

MEMBERS PRESENT: Chairman Dini  
Vice Chairman Schofield  
Mr. Craddock  
Mr. DuBois  
Mr. Jeffrey  
Mr. May  
Mr. Mello  
Mr. Nicholas  
Mr. Polish  
Mr. Prengaman  
Mr. Redelsperger

MEMBERS ABSENT: None

GUESTS: Mr. John Hawkins, Nev. State School Boards  
Mr. Wendell K. Newman, Dept. of Education  
Mr. C. H. Foltz, Dept. of Transportation  
Mr. Jim Banner, Assemblyman, Dist. 11  
Mr. Jack Loy, NIC  
Mr. Albert M. Linnen, Employment Security Dept/  
Mr. Gary Crews, Legislative Counsel Bureau-Audit  
Ms. Ruth Glick, ACLU  
Mr. Gene Phelps, Nev. Dept. of Transportation  
Mr. Larry McCracken, Employment Security Dept.  
Mr. G. P. Etcheverry, Nev. League of Cities  
Mr. Glenn DuBois, Gov. Management Task Force  
Mr. Joe Cathcart, City of N. Las Vegas

Mr. Dini called the meeting to order at 8:06 A.M, with all committee members present.

Mr. Nicholas stated he would like to make a motion for a DO PASS of a measure that failed on Friday at our meeting, basically because we did not have a full quorum available to pass that measure, SB-237.

Mr. Dini indicated a motion had been made on SB-237, having to do with the Washoe County Airport Authority, allowing them to issue security and bear interest up to 12%.

Mr. DuBois seconded. Motion carried, with Mr. Mello opposing and Mr. Prengaman abstaining, and one absent (Mr. Jeffrey).

Mr. Dini indicated that the first bill we will be taking up is AB-65 with Mr. Jim Banner as the first speaker. He stated that he served on the last interim committee that handled the Assembly concurrent resolution #21, of which the attached Data Processing By Nevada State Government and Bulletin #13 is the result. This is attached hereto as EXHIBIT A and made a part of

these minutes. He also offered a letter dated February 2, 1981 from William D. Swackhamer, Secretary of State to the committee. It is attached hereto as EXHIBIT B and forms a part of these minutes. The research people from the Legislative Counsel will do the presentation.

Mr. Gary Crews, Audit Manager of the Legislative Counsel Bureau, Audit Division, testified he was the person assigned to be staff person on ACR-21 during the 1979 session. The subcommittee on data processing met five times and heard testimony from members of the Data Processing Commission, users of Central Data Processing, users of the Computer Facility and also a contract consultant specialist who came in to lend his help on addressing this issue. The report not only covers common business sense rather than the detailed background necessary for reviewing computer applications. The goals of the committee were: (1) To determine if the state has satisfactory measures to assure physical security of personnel, physical plant, confidential data, etc. He continued to quote from the report. The central data processing division is really the body responsible for the development of programs and applications which are subsequently processed in the central computer facility which is controlled by the Data Processing Commission. Since you have two separate entities here, no one person is responsible for providing data processing service to state agencies. No one ultimately responsible, I should say. The Data Processing Commission met only once during 1979 and the subcommittee felt that this leads to potential untimely resolution and postponement of important matters. There has been much duplication of data usage. There is no evaluation process. Refer to EXHIBIT A for text of his testimony.

Mr. Richard Bunker, with the Nevada Gaming Control Board and with him, Allen Salini from their staff, testified. We would like to ask that the Gaming Control Board be included in that list of seven who are available to conduct their own data processing activities. We are not a large user in terms of time and perspective; however, some of our responsibilities and needs are extremely critical in the area of data processing. Those of you who have followed the trials and tribulations of gaming in the past several months, possibly are aware that we just recently were notified by the FBI that it was going to be very difficult for them to provide us with information because we were not a police agency. However, because of the many federal privacy provisions in regard to the dissemination of information, we are finding it extremely important that we have the capability to store our own information and then be able to disseminate it. We are finding as we continue to contact outside jurisdictions in our search for information on prospective applicants and/or current licensees, one of the first things that they ask us and we have to assure them of is the security and the integrity of the information they are providing to us. Under the present

situation we have, we do not have the capability to do that. In a recent study, it was recommended that we solidify under our own control because of some of the constraints placed on us a data processing capability to not only handle the information storage and retrieval, but also additional management tools. One of the problems we have found, being a small user, is that we do not have the type of response to our needs that we need. Also, in the event we do get the response, we do not nor can we have the adequate security that we have to indicate to the agencies that provide the information upon which we base the gaming decisions in the state. In the event the Legislature does not provide us the financing, we would like to be included us in those people who would be exempt.

Mr. Larry McCracken, Director of the Employment Security Department spoke next. His testimony is attached hereto as EXHIBIT C, and is a part of these minutes.

Mr. Dini asked if the ESD is a user. Mr. McCracken answered that the department does use some of the facilities. Very minimally.

Mr. Redelsperger asked where would you get the personnel needed to fill positions in a new department.

Mr. McCracken answered that he has been working with Mr. DuBois, head of the Governor's Management Task Force implementation group, and it is the impression of this group that most of the funding necessary can come from within existing resources. All of the agencies have resources within their budgets that could be used. We believe it can be funded with the very minimal amount of money. Our current organization was simply never funded to accomplish these things and the world has changed in DP. There are so many more options available to departments so many more combinations of choices.

Mr. Glenn DuBois added that the task force did identify many concerns, including consistent standards, accountability of selection of equipment and soft ware. The training of individuals and the application of various systems also concerned us. So, many of the problems we identified are also identified in the subcommittee report. We do have some alternative plans that could serve as a solution. (1) an alternative organizational structure which would be the formation of a Department of Information Processing. Existing resources could be used. He spoke of the consolidation of central data processing and also would have the computer facility. He indicated another division to be added, that of planning and research which would be responsible for developing standards and policies that should be applied to the various state agencies in their ongoing day to day operations of computer facilities. We are looking at from two to four people in the division, plus a director.

Date: March 3, 1981

Page: 4

The director of the Department of Information Processing would be responsible for setting guidelines and insuring that state or agencies plans are in conformance to overall statewide plans and needs. This would give you an accountability in the form of one individual as opposed to a committee. We see some need to sit down and discuss further some of the amendments as seen in AB-65. We are at this time working on solving some of problems. We are trying to develop a backup and recovery system. We will be able to bring to you before the end of the session a broader identification of what type of systems are going to be necessary. We will be working on a two-year plan and a five-year plan.

Mr. Dini asked if he had an organizational chart?

Mr. DuBois answered he had only one copy of a chart that showed the Department of Information Processing with three divisions underneath it. Other users would report to the the Governor. What is not shown here would be the functional relationship that would occur between the Department of Information Processing and the various DP operations in each agency. There would not be a management or administrative control over those operations for the accountability lies with the department head. Each department is responsible for their operation, but they should operate in conformance to statewide plans, procedures and standards. This would serve as a management resource. These people would be there to sit down to talk to agencies, to determine what the problem is, to not come in and make an audit, prepare findings and walk away, but to work with the agencies to bring them into conformity. This would be an advisory group, not there to set policy because we come back to the accountability question that the people who are responsible here, in essence, would be the Governor, or his executive branch operations. Realistically, where the work would be done is within the Department of Information Processing and the responsibility of each director. The committee would be made up of five people, three selected by the Governor from department head rank and two people familiar with trends in data processing and picked from the private sector.

Mr. Mello stated that Mr. DuBois had said a lot, that there are so many things to be developed and they could not be developed by the end of the session.

Mr. DuBois said that there is much to be done on an ongoing basis and that is what we are implying here. The task force report came out in December. We are trying to resolve what we consider to be problems and is the essence of what this iterim task force on data processing has been, by trying to pull on the people in the community who actually have to make these changes work.

Mr. Dini asked if the task force had looked at the equipment and its condition and/or flexibility.

Mr. DuBois answered that an inventory of equipment had been made. No evaluation has been made as yet. We see this as an ongoing basis.

