

**MINUTES OF THE MEETING OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND
SENATE COMMITTEE ON FINANCE
SUBCOMMITTEES ON GENERAL GOVERNMENT**

**Seventy-Ninth Session
April 25, 2017**

The joint meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on General Government was called to order by Chair Heidi Swank at 8:08 a.m. on Tuesday, April 25, 2017, in Room 2134 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/79th2017.

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Heidi Swank, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblywoman Olivia Diaz
Assemblyman Chris Edwards
Assemblyman John Hambrick
Assemblywoman Ellen B. Spiegel

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Aaron D. Ford, Chair
Senator David R. Parks
Senator Becky Harris

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Cathy Crocket, Program Analyst
Jay Kriebel, Program Analyst
Alex Haartz, Senate Principal Deputy Fiscal Analyst
Michelle Hamilton, Committee Secretary
Lisa McAlister, Committee Assistant



After roll was called, Chair Swank discussed changes to the agenda. The agenda would start with the Work Session for the Public Employees' Benefits Program (PEBP), followed by the budget closing for the Division of Human Resource Management, Department of Administration, and conclude with the budget closing for the Division of State Library, Archives and Public Records, Department of Administration.

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said there were two discussion items for the Public Employees' Benefits Program (PEBP). The first item related to the affordability for nonstate, non-Medicare retirees. Ms. Crocket stated that the affordability of participant premiums for nonstate, non-Medicare retirees had been discussed by the money committees during previous legislative sessions, because participant premiums for nonstate, non-Medicare retirees were higher than premiums for state retirees for the same insurance coverage.

Ms. Crocket said that pursuant to *Nevada Revised Statutes* (NRS) 287.023, subsection 2, paragraph (b), PEBP was required to establish separate rates and coverage for nonstate participants and their dependents, and the comingled claims experience served as the basis for these rates. Therefore, state participants' premiums constituted a separate risk pool, and premiums for state and nonstate participants were calculated separately, which meant the premiums would be different for the same insurance coverage.

Ms. Crocket explained that Senate Bill (S.B.) 544 of the 74th Session (2007) allowed nonstate, non-Medicare retirees to join PEBP only if active employees of their former employer also participated in PEBP. Over time, the provisions of S.B. 544 had the effect of creating essentially a high-risk pool for nonstate participants. Ms. Crocket explained active employees generally were younger and had lower health-care costs than retirees had. The lower health-care costs for active employees offset the higher cost of retiree healthcare. A good example of this was the ratio of active nonstate and state participants to nonretirees and state retirees. The nonstate, non-Medicare retirees had 9 active participants to offset the cost of 1,193 nonstate, non-Medicare retirees, or a ratio of 0.007:1 active employee participants to retirees. Whereas, the state risk pool had 26,841 active employee participants to offset the cost of 4,025 retirees, a ratio of 6.7:1 active employee participants to retirees.

Ms. Crocket continued, pursuant to NRS 287.023, subsection 4, paragraph (b), and said that local governments would contribute the same portion of the cost of PEBP coverage for retirees as the state contributed. This resulted in local governments providing relief to its retirees by contributing additional funding to lower the premiums. For example, a state retiree on the High Deductible Health Plan (HDHP) would pay a premium of \$209.08 per month, whereas, a nonstate retiree on the same HDHP would pay a premium \$391.67 per month, which was \$182.59 more or 87.3 percent higher for the same coverage. A state retiree on the Health Maintenance Organization (HMO) Preferred Plan would pay a premium of \$397.99, while the non-state retiree paid \$439.31 or \$41.32 more per month than the state retiree paid did.

Ms. Crocket said that during the budget hearing on February 22, 2017, PEBP presented the Subcommittees with seven options for the treatment of nonstate, non-Medicare retirees. She stated that of the seven options, four appeared to be feasible, and three did not appear to be feasible to the Fiscal Analysis Division staff. Of the four feasible options, two would create no fiscal effect on the State General Fund, nor affect state employees and retirees. She said the other two feasible options created a fiscal consequence to the General Fund and affected state employees and retirees. Ms. Crocket told the Subcommittees that she would present each of the four feasible options.

Ms. Crocket stated that option 1 would amend NRS 287.023 to align nonstate retiree premiums with state retiree premiums. Currently the statute required local governments to contribute the same portion of the cost of PEBP coverage as the state contributed. She noted that this had led to a differential between state retiree premiums and nonstate retiree premiums. The NRS, she said, would be amended to align participant premiums rather than the employer contribution, resulting in premiums that were the same for state and nonstate, non-Medicare retirees. Under this scenario, former employers of the nonstate retirees would be responsible for contributing the difference. Ms. Crocket referred back to the previous example of the HDHP premium costs. A state retiree paid a premium of \$209.08 versus the nonstate premium of \$391.67 per month, for a \$182.59 differential. Under option 1, the former employer would absorb the \$182.59 difference and the nonstate, non-Medicare retirees' premium would decrease by \$182.59 to \$209.08. Based on projected nonstate participant enrollment, Fiscal staff calculated that the additional annual cost to local governments would be \$1.8 million in fiscal year (FY) 2018 and \$1.1 million in FY 2019. However, the actual cost to local governments could vary if participant enrollment or the cost of coverage varied from the projected level.

Option 1 would:

- Maintain nonstate and state PEBP participants in separate risk pools.
- Provide relief to nonstate, non-Medicare retirees by aligning participant premiums with state retirees' participant premiums.
- Require nonstate, non-Medicare retirees' previous employers to pay the cost for their retirees, which was consistent with the policy put into place when the Legislature approved establishing separate risk pools for state and nonstate participants.
- Protect the state and state PEBP participants from bearing a portion of the cost of health-care coverage for nonstate, non-Medicare retirees.

Ms. Crocket stated that if the Subcommittees selected option 1, Fiscal staff would suggest placing nonstate participant costs in a new separate budget or special use category for tracking and transparency purposes. She noted that during the budget hearing, PEBP had

indicated that higher-than-expected claims costs for nonstate, non-Medicare retirees were absorbed by the state. However, PEBP had not been able to produce an accurate number to reflect what the state had absorbed over the years. Therefore, Fiscal staff would suggest modifying the budgetary structure to provide for enhanced tracking and transparency.

Ms. Crocket stated option 2 would be to take no action. Under this option, no changes would be made, and nonstate participants would remain in a separate risk pool. Ms. Crocket discussed options 3 and 4, which would have a fiscal effect on the State General Fund and could have a fiscal effect on state employees and retirees.

According to Ms. Crocket, option 3 would provide a State General Fund appropriation to reduce nonstate, non-Medicare retiree premiums. Premiums would be lowered by providing a State General Fund appropriation that would need to be continued in future biennia to lower nonstate premiums to align with state premiums. Fiscal staff calculated the cost would be \$1.8 million in plan year (PY) 2018 and \$1.1 million in PY 2019.

