

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Eightieth Session
May 10, 2019**

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 8:12 a.m. on Friday, May 10, 2019, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B 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.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblyman Jason Frierson
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Dina Neal
Assemblywoman Ellen B. Spiegel
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus
Assemblyman Jim Wheeler

COMMITTEE MEMBERS EXCUSED:

Assemblyman John Hambrick

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Cathy Crocket, Senior Program Analyst
Julie Waller, Senior Program Analyst
Leannandra Copeland, Program Analyst
Stephanie Day, Program Analyst
Kimbra Ellsworth, Program Analyst
John Kucera, Program Analyst
Colby Nichols, Program Analyst



Jaimarie Ortega, Program Analyst
Kristina Shea, Program Analyst
Anne Bowen, Committee Secretary
Lisa McAlister, Committee Assistant

Chair Carlton asked the committee assistant to call the roll. The Chair then reminded Committee members, testifiers, and members of the audience about Committee rules and protocol.

ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - STATE TREASURER (101-1080)
BUDGET PAGE ELECTED-214

Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 1080, State Treasurer.

Ms. Coffman explained that there were three major issues in this budget account. The first major issue related to a recommendation for a new accountant technician position. The Governor recommended \$56,003 in fiscal year (FY) 2020 and \$71,539 in FY 2021 for a new accountant technician. Of those amounts, \$6,860 in FY 2020 and \$4,089 in FY 2021 would be General Funds to provide for the operating expenditures associated with the position. The funding split was consistent with current funding practices of existing positions.

Currently, the Debt Management Division had two positions, a Deputy Treasurer of Debt and a management analyst who provided staffing for the Debt Management Division. The Division was currently using an existing account technician from the Cash Management Division to assist the Debt Management Division in performing various duties. The Division had indicated that all duties were being performed, but staff was operating at maximum capacity.

The Office of the State Treasurer attributed an increase in workload to a change in procedures in FY 2016. The State Board of Finance approved the Division's use of custodial accounts, and the custodial accounts were used to track the receipt of monies from the issuance of securities. Ms. Coffman said currently the Division had 17 custodial accounts of which 3 had a zero balance.

Ms. Coffman said the Office of the State Treasurer generally issued debt two times per year. There were typically two to five series per issuance with various tranches underlying each series. Accordingly, the Treasurer's Office anticipated adding a minimum of five new accounts each year.

In addition to the custodial accounts, this position would also be responsible for the billing and collection of lease-purchase rents and state revolving fund loan repayments, the reconciliation of budget status reports and external bank account statements, the maintenance

of the county property tax revenue spreadsheets, and the preparation and processing of accounting documentation.

Assemblyman Kramer said he was supporting the addition of the position.

Chair Carlton remarked that there was a lot of succession planning that would be needed, especially since the downturn, and the state had lost many good people.

ASSEMBLYWOMAN SPIEGEL MOVED TO APPROVE TOTAL FUNDING OF \$56,003 IN FISCAL YEAR 2020 AND \$71,539 IN FY 2021 FOR A NEW ACCOUNTANT TECHNICIAN WITH THE DEBT MANAGEMENT DIVISION IN BUDGET ACCOUNT 1080 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Frierson, and Hambrick were not present for the vote.)

Ms. Coffman said the next major issue was a position reclassification. Originally, the Governor recommended a management analyst position be reclassified to an investment analyst position. However, Budget Amendment A192651080 was submitted on March 7, 2019, to adjust this recommendation.

As background to this recommendation, Ms. Coffman said the Office of the Treasurer indicated that it was managing a portfolio of approximately \$3.5 billion. The portfolio was managed by the deputy treasurer of investments as well as an investment analyst. The complexity of managing this portfolio had increased over the years, so the Office of the Treasurer sought the assistance of the Division of Human Resource Management (DHRM) to examine the investment analyst position and determine whether it would be more appropriate to have a class series associated with this particular position type. Originally, it was envisioned that the current investment analyst position would be split into two positions, an investment analyst 1 and an investment analyst 2. However, the Division of Human Resource Management determined that it might be more appropriate to have three classifications within this class series resulting in an investment analyst 1, 2, and 3. As such, a budget amendment was submitted by the Office of Finance, Office of the Governor, on March 7, 2019, and the amendment sought to reclassify a second management analyst position to the investment analyst class 1 series. The existing investment analyst position would become an investment analyst 3, one existing management analyst 3 would become an investment analyst 2, and one existing management analyst 3 would become an investment analyst 1.

Ms. Coffman noted the budget amendment provided for a grade 38 for the investment analyst 1 position; however, DHRM determined that the investment analyst position would be more appropriate at a grade 39. If this recommendation was approved, Fiscal Analysis Division staff would request technical adjustment authority to correctly align the grade with the approved class series.

According to the class specifications approved by DHRM, the duties and responsibilities of the investment analysts would be as follows:

Investment Analyst 3

- Perform complex investment work involving independent analysis.
- Make decisions related to information concerning the state's investments.
- Perform analysis of securities, cash flow requirements, and economic market conditions.

Investment Analyst 2

- Analyze and interpret financial reports and complex technical fiscal data.
- Advise and direct management regarding fiscal and investment activities.
- Present reports, justify the agency's investment strategies, and provide information and justification to management and the Legislature.
- Establish short- and long-range goals consistent with the mission and business needs of the agency.

Investment Analyst 1

- Read and interpret financial documents.
- Read, interpret, and apply rules, regulations, and statutes to determine and ensure compliance.
- Analyze data and formulate logical conclusions and recommendations.
- Write clear and concise analytical, narrative, and statistical reports.

Ms. Coffman said that according to the Office of the Treasurer, the management analyst positions had already begun assuming those responsibilities.

Ms. Coffman said that if the Committee approved the budget amendment to reclassify the management analyst 3 position to an investment analyst 1 position, Fiscal staff requested technical adjustment authority to properly align the position's grade to that of the grade identified in the class specification approved by the Division of Human Resource Management.

ASSEMBLYWOMAN SWANK MOVED TO APPROVE DECISION UNIT E-805 TO RECLASSIFY ONE MANAGEMENT ANALYST 3 POSITION TO AN INVESTMENT ANALYST 2 POSITION AND BUDGET AMENDMENT A192651080 TO RECLASSIFY A MANAGEMENT ANALYST 3 POSITION TO AN INVESTMENT ANALYST 1 POSITION AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE A TECHNICAL ADJUSTMENT TO PROPERLY ALIGN THE POSITION'S GRADE TO THAT OF THE GRADE IDENTIFIED IN THE CLASS SPECIFICATION APPROVED BY THE DIVISION OF HUMAN RESOURCE MANAGEMENT.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Hambrick were not present for the vote.)

Ms. Coffman stated the third major issue related to the Division of Enterprise Information Technology Services (EITS) server hosting. Originally, the Governor had recommended using Treasurer's Assessment revenues of \$176,922 in FY 2020 to purchase three SimpliVity Server Nodes; however, an amendment was submitted on March 7, 2019, which sought to eliminate that request and instead outsource its server hosting to EITS funded with General Fund appropriations of \$26,592 in FY 2020 and \$26,648 in FY 2021. The justification behind transitioning from the Treasurer's assessments versus the General Fund appropriations was that, historically, the operating expenditures in the account had been funded with General Fund appropriations. Currently, the agency had two IT professional positions that were maintaining the hosting for these servers. The agency indicated that while EITS would be taking over the server hosting, the workload for the two IT professionals would not be reduced significantly, and as such those positions would still be needed to be responsible for maintaining the systems and database administration, as well as computer operations and maintenance.

ASSEMBLYWOMAN SWANK MOVED TO APPROVE BUDGET AMENDMENT A192671080 WHICH PROVIDES GENERAL FUND APPROPRIATIONS OF \$26,592 IN FISCAL YEAR 2020 AND \$26,648 IN FISCAL YEAR 2021 FOR ENTERPRISE INFORMATION TECHNOLOGY SERVICES SERVER HOSTING.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

Assemblyman Kramer asked whether this motion would put the funding directly into General Fund.

Ms. Coffman replied that the Treasurer's assessment came from the undistributed interest of the General Fund, making it more of an assessment to the General Funded budgets for which the State Treasurer invested the funding.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Hambrick were not present for the vote.)

Ms. Coffman informed the Committee there were three other closing items, which appeared reasonable to Fiscal staff. Fiscal Analysis Division staff recommended approval of other closing items as recommended by the Governor with authority to make technical adjustments.

ASSEMBLYWOMAN SWANK MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 1080 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Hambrick were not present for the vote.)

BUDGET CLOSED.

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Chair Carlton closed the hearing on budget account 1080 and opened the hearing on budget account 1086.

ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - MUNICIPAL BOND BANK REVENUE (745-1086)
BUDGET PAGE ELECTED-224

Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 1086, Municipal Bond Bank Revenue. Ms. Coffman stated that the Fiscal Analysis Division staff was responsible for developing the closing recommendations for this budget, and the Committee had not previously heard the budget.

The Municipal Bond Bank assisted municipalities in undertaking local projects and allowing the state to sell general obligation bonds and to pass the proceeds and savings on to the local municipalities. The Board of Finance was required to approve the issuance of state general obligation bonds and revenue securities under the Bond Bank Act.

According to Ms. Coffman, this budget served as the revenue collection account in that the principal and interest payments by local governments were collected in this account. As of June 30, 2018, there was \$91.5 million in securities issued.

Ms. Coffman noted there were no major issues in this budget account; however, she pointed out that in other closing items there was a request for exemption to the State Budget Act. A letter was submitted by the Office of the Treasurer to both of the chairs of the Assembly Committee on Ways and Means and the Senate Finance Committee seeking exemption from the State Budget Act. The Office of the State Treasurer stated the following concerns with the provisions of *Nevada Revised Statutes* (NRS) 353.220:

- Bonds could be issued before the Interim Finance Committee provided authority to pay the debt. As such, there might be a perception to bond holders and rating agencies that the Interim Finance Committee had the authority to overturn the repayment of the bonds.
- The 2009 Legislature approved back language in the Capital Improvement Program (CIP) bill (A.B. 564 of the 75th Session, section 23) that exempted the Consolidated Bond Interest and Redemption Fund (Fund 395) from the provisions of NRS 353.220 for the revision of a work program for any account within the Consolidated Bond Interest and Redemption Fund (Fund 395) for the payment of principal, interest, and related costs of issuance for securities approved by the State Legislature. This back language had been included in the CIP bill each subsequent biennia. As such, the agency was exempt from seeking IFC approval for work program revisions related to the CIP bond funding, but bond funds related to the Municipal Bond Bank were not exempt from this provision.
- The municipal Bond Bank Debt budget was also within the Consolidated Bond Interest and Redemption Fund (Fund 395). Accordingly, it was unclear whether the Municipal Bond Bank Debt budget had authority to be exempt from the provisions of NRS 353.220 that was provided in the CIP bill because it was not specifically mentioned in the statutory law.
- The Municipal Bond Bank Revenue budget fell under a different fund (Fund 745), and it appeared there were no current provisions in law to exempt this fund from the provisions of NRS 353.220.

Because those budgets had already been included in The Executive Budget for the 2019-2021 biennium, removing the budgets from The Executive Budget did not appear to be a viable option. Accordingly, to address the noted concerns in the 2019-2021 biennium,

Ms. Coffman said the Committee might wish to consider approving back language in the Authorizations Act to exclude the Municipal Bond Bank Revenue budget and Municipal Bond Bank Debt budget from the provisions of NRS 353.220.

Chair Carlton commented there were a number of moving pieces, but she did not believe IFC should be in the middle of the bond discussion.

ASSEMBLYWOMAN JAUREGUI MOVED TO APPROVE BUDGET ACCOUNT 1086 AS RECOMMENDED BY THE GOVERNOR AND BACK LANGUAGE WITHIN THE 2019 AUTHORIZATION ACT TO EXEMPT THE MUNICIPAL BOND BANK REVENUE BUDGET FROM THE PROVISIONS OF NRS 353.220 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Hambrick were not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - MUNICIPAL BOND BANK DEBT SERVICE (395-1087)
BUDGET PAGE ELECTED-225

Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 1087, Municipal Bond Bank Debt Service. Ms. Coffman stated Fiscal Analysis Division staff was responsible for developing the closing recommendations for this budget, and the Committee had not previously heard this budget.