Mr. May noted that the study the task force is working on will not be ready probably until after the session is over and no action be taken until then.

Mr. DuBois said it was not our suggestion that action be postponed until this study was conducted. This group from the DP community would exist on an ongoing basis until such time as this new function in this new department, or under General Services, whichever it would be, would be formed to pick up that responsibility. So, we do suggest that action be taken before that. We can provide you reports on this information as we are developing it. We are developing not just a study of what is being done, but we will have specific recommendations for implementation and will be implemented as we go along.

Mr. May asked what percentage of the study would you have completed by the end of the session.

Mr. DuBois answered that he could have a comprehensive report at that time. He could cover major points and have some rough solutions for you which would be farther refined under this new organization, as a function of that organization.

Mr. Craddock asked if a study had been made on the compatibility of equipment throughout the state.

Mr. DuBois answered than none had been made as yet. This would be a spinoff of the inventory report. We believe that there should be a criteria for compatability of equipment.

Mr. Schofield asked when this study was ongoing, did you make a presentation of the report to the subcommittee.

Mr. DuBois stated no. The study that we conducted was conducted the latter part of the summer and fall and at that point in time the subcommittee had already pretty much completed their study. We were not aware of it, but we did take into account the findings that had been developed by the subcommittee.

Mr. Schofield asked the composition of the group.

Mr. DuBois said there are two separate task forces. The one that had been conducted last summer and fall was the Governor's Management Task Force which included representatives from the

private sector and various technical people who came in and conducted a review. That review is not solely data processing but includes administrative operations as a whole. The task force that has been formed since January is a technical task force made up of people who are senior systems programmers/analysts, as well as management analysts and DP managers representing the various agencies in the DP community. We do have fairly good representation of the major users.

Mr. Mello asked what Mr. DuBois' qualifications are in data processing.

Mr. DuBois answered that he has minimal background as a technician in data processing. My background is in general management and has been in conducting reviews of data processing environments as it applies to overall administrative operations in state and local government for the last 3½ years, through the running of task force operations.

Mr. Barton Jacka, Director of the Department of Motor Vehicles. The DMV is probably the largest single user of data processing in the state government. When I came to the state a little over two years ago, that was not my first experience with data processing. I came from the Metropolitan Police Department and prior to that time, the Sheriff's Office. That agency developed a data processing process that was foremost in its field and developed a system called SCOPE. It was called Sheriff's Computer Operation for Protections and Enforcement. Since then it has developed an acronym of Shared Computer Operation for Protections and Enforcement and is used throughout the state by Washoe County, Reno, Sparks, North Las Vegas Police Department, a little is on Henderson and Boulder City, and the Metropolitan Policy Dept., so my background is not just limited to the past two years. The DMV several years ago, prior to my coming here, instituted distributive processing and was the only DMV facility in the United States, as I understand it, who went into such a field. We share operations with the Computer Facility and that is where my frustrations began. In the budget under which we are presently operating, a figure was given to Central Data Processing and to the Budget Office and the figure we gave was altered considerably for the present fiscal year. The alteration is based on percentage of utilization by various users in the central facility. I think the end result that caused my frustration was that they were up some \$180,000 beyond what they had allowed me because in a change in the utilization of the system. That when the interim sub-committee came into being and I expressed my concerns at that time. That figure has fluctuated all the way from \$180,000 in use down to \$80,000. I never could get a firm answer and fluctuations continued to change. Presently, before Senate Finance, is Senate Bill 290 and there is an additional appropriation for me to take care of that offset and that figure is \$102,500. I don't know where the hell I am as far as the money bouncing back and forth.

Date: March 3, 1981

Page: 7

So, when I talk about my frustrations, data processing is my life line at DMV. Without adequate data processing capabilities and the capability for me to control the process, I cannot service the public, which I represent. That is in the field of registration processes, which include titling and the registration of vehicles, driver's license, Highway Patrol and the Motor Carrier Division. I don't know if you realize it or not, but it is estimated that the DMV will collect some \$60 million in revenues for the state next year. That's a lot of money. I made a presentation that was referred to by Gary in his presentation to you in April, 1980, asking that I go 'stand alone', because I could do it cheaper than I could via the central facility. That was the first rejection, I guess, in the history of the Data Processing Commission. Since then, I have been rejected on a couple other occasions by central data processing, and I am a member of that commission. What I am really interested in, and I am not self-serving, I won't be here longer than eight years, four years, whatever, so I'm not interested in developing my own house. I am simply interested in getting the most effective, viable process to serve the needs of the state. I think as an agency head I can live with either AB-65 or AB-65 as modified slightly and recommended by the task force. I have seen some of their data and it is in the right direction as AB-65 recommends. I have some concern about what you call the committee, whether you call it an advisory committee, a policy committee, or whatever it is, and whether it is really necessary. I can see the Legislature's side that perhaps that would stop the game play. Believe me, I as one individual in state government have seen the game play and the stone walls and the block walls that are put up. I feel personally that if I was not able to convince the Legislature or the interim finance committee that I could do a job better, cheaper and better serve the public, then I deserve to stay under the control of the central processing.

This concluded testimony on AB-65.

The next bill to be considered is AB-101 which requires public bodies to receive public comment at meetings. This is a continuation of a previous hearing.

Mr. Bunker testified that he does not speak in opposition to the bill. A few things need to be brought to the attention of the committee. One of the primary concerns of the Gaming Control Board and the Nevada Gaming Commission, acting in the quasi-judicial capacity we do is the preparation and the development of a public record upon which we can justify our findings. It appears to us and to some of our legal staff that the situation that develops with the implementation of AB-101 is to in some degree possibly jeopardize that public record. An example is the last major

Date: March 3, 1981

Page: 8

hearing that we conducted in regard to the application of Frank Sinatra. Had the situation been such that we would have been looking for a denial and the denial would have been forthcoming, had we had this type of a provision where we would have had to open up our meeting prior to the vote being taken and a decision being made, we well could have compromised that record by things being introduced there that would have denied the applicant due process and could have caused some sizable problems for us. There are some specific applications that it could cause some irreparable harm and it would end up with many of our decisions ending up in district court because of some type of a flaw that was allowed to be entered into the record that was developed at the meeting. There should be some language introduced that would at least exclude this type of thing from the quasi-judicial process that we are in.

Mr. Prengaman indicated that he was not clear on the preparation of the record for meetings.

Mr. Bunker stated that in the event that we determine after a review of all of the evidence that a denial of an application is in order, then the public record has to be such that we can justify the denial. If we develop some type of a record and that appears that it is the ultimate decision and prior to that decision being made, it is my responsibility under this bill to say anyone who would like to come forward can do so and say whatever they would like to say, they well might say something that would go on that public record that would jeopardize the basis and the foundation we have laid to bring about our denial. When that happens, then ultimately it goes to the Gaming Commission and the same situation can happen, and it could be subject to a suit in District Court and to some type of right being violated.

Mr. G. P. Etcheverry testified that NRS-241 now gives us the strongest open meeting law in the state and you have already heard that the Nevada Press Association indicated they didn't want to touch it. And since they are the policing agency for it, so to speak, I really don't see the need for this bill. Most agendas of councils have an agenda item that allows for public comment or miscellaneous items can be discussed.

Mr. Dini stated that one of the reasons that this came forward was that some boards and commissions in Washoe County did not act responsibly, and secondly, the Attorney General has ruled that the open meeting law does not cover this area. This is an attempt to solve a specific problem, say, in Washoe County, and at the same time cover the void that has been presented to us by the Attorney General's office.



Date: March 3, 1981

Page: 9

Mr. Redelsperger suggested that maybe you could amend this to where the meeting could comply with parliamentary law or Robert's Rules of Order and give the chairman the right to set the rules, etc., like limitation on speakers' time.

