse
Senator Aaron D. Ford

COMMITTEE MEMBERS ABSENT:

Senator Michael Roberson, Vice Chair (Excused)

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Patti Sullivan, Management Analyst
Emily Cervi, Committee Assistant
Lona Domenici, Committee Manager
Jason Gortari, Committee Secretary
Cynthia Clampitt, Committee Secretary

Chair Kieckhefer:

As of Friday, March 13, the Committee has heard 90 percent of all Executive Budget accounts or referred them to staff for staff closing. By the end of this week, we will have heard 100 percent of the budgets. Mark Krmpotic, Senate Fiscal Analyst, will explain the budget closing process and offer an opportunity for questions from Committee members.

Mark Krmpotic (Senate Fiscal Analyst):

A list of staff, subcommittees, and Committee budget closings was provided to members at the first Senate Committee on Finance hearing. Minor changes have been made since that time. I will now describe the budget closing process.

For example, the budget for the Department of Health and Human Services (DHHS), Office of the State Public Defender, was originally scheduled as a staff closing, but that was changed and will be heard at a later date, as the latest information indicates it is possible White Pine and Eureka Counties will no longer participate. Pershing County may opt into that process.

Committee processes going forward will consist of work sessions. Work sessions are normally scheduled around late March as the committees turn their attention from hearing budgets to considering significant decision units and proposals to fund the Executive Budget.

Work sessions primarily involve meetings of the same subcommittees that are currently authorized. Work sessions revisit major decision units of the Executive Budget and consider new information and key points presented in the work session document. Work sessions are normally scheduled for larger, complex budget accounts. Work sessions have been more prevalent in recent Legislative sessions because of the enormity of decisions that must be made by the money committees with respect to reducing budgets to balance expenditures against the anticipated revenues for the State.

Work sessions focus on larger issues requiring further discussion. They also provide direction to staff in developing potential options that members of the subcommittees may wish to have presented at closing.

In the final week of March and certain days in April, when new information is received, staff may suggest holding work sessions.

As with work sessions in policy committees, the agencies are invited to the table at the request of the Chair; otherwise, work sessions are primarily discussions between members of the subcommittees.

As the Chair indicated, by the end of next week all budgets will have been heard. In addition, 152 budgets are recommended for closing by staff, which will be presented in the coming weeks.

Accounts assigned to the full Committee are closed in full Committee. Therefore, because Senate Finance held hearings for the various constitutional officers, those budgets will be presented to the Finance Committee for closing decisions.

Budget account closings developed by staff are closing recommendations. Budget accounts assigned to staff do not normally include funding recommendations requiring a policy decision. In all likelihood, they will include technical adjustments proposed by staff.

Technical adjustments are minor adjustments to the Governor's recommended budget including:

- Adjustments to quantities and prices of equipment or services
- Adjustments to cost allocations such as department specific cost allocations
- Corrections to budgets that do not involve a policy or significant funding decision.

When staff presents closings to the subcommittees, they will be seeking authority to make technical adjustments once all budget accounts for an agency are finalized.

Staff budget closing recommendations will begin one week ahead of the date scheduled on the 120-day calendar. In certain cases, it makes sense to hear a budget account in subcommittee rather than full Committee for closure. By keeping certain budget hearings in the subcommittees, the process is streamlined.

In addition to full Committee and staff closings, the subcommittees will begin closing budgets the week of March 30. Staff develops closing packets for Committee members.

In some cases, the documents describe a previous decision made by the subcommittees on specific decision units.

The subcommittees' actions are usually considered in one motion; however, Senate Finance Committee members may decide to close a budget with a different recommendation than that of the Assembly Committee on Ways and

Means. Those differences are resolved in a full Committee meeting at a later date.

When the subcommittees close a budget, the motions are considered to be recommendations to the full Committee and the budget is finally closed when the Senate Committee on Finance and Assembly Committee on Ways and Means take action, either concurring with the subcommittees' recommendations or approving a different recommendation.

Subcommittees may also request the issuance of a letter of intent. Letters of intent often request an agency to report to the Interim Finance Committee on their progress in executing funding recommendations approved by the money committees. Occasionally, the money committees will express their opinions regarding how approved funding should be executed.

