MINUTES OF THE FEBRUARY 3, 2010
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Cochair Bernice Mathews called a regular meeting of the Interim Finance Committee (IFC) to order on February 3, 2010, at 9:11 a.m. in Room 4100 of the Legislative Building in Carson City. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building in Las Vegas, Nevada. Exhibit A is the agenda, Exhibit B is the guest list and Exhibit C is the meeting packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Bernice Mathews, Cochair
Senator Steven Horsford, Cochair
Assemblyman Morse Arberry Jr., Vice Chair
Assemblywoman Barbara E. Buckley
Assemblywoman Ellen Koivisto
Assemblyman Marcus Conklin
Assemblyman Moises (Mo) Denis
Assemblywoman Heidi Gansert
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman Joseph (Joe) P. Hardy
Assemblyman Joseph Hogan
Assemblywoman Sheila Leslie
Assemblywoman Kathy McClain
Assemblyman John Oceguera
Assemblywoman Debbie Smith
Senator Bob Coffin
Senator William J. Raggio
Senator Dean Rhoads
Senator Randolph Townsend
Senator Joyce Woodhouse

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Eileen O'Grady, Chief Deputy Legislative Counsel
Mark Krmpotic, Fiscal Analyst, Senate
Tracy Raxter, Fiscal Analyst, Assembly
Sherie Silva, Interim Finance Committee Secretary
Tracie Battisti, Fiscal Division Secretary

Cochair Mathews called the meeting to order and requested that roll be called.

A. ROLL CALL.

Lorne Malkiewich, Director, Legislative Counsel Bureau and Secretary of the Interim Finance Committee, called the roll and announced a quorum of each House was present.

*B. APPROVAL OF MINUTES OF THE SEPTEMBER 17, 2009, MEETING.

SENATOR COFFIN MOVED FOR APPROVAL OF THE SEPTEMBER 17, 2009, MINUTES.

THE MOTION WAS SECONDED BY SENATOR HORSFORD.

THE MOTION CARRIED.

*C. APPROVAL OF MINUTES OF THE OCTOBER 26, 2009, MEETING.

SENATOR HORSFORD MOVED FOR APPROVAL OF THE OCTOBER 26, 2009, MINUTES.

THE MOTION WAS SECONDED BY ASSEMBLYMAN HOGAN.

THE MOTION CARRIED.

*D. APPROVAL OF MINUTES OF THE NOVEMBER 19, 2009, MEETING.

ASSEMBLYWOMAN MCCLAIN MOVED FOR APPROVAL OF THE NOVEMBER 19, 2009, MINUTES.

THE MOTION WAS SECONDED BY ASSEMBLYWOMAN KOIVISTO.

THE MOTION CARRIED.

*E. STATE PUBLIC WORKS BOARD – REPORT FROM THE IFC'S SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS IN ACCORDANCE WITH NRS 218.6827.

Senator Coffin, Chairman of the IFC Subcommittee on Public Works Board Matters, reported that the Subcommittee had met the day before. Senator Raggio, Senator Mathews, Assemblywoman Smith, Assemblyman Grady and Assemblyman Hogan were in attendance. Senator Coffin referred to the written Chairman's report (Exhibit D), noting that the Subcommittee did not have a heavy agenda since most capital improvement projects had been suspended.

Senator Coffin said that one agenda item had been withdrawn at the request of the State Public Works Board (SPWB). Agenda Item III related to the bid for the Medical Education Learning Lab Building, University of Nevada Health Sciences System. There were questions as to whether or not money could be reverted to the campus and/or the donor for the building. It was decided to withdraw the request rather than try to reach a decision in the Interim Finance Committee meeting.

Senator Coffin then referred the Committee to item 2 of the report, recalling that unmarked grave sites on the site of the Northern Nevada Adult Mental Health (NNAMH) campus in Sparks had previously been a very controversial issue. He said there were more than 600 people buried there, many of them Native Americans. There were 32 graves sites on the NNAMH campus that were able to be identified. Senator Coffin said that thanks to the leadership of Senator Mathews and Assemblywoman Smith, the graves were being relocated at that site and an appropriate monument would be built displaying the history of the site and the names of the people buried there. The Subcommittee unanimously accepted the status report.

The third item, Senator Coffin continued, related to the Southern Nevada Training Academy. When the project was approved at a previous IFC meeting, it was not known that additional funds had been expended. The project was slightly over budget, and the Subcommittee voted to recommend that the shortage be taken from the Highway Fund appropriation for the project.

Senator Coffin said the remaining items were exception items of a non-controversial nature. The Indian Springs Conservation Camp expansion was underway. He noted that item 4.b., the Veterans Cemetery of Southern Nevada, would be of interest to Committee members who had at one time voted to begin the process of rehabilitating the visitor's center and administration area. Senator Coffin visited the cemetery on December 9 and met with Public Works Board employees, as well as the Veterans Affairs staff. It was agreed that rehabilitation was not the answer; trying to renovate a building while it was still being used was very expensive. He said it was obvious that a new building was necessary, and he reminded the Committee that the cemetery was paid for with federal funds. The Subcommittee had given direction to the agencies involved to consider a new design for construction of a new building before previous mistakes were compounded.

With regard to the Elko Readiness Center, Senator Coffin reported that the controversy between Elko and Carlin continued, and he gave his assurance that the Subcommittee did nothing to further continue it. The Bryan Commission would be meeting on February 12 and hopefully would determine the most common-sense solution.

Senator Coffin stated the report indicated that funds were now available to complete the design and construction of the Las Vegas Readiness Center this year.

SENATOR COFFIN MOVED THAT THE FULL COMMITTEE ADOPT THE SUBCOMMITTEE'S REPORT, INCLUDING THE REMOVAL OF ITEM 3.

THE MOTION WAS SECONDED BY ASSEMBLYMAN HOGAN.

THE MOTION CARRIED.

F. WORK PROGRAM REVISION IN ACCORDANCE WITH NRS 353.220(5)(b)- INFORMATIONAL ONLY – REQUIRED EXPEDITIOUS ACTION WITHIN 15 DAYS.

Mark Krmpotic, Senate Fiscal Analyst, explained Agenda Item F was informational only; expeditious action was required within 15 days on a single work program. There were no questions from the Committee.

G. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(a) – INFORMATIONAL ONLY – APPROVED BY THE GOVERNOR BECAUSE OF AN EMERGENCY AS DEFINED IN NRS 353.263 OR FOR THE PROTECTION OF LIFE OR PROPERTY.

Mr. Krmpotic reported that Committee members had requested to hear testimony on Items G-5 and G-6, as well as Information Item O-9b(1).

G-5. Department of Employment, Training and Rehabilitation – Employment Security Division – Career Enhancement Program – FY 2010 – Addition of $1,237,115 in Federal Administrative Cost Allowance-American Recovery and Reinvestment Act (ARRA) Re-Employment Services (RES) Wagner Peyser Grant funds to align federal grant authority with state budget authority to allow the Employment Security Division to continue to offer the RES program to unemployed Nevadans. **Work Program #C16956**

Renee Olson, Chief Financial Officer for the Department of Employment, Training and Rehabilitation (DETR), introduced Cindy Jones, Department Deputy Director and Administrator of the Employment Security Division (ESD). Ms. Olson explained the work program was a request for the remaining American Reinvestment and Recovery Act (ARRA) grant funding for the Re-Employment Services (RES) program within ESD.

Cochair Mathews asked for questions from the Committee; there were none.

G-6. Department of Employment, Training and Rehabilitation – Employment Security Division – ~~Career Enhancement Program~~ – FY 2010 – Addition of $1,847,500 in Federal American Recovery and Reinvestment Act (ARRA) of 2009 Grant funds transferred from the Housing Division's Weatherization Program to provide weatherization training through the use of non-profit collaborative organizations. **Work Program #C17059. REVISED JANUARY 11, 2010.**

0-9 Reports on efforts to provide job training and to promote energy efficiency and the use of renewable energy as required pursuant to S.B. 152 (2009 session).

b. Reports on the activities associated with carrying out the state's mission of creating new jobs in the fields of energy efficiency and renewable energy by combining job training with weatherization, energy retrofit applications or the development of renewable energy plants, pursuant to section 9, subsection 8 of S.B. 152.

(1) Department of Employment, Training and Rehabilitation

(2) Department of Business and Industry, Housing Division

Larry Mosley, Director, Department of Employment, Training and Rehabilitation, introduced staff members Renee Olson, Chief Financial Officer, DETR; Dennis Perea, Deputy Administrator, Workforce Solutions Unit; and Ardell Galbreth, Deputy Director, DETR.

Renee Olson, Chief Financial Officer, explained work program G-6 established ARRA funding for the training portion of the weatherization grant received through the Housing Division's Weatherization Program.

Senator Horsford asked if the department could provide an update report on the status of the training and whether any of the four contractors had commenced training.

Ardell Galbreth, Deputy Director for DETR, said contracts had been let to four trainer providers and training had begun; the first class would graduate the following Friday. Training was mapped out for the southern and northern parts of the state, and as the individuals graduated, they would be available for hire by the sub-grantees' contractors to do weatherization for eligible homes.

Senator Horsford asked how many trainees were currently enrolled. Also, based on the subcontracts through the Housing Division, he wondered if there was ample employment for the trainees once they graduated.

Mr. Galbreth replied he did not know exactly how many individuals were enrolled in the training; however, 20 would be graduating on Friday. He did not have the information with regard to the support or capacity for the Housing Division's sub-grantees' contractors, but he and the Administrator of the Housing Division would obtain the information for the Committee.

Senator Horsford asked if someone from the Housing Division was in attendance.

Diane Cornwall, Director of the Department of Business and Industry, testified that as of January 31, 2010, the sub-grantees had completed 538 units of weatherization; it was anticipated 493 units would be completed in January, but that number fell short because of the weather. The average cost per unit was lower than anticipated, $1,796 versus the estimated $5,000, primarily because of the high number of multi-family units completed, which were more economical.

Senator Horsford asked the reason for the waivers on the training collaboratives that were required under Senate Bill 152 based on the fact that the four contracts had been let.

Mr. Galbreth said the reason for the waiver was that according to S.B. 152, at least 50 percent of the contractors employed by the sub-grantees must come from the Apprenticeship Council training or from the entities doing the training for the weatherization program. In order to maintain the 50 percent rate, the individuals who graduated would be referred to the Housing Division contractors for employment. He suggested Mr. Perea could provide further details.

Dennis Perea, Deputy Administrator, Workforce Solutions Unit, said there were currently 23 waivers covering approximately 200 workers. At this point, the contractors were not staffed up; there was an increase of only 7 employees since waivers started being issued. He said the agency was looking at the contractors to see if they were showing intent to comply by trying to get their current workers into training programs and to determine who they were hiring at this point and going forward. Mr. Perea said the waivers were being issued in order to avoid forcing the contractors to lay off half of their crews.

Senator Horsford said he wanted to put the issue in context, since obviously time and the calendar had evolved. The program actually started in August 2009, based on some delay in implementation. An initial waiver was granted by the director of the Department of Employment, Training and Rehabilitation because the request for proposal (RFP) had not been put out to training collaborative. Senator Horsford said he understood the initial period, but it was now February of 2010. It was his understanding that four contracts for training were awarded and approved by the Board of Examiners on December 8, 2009, but there still seemed to be a lag in the requirement of 50 percent of the people performing the weatherization work coming from the training programs. He asked for assistance in understanding why waivers were continuing to be granted rather than compliance being enforced.

Mr. Perea said at this point the first round of trainees was graduating. The agency was evaluating the contractors to see that they had made the attempt to train their current employed workers and hiring decisions were made in accordance with S.B. 152. He said if they were not complying, the waivers would stop.

Senator Horsford asked when the waivers would stop. Mr. Perea replied just as soon as it was evident that the contractors were not making an attempt to comply with the provisions of the bill.

Senator Horsford said he may need legal counsel clarification on his last question, because it had been some time since the bill was passed. He noted there was a provision that required the training collaboratives to be certified based on the Apprenticeship Council. Some programs were already certified based on that recognition. He asked why DETR had chosen not to recognize those certified programs first rather than granting waivers, and why there was not more of a requirement to utilize the training components of the certified programs in order to meet compliance.

Mr. Galbreth said the RFP was published and proposals were solicited. Proposals were received from four contractors, two of which were affiliated with the Apprenticeship Council certified training. He said there was some disagreement concerning the certification of the training providers, and the agency was in the process of working with the Attorney General's office, as well as the entities involved, to make a determination with regard to those particular training providers.

Senator Horsford requested that the Legislative Counsel Bureau Legal Counsel be involved in the determination, based on the legislative intent of S.B. 152. It was his understanding that the provision in the bill clearly stated that programs, whether they were management, apprenticeship, labor or joint labor/management apprenticeship programs, be certified by the State Apprenticeship Council. He said the fact that two of the four contractors met that certification indicated to him that DETR should not be issuing waivers. The two contractors that were in compliance should be doing the majority of the work while the other two worked toward compliance.

Mr. Galbreth said no waivers were currently being issued. However, the agency was in consultation with legal counsel to make a determination as to the best way to proceed in accordance with S.B. 152. He said he had every intent to adhere to the letter of the law and make sure that the training providers that received the contracts were qualified and certified to deliver the training in accordance with S.B. 152.

Senator Horsford asked whether or not there were waivers in place.

Mr. Galbreth reiterated no waivers were being issued at this time. Waivers had been previously issued, but as of this date, no waivers were being issued, pending a ruling from legal counsel.

Senator Horsford asked for clarification from LCB Legal Counsel as to the legislative intent of S.B. 152. He remarked the Legislature had worked hard on the issue, there were existing trained certified individuals in the industry who were unemployed and looking for work, and then there were people who saw it as a career path who were taking advantage of getting trained; yet only 7 of the 200 people who were working were certified. Senator Horsford said that was not what he had envisioned in the process nor was that the intent of the Legislature.

Eileen O'Grady, Chief Deputy Legislative Counsel said that under Senate Bill 152, the requests for proposal and the subcontracts for weatherization projects were required to contain provisions requiring that at least 50 percent of the contractor's total workforce on the project be persons trained under the S.B. 152 job training programs. If the contractor determined it could not comply with the 50 percent requirement because there were not enough trained persons, then the contractor could ask the DETR director whether the contractor could employ a number of persons trained pursuant to S.B. 152

or trained through any apprenticeship program registered with and approved by the State Apprenticeship Council that would be equal to 50 percent of the workforce. In summary, Ms. O'Grady said contractors were required to use programs approved by the State Apprenticeship Council.

Assemblywoman Smith recalled that at the last Stimulus Oversight Subcommittee meeting, it was stated that the waivers would be extended. However, she thought she just heard Mr. Galbreth say that would not be the case.

Mr. Galbreth said waivers were extended in late or mid-January for those that had expired after the first 90 days. There had not been any waivers extended or issued since the last week in January.

Assemblywoman Smith affirmed that the original waivers were extended. She asked if Manpower or temporary employment agencies were still being used in the process.

Mr. Galbreth replied Manpower or temporary agencies were not being used.

Mr. Perea said when the intake process was being developed, the agency realized there was a need for drug and alcohol testing and criminal background checks, as the trainees would be going into people's homes. Manpower had agreed to conduct the tests for a fee; DETR did not contract for testing directly – the information was given to the collaboratives.

Assemblywoman Smith affirmed there was not a provision in the RFP that the drug and alcohol issue would have to be recognized. Mr. Perea replied that was correct; the testing was not part of the original RFP.

Assemblywoman Smith asked who would pay for the testing if the state did not.

Mr. Perea said there was a wider need for supportive services than just the drug and alcohol testing component. It might be necessary for people in the rural counties to travel to Reno for parts of the training and there were possibly needs for stipends for housing and transportation, and the Workforce Investment Boards were approached for assistance. The southern board agreed to help, but the northern board said it could not, so a different plan was developed with the two northern collaboratives to pay the testing fees. Testing would not necessarily be done through Manpower; it could be done anywhere.

Assemblywoman Smith affirmed that the drug and alcohol testing was not a concern when the collaboratives applied. If they already had a plan in place it would not have helped them, or if they did not have a plan in place, they did not have to address the issue.

Mr. Galbreth said the funding for the training was from the Department of Energy, and it did not allow for supportive services such as drug testing or other screening for the employment side, which was the reason it was decided to attempt to leverage the resources from the Workforce Investment Boards using the Workforce Investment Act funds.

Assemblywoman Smith clarified that the local Workforce Investment Board in southern Nevada paid for the testing, and the issue in the north was being resolved. Mr. Galbreth replied she was correct.

Assemblyman Goicoechea affirmed that a class of 20 would be graduating on Friday, and another 80 would be needed to comply with the requirement that 50 percent of the workforce be certified.

Mr. Galbreth said that was correct, or the individuals with the training would have had to gone through the state-approved apprenticeship training.

Since the trained individuals were not yet available, Assemblyman Goicoechea wondered how compliance would be accomplished. It seemed to him that waivers would have to be granted. He asked how long it would be before the other participants could graduate or be certified.

Mr. Perea said according to recent discussions with the two statewide collaboratives, they would be up and running within the next 30 to 45 days.

Assemblyman Goicoechea asked what the training time would be beyond that; Mr. Perea replied about 7 weeks.

Assemblyman Goicoechea observed it would be at least 120 days before compliance would be met.

Senator Horsford clarified that training could be completed through the training collaboratives or the state-approved apprenticeship programs. He noted the state apprenticeship approved programs were in existence. He added that the drug and alcohol testing should be conducted before people were hired, and he challenged DETR to reconsider requiring drug and alcohol testing at the training stage. The Workforce Investment Act, as funded by the Department of Labor, provided that everyone was eligible; to deny someone the ability to train based on a background check at the training level might be inappropriate. He did not mean to say that individuals who did not meet employment standards should be hired by the contractor; that was a different phase.

Senator Horsford asked if the waiver was automatically for 90 days or if it was for a period of up to 90 days.

Mr. Galbreth replied he believed it was up to 90 days, but he would have to verify that information.

Senator Horsford requested that the LCB Legal Counsel be part of those discussions. His office had worked on this issue since the bill was passed and through the delays and challenges, and he thought it was moving down the right path. Now, it appeared there were more barriers at a time when jobs were of the utmost importance. People were seeing these as very viable jobs – the construction industry had just testified that 75 percent of its employees were unemployed in northern Nevada and 50 percent in southern Nevada. He said these were jobs those workers were qualified to do, and they should be working on these projects as soon as possible.

