

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Eightieth Session  
March 25, 2019**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 9:02 a.m. on Monday, March 25, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 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/80th2019](http://www.leg.state.nv.us/App/NELIS/REL/80th2019).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Edgar Flores, Chair  
Assemblyman William McCurdy II, Vice Chair  
Assemblywoman Shannon Bilbray-Axelrod  
Assemblyman Richard Carrillo  
Assemblywoman Bea Duran  
Assemblyman John Ellison  
Assemblywoman Michelle Gorelow  
Assemblywoman Melissa Hardy  
Assemblyman Glen Leavitt  
Assemblywoman Susie Martinez  
Assemblywoman Connie Munk

**COMMITTEE MEMBERS ABSENT:**

Assemblyman Alex Assefa  
Assemblyman Gregory T. Hafen II

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Heidi Swank, Assembly District No. 16

**STAFF MEMBERS PRESENT:**

Jered McDonald, Committee Policy Analyst  
Asher Killian, Committee Counsel  
Kirsten Oleson, Committee Secretary  
Trinity Thom, Committee Assistant

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**OTHERS PRESENT:**

Jeanette K. Belz, representing Nevada Chapter Associated General Contractors  
Julie Butler, Director, Department of Motor Vehicles  
Tyson K. Falk, representing McDonald Carano, LLP

**Chair Flores:**

[Rules and protocol were explained.] We have five Committee bill draft requests (BDR) that have come in [BDR 19-945; BDR 18-1121; BDR 34-894; BDR S-892; BDR 18-168].

**BDR 19-945**—Revises provisions governing fingerprinting services. (Later introduced as [Assembly Bill 425](#).)

**BDR 18-1121**—Creates the Committee on Systems Integration within the Office of Science, Innovation and Technology. (Later introduced as [Assembly Bill 426](#).)

**BDR 34-894**—Revises provisions governing the tuition charges assessed against certain students within the Nevada System of Higher Education. (Later introduced as [Assembly Bill 427](#).)

**BDR S-892**—Requires the Department of Business and Industry to conduct a study related to disparities and unlawful discrimination in the awarding of certain contracts by the State or a local government. (Later introduced as [Assembly Bill 428](#).)

**BDR 18-168**—Enacts provisions relating to veterans. (Later introduced as [Assembly Bill 429](#).)

**Chair Flores:**

I would like to entertain a motion to introduce all five bill draft requests.

ASSEMBLYMAN LEAVITT MOVED FOR COMMITTEE  
INTRODUCTION OF BILL DRAFT REQUESTS 19-945, 18-1121, 34-894,  
S-892, AND 18-168.

ASSEMBLYMAN McCURDY SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN ASSEFA, CARRILLO, AND  
HAFEN WERE ABSENT FOR THE VOTE.)

**Chair Flores:**

We have one bill hearing this morning. With that, I would like to open up the hearing on [Assembly Bill 279](#).

**Assembly Bill 279: Creates the Office of Project Management within the Department of Administration. (BDR 18-1021)**

**Assemblywoman Heidi Swank, Assembly District No. 16:**

It is my pleasure to present Assembly Bill 279. Information technology is indispensable for the work that our state agencies do as they pursue their missions and serve the people of Nevada. Project management is a useful tool to ensure that information technology (IT) projects stay within budget, are executed on time, and address the issues at hand. In fact, in the private sector there are almost no large-scale projects that do not have one or more project managers to ensure the company's investment is safeguarded by project management best practices. Over the past few years in the state of Nevada—without calling out any departments in particular—there have been several large- and medium-scale IT project failures that have resulted in the loss of millions of state dollars. Some of these costs have been recovered in the form of hardware that can be reused, but there are other costs that are a loss to the state. It has also been my experience that so many IT projects run over budget, we are surprised when one does not. Personally, I do not believe the fault of these failures lies exclusively within the individual departments. These departments have expertise in other areas that may not necessarily be in IT.

In order to learn from others, I looked at how other states are handling similar issues. Several states do have IT project management offices that are staffed with experienced, knowledgeable IT project managers. This bill is based, with some modifications, on the office that the state of Kansas put into place in 1999. Under A.B. 279, if a state agency wants to implement large-scale information technology projects, the proposed Office of Project Management within the Department of Administration would have oversight of such projects and would assist the state agency with successful implementation. This bill, if enacted, would strengthen agencies by removing the burden of having to run their own IT projects which, subsequently, would help them to achieve their missions and serve their constituents. It would give them the support they need for these projects to be successful, timely, and within budget.

Section 2 of this bill clarifies that "state agency" means every public agency, bureau, board, commission, department, or division. Section 3 authorizes the Chief Project Manager of the Office of Project Management to employ such persons as necessary. Section 3 also clarifies that employees of the office serve at the pleasure of the Chief Project Manager. Section 4 requires the office to oversee each IT agency (1) if the budget of the project is \$500,000 or more, or (2) if the cost of the project exceeds the original budget by 10 percent or \$1 million—whichever is less. Section 4 says the budget is \$500,000—we are talking with departments to solidify that number. Kansas has its budget set at \$250,000, but we are trying to figure out the best number. We may end up bumping the number up as a starter project.