Budget account (BA) 1087 served as the redemption account. Funds were transferred into this budget from Municipal Bond Bank Revenue account to pay the interest and payments on the state-issued general obligation bonds. Fiscal staff recommended that this budget be closed with similar back language exempting the budget from the provisions of NRS 353.220.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO APPROVE BUDGET ACCOUNT 1087 AS RECOMMENDED BY THE GOVERNOR, AND INCLUDE BACK LANGUAGE WITHIN THE 2019 AUTHORIZATIONS ACT TO EXEMPT THE MUNICIPAL BOND BANK

DEBT SERVICE BUDGET FROM THE PROVISIONS OF NRS 353.220
AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE
TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN WHEELER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Hambrick
were not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - NEVADA COLLEGE SAVINGS TRUST (101-1092)
BUDGET PAGE ELECTED-228

Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 1092, Nevada College Savings Trust.

Ms. Coffman informed the Committee that there was one major closing issue in this budget account, which was a recommendation for a new program officer position funded through Endowment Account funds. This position would be used to implement the new College Savings Navigator Initiative. The position would also act as a liaison to partnering institutions, school districts, community groups, and stakeholders to increase the awareness of the 529 savings programs as well as the prepaid tuition programs, the Millennium Scholarship program, and other financial literacy programs.

Ms. Coffman stated the initiative would also use existing staff, such as the senior deputy treasurer, marketing coordinator, and administrative assistant. As part of this request, the Office of the Treasurer was seeking funds for six Chromebooks to be used at events so that staff could sign up multiple individuals simultaneously for the College Kick Start Program as well as check account balances and interact with the community.

The Office of the Treasurer indicated that it intended to shift its marketing strategies, and this initiative would begin targeting and providing more information to smaller community groups, as well as trusted community leaders, that interacted with constituencies. The Treasurer's Office had indicated that there were a number of performance measures that it would be tracking to determine the success of this initiative, which included new enrollment, frequency of deposits among existing participants, use of auto deposits, amount of total contributions, and the number of college savings accounts per household.

Ms. Coffman noted that NRS 353B.350 limited the amount of funding from the Endowment Account that could be used for marketing to 3 percent. Currently, The Executive Budget

provided for the maximum amount of marketing in a special use category. Because documentation provided by the agency indicated that this position would be responsible for creating marketing materials for the College Savings Programs, Fiscal staff sought clarification from the Legal Division, Legislative Counsel Bureau, as to whether the expenditures for this position should be considered within the statutory spending cap. Legal Division staff indicated that the statute was inconclusive as to whether the personnel expenditures would be within the cap and meet the criteria.

Ms. Coffman noted that the Office of the State Treasurer had sponsored Senate Bill (S.B.) 82, which would increase the cap from 3 percent to 10 percent. If S.B. 82 were to pass and be approved, marketing expenditures for the College Savings Program, inclusive of the costs associated with this position, would be within the proposed 10 percent cap.

Chair Carlton said she knew a lot of this was contingent upon a Senate bill, but seeing the change to 10 percent, she assumed that 10 percent would include the positions that would be necessary in this account.

Ms. Coffman stated that Legal Division staff indicated current law was inconclusive whether existing or proposed personnel expenditures should be included in the cap. Clarifying language within legislation would definitively address the expenditures. The current law did not allow the Legal Division to take a position one way or another, and with an abundance of caution, Fiscal staff had included the passage of S.B. 82 or other enabling legislation in the suggested motion.

Assemblywoman Titus noted that Fiscal staff had stated the new position was going to be based in Las Vegas and be a coordinator to educate the communities on those programs. The new position planned to attend at least three to five events per week, which Assemblywoman Titus said was a pretty lofty goal. She asked how many events were currently being attended.

Ms. Coffman replied that this was a new initiative, and currently, she believed the Treasurer's Office had existing staff that provided certain services and functions; however, attending events would be a new activity.

Assemblywoman Titus remarked that at this time there was no State Treasurer representation at events in communities. She said she would like some follow up information regarding attendance at events. While she was supportive of the idea and felt it was wonderful to have those programs, it was sad that the programs had not been promoted.

Chair Carlton commented that knowing the new State Treasurer, when all those things happened, he would be telling the Legislature about all the good work the Office was accomplishing.

In response to a question from Assemblywoman Monroe-Moreno about the new staff position, Ms. Coffman explained that right now as it stands, NRS 353B.350 indicated that the

3 percent was for marketing costs. Because the language of the bill was not specific as to whether or not it included personnel or if it included, for example, a third-party contract with a marketing vendor, Legal Division staff could not opine as to whether it was intended to have personnel expenditures as part of the cap.

ASSEMBLYMAN FRIERSON MOVED TO APPROVE TRANSFERS FROM THE ENDOWMENT ACCOUNT OF \$64,111 IN FISCAL YEAR 2020 AND \$79,878 IN FISCAL YEAR 2021 TO ESTABLISH A NEW PROGRAM OFFICER POSITION TO IMPLEMENT THE NEW COLLEGE SAVINGS NAVIGATOR INITIATIVE CONTINGENT UPON THE PASSAGE OF SENATE BILL 82 OR OTHER ENABLING LEGISLATION.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Hambrick were not present for the vote.)

Ms. Coffman stated that Fiscal Analysis Division staff recommended approval of all other closing items as recommended by the Governor, with authority for Fiscal staff to make technical adjustments.

ASSEMBLYWOMAN SWANK MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 1092 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Hambrick were not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - ENDOWMENT ACCOUNT (101-1094)
BUDGET PAGE ELECTED-234

Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 1094, Endowment Account.

Ms. Coffman stated there were no major closing issues in budget account (BA) 1094, and there were no other closing items. Fiscal Analysis Division staff recommended approval of the budget as recommended by the Governor with authority to make technical adjustments as necessary.

ASSEMBLYWOMAN SWANK MOVED TO APPROVE BUDGET ACCOUNT 1094 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Hambrick were not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - HIGHER EDUCATION TUITION ADMIN (603-1081)
BUDGET PAGE ELECTED-238

Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 1081, Higher Education Tuition Administration.

Ms. Coffman said there was one major issue in BA 1081, which was the upgrade to the prepaid tuition system funded with transfers from the Endowment Account of \$134,508 in fiscal year (FY) 2020 and \$56,731 in FY 2021. The year two amount would be used primarily for ongoing maintenance. The Committee members might recall that the upgrade was requested at the June 20, 2017, Interim Finance Committee (IFC) meeting. As background, the June 20, 2017, IFC did not approve this request, but instead recommended that it be considered by the 2019 Legislature. In August of 2017, the Office of the Treasurer renegotiated its existing contract with the Prepaid Tuition system vendor, and their ongoing maintenance increased significantly from \$29,220 per year to \$85,350 per year. Ms. Coffman said as part of that renegotiation, the termination date of that particular contract was extended to June 30, 2023, and a provision was included which would allow for the implementation of an upgraded system if approved by the 2019 Legislature.

Ms. Coffman noted a technology investment request (TIR) that was submitted, as well as an updated technology investment notification (TIN). Both documents were reviewed by the Division of Enterprise Information Technology (EITS) and approved. The new system would streamline processes, provide self-service automation for participants, and automate

some of the manual procedures currently performed by staff. Specifically, the upgraded user interface would allow students and other contract holders to make changes to their beneficiaries and other items. In addition, there would be a portal for use by out-of-state colleges and universities requesting tuition payments. Fiscal staff noted that the maintenance costs would start at \$43,750 and would have a 4 percent escalator thereafter.

ASSEMBLYWOMAN SPIEGEL MOVED TO APPROVE ENDOWMENT ACCOUNT FUNDS OF \$134,508 IN FISCAL YEAR 2020 AND \$56,731 IN FISCAL YEAR 2021 TO UPGRADE THE PREPAID TUITION DATABASE.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Chair Carlton referred to other closing items in this budget. If there were no questions, these items seemed reasonable to staff, and she said she would accept a motion to approve other closing items identified in this budget.

ASSEMBLYMAN FRIERSON MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 1081 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - MILLENNIUM SCHOLARSHIP ADMINISTRATION (261-1088)
BUDGET PAGE ELECTED-245

Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 1088, Millennium Scholarship Administration.

There were no major issues and there were two other closing items in the budget account. Ms. Coffman pointed out that in fiscal year (FY) 2020, the Millennium Scholarship Fund

would have solvency problems. An additional \$30 million would be required over the 2019-2021 biennium to rectify the anticipated shortfall.

The Office of Finance, Office of the Governor, had submitted Bill Draft Request (BDR) 1275 [later introduced as Senate Bill 548] that would provide \$33 million from the General Fund to shore up the Governor Guinn Scholarship Fund.

Fiscal Analysis Division staff recommended this budget be closed as recommended by the Governor and requested authority to make technical adjustments as necessary.

ASSEMBLYWOMAN SPIEGEL MOVED TO APPROVE BUDGET ACCOUNT 1088 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN WHEELER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
OFFICE OF THE STATE TREASURER
TREASURER - UNCLAIMED PROPERTY (101-3815)
BUDGET PAGE ELECTED-252

Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 3815, Unclaimed Property.

Ms. Coffman stated this is the last budget for the Office of the State Treasurer, and there were no major closing issues, and other closing items appeared reasonable. Fiscal Analysis Division staff recommended approval of the Unclaimed Property Program budget as recommended by the Governor with authority to make technical adjustments as needed.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE BUDGET ACCOUNT 3815, UNCLAIMED PROPERTY, AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
OFFICE OF THE LIEUTENANT GOVERNOR
LIEUTENANT GOVERNOR (101-1020)
BUDGET PAGE ELECTED-121

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 1020, Lieutenant Governor.

Ms. Jones said there were two major closing issues for the Office of the Lieutenant Governor, including the creation of the Office of the Small Business Advocate and accompanying in-state marketing and training funding recommendations.

Ms. Jones said The Executive Budget recommended General Fund appropriations of \$105,011 in fiscal year (FY) 2020 and \$124,872 in FY 2021 to establish the Office of the Small Business Advocate within the Office of the Lieutenant Governor. Information in The Executive Budget indicated that the Small Business Advocate would provide Nevada's small business owners with guidance in navigating state and local laws and regulations and would make recommendations regarding how state and local governments could streamline processes and increase outreach and communication with the small business community.

According to information provided by the Department of Administration on behalf of the Office of the Lieutenant Governor, the Office of the Small Business Advocate would perform the following activities:

- Upon receiving questions or concerns from small businesses regarding the startup, operating, or closing of a business, make referrals to the appropriate resource for assistance.
- Encourage the participation of small businesses in general studies, conferences, and meetings to provide input on functioning of state and local agencies with regulatory authority over small businesses.
- Identify causes of delays or inconsistencies in the administrative, regulatory, and enforcement functions of state agencies related to services to small businesses.

- Work with small businesses and local governments to facilitate interactions, including assisting with the resolution of issues that arise in the administrative, regulatory, and enforcement functions of local governments with respect to small businesses.

The Office of the Lieutenant Governor intends to submit a report to the Legislature and the Governor regarding program findings.

During the budget hearing, there was discussion about programs that currently existed within the Executive Branch that also supported small businesses. The Committee discussed information about the Small Business Development Center (SBDC) program included in the Nevada System of Higher Education (NSHE), which had full service centers throughout the state of Nevada. There was also discussion about the Office of Business Finance and Planning (OBFP) in the Director's Office of the Department of Business and Industry that coordinated programs related to growth and retention issues of businesses in the state. In accordance with subsection 2 of *Nevada Revised Statutes* (NRS) 232.522, a Center for Business Advocacy and Services was established within the OBFP and was charged with assisting small businesses in obtaining information about financing and resources necessary for success. The Department's Center for Business Advocacy and Services was also charged with serving as an advocate for small businesses both within and outside of the Department.

Some of the programs or services offered through those entities are as follows:

- Digital Business Start-Up Guide in collaboration with the Nevada Secretary of State.
- Quarterly Small Business Roundtable.
- Business Advocate Quarterly newsletter.
- Small Business Saturday/Shop Small coordination and Small Business "Get Help for your Business" challenge.
- Governor's Conference on Business.
- Collaborative workshops and seminars at the Nevada State Business Center connecting constituents to relevant resource partners.
- Resource portal for Nevada businesses with continual enhancements.
- Educational programs for potential and current small businesses on how to successfully launch and grow their businesses.
- Forums on advanced business topics and working with local business development entities.