Cochair Mathews called Warren Hardy, former State Senator, to the testimony table in Las Vegas.

Warren Hardy, representing the Associated Builders and Contractors (ABC) of Nevada, stated he wanted to bring the Committee's attention to one of the challenges his membership was having with providing the training. The ABC had existing relationships with several contractors that had been providing weatherization service for years, and they were counting on the association to provide the training. Mr. Hardy said there was a lot of confusion, and he was not sure how it was being generated. Several contractors going through training were being told that the ABC was not eligible to provide the training or that unless they affiliated with a union apprenticeship program, they would be ineligible to do the construction work. Mr. Hardy said he knew that was not the intent of the Legislature and that Senator Horsford and others were very articulate in clarifying that during the 2009 Legislative Session. However, for whatever reason, the misinformation was still out there and causing a great deal of consternation with several of the contractors who wanted to put people to work.

Mr. Hardy said at least one of the training collaboratives was also telling people they would be ineligible. He did not think it was malicious or intentional, but he believed there was a misunderstanding of the program. He requested some help from either the Housing Division or the Committee to clarify the issue with all of the training collaboratives and provide some documentation to contractors to help them understand that union membership was not a prerequisite to being able to work on the jobs and the ABC training was acceptable and needed on the collaborative side.

Mr. Galbreth said it was not DETR's role to make any determination as to union or non-union requirements. DETR's role was to administer the training component in accordance with S.B. 152.

Mr. Hardy said he was not suggesting that DETR was part of the problem. He did not believe that was where the misinformation was coming from by any means; in fact, he thought DETR was doing its best to clarify the information. His office was getting a half dozen calls a day from contractors saying that they were told they had to affiliate with a union apprenticeship program in order to be eligible to do this type of work. Mr. Hardy again said he would appreciate some official documentation confirming that was not the case.

Hilary Lopez, Nevada Housing Division, said her office had been having discussions with the sub-grantees and had told them to inform their contractors that the training programs would soon be operational and that contractors who had crew members interested in going through training were as eligible as others in the community. It had not been stated that anyone needed to be affiliated with a specific union or organization in order to be eligible. Ms. Lopez said a meeting was scheduled with the agency's sub-grantees on the following Tuesday, and the message would be repeated and clarified with them so they could in turn pass the information along to their contractors. She said discussions also included the fact that as trainees graduated from the programs, the sub-grantees needed to work with their contractors to incorporate the trainees onto the crews working on weatherization projects.

Assemblywoman Smith said she wanted to return to the drug and alcohol testing issue. If someone was laid off from an employer and was eligible for the program, she wondered if he would have to go through testing even though employers were already conducting those tests. She was concerned about time and saving money and whether the program was being expeditious with both.

Mr. Galbreth replied there was no requirement for drug and alcohol testing. The individuals did not have to go through a test; however, it was made available to them. Even though it was made available and trainees and participants were encouraged to go through testing to make sure they were clean prior to seeking employment, it was not required. Mr. Galbreth said testing was provided in order to expedite the system so the individual would hopefully be gainfully employed at a more rapid rate. He reiterated there was no requirement for an individual to receive drug and alcohol testing and training prior to receiving Workforce Investment Act services.

Cochair Mathews remarked it sounded like it was implied.

Senator Horsford wanted the following on the record:

- He requested that LCB Legal Counsel confirm for Senator Hardy that trainees were eligible to go through certified collaboratives or apprenticeship programs, regardless of whether they were management, labor or joint labor/management.

    - Chief Deputy Legal Counsel Eileen O'Grady stated that there were no limitations in the bill.
    - Senator Horsford said technical assistance and training needed to be provided to ensure the confusion did not continue.

  It was his understanding that the background issue was part of the intake process, and if it was, it needed to be looked at based on the requirements of the Workforce Investment Act. He was not saying that it should not be provided as a supportive service, but an individual should not be denied the opportunity to enroll in the training based on an intake requirement.

- There were already established apprenticeship programs, whether they were those represented by Mr. Hardy or others represented by groups such as the laborers, that were certified by the State Apprenticeship Council, whose individuals should be sent out as part of the 50 percent requirement without the waiver. To the extent that people wanted to enroll in training, they could go to a training collaborative or those apprenticeship programs. Senator Horsford said the issue was not as complicated as it had become.

- Senator Horsford said if the above items were clarified and technical assistance was provided, the program could be moved along, the maximum number of people could be trained and employed, people's homes could be weatherized, and the program would be a win-win-win all the way around. He offered the Committee's technical assistance and support if needed.

Cochair Mathews thanked the representatives from the Department of Employment Training and Rehabilitation for their work and testimony.

*H. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353, *NEVADA REVISED STATUTES*.

Under Agenda Item H, Mr. Krmpotic reported that items 23, 25, 26, 38, 53 involved receipt of a block grant and required a public hearing.

Committee members had requested testimony on items 28, 29 and 30, along with Information Item O-5a; items 31, 32, 33, 34 and 35; and items 60, 63, and 88. Testimony would also be heard on the Nevada Department of Corrections' request for reclassification of a Correctional Casework Specialist to a Correctional Sergeant at Casa Grande.

Mr. Krmpotic noted that item 24 had been revised to change the funding source from Scrapie Disease Survey to Cricket Survey; item 54 had been revised to reflect a transfer amount of $310,000 to $150,000; item 56 had been revised to reflect a reduction from $788,723 to $736,616; item 62 had been revised to reflect a revision of the transfer amount from $769,529 to $736,616; and item 85 had been revised to reflect the addition of $192,800 in capture, transplant and monitoring donations

Items 40, 46, and 47 had been withdrawn.

Cochair Mathews asked if Committee members wished to hear testimony on other items not listed.

Senator Coffin said he would not ask to hold items H-3 and H-4 if the State Treasurer was scheduled to make a presentation to the Committee on the status of the cash flow for the state of Nevada.

Cochair Mathews suggested that the items be held, as the State Treasurer was not scheduled to appear before the Committee. Senator Coffin requested that the State Treasurer be put on the agenda for the following day's meeting; if that was not possible, he would request that items H-3 and H-4 be held.

Cochair Mathews said it was too late to revise the next day's agenda. She stated that items H-3 and H-4 would be held for testimony. It was later announced that the State Treasurer would be scheduled to make a presentation at the February 10, 2010, IFC meeting.

There being no further items requested, Cochair Mathews called for a motion to approve the remaining items on Agenda Item H.

> SENATOR TOWNSEND MOVED TO APPROVE THE REMAINING ITEMS UNDER AGENDA ITEM H.
>
> SENATOR COFFIN SECONDED THE MOTION.
>
> THE MOTION CARRIED.

Cochair Mathews asked Mr. Krmpotic to review the work programs with block grants.

Mr. Krmpotic stated the block grant items which required a public hearing were items 23, 25 and 26 relating to the Department of Agriculture; item 38, Commission on Economic Development; and item 53, Division of Supportive and Welfare Services, Energy Assistance Program.

Cochair Mathews asked for public comment on items 23, 25, 26, 38, and 53. There was no public testimony in Carson City or Las Vegas.

> ASSEMBLYMAN HARDY MOVED FOR APPROVAL.
>
> SENATOR COFFIN SECONDED THE MOTION.
>
> THE MOTION CARRIED.

WORK PROGRAMS

1. **Secretary of State – HAVA Election Reform – FY 2010 –** Addition of $45,000 in Mock Election Program grant funds to operate a program of simulated Federal elections at least five days before the actual general Federal election that permits participation by secondary education students. Requires Interim Finance approval since the amount added to the Mock Election category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17046**

   Refer to motion for approval under Item H.

2. **Secretary of State – HAVA Election Reform – FY 2010 –** Transfer of $247,000 from the Reserve - Title II category to the Voting Machine Replacement category, $13,000 from the Reserve - Non Federal category to the Voting Machine Replacement category, $380,000 from the Reserve - Title II category to the Statewide Voter Registration category, $20,000 from the Reserve - Non Federal category to the Statewide Voter Registration category, $300,000 from the Administration of Elections category to the Reserve - Title I category, and $291,743 from the Reserve - Non Federal category to the Polling Place Improvements category. These transfers will fund costs authorized by the Election Assistance Commission and are required for full compliance with the Help America Vote Act (HAVA) during federal elections. Requires Interim Finance approval since the amount added to the Statewide Voter Registration category exceeds $50,000. **Work Program #C16694**

   Refer to motion for approval under Item H.

3. **State Treasurer – FY 2010 –** Addition of $99,934 in Treasurer's Assessments to pay for investment software six months earlier than budgeted in SFY 2011, which will result in a savings of $16,268.32 by renewing the Sungard Avantgard contract early. Requires Interim Finance approval since the amount added to the Information Services category exceeds $50,000. **Work Program #C17175. RELATES TO ITEM 4.**

4. **State Treasurer – <u>FY 2011</u> –** Deletion of $99,934 in Treasurer's Assessment and transfer of $15,304 from the Information Services category to the Reserve for Reversion category to move funds to pay for Sungard Avantgard contract investment software in SFY 2010, which results in a savings of $16,268.32. Requires Interim Finance approval since the amount deducted from the Information Services category exceeds $50,000. **Work Program #C17176. RELATES TO ITEM 3.**

   SENATOR COFFIN MOVED FOR APPROVAL OF ITEMS 3 AND 4.

   ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

   THE MOTION CARRIED.

5. **Department of Education – Education Staffing Services – FY 2010 –** Addition of $21,617 in Cost Allocation Reimbursement to fund one new Grants and Projects Analyst position to manage American Recovery and Reinvestment Act Grant funds. Requires Interim Finance approval since the work program includes a new position. **Work Program #C17228**

   Refer to motion for approval under Item H.

6. **Department of Education – Proficiency Testing – FY 2010 –** Addition of $30,400 in funds transferred from the Legislative Committee on Education for the Academic Standards Council to fund a review of education standards. Requires Interim Finance approval since the amount added to the Academic Standards Council category exceeds 10 percent of legislatively-approved amount for that category. **Work Program #C17222**

   Refer to motion for approval under Item H.

7. **Department of Education – Drug Abuse Education – FY 2010 –** Addition of $1,084,242 in Drug Free Schools Federal Grant funds and deletion of $648 in Substance Abuse Prevention and Treatment Agency Grant funds with a corresponding reduction to the Indirect Costs category to continue programs for drug and alcohol abuse education**.** Requires Interim Finance approval since the amount added to the Aid to Schools category exceeds $50,000**. Work Program #C17141**

   Refer to motion for approval under Item H.

8. **Department of Education – Other Unrestricted Accounts – FY 2010 –** Addition of $90,340 in Federal Data Coordinator Task Order Grant funds and $21,690 in Federal National Community Service Grant funds. This request also transfers $3,301 from the Operating category to the Charter Schools Operations category; $9,660 from the Data Coordinator Task Order Reserve category to the Data Coordinator Task Order category; $500 from the Private School Reserve category to the Charter School Reserve category; and $911 from the Reserve category to the Charter School Reserve category to align federal and state authority and to fund web development for the Educational Data Exchange Network (EDEN) collection tool and utilize Learn & Serve grant funds. Requires Interim Finance approval since the amount added to the Data Coordinator Task Order category exceeds $50,000. **Work Program #C16999**

   Refer to motion for approval under Item H.

9. **Department of Education – Elementary and Secondary Education – Title I – FY 2010 –** Addition of $17,843,355 in Federal Title I Basic Grant funds, $276,830 in Federal Migrant Aid Grant funds, $41,338 in Federal Neglected and Delinquent Child Grant funds, $183,292 in Federal Accountability Grant funds, and $103,969 in Federal Even Start Grant funds and deletion of $1,188,015 in School Improvement Grant funds. This request also transfers $18,515 from the Migrant Administration category to the Migrant Aid to Schools category; $13,026 from the Even Start Aid to Schools category to the Even Start Program category; and $606,685 from the Program Improvement Aid to Schools category to the Program Improvement Administration category to align federal and state authority. Requires Interim Finance approval since the amount added to the Title I Basic Aid to Schools category exceeds $50,000. **Work Program #C17158**

   Refer to motion for approval under Item H.

10. **Department of Education – Elementary and Secondary Education – Title I – FY 2010 –** Transfer of $210,378 from the Title I Grant - American Recovery and Reinvestment Act (ARRA) category to the Title I Grant ARRA Administration category to account for administrative costs related to this grant. Requires Interim Finance approval since the amount transferred to the Title I ARRA Administration category exceeds $50,000. **Work Program #C17232**

    Refer to motion for approval under Item H.

11. **Department of Education – Elementary and Secondary Education Titles II, V, & VI – FY 2010 –** Addition of $47,684 in Federal Title VI Grant funds, $2,578,766 in Improving Teacher Quality Grant funds, $4,502,586 in State Assessment Grant funds, $903,980 in Math and Science Partners Grant funds, and $1,449,556 in Enhanced Assessment Instrument Grant funds and transfer of $815 from the In State Travel category to the Title VI category, $14,389 from the Operating category to the Title VI category, $1,943 from the Information Technology category to the Title VI category, $15,948 from the Transfer to Budget Account 2719 category to the Teacher Quality Aid to Schools category, and $44,152 from the Transfer to Budget Account 2719 category to the State Assessments Aid to Schools category to align federal and state authority to continue various programs. Requires Interim Finance approval since the amount added to the State Assessments Aid to Schools category exceeds $50,000. **Work Program #C17178**

    Refer to motion for approval under Item H.

12. **Department of Education – Career and Technical Education – FY 2010 –** Addition of $21,464 in Technical Prep Grant funds and $1,081,530 in Perkins Vocational Grant funds to balance forward remaining authority to continue support for vocational and technical education programs. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000. **Work Program #C17143**

    Refer to motion for approval under Item H.

13. **Department of Education – Continuing Education – FY 2010 –** Addition of $993,884 in Adult Basic Education Grant funds to align federal and state authority to continue support of this program. Requires Interim Finance approval since the amount added to the Adult Basic Education Aid to Schools category exceeds $50,000. **Work Program #C17144**

    Refer to motion for approval under Item H.

14. **Department of Education – Individuals Disabilities Education Act (IDEA) – FY 2010 –** Addition of $20,790,768 in Federal Handicapped Grant funds; $1,090,233 in Federal Early Childhood Grant funds; $265,547 in Federal Project Promises Grant funds; and $198 in Federal Individuals with Disabilities Part B

American Recovery and Reinvestment Act Grant funds. This request also transfers $747,190 from the Operating category to the Special Education Aid to Schools category and $106,497 from the Project Promises Administration category to the Project Promises Aid to School category to align federal and state authority for continued support of these programs. Requires Interim Finance approval since the amount added to the Special Education Aid to Schools category exceeds $50,000. **Work Program #C17191**

Refer to motion for approval under Item H.

15. **Department of Education – Individuals Disabilities Education Act (IDEA) – FY 2010 –** Transfer of $100,000 from the Special Education Aid to Schools category to the American Recovery and Reinvestment Act (ARRA) Administration category to account for administrative costs related to this grant. Requires Interim Finance approval since the amount transferred to the ARRA Administration category exceeds $50,000. **Work Program #C17233**

    Refer to motion for approval under Item H.

16. **Nevada System of Higher Education – Special Projects – FY 2010 –** Transfer of $161,590 from the General Operating category to the Reserve for Reversion category to revert to the General Fund an excess balance of funding. Requires Interim Finance approval since the amount transferred from the General Operating category exceeds $50,000. **Work Program #C17219**

    Refer to motion for approval under Item H.

17. **Nevada System of Higher Education – Law School – UNLV – FY 2010 –** Addition of $243,308 in Registration Fees and $50,902 in Non-Resident Tuition for classroom technology and library acquisitions. Requires Interim Finance approval pursuant to Senate Bill 431 (Chapter 392), Section 8, Subsection 2, from the 2009 Legislative Session. **Work Program #C17068**

    Refer to motion for approval under Item H.

18. **Nevada System of Higher Education – Dental School – UNLV – FY 2010 –** Addition of $109,780 in Registration Fees, $15,000 in Miscellaneous Student Fees, $15,000 in Administration Fee - B (Student Surcharge) and $195,000 in Non-Resident Tuition to purchase dental simulators and patient management and student grading software. Requires Interim Finance approval pursuant to Senate Bill 431, (Chapter 392), Section 8, Subsection 2, from the 2009 Legislative Session. **Work Program #C17067**

    Refer to motion for approval under Item H.

19. **Nevada System of Higher Education – Nevada State College at Henderson – FY 2010 –** Addition of $97,156 in Non-Resident Tuition to cover costs for part-time instructors in the Teaching English as a Second Language (TESL) 4-in-1 program and other educational programs. Requires Interim Finance approval pursuant to Senate Bill 431, (Chapter 392), Section 8, Subsection 2 from the 2009 Legislative Session. **Work Program #C17069**

    Refer to motion for approval under Item H.

20. **Department of Cultural Affairs – State Historic Preservation Office – FY 2010 –** Addition of $155,162 in Federal Bureau of Land Management Grant funds to perform expedited reviews of renewable energy projects throughout Nevada. Requires Interim Finance approval since the amount added to the Survey and Planning category exceeds $50,000. **Work Program #C17160**

    Refer to motion for approval under Item H.

21. **Department of Cultural Affairs – State Library and Archives – Nevada State Library – FY 2010 –** Addition of $784,054 in Federal Library Grant - Title I funds to align federal grant funding with state budget authority and provide for anticipated subgrants to be awarded in fiscal year 2010. Requires Interim Finance approval since the amount added to the Library Development Title I category exceeds $50,000. **Work Program #C16904**

    Refer to motion for approval under Item H.

22. **Department of Agriculture – Registration/Enforcement – FY 2010 –** Transfer of $50,000 from the Reserve category to the Pesticide Disposal Fund category to increase authority in the Pesticide Waste Disposal program to continue waste removal services with Clean Harbor Environmental Services through fiscal year 2010. Requires Interim Finance approval since the amount transferred to the Pesticide Disposal Fund category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17079**

    Refer to motion for approval under Item H.

