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## MEMBERS PRESENT:

Chairman Bremner  
Vice Chairman Hickey  
Mr. Bergevin  
Mr. Brady  
Mr. Coulter  
Mr. Glover  
Mrs. Hayes  
Mr. Horn  
Mr. Marvel  
Mr. Robinson  
Mr. Vergiels  
Mrs. Westall

Mr. Rhoads (excused)

## ALSO PRESENT:

Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Deputy Budget Director; Mr. Jim Avance, Taxicab Authority; Mr. Jim Wittenberg, Personnel Division; Mr. William Engle, Adjutant General; Mr. Wilson McGowan, State Controller; Mr. Gordon Harding, Central Data Processing.

TAXICAB AUTHORITY

Mr. Jim Avance, Administrator, Taxicab Authority, said this agency is charged with the responsibility of controlling and regulating the taxicab industry in Clark County. The Authority presently charges an allocation fee of \$100 per cab per year, plus ten cents for each compensable trip by each cab. Additional fees are received for driver application and renewals. He noted that funding is also received from the Clark County Airport for part of the cost of operating the Airport Taxicab Control Officer Program.

Mr. Avance told the committee that amount contained under the revenue item Balance from Old Year is reflective of the reserve account that is moved forward from the previous year. He added that each year the amount increases. Mr. Avance pointed out that it is anticipated that the revenues projected for the 1981-83 biennium will not be as high as is represented in the budget due to the depressed economy and an assumption that the ridership will not be as high as predicted. He said the net result to this budget will be a reduction of the reserve category. Mr. Avance said that legislation is pending to bring limousine service under regulatory control of the Authority and assessments from this source are estimated at \$30,000 each year.

Mr. Avance went on to say that during the biennium, the Interim Finance Committee approved the increase of positions for the agency from 23.5 to 36 including three Field Investigators, one Vehicle Inspector, eight Airport Taxi Control Officers and increasing one half-time clerical position to full time. He indicated that at the present time, only 5 of the 8 approved Taxi Control Officers have been filled due to the fact that the airlines are not operating at full capacity. He added that he does want to retain the positions in case the airlines again increase their operating schedules.

Mr. Glover asked Mr. Avance if any legislation other than that previously mentioned is being proposed regarding the Taxicab Authority. Mr. Avance said that the District Court in Las Vegas declared the Taxicab Authority unconstitutional. He added that he is aware of at least 3 bills pending; one of which would be to expand the agency statewide. He further indicated that if legislation passes mandating the statewide expansion of the Authority, the reserve account would be used as start-up money for the implementation of satellite offices. He added that under no circumstances would the Authority request additional positions or equipment for the Clark County area. Mr. Glover asked if the agency were expanded statewide, had the Authority made any projections on the budgetary needs at Cannon International Airport in Reno. Mr. Avance said that less than 10 people would

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be necessary at Cannon International Airport and a previous conversation with the Airport Manager revealed that he is interested in a similar operation as now exists in Las Vegas.

Mr. Coulter questioned the need of the Taxicab Authority at Cannon International Airport when the agency was declared unconstitutional in Clark County. Mr. Avance said that Washoe County does have taxicabs and it should be noted that the Public Service Commission, who presently regulates the taxicabs for Washoe County, is considering cuts in their investigative staff.

Mr. Robinson asked if the amount in the reserve fund was statutorily mandated. Mr. Avance said that statutorily the reserve has to be kept at \$100,000 to offset the impact of a strike by cab drivers. Mr. Robinson pointed out that at the end of the coming biennium, the reserve for the Taxicab Authority would be in excess of \$735,000 and noted that an upper limit should be placed on the reserve. Mr. Avance said that he would agree with that idea but he has no way of returning the money to anyone. Mr. Robinson said that the Authority could possibly charge less to the taxicab drivers. Mr. Avance said an option would be to decrease the 10 cents trip charge that is presently charged to the cab riders to 5 cents for a year or two. Additionally, Mr. Robinson asked who regulates the taxi cabs that operate in the rural areas of Nevada. Mr. Avance said that at the present time the Public Service Commission has an investigative staff that regulates and enforces the cabs in rural areas.

