

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Eighth Session  
April 20, 2015**

The Senate Committee on Finance was called to order by Chair Ben Kieckhefer at 8:05 a.m. on Monday, April 20, 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 Michael Roberson, Vice Chair  
Senator Pete Goicoechea  
Senator Mark A. Lipparelli  
Senator David R. Parks  
Senator Joyce Woodhouse

**COMMITTEE MEMBERS ABSENT:**

Senator Debbie Smith (Excused)

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Stephanie Day, Principal Deputy Fiscal Analyst  
Jeff A. Ferguson, Senior Program Analyst  
Mandi Davis, Program Analyst  
Adam Drost, Program Analyst  
Jennifer Gamroth, Program Analyst  
Kristen Kolbe, Program Analyst  
Lona Domenici, Committee Manager  
Emily Cervi, Committee Assistant  
Jason Gortari, Committee Secretary

**OTHERS PRESENT:**

Grant Hewitt, Chief of Staff, Office of the State Treasurer

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Gustavo Nuñez, P.E., Administrator, State Public Works Division  
Jim Wells, C.P.A., Interim Director, Department of Administration

**Chair Kieckhefer:**

I will open today's hearing with budget accounts from the Office of the State Controller. A closing list document for these budget accounts has been provided and is entitled, "Senate Committee on Finance Closing List #8, April 20, 2015" ([Exhibit C](#)).

**Jeff A. Ferguson (Senior Program Analyst):**

I will be discussing the budget closings for the Office of the State Controller. First, we will discuss budget account (B/A) 101-1130, on page 2 of [Exhibit C](#). This account has three major closing issues.

ELECTED OFFICIALS

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

The first major closing issue, decision unit E-713, recommends General Fund appropriations of \$1.3 million in fiscal year (FY) 2016 and \$84,087 in FY 2017 for the replacement of the Controller Office's current Oracle software Discoverer. Discoverer is a query, reporting and Web publishing toolset that provides direct Web access to data stored in the State's accounting system. The Agency testified that recently all support from Oracle for the Discoverer system has ended. This leaves the State susceptible to security vulnerabilities that could threaten the State's financial system.

E-713 Equipment Replacement — Page ELECTED-237

The recommended replacement for Discoverer is a business intelligence (BI) system. In addition to providing the query, reporting and Web tools associated with Discoverer, it also includes a state-of-the-art technology component that can provide in-depth data analytics to help the Office and State agencies make better-informed management decisions.

The Executive Budget contains a quote from a consultant to provide the Oracle Business Intelligence Enterprise Edition (OBIEE) as a replacement. The quote includes the software suite, maintenance costs for 2 years, training,

installation and testing. There would be ongoing costs of \$84,087 in each year of the biennium. In FY 2017, there would be maintenance costs for the system and similar costs moving forward. The Agency testified during the budget hearing the OBIEE system is anticipated to replace the Discoverer system.

However, other options may be available. One bid was secured to obtain a price quote and that is what is included in the budget. The Controller's Office testified that it would seek assistance from the Department of Administration's Purchasing Division to go through a competitive bid process to replace Discoverer, which could include the selection of a competing product to OBIEE.

The Controller's Office testified the security vulnerabilities are related to the Java programming language, which is integral to the operation of Discoverer. The version of Java that can be run with Discoverer is no longer supported. Version 7.4 is out-of-date and is known to be a top target of malware writers. Accordingly, the discontinuance of support for both Discoverer and Java leaves the State's accounting system vulnerable to security breaches, which could have a potential catastrophic effect on the State.

During the budget hearing, the Committee noted Advantage, the State's accounting system, is scheduled to be replaced in approximately 4 years. The Committee asked the Controller's Office whether the purchase of a new BI software system could be delayed to coincide with the replacement of Advantage. Further, the Committee questioned whether the proposed BI software would be compatible with the accounting system the State might adopt in the future to replace Advantage. The Controller's Office informed us that because the support for Discoverer has already expired, time is of the essence in finding a suitable replacement software due to the security vulnerabilities. The Agency also indicated that the replacement system considered for purchase would have to be compatible with any system the State might select to replace Advantage.

Does the Committee wish to approve Governor Brian Sandoval's recommendation for General Fund appropriations of \$1.3 million in FY 2016 and \$84,087 in FY 2017 to replace Discoverer with a BI software package, including associated maintenance costs?

**Senator Goicoechea:**

We need to upgrade the software and need to make sure whatever they buy is compatible with other systems that come down the line.

**Mr. Ferguson:**

The Controller's Office would be working in conjunction with Purchasing. There would be a statewide contract with plenty of communication back and forth. They have assured the Committee and the Legislative Counsel Bureau's Fiscal Analysis Division staff that the compatibility would be maintained.

SENATOR GOICOECHEA MOVED TO APPROVE DECISION UNIT E-713 in  
B/A 101-1130 AS RECOMMENDED BY THE GOVERNOR.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Mr. Ferguson:**

The second major closing item, decision unit E-720, recommends General Fund appropriations of \$150,124 in FY 2016 and \$19,257 in FY 2017 for the purchase of equipment and associated maintenance costs to add videoconferencing capabilities to the existing State Computer Training Facility.

**E-720 New Equipment — Page ELECTED-238**

This would work in conjunction with the Controller's Office's existing videoconferencing equipment that is housed in the Nevada State Capitol Building. There was discussion during the budget hearing about the use of the training room and oversight remaining with the Controller's Office. The Agency has reported to Fiscal staff that the Executive Budget recommends the training room remain under control of the Controller's Office.

The Agency indicated that they talked extensively with the Department of Administration and with the Division of Enterprise Information Technology Services (EITS) and the parties mutually agreed that the Facility should stay under the management and operation of the Controller's Office for three reasons. First, the Facility is operating smoothly under the management

and oversight of the Controller's Office. Second, the Controller's Office utilizes the bulk of the training time at the Facility for State accounting system training. Third, the Controller's Office provides a full-time equivalent (FTE) training position to oversee operations and coordinate the Facility. The Executive Budget recommends all costs associated with the Facility remain with the Controller's Office for the 2015-2017 biennium.

The Committee requested information about the usage of the Facility for the quarter ending December 31, 2014. The Controller's Office has provided that information. Page 5 of [Exhibit C](#) contains some of that information. Though the Agency indicated 24 working days out of a possible 61 were utilized at the Facility, that figure is misleading because the Christmas and Thanksgiving holidays were included when the Facility was closed.

The Controller's Office testified that numerous State agencies requested use of the Facility. Some agencies were turned away because there were no open dates that corresponded to the agencies' request. Further, the Controller's Office testified that a number of agencies have requested videoconferencing capabilities at the Facility which would increase its utilization. The Committee requested information about which agencies were requesting videoconferencing capabilities. However, the Controller's Office indicated that they did not track that information so that information is unavailable.

Subsequent to the budget hearing, the Controller's Office stated that it is currently utilizing a contracted service version of a videoconferencing system, called Vidyo, for meetings in the office. The Controller's Office indicated that the provisional license expires at the end FY 2015 and that the vendor's private servers are being utilized to enable the conferences.

The Controller's Office has clarified that the upgrade would allow videoconferencing to be hosted on the Office's own servers and equipment and expand its capabilities to include as many as 2,500 active users. The Controller's Office also indicates any State employee could access a training class from anywhere in the State or from anywhere in the world if they are travelling, using their own computer, smartphone or tablet. Teleconferences and training classes could also be recorded with the upgraded system so that users could view sessions at their own convenience. For example, the Controller's Office indicates an agency could simultaneously train employees in Ely, Elko,

Las Vegas, Hawthorne and Reno from the Facility in Carson City, thus reducing travel costs to attend training.

The Controller's Office stated that this is the same videoconferencing system the U.S. Department of Defense utilizes to communicate throughout the world. The Controller's Office indicated it currently has the support staff in place to operate and maintain the recommended system and does not anticipate any future need for additional staff to support the system.

Does the Committee wish to approve the Governor's recommendation to provide General Fund appropriations of \$150,124 in FY 2016 and \$19,257 in FY 2017 for the purchase of videoconferencing equipment and associated maintenance costs for the existing State Computer Training Facility?

**Senator Parks:**

Is there a facility that provides videoconferencing for all State departments in Carson City? Will the videoconferencing reach out to all the building locations the State operates?

**Mr. Ferguson:**

The Controller's Office operates a training facility that was initially set up to provide training to State employees on how to use the State's accounting system. That was approved last Session. There was talk of oversight of that training facility being transferred to EITS, but Governor Brian Sandoval has recommended that it stay in this budget. This recommendation adds videoconferencing to that facility through the purchase of this equipment, which would work in conjunction with the equipment that already exists at the Controller's Office. According to the Agency, the equipment would also allow videoconferencing to take place on tablet computers in remote places that any State agency could utilize.

SENATOR LIPPARELLI MOVED TO APPROVE DECISION UNIT E-720 IN  
B/A 101-1130 AS RECOMMENDED BY THE GOVERNOR.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Mr. Ferguson:**

The third major issue is a budget amendment to add General Fund appropriations for audit expenses. Subsequent to the budget hearing, the Department of Administration submitted Budget Amendment A150591130, which recommends General Fund appropriations of \$52,000 in each year of the 2015-2017 biennium to provide contract auditing services related to the Government Accounting Standards Board's (GASB) Statement No. 68, which deals with pension plans.

The GASB's Statement No. 68 requires governments to report information regarding net pension liability and the fair value of pension plan assets available to pay pension benefits. The Controller's Office indicated that the Nevada Public Employee Retirement System (PERS) has approximately 190 participating employers. Each employer is required to report on certain liability information. The GASB's Statement No. 68 requires these financial statements to be audited, and since PERS is not allowed to pay expenses that do not directly benefit the plan, funding must come from another source. Accordingly, the Controller's Office indicated that in discussion with the Department of Administration, it was determined the responsibility for this audit should be placed with the Controller's Office as part of its overall State financial reporting function. Based on the information provided by the Controller's Office, Budget Amendment A150591130 appears reasonable.