23. **Department of Agriculture – Pest, Plant Disease Noxious Weed Control – FY 2010 –** Addition of $49,468 in United States Department of Agriculture Specialty Crop Block Grant-Farm Bill funds to provide for an Agriculturist I position that will assist Nevada producers and processors through education, marketing and promotion of specialty crops. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing. Work Program #C17154. RELATES TO ITEM 26.**

    Refer to motion for approval under Item H.

24. Department of Agriculture – Mormon Cricket and Grasshoppers – FY 2010 – Addition of $710,656 in United States Department of Agriculture (USDA) Mormon Crickets and Grasshoppers funding and $172,686 in USDA ~~Scrapie Disease Survey~~ ***Cricket Survey*** funds to assist and monitor Mormon crickets and grasshoppers programs in Nevada. Requires Interim Finance approval since the amount added to the USDA Grasshoppers and Crickets category exceeds $50,000. **Work Program #C17113. REVISED JANUARY 6, 2010.**

Refer to motion for approval under Item H.

25. Department of Agriculture – USDA CCC – FY 2010 – Addition of $91,313 in United States Department of Agriculture Specialty Crop Block Grant funds to enhance competitiveness of Nevada specialty crops. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing. Work Program #C17047**

Refer to motion for approval under Item H.

26. Department of Agriculture – USDA CCC – FY 2010 – Addition of $237,389 in United States Department of Agriculture Specialty Crop Block Grant-Farm Bill funds to enhance competitiveness of Nevada specialty crops. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing. Work Program #C17074. RELATES TO ITEM 23.**

Refer to motion for approval under Item H.

27. Division of Minerals – FY 2010 – Transfer of $50,000 from the Reserve category to the Abandoned Mine Enhancements category for identifying, logging abandoned mine hazards, and conducting county claim research. Requires Interim Finance approval since the cumulative amount transferred to the Abandoned Mine Enhancements category exceeds $50,000. **Work Program #C17194**

Refer to motion for approval under Item H.

28. Public Utilities Commission – FY 2010 – Addition of $816,274 in American Recovery and Reinvestment Act (ARRA) of 2009 federal grant funds from the Department of Energy to build the Public Utilities Commission's capacity to ensure timely consideration by appropriate regulatory processes for ARRA electricity-related topical areas including energy efficiency, electricity-based renewable energy, energy storage, smart grid, electric and hybrid-electric vehicles, demand response equipment, and coal with carbon capture and storage, and transmission. Requires Interim Finance approval since this request includes two new federally funded positions. **Work Program #C16896**

Crystal Jackson, Executive Director, Public Utilities Commission (PUC), introduced Commissioner Rebecca Wagner.

Ms. Jackson explained the work program before the Committee requested the addition of approximately $800,000 in ARRA funds from the Department of Energy to build the Public Utilities Commission's capacity to ensure timely consideration of appropriate regulatory processes for ARRA electricity-related topical areas. Some of the topical areas included energy efficiency, electricity-based renewable energy, energy storage, smart grid, electric and hybrid-electric vehicles, demand response equipment, coal with carbon capture and storage, and transmission. She said the work program required IFC approval because it included the addition of two new federally-funded positions. The two positions were a policy advisor and an electrical engineer. Ms. Jackson said the two positions would enhance the expertise the Commission currently had with existing personnel, as well as the ability to focus on renewable energy and energy efficiency issues. She further stated the grant funding for the positions was for a two-year period, but the Commission intended to include the two positions in its next biennial budget request.

Senator Townsend asked what specific fields of expertise would be required for the positions.

Commissioner Rebecca Wagner replied that because the topics were so broad, the ideal position would be an electrical engineer who could do the inspections of the distributive generation systems plus have some policy background plus help with transmission. On the policy advisor side, Commissioner Wagner said she would consider anyone with knowledge about renewable energy, including a recent graduate student with expertise in policy. She added the Commission was deficient in the area of renewable energy. By conducting a broad recruitment, she was hoping to take advantage of the fact that there were a lot of people developing this expertise who may be looking for work.

Senator Townsend asked if the positions would work at the staff level, the Commission level, or if they would be split.

Commissioner Wagner said it was envisioned to have the engineer at the staff level and the policy advisor on the Commission side.

SENATOR TOWNSEND MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYWOMAN SMITH.

Assemblyman Denis disclosed he was employed by the Public Utilities Commission; however, the new positions would not impact him.

Senator Horsford asked how the positions would interface with the Renewable Energy Authority.

Commissioner Wagner said she did not have the answer to the question. She was not very familiar with the Renewable Energy Authority. She had been heavily involved in the Commission's rule-making process, and there had been little interaction with the Authority. She would hope that as the Authority moved forward and began to develop, it would work symbiotically with the Commission.

Assemblyman Conklin said he understood the positions would initially be paid from ARRA funds, but the Commission intended to keep the positions. However, with the declining population, or at least the declining movement of people from house-to-house and a reduced number of hookups, he wondered about the funding mechanism for the PUC. He noted the agency had traditionally had a surplus, and he asked if the agency had considered the possible reduced funding.

Commissioner Wagner replied that if feasible, she would ask for continuance of the positions in the next budget, but that would be up to the Governor and the Legislature. Because so much legislation had emphasized renewables, which would continue whether or not utility loads declined, she believed it was even more important to do a better job with the available resources and reducing the load even at the same time the load was low. Commissioner Wagner said it was true the mil assessment had declined because there were less people. However, because of the expertise of Ms. Jackson and the PUC fiscal staff, the agency had done a good job of keeping up with the reduction. She added that if funding was not available over the next budget cycle, there would likely be some retirements and attrition that could be used to fund the positions. Commissioner Wagner noted that the grant would also focus on training to make sure the existing employees received the needed training in case a staffing void was created.

THE MOTION CARRIED.

Senator Rhoads was not present for the vote.

Cochair Mathews announced that items 29 and 30 would be heard together.

29. Department of Business and Industry – Consumer Affairs – FY 2010 – Transfer of $29,967 from the Personnel Services category to the Reserve for Reversion category, $71 from the Operating category to the Reserve for Reversion category, $670 from the Ombudsman Assembly Bill 629 of 2007 Session category to the Reserve for Reversion category, and $30 from the Information Services category to the Reserve for Reversion category to reflect the elimination of two positions and related costs. Requires Interim Finance approval since the cumulative amount deducted from the Personnel Services category exceeds $50,000. **Work Program #C17267. RELATES TO ITEM O 5a.**

30. Department of Business and Industry – Consumer Affairs – <u>FY 2011</u> – Transfer of $106,374 from the Personnel Services category to the Reserve for Reversion category and $1,388 from the Operating category to the Reserve for Reversion category to reflect the elimination of two positions and related costs.

Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds $50,000. **Work Program #C17272. RELATES TO ITEM O 5a.**

Diane Cornwall, Director, Department of Business and Industry, stated the two work programs were interrelated. She recalled it was recommended in the Governor's budget to close the Consumer Affairs Division, but the Legislature allocated $445,000 to hire two staff members to answer phone calls and keep statistics on the incoming calls concerning consumer affairs issues. She added that required reports had been submitted to the Committee on a regular basis.

Ms. Cornwall said a telephone in the director's office was programmed so that all calls that came in for the Consumer Affairs' staff were counted on the phone; there were no hand calculations. Statistics on the number of calls per month, the number of work days in the month, the average number of calls per day, the total amount of time expended on the calls, and the average time required for each call were tracked. Ms. Cornwall reported there were 934 calls in July, 478 in November, 393 in December and 445 in January, reflecting about a 50 percent decline in the number of calls being received.

Ms. Cornwall referred the Committee to a form (Exhibit C) that was created to document the subject of the calls and to where each call was referred. She noted that some of the calls had been referred to outside agencies such as the Better Business Bureau, and some were referred to other divisions in the Department of Business and Industry, such as the Labor Commissioner, the Insurance Division and Financial Institutions.

In addition, Ms. Cornwall continued, the department assumed the chairmanship of the Fight Fraud Task Force. The agency's Public Information Officer was currently serving as the chairman of the task force, and the website for the task force had been greatly enhanced. She explained the task force was comprised of various individuals from throughout the community who were involved in law enforcement and had knowledge of the frauds being perpetrated in the community as a whole. Activities included public workshops and public education to try to help people prevent getting involved in fraudulent issues.

At the present time, Ms. Cornwall recommended the program be closed down effective May 1, 2010. One of the two people who were answering phones had been transferred to the Insurance Division and the other would retire on May 1. Ms. Cornwall said the second position was remaining until May 1 in order to close out the bonds; about 50 bonds had been transferred to the Attorney General's office because they involved active cases, and the rest would be sent back to the bondholders.

In summary, Ms. Cornwall said the request was to transfer $30,738 to various accounts in the reserve for reversion category for fiscal year 2010, and approximately $107,000 to the reserve for reversion category for fiscal year 2011. She believed closure of the program had been handled in the most expeditious manner possible while still meeting consumer needs.

Senator Raggio asked for clarification of the bond issue.

Ms. Cornwall replied some organizations, such as health clubs, were required to register with Consumer Affairs and the performance bonds were required in the event a consumer had a complaint.

Assemblywoman Buckley asked if the statutes requiring the bonds were still in place.

Ms. Cornwall said the department had been working with the Attorney General's office, which had advised the bonds could be closed out by the end of January. She reiterated that 50 bonds were held because of active cases in the Attorney General's office.

Assemblywoman Buckley asked if the legal requirement for the businesses to post the performance bonds was repealed by the legislative subcommittee when it reorganized Consumer Affairs.

Ms. Cornwall said she did not know the answer to the question.

Assemblywoman Buckley suggested that the LCB Legal Counsel be consulted, because if the statute was not repealed, then she believed the bonds needed to be continued. She said it was possible the function could be transferred to the Attorney General's office, but if there was a law requiring posting of bonds, the money could not be returned to the bonding companies without the state being liable.

Ms. Cornwall again said that Deputy Attorney General Christine Guerci had reviewed the issue and made the recommendation that the bonds could be released, based on her reading of the law.

Assemblywoman Buckley said she would like the LCB Legal Division to review the matter. If the Legislature had determined that a company needed to post a bond, she was not sure the requirement could just be discontinued.

Ms. Cornwall remarked the companies were no longer registering with the department. Assemblywoman Buckley replied that did not make it right.

Ms. Cornwall reiterated that the department had worked with the Attorney General and utilized her advice and the companies no longer registered because the law was repealed. The department was proceeding under the guidance of the Attorney General, but Ms. Cornwall would be happy to work with the LCB Legal Counsel as well.

Assemblyman Denis asked why the number of calls had decreased. Eliminating the Consumer Affairs Division did not eliminate the reasons consumers were calling. He wondered about the disposition of calls being referred to other agencies and if consumers were still getting assistance.

Ms. Cornwall replied she did not know the answer to the question. In looking at the telephone log referred to earlier, she noted that calls regarding auto dealerships were transferred to the Department of Motor Vehicles. She could not speak for the Better Business Bureau, but she would assume consumers were getting their issues handled.

Assemblyman Denis said he would be interested to know if the needed help was being provided. He imagined the load on the Better Business Bureau had increased immensely. He reiterated his question concerning the decrease in calls.

Ms. Cornwall said there were only 934 calls to begin with, which she did not think was a substantial number. The phone number was taken from Consumer Affairs and transferred to the director's office where the two employees were located. Since there were only 934 calls, Ms. Cornwall said she questioned the statistics provided to the Legislature with regard to how many calls the division received in the first place. In addition, Ms. Cornwall believed that the word had spread and people were just not utilizing the services of the Consumer Affairs Division.

Assemblyman Denis asked if possibly there were agency recruits, non-profits or others, that worked with consumers and referred them to Consumer Affairs, and now that the division was no longer in existence, constituents were being referred directly to other agencies.

Ms. Cornwall replied that was a distinct possibility. She said the department had been very public about the closure of the service and had worked to educate community groups on fraud issues.

Assemblywoman Buckley recommended that the item be held until the legal issue of bond requirements could be clarified. She did not have a concern about the two positions, but she was concerned that there were still statutes requiring bonds to be posted and that function would need to be performed. Assemblywoman Buckley said she did not want to take the funding from the department, but it might be necessary if the bond function needed to be transferred elsewhere.

Ms. Cornwall requested that Nancy Savage in the Attorney General's office be contacted. The Deputy Attorney General who had advised the agency originally had taken a job with the city of Henderson. Ms. Cornwall said she had not thought to bring the letter from the Attorney General's office advising the agency to proceed. She added the action was not taken independently.

Assemblywoman Buckley said she would like to have assurance that the action was in compliance with statute. She again recommended that the item be held until review by legal counsel.
Cochair Mathews stated the item would be held; no action was necessary.

Assemblywoman Buckley reported later in the meeting that the Legislative Counsel Bureau Legal Counsel had reviewed the revamping bill that was passed in the

2009 Session, and it did temporarily repeal the bonding required at the time of registration. She noted the bill included a sunset provision and therefore would have to be reinstituted again in the 2011 Session.

> ASSEMBLYWOMAN BUCKLEY MOVED FOR APPROVAL OF ITEMS 29 AND 30.
>
> THE MOTION WAS SECONDED BY SENATOR COFFIN.
>
> THE MOTION CARRIED.
>
> Senator Rhoads was not present for the vote.

Cochair Mathews announced that items 31, 32, 33, 34, and 35 would be heard together.

31. **Department of Business and Industry – Real Estate Division – Administration – FY 2010 –** Addition of $79,862 in Cost Allocation Reimbursement and deletion of $79,862 in Timeshare Filing Fees to reflect anticipated receipts. Requires Interim Finance approval since a companion work program exceeds $50,000. **Work Program #C17204. RELATES TO ITEMS 33 AND 35.**

32. **Department of Business and Industry – Real Estate Division – Administration – FY 2010 –** Addition of $373,365 in Transfer from Real Estate Education and Research; deletion of $226,612 in Licensing and Fees; and deletion of $146,753 in Timeshare Filing Fees to provide funding for a projected shortfall in revenues. Requires Interim Finance approval since the companion work program exceeds $50,000. **Work Program #C17208. RELATES TO ITEM 34.**

33. **Department of Business and Industry – Real Estate Division – Education and Research – FY 2010 –** Transfer of $2,768 from the Transfer to Real Estate category to the Reserve category to reflect cost allocation adjustments. Requires Interim Finance approval since a companion work program exceeds $50,000. **Work Program #C17207. RELATES TO ITEMS 31 AND 35.**

34. **Department of Business and Industry – Real Estate Division – Education and Research – FY 2010 –** Transfer $373,365 from the Reserve category to the Transfer to Real Estate category to provide funding for a projected shortfall in revenues. Requires Interim Finance approval since the amount transferred to the Transfer to Real Estate category exceeds $50,000. **Work Program #C17209. RELATES TO ITEM 32.**

35. **Department of Business and Industry – Real Estate Division – Common Interest Communities – FY 2010 –** Transfer of $82,630 from the Reserve category to the Transfer to Administration Budget category to reflect cost allocation adjustments. Requires Interim Finance approval since the amount transferred to

the Administration Budget category exceeds $50,000. **Work Program #C17206. RELATES TO ITEMS 31 AND 33.**

Gail Anderson, Administrator, Real Estate Division, testified the five work programs, numbers 31 through 35, were a solution to a direct revenue shortfall problem in a General Fund budget account. She explained the Real Estate Administration budget was a General Fund budget account. The licensing fees from real estate, appraisers of real estate and inspectors of residential structures were paid directly into the General Fund. However, the Real Estate Administration budget also had a fee-based component from timeshare licensing fees and timeshare project filing fees. For the past decade, those fee revenues had increased as timeshare projects were developed and marketed in Nevada and globally, which also required registration in Nevada.

Ms. Anderson said in fiscal year 2000, the revenue income from the two timeshare general ledger items was $455,000-plus, and at the high point in fiscal year 2008, the revenue was over $1 million. The income dropped in fiscal year 2009, and it was anticipated to drop even further in 2010. She said the agency found itself, as a General Fund budget account with a fee-based component, with a revenue shortfall.

In working to address the problem, Ms. Anderson said the agency had looked to a broad-based solution. One action that had already been taken within the agency was position savings. One vacant position on the Real Estate Compliance Audit investigators staff had remained unfilled, and two employees had been notified of a layoff effective February 5, one in the licensing section and the other in the inspector's structure and timeshare program.

Ms. Anderson said work program numbers 31, 33 and 35 reflected appropriate adjustments to division internal cost allocations. She explained the agency had had a division cost allocation for a number of years, and it was reviewed every biennium as budgets were prepared. Adjustments had been made to cost allocations from two fee-based budget accounts that were appropriate for the amount of time and involvement of staff based on full time in the Administration budget.

Continuing, Ms. Anderson said items 32 and 34 were key to meeting the shortfall. Item 34 was a transfer from the reserve of the Real Estate Education and Research budget account to Real Estate Administration. The transfer of $373,000-plus was the largest amount needed to meet the shortfall.

Ms. Anderson said she would be happy to answer any questions from the Committee.

Cochair Mathews said the Committee had received a letter of support from Mr. Gurr, the president of the Real Estate Commission (Exhibit E), which indicated the Commission had reviewed and approved the transfers. She asked if there were any other comments or questions from the Committee.

Assemblywoman Leslie asked if formal approval had been received from the Real Estate Commission to use the education and research funds for administrative purposes.

Ms. Anderson replied the Real Estate Commission had met the week before and provided the letter of support (Exhibit E). A letter of support had also been received from the Association of Realtors, which supported the action as well.

Assemblywoman Leslie asked if approval had been received from the Attorney General's office.

Ms. Anderson said approval had not been received from the Attorney General's office. The fund was a special revenue fund paid by real estate licensees. She understood that *Nevada Revised Statutes* 645.842 stated the purpose of the fund was to set aside any balance over $300,000 to be used by the administrator, after approval of the Commission, for real estate education and research.

Assemblywoman Leslie asked if approval from the Attorney General's office was required.

Ms. Anderson said the Attorney General would not provide written approval. She said there was precedent to access the fund for the real estate filing system in Las Vegas, which the industry and Commission supported in 2007. The industry and Commission had supported this request, and she hoped the Committee would find the solution to the problem acceptable.

Assemblywoman Leslie asked if the solution would be the same in the next biennium.