The Executive Budget included activity-level information regarding the resources the Department of Business and Industry (B&I) provided to support small business-related activities, associated workload statistics, and performance measures. Ms. Jones said the Department's budget included \$2.7 million in first year of the biennium and \$2.9 million in the second year, with approximately \$800,000 of that being General Fund appropriations to support small businesses. Additional information from the Department of Business and Industry indicated that within the Office of Business Finance and Planning there were two management analysts and 30 percent of a program officer position dedicated to providing assistance to small business, in addition to five other positions within the Director's Office that spent a portion of their time on small business. The Department of Business and Industry indicated that among their other performance indicators they expected to assist 950 small businesses requesting advocacy assistance and would be involved with 400 outreach events.

During the budget hearings for the Office of the Lieutenant Governor, the Committees expressed concern about the duplication of effort for the services and advocacy efforts provided in other agencies. The Office of the Lieutenant Governor indicated it had discussed this proposal with B&I in an effort to coordinate services to small businesses. The B&I also maintained an online Business Resource Center.

Ms. Jones remarked that the Office of the Lieutenant Governor offered in its follow-up response that additional services would be provided to small businesses by the Office of the Small Business Advocate in three areas: 1) establishing a peer-to-peer relationship with other state agencies that might interface with small businesses, 2) operating an independent office separate from any agency that a small business may be working with, and 3) issuing an annual report to the Legislature and Governor that detailed common questions within state agencies that small businesses called about.

Fiscal Analysis Division staff noted that the Lieutenant Governor's Office had requested two additional positions with associated operating, equipment, and in-state travel costs in the fiscal note it submitted for Senate Bill (A.B.) 495, which established the Office of the Small Business Advocate. Ms. Jones said the fiscal note identifying two additional positions would be considered when the bill was heard.

The recommendation to establish the Office of the Small Business Advocate included an unclassified assistant to the Lieutenant Governor position starting on October 1, 2019, with a salary of \$77,409. According to information provided to Fiscal staff, the proposed new position would be similar to the two existing assistant to the Lieutenant Governor positions, which were focused on other areas; however, this position would be targeted and focused on small businesses. Ms. Jones said the associated recommendations for operating costs, furnishings, and information technology (IT) equipment and services totaled \$6,579 over the 2019-2021 biennium and appeared reasonable if the establishment of a new position was approved.

Ms. Jones said there were two options for consideration by the Committee as follows:

- A. Approve the establishment of the Office of the Small Business Advocate and General Fund appropriations of \$187,883 over the 2019-2021 biennium for a new unclassified assistant to the Lieutenant Governor position and related operating, furnishings, and IT equipment and services, contingent on approval of Senate Bill 495 or other enabling legislation.
- B. Do not approve the establishment of the Office of Small Business Advocate and the associated General Fund appropriations for a new unclassified assistant to the Lieutenant Governor position and related operating, furnishings, and IT equipment and services.

Chair Carlton noted this was a new matter contingent upon approval of S.B. 495, which was not currently in the Committee's jurisdiction. She said that needed to be addressed; so if the bill passed, the Committee could move forward.

Assemblywoman Titus opined that it was a sad state of affairs that the state of Nevada had developed so many regulations in the rural counties for business entities, especially small businesses, and in spite of all the departments that assisted small businesses, the Lieutenant Governor felt the need to establish yet another department to help navigate all the local and state rules and regulations for small businesses. Assemblywoman Titus believed a better way to spend the state's dollars would be to truly streamline the process and eliminate some of those onerous rules and regulations. She said she was not supportive of establishing another office.

Assemblywoman Spiegel said that as a small business owner, she thought that this office would be helpful and beneficial for the people of Nevada, particularly those who were becoming business owners for the first time.

Assemblyman Kramer noted that the Chamber of Commerce in different areas were a great help for small businesses, and the boards and commissions that regulated a lot of the job classifications and businesses were also great sources. For those reasons, he said he would not support the creation of a new office.

ASSEMBLYWOMAN SPIEGEL MOVED TO APPROVE THE ESTABLISHMENT OF THE OFFICE OF THE SMALL BUSINESS ADVOCATE AND GENERAL FUND APPROPRIATIONS OF \$187,883 OVER THE 2019-2021 BIENNIUM FOR A NEW UNCLASSIFIED ASSISTANT TO THE LIEUTENANT GOVERNOR POSITION AND RELATED OPERATING, FURNISHINGS, AND INFORMATION TECHNOLOGY EQUIPMENT AND SERVICES, CONTINGENT UPON APPROVAL OF SENATE BILL 495 OR OTHER ENABLING LEGISLATION.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Kramer, Titus, and Wheeler voted no. Assemblyman Hambrick was not present for the vote.)

Ms. Jones stated that in item 2 of the major closing issues, there were three areas that would be addressed that were also included in the request for the establishment of the Small Business Advocate in decision unit Enhancement (E) 144. Included in the recommendation were General Fund appropriations of \$3,500 in each year of the biennium, and it was intended that those funds would be used for two overnight trips per year for the Small Business Advocate to travel to Las Vegas for meetings. Also recommended was \$2,470 for two overnight trips and two one-day trips for the Lieutenant Governor in each year of the biennium to travel to Las Vegas for the same purpose.

In response to follow-up questions about whether in-state travel could be reduced given the \$10,402 increase for in-state travel for the Lieutenant Governor's Office in other closing item 1, the Office indicated the amount should not be reduced. The response stated that the Office of Lieutenant Governor did not intend to use the in-state travel fund strictly for the purposes previously indicated. Ms. Jones said the Office further indicated the travel funds would be used primarily for the Small Business Advocate to travel throughout the state for meetings and events and indicated that the intention was to conduct at least one annual statewide tour to include rural communities. Lastly, the Office indicated that the Lieutenant Governor might accompany the Small Business Advocate to certain meetings and events. Chair Carlton commented that in other closing items there was a travel budget listed, and within the bill, there was a travel budget as well as a fiscal note associated with that bill which was fairly significant. She did not believe the Committee would need to approve this particular recommendation at this time.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO NOT APPROVE GENERAL FUND APPROPRIATIONS OF \$3,500 IN EACH OF THE 2019-2021 BIENNIUM FOR IN-STATE TRAVEL REQUESTED IN CONJUNCTION WITH THE ESTABLISHMENT OF THE OFFICE OF THE SMALL BUSINESS ADVOCATE.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Ms. Jones stated the next item related to the establishment of the Office of the Small Business Advocate was a request for \$12,500 in each year of the 2019-2021 biennium for marketing expenditures. There was no information included in The Executive Budget about the intended use of these funds, nor was any information provided in response to a Fiscal staff inquiry prior to the budget hearing. In a follow-up response after the budget hearing, the Office of the Lieutenant Governor indicated that the recommended marketing budget would fund the creation of promotional marketing materials, support outreach efforts of the

Office of the Small Business Advocate through attendance at events, and provide hosting events as part of outreach efforts. Ms. Jones said it was further indicated that a portion of the marketing budget would be used to create the annual report that was previously mentioned.

Lastly, the response indicated that a website would be developed with the functionality to have a portal to facilitate the ability for businesses to contact the Office of the Small Business Advocate. However, Fiscal Analysis Division staff noted that the information was not provided to indicate how the amount of \$12,500 in each year was recommended, nor any breakdown information regarding the specific uses of those funds. Ms. Jones said the Committee might wish to consider the following options:

- A. Approve \$12,500 in each year of the 2019-2021 biennium, as included in The Executive Budget for marketing activities for the Office of the Small Business Advocate.
- B. Approve \$6,250 in each year of the 2019-2021 biennium, which represents 50 percent of the amount included in The Executive Budget for marketing activities for the Office of the Small Business Advocate.
- C. Not approve \$12,500 in each year of the 2019-2021 biennium for marketing activities for the Office of the Small Business Advocate.

Chair Carlton commented that she was inclined toward option B.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE \$6,250 IN EACH YEAR OF THE 2019-2021 BIENNIUM, WHICH REPRESENTED 50 PERCENT OF THE AMOUNT INCLUDED IN THE EXECUTIVE BUDGET FOR MARKETING ACTIVITIES FOR THE OFFICE OF THE SMALL BUSINESS ADVOCATE.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Titus voted no. Assemblyman Hambrick was not present for the vote.)

Ms. Jones stated the next item was a recommendation for \$5,000 in each year of the 2019-2021 biennium for the Small Business Advocate to attend three out-of-state conferences each year, including the National 8(a) Small Business Conference, a Small Business Expo, and a Small Business Congress. The purpose of the funding request for the out-of-state training was to ensure the Small Business Advocate would learn how to be more responsive to the needs of businesses from other states that provided similar services. In addition to attending the three conferences, the Office of the Lieutenant Governor indicated that it discussed opportunities to job shadow offices in other states for guidance and to learn best practices. The Office of the Lieutenant Governor indicated that approval of these funds

would help Nevada small businesses by ensuring the Office of the Small Business Advocate operated efficiently and with the support of local and nationwide networks.

The Committee might wish to consider the following options:

- A. Approve \$5,000 for each year of the 2019-2021 biennium, as included in The Executive Budget for the Small Business Advocate to attend three out-of-state conferences each year.
- B. Approve \$3,332 in each year of the 2019-2021 biennium for the Small Business Advocate to attend two out-of-state conferences each year.
- C. Approve \$1,666 in each year of the 2019-2021 biennium for the Small Business Advocate to attend one out-of-state conference each year.

Chair Carlton stated that the Committee had been consistent when it set guidelines on one out-of-state trip a year and that was what it had been trying to hold everyone to, so she believed it was only fair to apply that same criteria here, and she would accept a motion for item C.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE \$1,666 IN EACH YEAR OF THE 2019-2021 BIENNIUM FOR THE SMALL BUSINESS ADVOCATE TO ATTEND ONE OUT-OF-STATE CONFERENCE EACH YEAR.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Titus voted no. Assemblyman Hambrick was not present for the vote.)

Chair Carlton referred to other closing items and said everything appeared to be reasonable. She pointed out, under other closing item 1, the in-state travel amount that was referenced earlier. She said if there were no questions or comments, she would accept a motion to approve the Governor's recommendations with technical adjustments.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 1020 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Titus voted no. Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
OFFICE OF THE GOVERNOR
GOVERNOR'S OFC OF FINANCE - BUDGET DIVISION (101-1340)
BUDGET PAGE ELECTED-52

Julie Waller, Senior Program Analyst, presented budget account (BA) 1340, Governor's Office of Finance - Budget Division.

Ms. Waller said the Budget Division of the Governor's Office of Finance was responsible for developing and presenting The Executive Budget as well as providing oversight to state agencies in implementing the legislatively approved budget, among other responsibilities. This budget was funded entirely by General Fund appropriations, and there were three major closing issues.

The first major closing issue was the recommendation for a new executive budget officer position in decision unit Enhancement (E) 225. The Governor recommended General Fund appropriations of \$96,485 in fiscal year (FY) 2020 and \$128,072 in FY 2021 for one new classified executive budget officer position to maintain equitable staffing levels and workload distribution because of increased responsibilities. The new position, to be located in Carson City, would primarily support the Office of Finance, Office of the Governor's Health and Human Services (HHS) team, but would also support other teams and the Governor's Finance Office economist as needed. Ms. Waller said the executive budget officer position was recommended to begin on October 1, 2019.

The Office of Finance, Office of the Governor, indicated the need for the additional executive budget officer resulted from the growth in the number of state agencies and programs for which the Office of Finance provided support. In particular, the Office of Finance, noted the HHS team had experienced the most significant growth in workload. These programs contributing to the increase in workload included:

- Medicaid expansion.
- Autism Treatment and Assistance Program.
- Specialized Foster Care pilot program expansion.
- Silver State Health Insurance Exchange.

Further, the Office of Finance noted that the Health and Human Services work programs were typically more complex and time-consuming because of the various funding sources and additional review required to ensure accuracy.

During the budget hearing on February 25, 2019, the Office of Finance Director testified that since 2015, 55 new budgets had been created, several new programs at the Department of Education had been created, and the expansion of programs statewide, including Medicaid, had placed additional workload demands on the Office of Finance. Additionally, the Director testified that 70 to 80 percent of all agency work programs submitted to the Office of Finance needed to be revised. According to Ms. Waller, because of staff turnover at the Office of Finance and throughout the state, there had been a loss of institutional knowledge. Accordingly, the Office of Finance must provide more training and guidance, not only internally, but also externally to the agencies served by the Office of Finance. Lastly, the Director testified that additional duties had been added to the Office of Finance since the Office was separated from the Department of Administration beginning in 2016.