Section 5 requires a state agency to prepare and submit a project plan to the Chief Project Manager. In section 5, subsection 2, it lays out some requirements such as the project budget, the justification of the project, the functionality that will come out of the project, and the project schedule. This is to make sure that the department has thought through what they need out of this project. This is a lot of the information that would need to be conveyed to the project

manager in order for them to start assisting that department. Section 5, subsection 5 states that the project manager and the office implementing the IT project must meet at least once a week to discuss the project's progress. To my knowledge, this is probably the most important part of this bill because it is through regular meetings that a project will stay on course. Project managers have expertise and are able to more easily and quickly see when a project is starting to veer off track. From there, project managers can remediate it back onto schedule so that we are better safeguarding our state dollars. Section 6 requires a state agency to submit a written report to the Chief Project Manager every 90 days until the project is completed. It lays out further requirements for that report. Section 7 authorizes the Chief Project Manager to adopt any regulations necessary. Section 8 makes conforming changes in *Nevada Revised Statutes*. Section 9 actually creates the office within the Department of Administration. Section 10 requires the Director of the Department of Administration to appoint a Chief Project Manager to administer the office. Section 12 is the effective date. We are having ongoing conversations with departments to work out more details of this bill so there will be some things that will be changed—should the bill move forward.

**Assemblyman Carrillo:**

We have many bills that get killed essentially because of their fiscal note. The Department of Motor Vehicles (DMV) puts a fiscal note on it because they have programming they have to do—it is in the hundreds of thousands of dollars. It is good policy, but a fiscal note kills it. Would this assist in that endeavor?

**Assemblywoman Swank:**

Possibly. It would take some of the management out from the individual department so they would not have that burden or cost. It does not absolutely get rid of the cost. It would move much of that cost into the office and hopefully also streamline the process. It is possible but I cannot guarantee it.

**Assemblyman Carrillo:**

Essentially, the DMV would have to be on board with this because they bring in certain individuals who assist in the program. It might not be something that the project manager in the office would be able to assist with. I guess we have to bring them to the table to see if it is something that would assist them as well. It is a great bill; I get the theory of it. I just wanted to see if that is one department that could be assisted with their projects.

**Assemblywoman Swank:**

The DMV is one of the departments that I have been talking with. We met last week. They brought me some amendments this morning, so we are still having conversations. It would provide them assistance and alleviate that load for sure.

**Assemblyman Leavitt:**

When it is turned over to the Office of Project Management, can the Office of Project Management increase the budget as needed, or are they stuck with the budget that is submitted? How does the process work if further funding is needed?

**Assemblywoman Swank:**

I feel as if I should be able to answer this very easily, but I cannot. I believe what would happen if you are increasing the expenditure outside of the budget range is, you may need to go back to the Legislative Interim Finance Committee and request additional funding. That is usually how things happen if you have gone through your usual 10 percent reserve—or whatever your reserve is on a project for any overages. Of course, this is by the determination of Office of Project Management.

**Assemblyman Leavitt:**

As we are moving into a new frontier with various technology projects coming forward, I see a need for this office. I am a little concerned about potentially stifling projects, ideas, or plans due to a certain level of bureaucracy. I hope you can address some of that with oversight without stifling progress. How can we deal with that?

**Assemblywoman Swank:**

Just to emphasize, there are some project managers whom we hire as contractors who will oversee some of this. This bill is really moving this all into one place where we can have regular state employees who are project managers who understand state processes or are well acquainted with how the state works and how to implement these projects at the state level. We would be able, in many ways, to grow our own employees by having folks who are consistently working on all of these projects. It increases a little bit of a level of bureaucracy. Some of the smaller projects might get scooped up into this, but it will also safeguard state dollars so that we can ensure more of our IT projects finish on time and within budget.

**Assemblyman Leavitt:**

I was looking at how the Chief Project Manager position is chosen. It is chosen at the pleasure of the Director. Is this an at-will employee for whom the Director or the office decides how and when he or she is employed? Could that person be released at any time?

**Assemblywoman Swank:**

Under the Department of Administration, you have the Administrative Services Division; Division of State Library, Archives and Public Records; and the State Public Works Division. It would be the same kind of division as any other division inside the Department of Administration.

**Assemblyman Ellison:**

How many departments do you think this will affect?

**Assemblywoman Swank:**

We feel like it is going to be a lot at this point. That is why we are looking at the threshold of \$500,000. We are looking at raising the number to capture just a few projects as a first go, then we can determine whether this is working and safeguarding dollars. It could be expanded if needed. We do not want to overload a new office so that they are not able to be successful. We also know that the high-dollar projects are really the ones that we worry the most about getting off track.

**Assemblyman Ellison:**

Do you see these departments being able to use someone within their department? If not, it would be an unfunded mandate. They could use someone who is already working in the computer fields. Is that what you are looking at?