Ms. Crocket said option 4 would comingle state participants and nonstate participants into a single risk pool, which would require that NRS 287.043 be amended. Under this option, a portion of the cost of healthcare for nonstate, non-Medicare retirees would shift to the state, as well as to state employees and state retirees. Under option 4, premiums for nonstate retiree participants would decrease and premiums for state active and retiree participants would increase. The PEBP had indicated it would not be feasible to comingle the two groups until July 1, 2018, because of the timing of PEBP's open enrollment period. Ms. Crocket said that open enrollment would start May 2017, and the fiscal year rate-setting process would occur during March 2018. In addition, PEBP would likely need to amend its contracts with HMOs to establish a single risk pool. If the Subcommittee members wanted to provide relief to the nonstate, non-Medicare retirees by July 1, 2017, a State General Fund appropriation could be provided or local governments could be required to contribute additional funding in support of nonstate participants for the one-year period.

The fiscal effect of comingling the state and nonstate participant groups depended on four factors:

1. The number of state and nonstate participants.
2. The projected cost of medical and prescription drug coverage for HDHP participants, which was also dependent upon budgeted trends.
3. The projected cost of dental coverage for all PEBP participants.
4. The projected cost of premiums for HMO participants.

Ms. Crocket explained that PEBP had indicated it was not possible to estimate the fiscal costs of comingling HMO nonstate and HMO state participants. The fiscal effect of comingling the HMO groups would be unknown unless option 4 was approved, and rates were actually calculated by the HMO. The fiscal costs of comingling HDHP premiums and dental coverage could be estimated by comparing each participant's per-month cost of coverage for the two different groups and establishing a blended rate by combining the two groups. Fiscal Analysis Division staff estimated the projected cost to be \$960,022 in PY 2019. As previously noted, that did not include the HMO, which would be an unknown additional cost.

Fiscal Analysis Division staff also noted two potential problems when pursuing option 4. The first problem would be the effect on the state's Other Post-Employment Benefit (OPEB) liability. Governments that sponsored OPEB were required to account for those benefits, and comingling the two participant groups would have the effect of increasing the state's OPEB liability rate, while decreasing the OPEB liability of local governments whose retirees participated in PEBP. As of June 30, 2016, the OPEB liability was estimated at \$2.06 billion. However, the effect of comingling for the OPEB liability could not be estimated without an actuarial evaluation.

Ms. Crocket explained that the second problem was the nine active nonstate PEBP participants. Those active nonstate participants would likely be comingled with the state participant group because it was not feasible to maintain a risk pool for nine participants. In addition, if the state subsidized a portion of the health insurance cost for nonstate active employees, local governments might be incentivized to seek coverage through PEBP, as authorized by NRS 287.025. She acknowledged that the fiscal effect of additional local governments opting to provide coverage to active employees through PEBP was unknown.

Ms. Crocket talked briefly about the last three options that Fiscal staff decided would not be feasible. Option 5 would require nonstate, non-Medicare retirees to return to their former employers and establish a requirement for the employers to contribute to premiums. The PEBP indicated there were various legal restrictions that would not allow this option.

Ms. Crocket noted that option 6 would require nonstate, non-Medicare retirees to purchase coverage through the Nevada Health Link and would require an employer contribution. However, PEBP had indicated that the employer contribution would be considered taxable income to the nonstate, non-Medicare retirees. In addition, life and dental insurance would not be included and would have to be purchased separately. Fiscal Analysis Division staff noted that there might be differences in coverage between Nevada Health Link and PEBP.

Ms. Crocket explained option 7 was the final option believed to be unworkable. Option 7 would require participants over the age of 65, who were not currently eligible for premium-free Medicare Part A, to purchase Part A. However, this would further shrink the

nonstate retiree pool and likely increase the rates and cost per participant by an unknown amount.

Ms. Crocket stated that the cost of the various options depended upon participant enrollment counts and budget trend analysis. If the Subcommittees wanted to pursue option 1 or option 4, it would be reasonable to have PEBP reevaluate those two factors. Fiscal staff noted that during any given session, the Legislature passed a bill to establish PEBP rates and contributions for the upcoming biennium, and any statutory amendment could be placed into that bill.

Ms. Crocket said the decision to be made prior to closing was whether to revise how the monthly premium for nonstate participants would be calculated. She noted that if the Subcommittees wanted to evaluate options for modifying the treatment of nonstate participants, it should identify the option so Fiscal staff could work to refine projected costs.

Chair Swank reiterated the first four options outlined by Ms. Crocket. Option 1 required local governments to cover the difference in premium costs. Option 2 was to do nothing, but the Subcommittees had indicated from earlier presentations that this option was not a solution. The Chair noted there was also an option using State General Fund appropriations and an option for comingling participant groups.

Senator Harris pointed to the tracking for transparency purposes in option 1 and wondered why those provisions were not included in the other options. She was concerned because decisions were expected without data on fiscal costs. She was most concerned about the ability to plan and ensure participants were taken care of in the future.

Ms. Crocket stated that Fiscal staff also suggested that if the option to do nothing were approved, it would be beneficial to establish the tracking and transparency measure. With option 3, pursuing a State General Fund appropriation, tracking and transparency would also be an appropriate mechanism to put in place. However, with the comingling option, the tracking and transparency would not necessarily apply because there was a single risk pool.

Senator Harris requested there be a tracking and transparency mechanism for the option the Subcommittees chose other than the comingling option.

Assemblywoman Diaz wanted to know whether there could be a hybrid plan, with most of the counties taking the responsibility for the nonstate, non-Medicare retirees, because she felt most of the local governments could absorb those costs. Her concern was for the school districts; for example, Clark County School District had 523 nonstate, non-Medicare retirees to finance. She also mentioned the high number of nonstate, non-Medicare retirees from Washoe County School District and noted the budget shortfalls that county faced. Assemblywoman Diaz wondered whether there could be a hybrid model in which local

governments paid the maximum, but with a lower cost for the nonstate, non-Medicare retirees from school districts.

Ms. Crocket said that having retirees go back to their local employers and require those governmental entities to provide health insurance coverage might not be feasible. However, a hybrid plan to require non-school district entities to pay a higher employer portion to offset the costs for school districts, or providing a partial State General Fund appropriation, could be options. She said that PEBP would be required to provide a detailed analysis of those projected costs, by those particular employer groups, for the upcoming biennium. Fiscal staff would have to include a mechanism for those groups to contribute more, if the participant enrollment or cost per participant should vary.

Assemblyman Edwards wanted to know the effect to the nonstate participants if the state did not provide \$1 million-plus of State General Funds. He was concerned that the Subcommittees were not taking care of state employees and did not think it was a good idea to compensate the local governments for not setting aside enough funds for its retirees.

Ms. Crocket referred Assemblyman Edwards to option 2—take no action. Under this option, the nonstate retiree premiums would continue to be higher for the same health-care coverage, and costs would continue to escalate as that group aged.