Does the Committee wish to approve the Governor's recommendation to provide General Fund appropriations of \$52,000 in each year of the 2015-2017 biennium for costs related to audit requirements associated with GASB's Statement No. 68, per Budget Amendment A150591130?

**Chair Kieckhefer:**

Will these contract services consist of the Controller's Office contracting out to external auditors to provide the service?

**Mr. Ferguson:**

Yes.

SENATOR GOICOECHEA MOVED TO APPROVE BUDGET AMENDMENT NO. A150591130, AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Mr. Ferguson:**

There are three other closing items in this budget account. The first other closing item, decision units E-710, E-711, E-712 and E-714, recommend General Fund appropriations of \$345,355 in FY 2016 and \$101,631 in FY 2017 for replacement equipment. This recommendation includes replacement conference chairs, personal computer equipment, check printing software and replacement of servers and hard drives related to disaster recovery. These recommendations for replacement equipment appear reasonable.

E-710 Equipment Replacement — Page ELECTED-236

E-711 Equipment Replacement — Page ELECTED-236

E-712 Equipment Replacement — Page ELECTED-237

E-714 Equipment Replacement — Page ELECTED-238

The second other closing item, decision unit E-721, recommends General Fund appropriations totaling \$1,472 over the 2015-2017 biennium for the purchase of TimeValue (TValue) software. The TValue software package will accurately and efficiently calculate the present value of future payments over extended time periods, which is a new requirement under the GASB. This recommendation appears reasonable.

E-721 New Equipment — Page ELECTED-238

The third other closing item is debt recovery contract costs. The Executive Budget recommends the receipt of \$955,745 in FY 2016 and \$959,637 in FY 2017 from B/A 101-1140 to pay the anticipated contract costs associated with the new debt collection system approved by the Interim Finance Committee (IFC). This recommendation appears reasonable.

Does the Committee wish to approve all other closing items as recommended by the Governor? Staff requests authority to make technical adjustments to this budget as necessary.



SENATOR GOICOECHEA MOVED TO APPROVE ALL OTHER CLOSING ITEMS IN B/A 101-1130 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**Mr. Ferguson:**

I will be discussing the Office of the Controller's Debt Recovery account, B/A 101-1140, on page 8 of [Exhibit C](#). There was discussion during the budget hearing about the increased debt collections that would come into this account.

Controller - Debt Recovery Account — Budget Page ELECTED-241 (Volume I)  
Budget Account 101-1140

At the August 27, 2014, IFC meeting, a contract was approved for \$1.8 million for a new debt collection system. The contract is structured so that the contractor will not receive payment until the system is in place and is generating debt collections. Once debt collections are received, the contractor will be paid 75 percent of the debt collections retained in B/A 101-1140 until the cost of the contract is satisfied. After the cost of the new system is paid, B/A 101-1140 will retain 100 percent of debt collections.

The Executive Budget projects the State's share of debt collections retained in the account will total \$1.7 million in FY 2016 and \$3 million in FY 2017. These amounts are based on statewide total estimated debt collections of \$7.2 million in FY 2016 and \$13.2 million in FY 2017.

The Committee should note that Senate Bill (S.B.) 26 has been passed out of the Senate Committee on Government Affairs and currently resides in the Assembly Committee on Government Affairs. That bill includes language that would authorize the Controller's Office to garnish wages of an individual who owes a debt to a State agency. Subsequent to the budget hearing, the Controller's Office indicated that the debt collection amounts recommended in

the Executive Budget are based on the passage and approval of this bill. If the bill were not approved, the debt collection amounts would likely be reduced by approximately one-half.

**SENATE BILL 26 (1st Reprint)**: Revises provisions governing the collection of debts by the State Controller. (BDR 31-499)

The Controller's Office testified during the budget hearing that this new system would be in place March 30, 2015. However, in follow up with Fiscal staff, the Controller's Office now indicates the operation date has been pushed back to approximately June 1, 2015.

The Committee questioned the Controller's Office concerning the debt collection amounts reflected in B/A 101-1140 of \$1.7 million in FY 2016 and \$3 million in FY 2017. In response, the Agency indicated those amounts were estimated by the contractor hired to implement the new debt collection system, and that the contractor has extensive experience in providing similar debt collection systems in a number of other states.

Staff notes that the amounts recommended to transfer to the B/A 101-1130 to pay the costs of the new debt collection system are \$955,745 in FY 2016 and \$959,637 in FY 2017. These costs are estimates based on the contract and vendor. The actual amounts transferred will be based on a percentage of actual debt collections. Accordingly, if actual debt collections are significantly less, the contractor will receive a proportionally smaller payment. As a result, any difference between the budgeted amount of debt collections retained in this budget and the actual amount of debt collected will not have a detrimental effect on this budget. Payment amounts to the contractor will be reduced along with the amount retained in reserves.

Based on the contractor's estimates of total statewide debt collections from the new debt collection system and the debt collection amounts recommended to be retained in B/A 101-1140, the recommendations appear reasonable. Fiscal staff recommends approval of this budget as recommended by the Governor, with authority for staff to make technical adjustments as necessary.

**Senator Goicoechea:**

Three of us in this Committee heard S.B. 26. I do not agree on the garnishment of paychecks. This is old debt and it will be hard to recover and these numbers

are a little larger than I would project. If payments do not come in, it means the contractor gets less money. This bill has a small impact on the budget. The Controller's Office will only get 25 percent of it no matter how we collect it until it is paid off.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-1140 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**Mandi Davis (Program Analyst):**

I will be discussing budget accounts from the Department of Administration's Fleet Services account, B/A 711-1354, on page 11 of [Exhibit C](#). This is the Department's administrative and operating account and has not been heard by the Committee. Fiscal staff is responsible for producing closing recommendations for this budget.

**FINANCE AND ADMINISTRATION**

**ADMINISTRATION**

Administration - Fleet Services — Budget Page ADMIN-202 (Volume I)  
Budget Account 711-1354

The Department of Administration's Fleet Services Division provides ground transportation services for State employees and operates a fleet of approximately 900 vehicles. The Division is primarily funded through vehicle rental fees. There are no major closing issues in this account, but there are ten other closing items.

The first other closing item recommends a reclassified position. At its January 22, 2015, meeting the IFC approved the reclassification of a program

officer position in Las Vegas to an equipment mechanic position. Fiscal staff recommends a technical adjustment to the funding for the position to accommodate the higher grade.

The second other closing item, decision unit E-226, recommends funding for a training conference for the Division's software system used to manage its vehicle fleet.

E-226 Efficient and Responsive State Government — Page ADMIN-204

The third other closing item, decision unit E-711, recommends funds to purchase a total of 146 replacement vehicles from B/A 711-1356.

E-711 Equipment Replacement — Page ADMIN-205

The fourth and fifth other closing items, decision units E-712, E-713, E-714 and E-720, recommend funding for the purchase of new and replacement vehicle maintenance equipment in B/A 711-1356.

E-712 Equipment Replacement — Page ADMIN-205

E-713 Equipment Replacement — Page ADMIN-206

E-714 Equipment Replacement — Page ADMIN-206

E-720 New Equipment — Page ADMIN-206

The sixth other closing item, decision unit E-721, recommends funding for increased vehicle operation costs associated with the 132 new vehicles. This recommendation appears reasonable, contingent on approval of the recommendation for new vehicles in B/A 711-1356.

E-721 New Equipment — Page ADMIN-207

The seventh and eighth other closing items, decision units E-730, E-731 and E-732, are recommendations for funds for facility building maintenance in the Las Vegas and Carson City offices. Fiscal staff would note the original request for decision unit E-732 was for \$14,000. This was based on a facility condition analysis published by the Department of Administration's State Public Works Division (SPWD) in FY 2004. An updated facility and condition analysis report published by the SPWD in FY 2012 included an estimated project cost of

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\$25,000. Fiscal staff recommends a technical adjustment consistent with the recent recommendation.

E-730 Maintenance of Buildings and Grounds — Page ADMIN-207

E-731 Maintenance of Buildings and Grounds — Page ADMIN-208

E-732 Maintenance of Buildings and Grounds — Page ADMIN-208

The ninth other closing item, decision units E-801 and E-804, recommends cost allocation adjustments.

E-801 Cost Allocation — Page ADMIN-208

E-804 Cost Allocation — Page ADMIN-209

The tenth other closing item is a recommendation for fleet services vehicle rental rates. These rates appear reasonable to Fiscal staff and would generate an ending reserve balance at the end of FY 2017 of approximately 42 days of operating expenditures. The target reserve amount for this budget is 45 days.

Does the Committee wish to approve the other closing items as recommended by the Governor, with the technical adjustments noted in the first, third, and eighth other closing items, and provide Fiscal staff with authority to make other technical adjustments as needed, including those based on closing decisions made by the Committee in other budgets?

SENATOR GOICOECHEA MOVED TO APPROVE B/A 711-1354 AS RECOMMENDED BY THE GOVERNOR WITH THE TECHNICAL ADJUSTMENTS NOTED IN THE FIRST, THIRD AND EIGHTH OTHER CLOSING ITEMS, AND TO ALLOW OTHER TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**Ms. Davis:**

I will discuss the Department of Administration's Fleet Services Capital Purchase account, B/A 711-1356, on page 15 of [Exhibit C](#). This budget has not previously been heard by the Committee. Fiscal staff is responsible for producing closing recommendations for this budget.

Administration - Fleet Services Capital Purchase — Budget Page ADMIN-211  
(Volume I)  
Budget Account 711-1356

Budget Account 711-1356 receives depreciation expense transferred from B/A 711-1354 to purchase vehicles and large equipment items. There are no major closing issues in this account, but there are three other closing items.