**Assemblywoman Swank:**

This would not be people who are necessarily in the department. The idea is that we know that our departments are experts at what they do and fulfilling their mission, but maybe not experts at managing IT projects. The idea is to be able to hire people or move people—we could move people from large departments—who understand best practices for project management. There are best practices that a lot of the private sector use in order to make sure their project stays on task. The goal is to steal a little bit of that idea and bring that support for our departments.

**Assemblywoman Duran:**

Is there going to be a determination of prioritization regarding which projects go first?

**Assemblywoman Swank:**

That is what we are having conversations about, the threshold. We do not want to end up with 100 projects on the list. We want to prioritize those larger projects first, so we are currently having conversations. This is definitely a work in progress, and we are having a lot of meetings to try to sort out how best to support our departments. We want to make sure that they get the assistance they need. We could lift some of that burden. We are talking with lots of different groups about how best to make adjustments to make this work for Nevada.

**Assemblywoman Duran:**

Is the person going to be able to chime in on the budget as to what the cost may be?

**Assemblywoman Swank:**

Yes, part of the proposal that the department would have to initially fill out and submit is a budget which could end the scope of the budget and the impacts and all of those pieces. The sections that are currently laid out in the bill are not the end-all, be-all of what needs to go into the proposal of the Office of Project Management; there are other items that could also be put in.

**Chair Flores:**

Is there anyone wishing to speak in support of A.B. 279? Seeing no one, is there anyone wishing to speak in opposition? Seeing no one, is there anyone wishing to speak in neutral?

**Jeanette K. Belz, representing Nevada Chapter Associated General Contractors:**

We are in neutral to this particular bill; however, we are supportive of a concept of doing something in this regard. We have been following large IT projects for quite some time. We are always concerned when they impact the State Highway Fund—which they have in the past. It is up to the Committee and the Legislature as to which direction to go and which direction is the most productive. We totally advocate for a change in how these projects are managed overall.

**Julie Butler, Director, Department of Motor Vehicles:**

Representatives of the Department of Public Safety and I met with Assemblywoman Swank last Thursday to discuss her bill. We do have some concerns, as written, but we definitely understand the need for accountability for state IT projects. We do have a proposed amendment, but we have not had the opportunity to go over it with Assemblywoman Swank yet. I just submitted it to her this morning. Rather than putting anything on the record, I would like to go over that with her first and get her approval. Hopefully, she will be agreeable.

**Assemblyman Carrillo:**

As you know, the fiscal notes have always been an issue. Do you feel like it is in the right direction—to bring them down to where they are manageable and can get good policy out there without the hindrance of the fiscal note?

**Julie Butler:**

As written, I do not know if there would be a fiscal note on this particular bill. It seems to just add another layer of reporting. I do not think it would really impact our programming issues per se. It would add, as Assemblywoman Swank indicated, another layer of oversight to IT projects. As I said, we do have some concerns about the bill as written. We would like the opportunity to go over that with Assemblywoman Swank.

**Tyson K. Falk, representing McDonald Carano, LLP:**

We are neutral on the bill. We have one concern regarding section 5, subsection 4. After talking with a few of our clients who work in the space, we think it might be overly broad. It might prohibit an agency from working with any IT vendor to refine needs and figure out what is technologically feasible, what is possible, and, to that extent, what is not. We would be happy to work with the sponsor to draft language to tighten it up.

**Chair Flores:**

Is there anyone else wishing to speak in the neutral position? Seeing no one, Assemblywoman Swank, do you have any closing remarks?

**Assemblywoman Swank:**

This provides a little bit more oversight for our state agencies. I think that we can all agree that IT is something that we have not quite gotten our hands around—as far as how to run these very large projects that are now expected of our departments. This bill would provide an office. It might be another level of oversight, but it would also be a lot of support and alleviate a lot of the work they have to do right now.

**Chair Flores:**

We will close out the hearing for A.B. 279. Is there anyone here for public comment? [There was no one.] Out of an abundance of caution, we will recess at the call of the Chair [recessed at 9:27 a.m.].

[The meeting was resumed behind the bar at 5:59 p.m.]

**Chair Flores:**

We have a bill draft request (BDR) which we will introduce as BDR S-1109.

**BDR S-1109**—Requires the establishment of and funds a pilot program relating to federal grants. (Later introduced as [Assembly Bill 489](#).)

**Chair Flores:**

I will now take a motion to introduce BDR S-1109.

ASSEMBLYMAN McCURDY MOVED TO INTRODUCE BILL DRAFT  
REQUEST S-1109.

ASSEMBLYWOMAN MUNK SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN BILBRAY-AXELROD  
WAS ABSENT FOR THE VOTE.)

The meeting is adjourned [at 6 p.m.].

RESPECTFULLY SUBMITTED:

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Kirsten Oleson  
Committee Secretary

APPROVED BY:

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Assemblyman Edgar Flores, Chair

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



## **EXHIBITS**

[Exhibit A](#) is the Agenda.

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