

MINUTES OF THE FEBRUARY 10, 2010  
MEETING OF THE  
INTERIM FINANCE COMMITTEE  
LEGISLATIVE COUNSEL BUREAU  
Carson City, Nevada

Cochair Steven Horsford called a regular meeting of the Interim Finance Committee (IFC) to order on February 10, 2010, at 9:08 a.m. in Room 4401 of the Grant Sawyer Office Building in Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Legislative Building in Carson City. [Exhibit A](#) is the agenda and [Exhibit B](#) is the guest list. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Steven Horsford, Cochair  
Senator Bernice Mathews, Cochair  
Assemblyman Morse Arberry Jr., Vice Chair  
Assemblywoman Barbara Buckley  
Assemblyman Moises (Mo) Denis  
Assemblyman Pete Goicoechea  
Assemblyman Joe Hardy  
Assemblyman Joseph Hogan  
Assemblywoman Sheila Leslie  
Assemblywoman Kathy McClain  
Assemblywoman Debbie Smith  
Senator Bob Coffin  
Senator Randolph Townsend  
Senator Joyce Woodhouse

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Assemblyman Marcus Conklin  
Assemblywoman Heidi Gansert  
Assemblyman Tom Grady  
Assemblyman John Ocegüera  
Senator William J. Raggio  
Senator Dean A. Rhoads

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Ellen Koivisto

OTHER LEGISLATORS PRESENT:

Senator Stan Olsen

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN LAS VEGAS:

Tracy Raxter, Fiscal Analyst, Assembly  
Mark Krmpotic, Fiscal Analyst, Senate  
Sherie Silva, IFC Committee Secretary

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN CARSON CITY:

Lorne Malkiewich, Director, Legislative Counsel Bureau  
Eileen O'Grady, Chief Deputy Legislative Counsel, Legislative Counsel Bureau  
Patti Sullivan, Fiscal Division Secretary

Cochair Horsford called the meeting to order and asked for a roll call.

A. ROLL CALL.

Lorne Malkiewich, Director, Legislative Counsel Bureau, called the roll from Carson City; he announced that a quorum of each House was present.

Cochair Horsford noted that Stan Olsen, newly-appointed Senator from Clark County Senate District 9, was present and had been invited to sit on the dais with the Committee.

\*B. RECONSIDERATION OF ACTION ON ITEM NUMBERS 32 AND 34 OF AGENDA ITEM H ON THE FEBRUARY 3, 2010, IFC AGENDA RELATING TO THE REAL ESTATE DIVISION OF THE DEPARTMENT OF BUSINESS AND INDUSTRY. WORK PROGRAMS #C17208 AND #C17209

**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.**

**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.**

Cochair Horsford explained Agenda Item B was a reconsideration of an item that was heard during the February 3, 2010, IFC meeting pertaining to the Real Estate Division.

He asked Eileen O'Grady, Legislative Counsel Bureau Legal Division, to provide an update on the issue.

Eileen O'Grady, Chief Deputy Legislative Counsel, Legislative Counsel Bureau, stated the relevant statute required that any balance over \$300,000 remaining in the fund at the end of any fiscal year must be set aside and used by the administrator, after approval of the Real Estate Commission, for real estate education and research. She said if the Interim Finance Committee found that the money would be used for real estate education and research, the transfer could be approved.

Cochair Horsford asked for a motion to open the item for reconsideration.

SENATOR MATHEWS MOVED TO OPEN AGENDA ITEM B FOR RECONSIDERATION.

THE MOTION WAS SECONDED BY SENATOR WOODHOUSE.

THE MOTION CARRIED.

Senator Mathews requested that Ms. O'Grady clarify her statement. She asked if the division was limited in its use of the funds.

Ms. O'Grady replied the statute required that the money be used for real estate education and research only; that was the only purpose for which the transfer could be approved.

Senator Mathews affirmed the Committee's previous vote had granted permission to use the funds for operations.

Mark Krmpotic, Senate Fiscal Analyst, explained the Committee had approved the transfer of approximately \$300,000 from the real estate education account to the real estate administration account to address a shortfall in the administration account dealing with revenues coming from timeshares. In addition, there were other work programs dealing with the Real Estate Division considered at the same time which were approved by the Committee.

Senator Mathews asked if a representative from the Real Estate Division was present to explain the issue further. She had received information from the Attorney General that the Committee had incorrectly approved the request.

Gail Anderson, Administrator, Real Estate Division, explained items 32 and 34 were for the purpose of transferring \$373,365 from the real estate education fund to real estate administration. She recalled that at the February 3, 2010, meeting, she had set in the record the citation that LCB Legal Counsel had set forth, NRS 645.842. Ms. Anderson said she had testified that the division recognized the purpose of the special revenue fund and that there was already a nexus in administrative operations to the real estate

education account. Cost allocations from the education account had been used for a number of years in the administration budget account for legal, administration, fiscal, personnel, rent, data systems and maintenance costs.

Ms. Anderson then recalled she had previously discussed precedent. The fund had been utilized for the filing system in the Las Vegas office, which was approved through a work program. She indicated that use of the education fund had been supported by the Nevada Association of Realtors and the Real Estate Commission (Exhibits C and D). She reiterated there was a nexus between the accounts; they did not stand alone. The primary purpose of the account was met by the allocation of the Real Estate Commission to education and research projects. Specific projects were approved by the Commission each fiscal year at budget closing, and the Commission was involved in the recommendations for the budget presentation. Ms. Anderson said the division had approached the Committee with an extraordinary problem and a proposed solution the division hoped would be acceptable based on some of the premises that already existed.

Senator Mathews said she did not believe the Committee was trying to find a solution; members realized there were instances requiring extraordinary action because of extraordinary times. She had the impression that the Attorney General (AG) had issued a verbal opinion and approved the transfer, but that opinion did not exactly indicate approval of the action, which was her concern. She reiterated the Committee was not trying to reverse any actions, but she wanted the record to reflect that the Committee was left with the understanding that the division was told the transfer was legal, and that was not what was said, at least according to the attorneys she had spoken with. Senator Mathews said the Committee may well approve the transfer, but she wanted to put the agencies on notice that they needed to be up-front with the Committee so that it could vote to support the agencies. It did not sit well with her that she had been left with the idea that the transfer was fine with the attorneys when that was not the case. She noted that the LCB Legal Counsel would not dispute an opinion from the Attorney General's office if it was indicated approval from the AG had been received.

Senator Coffin said he did not believe the misrepresentation was serious. There may have been a neglect to reveal the full information; however, he suspected that the agency chief did not lie to the Committee. In view of the fact that statute prohibited the transfer, precedence was not satisfactory to approve an action; the Committee did not have the authority to override statute or represent itself in place of the full Legislature.

Senator Coffin said one of the reasons for the tension between the Executive and Legislative Branches was the use of NRS Chapter 353 to take emergency action, even though the items were not really issues of life, emergency or protection of property. He stated the Committee had been neglecting its duties as representatives of the public and the other 40-some members of the Legislature. He was sorry to learn that the Committee did not have the authority to approve the transfer and, regrettably, he believed the action needed to be reversed, despite the support of the realtors.

Assemblywoman Leslie agreed with the two previous speakers. She had also been left with the impression that the Attorney General had approved the transfer. She asked what the AG had specifically told the division.

Ms. Anderson said that in response to the Committee's questions, she had testified that she did not have an Attorney General's advisement.

Assemblywoman Leslie said that was what she recalled, and she asked if Ms. Anderson had told the Attorney General that she did not want the opinion in writing.

Ms. Anderson replied all Attorney General contact was made through the Director of the Department of Business and Industry (B&I), as was the procedure in asking for an opinion. This particular matter was handled through the Director's Office.

Assemblywoman Leslie asked to hear from a representative of the B&I Director's Office or the Attorney General's office. She wanted to know the Attorney General's opinion of the transfer.

Diane Cornwall, Director, Department of Business and Industry, stated no one was lying or trying to pull the wool over members' eyes. The division had an emergency situation that needed to be taken care of or 22 people would have to be laid off. The department felt that resolving its own problems would be a good thing to bring to IFC. She noted that Committee members had a copy of a January 11, 2010, e-mail ([Exhibit E](#)) she had sent to the agency's Deputy Attorney General, as well as a copy of the letter sent to IFC, outlining what the agency wanted to do. Ms. Cornwall said the department had read the statute and felt there might be a nexus, and if an argument could be made, the money could possibly be used. The options were to amend the statute, or as previously stated, lay off 22 employees.

Continuing, Ms. Cornwell said she sent the Deputy Attorney General a second e-mail on January 19 ([Exhibit E](#)), but as of the date of the January IFC meeting, the agency had not received a response from the Attorney General's office. She said the agency had testified to the IFC that it did not have an AG's opinion. She suggested that the statute be amended during the upcoming Special Session to allow access to the funds, or again, the option would be to lay off 22 people.

Cochair Horsford stated he did not know whether IFC had authority to make such a decision at this meeting. The agency had already made the decision, but the question remained whether it had the authority to do so. Now the agency was asking the Committee to approve the work program change, and the fundamental question was whether the Committee had authority to approve the use of the funds.

Senator Townsend said Cochair Horsford had stated the only question of importance. With all due respect to the Administration and the Attorney General, the LCB Legal Counsel was the Legislature's legal counsel, and if she decided the Committee had the authority, then it should proceed and the vote would stand. If the LCB Legal Counsel

said the Committee did not have the authority, then a decision would be needed whether to ask the Administration to include the matter in the call for a Special Session in order to amend the statute. The legal responsibilities of the two branches of government needed to be clarified. He suggested the Committee move forward with the next agenda item.

Assemblywoman Buckley asked whether the AG's office had told Ms. Cornwall on the telephone that the agency could not use funds for this purpose.

Ms. Cornwall replied she did not have a discussion to that effect; she was relying on the memorandum she had written and was waiting for a response. The agency knew there might be some question concerning the transfer and indicated as much in the beginning of testimony at the January 19 IFC meeting; she apologized if it was not clear. She agreed with Senator Townsend that the matter could be taken care of during Special Session.

Assemblywoman Buckley affirmed that Ms. Cornwall did not have a conversation with the Attorney General's office regarding whether the transfer was permissible and that the AG's office had not responded to the agency prior to the January IFC meeting.

Ms. Cornwall responded Assemblywoman Buckley was correct; no one from the Attorney General's office had contacted her.