Mr. Vergiels asked for justification of the pending legislation that would expand the Taxicab Authority statewide and would use funds solely derived from Clark County for use statewide. Mr. Avance said that money in the reserve category would be used for start-up money only and would be repaid to Clark County when the satellite locations accumulated their own reserve accounts. Additionally, Mr. Vergiels referred to the excessive surplus in the reserve account and questioned the possibility of returning some of this money to the cab drivers. Mr. Avance pointed out that the money does not belong to the cab drivers or the taxi owners, but is rather money paid by the public who ride in taxicabs.

Mr. Robinson asked if the excess monies in the reserve account are being invested. Mr. Avance said they are invested by the State Treasurer.

Mr. Brady asked the feasibility of placing the Taxicab Authority under local county jurisdiction. Mr. Avance responded that at the present time there is legislation pending before the Senate Transportation Committee that would propose such a concept.

Mr. Vergiels said that it was his impression that the loading and unloading procedure at McCarren Airport in Las Vegas was questionable and noted that the need for double manpower was unnecessary. Mr. Avance said that the loading procedure was designed by the Airport Authority and consideration should be given to the fact that there is a construction phase going on at the present time. He added that two people are needed when a large crowd is trying to load and said these personnel would be necessary when loading is expanded to both sides of the street.

#### PERSONNEL DIVISION

Mr. Jim Wittenberg, Administrator of the State Personnel Division, said his presentation will be a continuation of his previous appearance before the committee.

#### Cooperative Personnel Services

Mr. Glover referred to the two Personnel Analyst positions in the Cooperative Personnel Services budget and asked for an explanation of the job duties and if they were both filled at the present time. Mr. Wittenberg said that currently there is a half-time Personnel Analyst in Las Vegas providing personnel services to the Clark

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County Health District for which this budget is being reimbursed by Clark County. He noted that this program provides personnel services upon request by local governments and at a reasonable cost to the local governments. Mr. Glover asked if the remaining one and one-half positions are vacant. Mr. Wittenberg said that they are vacant at the present time.

#### Personnel Administration

Mr. Wittenberg said that the Personnel Division has the responsibility of providing a uniform compensation system in recruitment and examination to fill vacancies in state government, provide conditions of employment that will attract and retain the best possible employee, and assist in maintaining the most effective operation of various state agencies.

Mr. Wittenberg noted that the turnover analysis program within the Division allows for more flexibility in identifying high turnover areas. He said the big advantage of this program is that turnover can be identified when it is only 3 or 4 percentage points above average. Mr. Wittenberg indicated that two years ago the statewide turnover rate was 26% in 1979 and that it dropped to 22% in 1980. He said currently the high turnover areas are the prison correctional officers, group supervisors, clerical employees and mental health technicians. He said the reduction of turnover in these areas has had some impact on the reduction from 26% to 22%.

Mr. Hickey asked for clarification of the decrease in the turnover rate. Mr. Wittenberg said that the turnover rate decreased last year from the previous year. Mr. Bible said that during the 1979 Session of the Legislature, upon request from the Ways and Means Committee, the Personnel Division submitted on January 25, 1979, a state annualized turnover rate of 18.17%. He added that this session, the same information was requested and an annualized statewide turnover rate of 22% was submitted. Mr. Wittenberg said that the reduction he was referring to was the reduction from 26% in 1978 to 22% in 1979.

Mr. Bible noted that the percentage turnover rate fluctuates depending on the year the figures are derived from. Mr. Hickey asked if set dates are used in determining the turnover rate percentages. Mr. Wittenberg said that calendar years are used in compiling figures for turnover rates. Mr. Hickey asked what is the reason for the reduction in turnover. Mr. Wittenberg said that the economic climate has been influential in stabilizing the work force. He added that salary has always been a big contributor in the turnover rate but the Personnel Division has made an effort to identify the high turnover areas and take corrective action to alleviate the problems.

Mr. Hickey referred to the Governor's Management Task Force recommendation that would create a new department of Operational Analysis and asked Mr. Wittenberg for his comments. Mr. Alastuey said that the recommendation applies more directly to the Budget Division rather than the Personnel Division. He added that there may be some cooperative overlap between the Office of Fiscal Analysis in the Legislative Counsel Bureau and the Personnel Division in that things that are disclosed in the investigations of the Office of Operations Analysis could lend themselves to modifying personnel policy.