The first other closing item, decision units E-711 and E-721, recommends funds for replacement and new vehicles. Decision unit E-711 would purchase a total of 146 replacement vehicles and associated equipment. All vehicles recommended for replacement will be at least 7 years old or have at least 100,000 miles in accordance with the State's vehicle replacement policy. Decision unit E-721 recommends 132 new vehicles. These vehicles are requested by other State agencies that either require additional vehicles to expand their fleet or that are transitioning their agency-owned vehicles to vehicles from the Fleet Services Division. The Agency has indicated that one camper shell recommended for purchase in FY 2017 for \$4,000 is no longer needed and can be eliminated from this request.

E-711 Equipment Replacement — Page ADMIN-212  
E-721 New Equipment — Page ADMIN-214

Fiscal staff has also made a technical adjustment to adjust the title fee expenditures to accommodate the recommended number of vehicles. Fiscal staff notes that the Executive Budget proposes to fund all replacement vehicles with fund transfers from B/A 711-1354 based on realized depreciation of the Division's existing fleet. Conversely, the Executive Budget proposes to fund the expansion of the Division's fleet with General Fund appropriations and Highway Fund authorizations.

Fiscal staff recommends technical adjustments to properly align the funding sources recommended for the purchase of replacement and new vehicles to

ensure General Fund appropriations only support vehicles for agencies with General Fund appropriations. The overall net effect of this adjustment between the enhancement units would be zero.

The second and third other closing items, decision units E-712, E-713, E-714 and E-720, recommend authority for the purchase and replacement of new vehicle maintenance equipment. These recommendations appear reasonable to staff.

E-712 Equipment Replacement — Page ADMIN-213

E-713 Equipment Replacement — Page ADMIN-213

E-714 Equipment Replacement — Page ADMIN-213

E-720 New Equipment — Page ADMIN-214

Fiscal staff recommends this budget be closed with the technical adjustments noted in the first other closing item, and requests authority to make technical adjustments for the addition or deletion of fleet service vehicles based on Committee decisions made in other budgets when they are closed, and other technical adjustments as needed.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 711-1356 AS RECOMMENDED BY THE GOVERNOR AND REQUESTS AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS NOTED IN OTHER CLOSING ITEM NO. 1 AND FOR THE ADDITION OR DELETION OF FLEET SERVICE VEHICLES BASED ON COMMITTEE DECISIONS MADE IN OTHER BUDGETS WHEN THEY ARE CLOSED, AND TO ALLOW OTHER TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**Mark Krmpotic (Senate Fiscal Analyst):**

I will be discussing the Office of the Governor's budget accounts. The first account is B/A 101-1000, on page 19 of [Exhibit C](#). There are no major

closing issues in this budget account, but there are technical adjustments on page 19 of [Exhibit C](#) detailed in numerical form.

Office of the Governor — Budget Page ELECTED-7 (Volume I)  
Budget Account 101-1000

The first other closing item, decision unit M-300, is in respect to total salary funding. The 1999 Legislature approved a statutory change, at the request of Governor Kenny C. Guinn, which removed the staff of the Governor's Office and the Governor's Mansion from the classified and unclassified service of the State. The statutory change also permitted the Governor to determine the number and salaries of those individuals employed, within the limits of money available for that purpose. The 2013 Legislature approved salary funding for the Office of the Governor to support 16.98 FTE, excluding the Governor, at the salary levels recommended in the Executive Budget. Salary levels were adjusted for the 2.5 percent pay reduction that was restored to State employees in 2013. Included in the funded positions were two 0.49 FTE positions. The Executive Budget for the 2015-2017 biennium does not include the two part-time positions that were funded in the current biennium.

However, the number of full-time positions was increased by 1 FTE, resulting in an increase of 0.02 FTE for a total of 17 FTE, excluding the Governor. The total salary funding recommended in the Executive Budget is \$29,756 more in each year of the biennium than the amount approved by the 2013 Legislature for the current biennium.

M-300 Fringe Benefits Rate Adjustment — Page ELECTED-8

Upon Fiscal staff's query of this item with the Department of Administration's Budget Division, the Division responded on April 8 that the \$29,756 should be reduced from the budget. Fiscal staff has adjusted that for fringe benefit costs. Therefore, the reductions to this budget account between the Base Budget account and decision unit M-300 total \$36,028 in FY 2016 and \$35,963 in FY 2017.

The second other closing item, decision unit E-710, recommends funding for replacement equipment.

E-710 Equipment Replacement — Page ELECTED-9



The third other closing item, decision unit E-804, recommends a cost allocation.

E-804 Cost Allocation — Page ELECTED-9

Staff recommends that all other closing items be closed as recommended by the Governor with the technical adjustment noted by staff, and requests authority to make other technical adjustments a necessary.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-1000 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**Mr. Krmpotic:**

I will discuss the Governor's Mansion Maintenance account, B/A 101-1001, on page 22 of [Exhibit C](#). There two major closing issues in this budget account.

Governor's Mansion Maintenance — Budget Page ELECTED-11 (Volume I)  
Budget Account 101-1001

The first major closing issue, decision unit M-425, recommends General Fund appropriations of \$34,455 in FY 2016 and \$24,700 in FY 2017 to support deferred maintenance items including driveway, sidewalk, retaining wall, flooring and roof repairs. During testimony before the Committee, the Budget Division indicated no life safety issues remain to be addressed at the Governor's Mansion.

M-425 Deferred Facilities Maintenance — Page ELECTED-12

The 2013 Legislature approved \$58,200 in deferred facilities maintenance projects for the current biennium. However, only \$17,313 of this amount was expended on the approved deferred facilities maintenance projects in FY 2014.

In response to Fiscal staff and Committee questions, the Budget Division indicated that the deferred maintenance drainage project approved by the 2013 Legislature will be completed by April 25, 2015. The Budget Division further indicated that the exterior finish project funded through Capital Improvement Program (CIP) project No. 13-M52, Exterior Finishes (Governor's Mansion Complex), is to be completed in coordination with the painting project funded as a deferred maintenance item. This project will start on May 1, 2015, and will be completed by August 31, 2015.

Does the Committee wish to approve the deferred facilities maintenance projects for the Governor's Mansion as recommended by the Governor?

SENATOR PARKS MOVED TO APPROVE DECISION UNIT M-425 IN B/A 101-1001 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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The second major closing item, decision unit E-226, recommends General Fund appropriations of \$3,869 for out-of-state travel in each year of the 2015-2017 biennium for First Lady Kathleen Sandoval and staff to attend conferences on the topics of education and nutrition. The recommendation would support attendance at two conferences in Washington, D.C. and one conference in Palo Alto, California, in each year of the biennium.

E-226 Efficient and Responsive State Government — Page ELECTED-13

The Committee inquired about how participation in education and nutrition conferences would benefit the State. The Budget Division indicated that the First Lady has been instrumental in providing resources through direct contacts and informational support on numerous grants. The bullet points on page 23 of [Exhibit C](#) provide further detail of the First Lady's support.

Does the Committee wish to approve the Governor's recommendation to fund an increase to out-of-state travel for the First Lady and staff to attend conferences related to education and nutrition?

SENATOR PARKS MOVED TO APPROVE DECISION UNIT E-226 IN B/A 101-1001 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Mr. Krmpotic:**

The first other item, decision unit M-300, recommends total salary funding. This is a similar issue to the adjustment made by staff in the Governor's Office where the Executive Budget was \$8,744 more in each year of the biennium. That amount approved by the 2013 Legislature is for the current biennium.

M-300 Fringe Benefits Rate Adjustment — Page ELECTED-12

The Budget Division responded to Fiscal staff indicating that the salaries should be adjusted downward to the 2013 level. Fiscal staff has made those adjustments, which can be seen on page 22 of [Exhibit C](#).

The second other closing item, decision unit E-710, recommends a General Fund appropriation of \$669 in FY 2016 to replace one printer. This recommendation appears reasonable.

E-710 Equipment Replacement — Page ELECTED-13

The third other closing item, decision unit E-804, recommends cost allocations which appear reasonable to staff.

E-804 Cost Allocation — Page ELECTED-13

Staff recommends that all other closing items be closed as recommended by the Governor with the technical adjustment noted by staff, and requests authority to make other technical adjustments a necessary.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-1001 AND ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

**Alex Haartz (Principal Deputy Fiscal Analyst):**

I will be discussing the budget closings for the Office of the State Treasurer. First, I will discuss the State Treasurer account, B/A 101-1080, on page 25 of [Exhibit C](#).

Treasurer - State Treasurer — Budget Page ELECTED-179 (Volume I)  
Budget Account 101-1080

This account is the main administrative budget. The Executive Budget recommends \$5.7 million in total funding for the State Treasurer for the 2015-2017 biennium compared to \$5 million approved by the 2013 Legislature. There are four major closing issues within this budget account.

The first major closing issue, decision unit E-250, was a request for \$125,797 over the 2015-2017 biennium for a management analyst (MA) position for a new microloan program. However, Fiscal staff received formal communication from the State Treasurer on February 17, 2015, to withdraw the request for the new MA position. Based on the withdrawal of the request by the State Treasurer's Office, Fiscal staff recommends the Committee not approve this decision unit.

E-250 Efficient and Responsive State Government — Page ELECTED-182

Does the Committee wish to not approve the addition of an MA position for a new microloan program pursuant to the request of the State Treasurer?

SENATOR ROBERSON MOVED TO NOT APPROVE DECISION UNIT E-250 IN B/A 101-1080.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Mr. Haartz:**

The second major closing issue, decision unit E-225, recommends \$24,567 in Treasurer's Assessments in each fiscal year of the 2015-2017 biennium to fund 29 additional in-state trips to allow the State Treasurer and several deputies to oversee programs or attend and meet with boards and committees on which they serve. However, Fiscal staff received formal communication from the State Treasurer on February 17, 2015, proposing to reduce the request to 15 additional in-state trips per fiscal year.