Assemblywoman Buckley agreed that it was appropriate to move on as suggested by Senator Townsend, but she believed the point made by Senator Mathews at the beginning of the discussion was important. She emphasized the branches of government needed to work together during these tough fiscal times to provide the best critical services possible. However, the law was the law, and it could not be circumvented; despite the zeal to protect jobs and core functions, compliance with the law was necessary. Assemblywoman Buckley requested that the item be put on the Special Session proclamation. The statute was very clear regarding the purpose of the funds, and administration was not the purpose. The funds may need to be utilized, but she did not think they could be used the way the law currently read.

Cochair Horsford said a motion had been approved for reconsideration of the item. Based on that action and the direction to add the item to the Special Session proclamation, he called for a motion to rescind the Committee's previous approval.

SENATOR COFFIN MOVED TO RESCIND THE COMMITTEE'S  
PREVIOUS APPROVAL OF AGENDA ITEMS H-32 AND H-34.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED.

Cochair Horsford indicated the Committee would work with Ms. Cornwall, Ms. Anderson and the Administration to have the item added for consideration during the upcoming Special Session.

\*C. STATE TREASURER'S OFFICE – STATUS OF AVERAGE DAILY CASH  
BALANCE AND ESTIMATED AVERAGE DAILY CASH BALANCE  
THROUGH JUNE 30, 2011.

Steve George, Chief of Staff, and Mark Winebarger, Chief Deputy Treasurer, State Treasurer's Office, indicated the Committee members had received a graph prepared by the Treasurer's office showing the cash balances from January 2009 through January 2010 (Exhibit F).

Senator Coffin stated he had requested that the Treasurer appear before the Committee to explain the cash balances because it was necessary to know the state's cash position at any given time. He noted it was one thing to have projections of future revenues, but it was another thing to know the exact status of the cash flow. He expected to receive more than a simplistic graph; he asked if more data had been prepared and possibly sent to the Fiscal staff.

Mr. Winebarger replied the office had a great deal of historical data, but with a Special Session coming up and not knowing exactly what was going to be discussed and the timing of the proposed budget cuts, it would be impossible to project cash with any certainty other than to look at historical trends.

Senator Coffin noted the Treasurer's office had a week to prepare data on the various funds and inform the Committee of the cash position and the expected inflow and outflow based upon current conditions.

Mr. Winebarger reiterated that without knowing what was going to occur in the Special Session, the timing of the cuts and their impacts, it was not possible to project what was going to happen beyond February. He could review the recent history of the General Fund cash, and assumptions could be made that the cash could increase slightly, but it was very difficult to speculate when there were so many unknowns.

Senator Coffin said it would have helped to have received a more complete response to a legislative request. It was not an unfriendly request or one that would have required an obscure rather than complete response, and he was surprised and disappointed. He asked if the office could supply additional information later in the day.

Mr. George said the Treasurer's office obviously had the historical data and projections had been made. However, currently it was difficult to make a projection because of not knowing what would happen in the Special Session. A projection of General Fund cash in June 2010 or June 2011 would simply be a guess, since the direction of the Special Session was unknown.

Senator Coffin said the request was for information based on what was known; some decisions during the Special Session might possibly be made based on information from the Treasurer's office, which was not being provided.

Senator Townsend asked if the cash position through June 30, 2010, would be available. The basic question was how long it would be before the state could possibly not pay its bills, irrespective of whether Special Session would be called.

Mr. Winebarger replied in the short term, based on the recent three- to five-month trends, it appeared the sharp decline in cash was decreasing, and the last few months it had been balancing out at about \$350 million on an average daily basis. He did not know if that trend would translate to the same during June and July, but he hoped so.

For the benefit of the Committee as well as the public, Cochair Horsford asked Mr. Winebarger to walk the Committee through the process of tracking daily, monthly and yearly comparisons of cash balances and indicate where the state currently was, based on its obligations now and in the future into at least the rest of the fiscal year.

Mr. Winebarger stated a year ago, the average daily balance for each month was \$400 - \$500 million. He noted the balance changed every day. An average of \$350 million was sent out at the end of every month, which drastically reduced the monthly balance. However, based on the most recent historic trends, the average cash balances appeared to be leveling out. In addition, Mr. Winebarger said the cash was more than the unrestricted revenues, e.g., gaming taxes, sales taxes; there was a lot of other money in the General Fund. A big part of the General Fund cash balance was the expenditures. Obviously, revenue was a huge piece, but expenditures and timing of agency expenditures were just as important as the revenues coming in. There were federal revenues, including American Recovery and Reinvestment Act (ARRA) funds, but Mr. Winebarger said the office did not have the staff to analyze all of the revenues and expenditures and when they were expected to hit, other than the large expenditures at the end of each month. He reiterated the average balance had been at \$350 million over the past few months, which was a comfortable position and the bills could be paid. He said more historical data could be provided if necessary.

Cochair Horsford said the goal, as Special Session approached, would be for the Treasurer's office to return to the Committee, possibly at the beginning of the Session, and discuss the state's approved obligations and what the month-to-month cash flow and balances may be. He acknowledged it was difficult to make projections, but it was important for the Committee to have as much information as possible.



**\*D. REVIEW OF PROPOSALS FOR REDUCING SPENDING RELATED TO THE HEALTH DIVISION OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.**

Mike Willden, Director, Department of Health and Human Services (DHHS), introduced Richard Whitley, Administrator, State Health Division, who was testifying from Carson City.

Mr. Willden referred Committee members to the document entitled, Nevada Department Health and Human Services Budget Cuts ([Exhibit G](#)), and indicated the summary of the Health Division budget reductions began on page 5. He summarized the recommendations for the division:

Total General Fund Reductions for the Health Division – \$ 9,695,378, which was comprised of three recommendations:

- \$8,990,050 – Sweep funds from the Health Radioactive and Hazardous Waste Fund, which was the same fund that was swept of about \$4 million in previous budget cuts. Legislation would be needed to sweep the funds into the General Fund. Mr. Willden explained the account was an interest-earning perpetual care fund, and there were fees when chemical waste was dumped into the dump, which was managed by the Department of Conservation and Natural Resources. Enough money would remain in the fund to meet the \$100,000 - \$200,000 annual operating costs through the biennium.
- \$155,182 – Eliminate General Funds associated with the Office of Minority Health and continue the function using federal grant funds. Three positions were funded in the office: the Program Manager, a Health Resource Analyst and an Administrative Aide. Funding for the Program Manager would be eliminated, and it was planned to incorporate the Office of Minority Health under the Chronic Disease Management Section. A layoff letter had been sent to the Program Manager, and the department was actively working toward placing her in another position.
- \$550,146 – Increase fees in the consumer health protection area which oversaw restaurant inspections to a level more commensurate with the cost of providing the service. This budget dealt with restaurant inspections, sanitation issues related to temporary mass gatherings and bottled water plant inspections. The plan was to take \$550,000 in General Funds, and the Health Board and staff would conduct public hearings on increased inspection fees, with a goal to have a new fee structure in place July 1, 2010.

Assemblywoman Leslie affirmed there were not many cuts in the Health Division because of the large amount of federal dollars received; there were not many General Fund dollars involved.

Mr. Willden replied Assemblywoman Leslie was correct. He referred her to page 6 of [Exhibit H](#), which reflected the Health Division's total budget in fiscal year 2010 of nearly \$167 million included only \$26 million in General Fund. He noted that \$17 million in General Fund was in the early intervention services budget. Since the agency was largely funded by federal grants, there was not a lot of opportunity for reductions.

Assemblywoman Leslie asked if every employee in the Health Division was required to take a furlough. Mr. Willden replied that was absolutely true. Everyone in the Department of Health and Human Services took furloughs; there were no exemptions from the furlough process, including federal employees.

Assemblywoman Leslie noted that General Funds were not being saved through the furloughs for the federally-funded positions.

Mr. Willden indicated the savings were redirected from administration to client service programs wherever possible, but there was a likelihood at the end of a grant period that some federal dollars would be returned. He said usually if funds were not going to be spent on administration, there were plenty of programmatic issues to which the dollars could be redirected.

Assemblywoman Leslie said she appreciated the fact that the employees were sacrificing through the furlough program even though the state was not benefitting directly. She was concerned about rumors she had heard that positions were going to be frozen, even those funded by federal dollars. She could not imagine why positions would be frozen when someone left and not be refilled if they were being paid 100 percent from federal dollars, because those positions could possibly be used to place employees facing layoff.

Mr. Willden said he had not seen the Budget Office's directive, but the Budget Office was gathering information and requesting departments to identify every vacant position. Currently there were approximately 470 to 480 vacant positions in DHHS, which amounted to an 8-percent vacancy rate. He noted there was an opportunity to code positions that the department could request the Budget Office or the Governor's Office to not freeze. Mr. Willden said the department was presently identifying every vacant position and those which should not be frozen.

Assemblywoman Leslie said it was essential to preserve every job possible; she did not want to see positions funded by federal or grant dollars frozen.

Mr. Willden remarked Assemblywoman Leslie had made a good point. In the past, when possible, attempts were made to move staff to a grant-funded opportunity.

Cochair Horsford said it was his understanding that the Office of Minority Health would remain intact, but funded by federal dollars and no General Fund. He questioned the reason for laying off the Program Manager.

Mr. Willden clarified that the Health Program Manager's position was currently filled, although a layoff notice had been issued to her. The office would consist of two positions going forward, the Health Resource Analyst and the Administrative Aide, who would be transferred to the chronic disease section and federally funded. There would still be an Office of Minority Health, but it would be located within the chronic disease section and totally federally funded. He reiterated the Program Manager position was being eliminated, and attempts were being made to relocate that individual within the department.

Cochair Horsford asked why the Program Manager position was not being funded by federal resources.

Mr. Willden said it possibly could be if some federal dollars could be redirected to that position through the process; he did not have the answer yet. When the office was created, it was funded with 100 percent General Funds and then other positions and activities were funded by federal grants. He said every option would be considered before the ultimate layoff decision, and he reiterated the Program Manager would move into a position in another program for which the individual would qualify.

Mr. Willden remarked he had just learned there was one other opportunity for increased revenue from the Office of Vital Statistics' fees. The state's vital statistics fees were less than Clark County's by about \$7.00; the state charged \$13.00 per vital record and the county charged \$20.00 per record. Mr. Willden said there was an opportunity to make a statutory or regulatory change to enhance fees in that office.

Cochair Horsford asked for public comment on the agenda items just discussed. There was none.

**\*E. REVIEW OF PROPOSALS FOR REDUCING SPENDING RELATED TO THE DIVISION OF CHILD AND FAMILY SERVICES OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.**

Mr. Willden noted that Diane Comeaux, Administrator of the Division of Child and Family Services (DCFS), and Fernando Serrano, Deputy Administrator, Juvenile Services, DCFS, were present in Carson City to answer questions.