Mr. Glover referred to the Governor's Management Task Force recommendation that would transfer the Personnel Division to the Department of General Services and asked Mr. Wittenberg for his comments. Mr. Wittenberg said that the impetus to move the Division from the Budget Office to General Services administration was primarily to remove the Division from the "budget influence." He added that he would support the Task Force recommendation. Mr. Alastuey pointed out that the Personnel Division budget as now structured does include an assessment to the Director of General Services' office.

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Mr. Glover said that he has received information from state employees regarding extending the anticipated pay week withholding period from 2 weeks to 3 weeks for new employees. Mr. Wittenberg responded that it was discovered through a legislative audit on the Personnel Division's payroll system that the anticipated pay week was the chief contributor to the high error rate. He said that in order to reduce the error rate the anticipated pay week had to be eliminated which would require from 2 days to 1 week further delay of withholding of salary. Mr. Wittenberg said that at the present time the Personnel Division is waiting the results of a more current legislative audit which hopefully will show a decrease in the error rate as a result of subsequent action taken after the last Legislative Counsel Bureau audit on the payroll system and he said he hoped no action will have to be taken. However, if the error rate is still a problem and the primary reason is the anticipated pay week then the problem will have to be addressed. He indicated that there are several alternatives and it is very unlikely that the withholding period will be extended to 3 weeks.

Mr. Glover said it was his impression that the other agency's payroll systems, such as the Highway Department, do not experience the error rate as does the Personnel Division's systems. Mr. Wittenberg said he did not have comparative figures; however, the error rate that was tracked by the Controller's Office in 1980 was .01%. He said that the Legislative Counsel Bureau's audit may not agree with that figure because their sampling is much more thorough.

In addition, he noted that when the payroll system was adopted from the Controller's Office the anticipated pay week was a part of the system and it was not introduced by the Personnel Division. Mr. Glover asked, when the payroll system was inherited from the Controller's Office, was it working effectively.

Mr. Wittenberg said that at the time the payroll system was adopted from the Controller there was no sick and annual leave accounting which has since been introduced into the system. He added that without providing a percent point the error rate was higher when the payroll system was acquired from the Controller than at the present time. But consideration should be given to the fact that the new area of leave accounts produced a new error potential.

Mr. Glover asked if the Legislature mandates that the Personnel Division cannot extend the anticipated pay week to 3 weeks could the division handle that situation. Mr. Wittenberg said yes.

Mr. Hickey referred to the audits performed by the Legislative Counsel Bureau and asked if all discrepancies had been cleared up by the Personnel Division. Mr. Wittenberg said that he would provide the committee with the detailed response of the Legislative audits.

Mr. Glover asked what steps have been taken by the Personnel Division to notify state employees of their factor ranking status. Mr. Wittenberg said that a newsletter will be provided to employees the next pay period which will provide every employee with the specifics of his or her classification adjustment. He said that in addition to this, information has been disseminated to all agency administrators to inform all employees of their status. He added that a follow-up letter is required from all agency administrators advising the division that this has been accomplished.

Mr. Glover asked if classification adjustments as a result of the factor ranking study will be "across the board." Mr. Wittenberg said adjustments will be "across the board." As an example, all 765 Administrative Aid positions will be increased from a grade 20 to a grade 21 (a 5% increase). Mr. Wittenberg said that the approximate 150 employees that are going to experience a classification reduction of 5% to 10% will not have their salaries reduced but, when the job becomes vacant, it will be filled at ~~the~~ **984**

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lower job classification.

Mr. Glover asked if new job descriptions will be supplied to all affected employees upon completion of the factor ranking study. Mr. Wittenberg said that job descriptions will be provided to all agencies but not directly to the employees.

Mr. Glover asked if the Personnel Division has adopted specific guidelines in determining which employees should be classified or unclassified. Mr. Wittenberg said that the Legislature determines which employees are classified or unclassified. He added that an interim study should be conducted to aid in determining which positions should be classified or unclassified and the uniformly applied through state government.

Mr. Horn asked for an explanation of the public relations expense line item. Mr. Wittenberg said that those monies are used for advertising of unfilled positions.