Fiscal Analysis Division staff noted that decision unit E-225 did not include certain operating expenditures or equipment. In addition, the Office of Finance advised the proposed new position step was inadvertently entered as a step 10, and it should be reduced to a step 7. If the new position was approved by the Committee, Fiscal staff recommended a technical adjustment to add the omitted operating and equipment expenses, which would increase General Fund appropriations by \$2,545 in FY 2020 and \$1,318 in FY 2021. Ms. Waller said reducing the position from a step 10 to step 7, would result in a General Fund decrease of \$11,276 in FY 2020 and \$11,459 in FY 2021. These technical adjustments would result in a net General Fund decrease of \$8,731 in FY 2020 and \$10,141 in FY 2021 and revised total General Fund appropriations of \$87,754 in FY 2020 and \$117,931 in FY 2021. Ms. Waller said based upon the information provided, this recommendation appeared reasonable.

Assemblywoman Titus commented that according to Fiscal staff, 55 new budgets had been created, and because of the 55 new budgets, a new budget position was necessary to oversee those budgets. She stated that, again, this was an expansion of government, and she would not support the creation of the position.

Chair Carlton commented that she believed Legislators had a responsibility to the public to do their job, and the Governor's Finance Office needed this position to be able to adequately do its job. She said she was all about hiring people in this state and creating more jobs.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE ONE NEW EXECUTIVE BUDGET OFFICER POSITION AS RECOMMENDED BY THE GOVERNOR IN BUDGET ACCOUNT 1340 WITH A TECHNICAL ADJUSTMENT TO ADD THE OMITTED OPERATING AND EQUIPMENT EXPENSES AND TO REDUCE THE STEP OF THE EXECUTIVE BUDGET OFFICER POSITION FROM A STEP 10 TO A STEP 7, RESULTING IN A REVISED GENERAL FUND

APPROPRIATIONS OF \$87,754 IN FISCAL YEAR 2020 AND \$117,931 IN FISCAL YEAR 2021.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Titus voted no. Assemblyman Hambrick was not present for the vote.)

Ms. Waller said major closing issue number 2 was budget officer position upgrades. The Governor recommended General Fund appropriations totaling \$61,148 in FY 2020 and \$57,463 in FY 2021 to provide a one-grade salary increase, which was approximately 4.7 percent, for all 14 executive budget officer positions and 1 unclassified chief assistant budget administrator position. The recommended one-grade salary increase was independent of the 3 percent cost-of-living adjustment recommended by the Governor in FY 2020 for all state employees. Ms. Waller noted there were nine positions at a current grade of 41, which would increase to grade 42; there were five positions at a current grade of 43 that would increase to grade 44; and the unclassified chief assistant budget administrator was at grade 41 and would increase to grade 42.

As justification for the recommended upgrade, Ms. Waller said the Office of Finance maintained that executive budget officer salaries should be at least equivalent to peer staff with the Office of Finance and agency staff for whom the executive budget officer's approve work, guide, and train. Among the qualifications required for the executive budget officer 1 position was a bachelor's degree and five years of professional budgeting or an equivalent combination of both. In comparison, an Office of Finance Executive Branch auditor 3 position required licensure as a certified public accountant in Nevada and two years of professional level auditing; or a master's degree in business administration, accounting, finance, or closely-related field and three years of professional auditing experience; or current certification as a certified internal auditor and three years of professional auditing experience. The Executive Branch auditor 3 position was at a grade 42, while the executive budget officer 1 position was at a grade 41.

The Office of Finance, Office of the Governor, compared an executive budget officer 2 position with an administrative services officer (ASO) 4 position, which was also in the classified service. Any overtime hours worked were compensated time and one-half for both the ASO 4 and the executive budget officer 2 positions. Ms. Waller said this comparison appeared to be commensurate with respect to the duties and qualifications of the ASO 4 position as one grade higher than the executive budget officer 2 position. With regard to the comparison of the executive budget officer 2 position with other agency positions, the chief financial officer position, the deputies of fiscal services for the Nevada Department of Wildlife and the Department of Health and Human Services, and the deputy of support services for the Nevada Department of Corrections were not eligible for overtime. However, for all the comparisons noted by the Office of Finance, executive budget officer positions reviewed and initially approved or disapproved the budget requests, work program changes, and contracts sought by state agencies.

Ms. Waller noted that two executive budget officer positions within the E-805 decision unit had incorrect position steps and retirement codes, and one of the two positions had an incorrect start date. Correction of those discrepancies would result in additional General Fund appropriations of \$25,110 in FY 2020 and \$32,338 in FY 2021 and increase the total cost to \$81,329 in FY 2020 and \$83,932 in FY 2021 for the classified executive budget officer positions. Should the Committee approve decision unit E-805, a technical adjustment was recommended to correct the noted discrepancies.

In response to questions posed by the Committees during the February 25, 2019, budget hearing, the Director testified that the Division of Human Resource Management (DHRM) indicated the one-grade salary increase recommendation would not affect other similar positions in the state, because the executive budget officer positions were a unique classification series within the Budget Division of the Office of Finance, Office of the Governor. Further, on April 5, 2019, the Office of Finance received a letter of recommendation from the Division of Human Resource Management, which stated that the DHRM believed that an increase of one grade for the executive budget officer 1 and executive budget officer 2 positions would improve recruitment efforts and result in better retention and less turnover. Further, the DHRM confirmed a one grade adjustment would not create an equity issue between these job classes and other classes in state service. Accordingly, the DHRM supported the recommended one-grade salary increase for the executive budget officer positions.

Ms. Waller said, as mentioned previously, the Governor recommended a one-grade salary increase for an unclassified chief assistant budget administrator position in decision unit E-815 resulting in additional cost of \$4,929 in FY 2020 and \$5,869 in FY 2021. Generally, the pay levels for unclassified positions were established in the Pay Bill; however, because the unclassified chief assistant budget administrator position was functionally equivalent to the executive budget officer position regarding duties and responsibilities, Ms. Waller said the Committee might wish to consider this recommendation in decision unit E-815 for the unclassified chief assistant budget administrator in conjunction with the recommendation for the classified executive budget officer positions in decision unit E-805.

Chair Carlton commented that this decision was a tough one because it was clear those employees deserved and should receive a one-grade salary increase, but at this time she did not believe it would be prudent to approve the recommendation.

Assemblywoman Benitez-Thompson said she wanted to echo the Chair's comment.

Assemblywoman Titus asked Fiscal staff how many of those positions were currently filled.

Ms. Waller said she believed there were a couple of vacancies for the classified budget officer positions and the unclassified budget officer position. Those vacancies were caused primarily by promotions within the Office of Finance, Office of the Governor, and it was currently recruiting for some of those positions.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO NOT APPROVE A ONE-GRADE SALARY INCREASE IN BUDGET ACCOUNT 1340 FOR FIFTEEN EXECUTIVE BUDGET OFFICER POSITIONS IN THE OFFICE OF FINANCE, OFFICE OF THE GOVERNOR.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Ms. Waller said the next major closing issue was the recommendation for an upgrade to the economist position, which was submitted through budget amendment A193541340 on April 11, 2019. This amendment would fund a one-grade salary increase for the economist in the Office of Finance, Office of the Governor, to ensure compensation was competitive and commensurate with the duties assigned. Ms. Waller said the recommendation would require additional General Fund appropriations of \$5,085 in fiscal year (FY) 2020 and \$5,407 in FY 2021.

According to the Office of Finance, the Executive Branch economist position was currently a grade 41 and worked independently, while the chief economist position, grade 42, located in the Department of Employment, Training and Rehabilitation (DETR) worked under administrative direction. Along with the budget amendment, the Office of Finance submitted a letter of recommendation from the Division of Human Resource Management (DHRM), which indicated the duties of the Executive Branch economist position were at least at the level of the DETR chief economist position, and the required education and experience of the Executive Branch economist position was higher. Further, the DHRM noted that a one-grade adjustment would not create an equity issue between those job classes or any others in the state and would move the Executive Branch economist position in line with the chief economist position. Accordingly, the DHRM supported the recommended one-grade salary increase for the Executive Branch economist position.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO NOT APPROVE BUDGET AMENDMENT A193541340 TO FUND A ONE-GRADE SALARY INCREASE FOR THE EXECUTIVE BRANCH ECONOMIST POSITION.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Chair Carlton said if there were no questions regarding the other closing items in budget account (BA) 1340, those recommendations seemed to be reasonable.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 1340 WITH NOTED TECHNICAL ADJUSTMENTS WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.
ASSEMBLYMAN WHEELER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
OFFICE OF THE GOVERNOR
GOVERNOR'S OFC OF FINANCE - DIV OF INTERNAL AUDITS (101-1342)
BUDGET PAGE ELECTED-57

Julie Waller, Senior Program Analyst, presented budget account (BA) 1342, Governor's Office of Finance - Division of Internal Audits.

Ms. Waller said the Division of Internal Audits, BA 1342, had one major closing issue that was a recommendation for one new Executive Branch auditor position. Ms. Waller noted this budget was supported entirely by General Fund appropriations. The Governor recommended General Fund appropriations of \$105,993 in FY 2020 and \$137,305 in FY 2021 for the new Executive Branch auditor position located in the Carson City office to meet increased workload requirements.

During the February 25, 2019 budget hearing, the Division testified that over the current biennium there had been an increase in requests for internal audits, due in part to increased turnover of department directors. Moreover, the Division testified that 50 percent of the audit requests were generated by the Office of the Governor as specific concerns arose in various agencies. The Division further testified there was an audit backlog of approximately 2.5 years, and the Division expected this figure to grow as the Governor and new department directors identified specific areas for audit or review and new audits were added to the Division's workload.

As a result of the Division's biennial risk assessment at the end of the fiscal year, the Division indicated approval of the recommended Executive Branch auditor position would reduce the audit backload to two years.

Assemblyman Kramer asked whether a contributing factor to the backload was the change of personnel directors and directors in different departments, and Ms. Waller replied that was

correct. She added that often new directors requested internal audits to understand problems in the departments.

Assemblyman Kramer asked whether it was because of the change in Governor that there had been significantly more change in department heads.

Ms. Waller stated part of the problem was the increase in retirements of long-term employees. There had been many retirements and new directors coming in, and part of the turnover was attributable to the new administration coming on board after Governor Sandoval's tenure: it was a combination of both.

Assemblyman Kramer asked whether it was foreseen that requests for audits would continue at that rate or whether the requests would slow down.

Ms. Waller explained that the Division of Internal Audits, Office of Finance, Office of the Governor, conducted an annual risk assessment of all agencies, so internal audits were ongoing, as well as the request for audits by the Governor or department heads. Currently, there were 14 ongoing audits, 7 of which were audits by request.

Chair Carlton said it was typical when a new person was appointed they would want to know where their agency stood as they took over, and she believed audits were a common practice in business.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE ONE NEW EXECUTIVE BRANCH AUDITOR POSITION AS RECOMMENDED BY THE GOVERNOR, FUNDED BY GENERAL FUND APPROPRIATIONS OF \$105,993 IN FISCAL YEAR 2020 AND \$137,305 IN FISCAL YEAR 2021 IN BUDGET ACCOUNT 1342.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Ms. Waller said there was one other closing item, and Fiscal Analysis Division staff recommended it be approved as recommended by the Governor and requested authority to make technical adjustments as necessary.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE THE OTHER CLOSING ITEM IN BUDGET ACCOUNT 1342 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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**ELECTED OFFICIAL
OFFICE OF THE GOVERNOR
GOVERNOR'S OFC OF FINANCE - SPECIAL APPROPRIATIONS (101-1301)
BUDGET PAGE ELECTED-69**

Julie Waller, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 1301, Special Appropriations.

Ms. Waller said the Special Appropriations budget in the Office of Finance, Office of the Governor, was used to pass through legislatively approved General Fund appropriations to other governmental entities and not-for-profit organizations. The Governor recommended General Fund appropriations totaling \$16,439,000 over the biennium. Ms. Waller noted there were programs in this budget that were part of the base budget including Holocaust Education at \$100,000 in each year of the biennium, the special appropriation to Nevada Volunteers at \$150,000 in each year of the biennium, and Graduate Medical Education Grants at \$5 million per fiscal year. There are four decision units within the major closing issues for this budget.