E-225 Efficient and Responsive State Government — Page ELECTED-181

In response to questions by Fiscal staff, the Treasurer's Office has requested the roundtrip airfare for all trips to be consistent at \$216.50 each, which appears reasonable to staff. The revised request for 15 additional in-state trips, including the adjustment to roundtrip airfare, totals \$10,658 per fiscal year as outlined in the table on page 26 of [Exhibit C](#).

Fiscal staff has made a technical adjustment to reduce the number of in-state trips from 29 to 15 and has adjusted the roundtrip airfare costs between Reno and Las Vegas to \$216.50, which is reflected on page 25. The request, as revised by the Treasurer's Office, would increase in-state travel from \$6,606 in FY 2014 to \$17,264 in each fiscal year of the 2015-2017 biennium, which is a 161.3 percent increase.

Does the Committee wish to approve the increase in in-state travel recommended by the Governor, including the technical adjustment made by

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Fiscal staff to reduce the number of trips and adjust the cost of roundtrip airfare as requested by the Treasurer's Office?

**Senator Goicoechea:**

What was the rationale for the 15 additional trips?

**Mr. Haartz:**

The rationale was to allow the State Treasurer and several deputies to travel to oversee the programs they supervise and to attend meetings of the boards on which they serve.

**Senator Goicoechea:**

Is that why they felt they did not need the additional MA position?

**Chair Kieckhefer:**

The MA was related to a specific loan program. Will the State Treasurer be living in Las Vegas and be making weeklong trips to Carson City?

**Mr. Haartz:**

Yes.

**Chair Kieckhefer:**

Are six 5-day trips to Carson City the requested increase over the biennium?

**Mr. Haartz:**

Yes. That is the requested increase specific to the State Treasurer.

SENATOR PARKS MOVED TO APPROVE REVISED DECISION UNIT E-225  
IN B/A 101-1080 AS RECOMMENDED BY THE GOVERNOR AND TO  
ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Mr. Haartz:**

The third major closing issue, decision unit E-226, recommends \$3,750 in Treasurer's assessments in FY 2016 to fund moving and remodeling costs to meet the Agency's current needs in Las Vegas. Fiscal staff notes that the Treasurer requested a total of \$50,000 in FY 2016 for the moving and remodeling project. Although the recommendation is included in B/A 101-1080 for \$3,750, B/A 261-1088 for \$10,400 and B/A 101-3815 for \$25,400, the request for B/A 603-1081, which would have been \$10,450, was inadvertently excluded from the Executive Budget. Fiscal staff has worked with the Agency and the Budget Division to determine the technical adjustment that will be made by Fiscal staff in B/A 603-1081 if this decision unit is approved by the Committee.

E-226 Efficient and Responsive State Government — Page ELECTED-181

According to the information included in the Executive Budget, the current space occupied by the Treasurer in the Grant Sawyer State Office Building is spread out over three sections in the building and is too small for the Agency's current needs. Based on responses to questions from Fiscal staff, as of April 15, 2015, the Treasurer's Office does not have any definitive information on plans or costs regarding the office consolidation or relocation. Fiscal staff will ensure the companion budgets are updated to accurately reflect the decision made by the Committee in this budget.

Does the Committee wish to approve the Governor's recommendation to fund the moving and remodeling costs for the State Treasurer's Las Vegas office?

**Chair Kieckhefer:**

Does this specific decision unit recommend \$3,750 for their companion units, for a total of \$50,000 through the various budget accounts?

**Mr. Haartz:**

Yes.

**Chair Kieckhefer:**

Is there a plan for where all of this relocation would take place?

**Mr. Haartz:**

The information received by Fiscal staff was that a plan was not final.

SENATOR ROBERSON MOVED TO NOT APPROVE DECISION UNIT E-226  
IN B/A 101-1080 AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Chair Kieckhefer:**

Will that rejection include conforming changes to the other budget accounts?

**Mr. Haartz:**

Yes. When we move to the other budget accounts, you will see decision units in those and I will note how they tie to this particular account.

The fourth major closing issue in this budget represents two position changes that are included in Budget Amendment A150781080, which was received by the Fiscal staff on April 15, 2015, recommending \$123,154 over the 2015-2017 biennium. This budget amendment reclassifies an accounting assistant position to a MA effective July 1, 2015, and adds a public information officer (PIO) position, effective October 15, 2015.

Specific to the reclassification of an accounting assistant position to an MA, Fiscal staff would note that the IFC approved the addition of an MA position for the Merchant Services Division on December 11, 2012, to support the State's e-payment/merchant services program and to provide oversight for the arbitrage program. The budget amendment request would provide total funds of \$9,082 over the 2015-2017 biennium for the upgrade of a vacant accounting assistant position to an MA position for the Merchant Services Division program. According to information included in Budget Amendment A150781080, the additional MA position is necessary due to a 31 percent increase in agencies that are now using e-payments since FY 2012 and due to an increase in total transactions.

No information was provided to explain how the increase in the Agency and transaction volume impacts the workload of the existing MA. Additionally, the information provided does not address the current workload of the accounting



assistant position. Fiscal staff would note the accounting assistant position became vacant at the beginning of April.

Does the Committee wish to approve the Governor's amended recommendation to reclassify a position from an accounting assistant to an MA for the Merchant Services Program?

**Chair Kieckhefer:**

Do we have any indication of what the existing MA does? Are they auditing or sampling each of these transactions or are they mainly managing the program?

**Mr. Haartz:**

Staff understands that position is involved in a sampling process. However, the position's duties are mainly administrative.

**Chair Kieckhefer:**

Is the accounting assistant assigned to this or does that position have other functions and duties?

**Mr. Haartz:**

I am not able to answer that question.

**Chair Kieckhefer:**

Is the accounting assistant position currently vacant?

**Mr. Haartz:**

Yes. The position became vacant at the beginning of April.

**Senator Goicoechea:**

Whether they are an accounting assistant or an MA, they should be capable of doing the job. It looks like most of the job duties pertain to the verification of e-payments.

SENATOR ROBERSON MOVED TO NOT APPROVE RECLASSIFICATION OF A POSITION FROM AN ACCOUNTING ASSISTANT TO A MANAGEMENT ANALYST IN BUDGET AMENDMENT NO. A150781080 AS RECOMMENDED BY THE GOVERNOR.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Mr. Haartz:**

Included in Budget Amendment A150781080 was a request to establish a new PIO. This request would provide \$114,072 over the 2015-2017 biennium for a PIO position that, according to information included in Budget Amendment A150781080, is necessary to address inquiries, appointments and press related items, which are being handled by the chief of staff and senior deputy treasurer. The position would be responsible for responding to questions by media, State officials, local officials and the public regarding activities and programs managed by the Treasurer's Office. Other job duties consist of writing speeches for presentations, drafting articles for the public, interacting with the public, planning photo shoots, acting as a liaison with school districts and explaining technical activities and programs overseen by the Treasurer's Office.

Does the Committee wish to approve the Governor's amended recommendation to add a new PIO position?

**Chair Kieckhefer:**

As a former State PIO, I am generally supportive of these positions but I have not seen a lot of justification for this position in the Treasurer's Office.

SENATOR ROBERSON MOVED TO NOT APPROVE THE ADDITION OF A PUBLIC INFORMATION OFFICER POSITION AS REQUESTED IN BUDGET AMENDMENT NO. A150781080 TO B/A 101-1080.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Mr. Haartz:**

The two other closing items, decision units E-710 and E-720, recommend funding for new and replacement equipment. Both recommendations appear reasonable to staff.

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E-710 Equipment Replacement — Page ELECTED-183  
E-720 New Equipment — Page ELECTED-183

Fiscal staff recommends approving the other closing items as recommended by the Governor and requests authority for Fiscal staff to make technical adjustments as necessary.

SENATOR PARKS MOVED TO APPROVE B/A 101-1080 AND ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR, AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

**Mr. Haartz:**

I will discuss the Office of the Treasurer's Nevada College Savings Trust account, B/A 101-1092, on page 29 of [Exhibit C](#).

Treasurer - Nevada College Savings Trust — Budget Page ELECTED-196  
(Volume I)  
Budget Account 101-1092

The Nevada College Savings Program is overseen by the statutorily created, five-member Board of Trustees of the College Savings Plans of Nevada. The programs' plans allow individuals to establish and contribute to a child's college savings account and then uses the savings proceeds to pay for qualifying higher education expenses. The proceeds from the 529 College Savings Plan can be used at any eligible educational institution in the United States. The Governor recommends \$5.3 million inclusive of the \$796,894 in noncash, in-kind program marketing and staffing by UPromise, the program's manager, over the 2015-2017 biennium, which represents an increase of 30.2 percent over the \$4.1 million approved by the 2013 Legislature. There are no major closing issues in this budget but there are four other closing items.

The first other closing item is the Nevada College Kick Start (CKS) program. The adjusted Base Budget includes \$2 million in funds transferred from B/A 101-1094 in FY 2016 for the CKS program that establishes college savings accounts with an initial deposit of \$50 for all public school kindergarten students in Nevada. The program was initially established in the fall of 2013 as a pilot program for kindergarten classes in 13 rural counties and expanded statewide by the Board on December 9, 2013, with an evaluation of the program required after 3 years. Funding is included in the Executive Budget for FY 2016, which is the third year of the program, but is not included for FY 2017 since the Board requires a reevaluation of the program after 3 years.

According to testimony by the Agency at the budget hearings, the CKS program includes 64,221 students participating in the program, but it does not include individual participant accounts of \$50 each. The funds are located in two general accounts for investment purposes. As of February 2015, 348 participants have established a second account for depositing their own funds. In response to questions by Fiscal staff, the Treasurer's Office indicated that CKS participants, upon attendance at an eligible postsecondary institution, would receive any principal saved plus any accrued interest in their CKS account. This recommendation appears reasonable.

The second other closing item, decision units M-300 and E-800, recommends cost allocations.