Ms. Anderson replied she intended to address the funding mechanisms for the Real Estate Administration budget; work had already begun with both the Commission and the industry. The agency would very likely have a different solution in next biennium's budget proposal.

Cochair Mathews asked if she understood that the Attorney General's office was hesitant to provide anything in writing.

Ms. Anderson replied that was correct; the AG's office did not want to provide an advisement in writing. The language of the law was fairly plain, and the agency tried to create for the Committee's understanding a nexus of how the sections interrelated in the Real Estate Division, the fee-based and administrative budgets, which already included cost allocations for staff and were not stand-alone sections in the fee-based budgets. A number of staff worked across budget lines for which cost allocations were made. She noted the agency was in a time of unprecedented need and circumstances due to a significant decline of revenue in a fee-based component, and the industry and Commission were very concerned.

SENATOR TOWNSEND MOVED FOR APPROVAL.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Rhoads and Assemblyman Hardy were not present for the vote.

36. **Department of Business and Industry – Housing Division – Weatherization – FY 2010 –** Addition of $399,718 in Transfer from Welfare's Energy Assistance Program funding for weatherization assistance. Requires Interim Finance approval since the amount added to the Low Income Home Energy Assistance (LIHEA) category exceeds $50,000. **Work Program #C17212**

    Refer to motion for approval under Item H.

37. **Commission on Economic Development – FY 2010 –** Addition of $85,000 in Global Trade and Investment Fees to provide for the services of an independent foreign contractor to assist the agency with the development of an investment mission for renewable energy to Spain and Germany. Requires Interim Finance approval since the amount added to the Global Trade and Investment category exceeds $50,000. **Work Program #C17184**

    Refer to motion for approval under Item H.

38. **Commission on Economic Development – Rural Community Development – FY 2010 –** Addition of $2,000,000 in federal Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding to reflect anticipated Federal Fiscal Year (FFY) 2010 grant award to the state. Funding is used to support the state's Community Development Block Grant program. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing. Work Program #C17226**

    Refer to motion for approval under Item H.

39. **Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 2010 –** Transfer of $600,000 from the Fiscal Agent Charge category to the Operating category to provide mandatory audits by a contracted accounting firm in lieu of the fiscal agent as a result of their contract amendment. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000. **Work Program #C16201**

    Refer to motion for approval under Item H.

40. **Department of Health and Human Services – Health Division – Radiological Health – FY 2010 –** Addition of $120,991 in Transfer from Emergency

Management funds to purchase specialized radiation detection equipment for agencies located throughout the state. Requires Interim Finance approval since the amount added to the Homeland Security Grant category exceeds $50,000. **Work Program #C17163. WITHDRAWN JANUARY 27, 2010.**

41. **Department of Health and Human Services – Health Division – Health Statistics and Planning – FY 2010 –** Addition of $47,825 in Federal Behavioral Risk Factor Surveillance System (BRFSS) Grant funds; transfer of $33,475 from the Behavioral Risk category to the Division Cost Allocation category; and transfer of $764 from the Behavioral Risk category to the Transfer to Maternal Child Health Services category to support surveillance and data systems for chronic disease prevention and health promotion at the state level. Funding will also support expanding the BRFSS survey questions to include relevant data on the prevalence and treatment of cases of H1N1. Requires Interim Finance approval since the amount added to the Transfer to Maternal Child Health Services category exceeds 10 percent of the legislatively-approved amount for that category**. Work Program #C17014**

    Refer to motion for approval under Item H.

42. **Department of Health and Human Services – Health Division – Communicable Diseases – FY 2010 –** Addition of $161,320 in HIV/AIDS Surveillance Grant funds to support monitoring HIV infection rates on a universal level, while following up with newly infected individuals to ensure possible partners are notified of the infection and encouraged to be tested. Requires Interim Finance approval since the amount added to the AIDS Surveillance category exceeds $50,000. **Work Program #C17088**

    Refer to motion for approval under Item H.

43. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2010 –** Addition of $29,533 in Federal Core Injury Grant funds, $357 in Client Charges, and $48,587 in Transfer from Budget Account 3190 funds; transfer of $2,025 from the Division Cost Allocation category to the Personnel Services category; and transfer of $186 from the Division Cost Allocation category to the State based Core Injury Program category to support continued collaboration between the Newborn Screening Program and the Office of Health Statistics and Surveillance (OHSS) and ongoing education about ways to avoid reasonable preventable injuries. Requires Interim Finance approval since the amount added to the State Based Core Injury Program category exceeds $50,000. **Work Program #C17087**

    Refer to motion for approval under Item H.

44. **Department of Health and Human Services – Health Division – Emergency Medical Services – FY 2010 –** Addition of $60,267 in Federal Health and Human Services - Health Resources and Services Administration (HRSA) sponsored Emergency Medical Services for Children (EMSC) Partnership Grants to allow Emergency Medical Services personnel to attend the Western States Trauma Manager/Rural EMS Summit and to support the assessment of rural hospital and clinic capacity to care for pediatric patients. Requires Interim Finance approval since the amount added to the EMSC Grant exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16886**

    Refer to motion for approval under Item H.

45. **Department of Health and Human Services – Health Division – Marijuana Health Registry – FY 2010 –** Addition of $228,431 in Licenses and Fees to support the projected salary and operating expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Operating category exceeds $50,000**. Work Program #C17168**

    Refer to motion for approval under Item H.

46. **Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 2010 –** Addition of $238,212 in Federal United States Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) funds and $238,212 in General Fund Appropriation to meet costs of Electronic Benefit Transfer activities due to increased caseload in SNAP. The General Fund Appropriation is transferred from fiscal year 2011. Requires Interim Finance approval pursuant to Section 34 of Assembly Bill 562 of the 2009 Legislative Session**. Work Program #C17094. RELATES TO ITEM 47. WITHDRAWN JANUARY 27, 2010.**

47. **Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – <u>FY 2011</u> –** Deletion of $238,212 in General Fund Appropriation to transfer funds to fiscal year 2010 to meet costs of Electronic Benefit Transfer activities due to increased caseload in the Supplemental Nutrition Assistance Program. Requires Interim Finance approval pursuant to Section 34 of Assembly Bill 562 of the 2009 Legislative Session. **Work Program #C17162. RELATES TO ITEM 46. WITHDRAWN JANUARY 27, 2010.**

48. **Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 2010 –** Addition of $31,264 in Federal Supplemental Nutrition Assistance Program (SNAP) State Exchange Program funds and deletion of $3,106 in Federal Supplemental Nutrition Assistance Program funds to properly account for funds available for the Exchange Program which allows staff to visit other states to share best practices and review successful error reduction strategies for the SNAP program. Requires Interim

Finance approval since the amount added to the State Exchange Program exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C16241**

Refer to motion for approval under Item H.

49. **Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 2010 –** Addition of $581,518 in Federal United States Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Information Plan funds to conduct campaigns to educate low income households on the SNAP program and assist them in the application process. Requires Interim Finance approval since the amount added to the Food Stamp Information Program category exceeds $50,000. **Work Program #C17089**

    Refer to motion for approval under Item H.

50. **Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 2010 –** Addition of $880,372 in Federal United States Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) funds to provide funding to community partners to fulfill their nutrition education plans. Requires Interim Finance approval since the amount added to the Nutrition Education Network category exceeds $50,000. **Work Program #C17090**

    Refer to motion for approval under Item H.

51. **Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 2010 –** Addition of $50,000 in Federal Supplemental Nutritional Assistance Program (SNAP) Employment and Training 50/50 funds; $705,889 in Federal Supplemental Nutritional Assistance Program Employment and Training 100 percent funds and deletion of $559,642 in Federal Supplemental Nutritional Assistance Program funds to properly account available SNAP Employment and Training funds and provide funding to automate case management processes and integrate them into the existing information system. Requires Interim Finance approval since the amount added to the Federal SNAP Employment and Training 100 percent category exceeds $50,000. **Work Program #C17009**

    Refer to motion for approval under Item H.

52. **Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Federal Reimbursement – FY 2010 –** Addition of $99,320 in Federal Intervening for Success Grant funds to evaluate early intervention techniques that are likely to encourage the non-custodial parent to make child support payments in a timely and sustainable manner. Requires

Interim Finance approval since the amount added to the Intervening for Success category exceeds $50,000. **Work Program #C17056**

Refer to motion for approval under Item H.

53. Department of Health and Human Services – Division of Welfare and Supportive Services – Energy Assistance Program – FY 2010 – Addition of $11,478,079 in Federal Low Income Home Energy Assistance (LIHEA) Grant funds to accept and allocate the federal fiscal year 2010 block grant funds and provide energy assistance to low income households. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing. Work Program #C17073**

Refer to motion for approval under Item H.

54. Department of Health and Human Services – Mental Health and Developmental Services – Facility for the Mental Offender – FY 2010 – Transfer of $310,000 from the Personnel Services category to the Professional Services category to fund contract psychiatrists to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds $50,000. **Work Program #C17174**

Refer to motion for approval under Item H.

55. Department of Health and Human Services – Division of Child and Family Services – Community Juvenile Justice Programs – FY 2010 – Addition of $49,258 in Federal Title V - Delinquency Prevention Program Grant funds to support the development of effective prevention programs to improve the juvenile justice system through risk and protective factor focused programming. Requires Interim Finance approval since the amount added to the Local Prevention Program category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17051**

Refer to motion for approval under Item H.

56. Department of Employment, Training and Rehabilitation – Administrative Services – Information Development and Processing – FY 2010 – Addition of ~~$788,723~~ ***$736,616*** in Cost Allocation Reimbursement funds ~~and transfer of $3,760 from the Reserve category to the Information Services category~~ to provide for the department's increased mainframe utilization ***and*** virtual call center maintenance cost. ~~and the conversion to the Department of Information Technology e-mail service.~~ Requires Interim Finance approval since the amount added to the Information Services category exceeds $50,000. **Work Program #C17115. RELATES TO ITEM 62. REVISED JANUARY 19, 2010.**

Refer to motion for approval under Item H.

57. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Disability Adjudication – FY 2010 –** Addition of $29,624 in Federal Disability Determination Grant funds to support one new position and ancillary costs authorized by the Social Security Administration (SSA). Requires Interim Finance approval since the work program includes a new position. **Work Program #C17164**

    Refer to motion for approval under Item H.

58. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Vocational Rehabilitation – FY 2010 –** Transfer of $17,500 from the Case Services category to the Strategic Planning category to fund a contract with the Board of Regents, University of Nevada, Reno (UNR) to conduct a comprehensive annual Consumer Satisfaction Survey. Requires Interim Finance approval since the amount transferred to the Strategic Planning category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17050**

    Refer to motion for approval under Item H.

59. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Vocational Rehabilitation – FY 2010 –** Addition of $126,658 in Federal Supported Employment Grant funds to align grant funding with state budget authority. This request also transfers $1,347 from the Reserve category to the Case Services category and $270 from the Reserve category to the Supported Employment category to continue assistance to states in developing and implementing collaborative programs with appropriate entities to provide programs of supported employment services for individuals with the most significant disabilities who require supported employment services to achieve employment outcomes. Requires Interim Finance approval since the amount added to the Supported Employment category exceeds $50,000. **Work Program #C17106**

    Refer to motion for approval under Item H.

60. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Vocational Rehabilitation – FY 2010 –** Transfer of $27,050 from the Case Services category to the Strategic Planning category to perform a comprehensive Needs Assessment Survey to meet the federal requirement to determine the level of services needed by individuals with disabilities to live and/or work independently. Requires Interim Finance approval since the amount transferred to the Strategic Planning category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17157**

Deborah Braun, Administrator, Rehabilitation Division, Department of Training, Education and Rehabilitation (DETR), explained the purpose of the work program was to augment the strategic planning category in the amount of $27,050, which would allow the agency to perform a comprehensive needs assessment survey. She said the survey was required by the federal Rehabilitation Services Administration to be done every three years, and the last survey was conducted in 2007. Ms. Braun said she could provide specific information about the survey if the Committee desired.

Cochair Mathews asked how the particular university was selected to conduct the survey.

Ms. Braun said that working with the Nevada State Rehabilitation Council, a request for proposal was issued, several responses were received, and San Diego State University was selected by the council.

Cochair Mathews asked if replies were received from any Nevada institutions; she was very conscious of in-state universities.

Ms. Braun said a response had been received from the University of Nevada, Reno, but the council selected San Diego State University. She said the Rehabilitation Services Administration had designated San Diego State to be the technical advisory center for all the states in the western region, so the survey would meld in with the technical assistance provided through the federal government.

Cochair Mathews remarked she was comfortable with the reason for selection, but she was very conscious of the fact that the universities were facing layoffs and Nevada universities had some very quality individuals.

Ms. Braun agreed, adding that the division utilized the University of Nevada, Reno for its annual customer satisfaction survey, which was an item in a related work program.

SENATOR TOWNSEND MOVED FOR APPROVAL.

ASSEMBLYMAN DENIS SECONDED.

THE MOTION CARRIED.

Senator Rhoads and Assemblyman Hardy were not present for the vote.

61. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Client Assistance Program – FY 2010 –** Addition of $13,681 in Federal Rehabilitation Client Assistance Grant funds in order to align projected federal grant authority with state budget authority to continue funding the Client Services Program. Requires Interim Finance approval since the amount added to the Client Assistance category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17027**

Refer to motion for approval under Item H.

62. Department of Employment, Training and Rehabilitation – Employment Security – FY 2010 – Transfer of ~~$769,529~~ ***$736,616*** from the Reserve category to the Department Cost Allocation category to provide for the department's increased mainframe utilization ***and*** virtual call center maintenance cost ~~and the conversion to the Department of Information Technology e-mail service.~~ Requires Interim Finance approval since the amount added to the Department Cost Allocation category exceeds $50,000. **Work Program #C17099. RELATES TO ITEM 56. REVISED JANUARY 19, 2010.**

Refer to motion for approval under Item H.

63. Department of Employment, Training and Rehabilitation – Employment Security – FY 2010 – Addition of $4,181,165 in Federal Administration Cost Allowance Grant funding to replace $2,300,357 in American Recovery and Reinvestment Act (ARRA) funding with supplemental grant funding for the virtual call center and to provide for several Unemployment Insurance (UI) initiatives consisting of outreach/avoiding debit card fees, Aggregate Workforce Analytic and Reporting Engine (AWARE), Social Security UI Cross Match, Customize Cross Matching Screens, and UI Information Technology Contingency Planning Security. The ARRA funds are being temporarily placed in a special reserve pending a final plan for their use. Requires Interim Finance approval since the amount added to the Information Services category exceeds $50,000. **Work Program #C17187**

Renee Olson, Chief Financial Officer, Department of Employment, Training and Rehabilitation (DETR), introduced Cindy Jones, Deputy Director and Administrator of the Employment Security Division, and Dave Haws, Administrator of the DETR Information Technology Division.

Ms. Olson explained the work program was requested to receive new federal grant funds for several unemployment insurance improvement opportunities offered and awarded through the Department of Labor.

Cochair Mathews asked how the funds would be spent.

Ms. Olson replied the funds were new grant funds and the $4 million involved several different projects: virtual call center; outreach in avoiding debit card fees; aggregate workforce analytical and reporting engine (AWARE); social security/unemployment insurance (UI) cross match; customized cross-matching screens; and UI information technology contingency planning security.

Cochair Mathews asked how quickly the funds had to be spent.

Cindy Jones, Administrator, Employment Security Division, replied there would be a timeline to spend it, which typically for supplemental grant funds was a three-year period. She said the agency was pleased to have the opportunity to apply for and receive the additional funds to improve the state’s unemployment insurance system.

The system had been very taxed trying to pay benefits under a very complex claims environment with the federal extensions and certainly the highest volume ever experienced.

Cochair Mathews affirmed that three years was the timeline. She asked that a progress report be provided to the Committee on a regular basis. Ms. Braun responded that reports would be provided.

Assemblyman Denis said his understanding of the AWARE software was that it would help to find fraud.

Dave Haws, Administrator, Information Development and Processing, responded Mr. Denis was correct. The particular application was a specialized data warehouse and database that had analytical capabilities. Detailed transactions would be entered into the database and analytical reports could be utilized to detect fraud.

Assemblyman Denis asked if discovering the fraud would be after the fact or if it would be stopped before it occurred.

Mr. Haws replied the software would do both. It was intended to detect a fraud that occurred after the fact, but it would also provide the ability for some prevention as well by looking at the information and trends and project whether fraud would occur in those areas.

Assemblyman Denis asked if AWARE was an off-the-shelf software.

Mr. Haws replied it was, and it was fairly unique to the unemployment insurance environment, specifically in that as fraud occurred across the nation, the software was updated with different fraud schemes. Nevada would be able to take advantage of the updates to begin detecting a particular fraud right away.

Since the program was ongoing, Assemblyman Denis wondered if it would require specialized training or other ongoing costs into the future for maintenance.

Mr. Haws replied typically a maintenance agreement was established with the vendor for a particular software. It was specialized software, so it was not likely a lot of internal maintenance of the software would be done; upgrades and maintenance would be provided by the vendor.

Assemblyman Denis asked if the ongoing cost of maintenance was known. Mr. Haws said the amount was usually between 15 and 20 percent of the original price.

Assemblyman Denis noted the agency indicated it would save $2 million by finding fraud. He asked if Mr. Haws was sure that $2 million in fraud would be found.

Mr. Haws replied those were the types of statistics that could be tracked better as the application was applied, but the type of fraud that occurred in UI would be targeted, and $2 million was projected as what could be expected.

Senator Raggio asked how the virtual call center operated. He noted the benefits expected indicated that it would enhance the delivery of unemployment benefits and debit card claim education.

Mr. Haws replied the $2.3 million included funding to update the current call center. Instead of having the two current physical locations, the upgrade would allow connection of the two such that they would appear as one. He said the process of transferring calls from one center to the other would be improved; it was currently an onerous process to manage and transfer calls from one place to the other. The virtual call center would allow transfer of calls automatically through the software so that the next available agent could answer the call, regardless of where he or she was located.

Continuing, Mr. Haws said the debit card fee portion was an outreach portion to try to better educate constituents regarding the use of debit cards and specifically reduce processing of checks. Checks were very costly to produce; the debit card application was experiencing great success, and it would be beneficial to have everyone on debit card.