Mr. Willden referred Committee members to page 9 of [Exhibit G](#), which itemized the total recommended reductions for the Division of Child and Family Services of \$16,874,635. He proceeded to review the reductions:

- \$899,734 – Reductions due to room and board for behavioral health residential facilities running less than the budgeted caseload, which was budgeted at 278 in fiscal year 2010 and was at 221. The caseload for FY 2011 was budgeted at 298, but was now projected at 241.

- \$1,599,669 – Savings in foster care payments and residential care payments in Rural Child Welfare due to lower-than-budgeted caseloads. In the substitute care category, the budget was for a caseload of 269 for FY 2010, and the caseload was actually at 242. In FY 2011, the budget was for 297, and the projection was 272; in the residential care category, the FY 2010 budget was at 269 and the actual number was 242; and in FY 2011, the budget was for 297, and the current projection was 272.

The 2009 Legislature appropriated funds to enhance the foster care rate for children in sibling groups in the north, south and rural areas. The rural portion of the enhancement money would be swept, and the rural areas would forego the opportunity to have enhanced sibling rates.

- \$900,000 – Reductions due to lower-than-budgeted caseloads in the youth parole residential care category. The budget was for 78 clients in each year of the biennium, and the actual count was 61 this year and projected to be 65 in FY 2011.
- \$720,000 – Reduction of case management services provided by the Wraparound in Nevada (WIN) program. The General Fund savings could be replaced with Medicaid dollars, resulting in no net reduction to the program.
- \$160,000 – Reduce funding for placement prevention in the Wraparound in Nevada (WIN) program designed to maintain families and reduce out-of-home placements and state custody cases.
- \$247,435 – Freeze two vacant information technology positions within the UNITY/SACWIS budget and reduce in-state and out-of-state travel and training. This reduction would restrict the division's ability to keep up with the data systems necessary for federal Child and Family Services Reviews (CFSR) and program improvement plans.
- \$3,694,821 – Close Summit View Correctional Center. Summit View was originally a 96-bed facility, which had been reduced to 48 beds due to previous cuts, and the facility had inefficiencies with regard to staff ratios as a result of the cuts. Beds were reduced in recent years from 160 to 140 at the Nevada Youth Training Center (NYTC) in Elko, and from 140 to 120 at the Caliente Youth Training Center (CYTC). With the closure of Summit View, the division would seek permission to reopen Elko and Caliente at full capacity. Funds would be set aside to fund 3 slots for children with intense needs, probably out of state. Attempts were being made to lease Summit View to a private provider, although there were issues with the bond covenants. The lease would either be an opportunity for revenue or additional placements under a contractual agreement. Layoff notices had been issued to about 50 employees, but legislative action would be required to approve 10 new positions in Elko and 10 in Caliente.

- \$2,046,368 – Reduce the Child Welfare Integration budget in Washoe County by 10 percent.
- \$6,101,647 – Reduce the Child Welfare Integration budget in Clark County by 10 percent.

Mr. Willden explained the counties generally funded the child protective services piece of the child welfare system, and the state, county and federal governments jointly funded the child welfare, prevention, placement, adoptions and reunifications, which would be the services most affected by the reductions.

Mr. Willden recalled that during the previous day's discussion concerning the welfare caseload, in one of the recommendations to reduce the Temporary Assistance for Needy Families (TANF) shortfall of \$6.8 million, these two child welfare agencies would also be receiving reductions in their TANF emergency assistance payments – Washoe County by about \$400,000 and Clark County by approximately \$1.1 million.

- \$116,567 – Reduce Juvenile Justice Community Corrections grants by 10 percent.
- \$170,498 – Reduce state support by 10 percent for payments for the three juvenile justice camps, China Spring/Aurora Pines in Douglas County and Spring Mountain Youth Camp in Clark County.
- \$180,000 – Reduce contract mental health rehabilitation services for uninsured children in Clark County.
- \$37,896 – Eliminate two part-time jobs and lay off one current employee at Southern Nevada Child and Adolescent Services.

Cochair Horsford asked if the formula or rates for the juvenile justice camps were set in statute. Mr. Willden believed that was true and asked for confirmation from Ms. Comeaux.

Diane Comeaux, Administrator, DCFS, replied the formula for Spring Mountain was not set in statute; it was set by the Legislature every year. There was a bill draft in the 2009 Session to set the formula for the other camps in statute, but it did not pass.

Cochair Horsford asked that the information be verified, because he recalled a bill during the 2009 Session that increased the rates, which had previously been set in statute.

Assemblywoman Leslie said she had difficulty with closing Summit View Youth Correctional Center. At a recent meeting of the Legislative Committee on Child Welfare and Juvenile Justice, the members heard a presentation on the Juvenile

Detention Alternatives Initiative (JDAI), which had been very successful and was one of the reasons beds could be closed in Elko and Caliente. The counties were sending fewer kids to those facilities and instead keeping them in their communities and serving them better. She noted that the Community Corrections block grant was being cut, which was a grant to help the communities prevent kids from entering state custody, and the most dangerous kids would be moved from Summit View, which was the only high-security facility in the state, to Caliente and Elko. Assemblywoman Leslie had talked with representatives of the Juvenile Justice Administrators Association, who had expressed some reservations; they would be meeting to discuss the closure further. She would rather see either Elko or Caliente closed, the kids placed back in the community with services and Summit View retained for the hard-core offenders who needed to be incarcerated for public safety reasons. She was aware Summit View had many problems that needed to be addressed.

Assemblywoman Leslie further remarked that she had visited all of the facilities over the years and had held discussions with many judges and professionals in the field, and she was not the only one who was questioning the decision to close Summit View. She asked if Mr. Willden had any further thoughts on the matter and whether the department had received input from judges on the decision.

Mr. Willden replied he had heard indirectly that one judge, Judge Voy, was not happy about losing any beds. He had not received any input from the other judges or juvenile justice associations, nor had he had discussions with DCFS staff concerning other options; each facility had its own unique set of problems. Mr. Willden recalled that Elko and Caliente housed hard-core offenders before Summit View opened, and in his view, Summit View had never really hit stride. He would meet with DCFS staff to weigh other options.

Assemblywoman Leslie thought more input was needed from the staff who actually worked with the offenders. She was not prepared to make a counter proposal, but she had a lot of concerns about public safety and the services provided to the kids. She acknowledged there had been problems in every facility.

Mr. Willden remarked the entire department had concerns with closing the facility. It was the largest savings item in the DCFS budget other than the Clark County Child Welfare Integration. He said the issue was how many programs the state could afford to run with the budget reductions. If the state could only manage two and not three core functions, it did not make sense to run them all half full. The facilities needed to be maximized if they were to be sustained.

Assemblywoman Leslie agreed; she just did not want to make a big mistake. She knew how important the facilities were to the rural communities. The Committee would discuss the issue further after receiving more public testimony.

Ms. Comeaux stated that the division had looked at closing other facilities. She reminded the Committee that during the 2009 Legislative Session, there was an

opportunity to take 88 beds offline because of the Juvenile Detention Alternatives Initiative. Closure of Caliente would eliminate 120 beds, closure of Elko would involve 140 beds, and even if Summit View could be ramped up, only 48 beds could be added back. She said the proposal to close Summit View, which was a difficult decision, was based on the ability to open 20 beds at Caliente and Elko and take only 8 beds offline.

Ms. Comeaux said that money was left in the Summit View budget to cover 3 youth who possibly could not be handled at the other facilities, for a net loss of only 5 beds. She said the system could not sustain a reduction of too many beds.

Senator Raggio noted the information indicated a closing date for Summit View of March 1, 2010, which appeared unlikely. He asked if savings of \$3.7 million with the closure was still valid, and what the net savings would be if the Committee acted at this time or action was taken at the Special Session.

Mr. Willden replied the March 1 date was not realistic; the goal for closure was now May 1, 2010. He remarked that the proposals were put together during the first week of January in the hope decisions would be made for March 1 implementation. Recruitment was ongoing in Elko and Caliente, but the department would have to wait for final legislative approval of the extra 10 positions in each facility. In theory, there would not be \$3.7 million in savings, but the department had a plan to backfill, and the commitment was still \$3.7 million.

Ms. Comeaux explained the Treasurer's office had refinanced the bonds that funded the Summit View facility. The savings of \$173,000 in the first year of the biennium and approximately \$900,000 in the second year would be reverted based upon the department's ability to use those additional funds through the refinancing.

With that in mind and understanding that several slots would be left open regardless of the closure, as well as costs of maintenance and mothballing, Senator Raggio asked if anyone could provide an estimate of the General Fund savings, assuming a May 1 closing and utilization of the bond refinancing funds.

Ms. Comeaux replied the savings associated with the change in closure date had not been recalculated because the layoff notices had just been released.

Senator Raggio surmised the amount would be significantly less than \$3.7 million. Ms. Comeaux said the department did not believe the amount would be significantly less; the \$3.7 million could be realized, even with the extension of the closure date, taking into consideration the refinancing of the bonds.

Senator Raggio asked if the Committee could receive a written analysis of the revised savings calculations.

Assemblywoman Gansert noted that the beds were going to be split between the two centers, but she wondered if consideration had been given to moving slots from one

center to the other rather than splitting them; she understood there were some security issues.

Fernando Serrano, Deputy Administrator, Juvenile Services, Division of Child and Family Services, replied the transfer process would be gradual. The plan was for natural releases to take place on predetermined release dates. For example, 13 youth would be released from Summit View on February 17, and 16 youth would be released from NYTC during the same week. The staff at Summit View had been reviewing the cases of individuals at Summit View in terms of how many could be transferred to NYTC, and 11 had been identified at this point. Mr. Serrano said within the next two weeks, between a transfer of youth and the natural releases, the capacity would be reduced by 24. In addition, there would be a release of 10 youth from Caliente within the next two weeks, and then Caliente would receive youth from NYTC if necessary. He said the department did not envision a scenario in which youth from Summit View would be transferred to Caliente, but rather through 1) normal releases on parole, 2) transfer of youth to NYTC, and 3) transfer of youth to NYTC from Caliente, if necessary.

Assemblywoman Gansert said her question was concerning security issues and the need to reconfigure both facilities versus one facility if all 40 youths were transferred to one facility.

Ms. Comeaux said the intent was not to split the children; their individual needs were considered to determine which facility would be the most appropriate placement. None of the youth from Summit View would be placed at Caliente, since it was the lowest secured facility.

Mr. Willden added that there would be staff members left in the Summit View budget to continue maintenance of the facility.

Assemblywoman Smith noted that Clark County had indicated that closing Summit View would have a \$447,000 impact on the county. She did not understand where those costs would be incurred.