The first major closing issue was the recommendation for funding for the Civil Air Patrol in decision unit Enhancement (E) 225. The Governor recommended a General Fund appropriation of \$25,000 in fiscal year (FY) 2020 to provide operational support for the Nevada Wing of the Civil Air Patrol (CAP). The CAP was the official auxiliary of the United States Air Force. Civil Air Patrol members were volunteers and not paid for their time and efforts. Adults were required to pay \$80 to be CAP members, and cadets paid approximately \$40 per year in dues.

Ms. Waller said the 2017 Legislature approved a one-time General Fund appropriation of \$25,000 for the Civil Air Patrol in FY 2018, which was available for expenditure through June 30, 2021. This appropriation was transferred from the Special Appropriations budget to the Civil Air Patrol Account, a nonexecutive budget created pursuant to NRS 365.565, subsection 1(b). Subsection 5 of NRS 365.565 provided that funding in the account could only be used by the Nevada Wing of the Civil Air Patrol to:

- A. Carry out its search, rescue, and emergency operations, homeland defense, and narcotics interdiction missions.
- B. Maintain a headquarters.
- C. Purchase, maintain, and repair emergency and training equipment.

Ms. Waller stated subsection 6 of the statute prohibited the use of funding in the account for the purchase of any aircraft, travel, or training expenses. To date, the CAP had expended \$23,950 of the \$25,000 one-time appropriation approved by the 2017 Legislature. The CAP had expended this funding for hangar rentals for aircraft.

According to Ms. Waller, the account received funding from the sale of aviation fuel pursuant to NRS 365.565. Since the Great Recession, the number of gallons of aviation fuel sold had decreased, resulting in a reduction of associated revenues.

Fiscal Analysis Division staff noted that the CAP had requested the \$25,000 appropriation to be an ongoing appropriation versus one-time funding because it had experienced a decrease in revenues generated by aviation fuel sales. Accordingly, the Governor's recommendation was that this appropriation be ongoing in the first year of each future biennium as long as funding was available.

In response to questions posed during the joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means on February 25, 2019, the CAP indicated that in order to increase revenues it was exploring grant opportunities, as well as pursuing a plan to have employers match member contributions. In addition, the CAP continued its efforts to look for areas to reduce discretionary expenditures to address structural imbalance in its budget.

The Office of Finance's response to questions following the budget hearing clarified that the intent for the use of the \$25,000 appropriation was to fund hangar rentals, training, leadership activities, and equipment maintenance or replacement. Expenditures for hangar rentals and equipment maintenance or replacement were permissible uses of funding in the account. Ms. Waller said the Office of Finance confirmed that only appropriate expenditures would be paid from the nonexecutive CAP account, and any funds requested for travel or training would be paid directly to CAP to expend through its outside bank account.

Should the Committee approve the Governor's recommendation for an ongoing \$25,000 appropriation for the CAP, Fiscal staff recommended that the CAP account be included in both the Appropriations and Authorizations Acts and thus would be subject to the provisions of NRS 353.150 through NRS 353.2655.

Assemblyman Kramer asked whether any remaining balance at the end of the first year rolled over to the next year, and Ms. Waller said the appropriation would be available through the biennium.

Chair Carlton remarked that she believed it would be responsible for the Committee to approve the Civil Air Patrol and the other base items within this special appropriations budget. She noted that three other base items included Holocaust Education, Nevada Volunteers, and a portion of the funding under the Graduate Medical Education Grants. Chair Carlton would accept a motion to approve three base items but not approve the rest of the budget. She reasoned that this budget had to be closed, not because the CAP was not supported, but because it could not be approved right now. Technically, the Committee would have to not approve, and then if dollars permitted later on, bills could be introduced to address those particular items. Chair Carlton wanted to make sure the Committee was comfortable and informed on what was being done with the special appropriations, and she also wanted to make it clear to the public that this was not an indication that the Committee was in opposition to the appropriation, but right now it was not in a position to approve it.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO NOT APPROVE A ONE-TIME GENERAL FUND APPROPRIATION OF \$25,000 IN FISCAL YEAR 2020 FOR THE CIVIL AIR PATROL AND TO APPROVE THREE PROGRAMS THAT ARE PART OF THE BASE BUDGET IN BUDGET ACCOUNT 1301, AT \$100,000 IN EACH YEAR OF THE BIENNIUM FOR HOLOCAUST EDUCATION, \$150,000 IN EACH YEAR OF THE BIENNIUM FOR NEVADA VOLUNTEERS, AND \$5 MILLION IN EACH YEAR OF THE BIENNIUM FOR GRADUATE MEDICAL EDUCATION GRANTS.

ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Kramer voted no. Assemblyman Hambrick was not present for the vote.)

ELECTED OFFICIALS
OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF FINANCE - SMART 21 (101-1325)
BUDGET PAGE ELECTED-61

Cathy Crocket, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 1325, SMART 21.

Ms. Crocket informed the Committee that the Silver State Modernization Approach for Resources and Technology in the 21st Century (SMART 21) budget was created during the 2017-2019 interim to isolate costs associated with the replacement of the state's existing financial and human resources information systems with a modernized, comprehensive, cloud-based Enterprise Resource Planning (ERP) solution. The budget was funded with

81 percent General Fund appropriations and 19 percent Highway Fund appropriations, based on the percentage of full-time equivalent positions in state agencies that were supported by those funding sources. Ms. Crocket noted that the General Fund portion of project costs would be included in the statewide cost-allocation plan, which recovered an equitable share of central service costs from state agencies.

There were three major closing issues. Ms. Crocket said the first major closing issue was the continuation of the SMART 21 Project. To support ongoing efforts to replace the state's existing system, the Governor recommended continuing the SMART 21 budget in the upcoming biennium at a cost of \$3 million in the base budget over the biennium. The recommendation would continue the Office of Project Management (OPM), which was responsible for overseeing the project and ensuring its success. The recommended funding in the base budget would support 13 existing positions, travel, operating, and information services costs. Fiscal staff noted that the preponderance of costs directly related to the system implementation were included in a one-shot appropriation bill, Assembly Bill 500, which was amended and passed by this Committee on May 3, 2019.

With regard to positions in this budget, Ms. Crocket had mentioned that there were a total of 13 positions. The OPM submitted an informational item to the December 11, 2018, meeting of the Interim Finance Committee to provide notification that a part-time grants and project analyst position was reclassified to a full-time management analyst to provide training on the existing financial information system until the transition to the new system was complete. Training was expected to begin on the new system sometime in 2020. As previously noted, Ms. Crocket said costs in this budget were split between General Fund and Highway Fund based on a percentage of full-time-equivalent (FTE) positions in state agencies. Considering the management analyst currently provided training on the existing financial system, which was not used by the Department of Transportation, it appeared to Fiscal staff that it would be more appropriate to fund the management analyst entirely with General Fund appropriations to ensure that Highway Funds were used in accordance with constitutional restrictions. Fiscal staff recommended technical adjustments to fund the management analyst entirely with General Funds, which would result in an increase of General Fund appropriations of \$35,949 over the biennium and a corresponding decrease in Highway Fund appropriations.

Ms. Crocket referred to the project timeline and its cost and noted that a vendor for the project had not been finalized, and consequently, the project implementation timeline and total project costs remained uncertain. According to the OPM, the nonpayroll-related HR system components, such as the recruitment, would be deployed by December 2020, and financial and payroll components would be deployed by July 2022. However, in the request for proposals for the new system, the agency asked vendors to provide their preferred project implementation schedule, and therefore the timeline remained subject to change. With regard to total costs, from FY 2014 and to the present time, about \$3.9 million had been expended to support the replacement of the system. Ms. Crocket noted a technology information request had been completed, which estimated a total implementation cost of approximately \$53.6 million, and ongoing costs were thought to be about \$2 million to

\$5 million per year. However, as a vendor had not yet been finalized, total costs remained uncertain.

With regard to the project plan, the details remained uncertain until a vendor was selected; however, the OPM would conduct operational activities regardless of the vendor selected, including project and organizational change management as well as business process redesign. There would also be an extensive training component when the new system was deployed. Extensive system configuration and testing was anticipated to occur in the upcoming biennium, and the OPM planned to use staff from other state agencies to provide help with the activities. However, a detailed plan for using staff and identification of specific staff had not yet been determined. Ms. Crocket said to monitor the status of the SMART 21 project throughout the upcoming biennium, the Committee might wish to consider issuing a letter of intent to the Office of Project Management to receive semiannual updates on the project, including as follows:

- An overview of activities conducted by the OPM.
- Updates on the SMART 21 project implementation plan and projected deployment timeline.
- A summary of change management and training efforts.
- An overview of the activities of the SMART 21 vendor.
- A list of project deliverables received, deliverables anticipated for the next reporting period, and deliverables that were behind schedule.
- An update on the development of a plan for transitioning existing state staff and resources following the implementation of the SMART 21 project.
- Updates on the plan to use state agency staff to work on the SMART 21 project.
- A list of positions from other state agencies that performed work on the SMART 21 project and a list of any positions that had been backfilled in other state agencies.
- A summary of categorical expenditures incurred to date on the project and cost projections for the remainder of the project.
- A summary of findings of the Independent Verification and Validation Services contractor, should the Committee approve funding for these services, including copies of the contractor's reports.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE
THE CONTINUATION OF THE SMART 21 BUDGET IN THE 2019-2021

BIENNIUM, WITH THE TECHNICAL ADJUSTMENT TO FUND THE MANAGEMENT ANALYST POSITION THAT PROVIDES TRAINING ON THE EXISTING FINANCIAL SYSTEM ENTIRELY WITH GENERAL FUNDS, CONTINGENT UPON THE PASSAGE AND APPROVAL OF LEGISLATION TO FUND SMART 21 PROJECT IMPLEMENTATION COSTS AND ISSUE A LETTER OF INTENT INSTRUCTING THE OFFICE OF PROJECT MANAGEMENT TO REPORT SEMIANNUALLY TO THE INTERIM FINANCE COMMITTEE ON ITS OPERATIONS AND THE STATUS OF THE SMART 21 PROJECT IN BUDGET ACCOUNT 1325.

ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Crocket stated the next major closing issue related to independent verification and validation (IV&V) services to provide project oversight and quality management services to the SMART 21 project. The Governor recommended contracted IV&V services at a cost of \$1.8 million over the biennium. Those services were intended to commence as soon as the project started, which would likely be in July 2019 and continue until the installation of the system was complete. Those services involved an independent third-party organization evaluating the status of the project on an ongoing basis to verify that the new system met stated requirements and specifications and functioned as intended, which mitigated risk. Risks of this project included complete project failure, delays in system implementation, cost overruns, and required system functionality that was not delivered or did not work as anticipated. Those services might be beneficial to the OPM in providing an impartial assessment of the progress of the project, identifying issues and risks as they occurred so they could be addressed immediately, verifying the new system was functioning as intended, and tracking project completion requirements.

The OPM indicated that a number of states had established policies that required IV&V services for certain information technology (IT) projects, such as those that were deemed high risk or exceeded certain cost thresholds, and Fiscal staff noted that certain federal agencies, such as the Department of Health and Human Services required IV&V services for certain high-risk, federally funded projects. The federal Government Accountability Office had recognized IV&V as a best practice for complex, high-risk projects; however, Nevada currently had no statutory requirement for IV&V services.

Assemblyman Kramer commented that he liked the idea of having a third party evaluating the system, but he did not see in the description that there would be an evaluation of benchmarks prior to any payments being made.

Ms. Crocket said it was her understanding that would be part of the process, and the agency would be using the reports of the IV&V vendor to make payments.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE \$1.8 MILLION, INCLUDING GENERAL FUND APPROPRIATIONS OF \$1.5 MILLION AND HIGHWAY FUND APPROPRIATIONS OF \$342,000 OVER THE 2019-2021 BIENNIUM TO SUPPORT INDEPENDENT VERIFICATION AND VALIDATION SERVICES FOR THE SMART 21 PROJECT, CONTINGENT UPON THE PASSAGE AND APPROVAL OF LEGISLATION TO FUND SMART 21 PROJECT IMPLEMENTATION COSTS.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Ms. Crocket stated the next major closing issue related to new positions. The Governor recommended adding a total of five new positions to provide help desk support for the new system, which would require \$662,360 over the upcoming biennium. Three positions, including an IT manager, an IT technician, and a public service intern would start on October 1, 2019, and an additional IT technician and public service intern would start on July 1, 2020. According to Ms. Crocket, prior to implementation of the new system, the agency indicated the positions would be involved in project implementation efforts, such as system configuration and testing.