Senator Raggio asked Mr. Haws to explain the social security cross match.

Mr. Haws explained there was currently a UI cross match with the Nevada Department of Motor Vehicles (DMV), and when a claim was filed, verification could be done through checking demographic information to confirm that the claimant was in fact who he said he was. He said the additional interface with the Social Security Administration would provide the ability to also confirm that the social security number was valid and to check demographic information, thus also helping to reduce fraud.

ASSEMBLYMAN DENIS MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN GRADY.

THE MOTION CARRIED.

Senator Rhoads was not present for the vote.

64. **Department of Employment, Training and Rehabilitation – Employment Security – FY 2010 –** Transfer of $7,100,000 from the Reserve category to the Personnel Services category, $2,700,000 from the Reserve category to the Operating category, and $10,000 from the Reserve category to the Utilities category to provide sufficient expenditure authority to provide critical services to unemployed and underemployed Nevadans for the remainder of the fiscal year.

Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000. **Work Program #C17188**

Refer to motion for approval under Item H.

65. Department of Corrections – Prison Industry – FY 2010 – Transfer of $80,443 from the Northern Nevada Correctional Center (NNCC) Metal Shop category to the Lovelock Correctional Center (LCC) Garment Factory category to continue the operation of the garment factory through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the LCC Garment Factory category exceeds $50,000. **Work Program #C17215**

Refer to motion for approval under Item H.

66. Department of Public Safety – Justice Assistance Act – FY 2010 – Addition of $363,753 in Community Oriented Policing Services (COPS) 2009 Child Sexual Predator Program Grant to improve monitoring and apprehension of child sexual predators. The funding will be passed through to Parole and Probation and the Division of Investigations. Requires Interim Finance approval since the amount added to the COPS Grant - Sexual Predator category exceeds $50,000. **Work Program #C16931. RELATES TO ITEMS 79 AND 81.**

Refer to motion for approval under Item H.

67. Department of Public Safety – Justice Assistance Grant Trust – FY 2010 – Addition of $198,000 in Treasurer's Interest Distribution to allow this budget account to accept additional treasurer's interest. Requires Interim Finance approval since the amount added to the Justice Assistance Grant category exceeds $50,000. **Work Program #C17153**

Refer to motion for approval under Item H.

68. Department of Public Safety – Forfeitures – Law Enforcement – FY 2010 – Transfer of $357,469 from the Reserve category to the Evidence Vaults category to purchase and install evidence holding locker systems in ten Department of Public Safety rural facilities throughout the state. Requires Interim Finance approval since the amount transferred to the Evidence Vaults category exceeds $50,000. **Work Program #C17110**

Refer to motion for approval under Item H.

69. Department of Public Safety – Forfeitures – Law Enforcement – FY 2010 – Addition of $92,500 in Reimbursement from Local Law Enforcement Agencies (LLEA) to receive the School of Police Staff & Command tuition reimbursement from the local law enforcement attendees and transfer of $73,680 from the Reserve category to the Northwestern Training category to allow the Department of Public Safety to host and attend the School of Police Staff & Command conducted by Northwestern Command School. Requires Interim Finance approval since the amount added to the Northwestern Training category exceeds $50,000. **Work Program #C17138**

Refer to motion for approval under Item H.

70. Department of Public Safety – Emergency Management Division – FY 2010 – Addition of $574,551 in Transfer from Division of Emergency Management (DEM) Public Safety Interoperable Communications (PSIC) grant funds to balance forward remaining federal authority from state fiscal year (SFY) 2009 to SFY 2010 for training and communication systems throughout the state. Requires Interim Finance approval since the amount added to the PSIC category exceeds $50,000. **Work Program #C17118**

Refer to motion for approval under Item H.

71. Department of Public Safety – Emergency Management Division – FY 2010 – Addition of $27,160 in Transfer from Division of Emergency Management - Interoperable Emergency Communications Grant Program (IECGP) Administration funds to develop and support statewide interoperable communications projects. Requires Interim Finance approval since the amount added to the Interoperable Emergency Communications category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17120**

Refer to motion for approval under Item H.

72. Department of Public Safety – Emergency Management Division – FY 2010 – Transfer of $82,993 from the Reserve for Federal Funds category to the Operating category to continue the National Incident Management System (NIMS) compliance efforts, grants management assistance, and professional level training for the Microsoft Office Project Management software. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000. **Work Program #C17127**

Refer to motion for approval under Item H.

73. Department of Public Safety – Emergency Management Division – FY 2010 – Addition of $30,110 in Transfer from the Division of Emergency Management's (DEM) Department of Homeland Security (DHS) funds to develop and implement a plan to achieve and expand citizen preparedness and participation throughout the state. Requires Interim Finance approval since the amount added to the Citizen Corps Program category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17139**

Refer to motion for approval under Item H.

74. **Department of Public Safety – Emergency Management Division – FY 2010 –** Addition of $200,425 in Transfer from Division of Emergency Management's (DEM) Department of Homeland Security (DHS) to support the contract for the Interoperable Communications Coordinator (ICC) and related travel. Requires Interim Finance approval since the amount added to the State Homeland Security Program category exceeds $50,000. **Work Program #C17140**

Refer to motion for approval under Item H.

75. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010 –** Transfer of $213 from the Reserve for Federal Funds category to the Public Safety Interoperable Communications (PSIC) Grant category, $40 from Reserve for Federal Funds category to the Urban Area Initiative category, $593 from the Reserve for Federal Funds category to the Emergency Management Assistance Compact (EMAC) Hurricane category, $146,423 from the Reserve for Federal Funds category to the Emergency Management Preparedness Grant (EMPG) Aid to Locals category, and $16,317 from the Homeland Security Grant Program category to the EMPG Aid to Locals category to align authority within the appropriate categories to accomplish program goals. Requires Interim Finance approval since the amount transferred to the EMPG Aid to Locals category exceeds $50,000. **Work Program #C17114**

Refer to motion for approval under Item H.

76. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010 –** Deletion of $304,331 in Homeland Security Grant Program's Emergency Management Performance Grant funds to align available grant authority, which supports comprehensive emergency management at the state and local levels for the improvement of mitigation, preparedness, response and recovery for all hazards. Requires Interim Finance approval since the amount deducted from the Emergency Management Performance Grant Aid to Locals category exceeds $50,000. **Work Program #C17122**

Refer to motion for approval under Item H.

77. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010 –** Addition of $120,639 in Department of Energy-Emergency Preparedness Working Group (DOE EPWG) funds to enhance emergency response capabilities related to the transportation of low-level radiological waste. Requires Interim Finance approval since the amount added to the DOE EPWG category exceeds $50,000. **Work Program #C17126**

Refer to motion for approval under Item H.

78. **Department of Public Safety – Highway Patrol – FY 2010 –** Addition of $299,334 in Transfer from Traffic Safety funds to align Federal Fiscal Year (FFY) 2009 and accept the FFY 2010 Joining Forces Grant award from the Office of Traffic Safety which provides funding for participation in statewide, multi-jurisdictional traffic enforcement activities focused on reducing fatalities and serious injury crashes in Nevada. Requires Interim Finance approval since the amount added to the Joining Forces Grant category exceeds $50,000. **Work Program #C16979**

    Refer to motion for approval under Item H.

79. **Department of Public Safety – Division of Investigations – FY 2010 –** Addition of $335,624 in Transfer from Department of Public Safety Criminal Justice to receive a Community Oriented Policing Services (COPS) 2009 Child Sexual Predator Program (CSPP) grant which aids in the apprehension of sex offenders who violate parole and/or commit crimes. Requires Interim Finance approval since the amount added to the Sexual Predator Grant category exceeds $50,000**. Work Program #C16945. CONTINGENT UPON THE APPROVAL OF ITEM 66.**

    Refer to motion for approval under Item H.

80. **Department of Public Safety – Division of Investigations – FY 2010 –** Addition of $11,000 in U.S. Marshal Reimbursement to retrofit a donated vehicle from the U.S. Marshal's Office with radios, lights and sirens as well as receive a fuel reimbursement to support the joint law enforcement operations and U.S. Marshals Service fugitive forces. Requires Interim Finance approval since the amount added to the U.S. Marshal Reimbursement category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17098**

    Refer to motion for approval under Item H.

81. **Department of Public Safety – Parole and Probation – FY 2010 –** Addition of $28,129 in Transfer from Department of Public Safety Criminal Justice to receive a Community Oriented Policing Services (COPS) 2009 Child Sexual Predator Program (CSPP) grant to support activities related to locating unregistered sex offenders, track and apprehend fugitives wanted for sex offenses. Requires Interim Finance approval since the amount added to the COPS 2009 CSPP category ~~exceeds $50,000~~ ***exceeds 10 percent of the legislatively-approved amount for that category.*** **Work Program #C16955. CONTINGENT UPON THE APPROVAL OF ITEM 66. REVISED JANUARY 20, 2010.**

    Refer to motion for approval under Item H.

82. **State Department of Conservation and Natural Resources – Forestry Division – FY 2010 –** Addition of $658,940 in Federal U.S. Forest Service (USFS) Consolidated Payment Grant (CPG) 2007 funds, $749,408 in Federal USFS - CPG

2008 funds, $524,400 in Federal USFS - CPG 2009 funds, $205,549 in Federal USFS - CPG 2005 funds and $487,795 in USFS - CPG 2006 funds to reconcile grant funds with existing state fiscal year 2010 authority. These grants were awarded to the Nevada Division of Forestry to maintain and improve fire protection efficiency and effectiveness on non-federal lands. Requires Interim Finance approval since the amount added to the CPG 2008 category exceeds $50,000**. Work Program #C17220**

Refer to motion for approval under Item H.

83. **State Department of Conservation and Natural Resources – Environmental Protection – Water Pollution Control – FY 2010 –** Addition of $160,277 in Federal Office of Enforcement and Compliance Assurance (OECA) Grant funds to support the state's effort in developing the ability/capability to enter data associated with the state's National Pollution Discharge Elimination System (NPDES) into the federal Integrated Compliance Information System (ICIS). Requires Interim Finance approval since the amount added to the Federal OECA Grant category exceeds $50,000. **Work Program #C17024**

Refer to motion for approval under Item H.

84. **Department of Wildlife – Administration – FY 2010 –** Transfer of $100,827 from the Reserve category to the Automated Licensing System category for the purchase of hardware related to the point of sales licensing system. Requires Interim Finance approval since the amount transferred to the Automated Licensing System category exceeds $50,000. **Work Program #C17200**

Refer to motion for approval under Item H.

85. **Department of Wildlife – Administration – FY 2010 –** Addition of $192,800 in ~~Operation Game Thief~~ ***Capture, Transplant, and Monitoring*** Donations for the capture, transplant and monitoring of big game. Requires Interim Finance approval since the amount added to the Game Management category exceeds $50,000**. Work Program #C17225. REVISED JANUARY 6, 2010.**

Refer to motion for approval under Item H.

86. **Department of Wildlife – Boating Program – FY 2010 –** Transfer of $16,153 from the Reserve category to the Boating Safety Program category to purchase a boat accident reporting system. Requires Interim Finance approval since the cumulative amount added to the Boating Safety category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17224**

Refer to motion for approval under Item H.

87. **Department of Transportation – Administration – FY 2010 –** Addition of $17,000,000 in Highway Fund Authorization and $101,000,000 in Federal Highway Administration funds to continue the ongoing construction program. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds $50,000. **Work Program #C17202**

Refer to motion for approval under Item H.

88. **Office of the Military – Adjutant General and National Guard a Military Adjutant General Construction Fund – FY 2010 –** Addition of $6,300,000 in Federal Receipts to fund various construction and major maintenance projects for the National Guard for state fiscal year 2010. Requires Interim Finance approval since the amount added to the Construction category exceeds $50,000. **Work Program #C17196**

Miles Celio, Administrative Services Officer, Office of the Military, explained item 88 was a work program requesting to receive and expend $6.3 million of federal funds. A portion of the amount, $2 million, was the Department of Defense's approach to ARRA funding to provide additional funds to make repairs to buildings that were federally supported in the National Guard.

Mr. Celio said on October 1, 2009, the federal government changed reimbursement of federal dollars for projects from the Public Works Board to the Military's operating budget. Previously those funds were paid from the U.S. Property and Fiscal Office directly to the State Public Works Board. Of the $6.3 million, approximately $2.3 was money that had to flow through the Office of the Military for 2009 Public Works Board projects, and approximately $2 million was for additional 2010 projects.

SENATOR TOWNSEND MOVED FOR APPROVAL.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Rhoads was not present for the vote.

RECLASSIFICATIONS

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Public Utilities Commission	580/3920	0138	Administrative Assistant III, Code: 2.211, grade 27, step 5, $38,523.60 Employee/Employer Paid Retirement	Program Officer I Code: 7.649, grade 31, step 03, $41,906.16 Employee/Employer Paid Retirement
Department of Health and Human Services/Aging and Disability Services Division	402/3276	0009	Program Officer I Code: 7.643, grade 31, step 1, $38,523.60 Employer/Employee Paid Retirement	Administrative Assistant IV Code: 2.210, grade 29, step 01, $35,475.12 Employee/Employer Paid Retirement
Nevada Department of Corrections	440/3711	0404	Social Worker II Code: 12.361, grade 34, step 01, $43,639.20 Employee/Employer Paid Retirement	Program Officer II Code: 07.647, grade 33, step 01, $41,906.16 Employee/Employer Paid Retirement
Nevada Department of Corrections	440/3751	0180	Associate Warden of Operations Code: 13.303, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement	Associate Warden Code: 12.553, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement
Nevada Department of Corrections	440/3762	0044	Associate Warden of Operations Code: 13.303, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement	Associate Warden Code: 12.553, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement
Nevada Department of Corrections	440/3762	0006	Associate Warden of Operations Code: 13.303, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement	Associate Warden Code: 12.553, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement
Nevada Department of Corrections	440/3717	0120	Associate Warden of Operations Code: 13.303, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement	Associate Warden Code: 12.553, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement
Nevada Department of Corrections	440/3718	0047	Associate Warden of Operations Code: 13.303, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement	Associate Warden Code: 12.553, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Nevada Department of Corrections	440/3738	0003	Associate Warden of Operations Code: 13.303, grade 43, step 10, $97,593.12 Police/Fire Employee/Employer Paid Retirement	Associate Warden Code: 12.553, grade 43, step 10, $97,593.12 Police/Fire Employee/Employer Paid Retirement
Nevada Department of Corrections	440/3759	0002	Associate Warden of Operations Code: 13.303, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement	Associate Warden Code: 12.553, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement
Nevada Department of Corrections	440/3716	0502	Associate Warden of Operations Code: 13.303, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement	Associate Warden Code: 12.553, grade 43, step 10, $81,954.00 Police/Fire Employer Paid Retirement
Nevada Department of Corrections	440/3761	0002	Associate Warden of Operations Code: 13.303, grade 43, step 10, $97,593.12 Police/Fire Employee/Employer Paid Retirement	Associate Warden Code: 12.553, grade 43, step 10, $97,593.12 Police/Fire Employee/Employer Paid Retirement
Nevada Department of Corrections	440/3760	0112	Correctional Casework Specialist III Code: 12.556, grade 40, step 01 $56,626.56 Police/Fire Employee/Employer Paid Retirement	Correctional Sergeant Code: 13.311, grade 36, step 05, $56,626.56 Police/Fire Employee/Employer Paid Retirement
Department of Public Safety/Parole and Probation	650/3740	0626	Department of Public Safety Officer II Code:13.205, grade 39, step 1, $54,204.48 Employee/Employer Paid Retirement	Parole and Probation Specialist III Code: 12.616, grade 33, step 1, $41,906.16 Employee/Employer Paid Retirement
Department of Public Safety/Parole and Probation	650/3740	0500	Department of Public Safety Officer II Code:13.206, grade 39, step 1, $54,204.48 Employee/Employer Paid Retirement	Parole and Probation Specialist III Code:12.616, grade 33, step 1, $41,906.16 Employee/Employer Paid Retirement

The Committee requested testimony on a request from the Nevada Department of Corrections to reclassify a Correctional Casework Specialist III at the Casa Grande Transitional Housing facility to a Correctional Sergeant.

Don Helling, Deputy Director of the Department of Corrections, testified there were several reasons for the request:

1. Currently the chain of command at Casa Grande went from Lieutenant to a Senior Correctional Officer, so when the Lieutenant was not there, a gap existed in the supervision of the operations.
2. The Sergeant would cover weekends since it was a 24-hour 7-day a week operation.
3. The Sergeant would be able to perform job checks.
4. The Sergeant would be able to enhance the safety and security of the operations of Casa Grande.

Cochair Mathews asked who was currently performing those duties.

Mr. Helling replied the Lieutenant did what he could, and the officers who were assigned performed job checks on rare occasions. He said that job checks were done through the use of the contracted vendor, Choices, but it was not as efficient or effective as the department would like.

Cochair Mathews asked if the reclassification would be temporary or permanent.

Mr. Helling indicated it would be a permanent change. He added that initially it was not planned to have women offenders placed at Casa Grande, which changed the complexity of the population and interaction, and therefore it was necessary to enhance the operations.

Assemblywoman Smith asked if the reclassification would provide a higher caseworker ratio at Casa Grande than at other similar facilities.

Mr. Helling responded there was a Sergeant at the Restitution Center; however, the population was about 20 percent of Casa Grande and there were no women incarcerated there. The camps were run by Lieutenants and Sergeants, as the primary concerns were safety and security, as well as the supervision of inmates.

Assemblywoman Smith asked if the population was down at Casa Grande.

Mr. Helling said the population averaged approximately 250 to 260 inmates, but the department was constantly looking at increasing that population. As budget reductions occurred, he said the department, as with other state departments, would be moving staff around to support critical operations. Mr. Helling speculated there would be many more job changes throughout the state.

Assemblywoman Smith observed that with the upcoming budget changes, it did not seem to make sense to approve one change at this time; a lot of personnel changes were anticipated to be made. She recommended the item be held.

Mr. Helling said the department always tried to improve the operations given the limited resources. It was understood the possibility of getting a new position was slim to none. The request was not a major one; it was just an attempt to better the operations.

Cochair Mathews asked what the effect would be if the position was not reclassified at this time.