Mr. Willden said he was not aware of how the number was calculated. Only 5 beds would be taken offline; he thought maybe the county was calculating that the system would back up and youth would have to be kept in Clark County-funded placements or detention for longer periods. However, Mr. Willden explained, people would not be moved from Summit View to Elko or Caliente and then transferred back to the county.

Assemblywoman Smith requested that Clark County respond to the question at some point in the meeting.

Assemblyman Goicoechea asked what the enhanced security at NYTC would cost; he assumed the facility was not adequate for the individuals being transferred.



Mr. Willden replied the costs would be for staff; Elko and Caliente were staff-secured facilities. He explained that Summit View was a totally different facility than Elko and Caliente. Summit View was a prison-type facility; Caliente and Elko did not have fences around cottages or any part of the institution; they involved placing more intense staffing, or senior and well-trained staff, with the more difficult youth in a cottage setting.

Assemblyman Goicoechea said he was under the impression that additional fencing was going to be installed at NYTC. Ms. Comeaux replied there was not a plan to install any additional fencing at the facility.

Cochair Horsford asked Mr. Willden to explain payment of the bond on the Summit View facility. Would the state essentially continue to incur debt to close the facility?

Mr. Willden replied Cochair Horsford was correct. The facility was built in the late 1990s, and the state had theoretically been paying for it ever since. The renegotiation by the Treasurer's office resulted in the bond debt running through 2017 or 2018, requiring a \$1 million payment per year until then.

Cochair Horsford affirmed that because of the bond debt, there were certain limitations on what could be done and who could operate the facility if it was not operated by the state.

Mr. Willden said it was his understanding that a for-profit organization would not be able to lease or operate the facility under the current bond covenants. Bond counsel had indicated that an outside operator would have to be other than a for-profit entity. He said there was one other operator interested in the facility that had indicated it could build more beds at less cost than the state. He added he was not sure the state would build the same type facility today.

Cochair Horsford asked Mr. Willden to explain how the state got into the situation of building a juvenile correctional facility that would no longer be needed, yet had a continued bond payment. What had transpired over the last 20 years to change the need for this facility? He wanted to understand why certain decisions were made

Mr. Willden replied Elko and Caliente used to run at full capacity all the time. He recalled capital improvement projects adding 20 beds on those facilities were requested now and then to increase the capacity; Elko now had 160 capacity and Caliente had 140. In the mid-1990s, the decision was made that the state needed a more secure facility for youth, and Summit View was planned. The facility was built at 96 beds, and there were two additional building sites that could be utilized to double the capacity to nearly 200 youth.

However, Mr. Willden went on to explain, today there were many more community programs, such as community placements and intensive community supervision, and institutionalization of youth was not the preferred path to follow. Many of today's offenders had multiple problems – not just juvenile justice, but mental health and other

kinds of issues. He reiterated he was not sure the same facility would be built today as was built 12 years ago.

Cochair Horsford asked for an explanation of the current bond payment plan. Ms. Comeaux replied \$15 million in bonds were originally financed, and the state still owed \$10.4 million. Bond payments were approximately \$1.2 million per year. Bond counsel had indicated the state could not lease the facility to a for-profit entity because tax-exempt bonds were used to fund the facility. However, the state could contract with a for-profit entity to run the facility for the state, which was done when the facility was originally opened.

Cochair Horsford noted the previous contract with a for-profit entity had to be canceled because of several major issues. Mr. Willden stated he had closed the facility because of major operational issues.

Cochair Horsford remarked he did not know how those decisions were made going forward without policy direction. Before the state entered into another contract with a for-profit entity, he believed it had to be with legislative policy direction because he did not want to get into a similar situation again. He noted the state would be paying \$1.2 million per year on a bond payment for an empty building instead of putting that amount into programs that would prevent juveniles from committing crimes to begin with. Since the state would be making the payments, it needed to decide the best way to use the building in order to not continue to invest on the end of the system, which was the incarceration, and figure out how to start prevention, education and other programs to equip young juveniles with what they needed.

Mr. Willden replied he and the agency agreed with Cochair Horsford, which was why attempts were being made to find a way to lease or operate the facility to get a revenue stream from the building.

Assemblyman Hardy recalled Howard Skolnik had testified that the crime rate decreased during a recession, and he asked if the juvenile crime rate decreased as well. He suspected the need to incarcerate people declined also as treatment for other problems became more available and effective.

Mr. Willden said he had not analyzed the youth crime rate, but he knew that the percentage of youth with multiple problems was increasing. Many more youth with behavioral health issues were being seen. As Assemblywoman Leslie had said, treating those problems was a challenge in Elko and Caliente due to the difficulty in hiring behavioral health staff, psychologists and psychiatrists in the rural areas.

Mr. Serrano commented there was not so much a decrease in the crime rate as an increase in various needs that youth presented. Earlier in the calendar year, there was an increase in serious crime in Clark County, which led to a corresponding increase in commitments to the state, but by and large, the issues presented by youth were more

complex. In many cases, the issues, whether mental health or substance abuse, could often overwhelm the crime as far as the need to address them.

With regard to what had changed since the 1990s, Mr. Serrano said he had been involved in juvenile justice for nearly three decades, and he recalled the probation subsidy days in the 1980s. When that program ended, there was a significant increase in commitments to state facilities. He suggested that when the Community Corrections Partnership block grant was implemented in the 1990s, there was an increase in community-type programs that would deter youth from further involvement in the juvenile justice system and deter those who were already mid-level offenders from commitment to state institutions. Mr. Serrano said the major change had been in the programs, and more placements of youth with mental health issues were being made prior to commitment to a correctional facility.

Cochair Horsford asked Clark County to address Assemblywoman Smith's question concerning the financial impact to Clark County as a result of the closure of Summit View.

Constance Brooks, representing Clark County, testified that the county had submitted an amount of impact to Clark County of \$447,000. The calculation was derived from estimated costs that could occur as a result of backups with regard to youth and their placement after closure of Summit View. In addition, she said the county had estimates of unintended consequences related to transportation of youth.

Larry Carter, Assistant Director of Clark County Juvenile Justice Services and immediate past president of the Nevada Association of Juvenile Justice Administrators, explained the \$447,000 impact was based on the potential of 5 additional kids being backed up into the county's detention facility on a daily basis. In addition, the inability to place youth at Summit View would create a need for 8 to 10 additional transports by Clark County staff to the Nevada Youth Training Center, which would result in an additional \$16,000 to \$20,000 impact.

Mr. Carter went on to say that everyone was on track when talking about the mental health problems and current commitments. Last year there was an increase in weapons-related offenses in Clark County; however, they leveled out over the year, and the numbers were actually down in 2009 from 2008 and had remained down. He said the Juvenile Detention Alternatives Initiative, which began in 2004, had helped to drive the numbers down. Prior to that time, the super-predator predictions of the 1990s contributed to the creation of Summit View, but the super-predator generation never came about. Mr. Carter said the move to more community-based services drove the numbers down at the state facilities, which enabled the plan put forth by Mr. Willden and Mr. Serrano. However, he cautioned against unintended consequences as decisions were made, including the Community Corrections Partnership block grant, which had also been instrumental in driving the numbers down. The commitment rate for juveniles across the state of Nevada was about 5.5 per 1,000 in 1997 for boys; the rate was now 2.1 per 1,000, which was why beds were empty and facilities were closing at the county

level. Judge Voy had indicated one of his concerns with the elimination of the more secure facilities and reductions in the Spring Mountain Youth Camp was that he would feel pressed to certify youth as adults. Mr. Carter noted that two sessions ago, increases were provided to Spring Mountain Youth Camp for an intensified aftercare project, which was showing a success rate of kids getting off the aftercare approaching 90 percent.

Assemblywoman Smith asked if the county's assertion that closing Summit View would cost \$447,000 was still viable.

Mr. Carter replied the amount was still viable; detention population totals would be driven up by at least 5 per day. Clark County had been able to close its oldest unit, but if the numbers increased much more, the county would be approaching the possibility of opening another unit and increasing staff, resulting in increased costs.

Ms. Comeaux replied the transportation costs were probably accurate. It was her understanding that the county transported the youth to the facility, and the state transported them from the facility back to the county of origin.

As far as backing up the 5 youth in the facilities, Ms. Comeaux said there was a gentlemen's agreement that kids would be moved within 30 days. The state monitored that policy every month to ensure that kids would not be backed up into the detention facilities. She said the state was especially monitoring the policy since 88 beds were taken offline, and monitoring would continue as the additional 5 beds came offline. Ms. Comeaux said there had not been a problem, but she could not say that there would not be one due to the uncertain future.

Assemblywoman McClain asked what the commitment rates were for girls. Mr. Carter replied statewide in 1997 the rate was 2 per 1,000, but it was down to less than .8 to 1 per 1,000. He noted girls were committed less often because they committed less violent crimes.

Assemblywoman McClain noted that the female rate in prisons was increasing. Mr. Carter said the number of females in specialized treatment homes was also going up. The mental health issues and co-occurring disorders were driving the numbers up; detention facilities were not well equipped to deal with these kinds of youth, and proper placement was difficult. Oftentimes kids were institutionalized and correctionalized based on mental health issues, which was very inappropriate.

Assemblywoman Leslie asked what specific services would not be provided by the county as a result of the reduction in the Community Corrections block grant.

Mr. Carter responded that mental health services would basically be lost, including therapists that worked in the field with probation officers under intensive supervision.

Assemblywoman Leslie observed it sounded like the reductions were going to cause a lot of disruption in the system. She agreed that improvements needed to be made in the system, but they needed to be made strategically and with thought. First and foremost, the kids needed to be kept in line; the issue should be about rehabilitation, not which facility saved the most money. She did not have a counter proposal, but she did not like the prospect of closing Summit View.

Cochair Horsford asked Ms. Brooks if she wished to continue testifying as to the county's concerns pertaining to the reductions.

Ms. Brooks recalled that Mr. Willden had indicated that a reduction in the Community Corrections block grant would result in an approximate \$50,000 - \$55,000 impact, but the impact to Clark County would actually be \$81,000, which was prorated from an implementation date of March 1, 2010.

Cochair Horsford declared the meeting open for public comment on issues pertaining to the Division of Child and Family Services.

Tom Morton, Director of the Clark County Department of Family Services (DFS), said he knew the Committee and the Legislature as a whole were interested in the potential impacts of a 10-percent reduction in child welfare. His simplest and most direct answer to the Committee was chaos. He explained the department's estimate of the total impact of the proposed cuts was \$10.7 million when considering General Fund, Title IV-E, and TANF emergency assistance funds that would no longer be available to Clark County. Mr. Morton said the amount was on top of another \$10 million reduction taken in the 2009 Session. The department currently had 41 positions held vacant in order to make up the salary savings necessitated by cuts made in the 2009 Session.