Currently, help desk support for the existing Human Resources (HR) information system was provided by the Division of Enterprise IT Services (EITS), and help-desk support for the existing financial system was provided by the Office of the Controller. Ms. Crocket said the new positions would be integrated with the existing HR information system help-desk staff within EITS, and the agency indicated that help-desk support would likely be centralized in the future as recommended by its IT advisory contractor. Future budget requests would likely seek to transfer help-desk positions to EITS.

As previously discussed, Ms. Crocket said the detailed project plan and timeline had not yet been determined as a vendor had not been finalized. It was unclear that adding the positions in accordance with the start dates recommended by the Governor was reasonable and appropriate as it was uncertain there would be work available for the positions beginning in October 2019.

If the Committee wished to approve help-desk support for the new system, it might wish to consider appropriating the funding recommended to the IFC for allocation to the Office of Project Management following the determination of a detailed project plan and timeline.

Options for consideration by the Committee included the following:

- a) Approve the Governor's recommendation to add five new help-desk positions to the SMART 21 budget, including three new positions in fiscal year (FY) 2020 and an additional two new positions in FY 2021, funded with \$662,360 over the 2019-2021 biennium, contingent upon the passage and approval of legislation to fund SMART 21 project implementation costs.
- b) Approve language in the Appropriations Act appropriating \$662,360 to the Interim Finance Committee for allocation to the SMART 21 budget for help-desk positions upon presentation of a detailed project plan, timeline, and description of the duties to be performed by the positions.
- c) Do not approve the Governor's recommendation for five new help-desk positions.

Assemblyman Kramer said he could not understand why an IT manager was needed as part of a help-desk system. He said he would be more comfortable if there were two IT technicians that might actually be answering phone calls instead of a manager position. The arrangement seemed top-heavy to him.

Assemblywoman Benitez-Thompson said she was leaning toward option b.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE LANGUAGE IN THE APPROPRIATIONS ACT APPROPRIATING \$662,360 (\$536,511 GENERAL FUND AND \$125,849 HIGHWAY FUND) TO THE INTERIM FINANCE COMMITTEE FOR ALLOCATION TO THE SMART 21 BUDGET FOR HELP DESK POSITIONS UPON PRESENTATION OF A DETAILED PROJECT PLAN, TIMELINE, AND DESCRIPTION OF THE DUTIES TO BE PERFORMED BY THE POSITIONS.

ASSEMBLYWOMAN KRAMER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)

Ms. Crocket referred to other closing items and, under other closing item number 3, pointed out that the agency was requesting to transition three existing classified positions to the unclassified service. This budget was within the Office of Finance, Office of the Governor, and there was a statutory requirement that positions within the Office of Finance be in the classified service with limited exceptions. Fiscal Analysis Division staff consulted with the Legal Division and was advised that no statutory change would be necessary, as the positions were somewhat temporary in nature. Under other closing item number 4, there was a technical adjustment to the costs associated with the training room. Similar to the management analyst position discussed earlier, the training room provided a statewide function, and a nexus could not be demonstrated with the Highway Fund, so Fiscal staff

suggested the training room be funded completely with General Fund, which would increase General Fund appropriations by \$22,991 over the biennium.

Under other closing item number 5, budget amendment A193071325 was received on March 15, 2019, and would eliminate state-owned office space for contractors, a part-time facilities manager position that the agency indicated was no longer needed, and increase building lease costs. The net effect of those changes was an increase of \$42,794 over the biennium. Fiscal staff recommended approval of other closing items 1, 2, and 5, including budget amendment A193071325 as recommended by the Governor, and other closing item 4 with the noted technical adjustment, and other closing item 3 as recommended, with authority to make technical adjustments for salaries included in the Pay Bill, contingent upon legislation to fund the project, and authority to make other technical adjustments as necessary.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE OTHER CLOSING ITEMS 1, 2, AND 5, INCLUDING BUDGET AMENDMENT A193071325, AS RECOMMENDED BY THE GOVERNOR, OTHER CLOSING ITEM 4 WITH THE NOTED TECHNICAL ADJUSTMENT, AND OTHER CLOSING ITEM 3 AS RECOMMENDED, WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR SALARIES INCLUDED IN THE PAY BILL, CONTINGENT UPON ENABLING LEGISLATION, AND AUTHORITY TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)

BUDGET CLOSED.

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Chair Carlton stated there were subcommittee reports to accept and asked Cindy Jones to provide an explanation of the process.

Cindy Jones, Assembly Fiscal Analyst, Legislative Counsel Bureau, said this would be a new part of the process for those new to the Committee. As everyone knew, there had been a lot of time spent in subcommittee hearings, reviewing, following up on information, and walking through the approval of most of the subcommittee budget accounts. The reports summarized the recommendations of the subcommittees for approval or consideration by the full Committees in both houses. From this point on, the decisions made in those reports from the subcommittees would roll up into the bills that implemented the budget. Those bills included the Appropriations Act, Authorizations Act, Capital Improvement Bill, Pay Bill,

and the K-12 Funding Bill. Ms. Jones said, as indicated during training, there was a point in time when the subcommittee chairs actually presented these reports, but the decision was made that Fiscal Analysis Division staff would provide the reports on behalf of the subcommittee chairs. She noted the reports were recommendations by the subcommittees, but the full committees had the opportunity to make different decisions than the decisions of the subcommittees.

Kristina Shea, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented the closing report for the Joint Subcommittee on K-12/Higher Education/CIPs, related to the Department of Administration, State Public Works Division.

The Subcommittees on K-12/Higher Education/CIPs had completed their review of the State Public Works Division's budgets and makes the following recommendations for the 2019-2021 biennium. The closing recommendations of the Subcommittees resulted in a reduction of General Fund appropriations of \$137,160 in fiscal year (FY) 2020 and \$142,046 in FY 2021. The following comments describe the more significant recommendations of the Subcommittees.

SPWD – Engineering and Planning (101-1562) ADMIN-179:

The Subcommittees recommended approval of a new management analyst position and associated costs to support the CIP accounting functions; however, this position was recommended to be included in the Administrative Services Division budget and funded with cost allocations due to its supervisory role over several positions within that budget. The Subcommittees recommended approval of a budget amendment requested by the Governor's Finance Office to increase fee revenue by \$1.2 million over the 2019-2021 biennium to fund three new project manager positions and three new building construction inspector positions due to the anticipated level of services required to support the 2019 Capital Improvement Program. The Subcommittees approved the remainder of the Engineering and Planning budget, as recommended by the Governor, with technical adjustments made by Fiscal staff.

SPWD – Buildings and Grounds (710-1349) ADMIN-190:

The Subcommittees concurred with the Governor's recommendation to fund deferred maintenance projects totaling \$2.2 million over the 2019-2021 biennium. The Subcommittees also approved \$5,416 in FY 2020 and \$5,959 in FY 2021 to lease a 12-passenger van for the purpose of implementing a new inmate labor program in Southern Nevada and recommended a letter of intent for annual reports regarding the program. The Subcommittees recommended approval of the remainder of the Buildings and Grounds budget as recommended by the Governor, including approval of a requested amendment to fund an increase in the transfer to Capitol Police to support the Nevada Shared Radio System replacement.

SPWD – Marlette Lake Water System (712-1366) ADMIN-199:

The Subcommittees recommended approval of a technical adjustment to reflect revised revenue projections and to include a General Fund appropriation of \$100 in each year of the 2019-2021 biennium, which would allow the division access to the Interim Finance Committee (IFC) Contingency Account to ensure this budget remained solvent over the 2019-2021 biennium. The Subcommittees approved the issuance of a letter of intent requiring the agency to submit semiannual reports to the IFC concerning the status of action taken by the State Public Works Division to ensure the Marlette Lake Water System was able to continue operations as a self-sustaining system. The Subcommittees recommended approval of the remainder of the Marlette Lake Water System budget as recommended by the Governor.

The Subcommittees recommended closing the following State Public Works Division, Department of Administration, budgets as recommended in The Executive Budget, with minor technical adjustments by Fiscal staff:

- SPWD – Administration (101-1540) ADMIN-174
- SPWD – Facility Condition and Analysis (101-1560) ADMIN-186

The Subcommittees authorized Fiscal staff to make technical adjustments throughout the division's budgets as necessary.

ASSEMBLYWOMAN JAUREGUI MOVED TO ACCEPT THE CLOSING REPORT FROM THE SUBCOMMITTEES ON K-12/HIGHER EDUCATION/CIPS REGARDING THE STATE PUBLIC WORKS DIVISION, DEPARTMENT OF ADMINISTRATION.
ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)

BUDGET CLOSED.

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Jaimarie Ortega, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented the closing report from the Subcommittees on K-12/Higher Education/CIPs regarding the State Public Charter School Authority.

The Subcommittees on K-12/Higher Education/CIPs had completed their review of the State Public Charter School Authority (SPCSA) budget recommendations in The Executive Budget for the 2019-2021 biennium. The Subcommittees recommended approval of the following closing actions:

State Public Charter School Authority (101-2711) CHARTER SCHOOL-5:

The Subcommittees recommended approval of the Governor's recommendation to add one Education Programs Professional position, one Administrative Assistant position, and to convert one contract position to a full-time Administrative Assistant position totaling \$402,422 over the 2019-2021 biennium. The Subcommittees also recommended approval of a reduction in SPCSA Charter School sponsorship fee revenues, resulting from the SPCSA's plan to reduce the sponsorship fee from 1.5 percent to 1.25 percent, thereby reducing revenues by \$1.7 million over the 2019-2021 biennium.

The Subcommittees deferred action on the Governor's recommendation for one new Education and Information Officer (EIO) position and requested that Fiscal staff provide additional information regarding the proposed duties of the EIO position when the full committees review the Subcommittee recommendations.

As directed by the Subcommittees, Fiscal staff requested additional information from the SPCSA regarding the proposed duties of the EIO position. The SPCSA indicates the new EIO position would spend approximately 20 percent of its time performing public information-related activities, which include responding to media inquiries and releasing public information documents.

The SPCSA further indicates approximately 80 percent of the new EIO position's time would be dedicated to performing the following education-related duties:

- Streamline information to sponsored charter schools regarding timeframes and deadlines for report submission, grant opportunities, agency initiatives, testing guidance, workshops, and any other relevant information.
- Coordinate, develop, and implement training and professional development programs for agency staff, board members, and sponsored charter schools.

- Develop and implement a virtual platform that charter schools or the public can access to receive real-time information as well as real-time feedback or response.
- Research, respond, and provide advice or technical assistance to inquiries related to the educational component of the SPCSA received from the public, media, Legislature, or other public entities.

The SPCSA indicates multiple staff are currently responsible for disseminating this information, and the recommendation would provide one staff member that would be dedicated to these functions to allow consistent messaging and provide real-time response and distribution of information. Additionally, the SPCSA indicates it currently uses email to disseminate information to sponsored charter schools, which the SPCSA indicates is not efficient and does not allow for real-time, two-way communication.

Chair Carlton stated for Committee members who were not on this Subcommittee that this Subcommittees, for lack of a better word, punted this to the full Committee. There were a number of concerns, and she suggested that the full Committee not approve this report, which would match with how the Senate processed the report. The Chair said she would accept a motion to not approve reserve reductions in this budget for that portion of the report.

ASSEMBLYWOMAN SWANK MOVED TO NOT APPROVE RESERVE REDUCTIONS OF \$182,496 OVER THE 2019-2021 BIENNIUM FOR ONE NEW EDUCATION AND INFORMATION OFFICER POSITION IN BUDGET ACCOUNT 2711.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

Assemblyman Kramer said denying this part of the report could send the message that the Committee did not support charter schools.

Chair Carlton explained that it was not the total charter school, it was just one component of using reserves to fund a position that appeared inappropriate. It was one small component and not the whole discussion point.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)

Ms. Ortega continued with the closing document presentation and read the following into the record:

Public Charter School Loan Program (101-2708) CHARTER SCHOOL-13:

The Governor recommends providing loans of up to \$200,000 in each year of the 2019-2021 biennium to continue the SPCSA Public Charter School Loan Program. The Subcommittees deferred action on the closing of the Public Charter School Loan Program budget and requested that Fiscal staff provide additional information regarding the loan applications received by the SPCSA for FY 2019.