Mr. Prengaman stated that it was never his intention when he first presented the bill that parliamentary procedure should not apply or that we were taking anything away from the chairman. I think a good chairman can run a meeting with one person who shows up or if 1,000 persons show up. You have to adopt certain guidelines. I do have an amendment suggested by the school boards which would at least allay some of their fears. Basically, it says that a public body shall adopt rules consistent with Roberts Rules of Order and provide for the conduct of its meetings to insure orderly conduct. The public body may limit public input which is found to be accumulative, repetitive or disorderly. I would like to turn this in to you, Mr. Chairman, as a suggested amendment. It does need additional amendments, such as the quasi-judicial hearings, so the bill does need work.

Mr. May indicated that he did not think that any amendment that could be offered would improve the present law.

Ms. Ruth Glick, representing ACLU, testified that her group is in favor of this bill. They see it as a very important thing.

Ms. Debbie Langston, representing the City of Reno, indicated that the council does have an interest in AB-101 with the possibility of limiting the comments made, especially Section 2, to opening it up to filibustering where we have had some problems at some of our council meetings. If the amendments were such that Roberts Rules of Order were used in the limiting of testimony so that there would be no time problem, we are supportive of such amendments.

Mr. Bill Kern, from the District Attorney's office in Clark County, testified that he was not aware of any problems in Southern Nevada and apparently the problems are generated in Northern Nevada. The existing practice in Southern Nevada is, in all the political subdivisions there, to freely grant opportunities, sometimes excessive opportunities, to speak once or twice sometimes several times rehashing the same thing just in the spirit of giving everybody an opportunity to speak. I would like to address the following points: (1) You would want to check carefully with the other areas in which you pronounce that public hearings must be held. For example, in the adoption of ordinances, other provisions require public hearings, instances where a commission enters into a contract which extends beyond the term of office of any member of that; those require public hearings and this may, in some way, affect what you require one area to do; what I am trying to say is that you should synchronize the procedures. (2) In Line 4 of the bill, it relates to any

person; it doesn't require that it be someone who is a resident. It could be a business competitor. There are areas where a body does act in a quasi-judicial capacity where it would be improper for boards to consider testimony in certain areas.

(3) Line 5 requires that meetings be open for public comment even in matters continued from previous meetings. It is not unusual to have five or ten or more hours of testimony and late at night people are tired and they want to have a chance to think things over and consider amendments, etc., and they would like to have the chance to continue to the next day or the next meeting. As presently drafted, this bill would require that the hearing be available to be opened up again. (4) In Lines 9 and 10 requiring the presiding officer to request comments on every single item. It would be unduly burdensome when agendas have many items to cover.

Mr. Prengaman stated that matters continued from one meeting to another is the heart of the problem for me. As an example: a hearing is held and is continued. The reason it is continued is that the public body needs more information. If the chairman, when he opens up a new item, would say 'is there anyone who wishes to testify', he has fulfilled the requirements.

Mr. Nicholas noted an experience with the TRPA where one person from out of state filibustered for two hours. The meeting was gavelled down and what happened was that the local people did not have a chance to speak. The problem is in leadership in determining what is fair.

Mr. Chuck Neely, Clark County School District, testified that the school district is opposed to AB-101, as it is presently written. We do support the amendment that was mentioned this morning by Mr. Prengaman. The testimony on filibustering is a problem. In our policies and procedures, we do allow people and it is in our board agenda, to speak on the agenda items, and we do have a section in our agenda that gives the public the right to speak on non-agenda items.

This concluded the testimony on AB-101. Mr. Dini called a five minute recess at 10:00 A.M.

Mr. Dini called the meeting back to order at 10:05 A.M. He asked Mr. Mello to discuss AB-65 and what the interim committee went through at their hearing.

Mr. Mello stated that frankly, 'he did not feel that the existing Commission really wanted us to make any changes. As you can see, changes are needed because now, the executive branch of government is requesting some based on our study. There was ill feeling with the Controller's office in the study to the

Date: March 3, 1981

Page: 11

point to where he would not come to the meetings when he was asked to appear. I am not saying that AB-65 doesn't need some changes. But the Director of the DMV did bring up problems he had and do exist in the system. Mr. Chairman, if you want to pursue this bill, since it will have to go to the money committees, is to try to send them a clean piece of legislation and have Mr. DuBois and Mr. Jacka sit down and work out some amendments to this bill and come back to us.

Mr. Dini indicated he would like to set up a subcommittee to work on AB-101 to make possible amendments to make this fly, which would include limitations on public input as suggested and taking into account quasi-judicial bodies.

Mr. Polish stated that he felt that the law is good as it is. We can all cite so many instances where we feel improvement is needed. The law as it stands now allows for all those things.

Mr. Schofield indicated that he felt the law is all right as it is.

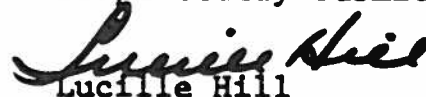
Mr. Mello felt that we can regulate and re-regulate until we tie up the leadership.

Mr. DuBois stated that he can see where the chairman has mishandled a meeting. But I don't see how we can sit here and write a bill that would take care of all of these various circumstances without doing more damage than good. We cannot legislate leadership.

Mr. Dini stated he would appoint a subcommittee for special order of business Monday morning, at 10:00 A.M., in this room. Mr. Prengaman and Mr. Jeffrey will report back to us and at that point in time we shall take a vote on Monday morning (March 9).

Mr. Dini adjourned the meeting at 10:30 A.M.

Respectfully submitted,



Lucille Hill  
Assembly Attache

ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE

GUEST LIST

Date March 3, 1981

PLEASE PRINT

<u>PLEASE PRINT YOUR NAME</u>	<u>PLEASE PRINT REPRESENTING:</u>	<u>I WISH TO SPEAK</u>		
		<u>FOR</u>	<u>AGAINST</u>	<u>BILL NO.</u>
John Hawkins	New York School Boards			
Wendell K. Newman	Dept. of Education			
L. H. FOLTZ	DEPT OF Transportation			
✓ JIM BANNER	ASSEMBLY			
Jack Roy	NIC			
Albert M. Lamm <sup>FINED</sup>	ESD			
✓ GARY CREWS	LCB - AUDIT	✓		AB 65
Ruth Glavin	ACLU	✓		AB 101
GENE PHELPS	NDOT			AB 65
✓ Larry McClacken	ESD		✓	
GP Etchecovey	NEW LEAGUE OF CITIES			AB 101
✓ Glenn L. Davis	GOV. MENTORSHIP TASK FORCE		✓	AB 65

PLEASE PRINT



ASSEMBLY

AGENDA FOR COMMITTEE ON GOVERNMENT AFFAIRS.....

Tuesday

Date March 3, 1981..... Time 8:00 A.M. Room 214.....

Bills or Resolutions  
to be considered

Subject

Counsel  
requested\*

AB 65

Provides for reorganization of central data processing division, data processing commission and computer facility.

AB 101

Requires public bodies to receive public comment at meetings.

\*Please do not ask for counsel unless necessary.

DATA PROCESSING BY NEVADA  
STATE GOVERNMENT



*Bulletin No. 81-13*

LEGISLATIVE COMMISSION  
OF THE  
LEGISLATIVE COUNSEL BUREAU  
STATE OF NEVADA

*October 1980*

TABLE OF CONTENTS

	<u>Page</u>
1. Assembly Concurrent Resolution No. 21, 60th Session of the Nevada Legislature, Directing the Legislative Commission to Study Data Processing by the State Government.....	ii
2. Report of the Legislative Commission.....	iii
3. Summary of Recommendations.....	iv
4. Report to the Legislative Commission from the Subcommittee on the Study of Data Processing by the State Government.....	1
I. Introduction.....	1
II. Background.....	1
III. Organizational Structure.....	7
IV. Backup and Recovery.....	9
V. Physical Security.....	10
VI. Data Security.....	11
5. Suggested Legislation.....	12

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LEGISLATIVE COMMISSION

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Senator Melvin D. Close, Jr., Vice-Chairman

Senator Richard E. Blakemore  
Senator Carl F. Dodge  
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Assemblyman Joseph E. Dini, Jr.  
Assemblyman Virgil M. Getto  
Assemblyman Paul W. May, Jr.  
Assemblyman Robert F. Rusk, Jr.  
Assemblyman Darrell D. Tanner



Assembly Concurrent Resolution No. 21—Assemblymen May, Cavnar,  
Harmon, FitzPatrick, Price and Barengo

FILE NUMBER..122..