Mr. Morton said a 10-percent reduction across the integration budget was difficult to predict, in part because alternative scenarios had to be considered. The Clark County DFS budget was made up of three parts: personnel, payments to foster parents and payments to adoptive parents. The department was no longer able to accrue savings through natural cost reductions, and therefore was at a point where any reduction meant a significant reduction in capacity. He said the department currently had 266 filled positions funded by the state integration budget. A 10-percent reduction taken entirely out of personnel would mean the elimination of one-third, or 87, of those positions. With the reality of the collective bargaining agreement and seniority provisions, it was more likely the actual figure would be 100 or more in order to meet the fiscal target of a 10-percent reduction.

Complicating the issue somewhat, Mr. Morton continued, was that it was much easier to add staff than it was to take staff away under the collective bargaining agreement. The terms of the agreement required first the elimination of all part-time hourly staff, regardless of whether they were funded by the state. Mr. Morton said all of his employees were county staff; staff funded by the integration budget would not

specifically be designated for cuts, so cuts would have to be taken within the context of the bargaining agreement.

Mr. Morton said the second type of employee to be cut would be anyone on probation. There were currently 20 staff members on probation in the department, 6 funded by the county and 14 funded by the Legislature in the integration budget. Of the 14 employees, 11 were Family Service Specialists, essentially Case Managers carrying foster care caseloads. Mr. Morton said he would not be able to fill those positions until funding was restored at some point in the future, requiring redistribution of approximately 340 children among the remaining Case Managers. The current load for Case Managers was about 31; he estimated if the impact of the reduction was totally on personnel, caseloads would rise to the 50- to 60-child-per-caseworker level.

Continuing, Mr. Morton said administrative staff had been reduced to the point that most of the impacts would be felt on people who performed necessary front-line services, Case Managers and Licensing Specialists. He explained that Licensing Specialists performed the licensing and relicensing of foster homes. The national standard for foster home licensing was 55 homes per worker, and the department was currently at 150. It was highly likely that further reductions would mean that homes would not be licensed in a timely way, which would create more consumer complaints. Of greater concern was existing homes might not be relicensed in a timely way, and a child placed in an unlicensed home would no longer be Title IV-E eligible, therefore reducing federal fiscal recovery by the state.

Mr. Morton said the caseload for adoption workers was currently at about 60 children per worker; national standards were 15 children. Any further reductions in adoption staff would impair the department's ability to move children to permanency. Clark County had achieved a record performance in 2009 of 425 children in finalized adoptions, an increase over 338 the year before, and the goal for 2010 was 600, which might be put in jeopardy as well.

In summary, Mr. Morton said he could continue discussing other positions, but he wanted to make the point that to get to the 87 figure was not as simple as saying an employee was paid from the county integration budget and another was not. He would have to lay off county staff across the board, and then through a process of bumping, seniority and other factors, eventually refill or move people in positions to get to the number of 87 unfilled state positions. Therefore, it was true that potentially 160 to 200 people might be affected by the time the bumping process ended.

Mr. Morton said the only other, and probably the most fiscally viable, proposal would be an across-the-board cut, which also would mean a 10-percent reduction in adoption subsidy and foster care payments, because there was no way the department could operate with a massive loss of personnel.

Assemblywoman Leslie asked Mr. Morton if he would be able to maximize all that he could do to bring in the Title IV-E federal money and the targeted case management money. Was Clark County receiving all the matching federal money for child welfare?

Mr. Morton responded that in part the Title IV-E recovery was related to changes in regard to unlicensed relative homes. The department had made concerted efforts to move toward licensing relative homes, and within the last year, the penetration rate had gone from 48 percent to 58 percent. Secondly, the department had recovered nearly \$8 million through targeted case management, \$3.8 million of which technically was on the state's side of the equation. He said the Legislature had created a provision in the 2009 Appropriations Act which would allow that money to be used to infill the loss of TANF funds.

Assemblywoman Leslie asked if the funds would be available to the county or the state to offset the loss. She asked Committee staff to follow up. She wanted to make sure that Clark County was accessing every possible federal dollar possible, and that the actual figure was known so it could be used to offset some of what was being reduced by the state.

Mr. Morton said it was the county's intent to use the funds to reduce the impact of the potential cuts on the state's side of the budget. He reiterated the back claims amounted to \$3.8 million on the state side of the equation.

Assemblywoman Buckley remarked the Committee had very little time to make decisions; it was problematic to try to discuss the many massive changes in a week. She had a difficult time supporting reductions to the foster care rate and the adoption subsidy rate, when they had been part of a strategic plan to increase permanency for children. Telling the families, some of whom had taken in fragile, medically needy children, that their assistance would be gone would be difficult. Likewise, the alternative of taking the cuts from personnel only was unacceptable; that much could not be reduced from personnel and still operate a system.

Assemblywoman Buckley went on to say she also saw a lot of inefficiencies in the system. She did not think enough had been done to achieve savings in the targeted case management and the draw-downs, and she also continued to see tremendous inefficiencies in the placement system of children. There were children in mental health facilities when they should be with families, and their care costs more than quadrupled. Attempts were not made to look for a home for them until their date of discharge; they stayed in the facility another week or two until a place was found.

Assemblywoman Buckley believed the higher level of care system was broken. There were providers who did not want to take tough kids, and tough kids were the only ones that should be in the system. Workers in the WIN program were supported by the Legislature, but there was a breakdown in communication about who was really in charge. She said a tremendous amount of work that needed to get done was not getting done, leading to greater costs. She would fight in the final negotiations for a more sane

system of reduction so as not to decimate the child welfare system, if the county would provide the Legislature with some ideas on how to fix the dysfunction, because the state could not afford to waste a dollar at this time. Money was being wasted on child welfare, mental health issues and the way the system was currently functioning.

Mr. Willden commented he had two reactions. Was the state bringing in all the federal money it could possibly get into the system? From the tremendous amount of work done over the last several years, he believed the state was nearly maximizing Title IV-E funds. It was his understanding from staff that the state was not fully maximizing targeted case management; there were some retroactive billing opportunities, and work needed to be continued in that area going forward. Mr. Willden had heard there was a \$7 million to \$8 million opportunity, which may be part of the number just referenced by Mr. Morton. He stated the state needed to make sure every Medicaid dollar possible was received into the child welfare system, and the department was committed to doing that.

With regard to the inefficiencies or broken pieces of the system, Mr. Willden agreed. Numerous meetings had been held, and work would continue to resolve the many deficiencies in the system. He also had a difficult time with the number of Case Managers each child had. Many people were paid to navigate, case manage, attend meetings, and complete everything that needed to be done. Mr. Willden said he did not have a number or process for the Committee; the problems had been ongoing for 10 years, and everyone involved would continue to work toward resolution.

Assemblywoman Buckley thanked Mr. Willden, remarking that maybe the system could not be reformed in a week, but when making very difficult choices in all the difficult areas, she had to know why exceptions would be made in this instance. If some of the funding was restored, perhaps it would be based on an agreement that the county would complete the targeted case management process by a certain date, or some similar stipulations. She still believed there were different savings in the system, and inefficiency needed to be cut.

With regard to targeted case management, Ms. Comeaux said it was her understanding that Washoe County was collecting about \$3 million a year in targeted case management. Mr. Morton had discussed \$3.8 million in retroactive billing for targeted case management in Clark County, but she did not hear him indicate the amount that would be collected this year and next year. Targeted case management had not been built into Clark County's budget, so she suggested the estimated amounts be known.

Cochair Horsford remarked he would like the information in writing; he requested that Mr. Morton get the information to the Committee as soon as possible.

Mark Coleman, Clark County Association of School Administrators (CCASA), testified he was an administrator in the Clark County School District in the 1990s when Summit View was built. At that time, violent students in schools were sent to Caliente and Elko, and Summit View was built to help relieve the situation. However, in the early 2000s,



the Clark County School District started to offer alternative programs for some of those students, which reduced the number of kids sent to Caliente or Elko.

Mr. Coleman said the cuts did not affect the CCASA, but as the school district continued to experience cuts, lose some alternative programs and increase class sizes, he asked that the Committee keep in mind the unintended consequence could be an increase in the number of youth requiring a facility such as Summit View.

Cochair Horsford left the meeting, and Vice Chair Morse Arberry assumed chairmanship.

Kevin Schiller, Director, Washoe County Social Services, said two years ago, Washoe County was approaching 1,000 children in the foster care system, and today that number was 770 as a result of reorganizing the division, looking at family solutions, team meetings and providing non-traditional front-end services to try to prevent removals. He said the division had utilized targeted case management and Title IV-E reimbursements consistently to reinvest in those services.

In terms of budget cuts, Mr. Schiller said the division was at about \$2.1 million, with a 10-percent reduction, which did not include the addition of \$693,000 for fiscal year 2010 in the salary differential or \$874,000 moving into fiscal year 2011. Referring to Mr. Willden's discussion of the TANF reduction of \$439,000, Mr. Schiller noted that amount was in addition to the \$1.3 million reduction in the 2009 Session. He wanted to highlight that the front-end funding was partially utilized for some very significant efforts to reduce the foster care rate and, more importantly, to support positions that came out of the 2007 Blue Ribbon Panel in-depth review. When the cuts were equated, plus the \$150,000 in placement prevention funding, a culmination of a deficit was starting to occur, which was really going to impact the front end of the system. Mr. Schiller said the bottom line was, as caseloads increased and the division was unable to provide the front-end services, an increase in caseloads and foster care placement would occur, which ultimately would increase the back-end budget in the coming year if front-end services could not be maintained.

Mr. Schiller said he would echo Mr. Willden's remarks concerning the program improvement plan (PIP). He noted that Washoe County Social Services had a federal Child and Family Services Review in August 2009, and the results indicated the need for program improvement. Washoe County experienced significant improvements in several areas that were very positive. The division could move forward with the PIP initiating outcomes, but improvement had to be demonstrated in outcomes, and the budgetary reductions would essentially force the county to sustain and not demonstrate improvement. With the reduction in foster care and front-end services, the division would be focused on trying to maintain the level of performance, not necessarily expand services, because of lack of financial ability. Mr. Schiller said in failing the PIP at the state level, the county would have the potential of future federal sanctions and funding concerns. In summary, he said Washoe County had made significant progress related to rearranging how business was done in order to have an impact on foster care

placement, which had experienced an approximate 17-percent reduction in the last 18 months.