Assemblyman Edwards said he understood the state participants would subsidize the nonstate participants.

Ms. Crocket stated that would be a correct statement under the comingling option, where one rate would be established for state and nonstate participants. She added that, under this option, the state premium would be increased to cover a portion of the cost of adding the nonstate participants.

Assemblyman Edwards said he wanted to make sure state employees were not burdened.

Chair Swank wanted to clarify that there were four different options, all with different outcomes, and there were some difficult decisions to be made. She felt that the nonstate, non-Medicare retirees had been left behind.

Senator Ford said the problem was who should pay the costs, because the costs had increased. It was clear those costs should come from the local governments. He said that he was not interested in a carve-out for any local government, whether it was a school district or any other entity. He agreed with Assemblyman Edwards about ensuring that state workers were not comingled in a way that would subsidize local government workers. Senator Ford said he would be interested in supporting option 1 requiring local governments to contribute, which was estimated to be about \$1.8 million in FY 2018 and \$1.1 million in FY 2019. Those costs would probably continue to increase and might have to be revisited

in future biennia. He said local governments had caused the "orphan circumstance," and those local governments needed to fix it.

Assemblywoman Spiegel asked whether there was any data showing the cost savings that had been recognized by local governments because of this situation over the past decade.

Ms. Crocket said that Fiscal staff did not have a cost estimate. The PEBP reported that it believed the state had absorbed \$56.5 million from 2013 to 2016. However, after further analysis and review, PEBP stated it was uncertain that was an accurate figure and it had not been revised.

Assemblywoman Diaz wanted to remind the Subcommittees about the history behind the orphan situation. The nonstate, non-Medicare retirees came over to PEBP at the time because it offered a better quality insurance plan. She explained that over time, the quality of PEBP coverage declined, and now the plan cost more and offered less coverage. Assemblywoman Diaz did not feel that it was appropriate to ask the Clark County School District to absorb the cost of 523 nonstate retiree participants. She felt the same for the Washoe County School District. The difference between a school district and a local government was that a local government could generate revenue, whereas a school district was allocated funding and had to make do with the amount provided. The nonstate retiree costs would add to that, and Assemblywoman Diaz felt this would have a disproportionate effect on the school districts.

Assemblyman Edwards believed that local governments had the ability to contribute, and it was more appropriate for local governments to contribute. The local governments contributed nothing to the 20,000 state employees, and the local governments needed to help.

Chair Swank asked for further questions, and hearing none, she stated that the Subcommittees were not making decisions early in the day, but were gathering information. She stated that based on today's conversation, the Subcommittees would direct Fiscal staff to look at option 1 and consider how school districts would be affected. She asked Ms. Crocket to continue to the next item on the work session.

Ms. Crocket stated the second item for discussion related to the Plan Year 2018 Plan Benefits Design. She noted that PEBP's plan year ran from July 1 to June 30. The PEBP Board met on March 23, 2017, and had adopted the PY 2018 Plan Benefits Design. A budget amendment was submitted to Fiscal staff on April 10, 2017, reflecting design changes adopted by the PEBP Board.

Fiscal staff noted that the 2018 open enrollment began May 1, 2017; therefore, it would not be possible to modify the 2018 Plan Benefits Design without delaying the open enrollment period or changing the 2018 plan year. Ms. Crocket reported that the following presentation

was mostly informational, with only a few decisions to be made concerning the amount the state contributed in support of the health insurance plan.

As background information, Ms. Crocket said that PEBP started the High Deductible Health Plan (HDHP) as the Paid Provider Option (PPO) in 2012, and plan year (PY) 2012 was considered the base year for the PEBP plan. The HDHP created excess reserves that accrued in subsequent years. Benefit enhancements were funded with these excess reserves, and that continued to the current biennium. The PEBP 2017-2019 biennium base budget reflected the base PY 2012 plan design and funded benefit enhancements using excess funds. These benefit enhancements were considered one-time in nature.

Ms. Crocket noted that during the March 2017 PEBP Board meeting, the updated plan design reflected a decreasing number for 2018 compared with the estimate used for the Governor's recommended budget. She said that the Governor's recommended budget had projected an increase of 3.1 percent for that group, whereas the revised rate from the PEBP actuary was -2.44 percent for PY 2018, a decrease of 5.54 percentage points. The PEBP staff recommended to the PEBP Board a change for a number of enhanced benefits funded with excess reserves to funding from state contributions and participant premiums. Fiscal Analysis Division staff noted that this represented a policy shift. To maintain state contributions at the level recommended by the Governor with the projected trend decrease, PEBP made five changes to the Governor's recommended plan, and those five changes were:

1. Shift a number of the enhanced benefits to the base plan design and fund enhanced benefits with state contributions and participant premiums rather than excess reserves. Therefore, these enhanced benefits would no longer be considered one-time in nature and would serve as the base plan design going forward.
2. Fund certain benefit enhancements with excess reserves.
3. Modify state contribution percentages.
4. Revise participant premiums.
5. Revise reserve levels.

Ms. Crocket reported that notable features of the PY 2018 plan design were as follows:

- HDHP PPO plan deductible and coinsurance were initially recommended by the Governor at \$1,600 for an individual and \$3,200 for a family. The budget amendment would instead continue the current benefit level, which was \$1,500 for an individual and \$3,000 for a family with an 80 percent coinsurance rate.

- The dental benefit would be \$1,500 maximum per year, which was the same amount as recommended in The Executive Budget.
- The vision benefit would fund one annual exam with a \$25 copay, which was the same amount recommended in The Executive Budget.
- The Medicare Part B premium subsidy for certain retirees was \$104.90 in The Executive Budget and would increase to \$134, which equated to the 2017 Medicare Part B monthly premium.
- The Governor's budget recommended a \$5,000 rollover cap that would be applied to the Health Reimbursement Arrangement (HRA) balances at the end of 2018. The PEBP Board did not approve of establishing the rollover cap.
- The HMO plan design was to continue as recommended in The Executive Budget to include the Preferred Plan and an Alternate Plan.
- The PEBP Board approved the preventive drug list benefit, and certain provider reimbursements were modified in the plan design that resulted in a small savings.
- The out-of-pocket maximum for the HDHP would remain at the current level of \$3,900 for an individual and \$7,800 for families.
- Health Saving Account (HSA) and HRA contributions would remain at \$700 per individual and \$200 per dependent.
- The PEBP Board approved one-time benefit enhancements. The Executive Budget recommended that retirees pay for costs, such as life insurance premiums and monthly HRA administration fees. However, the PEBP Board approved funding the costs with excess reserves, so retirees would not be burdened with those costs.
- Life insurance would be \$25,000 for active employees and \$12,500 for retirees. The estimated cost of this benefit was \$3.6 million.
- The PEBP Board approved enhanced HSA and HRA contributions tied to participant actions. A contribution of \$200 per primary participant would be provided upon completion of four annual preventive services, including an annual medical exam, laboratory tests, dental exam, and dental cleaning.