ASSEMBLY CONCURRENT RESOLUTION—Directing the legislative commission to study data processing by the state government.

WHEREAS, Data processing is of the utmost importance in conducting state business; and

WHEREAS, Reviewing the ability of state government to perform its functions is a proper responsibility of the legislature; and

WHEREAS, The legislature has not undertaken a study of data processing by the state government in Nevada; and

WHEREAS, A legislative audit reviewing data processing by the state government concluded that a study is particularly needed; now, therefore, be it

*Resolved by the Assembly of the State of Nevada, the Senate concurring,* That the legislative commission study data processing by the state government in Nevada with primary emphasis in the following areas:

1. The physical security of facilities in which data processing is performed;

2. The ability through backup information and recovery plans to duplicate data and enable a disrupted system for data processing to function again;

3. The security measures necessary to prevent unauthorized access to data; and

4. The administration, performance and structure of the function of data processing; and be it further

*Resolved,* That the legislative commission submit a report of its findings and recommendations to the 61st session of the Nevada legislature.

REPORT OF THE LEGISLATIVE COMMISSION

TO THE MEMBERS OF THE 61st SESSION OF THE NEVADA LEGISLATURE:

Assembly Concurrent Resolution No. 21 of the 60th session of the legislature directed the legislative commission to study data processing by the state government.

In response to the mandate of the resolution and subsequent to adjournment of the 1979 session, the legislative commission determined that it would conduct its study through a subcommittee.

Appointed to serve on the subcommittee were:

Harley L. Harmon, Chairman  
Assemblyman from Clark County

Peggy Cavnar  
Assemblyman from Clark County

James J. Banner, Vice-Chairman  
Assemblyman from Clark County

Donald R. Mello  
Assemblyman from Washoe County

Roger Bremner  
Assemblyman from Clark County

In this report, the subcommittee has attempted to present its findings and recommendations briefly and concisely. A large amount of data was gathered during the course of the study, however, only that data which bears directly upon the recommendations is included. All supporting documentation is on file with the legislative counsel bureau and is available to any legislator. The subcommittee was assisted in its study by a number of people, including members of the data processing commission, data processing users and a technical consultant to the subcommittee.

This report is transmitted to the members of the 1981 legislature for their consideration and appropriate action.

Respectfully submitted,

Legislative Commission  
Legislative Counsel Bureau  
State of Nevada

Carson City, Nevada  
October 1980

## SUMMARY OF RECOMMENDATIONS

This summary represents the major conclusions reached by the subcommittee.

The subcommittee recommends that:

1. Chapter 242 of the Nevada Revised Statutes (NRS) be amended to combine the computer facility and the central data processing division as one division under the department of general services. (BDR 19-7)
2. Chapter 242 of NRS and relevant sections be amended to change the function of the data processing commission from a policy making body to that of advisory. (BDR 19-7)
3. The newly reorganized division provide for a planning function that would consider and make recommendations to the administrator with regard to long-range planning of equipment purchases and technological improvements.
4. A 5 year plan be developed by the central data processing division which would project the need and utilization of data processing equipment. This plan is to be presented to the 1981 session of the legislature.
5. The division segregate the responsibilities of operations, programming, and data control to maximize security organizationally, with all three functions reporting directly to the division administrator.
6. The division provide functionally for the ongoing evaluation of the continued need, and efficiency of current data processing applications.
7. The division provide functionally for the evaluation of need and cost justification of all requests for data processing applications.
8. The division conduct reviews on a sample basis to compare the results of implementing systems to the initial justification. The results of such reviews will be made available to the legislature upon request.
9. Peer reviews be conducted by the central data processing division, the state controller, the department of transportation, and the department of motor vehicles. Such reviews will address the continued need and efficiency of data processing applications.

10. A backup and recovery plan be developed which will include:

- (a) Equipment;
- (b) Programs;
- (c) Personnel;
- (d) Operations manuals;
- (e) Data; and
- (f) Facilities.

11. The backup and recovery plan address priorities of data to be processed.

12. Consideration be given for the distribution of various priority programs to various sources of backup.

13. The backup plan, along with the costs, be presented to the 1981 legislature.

14. After the consolidation of the central data processing division and the computer facility:

- (a) Keep at least two people on each shift at the facility.
- (b) Restrict uncontrolled access to the tape vault from operators.

15. Management continue to monitor the area of data security and implement safeguards when practicable.

REPORT OF THE LEGISLATIVE COMMISSION'S  
SUBCOMMITTEE ON DATA PROCESSING BY  
NEVADA STATE GOVERNMENT

I. INTRODUCTION

Assembly Concurrent Resolution No. 21 of the 1979 session of the legislature directed the legislative commission to study data processing by the state government. Specifically, the resolution directed study of four areas:

1. Physical security of data processing facilities.
2. Backup and recovery of data processing information and systems.
3. Security over unauthorized access to data.
4. Administration, performance and structure of data processing.

The subcommittee held five meetings, all of which were in Carson City. The first meeting was primarily held to establish formal goals and objectives of the subcommittee and to hear expert testimony by a data processing consultant to the subcommittee. As a result of that meeting, the following goals and objectives were established:

1. Determine if the state has taken satisfactory measures to assure the physical security of the following:
  - (a) Personnel;
  - (b) Physical plant; and
  - (c) Confidential data.
2. Determine if satisfactory standards, procedures and plans exist to provide for complete backup and recovery of data processing operations.
3. Determine if the organizational structure of data processing operations in state government is conducive to:
  - (a) Economy;
  - (b) Efficiency; and
  - (c) Operational effectiveness.

Subsequent meetings were devoted to hearing testimony from members of the data processing commission, data processing management and users of data processing services in state government.

II. BACKGROUND

Chapter 365, Statutes of Nevada 1965, created the central data processing division within the department of administration. Chapter 727, Statutes of Nevada 1973, transferred the division to the department of general services.

The data processing commission, which is responsible for the management of the computer facility was created by chapter 535, Statutes of Nevada 1967. Subsequent to creation, a computer facility was constructed in the capitol complex in Carson City, Nevada.

The data processing commission is composed of agency heads whose agencies are direct users of the computer facility, and the director of the department of administration. The chairman, which is provided by statute, is the state controller.

#### MEMBERS OF THE DATA PROCESSING COMMISSION

State Controller  
 Director, Department of Administration  
 Director, Department of Motor Vehicles  
 Director, Department of Transportation  
 Director, Employment Security Department  
 Chairman, Nevada Industrial Commission  
 Director, Legislative Counsel Bureau

There has been a constant growth in the use and cost of data processing since the creation of the central data processing division and the data processing commission (computer facility). In the past five years, these costs have increased approximately 137 percent. If this rate of growth is allowed to go unchecked or uncontrolled, the state will be paying data processing costs in excess of \$49,000,000 for the biennium ending in 1985. The cost of data processing for state government for the biennium ended June 30, 1979, was approximately \$20,550,000. The following table illustrates these approximated costs.

Hardware	\$ 4,459,000	25.2%
Communications (Hardware)	2,460,000	13.9
Personnel	7,485,000	42.3
Consultants	88,000	.5
Software	336,000	1.9
Other	<u>2,867,000</u>	<u>16.2</u>
Subtotal	17,695,000	<u>100.0%</u>
University Costs	<u>2,855,000</u>	
Total	<u>\$20,550,000</u>	

The following table illustrates the users of the computer facility for the fiscal year ended June 30, 1979, and the billings to those users.

Department of Transportation	\$ 304,898	16.8%
Central Data Processing	551,965	30.3
Department of Motor Vehicles	370,207	20.4
Office of the Controller	113,243	6.2
Legislative Counsel Bureau	151,441	8.3
Nevada Industrial Commission	327,095	18.0
Employment Security Department	59	--
<b>Totals</b>	<b><u>\$1,818,908</u></b>	<b><u>100.0%</u></b>

The following table, furnished by the central data processing division, illustrates their users for the fiscal year ended June 30, 1979, and the billings to those users.