Assemblywoman Buckley recalled that when the last round of cuts in child welfare was made, she thought the integration program was kept whole, but the amount of pay cuts to state employees was reduced. The state was unable to give pay increases to county workers when the state workers took a loss of step, cost-of-living increases, and a 4.7-percent salary cut. She asked Mr. Schiller if her recollection was accurate and if that was part of the county's budget reduction.

Mr. Schiller replied the 6-percent reduction in the salary differential, in addition to the longevity and merit increases, was made up on the county end for the state-funded employees. The totals equated to those three items combined.

Assemblywoman Buckley remarked it was important for the record to reflect that the state had made efforts to keep the integration budgets whole, and the state should not be faulted for not passing along raises to the county at the same time state workers were taking pay cuts. She asked how the counties could request the state to provide increases to the county workers.

Mr. Schiller stated for the record that he was not making that request. His point was to demonstrate the culmination of the impacts of the reductions that had been occurring over the past 18 months. The county had collective bargaining agreements and negotiations, which directly impacted what it could and could not do in terms of absorbing reductions. He emphasized that the most significant impact was the TANF reduction. He was neither indicating that salaries to county employees should be increased nor faulting the state for not doing so. His focus was on the significant efforts made on the program side related to the cost of placements, and in reducing those placements, saving the back-end budget and preventing long-term placement. His concern moving forward was how to move child welfare in a positive direction and not take steps back.

Assemblywoman Buckley thanked Mr. Schiller for the great job his agency was doing, adding that everyone was in the situation together.

Assemblywoman Leslie remarked that county workers actually did take a pay cut in Washoe County. She asked how much money would be lost with the projected cuts, since it was an area of significant federal funding.

Mr. Schiller replied for the 2009-10 fiscal year, the federal match portion of the 10-percent reduction for the remainder of the year in Washoe County would be approximately \$197,000 and \$588,000 for fiscal year 2011.

Mr. Willden stated wherever Title IV-E and Medicaid were impacted, based on the match rates in those programs, the loss of every state dollar would result in the inability to match a federal dollar. He noted the actual dollar amounts by budget account and

decision unit were accessible online through The Nevada Executive Budget System (NEBS).

Steve Thaler, Director, China Spring Youth Camp and Aurora Pines Girls Facility, testified the 10-percent reduction equated to about \$116,000 in state funding to the camp, which was 85 to 87 percent staff driven. The camp was a staff-secured facility, and therefore it took a lot of employees to maintain the operations and standards. Mr. Thaler said a cut of that nature would seriously impact the operations of the camp and its programs.

Mr. Thaler stated that great strides had been made in the operations of the camps over the years based on the relationship between the state and counties. The camps were in the business of trying to help the counties by keeping kids local, sending them back into the community and not sending them on to the state. According to statistics, the camps were actually doing a good job of preventing kids from moving on into the state system. Mr. Thaler said currently there were long wait lists for the boys' facility; the girls' wait list was somewhat less. When the wait lists for the camps were long, judges were often faced with the decision of whether to keep kids in the community or send them on to the state.

Mr. Thaler believed the probation departments at the county level had enabled the state to consider closing down Summit View and have those beds available at NYTC and Caliente. He recalled that decisions made years ago had actually reduced the levels at those facilities, and now they might possibly be filled again.

In summary, Mr. Thaler said the counties and the camps would continue to do their best to save kids from going on to the state facilities. He realized there were huge issues involved, but a 10-percent cut would impact the camps' programs substantially and cause them to look for ways to change their way of doing business.

**\*F. REVIEW OF PROPOSALS FOR REDUCING SPENDING RELATED TO THE AGING AND DISABILITY SERVICES DIVISION OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.**

Mr. Willden reminded Committee members that during the 2009 Legislative Session, the Office of Disability Services and the Aging Services Division were combined into one division, the Aging and Disability Services Division. He introduced Carol Sala, the Administrator of the division.

Mr. Willden reviewed the reductions for the Aging and Disability Services Division, which involved total General Fund reductions of \$4,144,658, comprised of six recommendations:

- \$80,270 – Revert surplus Title XX money and modest General Funds from the EPS/Homemaker program and sweep the Gleeson-Otten Trust gift account.

Reduce the number of persons receiving homemaker services from a budgeted caseload of 637 to an actual caseload of 255 in January 2010.

- \$714,300 – Savings due to reduced caseload in the Office of Disability Services' Independent Living Program. Reduce the number of clients receiving services by 57 each year of the biennium from 280 budgeted clients to 223 projected clients.
- \$440,604 – Revert unspent personal assistance services funds unused by the Office of Disability Services during FY 2010 because actual caseload of 166 was smaller than budgeted caseload of 223. Maintains adequate funding to ramp up to 199 clients.
- \$1,196,352 – Reduce the legislatively approved number of cases in the Community Services Options Program for the Elderly (COPE). Cut 62 slots per month to a total of 125 available slots; eliminate one Social Worker position.
- \$503,733 – Reduce reimbursement rate for personal care attendants for both senior and disability clients. Reimbursement rates for the COPE program and the personal assistance program cut by \$1.50 per hour.
- \$1,209,399 – Reduce senior property tax assistance program benefit. Average benefit would be reduced 27 percent, from \$358 to \$262 in FY 2011.

Mr. Willden said a number of options to reduce the property tax assistance benefit were reviewed. The program involved about \$6 million per year to provide tax assistance to seniors; typically 15,000 to 17,000 applications were received.

Assemblywoman McClain asked how many programs being reduced had waiting lists and how many clients were on the lists.

Mr. Willden reviewed the programs that had wait lists as of the end of December 2009:

- The CHIP program – 106
- The state-only COPE program – 2
- The Assisted Living program – 1
- The Waiver for Elderly and Adult Residential Care (WEARC) – 67

Assemblywoman McClain asked what it would cost to get everyone off the wait lists.

Mr. Willden responded he did not have that calculation, but the amount could be provided to staff. He said the reductions were similar to the others in which the level of service was basically being frozen and wait lists were not funded, with the exception of a few in which it was possible to ramp up 3, 4 or 5 slots.

Mr. Willden explained the wait lists did not involve just paying for the services, but also having the staff available to manage those clients and services, as well as to determine eligibility in a timely manner.

Assemblywoman McClain asked if reducing the reimbursement rate for the COPE program and personal assistance providers would cause a loss of providers or impact services in the long run.

Mr. Willden responded he did not know, but he had heard testimony during the 2009 Session that many providers would not stay in business to provide personal care services. However, he added, it was now a different economic environment, and it would have to be seen if people were willing to work for \$1.50 per hour less.

Assemblywoman McClain recalled there was a proposal in the 2009 Session to cut the property tax assistance program, and she asked how much was cut and subsequently added back.

Mr. Willden replied in one of the first rounds of the four budget cuts, the department had obtained permission from the IFC to pay less benefits on a temporary basis. He said full funding of the program was now back to serve the 15,000 to 17,000 applicants. There were no reductions for fiscal year 2010; those payments were made in fall of 2009. The proposed reduction in benefits was for fiscal year 2011.

Carol Sala, Administrator, Aging and Disability Services Division, explained the reduction granted by the IFC in 2008 was \$4.00 per refund. She reminded the Committee that people at or below federal poverty level received 100 percent of their refund, and the reduction applied only to those above the federal poverty level. The 27-percent reduction in the proposal would apply to those individuals above poverty level; those below would still receive their maximum refund.

Assemblywoman McClain remarked the poverty level was ridiculously low, and she asked Ms. Sala to provide her with actual dollar amounts when calculating the levels of poverty, e.g., 300 percent above poverty level.

Ms. Sala replied she did not have those calculations with her, but there was a sliding fee reduction schedule for the program, which she would provide to Assemblywoman McClain. She added that subsequent to issuing the annual refunds, the division prepared a comprehensive report containing a breakdown by county, income level, property owner or renter, number of applications received, number of refunds paid and other information, and that report was just submitted to the Budget Office, which in turn provided it to the Fiscal Division.

Mr. Willden clarified the payments were not refunds or rebates; payments were made to many people who did not pay property taxes. From the \$6 million program, 16,300 people received assistance; 9,413 were renters; 386 individuals not only owned the property they lived in, but owned other property as well; 12,749 payments were

made to individuals above poverty level; and 7,319 individuals were over 150 percent of poverty.

Senator Coffin asked if the other property owned was real property, improved real property or personal property.

Ms. Sala replied other property was real property, which could be bare land, but it was stipulated in statute that an assessed value of that real property could not exceed \$30,000. She said that information was collected because it was a factor in eligibility.

Mr. Willden reiterated the program was not a rebate program for people who paid property taxes. Essentially, it was a senior assistance program that was granted on an annual basis, whether an individual owned a home or property or rented. He said the theory was because landlords paid property taxes and a portion of rental payments went toward the property taxes, low-income renters should benefit from the assistance as well. Mr. Willden did not understand the program or see the connection.

In response to a question from Assemblyman Goicoechea, Mr. Willden said the county assessors processed the applications on behalf of the department, and the assessors were the source of the assessed values of the property.

Assemblywoman McClain remarked that in reality, the program was a senior assistance grant based on income; it was a small subsidy to senior citizens' incomes. Those with the lower incomes would receive the largest subsidy.

Ms. Sala replied she was correct. When the program first started many years ago, it was only for people who actually paid property taxes, and at some point the renter component came into play with the idea that if an individual was paying rent, then a portion of the rent was going toward the landlord's overall property taxes. Ms. Sala said the division had considered several proposals and options, and the reduction was the final resolution.

Ms. Sala clarified the payments could range from \$5.00 up to \$500, and the amount granted was based on income and how much was paid in property taxes. There was a formula for the renters based upon the amount paid in rent. She said eligibility was based on 1) whether the individual was at or below the federal poverty level, and 2) whether the individual was eligible for the program if his income was too high.

Assemblywoman Gansert asked how much was in the fund. She surmised the fund was not derived from property taxes; it was just General Fund dollars.

Ms. Sala replied Assemblywoman Gansert was correct; the program was funded with General Fund. The individual paid his property taxes to the county, and the state issued him a refund check. The amount for fiscal year 2011 was \$5.9 million.

Assemblywoman Gansert asked for clarification as to how the renters obtained their assistance checks.

Ms. Sala explained there were two separate applications, one for property owners and one for renters, which were obtained from the county assessors' offices. The county determined the eligibility of the applicants, and those who were eligible were forwarded to the state for payment.

Vice Chair Arberry remarked the senior population should not be further affected by budget cuts; they had paid their dues. He asked for public comment.

Barry Gold, Director of Government Relations for the American Association of Retired Persons (AARP) Nevada, testifying from Las Vegas, said he was speaking on behalf of the 311,000 AARP members across the state, and he thanked Committee members for their remarks.