M-300 Fringe Benefits Rate Adjustment — Page ELECTED-197  
E-800 Cost Allocation — Page ELECTED-199

The third and fourth other closing items, decision units E-710 and E-720, recommend funding for new and replacement equipment.

E-710 Equipment Replacement — Page ELECTED-198  
E-720 New Equipment — Page ELECTED-198

Fiscal staff recommends this budget be closed as recommended by the Governor and requests authority to make technical adjustments as necessary.

**Senator Goicoechea:**

Is the State putting \$50 into an account for every kindergarten student in Nevada and waiting 3 years after the reevaluation of the program occurs to see

if their parents are participating in this program by putting more money in this account each year? Or, will this program consist of putting \$50 into an account for every kindergarten student in Nevada and letting the initial investment collect interest for 20 years before that student can access it?

**Chair Kieckhefer:**

They are not individual accounts that are set up. Is that money available for families who decide to match the \$50 and participate in the program?

**Senator Goicoechea:**

Do they have to match the \$50 if they want to participate?

**Chair Kieckhefer:**

No.

**Grant Hewitt (Chief of Staff, Office of the State Treasurer):**

The CKS program provides \$50 into two general large accounts. That money gains interest over time and then the student can pull it out. We use the CKS program as a means for talking to families about college savings. Families will get a statement at home and will see that their money is theoretically growing. When the student graduates high school, they can go to a college institution and pull that money out to attend college. We encourage them to open their own accounts through the SSgA Upromise 529 Plan. They do not have to match funds; they just have to stay in the State of Nevada to maintain the account.

**Senator Goicoechea:**

Are you mailing out a statement periodically?

**Mr. Hewitt:**

Yes.

**Senator Goicoechea:**

How many people get that statement in the mail and mistake it for junk mail? It is a great program but we need to make sure people are aware it is out there.

**Mr. Hewitt:**

The PIO position that just failed would have focused on making sure that everyone understands the programs we provide at the Treasurer's Office that

deal with college savings. We will continue to work hard with current staff to make sure more people are aware of the CKS program.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-1092 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

**Mr. Haartz:**

I will discuss the Office of the Treasurer's Endowment Account, B/A 101-1094, on page 31 of [Exhibit C](#).

Treasurer - Endowment Account — Budget Page ELECTED-201 (Volume I)  
Budget Account 101-1094

*Nevada Revised Statute* (NRS) 353B.350 establishes a program account in the Nevada College Savings Trust Fund, B/A 101-1092, and an Endowment Account in the General Fund. The Endowment Account must be used for the deposit of any money received from the Nevada College Savings Program that is not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, is not necessary for use in B/A 101-1092. There are no major closing issues in this budget but there are two other closing items.

The first other closing item is for the Nevada Prepaid Tuition program stabilization. The Base Budget includes contract services charge transfers of \$3.6 million over the 2015-2017 biennium to improve the financial viability of the Prepaid Tuition Trust Fund. The 2011 Legislature approved the Board of Trustees of the College Savings Plans of Nevada's recommendation to transfer \$1.32 million in each year of the 2011-2013 biennium from B/A 101-1094 to the Prepaid Tuition Trust Fund for this same purpose. This recommendation was developed by the Treasurer's Office annual report, which is a statutorily required annual actuarial study of the Nevada Higher Education Prepaid Tuition Trust

Fund. As of June 30, 2014, the Trust Fund held assets of \$194 million and a funded status of 112 percent. The transfer of \$1.8 million in each year of the 2015-17 biennium is consistent with the level of funding transferred in the current biennium and will assist with establishing the Board's goal of a 120 percent funded status within 10 years due to higher tuition costs.

The second other closing item is the CKS program. The Base Budget includes contract services charges of \$2 million in FY 2016 that transfer to B/A 101-1092 to fund the CKS program.

Fiscal staff recommends this budget be closed as recommended by the Governor and requests authority to make technical adjustments as necessary.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-1094 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

**Mr. Haartz:**

I will discuss the Office of the Treasurer's Higher Education Tuition Administration account, B/A 603-1081, on page 33 of [Exhibit C](#).

Treasurer - Higher Education Tuition Admin — Budget Page ELECTED-207  
(Volume I)  
Budget Account 603-1081

The Nevada Higher Education Prepaid Tuition program is a qualified federal Internal Revenue Code Section 529 plan that provides a method for Nevada's families to prepay undergraduate tuition at a Nevada System of Higher Education (NSHE) institution or any other accredited public, private, or out-of-state institution that is eligible to participate in federal student financial aid programs. The Prepaid Tuition Trust Fund, established pursuant to

NRS 353B.140, contains receipts and expenditures related to the individual contracts purchased by Nevada families and is not reflected in the Executive Budget. This is the administrative account for that trust fund. The Governor recommends \$1.3 million over the 2015-2017 biennium, which is an 11.3 percent increase over the \$1.2 million approved by the 2013 Legislature. There are no major closing issues in this budget account, but there are four other closing items.

The first other closing item is the recommendation of funds for office moving and remodeling in Las Vegas, which the Committee previously rejected.

The second other closing item, decision units M-800 and E-800, recommends cost allocation expenditures.

M-800 Cost Allocation — Page ELECTED-208  
E-800 Cost Allocation — Page ELECTED-210

The third and fourth other closing items, decision units E-710 and E-720, recommend funding for replacement and new equipment.

E-710 Equipment Replacement — Page ELECTED-209  
E-720 New Equipment — Page ELECTED-209

Given the Committee's action in B/A 101-1080, with regard to the office moving and remodeling, it would be consistent to reject the first other closing item. However, Fiscal staff believes all other closing items appear reasonable.

Fiscal staff recommends this budget be closed as recommended by the Governor with the exception of the first other closing item and requests authority to make technical adjustments as necessary.

SENATOR PARKS MOVED TO APPROVE B/A 603-1081 AS RECOMMENDED BY THE GOVERNOR CONSISTENT WITH THE REJECTION OF THE FIRST OTHER CLOSING ITEM, AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.



BUDGET CLOSED.

\* \* \* \* \*

**Mr. Haartz:**

I will discuss the Office of the Treasurer's Millennium Scholarship Administration account, B/A 261-1088, on page 35 of [Exhibit C](#).

Treasurer - Millennium Scholarship Administration — Budget Page ELECTED-214  
(Volume I)

Budget Account 261-1088

The Millennium Scholarship program was recommended by Governor Guinn and approved by the 1999 Legislature to increase the number of Nevada students who attend and graduate from NSHE institutions. To be eligible for a Millennium Scholarship, a student must graduate with a diploma from a Nevada high school with at least a 3.25 grade point average, pass all areas of the Nevada High School Proficiency Examination and must be a resident of Nevada for at least 2 years of high school.

Alternative eligibility paths have been established for students with a documented physical disability, mental disability or whose kindergarten through Grade 12 education was subject to an individualized education plan and for those students who meet high school graduation eligibility without having graduated from a Nevada public or private high school. The Millennium Scholarship provides \$40 per enrolled lower division credit hour and \$60 per enrolled upper division credit hour at a NSHE community college; \$60 per enrolled credit hour at a NSHE state college; and \$80 per enrolled credit hour at all other eligible institutions, excluding remedial courses. The Governor recommends \$766,221 in transfers from B/A 101-1094 over the 2015-2017 biennium, which is a 7.6 percent decrease from the \$828,854 approved by the 2013 Legislature.

In response to a request for information from Fiscal staff, the Treasurer's Office provided an updated projection on the Millennium Scholarship Trust Fund viability as of March 26, 2015, indicating that if no changes are made to the Governor Guinn Millennium Scholarship program, it is projected to be solvent through FY 2020.

Page 38 of [Exhibit C](#) provides a chart of the Millennium Scholarship Trust Fund projected balance. Under the column entitled "Projected FY 2015" the Tobacco Settlement revenue shown for April, which is \$15,930,352, is a provisional number. To date, \$12.3 million has been received. As shown in the table, the program in the Trust Fund is solvent through FY 2020. Those numbers are subject to revision and are based upon the final tobacco settlement funds coming in this particular fiscal year and any action taken by the Legislature.

There are three bills listed under additional items: [S.B. 128](#), [Assembly Bill \(A.B.\) 111](#) and [A.B. 150](#). In general, each of those bills expands the number of credit hours that a student could be reimbursed for in the upcoming biennium.

[SENATE BILL 128 \(1st Reprint\)](#): Revises provisions relating to the Governor Guinn Millennium Scholarship. (BDR 34-96)

[ASSEMBLY BILL 111 \(1st Reprint\)](#): Revises provisions relating to the Governor Guinn Millennium Scholarship. (BDR 34-258)

[ASSEMBLY BILL 150](#): Revises provisions governing the Governor Guinn Millennium Scholarship Program. (BDR 34-200)

There are no major closing issues in this budget account, but there are four other closing items.

The first other closing item, decision unit E-226, recommends funding for office moving and remodeling costs in Las Vegas, which we have previously discussed.

E-226 Efficient and Responsive State Government — Page ELECTED-216

The second other closing item, decision units M-800 and E-800, recommend funding for cost allocation.

M-800 Cost Allocation — Page ELECTED-215

E-800 Cost Allocation — Page ELECTED-217

The third and fourth other closing items, decision units E-710 and E-720, recommend funding for replacement and new equipment.

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E-710 Equipment Replacement — Page ELECTED-214  
E-720 New Equipment — Page ELECTED-216

Fiscal staff recommends this budget be closed as recommended by the Governor with the exception of the first other closing item and requests authority to make technical adjustments as necessary.

SENATOR WOODHOUSE MOVED TO APPROVE B/A 261-1088 AS RECOMMENDED BY THE GOVERNOR WITH THE EXCEPTION OF THE FIRST OTHER CLOSING ITEM AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

**Mr. Haartz:**

I will discuss the Office of the Treasurer's Unclaimed Property account, B/A 101-3815, on page 39 of [Exhibit C](#).