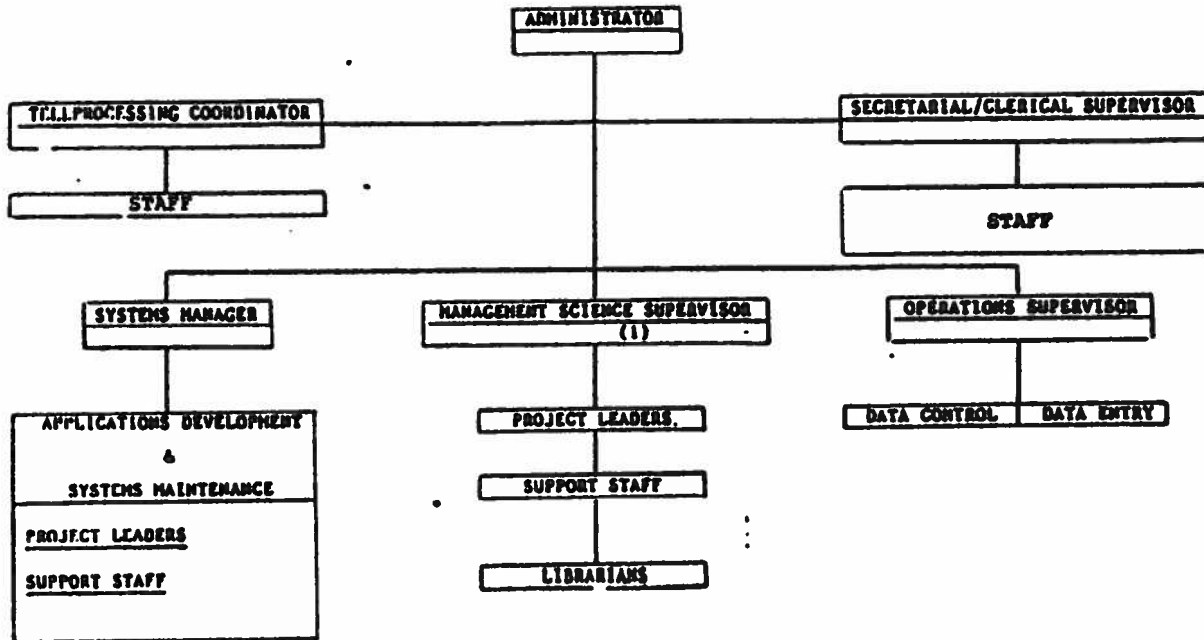
General Services Phone and Mail	\$ 42,793	2.03%
Alcohol and Drug Abuse	8,933	.42
Services to the Blind	6,383	.30
Budget Division	26,044	1.23
Carson County Assessor	24,967	1.18
Carson City Clerk	4,931	.23
Carson City Water and Sewer	18,296	.87
Carson City Finance	13,771	.65
Carson City Planner	23	--
Churchill County	9,292	.44
Colorado River Resources	1,991	.09
Controllers Office	17,563	.83
Crime Commission	171,072	8.11
Health Planning	49,043	2.33
Carson City Public Works Board	180	.01
Douglas County	167	.01
Department of Energy	16,847	.80
Emergency Medical	7,855	.37
Education Department	5,310	.25
Environmental Protection	29,834	1.41
Employment Security Department	4,325	.21
Department of Wildlife	63,088	2.99
FMIRS	333	.02
Gaming Control	74,159	3.52
Geological Survey	3,680	.17
Governor's Committee	81	--
Elko County	99	--
Health Division	72,829	3.46
Department of Transportation	19,621	.93
Historic Preservation & Archeology	699	.03
Housing Division	19,675	.93
Education-Personnel	237	.01

Sparks Police Department	\$ 2,148	.10%
State Library	8,297	.39
Highway Patrol	951	.05
Insurance Division	21,950	1.04
Motor Pool	16,007	.76
LCB-Fiscal Analyst	12,444	.59
Legislative Counsel Bureau	18,233	.86
Incline Village	18,328	.87
Nursing	368	.02
Parks	7,612	.36
Pershing County	9,289	.44
State of Nevada Employees Association	4,605	.22
Personnel Division	234,103	11.12
Prison Department	16,461	.78
Public Service Commission	3,891	.18
Public Works Board	1,513	.07
Purchasing Division	132,745	6.29
Real Estate Division	6,128	.29
Retirement Board	104,005	4.95
Secretary of State	30,635	1.45
City of Reno Police Department	5,478	.26
Truckee-Carson Irrigation District	3,785	.18
Soil Conservation	2,380	.11
State Planning	406	.02
Washoe County	2,453	.12
State Lands Division	2,604	.12
Nevada Professional	1,948	.09
Automated Publications	569	.03
Data Entry Service	7,013	.33
Record Management Services	259	.01
Department of Taxation	228,848	10.87
Highway Safety	504	.02
Vocational Rehabilitation Division	75,375	3.57
Water Planning	1,441	.07
Water Resources	461	.02
Western Nevada Community College	1,289	.06
United Way	394	.02
Welfare Division	397,129	18.84
Youth Services	11,806	.56
Rural Clinics	500	.02
Bureau of Reclamation	15	--
State Treasurer	385	.02
	<hr/>	<hr/>
Total	<u>\$2,108,876</u>	<u>100.00%</u>

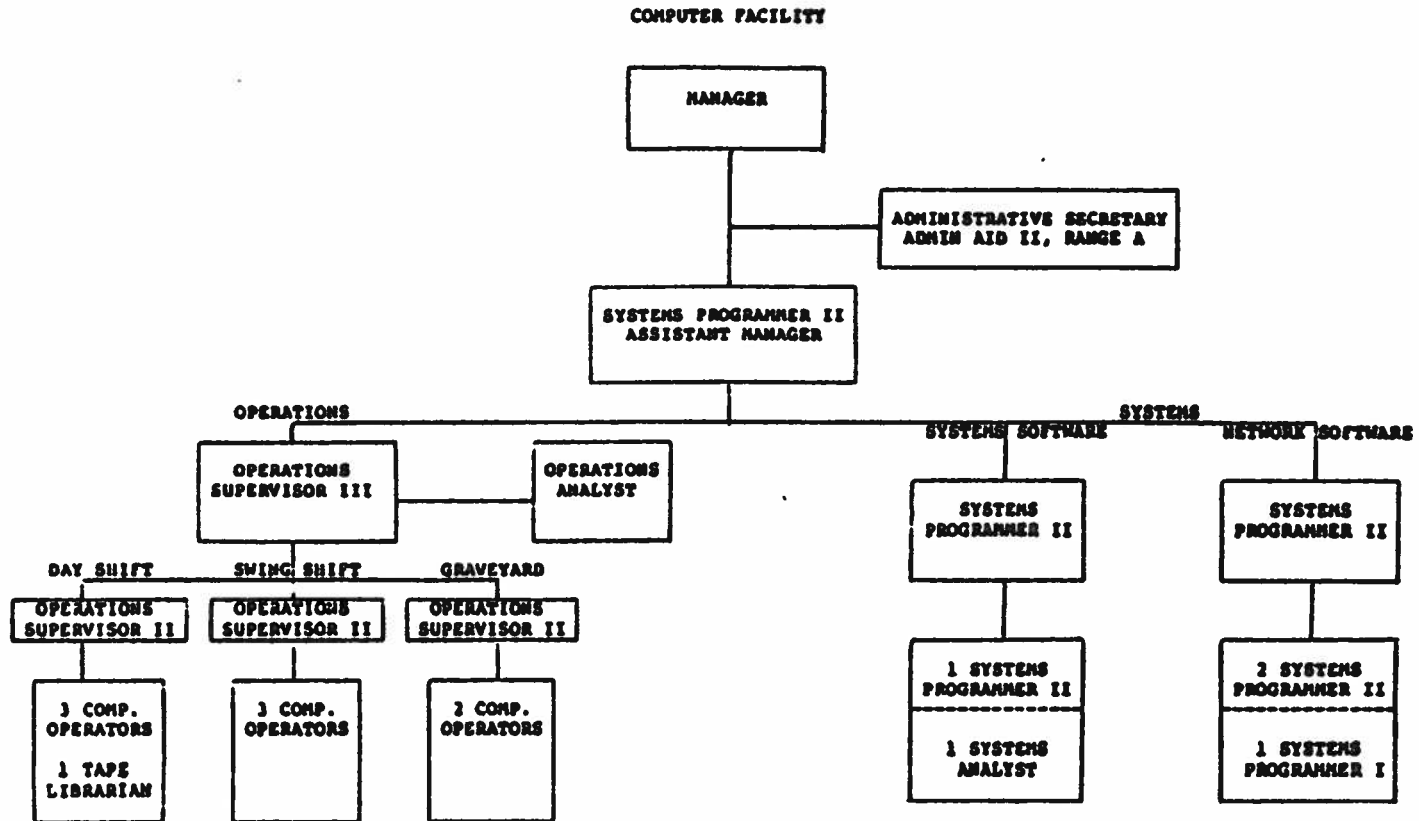
The following organizational charts give the general functions within the central data processing division and the computer facility.