Chairman Bremner suggested that the \$40,000 appropriation recommended by the Governor for state agencies training be moved into the Personnel Division's budget and charged as part of the assessment to utilize some federal funds. Mr. Wittenberg said that the Governor's recommendation is a compilation of funds from various agencies to be used for training. Mr. Alastuey pointed out that if the assessment method were used consideration should be given to the fact that several agencies (Prison, Welfare and Mental Health) have training needs that are unique to their operations and those training monies have been left in their budgets. He added that if the training pool were put back in the Personnel Division's budget the existing assessment mechanism provides for a uniform assessment to all budgets regardless of where the training funds are so there could be some allocation problems.

Mr. Bible noted that a number of agency budgets have training categories plus training assessments budgeted under the Personnel Division. Mr. Alastuey said that for the coming biennium the Budget Office has suggested pooling the training funds for a number of those budgets. He added that if a uniform assessment is implemented there could be a problem.

#### Cooperative Personnel Services

Mr. Wittenberg said this budget provides that personnel services shall be made available to local jurisdictions by the State Personnel Division for the reasonable cost of such services. He noted that at the present time there is one half-time employee in this budget performing personnel services for the Clark County Health District. He said this budget simply provides the spending authority as the money is reimbursed by local governments.

#### Intergovernmental Personnel

Mr. Wittenberg said that the Intergovernmental Personnel Act of 1971 provides federal matching funds to state and local entities on a project-by-project basis as recommended and approved by the Intergovernmental Personnel Advisory Committee which includes membership from local government as well as from the state. He added that half of the federal funds are used at the state level for improvement in personnel operations and training and half at the local level.

Mr. Robinson questioned the need for the continuation of the program and asked Mr. Wittenberg to comment on its importance. Mr. Wittenberg said this program was instrumental in providing the impetus for the productivity studies in Nevada, both at the state and local level.

In response to a question from Mr. Robinson on the capacity of local governments to continue the program should the 50% matching federal monies no longer be available, Mr. Wittenberg said that it was unlikely that local governments would be able to pick up

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the program.

Retired Employees Group Insurance

Mr. Wittenberg said this budget provides for the Personnel Division to pay \$15 per month for each employee retired from state service who elects to participate in the group insurance coverage.

Personnel Assessment Reallocation

Mr. Wittenberg said that this budget account was established to provide for funding of the Personnel Division over and above the funding level provided by the .83% Personnel Assessment applied to the salaries of classified employees. Chairman Bremner asked if this budget had to be added to fund all the cuts in the Personnel Division budgets originally made by the Budget Division that had been restored by the Governor. Mr. Alastuey said that during the budget preparation the logistics of the process required that the Budget Division set an estimated personnel assessment rate. He said that as the overall payroll and the size of personnel's budget came into focus, it was determined that a rate higher than the .0083% would be required and rather than restructure every budget that contained the payroll assessment, the recommendation in this budget will provide the approximate additional funding required.

Chairman Bremner noted that this is the first time a budget such as this has been presented and asked if there were other budgets handled in this same manner. Mr. Alastuey said the Central Data Processing Reallocation budget is presented in the same manner.

S.B. 337

Mr. William Engle, Adjutant General of the State of Nevada, said that S.B. 337, as amended, is a request for a supplemental appropriation in the amount of \$58,200 to the military department to provide for the increase in utility costs in fiscal year 1980-81. This supplemental request was initially presented to the Ways and Means Committee during the Department of the Military's original budget hearings. He noted that this request is a reduction of \$15,000 from the original request by the department and is due to the fact that the utility costs were not as high as predicted because of the mild winter weather. Mr. Engle added that any monies remaining from this supplemental appropriation will revert to the General Fund.

CONTROLLER'S OFFICE

Mr. Wilson McGowan, State Controller, said that the state expends \$10 million annually in labor costs for accounting personnel. In contrast, the costs for accounting personnel within the Controller's Office is only \$300,000 and this office by law, provides the central accounting for all of state government.

Mr. Bill Reinhard, manager of the State Controller's Office, said that over the last 24 months the Controller's Office has made significant progress towards improving the state's financial accounting system. He added that the implementation of the computerization of the voucher system for state agencies has saved the state 3 man-years. He said that it is anticipated that within the next 2 years the state's financial system will generate financial reports in conformance with generally accepted accounting principles.