Mr. Helling said the effect would be the supervision and operations would remain the same and the issues being addressed would remain the same. The department was trying to manage risk, and this was one way to do so.

Assemblyman Denis affirmed the current capacity of Casa Grande was 400 but the current population was at 250-260. He recalled the additional position was approved based on a capacity of 400. He wondered if the ratios at Casa Grande were the same as at other institutions, which was 1 caseworker to 125 inmates.

Mr. Helling said two other caseworkers were assigned to the transitional housing center. The ratio at the camps was 1 caseworker to every 150 inmates, which exceeded the ratio. He remarked the 1:125 ratio was a rough guideline; some caseworkers had higher loads and some had lower caseloads, depending upon their responsibilities.

Senator Coffin stated part of the angst of the Committee had to do with the data received by the Committee, which discussed ratios and compared Casa Grande to a camp. He thought the comparison was confusing, as the camps were a good deal different than Casa Grande. He observed that the camps were generally locked down in the evening unless the inmates were working on a disaster; Casa Grande was a 24-7 facility. Senator Coffin said he understood the necessity to be watchful and supervision was important. He was inclined to think it was unfair to compare the ratios.

Mr. Helling said that Senator Coffin was correct. Casa Grande had much more interaction with the community; people were coming and going constantly; and it was not as isolated from the community as some of the camps.

Senator Coffin observed there was a commitment to the community to provide close supervision of the facility, as it was located in the middle of town and the offenders were free to come and go according to their work schedules. Considering the fact that Casa Grande was different than a regular correctional camp, he would tend to approve the request.

Assemblywoman Buckley agreed the facility was unique. However, positions were about to be eliminated in the Department of Corrections, and there were possible shifts in populations, possibly to Casa Grande, which may require position transfers as well. She believed it was more prudent to deny the request at this time and work on a plan for changes that would be made in the near future.

ASSEMBLYWOMAN BUCKLEY MOVED TO DENY THE REQUEST.

THE MOTION WAS SECONDED BY ASSEMBLYWOMAN KOIVISTO.

Cochair Mathews opened discussion and asked Mr. Helling if he wished to comment.

Mr. Helling said he was a little concerned. He had been in corrections for 32 years, and his career in the department scanned over four decades. He was concerned that there was so much controversy involved in a request for one position change that would enhance operations. He did not understand it.

Cochair Mathews responded that Mr. Helling should consider how many facilities there were across the state. It seemed a simple matter to him, but he needed to realize the consequences if every agency across the state requested one more employee. She added that Mr. Helling had made a very compelling argument.

Senator Raggio said he would vote no on the motion. He thought the case was made that the request was unique, and it involved only a change in a position, not an addition.

Cochair Mathews called for the vote.

THE MOTION FAILED.

Senator Raggio, Senator Townsend and Senator Coffin voted nay.

Assemblyman Grady voted nay.

Senator Rhoads was not present for the vote.

Senator Horsford recommended the item be held. He said that Mr. Helling had made a compelling case, but as he had said on many prior occasions, he did not feel there was an overall plan for the department, and addressing one position, one facility or one issue did not provide him with an overall picture. He asked Mr. Helling to relay that message to Director Skolnik and requested that the department appear at the next IFC meeting to justify the change in the position, along with any other position changes that needed to be explained.

Assemblywoman Buckley noted there may be a shift of more population to Casa Grande and the ratios may be changed. This was a time of great transition. Proposed recommendations for the department had been received, and the Legislature would look at the plan and try to adopt a prudent measure toward it. She appreciated everything state employees were doing, especially at the prisons. Salaries had been cut and staffing had been reduced, which did not mean that resources were not needed. Assemblywoman Buckley also wanted to see the whole plan for the department, because there was a $882 million shortfall, and things were about to change very rapidly. She reiterated that any action by the Committee was not meant to show lack of support for state workers.

*I. REPORT ON THE STATUS OF THE STATE BUDGET

1. Status of General Fund shortfall based on preliminary revenue estimates made by the Economic Forum and actions taken or planned to address the estimated shortfall – Department of Administration

Cochair Mathews welcomed Andrew Clinger, Director of the Department of Administration, who was present to discuss Agenda Item I-1.

Mr. Clinger referred to a handout distributed to Committee members entitled Estimated General Fund Shortfall (Exhibit F). Prior to reviewing the document, he stated he would give the Committee some highlights on the state of the economy in Nevada.

Although the rate of foreclosures in the state was moderating, Mr. Clinger reported it was still the highest in the nation and four times larger than the national average. One in ten Nevada housing units received at least one foreclosure notice in 2009. The third-quarter drop in Nevada home prices was 24.5 percent, which was the steepest decline in the country and more than six times the national average of 3.8 percent. He said payrolls in Nevada in the third quarter of 2009 dropped 8.6 percent compared with the previous year, which was a larger drop than any other state and more than double the national average decline of 3.5 percent. Nevada's personal income in the third quarter of 2009 was 4.6 percent lower than the previous year, a rate of decline only exceeded by Alaska. The unemployment rate in Nevada was 13 percent, the second highest in the country. Mr. Clinger said the unemployment rate had improved recently, but the reason was primarily because people had given up looking for work.

Continuing, Mr. Clinger said caseloads for Medicaid and Temporary Assistance for Needy Families (TANF) had grown about 30 percent since the beginning of the recession, and from June 2008 to June 2009, the number of food stamp recipients in households with no other cash income increased 173 percent, which was 60 percentage points higher than second-ranked Florida.

Mr. Clinger remarked he had reported the statistics in order to set the stage for review of the Estimated General Fund Shortfall (Exhibit F). He referred the Committee to the first page of the exhibit, which was a summary of the shortfall the state was facing as of this date. He pointed out that the estimate of the General Fund revenue shortfall reflected an overall decline in General Fund revenue of $587,432,000. The Unrestricted General Fund Reversions had been revised down because as the available resources shrunk and budget reductions were made, the ability for agencies to revert normal funds had declined an estimated $17.6 million.

Continuing his review of page 1 of Exhibit F, Mr. Clinger reported there was an estimated shortfall in the Distributive School Account of $206.7 million over the biennium. There would also be a shortfall in Medicaid of $60.9 million over the biennium and a $6.8 million shortfall in the second year of the biennium in the Division Welfare and Supportive Services. Mr. Clinger added that he had just received information that there would be a shortfall in Mental Health and Developmental Services in FY 2010 of $2 million.

In summary, Mr. Clinger continued, the state was facing an $881.4 million shortfall over the biennium. To put the numbers in perspective, there would be a nearly $356 million shortfall in fiscal year 2010, representing a 10.4 percent decline over the General Fund resources that were available when the Legislature approved the budget in 2009. In fiscal year 2011, there was estimated to be a $525.5 million reduction in General Fund resources, an approximate 14.8 percent decline as compared to the legislatively-approved budget.

Mr. Clinger explained that page 2 of Exhibit F provided more detail on the General Fund revenue shortfall just summarized on the first page. The chart compared the revenues that were forecast by the Economic Forum in January 2010 to the original legislatively-approved General Fund revenues for each fiscal year. Also included on the chart was the year-over-year change in each one of the revenues, comparing the January 2010 forecasts to the actual amounts collected.

Mr. Clinger then moved to the next section of the chart, which reflected the revenue amounts that were forecast and agreed upon by the Budget Office and the Legislative Counsel Bureau Fiscal Analysis Division. He said other revenues were also considered, but it was decided not to change those because they were either coming in as anticipated or there was no reason to believe they would change.

Moving to the bottom of page 2 (Exhibit F), Mr. Clinger noted that All Other General Fund Revenue included revenues that were not changed from what the Legislature approved in the 2009 Session.

Mr. Clinger itemized the declines in the 2010 tax revenue projections compared to the amounts approved by the 2009 Legislature for the biennium:

Sales and Use Tax - $183.4 million
Percentage Fees Tax - Gaming - $117.2 million
Insurance Premium Tax - $29.5 million
Real Property Transfer Tax - $7.3 million
Cigarette Tax - $16.9 million
Live Entertainment Tax - Gaming - $40.6 million
Modified Business Tax - Non-Financial Institutions - $142.9 million
Secretary of State - Commercial Recordings - $13.8 million
Room Tax - $31.8 million

The Modified Business Tax - Financial Institutions was projected to increase $3.1 million over the amount approved by the 2009 Legislature.

Mr. Clinger pointed out that the fiscal year 2010 forecast for sales and use tax was down 13.36 percent over fiscal year 2009, and in fiscal year 2011, it was projected to decline an additional 3.35 percent. Consequently, no growth was anticipated over the next two years overall in sales tax. He also noted that the first year's growth rate of the Modified Business Tax – Non-Financial Institutions was a positive 38.79 percent, which was due to changes to the tax rate that were made in the 2009 Legislative Session; the increase was not a reflection of growth. The tax growth was projected to be essentially flat in fiscal year 2011. Mr. Clinger stated that the column total indicated the biennium total decline of $580.4 million that was forecast by the Economic Forum.

Moving to the revenues in the bottom portion of the spreadsheet, Mr. Clinger reiterated that the Executive Budget Office and Legislative Counsel Bureau Fiscal Analysis Division had agreed on the forecasted amounts and indicated he would review only the most significant taxes.

Net Proceeds of Minerals - $19.8 million increase over the Economic Forum's May 2009 forecast
General Fund Sales Tax Commissions - $6 million decline
Business License Fees - $31.5 million decline
Liquor Tax - $6 million decline
Governmental Services Tax - $6.6 million increase
Short-term Car Leases - $3.6 million decline
Unclaimed Property Receipts - $14.7 million increase

Mr. Clinger noted that the Business License Fees declined by $31.5 million over the biennium, and the year-over-year increase in fiscal year 2010 of 80.84 percent was again due to a change in the tax rate rather than growth. He further explained that the Governmental Services Tax was added to the General Fund by the 2009 Legislature and involved a change in the depreciation schedules on automobiles, which resulted in an increase to the General Fund.

Recapping, Mr. Clinger said that all of the pluses and minuses agreed to by the Executive Budget Office and the Fiscal Analysis Division resulted in a negative $7 million over the biennium from those revenue sources.

Mr. Clinger pointed out that there were no changes in the line item All Other General Fund Revenue; all of the changes to the revenues were reflected in the previous table.

Referring to the last item on the spreadsheet, Unrestricted General Fund Reversions, Mr. Clinger said $53.5 million was originally anticipated in unrestricted reversions, but he was lowering the estimate to $46.4 million, a $7.1 million decline in the first year and a $10.5 million decline in the second year. He explained the reductions were due to the fact that as budgets were reduced, there would be less available for reversion. Normally, two percent of reversions were anticipated, and the revised figures represented two percent of the overall decrease.

Mr. Clinger referred the Committee to page 3 of Exhibit F, which included an analysis of the Distributive School Account (DSA). He explained the primary driver of the shortfall in the DSA was the Local School Support Tax (LSST), comprising 2.6 percent of the sales tax that went directly to the school districts. Mr. Clinger noted the biennium difference column under State Guaranteed Revenues reflected a negative $204.7 million, which was the in-state portion of the LSST. Under Dedicated State Revenues, he explained the out-of-state portion of the LSST was anticipated to decline by $11.846 million. The LSST was anticipated to decrease by a total of $216 million over the biennium.

Mr. Clinger said the Executive Budget Office and Fiscal Division had also reforecast some of the smaller revenues, which did not change the number substantially. Overall, revenues in the Distributive School Account were down $226.8 million.

Mr. Clinger went on to explain that page 4 of Exhibit F reflected the basic support component and other expenditures within the Distributive School Account. Due to lower-than-projected enrollments, there was a $20.7 million savings in the first year of the biennium. However, $22.3 million had to be added back in for hold harmless, resulting in a net shortfall in the first year of $1.6 million. In the second year, flat student growth was anticipated, resulting in a reduction in basic support of $43.6 million. However, Mr. Clinger again noted that $21.8 million would be added back for hold harmless, resulting in a net savings of $21.7 million in basic support the second year because of declining enrollments.

Continuing, Mr. Clinger said the total difference for the biennium was a shortfall of $206.7 million in the Distributive School Account.

Mr. Clinger next began his review of page 5 of Exhibit F, which was the Statement of the Unappropriated General Fund Balance for Fiscal Year 2009, and stated that the amounts had been reconciled with the Fiscal Division staff. He reviewed the comparison of the fiscal year 2009 actual ending General Fund balances to the amounts approved by the Legislature in the 2009 Session, calling the Committee's attention to the following points:

- The July 1 General Fund balance was $20.1 million lower than projected. There were some changes in anticipated transfers and reversions, but overall General Fund revenue was down $20.6 million in 2009.

- The good news in 2009 was that Unrestricted General Fund reversions actually came in $38.9 million higher than anticipated. Part of the unrestricted reversions were cuts that were not recognized as cuts, but were held as cash until the end of the year and reverted. As an example, $11 million came from the IFC Contingency Fund.

- The $19 million difference in the operating appropriations between fiscal years 2009 and 2010 represented an amount that was transferred primarily for the

Distributive School Account. An appropriation was transferred from 2010 to 2009 to close out the 2009 DSA in the black. It was essentially money that was borrowed from 2010 for 2009.

- The ending General Fund balance for fiscal year 2009 of $86,403 was higher than anticipated. Mr. Clinger remarked that was a good sign, considering there were revenue shortfalls and it was necessary to borrow from FY 2010. He again noted that the higher balance was due to reversions coming in higher than anticipated.

Mr. Clinger then referred the Committee to page 6 of Exhibit F, the Statement of Unappropriated General Fund Balance for Fiscal Year 2010.

- The $234 million difference in total unrestricted General Fund revenue reflected revenue shortfalls and other shortfalls in operating, Medicaid and Welfare. Mr. Clinger noted that it was anticipated to use $30 million from the line of credit in fiscal year 2010.

- The $133 million difference in operating appropriations between fiscal years 2010 and 2011 represented reductions due to the higher-than-anticipated caseloads in Medicaid and the shortfalls in the DSA.

- The projected ending fund balance without any other solutions was a negative $188.6 million for fiscal year 2010.

Mr. Clinger explained the final page of Exhibit F included all of the same information for the fiscal year 2011 revenue and other shortfalls and the higher-than-anticipated caseloads. He noted the following:

- The anticipated use of $130 million of the line of credit was reflected to help balance the budget, as was $30 million in fiscal year 2010.

- The ending General Fund balance was a negative $707 million at the end of the biennium if no corrective action was taken.

Mr. Clinger concluded his presentation and offered to answer questions from the Committee.

Assemblywoman Leslie referred to the first page of Exhibit F and asked Mr. Clinger to explain the $2 million shortfall in the Mental Health and Developmental Services budget, adding that it was the first she had heard of it.

Mr. Clinger said he had just learned of it the previous night, and it was related to Medicaid billing and the agency's ability to bill for Medicaid clients. Apparently, it was not possible to bill for as many Medicaid clients as first thought. Mr. Clinger said the item was still subject to review, and he thought it might be something that could be corrected.

Assemblywoman Leslie asked if the $2 million amount was built into the figures on the other spreadsheets. Mr. Clinger responded it was built into the fund balance sheets.

Senator Coffin asked if the problem was related to the inability to bill Medicaid for some of the youth because they were located next to an acute care facility, a problem hopefully being resolved through construction of the new facility. He wondered if it was possible that there were delayed receipts because of the problem.

Mr. Clinger said he would not want to speculate on the shortfall since he had just received the information and had not reviewed it.

Mike Torvinen, Deputy Director, Department of Health and Human Services, testified the shortfall was on the adult side in Las Vegas and would not involve the kids.

Assemblywoman Buckley remarked that sometimes it was difficult to make information clear to the public and be consistent with numbers, depending upon what was being quoted. She asked if the tally of the entire shortfall of $881.426 million included the revenues, local school support tax (LSST) and Medicaid.

Mr. Clinger replied she was correct; the amount also included caseload shortfalls.

Assemblywoman Buckley asked what the percentage of the shortfall was; she had roughly calculated 22 percent and wondered if that was accurate.

Mr. Clinger said the percentage was slightly less than 22 percent. Comparing the amounts to the resources available in fiscal years 2010 and 2011, there was a 10.4 percent decline in the first year and a 14.8 percent decline in the second year. He said that based on an estimated date for cuts of March 1, 2010, the total would be 20.19 percent. However, he added, because of noticing requirements and the time expended to develop projections and anticipated cuts, the March 1 date was probably not feasible in most cases.

Assemblywoman Buckley surmised if something could not be implemented March 1 because of public hearing or noticing requirements, the percentage would be pushed higher.

Mr. Clinger replied Assemblywoman Buckley was correct; delays would cause the percentage to be higher. This was true particularly in the Department of Health and Human Services (DHSS) because most of the changes in the DHSS required public hearing and notices. He said that in conversation with Mike Willden, Director of the DHSS, implementation of cuts was probably two weeks out from March 1.

Assemblywoman Buckley asked if Mr. Clinger was authorized to share any details about when the Governor would be releasing his plan or cut list and any timelines. She remarked many people were anxious to hear the details.

Mr. Clinger said a meeting with legislative leaders and the Administration was scheduled for that afternoon, and he believed one of the topics of discussion would be when and how to release the details.

Senator Coffin remarked that several meetings had been held with the Governor and legislators, and he appreciated them. He recalled that at the previous week's meeting, the legislators were told they would see the proposed reductions by either late Friday or on Monday. It was now Wednesday and no information had been received. Senator Coffin said he understood that changes would be coming in during the process, but the legislators were entitled to see the numbers in order to help plan. He was glad that the relationship with the Governor had been cordial, and in order to keep that relationship, he believed the information needed to be shared. He wanted to see the plan as soon as possible.

Senator Coffin was pleased to learn that State Treasurer Kate Marshall would be added to the February 10 IFC agenda, and he thanked Cochair Mathews for making those arrangements. He felt a cash flow presentation from the State Treasurer would be beneficial, as cash flow was nearly as important as the projections. Cash flow was from day to day, while projections were well into the future, and only the Treasurer would know the current status and whether there were possible maneuvers to buy time when making the inevitable cuts.

Assemblywoman Gansert asked Mr. Clinger for clarification of the 20.19 percent shortfall figure he previously quoted as to whether it was 20.19 percent of what was left to spend during the current biennium or if it was 20.19 percent over the original forecast.