Treasurer - Unclaimed Property — Budget Page ELECTED-222 (Volume I)  
Budget Account 101-3815

There are no major closing issues in this budget, but there are three other closing items.

The first other closing item, decision unit E-226, recommends funding for office moving and remodeling costs in Las Vegas.

E-226 Efficient and Responsive State Government — Page ELECTED-224

The second other closing item, decision units M-800 and E-800, recommends funding for cost allocation.

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Page 36

M-800 Cost Allocation — Page ELECTED-224  
E-800 Cost Allocation — Page ELECTED-225

The third other closing item, decision unit E-720, recommends funding for new equipment.

E-720 New Equipment — Page ELECTED-225

Fiscal staff recommends this budget be closed as recommended by the Governor with the exception of the first other closing item and requests authority to make technical adjustments as necessary.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-3815 AS RECOMMENDED BY THE GOVERNOR WITH THE EXCEPTION OF THE FIRST OTHER CLOSING ITEM AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

**Kristen Kolbe (Program Analyst):**

I will present the closing report document entitled "Senate Committee on Finance Joint Subcommittee on Public Safety, Natural Resources and Transportation Closing Report Peace Officer Standards and Training (POST)" ([Exhibit D](#)).

The Joint Subcommittee on Public Safety, Natural Resources and Transportation has completed its review of the budget for the Commission on Peace Officers' Standards and Training (POST).

In B/A 101-3774 as recommended by the Governor, the Subcommittee recommended approving administrative court assessments of \$17,030 in FY 2017 for the construction of a training shoot house. The Subcommittee also recommended approving administrative court assessments of \$24,000 in

FY 2016 to purchase 24 computer smart tablets (tablets). The Subcommittee recommended an adjustment to eliminate one replacement desktop computer dedicated to scanning and recording academy tests, which the POST indicated was not necessary with the approval of the tablets. Adjustments to administrative court assessments may be required contingent on the final decisions by the money committees with respect to the administrative court assessment revenues.

## PUBLIC SAFETY

### PEACE OFFICERS STANDARDS & TRAINING

Peace Officers Standards & Training Commission — Budget Page POST-7  
(Volume III)  
Budget Account 101-3774

The Subcommittee recommended approval of the remainder of the budget, as recommended by the Governor, with minor technical adjustments.

SENATOR PARKS MOVED TO APPROVE B/A 101-3774 AS  
RECOMMENDED BY THE JOINT SUBCOMMITTEE AND TO ALLOW  
TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

#### **Jennifer Gamroth (Program Analyst):**

I will present the closing report document entitled "Senate Committee on Finance Joint Subcommittee on Public Safety, Natural Resources and Transportation Closing Report Office of the Military" ([Exhibit E](#)).

The Joint Subcommittee on Public Safety, Natural Resources and Transportation completed its review of the Office of the Military. The closing recommendations of the Subcommittee result in General Fund reductions of \$336,729 in each

year of the 2015-2017 biennium. The Subcommittee recommended the following closing actions:

In B/A 101-3650, the Subcommittee recommended approving General Fund appropriations totaling \$189,939 over the 2015-2017 biennium to fund the Governor's recommendation for one new accounting assistant position and one new accountant technician position assigned to the fiscal unit of the Office of the Military, including costs associated with the new positions.

#### SPECIAL PURPOSE AGENCIES

##### MILITARY

Military — Budget Page MILITARY-6 (Volume III)  
Budget Account 101-3650

The Subcommittee recommended approving the Governor's recommendation for two new grounds maintenance worker positions and associated operating costs to be located at the Nevada Air National Guard Facility and at the Stead Training Center and one new maintenance repair worker position to be located at the Stead Army Aviation Support Facility, funded with General Fund appropriations totaling \$22,317 and federal funds totaling \$210,430 over the 2015-2017 biennium. The Office of the Military indicates these facilities currently do not have assigned maintenance workers.

The Subcommittee recommended approving a technical adjustment to eliminate a change in the funding source for shift differential and overtime pay from federal funds to General Fund appropriations, resulting in a General Fund savings of \$580,132 over the 2015-2017 biennium. The Office of the Military indicates it will be able to secure federal reimbursement for these costs.

In B/A 101-3651, the Subcommittee recommended approving General Fund appropriations totaling \$65,249 and federal funds totaling \$16,076 over the 2015-2017 biennium to fund the Governor's recommendation for one new maintenance repair worker position to be located at the Carlin Armory to provide support to the Nevada National Guard facilities in Carlin, Winnemucca, Elko and Ely.

Military Carlin Armory — Budget Page MILITARY-26 (Volume III)  
Budget Account 101-3651

In B/A 101-3654, the Subcommittee recommended approving the Governor's recommendation to eliminate the Servicemen's Group Life Insurance (SGLI) premium reimbursement program, contingent on the passage and approval of A.B. 472. If A.B. 472 were approved by the 2015 Legislature, the elimination of the SGLI premium reimbursement program would generate General Fund savings of \$15,932 in each year of the 2015-2017 biennium. If A.B. 472 is not approved, the Agency indicates the General Fund impact could be as high as \$1.5 million in each year if all 4,264 eligible members were to take advantage of this program.

Military Patriot Relief Fund — Budget Page MILITARY-42 (Volume III)  
Budget Account 101-3654

**ASSEMBLY BILL 472**: Revises provisions governing the use of money in the Patriot Relief Account. (BDR 36-1163)

**Senator Goicoechea:**

The one major issue was the SGLI premium reimbursement program. We have heard the SGLI program in the Subcommittee and it has had tremendous exposure there. The Office of the Military has recommended that we do suspend that program because a very small number of people are presently accessing it.

SENATOR LIPPARELLI MOVED TO APPROVE B/A 101-3650, B/A 101-3652 AND B/A 101-3654 AS RECOMMENDED BY THE SUBCOMMITTEE.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

\* \* \* \* \*

**Ms. Gamroth:**

I will present the closing report document entitled "Senate Committee on Finance Joint Subcommittee on Public Safety, Natural Resources and Transportation Closing Report Tahoe Regional Planning Agency" ([Exhibit F](#)).

The Joint Subcommittee on Public Safety, Natural Resources and Transportation completed its review of the Tahoe Regional Planning Agency (TRPA). The closing recommendations of the Subcommittee resulted in no change in General Fund appropriations. The Subcommittee recommended the following closing actions:

In B/A 101-4204, as recommended by the Governor, the Subcommittee recommended approving General Fund appropriations of \$375,000 in each year of the 2015-2017 biennium for Nevada's share of the TRPA's Aquatic Invasive Species Boat Inspection program for Lake Tahoe.

**INFRASTRUCTURE**

**CONSERVATION & NATURAL RESOURCES**

Tahoe Regional Planning Agency — Budget Page TRPA-3 (Volume III)  
Budget Account 101-4204

The Subcommittee also recommended approving General Fund appropriations of \$345,000 in FY 2016 and \$25,000 in FY 2017 for Nevada's share of costs associated with TRPA's requirement to monitor and report on environmental thresholds in the Lake Tahoe Basin as outlined in the Regional Plan Update, adopted on December 12, 2012.

In total, the Subcommittee recommended approving State support, consisting of General Fund appropriations and transfers from the Department of Motor Vehicles (DMV) Pollution Control budget, of \$4.2 million over the 2015-2017 biennium for the TRPA, which equals 31 percent relative to California's apportionment.

**Senator Goicoechea:**

The difference in General Fund appropriations of \$345,000 in FY 2016 versus the \$25,000 in FY 2017 is because every 4 years we have to do that audit.



SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-4204 AS RECOMMENDED BY THE SUBCOMMITTEE.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

**Mr. Krmpotic:**

I will present the closing report document entitled "Senate Committee on Finance Joint Subcommittee on General Government Closing Report Deferred Compensation Committee" ([Exhibit G](#)).

The Joint Subcommittee on General Government has completed its review of the budget for the Deferred Compensation Committee.

In B/A 101-1017, the Subcommittee recommended approving the Governor's recommendation with technical adjustments to replace the temporary services contract with a 0.75 FTE administrative assistant.

**SPECIAL PURPOSE AGENCIES**

**DEFERRED COMPENSATION**

Deferred Compensation Committee — Budget Page DEFERRED COMP-3  
(Volume III)

Budget Account 101-1017

The Subcommittee recommended approving the remainder of the budget as recommended by the Governor with technical adjustments.

SENATOR PARKS MOVED TO APPROVE B/A 101-1017 AS RECOMMENDED BY THE SUBCOMMITTEE.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

\* \* \* \* \*

**Adam Drost (Program Analyst):**

I will present the closing report document entitled "Senate Committee on Finance Joint Subcommittee on General Government Closing Report Department of Agriculture" ([Exhibit H](#)).

The Joint Subcommittee on General Government has completed its review of the budgets for the Department of Agriculture (NDA). The closing actions taken by the members of the Subcommittee have resulted in a decrease in General Fund appropriations of \$123,256 in FY 2016 and \$144,567 in FY 2017 when compared to the Governor's recommended budget.

In B/A 101-4554, the Subcommittee recommended approval of the Governor's recommendation, with technical adjustments, to provide two new positions for the NDA Administration Division: a PIO to provide videography and public outreach services and an administrative assistant to provide administrative support to the members of the Division. The Subcommittee also recommended the transfer of the marketing coordinator position from the Agriculture Registration/Enforcement budget to the Administration Division budget as recommended by the Governor, to improve the coordination of marketing activities, and fund this position utilizing the Division's cost allocation.

COMMERCE & INDUSTRY

AGRICULTURE

AGRI - Administration — Budget Page AGRICULTURE-5 (Volume I)  
Budget Account 101-4554

Fiscal staff would note the Subcommittee delayed action on one item, which can be found on page 9 of [Exhibit H](#). This item involves the renovation of the Metro Building in Las Vegas. This item is not reflected in the Executive Budget and the NDA requests the Committee consider authorizing cost allocation funds

of \$632,969 in FY 2016 to fund renovation projects on the Metro Building in Las Vegas. This would allow the NDA to move out of its existing building and occupy the Metro Building in FY 2016.