Chairman Bremner asked the significance of the \$5 million error by the Controller's Office on the 1978-79 report of the General Fund balance. Mr. Reinhard said that any error is significant but the error was discovered through the reconciliation with the Budget Office. Chairman Bremner pointed out that it was discovered, in fact, by the Budget Office. Mr. Reinhard added that as of June 30, 1980, the financial statements of the Controller's Office reconciled with the Budget Office for the first time.

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Mr. McGowan requested that the salary of the General Manager of the Controller's Office be increased to \$36,850. Chairman Bremner noted that the request in the budget is for a salary of \$35,000. Mr. McGowan responded that a supplemental request to increase the salary to \$36,850 was not included in the budget. Chairman Bremner noted that the agency salary request for the position of Assistant Controller is for \$25,000 and the Governor recommends \$26,158 and suggested reducing that salary to \$25,000 and increasing the salary of the General Manager with the difference. Mr. McGowan said that would be acceptable and the position of General Manager is more important.

Mr. McGowan indicated a requested increase for the Programmer II position from grade 35 to a grade 38. He said the request is made as the duties of this position are comparable to the duties of a programmer that was contracted through Central Data Processing who was at a grade 38 level.

Chairman Bremner asked if the Personnel Division has reviewed the upgrade request. Mr. McGowan said he did not know.

Mr. Reinhard said the Controller's Office is requesting \$4,067 in in-state travel. He said this request relates to the assumption that the payroll system will be returned to the Controller's Office by the end of the fiscal year. He added that in-state travel is necessary to review payroll operations in various agencies. Mr. Reinhard pointed out that the Controller's Office has initiated a pilot program with the Department of Prisons, which is probably the most complex payroll system in the state, and by changing some means of documenting payroll they were able to significantly reduce the number of overpayments.

Mr. Reinhard referred to the Other Contract Services line item which reflects a \$165,000 recommendation for service contracts for the computer in the Controller's Office. He said that the equipment is very old and the maintenance agreement will expire in June 1981 and contracts will have to be established on a year-by-year basis for maintenance. He noted that the agency request is for \$175,000 and commented that the additional \$10,000 is justified.

Mr. Glover asked what is the life expectancy of the computer equipment in the Controller's Office. Mr. Reinhard said the equipment is presently 7 years old and the life expectancy is limited and the maintenance agreements will no longer be continued by the Hewlett-Packard Company.

Chairman Bremner asked the rationale of the Budget Office in recommending \$165,000 for contract services when the agency requested \$175,000. Mr. Alastuey said the Budget Office increased the actual 1979-80 expenditures by 22% to cover two years of inflation and by 10% the following year.

Mr. Reinhard indicated that the Governor's recommendation for EDP charges in the amount of \$162,063 for the first year of the biennium are based on the 1979-80 actual expenditures and the agency is requesting \$244,816 based on the anticipated increased use of the computer facility for the biennium.

Mr. McGowan pointed out that the agency is requesting \$60,120 the first year of the biennium and \$66,132 the second year for office supplies and expense. He added that this expense is based entirely upon vendors' prices and the anticipated amount of paper that will be needed for checks and materials that are supplied to various agencies. He indicated that the Governor's recommended cuts in this line item are reflective of a percentage cut rather than the item considered individually.

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Chairman Bremner pointed out that if the agency requests are considered throughout this budget, it would mean an overall 25% increase. Mr. Reinhard noted that these increases are warranted in consideration of the progress that the Controller's Office has made in saving the state 12 man-years every year which means a rate of return of 30% each year for the Controller's Office.

Mr. Glover asked what accomplishments can be expected from the Controller's Office over the next biennium considering the reorganization that has been implemented. Mr. Reinhard said that it is anticipated that FMIRS can replace the manual duplicate accounting system in every state agency. Mr. Glover remarked that reductions may not show up in the Controller's Office budget but rather in the individual agency budgets.

Chairman Bremner referred to the Governor's Management Task Force report that is highly critical of the FMIRS system. Mr. McGowan said that the Governor's Task Force spent approximately 40 hours in the Controller's Office and noted that is not enough time to fully explore and evaluate the complex and highly sophisticated system in the Controller's Office.