Mr. Clinger replied the 20.19 percent assumed reductions would be made beginning March 1, 2010, so essentially the fiscal year 2010 appropriation would be prorated since a good portion of the appropriations had been spent; the 20.19 percent would apply to all of fiscal year 2011.

Assemblywoman Buckley said she was trying to do some calculations to prepare information in a user-friendly report to share with the public. She wanted to determine how many positions had been eliminated from state government; she had been given the number of 1,496. Secondly, she was trying to calculate state employee pay cuts – not just the pay cuts, but the increases in health insurance premiums and retirement calculations, in addition to the stoppage of cost-of-living and merit increases. Obviously the furlough amounted to a 4.6 percent pay cut, and she was given a rough estimate of an additional $200 per month for insurance premium, co-pay, and PERS increases. Assemblywoman Buckley asked Mr. Clinger if he could provide the number of positions eliminated and if he had calculated the percentage of cuts to state employees and what they equaled on an average percentage basis.

Mr. Clinger responded that he was not sure of the total number of positions eliminated, nor had he looked at the percentage cut in personnel costs and benefits to employees. He concurred with Assemblywoman Buckley's observation that the cuts included the pay, increased retirement contributions and increased health insurance premiums. He was not sure of the numbers, but he would be happy to get them for her.

Assemblywoman Buckley said she would appreciate receiving the information; she wanted to make sure that the numbers being used by the Administration and the Legislature were the same in order to avoid any confusion.

Assemblyman Conklin wanted to make sure everything would be captured in the percentage, including the lost wages associated with mandatory furloughs.

Mr. Clinger replied the furloughs amounted to a 4.6 percent reduction, and the other factors would drive that percentage up.

Cochair Mathews asked for further questions from the Committee; there were none. She thanked Mr. Clinger for his presentation,

2. Presentation on capital funding for transportation projects and its impact on sales tax revenue and job creation – Jeremy Aguero, Principal, Applied Analysis

Steve Holloway, Executive Vice President, Associated General Contractors (AGC), Las Vegas Chapter, stated that the presentation was a work in progress. He was present to call attention to the need to invest in Nevada's communities statewide. His association was part of a larger growing coalition with a focus on economic recovery rather than fiscal recovery. Mr. Holloway said he was aware that many believed the way out of the current depression was to diversify the economy, and his organization believed the economy must first be stabilized by putting people in the private sector back to work. Furthermore, he added, after 30 years of trying, the economy would not be diversified until the public school system and the infrastructure were improved. Thus, the presentation would focus on the benefits of going forward with both state and local capital improvement and transportation programs.

Mr. Holloway introduced Jeremy Aguero, who would make the presentation and answer questions from the Committee. On behalf of Nevada's construction industry, he thanked the Committee for the opportunity to appear and make the presentation.

Jeremy Aguero, Applied Analysis, testified that Applied Analysis had been asked a few months before to prepare a presentation for an annual conference of the Associated General Contractors Association on the status of capital programs and the importance of construction in the local communities. Since that time, Mr. Aguero had been asked to expand the presentation, which as stated before was a work in progress. He was then asked to reduce the 2-hour presentation to 15 minutes and a question/answer period for the Committee.

Mr. Aguero began his PowerPoint presentation (Exhibit G) with a chart entitled, Capital Improvement Plan Summary, which he explained represented the capital improvement plans across the state for the majority of local governments. The expectation in fiscal year 2010 was a total capital budget of approximately $5.1 billion. He said those monies would be decreasing over time, which was of concern to the construction industry. The budgets which supported construction workers would continue to get lower until about 2013, when there was an expectation they would increase slightly. Mr. Aguero said three fundamental questions had been raised from the presentation:

1. Did the public sector have less of a need to build capital projects? Was that the reason the capital inventory was getting smaller?

2. Did the public sector have less ability to invest in capital projects? Was there just no money to do it?

3. Were funds being diverted away from capital projects to sustain public sector operations?

Mr. Aguero said the capital projects for fiscal year 2010 through fiscal year 2014 totaled $15.3 billion, which for local governments, both north and south, represented the amount needed to provide the level of necessary and appropriate infrastructure. In southern Nevada, 395 shovel-ready projects were identified, with a total construction value of $5.2 billion. Mr. Aguero would not review all of the projects, but the amount, based on just the projects that were ready to go, suggested the need in Clark County for 395 projects and $5.2 billion worth of construction. He noted the resources were not available to construct all of the projects, but in terms of answering the first question of whether there was a need to continue to invest in infrastructure, the answer was yes.

Mr. Aguero noted that page 4 of Exhibit G displayed a pie chart which demonstrated the variety of shovel-ready projects – water infrastructure, roads, highways, government buildings, sewage treatment plants and flood control facilities. Although the chart reflected the projects in Clark County, he said a similar chart would look the same for any county in the state.

Moving to the next graph, the Capital Project Fund Balances of Local Governments as of June 30, 2009, Mr. Aguero said the graph raised questions from time to time. The total of $4.2 billion included Clark County's balance of $1.53 billion; the Clark County School District's balance was $1.07 billion; and Southern Water Authority and Las Vegas Water District had a balance of $0.5 billion. Mr. Aguero said the question was if there was $4.2 billion in capital construction accounts, why could not that amount just be spent down? The answer was in some ways that was not possible; much of the money was encumbered, although not all.

Mr. Aguero said he would use Las Vegas Valley Water District (LVVWD) as an example since it was illustrious of some of the challenges being faced both in the north and south and nearly every other jurisdiction in the state (page 5, Exhibit G). The amount of

$0.5 billion for the LVVWD represented its long-term funding plan; funds came from regional connection charges, sales tax, regional reliability surcharges and regional commodity charges to fund Las Vegas Valley's water infrastructure. Sales tax and connection charges comprised 85 percent of the total, connection charges being the single largest source of revenue, generating 57 percent of the total.

Moving to the second chart on page 5 of Exhibit G, Mr. Aguero noted how volatile the LVVWD charges had been. When the economy was good and the valley was growing, the ability to finance the water structure from connection charges at the local level was phenomenal. Currently, those revenues were almost non-existent. Although not as extreme, the same general trend existed with sales tax, which had peaked and declined significantly over the past few years and was expected to be weak over the next 12 to 24 months.

Mr. Aguero next referred to a graph entitled Debt-Revenue Balance (page 6, Exhibit G), noting it reflected the dilemma from the LVVWD's perspective. The graph compared the capital program debt service annual payment with the capital program revenues from the previously-discussed sources and reflected insufficient funds in the amount of $345 million. Mr. Aguero said it would be necessary to spend down this amount from the $0.5 billion existing balance in the capital account just to make ends meet. He said whether it was Clark County, Washoe County, transportation or water, the reality was no public program continued to have the level of revenue that it had before and, in many cases, the ability to generate the money needed was now approaching, if not below, one to one.

With regard to the third question, whether funds were being diverted from capital projects to operations, Mr. Aguero said the answer was also yes. Approximately $510 million had been identified as being diverted from capital programs and put into sustaining government operations. As a general rule of thumb, about every $115,000 - $120,000 moved from capital programs would cost one construction worker a job. Mr. Aguero said that was not necessarily what was happening across the board, but there were continuing discussions about the significant impacts.

Mr. Aguero said the second portion of his presentation addressed the question of why it was important to keep the capital programs whole. He cited a few key reasons:

1. Construction directly employed 1 of every 15 employed Nevada workers. At its peak in late 2006, Nevada had nearly 12 percent of its employees in construction; currently that number was roughly 7 percent – higher than almost everywhere else in the western United States, which continued to suggest that the pain was not over for the construction industry. Based on the national average, the state still had 20,000 to 30,000 construction-related jobs to lose.

2. Construction workers represented approximately 1 out of every 4 displaced workers currently receiving unemployment insurance benefits. Forty-eight percent, or 71,600 jobs, of construction-related employment from

peak to present were lost; the industry dropped from 148,800 to 77,200 jobs currently. The chart on page 10 of Exhibit G displayed the unemployment insurance claims from 1980 to present, a significant escalation. Although initial unemployment claims dropped slightly, they continued to remain well above the overall average. In addition to the normal unemployment rate, there was also the underemployment rate. Tradesmen from north and south had reported their particular trades were at 50 to 60 percent unemployment and at even a higher rate of underemployment. Also, construction workers represented 25 percent of the total of displaced workers.

3. Construction workers had a tendency to earn higher-than-average salaries, with average wages statewide trailing only workers in natural resources, mining and public administration.

4. Construction projects had a significant multiplier effect, keeping people not only employed as construction workers, but also benefitting indirectly-related suppliers and other businesses. Page 13 of Exhibit G displayed a chart entitled The Economic Impact of Shovel-Ready Construction Projects, which indicated those projects were sufficient to keep nearly 72,000 people working, with a total of $3.5 billion in income and $8.1 billion in economic output in Nevada.

5. The construction industry also bore a disproportionate share of the local tax burden. Approximately 18 percent of all tax receipts were attributable to construction-related activities. A chart reflecting the Comparative Tax Burden of industries and their employees indicated that construction was second behind leisure and hospitality, and the industry generated an estimated $7,810 per employee, substantially higher than the overall tax generation rate of approximately $6,000 per employee per year.

6. Construction costs were likely to escalate in the future. What could be built currently would not be able to be built with the same amount of money in five years, based on government's cost to borrow, which had continued to decline since the early 1980s. The government's ability to borrow remained at a very competitive rate, and perhaps more importantly, the workforce was idle, which put downward pressure on labor costs. The Permitted Value Per Construction Employee should range between $20,000 and $35,000 per employee in order to sustain the levels of employment. There were thousands of layoffs in 2008, with the range falling between $10,000 and $15,000, and 2009 was following the same path.

7. Insufficient infrastructure could inhibit the ability to recover as a state. If projects such as the third water intake into Lake Mead and Terminal 3 of the McCarran International Airport in southern Nevada and transportation projects in northern Nevada failed or were not able to be completed, the state's ability to grow, and even a possible contraction of the economy, would be exacerbated.

8. Expenditures resulted in creation of tangible assets, adding value to the community. Capital programs were important because tangible assets such as flood control facilities, roads and highways were important; schools and universities must be completed and refurbished from time to time; and water and sewer facilities were necessary, both in existing infrastructure and in the ability to prosper in the future.

9. Public sector jobs were being traded for private sector jobs by moving dollars from one side of the ledger to the other. Charts on pages 20 and 21 of Exhibit G displayed the Employment and Unemployment Rate by Industry and reflected that government currently represented 12 percent of the workforce and 1 percent of the people receiving unemployment insurance coverage. The remaining underlying questions were difficult. Governments, like every other business, were forced to take a hard look at their capital programs and select those they could go forward with and those they could not. As future discussions evolved, the issue would become increasingly trying.

10. Local capital program funds were vulnerable. It was known that monies had already been taken from capital projects and moved to operations, and there was a risk that would continue on a greater scale into the future.

In summary, Mr. Aguero offered the following:

- Everything could not be built. Capital projects should be selective; they needed to be those necessary for the economy to continue to grow and prosper.

- Maintaining capital programs was economically important to Nevada and arguably more economically important than almost anywhere else in the country.

- Maintaining capital programs was fiscally important. Construction of the programs would generate tax dollars; laying off employees would exacerbate demand on services.

- Maintaining capital programs was socially important for, if nothing else, the infrastructure requirements previously outlined, as well as the magnitude of the downturn seen in the construction industry.

Mr. Aguero thanked the Committee for the opportunity to appear and offered to answer questions from the members.

Assemblywoman Leslie remarked the presentation was very interesting. She asked if the figures on the pie chart titled Employment and Unemployment by Industry (page 21, Exhibit G) included the positions that were left unfilled by attrition.

Mr. Aguero replied the analysis looked at the individuals who had been laid off. Vacant positions, both in the government and private sector, not filled from one year to the next were simply counted as a loss. Several of the larger jurisdictions were contacted and asked how many employees had been laid off as opposed to leaving a position vacant or allowing it to transition by attrition. The analysis was not able to get above the one percent number, so he felt comfortable that what was being reported by the Nevada Department of Employment, Training and Rehabilitation was accurate.

Assemblywoman Leslie she was less confident in the number because she didn't think it was quite fair.

Senator Horsford said he was aware there had been discussions of projects, particularly at the local level, for which some design and engineering elements were not put out to bid. He asked if Mr. Holloway had any information or trends that supported that information, and he wondered what was being done to ensure that the projects that were funded were being put out to public bid in the private sector.

Mr. Holloway affirmed that Senator Horsford was asking two questions:

1. Were the entities going forward on spending money designing projects down the road?
2. Were the projects that were shovel-ready being put out to bid?

In response to the first question, Mr. Holloway said the entities were going forward to a very limited degree. He had talked to both city managers in Clark County and the Manager of the Regional Transportation Commission (RTC), Jacob Snow, and they were currently using internal sources to design some of the future projects. For example, the Department of Transportation was doing some design work for some potential future projects, assuming that the RTC and southern Nevada ever received the funding. Mr. Holloway said a lot of the design work was not going out to the public sector, and that was a problem because the pencil-ready projects would be needed in the future in the event the depression ended.

In answer to the second question, Mr. Holloway said he had recently received a call from the Clark County Manager, Virginia Valentine, and he was told approximately $300 million in projects were recently approved by the Clark County Commission and would be released in the near future. He had also received a call from the Clark County School District and was told $328 million in projects to upgrade some of the older schools were being released. Mr. Holloway said the problem was once the available funds were exhausted, which were significantly less than the $5.1 billion required to repay debts, there were no future funds. He said it was hoped to approach the 2011 Legislature to discuss a solution; he did not believe the economy could be stabilized unless something was done about the construction industry.

Senator Horsford said he appreciated Mr. Holloway's comment regarding the state's role to ensure there was adequate funding. Based on information he had received from the Director of the Nevada Department of Transportation (NDOT), it was planned to have the Highway Fund fully obligated as of 2011, based on all of the projects that were currently designed. Senator Horsford said his concern was twofold. First, with the reauthorization of the federal transportation bill, what limitations would be placed on Nevada's ability to get its share if the state was not providing a match? Secondly, he asked if there were steps that could be taken at the local level, similar to action taken by Washoe County through the voter process, to "tweak" some of the existing revenue sources in order to make dollars available for dedicated highway projects in the future. How would that relate to job creation in the construction industry?

In answer to the first question, Mr. Holloway said the money being provided to NDOT locally and through the gas tax would definitely impact the money received in the future. In response to what could be done locally, a bill was introduced in the 2009 Session that would have allowed other counties to index the gas tax; he recalled that the bill was pulled for various reasons. He sat on the RTC Stakeholders Committee, which was completing a survey to determine how the populous felt about two things: 1) extending the sales tax, which would allow bonding for RTC projects in the south similar to action taken in Washoe County, and 2) indexing the fuel tax, which was needed both for local revenues as well as for revenues received from the federal government in the future.

Senator Horsford asked if additional revenue, either at the state level through the Highway Fund or local dollars provided through the match, was not identified, the state would lose the opportunity to secure hundreds of millions of dollars from the federal government for transportation projects which would address infrastructure issues and, more importantly, would create jobs.

Mr. Holloway said the answer was yes, those dollars would be lost; he did not know how many hundreds of millions would be involved. He added that every $100,000 created a job in the construction industry, and for every two jobs created in the construction industry, an additional job would be created in a related industry.

Senator Townsend referred to the Capital Project Fund Balances chart found on page 4 of Exhibit G, and asked if the $4.2 billion amount was available statewide for the various entities listed.

Mr. Aguero replied it would depend on what was meant by available. Some of the funds were voter approved and would be difficult to access without overruling the will of the voters. However, that did not mean that all of the funds were not available.

Senator Townsend clarified that he was referring to putting the funding in place, and he wondered why there was $4 billion in funds available for construction projects not being put to use.

Mr. Aguero said many of the projects were large construction projects for which large bonds had been issued early on. For instance, Clark County School District needed to utilize its bonding capacity before it was lost. With regard to Clark County, a substantial amount of the monies held in those accounts were bond dollars for McCarran Airport's Terminal 3. Mr. Aguero said many of the projects were held for a particular reason, but with regard to other funds held, such as the $0.5 billion in Water Authority funds, the reason was when the Water Authority went out with its bonding, it knew, and so did the market, it was relying on remarkably volatile sources of revenue – connection charges and the like. The market demanded that the Authority hold large capital balances in order to ensure the funding that it needed would be available. Mr. Aguero commented that now, foresight looking very accurate, those funds had to be expended down while they tried to come up with another plan for paying off that debt over a longer period of time.

Senator Townsend said he appreciated the explanation. He asked Mr. Aguero if, of the $4.2 billion, an amount of funds could be quantified or identified that either was not accounted for or allocated or had a reason, such as the Water Authority, that they had to be used. In other words, Senator Townsend wondered, were there any idle funds that for whatever reason were not being utilized that should be put toward a project that was on a list somewhere?

Mr. Aguero replied there was not $1 of the $4.2 billion that was not committed to a project in the capital improvement plan at a local government level.

Senator Townsend remarked the information would be a bit misleading to the public who would not be aware of the full information. He said the public needed to have confidence that money which had been allocated, either through the Legislature or through voter approval, was actually being put to use.

Secondly, Mr. Townsend said those living in the north found it a bit bizarre that the Las Vegas Beltway Improvement project had gone through the bidding process more than a couple of times and was apparently involved in a court action, and thousands of people looking for work were waiting for the case to be resolved. He asked if there was an update on the project and if there would ever be a resolution. What was the size of the project, was the money available, how long was the project slated for, and how many people would it put to work?

Mr. Holloway responded that as of the day before, the Clark County Commission voted four to three to appeal the court's decision. When the project went out for bid, it was approximately $110 million; the money available would employ about 1,000 workers, and those people were currently sitting idle.

With regard to the last portion of Senator Townsend's question, the availability of capital, Mr. Aguero said the funding was available.

Senator Townsend recalled that at the last IFC meeting, he and Senator Horsford had significant concerns about what was preventing school districts from using various funds, e.g., American Reinvestment and Recovery Act (ARRA), Department of Energy, with regard to retrofitting significant schools and public buildings for energy efficiency. He said the answer was the money was sitting with the state when it could just be given to the local jurisdictions for their use. However, there was a National Environmental

Policy Act (NEPA) paperwork problem relative to school district or public buildings, which was preventing use of the funds for those uses.