Chair Swank was happy to see the rollover cap was not approved because there should be a reward to individuals for saving money. She opened the meeting for questions.

Senator Harris asked for clarification on whether the HSA and HRA contributions of \$700 per individual and \$200 per dependent were annual amounts or whether these were monthly amounts. Ms. Crocket said that these were annual amounts.

Chair Swank asked for any further questions, and hearing no questions, she asked Ms. Crocket to present the next item for discussion.

Ms. Crocket said that the next item for discussion was the state contribution percentages. The state contribution represented the amount of health insurance costs that the state contributed and the participants made up the remainder of the premium cost. She stated that the contribution percentages had increased because of the decreased trend, which allowed PEBP to fund additional benefits through the base budget. Historically, the state contribution percentage for dependents had been set at 20 percent less than the state contribution percentage for primary participants, which was maintained in the contribution percentages recommendation in the budget amendment. The percentage contribution for participants who elected to join the HMO rather than the PPO had been set at 15 percent less than the PPO subsidy to reflect the difference in deductibles, out-of-pocket expenses, and coinsurance percentages. However, in the budget amendment, that percentage differential decreased to 14 percent, which was a deviation from the historically established 15 percent differential.

Ms. Crocket said that for participant premiums, the PEBP Board adopted premiums that were level with premiums charged in FY 2017 for the HDHP, and set the Alternative HMO plan premium level with the premium charge in FY 2017. Fiscal staff noted that to maintain the 2018 premium at a level equal to the 2017 premium, the 2018 premium adopted by the PEBP Board varied from the premiums required to support the actuarial projected cost of coverage. Based on actuarial projected costs and agency administrative costs, the state-participants' premiums were higher than necessary to support those costs.

Ms. Crocket stated that to align the 2018 HMO Alternative Plan with the 2017 HMO Preferred Plan premiums, the participant premiums adopted by the PEBP Board were higher than required to support the contractual HMO premium and the agency's administrative costs. Ms. Crocket said that, for example, an active employee covered under the HDHP would pay \$2.85 more per month than required to support the cost of the plan, and an active employee who opted for coverage under the HMO Alternative Plan would pay an additional \$17.78 per month. Ms. Crocket noted that the only premium increase was the HMO Preferred Plan for active employee participants, and that premium was increased by \$5 per month. Fiscal staff calculated that this would result in an additional \$907,033 in revenue for the PEBP in 2018.

Ms. Crocket explained that when the premium increased by that amount, it skewed the state's contribution percentages. The unintended consequence created a differential between the proportion of nonstate and state retiree contributions by employers, pursuant to NRS 287.023, subsection 4, paragraph (b) as discussed previously. Local governments were

required to contribute the same portion of coverage as the state, and when state premiums were adjusted and nonstate premiums were not adjusted, those percentages were no longer the same.

Ms. Crocket stated the next item related to reserve changes. Fiscal staff noted that for the Health Reimbursement Arrangement (HRA) reserve, The Executive Budget had recommended budgeting the HRA reserve at 85 percent of unexpended prior-year balances. However, the PEBP Board approved maintaining the HRA at 100 percent of prior year account balances because the account balances represented a liability to the state that needed to be reflected on the PEBP's financial statements.

Ms. Crocket summarized that the decision was whether to approve the state's contribution percentages adopted by the PEBP Board and the corresponding state contribution amounts included in The Executive Budget.

Assemblywoman Benitez-Thompson asked about the premium calculation methodology, and she questioned the decision to over-collect on the two plans.

Damon Haycock, Executive Officer, Public Employees' Benefits Program, explained that PEBP had historically made minor changes to its rates at the rate-setting meeting. He said that a good example was this current plan year when compared with March 2016, the actuarial equivalent and math-certified set of rates were higher than what PEBP was charging. The PEBP Board took the option to lower those rates to make them flat for this fiscal year. Mr. Haycock explained the slight adjustments made by PEBP were based on risk, concern for that risk, and how conservative the PEBP Board and PEBP wanted to be when it came to funding healthcare. The PEBP had a significant decrease in the estimate, primarily because of decreases to the medical and dental components. However, he noted, the pharmacy side was growing rapidly. He said that although it appeared PEBP was being aggressive with its estimate, he admitted that PEBP had been off in past years' predictions. Overall, PEBP wanted to ensure that there was enough funding to maintain solvency not just for next year, but also for the next decade. He explained the HMO Alternative Plan was a first-year plan, and PEBP had no historical experience with that plan. He concluded by noting that PEBP wanted to ensure the premiums covered all the expenses appropriately during the first year.

Assemblywoman Benitez-Thompson said her experience with PEBP had been that over the interim, PEBP had been diligent about coming to the Interim Finance Committee (IFC) when there was a need to increase costs or adjust the plan. She asked whether it would be unreasonable for PEBP to consider adjusting the rates and calculation methodology to reflect what the actual costs were today. Moreover, should the costs increase unexpectedly, for example for pharmacy drugs, PEBP could present that adjustment to IFC.

Mr. Haycock pointed out that PEBP could go to IFC in the interim to discuss moving funds, but PEBP would be unable to get additional employer contributions. The PEBP could not ask for money because costs had increased for the state: it could only move reserves around. He said that PEBP was hedging its bets for the off year, because there was not a mechanism to change rates; any increase or decrease in rates in the off year would have to be absorbed by the participants.

Assemblywoman Benitez-Thompson asked whether building this margin was a standard policy for the Board. She also wondered if the Subcommittees were to review past years, whether it was typical to have a cushion between what PEBP knew costs to be today, and the actual premiums collected.

Mr. Haycock said he wished there was a way to predict future health-care costs. There were ups and downs in health insurance, as well as proposed laws that affected health insurance. Mr. Haycock said that in past years, PEBP adjusted the premium rate, but it was difficult for an employee or retiree to budget a rate that changed every year. The premium rate would go up because of a bad prior year, then down because of a good prior year, and PEBP wanted to level out the ever-increasing costs of health insurance and keep the premiums affordable. He concluded by stating that the decision to keep the rate the same rather than slightly lower was made to smooth the trajectory for health insurance premiums and was not meant to be punitive.

Assemblywoman Benitez-Thompson said the Subcommittees would look back to see if there were other years of over collection to make sure PEBP was not setting a new precedent by padding its rates.