Mr. Robinson asked for an explanation of the \$50,000 reversion as indicated in the budget under "Income" line item. Mr. Reinhard said that the \$50,000 reversion is a result of savings experienced by more "in-house" developmental work and less contracted with the Computer Facility. In addition, Mr. Robinson asked if there were any unfilled positions at the present time in the Controller's Office. Mr. Reinhard said that one Data Entry position is vacant.

#### CENTRAL DATA PROCESSING

Mr. Bruce Greenhalgh, Director of the Department of General Services, introduced Central Data Processing Administrator, Gordon Harding. Mr. Harding said that Central Data Processing provides services to over 90 governmental organizations.

He added that the revenue that supports this agency is derived from services furnished to customers, there is no General Fund money appropriated to Central Data Processing. He said that the services rendered are all billed on a uniform basis depending upon the type of service performed.

Mr. Harding pointed out that Central Data Processing has just entered into a new contract to acquire data entry equipment which will affect the budget as follows: a reduction of the line item Other Contract Services from \$384,000 in the first year of the biennium to \$313,000; and the second year the amount of \$442,300 drops to \$357,300. He said that the offset to that reduction is the new category of Univac 1900/10 System which adds to the budget \$57,000 the first year and \$63,000 in the second year for an overall net reduction by virtue of the lease contract for the new equipment of \$14,000 the first year of the biennium and \$22,000 the second.

Mr. Harding indicated a clerical error in the budget under line item Dues and Registrations which reflects a requested appropriation of \$5,000 in both years of the biennium and said it should be \$1,850 in both years.

Mr. Harding noted a reduction of 5 positions, from 52 to 47, for Central Data Processing: Documentation Librarian, 2 Data Entry positions and 2 Programmers. He said this reduction can be affected only if there is no increase in workload. He added that augmentation of the staff for Central Data Processing would be necessary if there are changes in the food stamp program or increased data processing services required by the various tax packages that are pending. He indicated that a request would have to be made of Interim Finance for any increased personnel.

Mr. Glover asked if President Reagan's proposed budget would impact the work load at Central Data Processing other than the food stamp program. Mr. Harding said that substantial changes in various Human Resources programs could affect the work load at Central Data Processing.



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Mr. Glover asked if this means an increased cost to the state. Mr. Harding said that it does not necessarily mean an increased cost to the state but it does mean that the programs which now produce food stamps, welfare checks, etc., will have to comply with the modified federal program.

Mr. Vergiels questioned the need for additional personnel in Central Data Processing when the reductions in the Human Resources area would actually mean fewer people using food stamps and in some cases, the elimination of programs altogether. Mr. Harding said an increase would be realized only in the salary category not in the total budget because programming staff would have to be assigned to perform the modifications that would be required.

Mr. Vergiels asked if agency payments to Central Data Processing are reflected in this budget. Mr. Alastuey said that there has been a reconciliation of amounts comparing total revenue as reflected in this budget versus the total amount of CDP reimbursements throughout the budget. He noted that there is a shortfall of approximately \$100,000 each year; however, it should be pointed out that CDP also serves local governments which are not depicted in this budget.

Mr. Harding said that Central Data Processing has two distinct areas of conflict in the budget. He said one of these conflicts is between salary structures as they compete with private industry. The second is the need to match available agency funds with fiscal year time constraints. He noted that personnel have to be prioritized to handle the total biennium work load in an effort to match funds with agency needs.

Mr. Glover referred to the problem with the Fish and Game Department whereby they were unable to implement their new computer equipment because the programming expertise was not available from CDP and asked how frequently that situation occurs. Mr. Harding responded that the loss of 2 positions (one programmer on the staff of CDP and one staff member of the Computer Facility) was the main problem in implementing the program for the Fish and Game Division. Mr. Harding said that approximately 2 to 3 times in any fiscal year monies have to be reverted to the General Fund because CDP did not have the technical expertise on hand to assist agencies in their data processing needs. Mr. Glover asked for some examples of this problem. Mr. Harding said that last year \$30,000 had to be reverted to the General Fund by the Gaming Control Board because there was no available personnel to handle their needs.

Mr. Harding said that the Fish and Game Department issue was different in that CDP chose not to undertake it because the staff was not available to do the job well. He said that CDP could have provided adequate service to the Fish and Game Department using CDP equipment but were unable to provide for expertise for Fish and Game to utilize their own equipment.