Letters of intent approved by the Subcommittees must receive approval by the full Committees. At certain times, staff may recommend approval of a letter of intent for consideration.

Once a subcommittee finalizes its closing recommendations for a particular agency, those actions are reported by staff to, and acted upon by, the full Committees.

Once all the various budgets of large agencies such as the Department of Business and Industry are closed, staff prepares closing speeches noting the subcommittees' recommendations. The full Committee meetings may be held jointly with the Assembly Committee on Ways and Means to expedite the process.

After the money committees have acted on the closing recommendations for each of the budget accounts in State government and resolved any differences, staff records those actions and begins to draft the five major appropriation and authorization bills to operate State government for the upcoming biennium.

Those five bills include:

- The General Appropriations Act, including appropriations for the operation of State government agencies

- The Authorized Expenditures Act, which includes the authorization of nonappropriated expenditures
- The Public Education Funding bill, which appropriates monies for the kindergarten through Grade 12 system
- The unclassified pay bill
- The Capital Improvement Program bill.

Two exceptions are that the Authorized Expenditures Act includes the Nevada Department of Transportation with respect to expenditures of the Highway Fund and the Gaming Control Board, which is included with respect to the expenditures from the General Fund.

Once those bills are finalized, introduced and approved by the Legislature, that completes the work of the money committees for the upcoming biennium.

There will be instances when the money committees receive bills to implement the budget. Senate Finance currently has Senate Bill (S.B.) 107 in Committee, which provides for specialized foster care. This bill is required to implement a decision unit within the DHHS, Division of Child and Family Services, budget.

SENATE BILL 107: Provides for the award of a categorical grant to agencies which provide child welfare services for providing certain services. (BDR 38-194)

Often, the Chair will schedule a hearing for such bills, but until the budget funding decisions are made, these bills are not moved out of Committee.

The introduction of approximately 40 to 50 bills is anticipated as recommended by the Department of Administration. Those include one-time and supplemental appropriations for the current fiscal year and the upcoming biennium.

Three Senators are appointed for each subcommittee on the Finance Committee. I have confirmed with the Secretary of the Senate that, per *Mason's Manual of Legislative Procedure*, a subcommittee cannot begin the meeting until the majority of Senators are present. Any actions require two out of the three Senators to be present.

Chair Kieckhefer:

Would it be useful at this point to entertain a motion to give staff authority to make necessary technical adjustments?

Mr. Krmpotic:

Yes, it would. In each of the budgets throughout State government, there are global decision units that cannot be closed until the Committee closes certain budgets that allocate costs. This includes decision unit M-100 in all budget accounts for statewide inflation. It changes the rates paid to internal service agencies. Generally, these issues will not be decided upon until the Committees close certain accounts that allocate the costs.

Further decision units impacted in this manner include M-300 for changes to fringe benefits and E-672, the suspension of longevity pay. Therefore, Fiscal Division staff requests Committee authority to adjust line items in the budget accounts as they are closed.

Staff generally requests the same authority to make adjustments to payroll and to personnel assessments, purchasing assessments, the Department of Administration's Enterprise Information Technology Services, Office of the Attorney General cost allocations, building rents, vehicle insurance, property and contents insurance and statewide cost allocations once finalized.

Chair Kieckhefer:

Some of those decisions will be made as we begin closing budgets. It would be helpful to provide staff the authority to make adjustments, once budgets have been closed by the Committee.

SENATOR GOICOECHEA MOVED TO AUTHORIZE STAFF TO MAKE
TECHNICAL ADJUSTMENTS TO BUDGETS AS DESCRIBED BY STAFF,
ONCE BUDGETS HAVE BEEN CLOSED BY THE COMMITTEE.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

We are ahead of schedule at this time. A number of decisions are looming that will need to be addressed in an open manner. If any members have questions within specific budgets, notify the Chair to request an additional hearing.

Senator Goicoechea:

We are close to closing the budgets remaining in the subcommittees I chair.

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Chair Kieckhefer:

It is important to take time to vet policy matters. Seeing no public comment or further business before the Committee, we are adjourned at 9:24 a.m.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
Committee Secretary

APPROVED BY:

Senator Ben Kieckhefer, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit		Witness/Entity	Description
	A	1		Agenda
	B	1		Attendance Roster