In response, Fiscal staff noted *Nevada Revised Statutes* (NRS) 388A.438 required the SPCSA to provide loans to eligible charter schools that have an approved charter contract with the SPCSA. However, the SPCSA provided loans to three schools sponsored by the Achievement School District (ASD) totaling \$198,000 in FY 2018. The SPCSA also indicated two schools currently sponsored by the ASD submitted applications for the loan program in FY 2019.

Fiscal staff discussed this issue with staff from the Legal Division of the Legislative Counsel Bureau (LCB), who determined schools sponsored by the ASD were not eligible to apply for the SPCSA Public Charter School Loan Program pursuant to Chapter 388A of NRS. In follow-up communication with the SPCSA, the SPCSA concurred with the LCB Legal Division's determination that ASD charter schools were not eligible for this loan program. The SPCSA indicated it would notify the two ASD charter schools that submitted applications of this determination and would no longer consider these applications.

Chair Carlton explained for those members who were not in the Subcommittee hearings, that there were some issues with loans being made to schools outside of what was believed to be the statutory authority to make those loans. That was an ongoing legal discussion, and Chair Carlton said she had concerns about the loan program. She said she would accept a motion to keep the loan program going, but have the Authority appear before the IFC for approval when issuing loans to provide oversight and to ensure problems were addressed.

Ms. Jones said Fiscal Analysis Division staff was recommending that the agency come to IFC for approval and that the funds be placed in the agency's reserve to be presented to the IFC.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE CONTINUATION OF THE PUBLIC CHARTER SCHOOL LOAN PROGRAM UNDER THE PROVISION THE AGENCY REQUESTS APPROVAL FROM THE INTERIM FINANCE COMMITTEE FOR THE ISSUANCE OF LOANS AND PLACES THE FUNDS IN THE AGENCY'S RESERVE.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)

BUDGET CLOSED.

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Kimbra Ellsworth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented the Subcommittees on General Government closing report for the Division of Minerals budget.

Division of Minerals (101-4219) MINERALS-5:

The Subcommittees recommended approving the Division of Minerals budget as recommended by the Governor and authorized Fiscal staff to make technical adjustments as necessary.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO ACCEPT THE CLOSING REPORT FROM THE SUBCOMMITTEES ON GENERAL GOVERNMENT REGARDING THE DIVISION OF MINERALS.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)

BUDGET CLOSED.

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Colby Nichols, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented the Subcommittees on General Government closing report regarding the Department of Business and Industry.

The Subcommittees on General Government had completed their review of the Department of Business and Industry (B&I) budgets for the 2019-2021 biennium. The closing recommendations of the Subcommittee resulted in General Fund appropriation increases of \$873,283 in FY 2020 and \$902,544 in FY 2021. The following comments describe the more significant recommendations of the Subcommittees.

Business and Industry Administration Budget (101-4681) B&I-12:

The Subcommittees recommended the continuation of the Consumer Affairs Unit, contingent upon passage and approval of Bill Draft Request 1206, which

had since been introduced as Senate Bill 537 and referred to the Senate Finance Committee on May 6, 2019, or other enabling legislation. The bill extended the Consumer Affairs Unit through June 30, 2021; changed the funding source to General Fund appropriations instead of state settlement income transferred from the Office of the Attorney General; and reduced an Administrative Assistant position from FTE to the current level of 0.60 FTE as recommended in Budget Amendment A192414681, which resulted in additional General Fund appropriations of \$671,893 in FY 2020 and \$690,339 in FY 2021. The Subcommittees also recommended approval of a new Administrative Assistant position with associated operating and equipment costs to facilitate the processing and maintenance of agent applications and licenses for the Mortgage Lending Division, with technical adjustments. The Subcommittees recommended approval of the remaining portions of Budget Amendment A192414681 to adjust funding streams to balance the budget appropriately including additional General Fund appropriations of \$201,390 in FY 2020 and \$212,205 in FY 2021. Finally, the Division of Human Resource Management approved the reclassification of an Information Technology Professional position effective December 7, 2018; therefore, the Subcommittees recommended not approving the recommendation to reclassify the position and instead recommended providing staff authority to make a technical adjustment to the position in the base budget.

Division of Industrial Relations (210-4680) B&I-59:

The Subcommittees recommended approval of the Governor's recommendation for one new Business Process Analyst position to oversee training and problem resolution of the Workers' Compensation Section's Claims and Regulatory Data System (CARDS), funded with an allocation from the Workers' Compensation and Safety Fund of \$64,477 in FY 2020 and \$77,197 in FY 2021.

Occupational Safety and Health Enforcement (210-4682) B&I-66:

The Subcommittees recommended approval of the revised technology investment notification, the Elevator Digital Plan Review System, funded with an allocation from the Workers' Compensation and Safety Fund of \$25,160 in FY 2020. The division indicated this new system would streamline the review of plans submitted by contractors for new installations and alterations to existing elevators/conveyances by its Mechanical Compliance Section staff.

Athletic Commission (101-3952) ELECTED-111:

The Subcommittees recommended approval of the Governor's recommendation to transfer the Athletic Commission from the Department of Business and Industry to the Governor's Office, contingent upon the passage

and approval of enabling legislation. The transfer included the addition of Administrative Services Division cost-allocation payments totaling \$182,113 over the 2019-2021 biennium, funded with reserve reductions.

Housing Inspection and Compliance (101-3845) B&I-112:

The Subcommittees recommended approval of the transfer of one Compliance/Audit Investigator position from the Housing Inspection and Compliance budget to the Weatherization budget to properly align the grant-funded position with its federal revenue source.

Common Interest Communities (101-3820) B&I-147:

The Subcommittees recommended approval of the Governor's recommendation for a new Program Officer in Carson City to provide training and outreach to homeowner associations (HOAs) and common interest communities in northern and rural Nevada, funded with reserve reductions of \$149,781 over the 2019-2021 biennium. The Subcommittees also recommended approval of a new database to automate HOA registration and renewal processes, funded with reserve reductions of \$25,000 in each year of the biennium, as recommended by the Governor.

Taxicab Authority (245-4130) B&I-162:

The Subcommittees recommended approving the Governor's recommendation to increase the Medallion Fee from \$100 per cab, per year to \$300, contingent upon the passage and approval of enabling legislation. This increase would generate \$706,000 in new revenue each year of the 2019-2021 biennium, which would be directed to reserves to partially address the agency's solvency problems. In addition, the Subcommittees recommended approval of the Governor's recommendation to eliminate 15 vacant positions, resulting in expenditure reductions of approximately \$2.5 million over the biennium, with corresponding increases to reserves. The Subcommittees also recommended the issuance of a letter of intent directing the agency to develop a credible, long-term plan for financial solvency and to present semiannual reports regarding these efforts to the Interim Finance Committee.

The Subcommittees recommended approval of Phase 3 of the agency system modernization project. Phase 3 of the project would provide a web portal for taxicab companies in Clark County and allow for real-time asset management, including drivers, vehicle fleets, and medallions. Phase 3 would also automate and digitize other processes currently performed manually and would be funded through Technology Fee reserve reductions of \$126,024 in FY 2020. The Subcommittees also recommended Technology Fee reserve reductions of \$59,105 in FY 2020 and \$62,685 in FY 2021 to fund the

agency's portion of the costs to replace the Nevada Shared Radio System, as recommended in Budget Amendment A193854130.

Division of Financial Institutions (101-3835) B&I-209:

The Subcommittees recommended approval of the reclassification of two Financial Institutions Examiner 2 positions to Financial Institutions Examiner 3 positions and one Administrative Assistant 2 position to an Administrative Assistant 3 position resulting in reserve reductions totaling \$22,527 over the 2019-2021 biennium.

Division of Mortgage Lending (101-3910) B&I-227:

The Subcommittees recommended approval of the Governor's recommendation for two new Mortgage Lending Examiner positions and associated operating costs for the Mortgage Servicer Program to conduct audits, examinations, and investigations for out-of-state mortgage servicing companies. The recommendation results in decreased reserves of \$149,907 in FY 2020 and \$188,471 in FY 2021.

The Subcommittees also recommended approval of the Governor's amended recommendation to utilize reserve reductions totaling \$624,556 in FY 2020 and \$107,426 in FY 2021 for a technology investment notification to replace the Division of Mortgage Lending's database, which was developed internally in 2006 and no longer meets the needs of the agency's employees and its licensees.

The Subcommittees recommended closing the following Department of Business and Industry budgets as recommended by the Governor:

- Office of Business and Planning (101-4677) B&I-8
- Private Activity Bonds (101-4683) B&I-21
- Insurance Regulation (504-3813) B&I-32
- Captive Insurers (504-3818) B&I-39
- Insurance Recovery (504-3821) B&I-44
- Self-Insured – Workers' Compensation (210-4684) B&I-45
- Safety Consultation and Training (210-4685) B&I-73

- Housing Division (503-3841) B&I-88
- Account for Low-Income Housing (101-3838) B&I-94
- Special Housing Assistance (101-3839) B&I-102
- Weatherization (101-4865) B&I-104
- Employee Management Relations Board (101-1374) B&I-122
- Real Estate Administration (101-3823) B&I-132
- Real Estate Education and Research (216-3826) B&I-139
- Real Estate Recovery Account (216-3827) B&I-145
- Labor Commissioner (101-3900) B&I-189
- Nevada Attorney for Injured Workers (101-1013) B&I-196
- Financial Institutions Investigations (101-3805) B&I-216
- Financial Institutions Audit (101-3882) B&I-219

The Subcommittees also recommended closing the following Department of Business and Industry budgets as recommended by the Governor with minor or technical adjustments:

- Mine Safety and Training (210-4686) B&I-78
- Nevada Transportation Authority (101-3922) B&I-174
- Transportation Authority Admin Fines (101-3923) B&I-181

Chair Carlton asked whether Committee members had any questions and, hearing none, called for a motion to accept the closing report.

ASSEMBLYWOMAN JAUREGUI MOVED TO APPROVE THE CLOSING REPORT FROM THE SUBCOMMITTEES ON GENERAL GOVERNMENT REGARDING THE DEPARTMENT OF BUSINESS AND INDUSTRY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

Assemblyman Kramer referred to budget account (BA) 4681, the Business and Industry administration account, and said his understanding was that there was a transfer of funds, not necessarily an increase of funds from the General Fund, and the funds came from the Settlement of the Attorney General.

Stephanie Day, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the majority of that funding was related to the Consumer Affairs Unit. The Attorney General's Office Settlement Account was the original funding source for that budget. The budget amendment that was presented from the Office of Finance, Office of the Governor, requested to change the funding source to a General Fund appropriation, and the Subcommittees agreed to approve that recommendation.

Assemblyman Kramer said that was the point he was trying to make, that this was not an addition to the General Fund expenditure, it was a transfer from one fund to another.

Ms. Day stated the original funding source for the Consumer Affairs Unit was the Attorney General's Settlement account, but the budget amendment recommended changing the funding source from the Attorney General's Office Settlement account to General Fund appropriations.

Assemblyman Kramer summarized that this money was in addition to the Governor's recommendation in transferring from that fund to General Fund for this purpose.

Chair Carlton said that was correct, and she believed it was stated in the Subcommittees that there were no funds available for this, and that was why they needed the General Fund dollars.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reiterated what Ms. Day had indicated: there was a budget amendment submitted by the Office of Finance, Office of the Governor, to change the funding source from the Attorney General's Settlement account to General Fund. Changing this to General Fund appropriations was upon recommendation of the Governor as an amendment to The Executive Budget.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)

BUDGETS CLOSED.

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John Kucera, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented the closing report by the Subcommittees on Human Services for the Department of Employment, Training and Rehabilitation.

The Subcommittees for Human Services had completed their review of the Department of Employment, Training and Rehabilitation (DETR) and had made recommendations for the department's 2019-2021 biennium budget. The closing recommendations of the Subcommittee resulted in General Fund appropriation savings of \$10,613 in FY 2020 and \$6,830 in FY 2021 when compared to the Governor's recommended budget. The following comments describe the more significant recommendations of the Subcommittees:

Disability Adjudication (101-3269) DETR-11:

The Subcommittees recommended approval of the Governor's recommendation, as adjusted, to convert 11 Disability Adjudicator positions from permanent to intermittent status to address vacancies based on hiring restrictions imposed by the federal Social Security Administration (SSA). The conversion would increase SSA-funded personnel expenditures by \$11,227 over the 2019-2021 biennium.