Mr. Haycock illustrated the up-and-down cost for health insurance as it pertained to the HDHP. He said that from 2012 to 2013, the costs went up 5 percent; in 2014, the costs were flat; in 2015, costs went down 13 percent; in 2016, costs went up 7 percent; in 2017, costs stayed the same; and PEBP was looking at a slight increase in 2018, but the employer contributions were covering costs. Mr. Haycock said that PEBP did not traditionally pad rates, but it had excess reserves and PEBP tried to buy them down. He said that in essence, PEBP was trying to buy down the rate every year by spending some of its excess reserves. He said now that the excess reserves were starting to run out, PEBP wanted to make sure it had funding, especially when it included new programs and new benefits with no prior experience. For example, PEBP had no prior experience concerning the preventive drug list and did not know how many participants would take advantage of the needed benefit. He said PEBP was not hedging or padding; rather, it was being fiscally solvent and fiscally responsible. The PEBP Board had a fiduciary responsibility to make sure PEBP did not have to return to IFC in the interim.

Chair Swank called for further questions, and hearing none, she moved to closing budgets for the Division of Human Resource Management, Department of Administration.

FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
ADMINISTRATION - HRM - HUMAN RESOURCE MANAGEMENT (717-1363)
BUDGET PAGE ADMIN-158

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that budget account (BA) 1363, the Division of Human Resource Management (DHRM), Department of Administration, was responsible for recruitment activities and managing human resource services for the state. There was one major closing item in the budget, decision unit Enhancement (E) 229, which related to the elimination of written testing. Ms. Crocket said the Governor recommended the elimination of written testing for state jobs, and those tests were administered by DHRM. The purpose of decision unit E-229 was to increase job applicant pools, allow applicants to be better matched to job opportunities, and to decrease recruitment time. The elimination of written tests would result in a savings of \$350,263 over the biennium and included the elimination of two personnel technician positions and associated costs such as testing room equipment.

Ms. Crocket said that according to the Department of Administration, one of the filled personnel technician positions would be eligible for the purchase of retirement service credit [pursuant to *Nevada Revised Statutes* (NRS) 286.3007(3)] and the incumbent planned to retire upon elimination of the position. The cost for the retirement service credit would be approximately \$100,000, and the Department indicated it had enough authority in its fiscal year (FY) 2017 budget to absorb the cost; therefore, no additional funding would be required. She stated that the other incumbent in a personnel technician position was interviewing for other state positions.

There was an examination process for competitive examinations outlined in NRS 284.205 through NRS 284.265. Ms. Crocket explained that the examination process could consist of an evaluation of training and experience, a written examination, an oral examination, a performance examination, or any combination thereof. Therefore, the statute did not require written testing for any positions.

According to DHRM, the recruitment process for positions that currently required written testing involved the following steps:

1. Recruiting.
2. Announcing the recruitment.
3. Reviewing applications to ensure minimum requirements were met.
4. Testing applicants who met minimum requirements.
5. Scoring tests and notifying applicants of the results.
6. Certifying a list of candidates to be provided to the hiring agency.
7. Interviewing to be done by the hiring agency and the final candidate selected.

The Department proposed to eliminate the written testing and the test-scoring component, which aligned the recruitment process with the process currently in place for positions that did not require testing. The Department had indicated that eliminating written testing would also align with recruitment best practices in the state. According to DHRM, 75 percent of other states had already eliminated written testing, and the remaining 25 percent used testing for a limited number of specialized positions. Currently, the state had 1,148 job classifications and of those, there were 76 classifications, or 5.9 percent that required written testing. Jobs that required testing included clerical, paraprofessional, technical, entry-level, and fiscal positions. Ms. Crocket disclosed that of those 76 classifications, there were 25 written tests, which meant the tests applied to multiple job classifications.

Ms. Crocket said the primary reason DHRM wanted to eliminate written testing was to reduce recruiting time. It received numerous complaints from state agencies concerning recruitment time, and the testing process added nearly a month to the recruitment process. Particularly for entry-level positions, there could be thousands of applications submitted, and the time required to administer tests to all qualified applicants could add three to four months to the recruitment process. In addition, DHRM claimed there was a risk of eligible applicants leaving before the testing process was complete. The state had lost qualified job candidates; however, it was unclear how frequently that occurred. According to DHRM, written testing was not a good predictor of job success, and there were a number of candidates who might not be good at taking tests but who could still be successful in the job. The elimination of testing would allow state agencies a better way to select the best candidates for the job. The DHRM had a skill assessment tool for state agencies to use to evaluate different skill sets as part of the job interview process, and that tool would continue to be available in the upcoming biennium.

Ms. Crocket asked whether the Subcommittees wanted to approve the elimination of written testing as recommended by the Governor, including the elimination of two filled positions.

Chair Swank asked for a motion.

SENATOR FORD MOVED TO APPROVE THE ELIMINATION OF WRITTEN TESTING, DECISION UNIT ENHANCEMENT (E) 229, INCLUDING THE ELIMINATION OF TWO FILLED POSITIONS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.
THE MOTION CARRIED UNANIMOUSLY.

Ms. Crocket stated that there were other closing items in this budget, and most of the other closing items appeared reasonable. Staff from the Fiscal Analysis Division, Legislative Counsel Bureau, noted that other closing items 8 and 9, which were reserves in the DHRM services cost-allocation, needed technical adjustment. Fiscal staff recommended that

all other closing items 1 through 7 and other closing item 10 be closed as recommended by the Governor with authority for Fiscal staff to make technical adjustments noted in other closing items 8 and 9, and other technical adjustments as necessary.

Chair Swank asked for a motion.

SENATOR FORD MOVED THAT OTHER CLOSING ITEMS 1 THROUGH 7 AND OTHER CLOSING ITEM 10 BE CLOSED AS RECOMMENDED BY THE GOVERNOR, WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ADJUSTMENTS NOTED IN OTHER CLOSING ITEMS 8 AND 9 AND OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN DIAZ SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
ADMINISTRATION - HRM - UNEMPLOYMENT COMPENSATION (101-1339)
BUDGET PAGE ADMIN-167**

Cathy Crocket, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that staff from the Fiscal Analysis Division, Legislative Counsel Bureau, was responsible for developing closing recommendations for budget account (BA) 1339, and that the Subcommittees had not previously reviewed this budget. She noted that BA 1339 collected an assessment on gross salaries to provide reimbursement to the Employment Security Division, Department of Employment, Training and Rehabilitation, for unemployment benefits provided to former state employees. Ms. Crocket said there were no major closing items, and Fiscal staff recommended this budget be closed as recommended by the Governor with authority to make technical adjustments as necessary.

Chair Swank requested a motion.

SENATOR HARRIS MOVED TO CLOSE BUDGET ACCOUNT 1339 AS RECOMMENDED BY THE GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN DIAZ SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
ADMINISTRATION - NSLA - NEVADA STATE LIBRARY (101-2891)
BUDGET PAGE ADMIN-175

Jay Kriebel, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that there was one major closing item for budget account (BA) 2891, and that was decision unit Enhancement (E) 226, Publication Reductions. The Governor recommended eliminating the online K-12 World Book Encyclopedia subscription and certain paper publications, resulting in a reduction of General Fund appropriations by \$191,112 over the 2017-2019 biennium. Staff from the Fiscal Analysis Division, noted that decision unit E-226 was included in the agency request budget as a budget reduction measure, pursuant to the Governor's directive for state agencies to submit a flat budget and a 5 percent budget reduction.