Mr. Gold wanted to discuss the essential services that kept people at home, which also saved the taxpayers a lot of money. He had heard the statement that no one would be taken out of service, nor would anyone be put into service. However, the 367 people on adult daycare and some of the other optional Medicaid services would be taken out of service. He appreciated Assemblywoman Leslie's comments on the federal dollar match received for many of the services; Medicaid was considered to be an economic driver of state economies.

Mr. Gold stated the AARP recognized the dire economic circumstances being faced by the state and the difficult decisions to be made. The Aging and Disability Services Division had identified 100 people currently on the CHIP's Medicaid waiver waiting list due to delays in eligibility determination, and they would end up receiving much more expensive services in a nursing home at a cost of \$5 million per year.

Mr. Gold understood about 200 open CHIP slots in Aging Services were going to be closed. He said CHIP services averaged about \$14,000 per year per person, while Medicaid nursing homes cost over \$65,000 per year, a difference of \$51,000 per person per year. The 100 people waiting for CHIP services because there was a delay in the processing would cost more than \$5 million a year if the slots were closed due to budget reductions.

In summary, Mr. Gold remarked the proposed reductions were not merely ugly, they would be horrific and unconscionable. He thanked the Committee for the opportunity to speak.

Connie McMullen, Chairman, Strategic Plan Achievement Accountability Committee, testified from Carson City. She recalled that during the previous day's testimony concerning adult daycare services, it was stated that people who were not receiving services were not at risk of nursing home placement. Ms. McMullen said that was not necessarily true of all operations. The Washoe County Senior Services Division's adult

daycare center was a licensed medical model rather than a social model, which was what most adult daycare was in the state. Washoe County accepted residents with advanced cases of dementia or Alzheimer's disease who, if left alone, would eventually have to be placed in an institution.

Ms. McMullen said the Senior Services Division was currently in the process of contacting some of the clients' families to notify them that if the reductions were implemented they would only have 30 days to make other arrangements. The division was looking for other options for those clients so that family members could continue to keep their jobs. Many of their loved ones spent up to 8 hours in daycare. She said there was no other medical model in Washoe County, so if no option was found, the clients would most likely be placed in nursing homes.

Continuing, Ms. McMullen said there were 15 clients in Washoe County who would be affected by the elimination of daycare, and the county's daycare budget would be reduced by \$200,000. Clients would remain in the nursing homes at a cost of \$3,800 per client per month, or \$684,000. She noted that for some reason, nursing home rates were higher in Washoe County overall than in Clark County.

In summary, Ms. McMullen said the cuts would affect the sustainability of the day break program in Washoe County, placing an additional 60 elderly and people with disabilities at potential risk of nursing home placement. As previously indicated, 367 recipients statewide utilized the benefits in 2009, and those recipients were already on Medicaid; their placement in a nursing home would result in higher costs.

Senator Raggio remarked the speakers had indicated the proposed cuts would result in recipients going into nursing homes, and he asked the department to respond to the validity of the statements and the projected costs. Would the cuts actually result in increased nursing home costs rather than savings?

Mr. Willden replied the answer was the department did not know for sure. Specifically with regard to Mr. Gold's comments about the 367 individuals in adult daycare, the department had testified previously that if adult daycare was not available, then DHHS staff would have to start working on other options. Some of the clients might be eligible to receive services at home through the personal care services program, but that percentage was not known. Mr. Willden said it was possible some individuals' health would ultimately deteriorate to the point that they may have to be placed in a nursing home. He did not think anyone could state that 100 percent of the clients would have to go to a nursing facility or 100 percent would be fine; it would be a blend of results.

Bruce Arkell, Nevada Senior Corps Association, Nevada Senior Advocates, testified from Carson City. He recalled discussions during the 2009 Session concerning the cost to maintain people in homes versus institutionalization. The in-home care costs averaged \$400 - \$500 across the board; institutional care was \$5,000 a month. He said it would not take many individuals in the daycare program entering nursing homes to basically deplete all of the cost savings being discussed.



Assemblywoman Buckley remarked the hearings brought back déjà vu from the 2009 Session. The Legislature had fought to preserve so many of the services because they were considered essential, and in reviewing them again, there still was not one that would be easy to eliminate. She said the list needed to be prioritized; there were items that simply could not be cut, and she believed adult daycare was one. While the fiscal impact of eliminating all adult daycare was not known because some families would be forced to place their family members in nursing homes, there was a sense of the absolute turmoil for the clients who would be taken out of that care. She recommended the cuts to daycare be flagged as an issue to be avoided if at all possible.

Mr. Arkell remarked the Senior Corps Association would be meeting with private and non-profit providers of daycare services to try to develop some short-term solutions or alternatives to be considered by the Legislature during the Special Session.

Assemblywoman McClain thanked Assemblywoman Buckley for defending the daycare program. The 15 clients in the medical model would definitely need to be placed in a nursing home at 10 times the cost. She was not sure how many medical model adult daycare facilities were in Clark County, but even if clients did not need the medical model and did not have support and assistance for 8 hours during the week, they would have to go to another agency, either county or state, to receive personal care during the week. She noted that personal care during the week was limited to 4 to 10 hours per week, which was probably not enough for the clients needing daycare services. Assemblywoman McClain was concerned clients would not be able to receive the types of services they required.

Assemblyman Hogan remarked sometimes cuts might run into each other and exacerbate the situation. He was under the impression that the entire nursing home industry was under considerable stress; their reimbursement rates had already been reduced, and now another cut was being proposed. By underfunding reimbursement for their services, some of the facilities might find their financial situation untenable, resulting in a shortage of beds in some locations in the state.

Mr. Willden stated that from some of the testimony provided, he may have left the impression that no harm would be caused by the cuts. He had said from the beginning and throughout the last few days that in some cases, people would not be coming out of service, but clearly, there were ugly cuts on the list. There was no joy in any of the proposals, and many of the cuts would have compounding effects. Mr. Willden said the department was willing to look at any and all options that had been suggested; the cuts were not going to be easy for anyone, including the department.

Vice Chair Arberry announced the Committee would recess for lunch.

Cochair Horsford called the Committee back to order at 1:45 p.m.

**\*G. REVIEW OF PROPOSALS FOR REDUCING SPENDING RELATED TO THE DEPARTMENT OF CORRECTIONS.**

Howard Skolnik, Director, Department of Corrections, introduced Jeff Mohlenkamp, Deputy Director, Support Services, Department of Corrections.

Mr. Skolnik reviewed the recommendations for reductions submitted to the Governor:

- \$118,379 – Move Management Information Services (MIS) staff to Building 89. There were currently 9 staff located in a building that would be leased by the Department of Training, Employment and Rehabilitation (DETR) effective April 13, 2010. Would improve ability for staff to interact with MIS.
- \$491,706 – Charge Inmate Welfare Fund for rent of inmate stores and coffee shops.
- \$201,596 – Charge Inmate Welfare Fund for rent of gymnasiums.
- \$1,691,510 – Cover 50 percent of the officer salaries for visitation posts from the Inmate Welfare Fund.
- \$140,498 – Charge inmates a one-time energy surcharge on the purchase of electronic devices effective July 1, 2010.

Mr. Skolnik explained there was currently \$4 million in the reserve for the Inmate Welfare Fund, which was financed through profits from the inmate stores and phone systems. According to the Attorney General's office, using NRS 353.225 under the Governor's direction, money could be moved from the reserves to the fund to pay for the rent and utilities of the operations. The 50 percent for officer salaries would only be sustainable through 2011, after which time it would begin to have a serious negative impact on the balance in the Inmate Welfare Fund and hurt the ability to operate the fund.

Mr. Skolnik said the charges would not impact individual inmates. The fund existed for the benefit of all inmates, and in the past, inmates had access to the stores, coffee shops and gymnasiums without charge. However, given the current fiscal situation, it was felt the charges to the fund were appropriate.

Mr. Skolnik did not anticipate any significant negative reaction since there would be no change to what was available to the inmates for the time being, and an individual inmate's ability to purchase would not be impacted.

Assemblywoman McClain asked how the money was typically spent.

Mr. Skolnik replied the money was used for a variety of things, including to operate and staff the inmate stores and coffee shops, staff inmate services, buy the cable hook-ups

for the inmate television systems, and provide the equipment and staffing in the recreational programs; the fund would continue to support those activities. It also paid for medical charges for inmates who incurred charges and did not have funds to pay them. He said the fund had maintained a stable \$4 million balance.

Assemblywoman McClain affirmed services would not be discontinued. Mr. Skolnik replied she was correct.

Senator Coffin asked if the Inmate Welfare Fund provided funds for exit pocket money. Mr. Skolnik replied it did not. Funds for that purpose were part of the department's General Fund appropriation.

Senator Coffin asked if there would be price increases to the inmates. Mr. Skolnik replied the only price increase was an energy surcharge added to the cost of electronic appliances; there would be no price increases as a result of the charges to the Inmate Welfare Fund.

Senator Coffin asked if the energy surcharge would be assessed on small pocket-size electronics versus a television. Mr. Skolnik replied the charge would be on a sliding scale based on the energy usage of the appliance.

Jeff Mohlenkamp, Deputy Director, Support Services, added that the surcharge would be determined by factoring in the usage and amount of power consumed, the term left on the inmate's sentence and the useful life of the device. At the request of Senator Coffin and Assemblywoman McClain, he would provide more specific information to the Committee concerning the range in surcharges as soon as possible.

Assemblyman Hogan asked whether it was anticipated the charges would continue until the end of 2011, at which time the reserves would be depleted and the surcharges would be discontinued.

Mr. Skolnik replied the timeframe of the end of 2011 applied only to the charge of 50 percent of officers' salaries. The other charges could be maintained indefinitely.

In response to a question from Senator Olsen, Mr. Skolnik explained that if an inmate did not use the stores or the phone, he did not contribute money to the fund but still benefitted from the fund. Many of the inmates were indigent and rarely made purchases, while other inmates who received substantial funds from family or were working in prison industries would be the primary source of revenue from the charges.

- \$934,935 – Reclassification and conversion of 41 custody positions to non-custody positions effective April 2010.

Mr. Skolnik explained the positions had little or no direct contact with inmates. The intention was to take vacant positions that currently existed and underfill them with

Correctional Assistants, allowing the sworn staff in those positions to move into other positions as they became available.

Assemblywoman McClain asked how many positions were currently vacant. Mr. Skolnik replied there was a total of 52 vacant custody positions that could be underfilled.

Assemblywoman McClain asked whether the change could be facilitated immediately and the entire \$934,935 would be saved. She also wanted to know if employees in higher positions would be impacted or if just vacant positions would be involved.