Mr. Holloway and Mr. Aguero were not aware of the issue referred to by Senator Townsend.

Senator Townsend said it was difficult for people not involved in the industry to comprehend the slowness with which some of the processes took place, which he thought was the frustration of the individuals represented by Mr. Holloway and Mr. Aguero.

As a follow-up to Senator Townsend's remarks, Senator Horsford asked if the Committee could obtain specifics on how much of the funding was actually obligated for bonding or financing purposes versus actual projects that would be constructed, a list of projects to be funded by the revenue sources, and the timeframes. He believed the public deserved to know, based on the fact that most of the funds had a voter-approved component, how much was being reserved for the intended purposes, what the projects involved and the actual timeframes for completion. If the completion timeframes were too far out, Senator Horsford felt another discussion would be warranted as to how the projects could be put out to bid in order to create jobs.

Mr. Aguero said he had some of the information and would attempt to get the balance back to the Committee.

Assemblyman Hogan noted that the chart found on page 6 of Exhibit G provided information on sales tax receipts of the Las Vegas Valley Water District. He said he had correspondence from the Department of Taxation indicating that in 2008 a total of $86 million was distributed to the LVVWD, and the chart indicated approximately $50 million in receipts. In 2009, the Department of Taxation indicated an amount in excess of $75 million was sent to the LVVWD, but the chart indicated an amount of $43 million. He realized there were small distributions made to the Moapa Valley Water District and to Laughlin, but he questioned the large difference in the amounts.

Mr. Aguero said he appreciated the question, and he explained the difference had to do with distribution. He would send Assemblyman Hogan a breakdown of how the tax dollars were distributed.

Assemblywoman Smith commented that the presentation was very helpful. She said one thing notable about construction jobs was that most provided health insurance, which was another big factor since uninsured numbers were rising. Many of the construction companies provided insurance for a period of time when workers were laid off, which was a huge help to the state.

Assemblywoman Smith said there had been discussion and assertive messaging concerning the construction industry and jobs that she felt was important at this time. There had been a news story the previous evening regarding some businesses being upset about a project in Reno that was in the design process. She thought it was important for residents to see this as an opportunity to be proactive, especially at the local level. On one hand, government was criticized for not planning for growth, and then projects would get behind, especially road improvements. Assemblywoman Smith said in an environment where costs were down, people were unemployed, money was available and population growth was somewhat flat, it was a good opportunity to be proactive and forward looking. She believed it was a good opportunity for the construction industry to assist the public in understanding the planning and justification for projects.

Assemblyman Oceguera said he would like to delve into the job-loss portion of the presentation. He asked if there was a multiplier effect to other industries when jobs were lost in the construction industry. Also, unemployment insurance was paid in the private sector but not in the public sector, but when people were taken off the public payroll they shifted to the unemployment side. He asked if there was a multiplier effect in job loss. For example, would laying off 100 university professors affect local businesses in the surrounding area?

Mr. Aguero replied the first part of the question was relatively straightforward in terms of the multiplier effect and how many jobs were created for every $1 million of economic output, or final demand, was put into the economy. The multipliers differed between types of projects – a highway was different than a flood control facility. Employment in the private sector generally ranged from about eight to nine jobs for every $1 million dollars expended, and the government sector was roughly in that range as well. In terms of indirect jobs, e.g., supplier purchases that supported them and the induced employment, which was essentially one direct worker going to a doctor's office, movie theater or dry cleaners, Mr. Aguero said those were also relatively similar between the government sector and the non-government sector.

Mr. Aguero said the second portion of Assemblyman Oceguera's question was much more complicated. What would happen next? There was the issue of unemployment insurance tax being paid by one group and not the other, but the private sector was also generating tax revenue from just being in existence, e.g., payroll tax and sales tax. Mr. Aguero said the issue also opened up a question from the capital program standpoint; he would suggest that there was a fairly wide divide between trading public sector jobs for private sector jobs for the baseline economic analysis, and trading private sector jobs for public sector increases in wages, salaries and benefits. Mr. Aguero reiterated the question became much more complicated going forward.

In addition, Mr. Aguero continued, the question must be asked as to whether the government service provider was the most efficient provider of that service. Was the cost of providing that service less in the public sector than it would be in the private sector, or could the private sector effectively do it better at a lower cost or at a lower cost but at the same level of service? He said if the answer to the question was yes, then inefficiency would be increased by keeping the public sector person working. Mr. Aguero said all sectors, and certainly the public sector, were trying hard to avoid layoffs by moving people around in different areas, some of which was necessary and appropriate, but some of it probably not reflecting the level of decline in the economy and in the private and public sectors.

Finally, Mr. Aguero said the answer to Assemblyman Oceguera's question was basic; the trade-off was probably very similar, but the trade-off would become much more complicated going forward.

Assemblyman Goicoechea said he knew some construction companies in northern Nevada were asking their employees to take a salary reduction. He asked how prevalent it was for construction companies to ask employees to work for a lesser amount.

Mr. Holloway replied it was very prevalent on the non-union side, and on the union side, negotiations were just beginning for this year with many of the building trades, and lower wages would be negotiated. Whether that would occur or salaries would be frozen was another question.

Assemblywoman Gansert remarked that prevailing wage was required to be paid for construction projects in the public sector. She asked how long it would take to reset the prevailing wage given that the costs of construction projects were expected to be lower and given the supply of workers. Were lower prices being seen for public works projects?

Mr. Holloway responded that in the past, surveys were conducted on prevailing wages every year or two. He said the prevailing wage was already $3.00 less than what the ironworkers were being paid an hour.

Assemblywoman Gansert affirmed that surveys were conducted about once a year, so there would be a lag time, but Mr. Holloway was saying there was a decline in the prevailing wage for ironworkers so far.

Mr. Holloway said that over the last few years the gap had grown between the union and the prevailing wage rates. He happened to know that was true of the ironworkers because he was involved in negotiations with them.

Assemblywoman Gansert commented that given it appeared some funds may be available, she thought it was important that good pricing for the taxpayer's dollar be obtained if the market had actually declined as far as the cost of construction.

Mr. Holloway remarked the bids were extremely low; every public works entity in the state would say now was the time to bid jobs because they were coming in much lower than the engineering estimates.

Cochair Mathews asked how many change orders would be involved if the bids came in low. Mr. Holloway replied on the hard bid jobs, change orders still played a role, but a lot of jobs were going out using the construction manager at risk (CMAR) or the design/build method of contracting and no change orders were required in either of those methods.

Assemblywoman Smith asked what the average percentage of wages was on a construction project. She thought most of the project cost was materials and not wages.

Mr. Holloway responded the percentage varied greatly from project to project, e.g., a building, a highway or a bridge. He did not have an accurate number, but he would be happy to get the information.

Mr. Aguero said from his analysis, just based on a payroll component per $1 million expense, the percentage would vary between 15 and 30 percent depending upon which model was used. Assemblywoman Smith affirmed that wages were a low part of the overall project, and Mr. Aguero concurred that materials were the substantial cost.

Cochair Mathews thanked Mr. Aguero and Mr. Holloway for their presentation.

J. STATEMENT OF CONTINGENCY FUND BALANCE.

Mr. Krmpotic reviewed the Statement of the Contingency Fund Balance. The Contingency Fund balance, representing unrestricted General Funds, totaled approximately $17.2 million, and unrestricted Highway Funds totaled $2.5 million. He noted there were no requests for Contingency Fund allocations before the Committee at this meeting.

Cochair Mathews asked for questions or comments from the Committee; there were none.

*K. REVISE REVERSION DATES OF AUGUST AND SEPTEMBER 2009 CONTINGENCY FUND ALLOCATIONS.

Lorne Malkiewich, Director, Legislative Counsel Bureau, noted that at the last IFC meeting he had asked that the reversion dates for Contingency Fund allocations be changed from the third Thursday in September to the end of the August in order to provide the Contingency Fund balance information to the State Controller on a more timely basis. He said the reversion dates of June 30 for agencies to commit funds and August 31 to return the funds to the Contingency Fund would not change. Mr. Malkiewich said this item would move the September reversion dates for the requests that were previously approved by the Committee to August 31, which would have no significant effect on the allocations but would allow more time for the LCB Accounting Unit to prepare the final information for the auditors and the State Controller.

ASSEMBLYMAN GOICOECHEA MOVED FOR APPROVAL.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED.

L. STATEMENT OF DISASTER RELIEF ACCOUNT BALANCE.

Mr. Krmpotic reviewed the balance of the Disaster Relief Account. As of January 19, 2010, the balance totaled $6.8 million. A request for an allocation to the city of Caliente totaling $555,508.25 was included in Item M of the agenda, and if the allocation received Committee approval, the balance in the Disaster Relief Account would be about $6.2 million.

*M. REQUESTS FOR GRANTS FROM THE DISASTER RELIEF ACCOUNT IN ACCORDANCE WITH NRS 353.2755: Request for $555,508.25 on behalf of the city of Caliente to cover costs associated with floods that occurred in January 2005.

ASSEMBLYMAN HARDY MOVED FOR APPROVAL.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED.

N. REPORT ON POSITIONS THAT HAVE BEEN DETERMINED NOT TO BE SUBJECT TO FURLOUGH LEAVE PURSUANT TO S.B. 433, SECTION 5 (2009 LEGISLATURE) AND THE REASONS FOR SUCH DETERMINATIONS – <u>INFORMATIONAL ONLY</u>.

1. State Board of Examiners
   a. Office of the Military
   b. Attorney General
   c. Department of Employment, Training and Rehabilitation

Mr. Krmpotic explained Item N was a report on exceptions to furloughs that had been granted to agencies pursuant to S.B. 433, which required reporting to the Interim Finance Committee. He said staff had no questions or issues related to the information.

O. INFORMATIONAL ITEMS.

7. DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION – Employment Security Division – Response to questions asked about unemployment insurance overpayments.

Cindy Jones, Deputy Director, Department of Employment, Training and Rehabilitation and Administrator, Employment Security Division (ESD), noted that the Committee's meeting packet (<u>Exhibit C</u>) included a response to some questions as an informational item following up on some articles that were published in the newspaper in fall 2009 regarding the overpayment of unemployment insurance benefits. She remarked that the agency was in the most complex claims environment in the history of the unemployment insurance program, concurrently administering the regular unemployment benefits program along with five federal extensions and the federal additional compensation program, which provided an extra $25 payment on all benefit payments made.

Ms. Jones said ESD had the responsibility of recovering overpayments any time benefits were provided to unemployment insurance recipients that they should not have received. She said the genesis of the article was related to some constituents who were dissatisfied with the agency seeking repayment of those benefits.

Ms. Jones explained there were provisions in Nevada law that allowed waiver of overpayments if it was determined it would be against equity and good conscience to collect those benefits based on an individual's circumstances. She said there was an application process for a waiver. In addition, in the event the overpayment was truly an agency error, overpayments were waived. However, if the claimant had culpability in the overpayment to start with, such as not providing accurate and complete information regarding their separation from employment, he would be held liable for the recovery of those overpayments. Ms. Jones said it was the agency's fiduciary responsibility on behalf of Nevada employers to recover those overpayments.

Ms. Jones said that prior to the release of the articles, the agency had been engaging in substantial work to look at unemployment insurance overpayments and appeals areas. The agency had been intent on getting benefits out to the street as quickly as possible for the plethora of different unemployment insurance extensions. She said now the agency was looking at processes for appeals, overpayments and ways to better improve efficiency. Internal quality control programs had been expanded beyond what was required by the Department of Labor, and a variety of other process improvements had been initiated. She said the agency was also seeking consultation with national unemployment insurance program experts and other states to benchmark best practices for continued process improvements. Certainly, Ms. Jones concluded, the work program just approved by the Committee was one step toward improving the agency's integrity programs and aiding it in detecting, preventing and stopping fraud early in the process.

Assemblyman Conklin observed there were too many moving parts in unemployment; there had been many adjustments to payments, timeframes, and who qualified. He was curious to know if other states in the same situation were experiencing the same types of problems, which could very well be systemic.

Ms. Jones replied it was certainly a systemic issue across the country, and it was becoming a priority from the President on down to focus on improper governmental payments across all benefits and entitlement programs. The President had signed an Executive Order to federal agencies to start looking at the issue. In partnership with the Department of Labor and the National Association of State Workforce Agencies (NASWA), Nevada hoped to have a seat at the table to look at the issues from a national perspective down to the state level in order to share best practices.

Ms. Jones pointed out that the unemployment insurance system had been chronically underfunded for years. The state had been dealing with a 30-year-old system, and she expressed her appreciation for the Committee and Legislature's support of the agency's efforts to modernize the system.

Assemblyman Conklin said it seemed to him that many incorrect payments were just a result of misunderstanding. If it was difficult for the state to ascertain what people were qualified for, it would certainly be difficult for the claimants. He asked if employers behaved differently during these times. In normal times, when a firing took place employers were quick to respond to unemployment claims they felt should not be paid. He wondered if employers might feel differently in these times since many of the firings were a result of lack of funds to make payroll. He asked if there was a lag in communication between employers and the Employment Security Division because employers did not necessarily want to see benefits denied when they would actually have preferred to keep the employee.

Ms. Jones replied the agency was seeing the opposite – employers were more likely to appeal a case when it was contested because it would impact their tax rates in the long run. She said the agency was not seeing any disconnect in communication. A lot of the fraud in overpayments and overpayments in general was the result of people who were working and collecting at the same time, which was the area all states struggled with. The additional cross matches and AWARE software and other tools being implemented would hopefully stop fraud payments earlier. Efforts so far had significantly reduced the average fraud payments from last year to this year by about 30 percent.

Assemblyman Conklin noted the information provided in the meeting packet (Exhibit C) indicated roughly 25,000 individuals received overpayments in 2009, and year-to-date the number was already 33,000. He asked if he understood the chart correctly.

Ms. Jones replied he was correct. With the increased number of benefit payments, there would be an increased number of fraudulent overpayments or overpayments in general. She said in the last six months of 2008, about 1.5 million weekly payments were made; in the same period for 2009, 3.3 million benefit payments were made. When that many more payments were made, there would be a commensurate increase in the amount of overpayments. However, the percentage of overpayments in general had remained relatively steady at about 2.5 percent.

Cochair Mathews stated the item was information only; a vote was not required. She thanked the staff for their testimony.

P. PUBLIC COMMENT.

Greg Macrenaris testified concerning no-bid single-source contracts being issued by state agencies. Following are his verbatim remarks:

> There are no-bid single-source contracts put out every year for service contracts to the state of Nevada and its agencies. These legal fees,

including retainer fees to legal firms, need to be audited. How much of taxpayer dollars are wasted yearly on these fees? Who has the authority to issue no-bid single-source service contracts to legal firms at the AG's office? How many of these firms are registered lobbyists, which leads to the question of how many of these firms are returning partial amounts of these taxpayer dollars back to the political candidates? Who allows the attorneys to bill the state for legal services with or without billing costs? At a time when service jobs and pay are continuously cut across the board to state employees, why isn't there an open bidding policy at the AG's office for legal services? If there is, why is it circumvented by issuing initial contracts for $9,999.99, one dollar below the rate of the Board of Examiners' scrutiny? Why is it that state agencies who are being sued for illegal activities and possess their own legal staffs turn to the AG's office to pay taxpayer dollars to defend them? Do any of these monies come from the general contingency or tort funds, and who authorizes it? The free enterprise system is based on open bidding policy to ensure fairness and accountability. I see none of that here. If I were a lawyer or firm, I would surely want to know why I am not afforded the opportunity to bid on these lucrative government contracts. Favoritism, sweetheart deals and political favors – almost $900,000 to a former AG's employer's firm. The open bidding policies of the state government are put into place to stop this and to show transparency so that the taxpayers know where their dollars, and if they are not going to the right places for the correct reasons, who should be accountable? There are many questions, and I have documented evidence to answer most if you should want the answers. I'll bring them back to this committee any time that you require and make that information public. But certainly, being a lot of money put through a lot of free tunnels to a lot of law firms simply because somebody wants to do it, and they don't want anybody to know, so they circumvent the Board of Examiners. That's just wrong. That's $900,000 that I know of, and I know there is a lot more; I just haven't gotten through the 1,300 pages of documentation that I have. But I will and I will bring it to you. My only concern here is saving the taxpayers' money – open and above free enterprise, an open bidding policy, including the Attorney General's office. They are in the position where they can do just about anything they please – acquire favoritism, acquire for political basis and give money to whoever they want and avoid any scrutiny whatsoever. That's too much for the public to pay. There are too many taxes going down the tube. Somebody needs to check in on it.

The last time I came here I asked to have an audit done and it was voted unanimously, because what I said was the truth. I'm here doing the same thing again, and I have the evidence in hand just as before. I just hope that this committee can see into the future and say, "The Attorney General's office has too much power to give away too much money

> without anybody looking after and finding out where it's going." And it needs to stop. That's all I have to say.

Cochair Mathews thanked Mr. Macrenaris for his testimony. She asked for further public testimony; there was none.

Q. ADJOURNMENT.

Cochair Mathews adjourned the meeting at 2:30 p.m.

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Senator Bernice Mathews, Cochair
Interim Finance Committee

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Senator Steven Horsford, Cochair
Interim Finance Committee

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Lorne Malkiewich, Director
Legislative Counsel Bureau and Secretary
Interim Finance Committee

EXHIBITS
INTERIM FINANCE COMMITTEE

Exhibit	Witness/Agency	Description
A	Fiscal Analysis Division Legislative Counsel Bureau	Agenda
B	Fiscal Analysis Division Legislative Counsel Bureau	Guest List
C	Fiscal Analysis Division Legislative Counsel Bureau	Meeting Packet
D	Senator Coffin, IFC Subcommittee to Review Public Works Board Matters	Chairman's Report of Meeting Held on February 2, 2010
E	Gail Anderson, Administrator, Real Estate Division	Nevada Real Estate Commission's Letter of Support for Work Program Revision
F	Andrew Clinger, Director, State Department of Administration	Estimated General Fund Shortfall as of February 3, 2010 – Fiscal Years 2010 and 2011
G	Jeremy Aguero, Applied Analysis	PowerPoint Presentation – Status of Capital Project Funds