A map of the location of the NDA's proposed Metro Building remodel is provided in the document entitled "Governor's Recommended Capital Improvement Program Department of Agriculture" ([Exhibit I](#)).

The Metro Building sits on a large city block on East Sahara Avenue that is owned by the State and includes numerous State buildings, including the Metro Building, an existing NDA building, a Department of Administration Buildings and Grounds Division (B&G) building and a DMV field office. The Metro Building was constructed in 1978 and was used by the Las Vegas Metropolitan Police Department until 2012 when the State assumed ownership of the building. The building has been vacant since that time.

The SPWB requested that the 2015-2017 biennium CIP include a \$7.7 million project for improvements to the Metro Building to accommodate NDA and B&G staff. This project included numerous improvements including the installation of a new roof, fire sprinkler system, carpeting and a mezzanine level above the high bay storage area.

These improvements would allow the building to operate a certified metrology lab. The SPWD's planned renovation and replacement of the Metro Building was not included in the Governor's recommended CIP for the 2015-2017 biennium. Funding of \$253,752 was included in the CIP for minimal repairs to the building in Project No. 15-C05. These minimal repairs would allow B&G staff to temporarily move into the Metro Building from their nearby existing location, which must be demolished to accommodate construction of the new Sahara DMV field office. The NDA and the Budget Division requested a revision to this plan by moving its staff into the Metro Building and moving B&G staff into the NDA's existing building. The NDA would assume ownership of the Metro Building, while B&G would assume ownership of the existing NDA building.

#### Project No. 15-C05 — Building Renovation (Metro Building)

The NDA requests cost allocation funding of \$632,969, which can be found in the table on the bottom of page 9 of [Exhibit H](#). These funds would provide the

necessary renovations for the NDA staff to move into the building along with renovations to office space. The Metro Building has warehouse space to store dry food for the Commodity Food Program and an area for the NDA's Division of Consumer Equitability to conduct testing. These costs would be allocated based on the budget's share of the building's square footage.

Page 10 of [Exhibit H](#) provides a table with the planned improvements for the Metro Building. General building repairs consist of fire sprinkler installation, roof and asphalt repair, and Americans with Disabilities Act of 1990 improvements. Interior modifications consist of the remodeling of a restroom and a breakroom. Consumer equitability repairs include the purchase and installation of a weight trolley system to bring weights into the building, heating, ventilation and air conditioning (HVAC), humidity control systems and petroleum laboratory improvements. Food distribution repairs include the installation of a rack storage system for pallets and a new loading dock. Finally, travel funds for the facility's manager and NDA Director to meet with contractors, complete interior work and to provide general project oversight are being requested.

The SPWD prepared a facility condition analysis report in 2012, which identified repairs totaling \$918,975 for the Metro Building. The NDA appears to have considered most of these repairs in its stated plan. However, suggested repairs, such as building insulation and carpet replacement, do not appear to be included in the NDA's current planned improvements for the building. The NDA indicates those repairs would occur in future biennia.

During the NDA's budget hearing on February 4, 2015, their current building in Las Vegas houses a metrology laboratory, which is unable to be recertified by the National Institute of Standards and Technology due to a lack of temperature control and lack of a continuous rail system to bring heavy weights into the building. Fiscal staff notes the NDA can test commercial scales, fuel pumps and fuel quality in the Las Vegas area. However, it is unable to certify weights for registered service agents who repair and test scales due to the lack of a certified metrology laboratory. Items are currently trucked to the Sparks metrology lab to be recertified.

Fiscal staff questioned the NDA about the need to move into the Metro Building instead of waiting to include the Metro Building in a future CIP. The NDA indicates it would retain ownership of the property. The NDA indicates that housing its Las Vegas staff would cost less than moving into a leased or

B&G-owned property. As previously mentioned, the Metro Building has space available to store dry food for its Commodity Food Program, which would allow the NDA to terminate its use of private warehouse space in Las Vegas. According to the Executive Budget, the cost of this leased warehouse space is projected to be \$59,215 in each year of the 2015-2017 biennium. The NDA has confirmed that if the Metro Building remodel is approved, the annual cost of the private leased warehouse space of \$59,215 could be eliminated from B/A 101-1362 in FY 2017. This would provide the NDA with 1 year to transition storage to the new Metro Building.

As previously mentioned, the Subcommittee delayed action on this item and requested additional information, which was provided by the Budget Division on Friday. The Budget Division indicates that the NDA served as the prime contractor for this project with the SPWD responsible for inspections and occupancy certification. The SPWD concurred with the NDA that the useful life of the Metro Building would exceed 15 to 20 years.

The SPWD took no position on the cost estimates for the subprojects for the Metro Building remodel as this is a departure from the standard construction management process employed by the Division. The SPWD acknowledged that, as with any construction project, additional costs may be incurred as unknowns are identified. The SPWD and the NDA agreed that the proposed remodel of the Metro Building would fall under the prevailing wage statutes. The NDA indicates that this may increase costs by 15 percent. However, the NDA indicates sufficient contingencies have been included in its projections to cover this increase.

Does the Committee wish to approve the NDA's request to renovate and assume ownership of the Metro Building in Las Vegas? If approved, Fiscal staff requests authority to eliminate the cost of leased warehouse space in FY 2017 from the Commodity Food Program budget and enter any necessary technical adjustments.

**Chair Kieckhefer:**

This has grown into a sizable SPWD project at this point. It has gone from some minor rehabs to a sizable overhaul. Could the SPWD handle the management aspect of this project instead of having the NDA do it?

**Gustavo Nuñez, P.E. (Administrator, State Public Works Division):**

Yes, we can handle the management aspect of this project. The only issues the SPWD is concerned about are the fees and the method of contracting that we typically use.

**Chair Kieckhefer:**

Will going through the SPWD increase the costs?

**Mr. Nuñez:**

Yes.

**Chair Kieckhefer:**

How much will the costs be increased by going through the SPWD?

**Mr. Nuñez:**

It is hard to determine and we have not directly looked at that. There are a few things that would increase costs, besides the scope. Contracting documents that we use for construction are developed in conjunction with the Office of the Attorney General and consist of an engineer, an architect and a contractor responsible for the design. Each one of those entities in our contracting documents has authorities and responsibilities.

That is not the procurement method that is proposed to be utilized for this project by the NDA. We would engage the services of a professional team to do this. We would bid this project to a general contractor and will not act as a general contractor. We will subcontract the project out. This would result in an issue with our fees. This will be more of a multiprime designed build contracting method. Each subcontractor that they engage services with will design and prepare a set of these documents that will be sent to the building official for plan checking. Each subcontractor prepares their own documents and the SPWD will plan check and then inspect them in accordance with the efforts of the building official. Currently, we do not have bid documents to manage that type of project. We typically do not do these type of projects.

**Senator Goicoechea:**

This very complicated project should have been simple. If the NDA moves into the Metro Building, the SPWD would save \$250,000 because they would not incur the costs of rehabilitating the building. The \$250,000 should be enough to offset whatever additional costs there will be in the \$632,000 total cost. This

project will be difficult because anytime we get into design build, it requires a different process.

**Senator Woodhouse:**

Assemblywoman Heidi Swank and I toured the Metro Building yesterday with Damon Hernandez. What surprised me the most was the lack of vandalism. There was damage to the roof where vandals had destroyed the HVAC and had taken the cover parts along with a few other components. The vandalism resulted in holes in the roof and water damage but it did not look like there was any other roof damage other than in the certain spots we examined. The building seems to very solid and the schematics that Mr. Hernandez shared with us regarding where the labs would go displayed why it is necessary for the labs to be located in southern Nevada.

The other concern about the location I had was with traffic patterns. Behind the warehouse is a school, but it is an adult school. There also is a huge parking lot. The building is a good one and whether we move now or later is up to the Committee.

**Chair Kieckhefer:**

What is the timeline for this project and when do we expect the NDA to move in?

**Mr. Drost:**

The NDA anticipates terminating the lease in the private commodities foods warehouse in FY 2017. This will take the majority of FY 2016 to complete all of the activities.

**Chair Kieckhefer:**

Would this meet the timeline needs of the DMV?

**Senator Goicoechea:**

We have \$632,969 the NDA is claiming they can put into the program. If we do not make this move, the SPWD has to spend \$250,000 on the program. In the second year of the biennium, we would not have to pay the \$60,000 in warehouse costs, which would result in a savings.

If we authorize a work program, will the NDA have the money available to finance the first piece of the work program, if it were approved through IFC, to

get the project started before July? Do we have to be moved in and available by October 1 for the Sahara demolition?

**Mr. Nuñez:**

Jim R. Barbee, director of the NDA, has assured us that we can move into that space sometime in September so the B&G building can be demolished.

**Senator Goicoechea:**

Is the start date on the demolition of the DMV building October 1?

**Mr. Nuñez:**

Yes.

**Senator Goicoechea:**

If we start the rehabilitation of the property after July 1 it might not happen. With a work program through IFC, we can authorize the expenditure for a portion of this money and then they could start some of the construction before July 1.

**Mr. Nuñez:**

We want to make sure that the DMV building can move ahead on schedule. If it does not, it could cost us another \$500,000. We have an alternative plan in case something happens with the September date. We can always move B&G into a mobile trailer for half a year, if necessary, and can do it within the existing budget. If a delay occurs, we will accommodate for it.

**Senator Goicoechea:**

Has the \$253,000 that is in the CIP been reassigned?

**Mr. Nuñez:**

There has been a budget amendment on that.

**Jim Wells, C.P.A. (Interim Director, Department of Administration):**

The \$253,000 has been reassigned to the Hotel College Academic Building project, Project No. 15-C78, to meet the 50 percent commitment that the State has originally agreed to for that project with the university system.