Vocational Rehabilitation (101-3265) DETR-18:

The Subcommittees recommended approving the Governor's recommendation, as adjusted, to fund one new Rehabilitation Counselor position and one new Rehabilitation Technician position to support preemployment transition services. The Subcommittees also recommended approving the Governor's recommendation, as adjusted, to fund one new Rehabilitation Counselor position and one new Rehabilitation Technician position to provide supportive employment services. The Subcommittees further recommended an additional supportive employment Rehabilitation Counselor position above what was recommended by the Governor based on caseload-supported need. The Subcommittees recommended approving the Governor's recommendation, as adjusted, to fund one new Workforce Services Representative position to provide individualized job development services. A new Quality Control Specialist position was recommended by the Subcommittees to centralize the case file review process, as recommended by the Governor and adjusted. The seven new positions recommended for approval were supported by federal Section 110 grant funding of \$796,292 and General Fund appropriations of \$215,514 over the 2019-2021 biennium.

Blind Business Enterprise Program (101-3253) DETR-34:

The Subcommittees recommended approval of the Governor's recommendation, as adjusted, to fund one new Business Enterprise Officer position to develop Business Enterprise of Nevada (BEN) sites and support blind operators. The new position was supported with \$94,185 from agency reserves funded through fees paid by operators as well as \$133,426 in projected new revenue. The Subcommittees recommended conditional

approval of Budget Amendment A193343253 to transfer \$208,000 from reserves to fund BEN tenant improvements to the Reno DMV project pending final approval of CIP Project C-01.

Workforce Development (205-4770) DETR-46:

The Subcommittees recommended approving the Governor's recommendation, as adjusted, of \$313,276 in Career Enhancement Program revenue over the 2019-2021 biennium to fund two new Workforce Services Representative positions supporting prisoner reentry job development services. The Subcommittees recommended approving \$169,180 over the 2019-2021 biennium in Workforce Innovation and Opportunity Act (WIOA) funds to support an Employment Security Division (ESD) Program Specialist position to administer second- and third-year Rapid Response funds, as adjusted. Additionally, the Subcommittees recommended approving the Governor's recommendation, as adjusted, for two new supervisory Workforce Services Representative positions funded with Wagner-Peyser funds totaling \$313,693 over the 2019-2021 biennium. The Subcommittees did not recommend approval of converting 19 intermittent positions to permanent positions. Finally, the Subcommittees recommended issuing two letters of intent relating to the delivery of prisoner reentry services and Rapid Response program outcomes.

Employment Security – Special Fund (235-4771) DETR-64:

The Subcommittees recommended approving the Governor's recommendation of \$1.9 million in penalty and interest revenue in FY 2020 to fund a Spanish-language translation of major unemployment insurance claim filing system components.

Unemployment Insurance (205-4772) DETR-72:

The Subcommittees recommended approving the Governor's recommendation, as adjusted, to eliminate 39 positions and reduce federal funding and penalty and interest transfers by \$5.8 million over the 2019-2021 biennium due to decreases in federal Unemployment Insurance (UI) Grant awards. The Subcommittees recommended approving the Governor's recommendation, as adjusted, to reduce UI Administrative Grant funding by \$299,879 and eliminate three additional positions in the Work Distribution Center due to a recent regulation change requiring employers to file quarterly tax and wage reports electronically.

ESD Administration (205-4773) DETR-85:

The Subcommittees recommended approving the Governor's recommendation, as adjusted, to establish the ESD Administration budget in DETR. The Subcommittees recommended approving transfers totaling \$2.6 million and 12 positions from the Workforce Development and Unemployment Insurance budgets to support the new ESD Administration budget.

Equal Rights Commission (101-2580) DETR-92:

The Subcommittees recommended approval of the Governor's recommendation of one new supervisory Management Analyst position for the Northern Nevada Equal Rights Commission office, as adjusted, totaling \$151,513 (\$105,408 General Fund Appropriations) over the 2019-2021 biennium.

Information Development and Processing (101-3274) DETR-110:

The Subcommittees recommended approval of the Governor's recommendation for \$1 million in penalty and interest revenue over the 2019-2021 biennium to fund ongoing defect and enhancement master service agreement (MSA) programming expenditures for UInv, the state's unemployment insurance system. The Subcommittees recommended approval of the Governor's recommendation, as adjusted, of \$311,000 in transferred funds each year of the 2019-2021 biennium to continue funding the Semi-Autonomous Research Assistant (SARA) project. Additionally, the Subcommittees recommended approval of the Governor's recommendation for two new 0.75 FTE Public Service Intern positions totaling \$83,942 in cost-allocated funds in FY 2021.

The Subcommittees recommended approving the remaining decision units as recommended by the Governor or with minor technical adjustments.

The Subcommittees recommended closing the following Department of Employment, Training and Rehabilitation budgets as recommended in The Executive Budget or with minor technical adjustments:

- Rehabilitation Administration (101-3268) DETR-7
- Services to Blind or Visually Impaired (101-3254) DETR-28
- Administration (101-3272) DETR-102
- Research and Analysis (101-3273) DETR-118
- Commission on Postsecondary Education (101-2666) DETR-127

The Subcommittees also recommended approving technical adjustments noted by staff, and authorized Fiscal staff to make other technical adjustments to the Department of Employment, Training and Rehabilitation budgets as needed.

Assemblyman Kramer referred to budget account 3265, Vocational Rehabilitation, and the recommendation to add seven new positions for which there was a General Fund appropriation of \$215,514. He presumed that was in the Governor's budget for the Equal Rights Commission: the Subcommittees recommended approval of \$151,513 over the biennium to support a new position. Even though the budget was expanding significantly, those recommendations were in the Governor's budget and did not reflect as additions. Assemblyman Kramer said he was not on the Subcommittees on Human Services so he was seeking confirmation of his understanding.

Mr. Kucera said the Assemblyman was mostly correct, and all of the Subcommittee recommendations were recommended by the Governor, with the adjustments noted. Assemblyman Kramer's other statements were also correct, with the exception of the Nevada Equal Rights Commission. Mr. Kucera said there was a technical adjustment suggested by Fiscal Analysis Division staff that shifted some of those dollars from General Funds to federal Equal Employment Opportunity Commission (EEOC) dollars. However, all of those technical adjustments as recommended for approval by the Subcommittees were reflected in the final closing reconciliation.

ASSEMBLYWOMAN SPIEGEL MOVED TO ACCCEPT THE CLOSING
REPORT FROM THE SUBCOMMITTEES ON HUMAN SERVICES
REGARDING THE DEPARTMENT OF EMPLOYMENT, TRAINING
AND REHABILITATION.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE
MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not
present for the vote.)

BUDGETS CLOSED.

* * * * *

Kimbra Ellsworth, Program Analyst, presented the closing report from the Subcommittees on Public Safety, Natural Resources, and Transportation, regarding the Colorado River Commission.

The Subcommittees on Public Safety, Natural Resources, and Transportation had completed their review of the Colorado River Commission budget recommendations for the 2019-2021 biennium.

The Subcommittees recommended closing the following Colorado River Commission budgets as recommended by the Governor:

- Colorado River Commission (296-4490) COLORADO RIVER COMM-4
- Research and Development Account (296-4497) COLORADO RIVER COMM-10
- Power Delivery Project (502-4501) COLORADO RIVER COMM-12
- Power Marketing (505-4502) COLORADO RIVER COMM-15

The Subcommittees also authorized Fiscal staff to make technical adjustments to the Colorado River Commission budgets as necessary.

Chair Carlton said she would accept a motion to accept the closing report.

ASSEMBLYWOMAN JAUREGI MOVED TO ACCEPT THE CLOSING REPORT FROM THE SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND TRANSPORTATION REGARDING THE COLORADO RIVER COMMISSION.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)

Kimbra Ellsworth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented the closing report from the Subcommittees on Public Safety, Natural Resources, and Transportation regarding the Tahoe Regional Planning Agency.

The Subcommittees on Public Safety, Natural Resources and Transportation had completed their review of the Tahoe Regional Planning Agency budget recommendations for the 2019-2021 biennium. The Subcommittees recommended the following closing actions:

Tahoe Regional Planning Agency (101-4204) TRPA-3:

The Subcommittees recommended approval of the Governor's recommendation to support ongoing costs associated with the Lake Tahoe Shoreline Plan, funded with General Fund appropriations of \$250,000 in each year of the 2019-2021 biennium.

In total, the Subcommittees recommended approving state support (General Fund appropriations and transfers from the DMV Pollution Control budget) of \$4.6 million over the 2019-2021 biennium for the Tahoe Regional Planning Agency, which equaled 33.2 percent relative to California's apportionment.

The Subcommittees recommended approval of the remainder of the budget as recommended by the Governor, with authority for Fiscal staff to make technical adjustments to this budget as necessary.

Chair Carlton stated if there were no questions from the Committee she would entertain a motion to accept the closing report.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO ACCEPT THE CLOSING REPORT FROM THE SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND TRANSPORTATION REGARDING THE TAHOE REGIONAL PLANNING AGENCY.

ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Wheeler were not present for the vote.)

Leannndra Copeland, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented the closing report from the Subcommittees on General Government regarding the Silver State Health Insurance Exchange.

The Subcommittees on General Government developed the following recommendations for the Silver State Health Insurance Exchange (SSHIX).

SSHIX (101-1400) HEALTH INS EXCHANGE-3:

The Subcommittees recommended approval of the Governor's recommendation to continue the transition from a State-Based Exchange on the Federal Platform to a State-Based Exchange initiated during the 2017-2019 biennium. The transition involves a number of operational changes as follows:

- To support technology-related changes, the Subcommittees recommended approval of costs associated with continuing to transition to a private vendor-supported technology platform, with project oversight provided by a contracted Project Management Office. The transition to a private technology platform was accompanied by a reduction in fees paid to the federal Centers for Medicare and Medicaid Services. The technology-related changes were funded by a net decrease in reserves totaling \$4 million over the 2019-2021 biennium.

To perform functions that were currently provided by the federal Centers for Medicare and Medicaid Services, the Subcommittees recommended approval of nine new classified positions. The positions included one insurance regulation liaison and two management analysts to establish a Policy and Compliance Unit, three program officers to establish a Consumer Assistance Unit, two business process analysts to establish a Security and Reconciliation Unit, and one new management analyst for the existing Fiscal Unit, funded with reserve reductions totaling \$1.8 million over the 2019-2021 biennium.

- The Subcommittees recommended approval of several other items related to the transition, funded by a net decrease in reserves totaling \$558,405 over the biennium, including increased postage and audit costs, support for a fair hearings process through the Division of Welfare and Supportive Services, and savings associated with the vendor-operated call center.

In total, the changes associated with the transition to a State-Based Exchange result in a net decrease of reserves of \$6.3 million over the 2019-2021 biennium.

To monitor the transition to a State-Based Exchange, the Subcommittees recommended issuing a letter of intent directing the agency to report to the Interim Finance Committee on a semiannual basis on the transition to, and operation of, the State-Based Exchange platform, appropriateness of staffing levels, enrollment trends, and the status of the agency's revenue and reserves.

The Subcommittees also recommended approval of the Governor's recommendation of reserve reductions totaling \$2.5 million in each fiscal year of the 2019-2021 biennium to fund the cost of navigators, in-person assisters, brokers, and marketing and outreach.

The Subcommittees approved the Other Closing Items as recommended by the Governor and granted staff authority to make technical adjustments to this budget as necessary.

Chair Carlton asked for questions and comments from the Committee, and hearing none, called for a motion.

ASSEMBLYMAN FRIERSON MOVED TO ACCEPT THE CLOSING REPORT FROM THE SUBCOMMITTEES ON GENERAL GOVERNMENT REGARDING THE SILVER STATE HEALTH INSURANCE EXCHANGE.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Hambrick, and Wheeler were not present for the vote.)

BUDGET CLOSED.

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Chair Carlton notified the Committee members that while there were motions made in the Charter School report, it was unclear whether the report was actually accepted, so at this time she asked the Committee to accept the Charter School report.

ASSEMBLYMAN FRIERSON MOVED TO ACCEPT THE CLOSING REPORT FROM THE SUBCOMMITTEES ON K-12/HIGHER EDUCATION/CIPS REGARDING THE STATE CHARTER SCHOOL AUTHORITY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Hambrick, and Wheeler were not present for the vote.)

BUDGET CLOSED.

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Chair Carlton opened the hearing to public comment, and hearing none, adjourned the meeting at 11:01 a.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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