Mr. Kriebel noted the online K-12 World Book Encyclopedia subscription provided each school with an access code for students to access World Book Encyclopedia content from any location. If this recommendation were approved, students would still have access to World Book Encyclopedia content online at schools, public libraries, and through a public library website with the use of a library card. The elimination of the online World Book Encyclopedia subscription for K-12 schools decreased General Fund appropriations by \$162,462 over the 2017-2019 biennium. He continued, this elimination would reduce statewide database expenses by 38.6 percent over the 2017-2019 biennium from the legislatively approved amount of \$210,456 in fiscal year (FY) 2017 to \$129,225 in FY 2018.

Mr. Kriebel noted that the Division of State Library, Archives and Public Records' budget account 2899 was partially funded by the federal Library Services and Technology Act (LSTA) grant from the Institute of Museum and Library Services. The LSTA grant required a 35 percent match and a maintenance of effort (MOE), which required an increased level of program support to meet the overall purposes outlined in the LSTA grant. The Division projected that its matching funds would total over \$1.8 million, which exceeded the match requirement of \$907,000. Mr. Kriebel explained the MOE was calculated using a three-year-average of actual and projected program expenditures approved by the Institute of Museum and Library Services. According to the Division, failure to maintain the MOE at or above the three-year average would result in a reduction of funding for the subsequent year, based on the percentage the state fell below the minimum MOE requirement. He noted that the state could apply for a waiver of the MOE requirement. However, any reductions to projected program spending, for example salaries, training, library collections, state databases, operating, or information technology purchase, would affect the MOE tied to the LSTA grant award.

Mr. Kriebel continued, noting that the recommended elimination of the K-12 World Book Encyclopedia online subscription would reduce the MOE in federal fiscal year 2017 to a level that was approximately \$41,000 above the minimal amount required for the grant. He explained that if the Division experienced staff vacancies or reduced expenditures to statewide databases or library collections in fiscal year 2018, the estimated \$41,000 could be affected. Moreover, future grant funding might be reduced by the percentage that the state fell below the minimum MOE threshold if the state did not receive a waiver. Fiscal staff met with Division staff to discuss the MOE requirements and review the MOE calculations. He concurred with the Division staff's FY 2018 MOE projection and related outcomes concerning the recommended elimination of the K-12 World Book Encyclopedia online subscription.

Mr. Kriebel asked whether the Subcommittees wanted to continue the K-12 World Book Encyclopedia online subscription, increasing State General Fund appropriations by \$162,462 over the 2017-2019 biennium.

Chair Swank said the Subcommittees should consider keeping the World Book Encyclopedia, and she would accept a motion not to approve the elimination of the K-12 World Book Encyclopedia subscriptions.

ASSEMBLYWOMAN SPIEGEL MOVED TO NOT APPROVE DECISION
UNIT E-226 PUBLICATIONS REDUCTION THAT WOULD ELIMINATE
THE K-12 WORLD BOOK ENCYCLOPEDIA SUBSCRIPTIONS AS
RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Kriebel noted regarding further recommended reductions to paper publications that the Division indicated the paper publications recommended for elimination were available at other libraries. Further, future book and publication purchases would be evaluated using the Library of Congress Classification support-level criteria that defined "Minimal" or "Basic" support levels. The Division indicated declining book circulation warranted the reduction in book purchases, and that the circulation of physical books and interlibrary loans had declined 24 percent and 18 percent respectively, since FY 2013. In addition, the Division of State Library, Archives and Public Records, Department of Administration, provided access to books through the grant-funded program called Information Nevada, which provided the sharing of books and information among libraries. The elimination of certain paper publications would decrease General Fund appropriations by \$28,650 over the 2017-2019 biennium, a 9.7 percent decrease in annual funding for paper publication expenses from FY 2016 actual expenditures.

Mr. Kriebel stated that, as referenced earlier, the recommended annual reduction in paper publications of \$14,325 would affect the MOE requirement of the LSTA grant. He explained that the reduction of the required amount of state support to maintain appropriate grant funding could possibly lower future grant funding. According to the Division, the reduction in paper publications alone would leave an approximate \$74,000 cushion above the minimum MOE amount required to support LSTA grant funding.

Mr. Kriebel asked whether the Subcommittee wanted to eliminate various paper publications, decreasing State General Fund appropriations by \$28,650 over the 2017-2019 biennium.

Chair Swank said she would like to see the Subcommittees vote to retain paper access because not everyone owned computers. She felt not all low-income families had online access, and while society was moving away from paper publications, it was not yet "digital." She said she would accept a motion to retain the various publications.

SENATOR FORD MOVED TO NOT APPROVE DECISION UNIT E-226
TO ELIMINATE VARIOUS PAPER PUBLICATIONS AS
RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN DIAZ SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Kriebel said there were two other closing items covering various expenditures that Fiscal Analysis Division staff felt were reasonable. Fiscal staff recommended all other closing items be approved as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

Chair Swank requested a motion.

SENATOR PARKS MOVED TO APPROVE THE OTHER CLOSING
ITEMS IN BUDGET ACCOUNT 2891 AS RECOMMENDED BY THE
GOVERNOR AND TO AUTHORIZE FISCAL ANALYSIS DIVISION
STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN DIAZ SECONDED THE MOTION.
THE MOTION CARRIED UNANIMOUSLY.

Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said staff from the Fiscal Analysis Division wanted to clarify for the record that it appeared that perhaps a word had been dropped out of the motions. Fiscal staff wanted to note for the Subcommittees that their actions reduced State General Fund savings that would have occurred in the Governor's recommended budget. Therefore, the Subcommittees'

actions had the effect of retaining or adding State General Fund back into the amount that was approved. Chair Swank said that was correct.

FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
ADMINISTRATION - NSLA - ARCHIVES AND RECORDS (101-1052)
BUDGET PAGE ADMIN-180

Jay Kriebel, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said budget account (BA) 1052 had two major closing items. The first major closing item was decision unit Enhancement (E) 225, a position elimination. The Governor recommended eliminating a program officer position, which reduced State General Fund appropriations by \$182,721 over the 2017-2019 biennium. Currently, the program officer position worked with county and local records officers to update and revise the general retention schedules for all local governments. Pursuant to *Nevada Revised Statutes* (NRS) 239.125, the agency "shall adopt regulations to carry out a program to establish and approve minimum periods of retention for records of local governments."

The Division of State Library, Archives and Public Records, Department of Administration, reported that local government retention schedules, as set forth in the Local Government Records Management Program Manual, were now modeled after the state's retention schedules and were last updated in 2016. Local governments could access the state's record retention schedule through the Division's website. The position also assisted state agencies in developing records retention schedules, providing program education and training concerning the retention and disposition of official state records, and meeting the requirements of Assembly Bill (A.B.) 135 of the 78th Session (2015).