Project No. 15-C78 — Hotel College Academic Building (UNLV)



If you look at phase I of this particular project, \$270,060 is not much different from the \$253,000 that was in the original budget request for the CIP project. That is the work that needs to be done before mid-September to get the NDA into the building.

Other pieces of this work are the construction of the different labs that will be within that building. The Committee is interested in having those labs located in Las Vegas. The \$270,060 in phase I general building repairs is what is necessary to achieve the occupancy of that building.

**Chair Kieckhefer:**

The Assembly Committee on Ways and Means deferred this item earlier this morning. I suggest we do the same to reach a consensus over where we want to go, so we do not have to go back and forth between our two Committees as we try to close this down. I am going to pull back the item over the Metro Building. Can I put you in charge to coordinate this and make sure it gets done, Senator Goicoechea?

**Senator Goicoechea:**

Yes. I would be glad to work with Fiscal staff and determine how we can coordinate it and get some of the work done before we get into the next fiscal year to avoid hindering the Sahara DMV project.

**Chair Kieckhefer:**

While there is support from the Committee to get the NDA into the Metro Building, we need to make sure it happens correctly.

**Mr. Drost:**

In B/A 101-4545, the Subcommittee recommended approval of the Governor's recommendation to discontinue fund transfers from the Agriculture Registration/Enforcement budget to the Plant Health and Quarantine Services budget. This would support a portion of the Sagebrush Ecosystem Council and a portion of the Department's conservation staff specialist position serving on the Sagebrush Ecosystem Technical Team, and fund the Council and the position exclusively with General Fund appropriations. The Subcommittee recommended approval of the Governor's recommendation to transfer a program officer position and an agriculturist position from the Pest, Plant Disease, and Noxious Weed Control budget to the Agriculture Registration/Enforcement budget, and fund these positions utilizing reserve reductions.

AGRI - Agriculture Registration/Enforcement — Budget Page AGRICULTURE-16  
(Volume I)  
Budget Account 101-4545

In B/A 101-4550, the Subcommittee recommended to not approve the Governor's recommendation for a new veterinary diagnostician position to reopen and staff the Department's animal health laboratory in Elko since similar diagnostician services are provided by private practitioners in the area. The Subcommittee also recommended to not approve the Governor's recommendation to fully support the salary costs for two existing microbiologist positions with General Fund appropriations. Instead, the Subcommittee recommended continuing to support a portion of the salary costs for these positions with fund transfers from the Livestock Inspection budget since the positions would continue to perform tests in support of that budget.

AGRI - Veterinary Medical Services — Budget Page AGRICULTURE-43  
(Volume I)  
Budget Account 101-4550

In B/A 101-4546, the Subcommittee recommended approving the Governor's recommendation to establish a new \$75 annual manufactured animal feed labeling registration fee, contingent upon passage and approval of S.B. 495, and place the projected revenue of \$225,000 in each year of the 2015-2017 biennium in reserve. The Subcommittee also recommended approval of the Governor's recommendation to establish a new \$75 annual biologics registration fee, contingent upon passage and approval of S.B. 488, and place the projected revenue of \$112,500 in each year of the 2015-2017 biennium in reserve. The Department indicates the revenue from the registration of animal food and biologics products would provide funding to meet the requirements of the federal U.S. Food and Drug Administration Food Safety Modernization Act of 2010. The Subcommittee also recommended a letter of intent directing the Agency to:

- Reevaluate the proposed fee rates once federal regulations have been established
- Seek authority from the Legislative Commission to establish the rates in regulation
- Seek spending authority from the IFC once the Department determines the resources needed to comply with the federal regulations

- Submit work programs to adjust authorized revenue and expenditures for the manufactured animal feed labeling registration program once the federal regulations are established and submit work programs to adjust authorized revenue and expenditures for the biologics labeling registration program once the State Board of Agriculture establishes the biologics labeling registration program and associated fee

AGRI - Livestock Inspection — Budget Page AGRICULTURE-50 (Volume I)  
Budget Account 101-4546

**SENATE BILL 495**: Requires the licensing of commercial animal feed sold in Nevada. (BDR 51-1165)

**SENATE BILL 488 (1st Reprint)**: Authorizes the State Department of Agriculture to establish a program for the registration of veterinary biologic products sold in Nevada. (BDR 50-1164)

In B/A 101-2691, the Subcommittee recommended approval of the Governor's recommendation for General Fund appropriations of \$1 million in each year of the 2015-2017 biennium to provide start up grant funding to public schools to implement Breakfast After the Bell Programs, contingent upon passage and approval of S.B. 503. The Executive Budget identifies the Breakfast After the Bell Program as a major budget initiative to address childhood hunger and increase the State's participation rate in the National School Breakfast Program. The Subcommittee also recommended approval of the Governor's recommendation for new quality assurance specialist positions; however, the Subcommittee recommended reducing the number of new positions from four to two due to concerns regarding potential shortfalls in projected federal administrative indirect cost allowance revenue that would support these positions. The Subcommittee recommended concurring with the Governor's recommendation for an additional information technology professional position for the NDA's Food and Nutrition Division to develop, maintain and provide staff support for the NDA's computer application systems.

AGRI - Nutrition Education Programs — Budget Page AGRICULTURE-70  
(Volume I)  
Budget Account 101-2691

**SENATE BILL 503 (1st Reprint)**: Provides for the creation and implementation of the Breakfast After the Bell Program. (BDR 34-1200)

In B/A 101-1362, the Subcommittee recommended approval of the Governor's recommendation to add two new positions to support the federal Food Distribution Program on Indian Reservations (FDPIR). These positions include a new social services program specialist position that would provide application assistance and nutrition counseling and a driver warehouse worker position to support the federal FDPIR.

AGRI - Commodity Food Prog — Budget Page AGRICULTURE-78 (Volume I)  
Budget Account 101-1362

In B/A 233-4470, the Subcommittee recommended approval of the Governor's recommendation to reclassify a vacant operations manager to a microbiologist position to operate the Department's dairy laboratory. The microbiologist position would provide a dedicated staff member to operate the dairy laboratory, which the Department indicates is necessary due to the expansion of the dairy industry in northern Nevada. The Subcommittee recommended closing the following NDA budgets as recommended by the Governor with minor or technical adjustments:

- Predatory Animal & Rodent Control B/A 101-4600
- Consumer Equitability B/A 101-4551

AGRI - Dairy Commission — Budget Page AGRICULTURE-86 (Volume I)  
Budget Account 233-4470

AGRI - Predatory Animal & Rodent Control — Budget Page AGRICULTURE-58  
(Volume I)  
Budget Account 101-4600

AGRI - Consumer Equitability — Budget Page AGRICULTURE-63 (Volume I)  
Budget Account 101-4551

**Senator Parks:**

The Pest, Plant Disease, and Noxious Weed Control budget indicates the transfer of several positions into the Agricultural Registration Enforcement

budget. Are we giving up on the efforts this budget account funds or are we approaching it from a different perspective?

In regards to B/A 101-1362, how will we be using a social services program specialist in this particular area?

**Mr. Drost:**

The position in the Pest, Plant Disease, and Noxious Weed Control budget was funded by a U.S. Department of Agriculture (USDA) grant. The USDA funds were no longer available to support the position's cost. It is being supported by the Agriculture Registration Enforcement budget, B/A 101-4545, where fees generate funding from noxious weed efforts.

As for the Commodity Food Program, the NDA indicates participation has increased in that program, necessitating those additional positions. In addition, they are not providing nutrition counseling to participants. That additional social services program specialist can offer nutrition counseling to participants.

**Senator Goicoechea:**

I do not see S.B. 488 and S.B. 495 generating a lot of money. These bills will not have a major impact on the budget if they pass or do not pass because they collect fees that will be put back into the program and will help regulations be put in place.

SENATOR LIPPARELLI MOVED TO APPROVE THE SUBCOMMITTEE'S REPORT AND RECOMMENDATION TO CLOSE B/A 101-4554, B/A 101-4545, B/A 101-4550, B/A 101-4546, B/A 101-2691, B/A 101-1362, B/A 233-4470, B/A 101-4600 AND B/A 101-4551 CONSISTENT WITH THE RECOMMENDATION OF THE SUBCOMMITTEE.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

\* \* \* \* \*

Senate Committee on Finance  
April 20, 2015  
Page 54

**Chair Kieckhefer:**

Seeing no further business before this Committee, this meeting is adjourned at 10:01 a.m.

RESPECTFULLY SUBMITTED:

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Jason Gortari,  
Committee Secretary

APPROVED BY:

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Senator Ben Kieckhefer, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness / Entity</b>	<b>Description</b>
	A	2		Agenda
	B	2		Attendance Roster
	C	40	Jeff A. Ferguson/Legislative Counsel Bureau	Senate Committee on Finance Closing List 8 April 20 2015
	D	5	Kristen Kolbe/Legislative Counsel Bureau	Senate Committee on Finance Joint Subcommittee on Public Safety, Natural Resources and Transportation Closing Report Peace Officer Standards and Training
	E	19	Jennifer Gamroth/Legislative Counsel Bureau	Senate Committee on Finance Joint Subcommittee on Public Safety, Natural Resources, and Transportation Closing Report Office of the Military
	F	6	Jennifer Gamroth/Legislative Counsel Bureau	Senate Committee on Finance Joint Subcommittee on Public Safety, Natural Resources and Transportation Closing Report Tahoe Regional Planning Agency
	G	4	Mark Krmpotic/Legislative Counsel Bureau	Senate Committee on Finance Joint Subcommittee on General Government Closing Report Deferred Compensation Committee
	H	47	Adam Drost/Legislative Counsel Bureau	Senate Committee on Finance Joint Subcommittee on General Government Closing Report Department of Agriculture
	I	2	Adam Drost/Legislative Counsel Bureau	Governor's Recommended Capital Improvement Program Department of Agriculture