Chairman Bremner said that the Fish and Game Department should be a high priority item in that they are highly visible and perform services to the public. Mr. Harding said that CDP is working with Fish and Game to service every specific need of the agency so that there will be no degradation of service to the public.

Mrs. Westall said the delays experienced by CDP service are good arguments for individual agencies to have their own data processing equipment rather than more consolidation of such services. Mr. Harding said if it were the desire of the Legislature to add more staff to CDP he could guarantee that every job could be completed in a timely manner; however, once the priority jobs have been completed, there would be excess staff on hand. He said that CDP has made an effort to balance staff to agency need. Mrs. Westall said that not all agencies should have their own equipment but certain agencies such as the Gaming Control Board and the Highway Department who have specific needs should be appropriated their own equipment in an effort to affect a cost savings and timeliness of services. Mr. Harding said that if each agency were given their own equipment, the data processing costs would accelerate markedly. He said that there is a great shortage of qualified data processing

3/23/81 personnel and even though agencies had equipment, they would not  
Page 10 be able to staff their data processing departments adequately.

Mr. Hickey asked if there were any vacant positions in the Central Data Processing office at the present time. Mr. Harding said there were no vacancies.

Mr. Glover asked what was the reason for the two professional staff leaving which resulted in CDP being unable to fulfill the programming needs for the Fish and Game Division. Mr. Harding said in both instances the reason the people left was the potential for a higher salary. Mr. Glover asked if this was a major problem. Mr. Harding said that it is an increasing problem because the majority of the professional staff has reached the top of the grade and step level for their classification and consequently there are no further promotional opportunities.

Mr. Robinson asked if vendors supplying the equipment offer agencies staff support and training in implementing the new equipment. Mr. Harding said that this area is not a large revenue base, therefore vendor support is limited.

Mr. Hickey asked what is the turnover rate for CDP. Mr. Harding said the turnover rate for the professional staff is 15%, however, turnover for data entry operators is 25%. Mr. Harding said the turnover rate for calendar year 1980 is 8% or 9% (two professional staff).

#### Central Data Processing Reallocation

Mr. Harding said that a determination was made in January 1981 that an information management system independent of Central Data Processing services would be recommended for the Gaming Control Board. This decision reduced CDP's anticipated revenue by the amounts indicated in this budget. He noted that upon approval of CDP's budget, it is requested that the amount contained in this budget be adjusted and reallocated to the budget accounts of CDP's customers. He said that in spite of the departure of Gaming from CDP, the state can reduce hardware costs approximately \$12,000 per year which is not a substantial reduction. He added that with the loss of service revenue from Gaming, the only way that CDP can "break even" is to receive additional financial support from the state to cover all costs of the operation.

Mr. Glover suggested increasing assessments to other agencies rather than increase the General Fund appropriation. Mr. Harding said that the General Fund appropriation represents less than one-half of the money needed and expenses would be reallocated to those agencies which have non-General Fund money. Mr. Alastuey said that assuming both the requested appropriation by Gaming and the budget for CDP are approved, it is suggested that the figures in this budget account be adjusted and reallocated to the budget accounts of CDP customers.

Mr. Glover said it was his impression that by allowing Gaming to pull out of CDP it will in the long run cost the General Fund and the various agency users of CDP more money and is contrary to the recommendations in the Governor's Management Task Force. Mr. Alastuey said that Gaming Control Board has supplied their assumptions concerning the future cost savings that will be affected by the implementation of their proposed information management system.

Mr. Hickey noted that security is a big factor in the data processing requirements of the Gaming Control Board and asked Mr. Harding what security measures are taken by CDP. Mr. Harding said there is no totally secure data processing system but all measures have been taken to provide security at CDP for Gaming Control. He did point out that when there is a dedicated computer with only one user, that system may tend to be more secure than a computer facility with multiple users. Mr. Hickey asked if there were users at CDP with similar security requirements. Mr. Harding said that from a privacy point of view, data that relates to welfare recipients need security measures.

3/23/81 Chairman Bremner said that due to time constraints, the Computer  
Page 11 Facility's budget would be heard at a later date and adjourned  
the meeting at 10:50 a.m.