Department of General Services  
CENTRAL DATA PROCESSING DIVISION



(1) Acts for the Administrator in his absence.



Notes: (1) Operations Supervisor II (Graveyard) works Tuesday-Saturday  
 (2) Operations Supervisor III also supervises office staff.

### III. ORGANIZATIONAL STRUCTURE

Under the current organizational structure, the responsibility for data processing services is fractionated between the central data processing division and the data processing commission (computer facility). The central data processing division is primarily responsible for providing the design and programming for user agencies which must use their services. Currently, all state agencies must use the services of central data processing, except for those that are direct users of the computer facility. Those seven users of the computer facility, listed on page 3, all have their own computer programmers and generally do not use the services of the central data processing division.

The agencies that utilize the services of central data processing for programming must also go to central data processing for their processing needs. Central data processing in turn will purchase the services of the computer facility for these processing needs, which in essence creates a middleman.

The data processing commission, which is the managing body for the computer facility, is composed primarily of direct users of the computer facility. Consequently, there is no one person responsible for providing data processing services to state agencies. It was also noted that the data processing commission only met once during 1979. This leads to potentially untimely resolution or postponement of important matters. In addition, this leads to the lack of clear accountability of the computer facility and for the effective operation of the computer facility.

The data processing commission is responsible for the nonproliferation of computer equipment in the state. However, testimony presented to the subcommittee indicated that the commission had never turned down a request for computers from any member of the data processing commission until April of 1980.

The data processing commission has failed to take the necessary steps to provide for backup and recovery should the computer facility be destroyed by fire, flood, or some other type of disaster. This will be discussed in section IV.

The data processing commission has not developed a plan for long-range growth of equipment or data processing needs for state government. Such a plan is necessary for the effective management of data processing and would also be extremely beneficial for the legislature during the budget process.

At the second subcommittee meeting the subcommittee requested the administrator of the central data processing division to

review seven agencies that use their services. The review was to determine if all data processing applications were still needed. At the third meeting of the subcommittee the administrator reported back. His report indicated that approximately \$10,000 a year could be saved by eliminating unnecessary reports, reducing frequency of reports or by using improved data processing techniques. His review took approximately 40 hours.

Currently, no structure exists for the ongoing evaluation and cost justification of data processing applications as described in the preceding paragraph. In addition, no structure exists for the cost justification of requests for new programs, or follow-up of implemented programs to determine if they achieve the desired results that the initial cost justification proposed.

The subcommittee noted that the computer facility provides services to state agencies the same as the department of general services provides services for computer programming, purchasing, motor pool, mail, buildings and grounds, printing, and records management. In addition, both agencies employ the same type of technical computer personnel. Consequently, the subcommittee feels that a consolidation of the two agencies would be beneficial to the State of Nevada. The subcommittee also believes that the structure already exists for providing services to agencies of Nevada state government, that being the department of general services. The subcommittee further believes that the consolidation of these two agencies under the department of general services would result in the following benefits:

1. Cost savings resulting from economy of scale.
2. Better coordination.
3. Elimination of duplicated functions.
4. An individual responsible for data processing.
5. Better planning.
6. Better communications.
7. Improved security.
8. Cost savings resulting from establishment of functions for planning, review, and cost justification.

Therefore, the subcommittee recommends that:

1. Chapter 242 of NRS be amended to combine the computer facility and central data processing as one division under the department of general services. (BDR 19-7)
2. Chapter 242 of NRS and relevant sections be amended to change the function of the data processing commission from a policymaking body to that of advisory. (BDR 19-7)

3. The newly reorganized division provide for a planning function that would consider and make recommendations to the administrator with regard to long-range planning of equipment purchases and technological improvements.

4. A 5-year plan be developed by the central data processing division which would project the need and utilization of data processing equipment. This plan is to be presented to the 1981 legislature.

5. The division segregate the responsibilities of operations, programming and data control to maximize security organizationally, with all three functions reporting directly to the division administrator.

6. The division provide functionally for the ongoing evaluation of the continued need, and efficiency of current data processing applications.

7. The division provide functionally for the evaluation of need and cost justification of all requests for data processing applications.

8. The division conduct reviews on a sample basis to compare the results of implementing systems to the initial justification. The results of such reviews will be made available to the legislature upon request.

9. Peer reviews be conducted by central data processing, the state controller, the department of transportation, and the department of motor vehicles. Such reviews will address the continued need and efficiency of data processing applications.

#### IV. BACKUP AND RECOVERY

The subcommittee heard testimony which stated that a backup and recovery plan does not exist for the computer facility. Should a major catastrophe occur, such as fire or flood, the state may be unable to effectively operate its financial affairs and obligations for as long as 30 days. This would include the payment of payroll checks, welfare checks, retirement checks, or vendor checks. The nonperformance of any of these financial transactions could have a devastating legal, as well as social effect upon the state.

The computer facility had a reciprocal agreement with the State of Utah for backup and recovery. This plan later fell through and nothing was subsequently done to develop a new plan.

The subcommittee also noted that little consideration had been given to backup and recovery of equipment when the employment security department purchased a new computer in 1979. Subsequent to that purchase, the computer facility purchased a new IBM 370-168 computer. Again, there was little consideration given to backup and recovery.

Computer equipment is only one aspect of backup and recovery. There must also be a place to house the equipment. Testimony was heard that such housing is difficult to find. If this is the case, it becomes even more critical that arrangements be made for adequate facilities, or arrangements be made with other state agencies with computers, other states, local governments, the university system or private vendors.

Not all computer applications must be backed up, however, it is important that the critical programs be identified and priorities set. After this is achieved, arrangements for backup can be more effectively made.

Therefore, the subcommittee recommends that:

1. A backup and recovery plan be developed which would include:
  - (a) Equipment;
  - (b) Facilities;
  - (c) Programs;
  - (d) Personnel;
  - (e) Operations manuals; and
  - (f) Data.
2. The backup and recovery plan address priorities of data to be processed.
3. Consideration be given for the distribution of various priority programs to various sources of backup.
4. The backup plan, along with the costs, be presented to the 1981 legislature.

#### V. PHYSICAL SECURITY

The subcommittee reviewed the 1976 legislative audit report on the computer facility. In that report many deficiencies were noted with regard to physical security. Among these were:

1. Visibility of computer equipment from outside of facility.
2. Inadequate storage of data tapes.
3. Combustible materials in computer room.
4. Only one person on duty on weekends at facility.
5. Easy access to computer room by nonfacility employees.
6. Easy access to tape vault by operators.

However, since that report was issued the computer facility has:

1. Added television monitors.
2. Blocked the visibility of the equipment from outside the facility.
3. Purchased new tape storage equipment.

4. Combustible materials have not been kept in the storage area since the employment security department has removed their tapes from the storage room.