Staff from the Fiscal Analysis Division noted that the position elimination was included in the agency request budget as a budget reduction measure, pursuant to the Governor's directive for state agencies to submit a flat budget and a 5 percent budget reduction. Mr. Kriebel stated that the Division indicated the program officer position cited for elimination was the local governments' key records retention and disposition contact, and that local governments relied on this position for advice and best practices concerning records retention and disposition. During the March 2, 2017, budget hearing, many local government representatives spoke in opposition to the Governor's recommendation to eliminate the program officer position and expressed concern for losing the detailed and customized services provided by the Division for record retention matters.

Mr. Kriebel said Assembly Bill (A.B.) 479 revised the records retention requirement from mandatory to discretionary, in support of decision unit E-225. It was submitted by the Governor and referred to the Assembly Committee on Government Affairs. However, pursuant to Joint Standing Rule 14.3.1, no further action was allowed. Accordingly, NRS 239.125 remained in effect, requiring the Division to provide records retention

assistance to local governments. Fiscal staff followed up with the Division, and it indicated that if the program officer position was retained, 70 percent of the position's time would be spent assisting local governments with records retention issues, 20 percent of the position's time would be spent on supervision of the state records center, and 10 percent of the position's time would be spent developing state records retention policy and training staff on record retention issues. Fiscal staff had included in the closing document the restoration of the program officer position and related operating costs for the Subcommittees' consideration.

Mr. Kriebel asked whether the Subcommittees wanted to approve restoring a program officer position to support local government entities concerning minimum records retention schedules and requirements, resulting in a \$182,721 increase in General Fund appropriations over the 2017-2019 biennium.

Chair Swank asked for a motion.

SENATOR FORD MOVED TO APPROVE RESTORING THE PROGRAM
OFFICER POSITION AND RELATED OPERATING COSTS, RESULTING
IN A \$182,721 INCREASE IN GENERAL FUND APPROPRIATIONS.
ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Kriebel said the second major closing item was a position reclassification. The Office of Finance, Office of the Governor, submitted a budget amendment on February 17, 2017, to reclassify a microfilm operator to a microfilm laboratory technician supported by State General Fund appropriations of \$5,715 in fiscal year (FY) 2018 and \$6,113 in FY 2019. The Division reported the microfilm operator position was performing duties in line with a microfilm laboratory technician, including microfilm processing, duplicating, and quality control assignments. Additionally, the position was responsible for digital imaging, large format scanning and printing, routine equipment maintenance, and mixing chemicals for the microfilm development process. The Division reported that because of the reclassification of a microfilm supervisor [who previously performed those tasks] to a program officer, the microfilm operator had taken over the duties of a microfilm laboratory technician since 2010.

Mr. Kriebel said that the Division had a desk audit performed for the microfilm operator position in FY 2015. The desk audit revealed that the microfilm operator was working out-of-class. In response, the out-of-class duties were eliminated or reduced to fit the job duties for the microfilm operator series concept. However, the Division would like to return the eliminated or reduced duties and reclassify the microfilm operator position to a microfilm laboratory technician position.

Mr. Kriebel asked whether the Subcommittees wanted to approve the Governor's budget amendment to reclassify a microfilm operator position to a microfilm laboratory technician position funded with State General Fund appropriations of \$11,828 over the 2017-2019 biennium.

Chair Swank asked for a motion.

SENATOR FORD MOVED TO APPROVE THE GOVERNOR'S RECOMMENDED BUDGET AMENDMENT TO RECLASSIFY THE MICROFILM OPERATOR POSITION TO A MICROFILM LABORATORY TECHNICIAN POSITION FUNDED WITH STATE GENERAL FUND APPROPRIATIONS OF \$11,828 OVER THE 2017-2019 BIENNIUM.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Kriebel said that there were three other budget closing items covering various expenditure types. The first item was a one-grade salary increase for an information technology professional position within the Division. He noted that this decision unit would be considered by the money committees when all other statewide decision units were discussed.

Mr. Kriebel said items 2 and 3 authorized purchases of software and new equipment, and appeared reasonable to Fiscal Analysis Division staff. Fiscal staff recommended items 2 and 3 be closed as recommended by the Governor, with authority to make technical adjustments as needed.

Chair Swank asked for a motion.

ASSEMBLYWOMAN DIAZ MOVED TO APPROVE OTHER CLOSING ITEMS 2 AND 3 OF THE GOVERNOR'S RECOMMENDED BUDGET WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

SENATOR FORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
ADMINISTRATION - NSLA - CLAN (101-2895)
BUDGET PAGE ADMIN-186

Jay Kriebel, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that the Division of State Library, Archives and Public Records, Department of Administration, budget account (BA) 2895 had one major closing item, decision unit Enhancement (E) 225, the new Emergency Contingency expenditure category. The Governor recommended \$64,024 in County Participation funds in fiscal year (FY) 2018 to increase the Emergency Contingency expenditure category. According to the Division, the Emergency Contingency expenditure category would allow the Cooperative Libraries Automation Network (CLAN) to respond in a timely manner to any equipment or software failure, in certain circumstances, without the need to wait for work program approval. All network equipment, such as servers, network switches, and computers used to allow access to services and the public catalog were maintained by CLAN. The Division indicated such equipment replacement could be costly, and the Emergency Contingency category would be used for such purchases when needed. At the CLAN Board meeting in December 2016, the bylaws were revised to require any unencumbered or unspent member funds to automatically balance to the subsequent fiscal year and be deposited into the Emergency Contingency expenditure category. Mr. Kriebel noted that the revised bylaws said the CLAN's Emergency Contingency category should not exceed \$250,000, and the CLAN coordinator should seek approval from the CLAN Board for emergency expenditures in excess of \$2,500.

Mr. Kriebel said that if decision unit E-225 were approved, the Emergency Contingency expenditure category would total \$98,499 at the end of FY 2019. To date, the agency had not expended any funds from the Emergency Contingency category. Further, CLAN had been unable to identify any anticipated emergency needs for expenditures from the Emergency Contingency category.

Mr. Kriebel said that during the budget hearing on March 3, 2017, the Division of State Library, Archives and Public Records indicated the Emergency Contingency category was established in cooperation with the Office of Finance, Office of the Governor, to balance forward unspent operating expenses. The Division stated that a reserve category was considered as a means to balance forward unspent operating expenses; however, reserve funding would require Interim Finance Committee (IFC) or Board of Examiners (BOE) approval. These requirements were not acceptable because of CLAN's possible need to access funds quickly to address an emergency equipment purchase.

In response to inquiries from the staff of the Fiscal Analysis Division, the Division said there was no reason CLAN emergency purchases could not be expended from the existing CLAN operating expense category. Mr. Kriebel noted that any funds remaining in this budget at the end of the fiscal year did not revert, but balanced forward to the next fiscal year regardless of whether there was a reserve category.

Mr. Kriebel asked whether the Subcommittees wanted to approve the Governor's recommendation to increase the Emergency Contingency category by \$64,024 for FY 2018.

Chair Swank asked for a motion.

SENATOR FORD MOVED TO APPROVE THE GOVERNOR'S
RECOMMENDATION TO INCREASE THE EMERGENCY
CONTINGENCY CATEGORY BY \$64,024 FOR FY 2018.

ASSEMBLYWOMAN DIAZ SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Kriebel stated there was one other closing item that would be considered by the money committees when all other statewide decision units were discussed. Fiscal staff recommended this budget be closed as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

Chair Swank asked for a motion.

SENATOR PARKS MOVED TO CLOSE BUDGET ACCOUNT 2895 AS
RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR
FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS
NECESSARY.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
ADMINISTRATION - NSLA - MAIL SERVICES (713-1346)
BUDGET PAGE ADMIN-191

Jay Kriebel, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that staff from the Fiscal Analysis Division was responsible for developing closing recommendations for budget account (BA) 1346. The Subcommittees had not previously reviewed this budget.

The Division of State Library, Archives and Public Records, Mail Services section provided services to most state agencies in the Carson City, Reno, and Las Vegas areas. Mail Services included incoming and outgoing mail, certified mail, United Parcel Services (UPS), overnight express mail, and bulk-mailing services. Mr. Kriebel said this budget was primarily funded by data processing services.

Mr. Kriebel said there were no major closing items. There was one other closing item, which appeared reasonable to Fiscal staff. Fiscal Analysis Division staff recommended this budget be closed as recommended by the Governor with authority for Fiscal staff to make technical adjustments as necessary.

Chair Swank asked for a motion.

SENATOR HARRIS MOVED TO CLOSE BUDGET ACCOUNT 1346 AS
RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR
FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL
ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
ADMINISTRATION - NSLA - MAIL SERVICES EQUIPMENT (713-1347)
BUDGET PAGE ADMIN-196

Jay Kriebel, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said staff from the Fiscal Analysis Division, Legislative Counsel Bureau, was responsible for developing closing recommendations for budget account (BA) 1347. The Subcommittees had not previously reviewed this budget.

The Division of State Library, Archives and Public Records, Mail Services Equipment budget established a reserve for equipment replacement for the Division of State Library, Archives and Public Records, Mail Services Section. Funding came from the Mail Services budget through depreciation of existing equipment.

Mr. Kriebel said there were no major closing items. There was one closing item that did not require a decision by the Subcommittees. Staff from the Fiscal Analysis Division, Legislative Counsel Bureau, recommended this budget be closed as recommended by the Governor with authority for Fiscal staff to make technical adjustments as necessary.

Chair Swank asked for a motion.

SENATOR PARKS MOVED TO CLOSE BUDGET ACCOUNT 1347 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN DIAZ SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

FINANCE & ADMINISTRATION
DEPARTMENT OF ADMINISTRATION
ADMINISTRATION - NSLA - IPS EQUIPMENT/SOFTWARE (101-1053)
BUDGET PAGE ADMIN-198

Jay Kriebel, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said staff from the Fiscal Analysis Division was responsible for developing closing recommendations for budget account (BA) 1053. The Subcommittees had not previously reviewed this budget.

The Division of State Library, Archives and Public Records, Department of Administration's budget account 1053 funded equipment and software replacement for the State Archives' Imaging and Preservation Services program. This budget was funded by transfers of fees from the Division of State Library, Archives and Public Records budget.

Mr. Kriebel stated there were no major closing issues or other closing items. Fiscal staff recommended this budget be closed as recommended by the Governor with authority for Fiscal staff to make technical adjustments as necessary.

Chair Swank asked for a motion.

ASSEMBLYMAN EDWARDS MOVED TO CLOSE BUDGET ACCOUNT 1053 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Swank said that concluded all of the budget closings for the meeting and opened the meeting for public comment.

Sherry Grund testified that she was retired from the Churchill County School District. She stated that when she retired, she was a member of the Public Employees' Benefits Program (PEBP) and now she was an "orphan," which was the term used to define nonstate, non-Medicare retirees. She appreciated the Subcommittees' efforts to repair the problems resulting in the orphans having higher rates. Ms. Grund urged the Subcommittees to do the best they could for nonstate, non-Medicare retirees, and she ended by noting there were many nonstate, non-Medicare retirees facing hardships over this matter.

Chris Daly, Deputy Executive Director of Government Relations, Nevada State Education Association, said he was there in support of members who found themselves in the high-risk pool of PEBP. He appreciated the Subcommittees' discussions and wanted to point out that "the do-nothing option" would continue the burden for the retirees in the high-risk pool with the high premiums and high copays as well. He wanted to thank the Subcommittees for their work on this item.

Tom Wellman, President, Nevada State Education Association-Retired Committee, spoke on the "orphan" issue. He referred to his written testimony, [Exhibit C](#), and said he appreciated the fair and balanced approach the Subcommittees had taken to address this problem. Many of the members within the Nevada State Education Association-Retired were suffering because of these high rates and were in need of help and relief. He said he knew one young woman who desperately wanted to attend this meeting and present her testimony, but sadly, she had to work to make sure that she could pay her insurance premiums. She was substituting in the Clark County School District today. Mr. Wellman stated that the efforts of the Subcommittees on behalf of these members were greatly appreciated. He ended by saying, "to do nothing was not acceptable."

Diane Baker, Business Management Director, Carson City Library, said she wanted to thank the Subcommittees for taking positive action on behalf of the Nevada State Library's budget in support of the World Book Encyclopedia subscription and for the publications. She said those publications were a large factor in maintaining the Nevada State Library's ability to remain active and compete through the Library Services and Technology Act. She said she

was interested in some of the other categories in the Nevada State Library's budget for online databases and bookmobiles. She concluded by thanking the Subcommittees again for their actions in support of public libraries in Nevada.

Sena Loyd, Director, Carson City Library, said "ditto" to Ms. Baker's remarks.

Jeff Scott, Library Director, Washoe County Library System, said he appreciated the restoration of the World Book Encyclopedia and keeping the position in support of public records. He submitted [Exhibit D](#), a document titled "Nevada Library Association, Turning Passion into Action."

Chair Swank called for any additional public comment and, hearing no response, adjourned the meeting at 9:34 a.m.

RESPECTFULLY SUBMITTED:

Michelle Hamilton
Committee Secretary

APPROVED BY:

Assemblywoman Heidi Swank, Chair

DATE: _____

Senator Aaron D. Ford, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is written testimony presented by Tom Wellman, President, and Nevada State Education Association-Retired.

[Exhibit D](#) is a document titled "Nevada Library Association, Turning Passion into Action," submitted by Jeff Scott, Library Director, Washoe County Library System.