5. Security over access to the computer room has been tightened.

However, there remains only one person on duty at the computer facility during weekends. Also, the computer operators still have uncontrolled access to the computer tapes. With the consolidation of central data processing and the computer facility, these two deficiencies should be easily eliminated due to the increased staff size.

Therefore, the subcommittee recommends that after the consolidation of the central data processing division and the computer facility:

1. Keep at least two staff members on each shift at the computer facility.

2. Restrict access to the tape vault from the computer operators.

#### VI. DATA SECURITY

Computer data is an area which is very vulnerable to "white collar crime". Some of the potential problems are:

1. Improper use of confidential data.
2. Sale of computer lists.
3. Use of computer time.
4. Unauthorized changes to data.

No serious problems have surfaced in Nevada government to date relating to data security, however, the potential does exist.

Therefore, the subcommittee recommends that:

Management continue to monitor the area of data security and implement safeguards when practicable.

**SUGGESTED LEGISLATION**



SUMMARY--Provides for reorganization of central data processing division, data processing commission and computer facility. (BDR 19-7)

Fiscal Note: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

AN ACT relating to data processing; redesignating and providing for the reorganization of the central data processing division of the department of general services, data processing commission and computer facility; placing the computer facility under the administration of the data processing division; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 242 of NRS is hereby amended by adding thereto a new section which shall read as follows:

"Division" means the data processing division of the department of general services.

Sec. 2. NRS 242.020 is hereby amended to read as follows:

242.020 1. The legislature hereby determines and declares that the creation of the data processing division is necessary for the coordinated, orderly and economical processing of data in state government, to insure economical use of equipment and to prevent the unnecessary proliferation of equipment and personnel among the various state agencies.

2. The purposes of the division are:

[1. To provide data processing service] (a) To perform data processing for state agencies.

[2.] (b) To provide technical advice but not administrative control of data processing within the several state agencies, county agencies and the governing bodies and agencies of incorporated cities and towns.

Sec. 3. NRS 242.030 is hereby amended to read as follows:

242.030 1. [The provisions of NRS 242.010 to 242.060, inclusive, do not apply to the department of transportation, the department of motor vehicles, the state controller, the University of Nevada System, the legislative counsel bureau, the Nevada industrial commission and the employment security department, but subject to the provisions of NRS 242.010 to 242.060, inclusive, those departments, officers and agencies may utilize the services of the division.

2.] The division shall provide state agencies and elected state officers with all of their required design of systems, programming and [automatic data processing equipment services.

3.] use of equipment for data processing, and all agencies and officers must use those services and equipment, except as provided in subsection 2.

2. The following agencies may negotiate with the division for its services or the use of its equipment, subject to the provisions of this chapter, and the division shall provide such services and the use of such equipment as may be mutually agreed:

- (a) Court administrator;
- (b) Department of motor vehicles;
- (c) Department of transportation;
- (d) Employment security department;
- (e) Legislative counsel bureau;
- (f) Nevada industrial commission;
- (g) State controller; and
- (h) University of Nevada System.

3. Any state agency or elected state officer specified in subsection 2 which uses the equipment of the computer facility and desires to withdraw substantially from that use must:

(a) If the legislature is in regular or special session, obtain the approval of the legislature by concurrent resolution.

(b) If the legislature is not in regular or special session, apply to the commission and obtain the approval of the interim finance committee. The commission shall, within 45 days after receipt of the application, forward the application together with its recommendation for approval or denial to the interim finance committee. The interim finance committee has 45 days after the application and recommendation are submitted to its secretary within which to approve or deny the application. Any application which is not denied by the committee within the 45-day period is approved.

4. If the demand for services [is in excess of] or use of equipment exceeds the capability of the division to provide [services,]

them, the division may contract with other agencies or independent contractors to furnish the required services or use of equipment and is responsible for the administration of the contracts.

Sec. 4. NRS 242.050 is hereby amended to read as follows:

242.050 Subject to the approval of the director of the department of general services, the chief of the division shall adopt regulations necessary for the administration of [NRS 242.010 to 242.060, inclusive. Such regulations] this chapter, including:

1. The policy for data processing of the state agencies and elected state officers which use the division's services or equipment as that policy relates, but is not limited, to such items as standards for systems and programming and the selection, location and use of data processing equipment, in order that the data processing needs of state agencies and officers may be met at the least cost to the state;

2. The division's procedures in performing data processing, which may include provision for the performance, by any agency which uses the services or equipment of the division, of preliminary [input] procedures, such as data recording and verification, within [such] the agency [.] ;

3. The effective administration and use of the computer facility, including security to prevent unauthorized access to data and plans for the recovery of systems and applications after they have been disrupted; and

4. Specifications and standards for the employment of all personnel of the division.

Sec. 5. NRS 242.060 is hereby amended to read as follows:

242.060 1. The [central] data processing fund is hereby created as an intragovernmental service fund. Money from the fund must be paid out on claims as other claims against the state are paid. The claims must be made in accordance with budget allotments and are subject to preaudit examination and approval.

2. All operating, maintenance, rental, repair and replacement costs of equipment and all salaries of personnel assigned to the division , except such costs and salaries as are payable by the computer facility, must be paid from the fund.

3. Each agency using the services of the division , except the services or use of the equipment of the computer facility, shall pay a fee for that use, which must be set by the chief of the division in such amount as to reimburse the division for the entire cost of providing those services, including overhead. Each using agency shall budget for those services. All fees, proceeds from the sale of equipment, and other money received by the division , except fees, proceeds and money received by the computer facility, must be deposited with the state treasurer for credit to the fund.

Sec. 6. NRS 242.100 is hereby amended to read as follows:

242.100 As used in [NRS 242.100 to 242.370, inclusive,] this chapter, unless the context otherwise requires, the words and terms defined in NRS 242.120 to [242.170,] 242.160, inclusive, and section 1 of this act, have the meanings ascribed to them in [such] those sections.

Sec. 7. NRS 242.120 is hereby amended to read as follows:

242.120 "Commission" means the advisory commission on data processing . [commission.]

Sec. 8. NRS 242.140 is hereby amended to read as follows:

242.140 "Equipment" means any machine or device designed for the automatic handling of coded information, including but not limited to recording, storage , transmission and retrieval.

Sec. 9. NRS 242.190 is hereby amended to read as follows:

242.190 1. There is hereby created [a] an advisory commission on data processing [commission] whose members [consist of:

- (a) The state controller, who shall act as chairman;
- (b) The director of the department of motor vehicles;
- (c) are:

(a) The director of the department of administration [;] , who shall act as chairman;

(b) Each of the following heads of agencies, or his designated representative, if that agency uses the equipment of the computer facility:

(1) The state controller;

(2) The director of the department of motor vehicles;

[(d) The]

(3) The director of the department of transportation;

[(e) If the employment security department has services furnished by the computer facility, the]

(4) The executive director of the employment security department;

[(f) If the Nevada industrial commission has services furnished by the computer facility, the]

(5) The chairman of the Nevada industrial commission;

[(g) If the legislative counsel bureau has services furnished by the computer facility, the]

(6) The director of the legislative counsel bureau ; [or his designated representative;] and

[(h) If the court system has services furnished by the computer facility, the]

(7) The court administrator [or his designated representative.] ; and

(c) Two members appointed by the majority floor leader of the senate from the membership of the senate standing committee on finance during the immediately preceding session of the legislature, and two members appointed by the speaker of the assembly

from the membership of the assembly standing committee on ways and means during that session, one member each from the majority and minority parties, respectively.

2. The commission shall meet as often as necessary but at least once every 3 months. Members of the commission serve without additional compensation, but are entitled to subsistence allowances and travel expenses pursuant to the provisions of NRS 281.-160 while engaged in the performance of official duties.

Sec. 10. NRS 242.200 is hereby amended to read as follows:

242.200 The commission shall [:

1. Determine the data processing policy of the state as it relates, but is not limited, to such items as the location and selection of data processing equipment, utilization of such equipment, and service procedures.

2. Prescribe rules and regulations for the] advise the division regarding:

1. The policy for data processing of the state agencies and elected state officers which use the division's services or equipment as that policy relates, but is not limited, to such items as standards for systems and programming and the selection, location and use of data processing equipment in order that the data processing needs of state agencies and officers may be met at the least cost to the state;



2. The division's procedures in performing data processing;  
3. The effective administration and use of the computer facility [.

3. Establish personnel practices and procedures and prescribe employment specifications] , including security to prevent unauthorized access to data and plans for the recovery of systems and applications after they have been disrupted; and

4. Specifications and standards for the employment of all personnel of the computer facility.

[4. Insure the most effective use of the computer facility.]

Sec. 11. NRS 242.230 is hereby amended to read as follows:

242.230 1. All [state-owned or state-leased] equipment of an [executive office, department, commission or agency shall] agency or elected state officer which is owned or leased by the state must be under the managerial control of the [commission, but the commission may, by regulation, permit a using agency to operate data processing equipment on its premises.] division, except the equipment of the agencies and officers specified in subsection 2 of NRS 242.030.

2. The division may permit an agency which is required to use such equipment to operate it on the agency's premises.

Sec. 12. NRS 242.240 is hereby amended to read as follows:

242.240 [The commission shall appoint a manager for the computer facility. The manager shall, subject to administrative

supervision by the commission, direct and supervise all the administrative and technical activities of the computer facility.]

The manager of the computer facility is in the classified service and, subject to supervision by the chief of the division, shall direct and supervise all the administrative and technical activities of the computer facility.

Sec. 13. NRS 242.260 is hereby amended to read as follows:

242.260 [The software support section, a group of operating systems programmers, shall be selected by the commission. The software support section shall:] The chief of the division shall select a group of systems analysts and programmers to be responsible for the operating systems of the equipment at the computer facility. They shall:

1. Provide technical support to [using] agencies which use the facility's equipment as may be directed by the [commission.] manager of the computer facility.

2. Perform any other duties prescribed by the [commission.] manager.

Sec. 14. NRS 242.270 is hereby amended to read as follows:

242.270 1. [Any using agency shall adhere to the various regulations, standards, practices, policies and conventions prescribed by the commission. The commission is not responsible for the application or program design, development or implementation of any using agency.

2. The commission] The division is responsible for the applications of data processing, for designing systems and placing them in operation, and for the writing, testing and performance of programs, for the state agencies and elected state officers which are required to use its services. The division is also responsible for those applications which it furnishes to state agencies and officers after negotiation.

2. The division shall review and approve [all proposed data processing applications] , pursuant to standards for justifying cost, any application of data processing having an estimated developmental cost of \$50,000 or more [.] which is proposed by any agency or officer that is required to use the division's services or equipment for that application. No [using] agency [shall] or officer may commence development work on any such [applications] application until approval and authorization have been obtained from the [commission.] division.

Sec. 15. NRS 242.280 is hereby amended to read as follows:

242.280 1. Any state agency or elected state officer which uses the equipment of the computer facility shall adhere to the regulations, standards, practices, policies and conventions for the computer facility prescribed by the division.

2. The [commission] computer facility shall provide services to each [using] agency uniformly with respect to degree of service, priority of service, availability of service and cost of service.

Sec. 16. NRS 242.290 is hereby amended to read as follows:

242.290 1. Except as provided in subsection 3, the amount receivable from any [using] agency availing itself of the services of the computer facility [shall] must be determined by the [manager] chief of the division in each case and [shall] include:

(a) The monthly expense, including depreciation, of operating and maintaining the computer facility, distributed among the [using] agencies in proportion to the services performed for [any using] each agency.

(b) [After July 1, 1971, a] A service charge in an amount determined by distributing the monthly installment for the construction costs of the computer facility among the [using] agencies in proportion to the services performed for [any using] each agency.

2. The [manager] chief shall prepare and submit monthly to the [using] agencies for which services of the computer facility have been performed an itemized statement of the amount receivable from each [using] agency.

3. The [commission] chief may authorize, if in [its] his judgment the circumstances warrant, a fixed cost billing, including a factor for depreciation, for services rendered to [a using] an agency.

Sec. 17. NRS 242.300 is hereby amended to read as follows:

242.300 1. There is hereby created the computer facility operating fund as an intragovernmental service fund in the sum of \$200,000 for the use of the [manager] chief of the division to operate and maintain the computer facility.

2. Upon closing the books for each fiscal year, to the extent that the fund balance exceeds \$200,000, the excess portion reverts to the state general fund and the state highway fund in the same ratio to each other as that in which the appropriations were made.

Sec. 18. NRS 242.310 is hereby amended to read as follows:

242.310 All claims made pursuant to NRS [242.100 to 242.370,] 242.190 to 242.360, inclusive, [shall,] must, when approved by the [commission or its designee,] division, be audited and paid as other claims against the state are paid. .

Sec. 19. NRS 242.320 is hereby amended to read as follows:

242.320 Upon the receipt of a statement submitted pursuant to subsection 2 of NRS 242.290, each [using] agency shall authorize the state controller by transfer or warrant to draw money from the [using] agency's account in the amount of the statement for transfer to or placement in the computer facility operating fund.

Sec. 20. NRS 242.350 is hereby amended to read as follows:

242.350 1. [Commencing July 1, 1973, and continuing until] Until the construction costs of \$535,600 for the computer facility in Carson City, Nevada, have been paid, the [commission] chief of

the division shall pay annually from the computer facility operating fund to the state treasurer for deposit in the state general fund [in the state treasury] 2 percent of the facility's original acquisition cost.

2. For any subsequent capital additions to the computer facility, the [commission] chief shall pay annually from that fund to the state treasurer for deposit in the state general fund [in the state treasury] 2 percent of the original cost of such capital additions, until [such] this cost has been fully paid.

Sec. 21. NRS 242.360 is hereby amended to read as follows:

242.360 1. The [commission] chief of the division shall repay in annual installments from the computer facility operating fund to the state treasurer for deposit in the state general fund the cost of acquiring a computer and an attached processor and associated equipment at the computer facility.

2. Each installment [shall] must be equal to the annual depreciation charge for:

(a) The computer at the computer facility, and the charge [shall] must be not less than \$159,120.

(b) The attached processor and associated equipment at the computer facility, and the charge [shall] must be not less than \$25,776.

3. The depreciation charge [shall] must be calculated using the original cost of the computer or the attached processor and asso-

ciated equipment less any prior payments to the state general fund or the former computer acquisition sinking fund.

Sec. 22. NRS 232.170 is hereby amended to read as follows:

232.170 1. The department of general services is hereby created.

2. The department consists of a director and the following divisions:

- (a) Buildings and grounds division.
- (b) [Central data] Data processing division.
- (c) Purchasing division.
- (d) State printing and records division.

3. The director may establish a motor pool division or may assign the functions of the state motor pool to one of the other divisions of the department.

Sec. 23. NRS 242.010, 242.040, 242.130, 242.150 to 242.180, inclusive, 242.250 and 242.370 are hereby repealed.

Sec. 24. Any state agency or elected state officer who was required to use the equipment of the computer facility on June 30, 1981, must comply with the provisions of subsection 3 of section 3 of this act before substantially withdrawing from that use.

STATE OF NEVADA  
DEPARTMENT OF STATE



CARSON CITY, NEVADA 89710

February 2, 1981

Honorable James Banner  
Nevada State Assembly  
Legislative Building  
Carson City, Nevada 89710

Dear Jim:

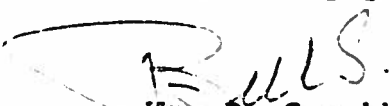
RE: AB65

While I have no present plans to even study withdrawing from the use of Central Data Processing, I would request an amendment to Section 2 to list us among those who could negotiate to withdraw.

Our CDP costs have gone up so fast I am beginning to question its cost effectiveness.

If you need any more information, I would be delighted to furnish it.

Very truly yours,

  
Wm. D. Swackhamer  
Secretary of State

WDS:mg

Exhibit B

696



Exhibit C

**THIS EXHIBIT IS MISSING FROM BOTH THE ORIGINAL  
MINUTES AND THE MICROFICHE.**