Mr. Skolnik replied he believed the change could be implemented immediately, and the department's intention was to afford the opportunity for probationary employees to have the first chance to fill the positions, as they would be impacted by layoffs, and this would give them an opportunity to still have a job, although at a lesser salary.

- \$1,442,103 – Modify shifts to allow only one shift to qualify for shift differential pay effective April 2010.

Mr. Skolnik said this reduction would impact staff currently receiving differential pay over and above any other cuts that might be made in wages.

Assemblywoman McClain recalled there had been discussion that 12-hour shifts might also help alleviate differential pay. Mr. Skolnik said 12-hour shifts would not alleviate differential pay because only 4 hours of shift differential qualified the employee for differential pay. He said the department was looking at the 12-hour shifts across the board to see the impact on overtime and sick leave; he would not have the information for another week or two.

Assemblywoman McClain asked if shift differential was currently being paid on two shifts. Mr. Skolnik replied when the department transitioned from 12-hour shifts to 8-hour shifts, as part of the compensation of the staff who had to move to the 8-hour shifts, they were given the opportunity to pick the shifts they wanted at their respective facilities. Most of the institutions picked shifts that resulted in two shifts qualifying for shift differential instead of one. He said by modifying the time of the shifts, payment of shift differential could be reduced to one if the *Nevada Administrative Code* (NAC) was left intact.

Assemblywoman McClain asked how many facilities were on 12-hour shifts. Mr. Skolnik replied two – Lovelock and Ely. Because of the travel time involved for employees who were traveling extensive distances to get to work, those shifts were left at 12 hours. All other facilities were on 8-hour shifts.

- \$962,280 – Reduction in uniform allowance during the current fiscal year by 25 percent and by 50 percent in fiscal year 2011.

Mr. Skolnik said the reduction would require action by the Legislature because NRS 281.121 required payment of 25 percent of the uniform allowance each quarter. The proposal came from some of the uniformed officers as a result of a request for staff ideas for budget reductions.

If a reduction in uniform allowance could save nearly \$1 million, Assemblywoman McClain asked why there was such a large amount in the category when the budget was approved; she wondered if the amount had been a line item in the budget.

Mr. Skolnik replied uniform allowance had always been a line item, and the amount included replacement uniforms and new uniforms for new staff. The allowance did not include departmental issue weapons.

- \$1,000,000 – Convert medical to federal 340B program with Renown and the University Medical Center.

Mr. Skolnik said the University Medical Center had not been responsive to this proposal, and Renown had been responsive in some areas, such as HIV treatment. He said as an alternative to save the \$1 million, the department was looking at freezing or eliminating 9 positions and reducing payments to outside medical providers by between 3 and 4 percent, which would provide the \$1 million savings. He added freezing the 9 positions would not interfere with the quality of care because they were either duplicative or had been vacant for some time. The positions were scattered throughout the state, some were in medical and some were supervisory, and the savings would amount to \$643,000.

Continuing, Mr. Skolnik said the reduction in payments to outside providers for health care would save \$357,000. The department was currently reimbursing at a rate of 10 to 15 percent over the Medicare reimbursement rate, so it was felt the reduction could be made without losing providers. The department had not yet discussed the possible reduction with the providers.

- \$782,868 – Cancel the Choices contract for substance abuse services, job search assistance and financial planning effective April 2010.

Mr. Skolnik said the department felt its staff could provide the services as well as or better than a contracted vendor if need be. Most of the activities Choices had been involved with were job location and placement assistance, and the department had been working with DETR for over a year on the possibility of providing those services to the inmates. He said DETR had been very helpful and cooperative, and he was confident the same services could be delivered at the same level, if not better, in the future without the contract.

Assemblyman McClain asked if Choices had been doing a good job in finding jobs in this economy. Mr. Skolnik said Choices had been doing a fair job, although lately the quality of the jobs had not been as good as those found in the past.

Assemblywoman McClain asked about provision of substance abuse services. Mr. Skolnik replied the department had its own in-house substance abuse program, which was now fully staffed.

- \$871,559 – Elimination of 5-percent rural pay differential for the Correctional Officers at Ely State Prison effective April 2010.

Mr. Skolnik clarified the reduction would be an additional cut over and above any other pay cuts.

- \$772,339 – Elimination of 5-percent pay differential for the Correctional Officers at the Lovelock Correctional Center effective April 2010.

Assemblywoman McClain asked if the amount was 5 percent of the officers' hourly wage.

Mr. Skolnik recalled that there was a period of time when it was extremely difficult to recruit staff for the two locations, and the Legislature provided a 5-percent bonus for those staff. He said recruitment had not been a problem lately, probably due to the economy, which was why elimination of the bonus was proposed. However, the reduction would seriously impact the staff, and it was possible legal issues may arise because some of the staff, maybe legitimately, maintained they had a contract with the state for the 5 percent, especially those who were hired during the time the 5 percent was advertised. Mr. Skolnik said he had not yet received an answer from the Attorney General's office as to the legality of the reduction.

- \$1,615,982 – Eliminate remote area differential pay of \$7.50 per employee for each day reported to work.

Mr. Skolnik explained the differential pay was for staff working at the Southern Desert Correctional Center, Three Lakes Valley Conservation Camp and High Desert Prison. Legislative action would be required, since provision for the pay was contained in NRS 209.183.

Assemblywoman McClain asked if elimination of the remote area differential pay might pose the same problems as elimination of the rural pay differential. Mr. Skolnik did not believe so, because the \$7.50 was clearly in statute and was not advertised, as opposed to the rural pay differential, which was promised to staff as an enticement to come to work.

- \$375,736 – Convert Ely State Prison from 12-hour shifts to 8-hour shifts.
- \$412,229 – Convert Lovelock Correctional Center from 12-hour shifts to 8-hour shifts.

Mr. Skolnik said discussions had been held with both institutions in consideration of the fact that some of the staff members were traveling well over 100 miles a day to work. If the institution could identify a reduction of 5 positions or an equivalent amount in operations, the department would accept that amount as an option for reduction instead of the shift conversions.

Assemblywoman McClain affirmed the shifts would be changed from 12-hour to 8-hour shifts at the two prisons. She asked if differential pay would be given to two shifts instead of one.

Mr. Skolnik replied as with the other institutions, there would only be one shift with shift differential pay. The department felt staffing could be reduced by 5 positions at those two locations if 8-hour shifts were implemented. However, in fairness to the staff due to the amount of time and expense in traveling that distance, the wardens were asked to see if they could come up with alternative reductions that would meet the dollar amounts.

Assemblywoman McClain asked if the wardens felt they would be able to propose alternative reductions. She understood the 12-hour shifts were very popular when traveling long distances to work.

Mr. Skolnik replied the initial reaction at both facilities was that they felt they could implement alternative reductions.

Assemblywoman McClain wondered if the two institutions could find a way to keep their 12-hour shifts, why the other facilities were not able to do the same to maintain their 12-hour shifts.

Mr. Skolnik reiterated the 12-hour shifts required more positions and more people. It might be possible to go back to 12-hour shifts, but he did not know the answer at this point. He had asked his personnel department to compile the information.

Assemblywoman McClain did not agree that it would take more people, but she asked which scenario had fewer sick days and vacation days that would have to be covered by another employee.

Mr. Skolnik said it appeared on the surface that the 8-hour shifts required fewer of both. There was a limitation of 16 hours that any employee could work consecutively, so if an employee on a 12-hour shift called in, two people would have to cover, which was problematic for staff. He did not know the answer; he was waiting for the information and would share it with the Committee when received. He frankly believed that the shifts were a decision of the management of the department and not a legislative decision.

Assemblywoman McClain said she understood that, but it was the Legislature's decision to determine what was more cost effective. She added the Legislature needed the details when making decisions.

Mr. Skolnik said he agreed and would try to provide the information prior to the Special Session.

Cochair Horsford said that while the Committee members did not want to micro-manage the department, they needed certain information in order to decide the funding amount for the department. Decisions could not be made without basic information and answers to the questions being asked. He did not understand why Mr. Skolnik had requested basic personnel information for presentation to the Committee during the budget crisis and he did not have it available. Cochair Horsford asked when Mr. Skolnik would have the information and when the Committee could expect to receive it.

Mr. Skolnik apologized for his comments. He said he should be able to provide the information to the Committee the following week. He had requested the information prior to the Committee meeting because Fiscal staff had asked for information relating to returning to 12-hour shifts. He said the information was being gathered manually internally, which was why it had not been received. Staff was looking at four years of history, two under 12-hour shifts and two under 10-hour shifts for the institutions that functioned under both.

Cochair Horsford asked how many employees were in the Department of Corrections. Mr. Skolnik replied approximately 2,600.

Cochair Horsford remarked the manual nature of the analysis was obviously a systems issue. He asked if Mr. Skolnik was saying his personnel staff could not produce scenarios of 8-hour, 10-hour and 12-hour schedules.

Mr. Skolnik replied that was not the information he had requested, nor was it the information he had understood the Committee wished to receive. Rather than try to make projections, he had asked for the actual information from the last four fiscal years.

Cochair Horsford remarked historical data would be useful, but because of the dire situation, what was done in the past may not work in the future. General projections under different scenarios would be useful to the Committee. He said receiving the information the following week was not acceptable. The Governor had called a Special Session on February 23, and decisions were to be made in conjunction with the Governor's office in advance of that date. Corrections was a big part of state government operations, and decisions could not be made without the information being requested.

Mr. Skolnik again said the information would be provided as quickly as possible. The department had not proposed a change in shifts, but the information would be compiled.



- \$12,928,339 – Closure of Nevada State Prison (NSP).

Mr. Skolnik indicated the closure would involve retention of 59 positions, 51 of which would be relocated to the High Desert State Prison to open the two vacant units at that facility. The other 8 positions would be retained in the Carson City area to allow 24-hour medical coverage at the Warm Springs Medical Center, which had previously been provided through NSP, and to provide culinary staffing for the additional inmates that would be housed in other institutions.

Assemblywoman McClain stated there were questions about the actual \$13 million in savings, especially after hearing there would have to be some capital improvement changes made to facilitate prisoners going to the license plate factory. The information provided by the department did not indicate the cost of layoffs, e.g., unemployment and retirement, the relocation costs and the plan to relocate prisoners, and utility costs to maintain NSP. She requested written detail and comparison costs of partially closing the older part of the facility and incorporating the units on the hill into Warm Springs, which would require movement of fewer prisoners. Positions for Carson City employees could be kept in Carson City. She added the concept was not new.

Mr. Skolnik replied some of the information was available, and the rest would be provided to the Committee as soon as possible.

Cochair Horsford noted the Committee was also waiting for information on how the relocation shift would actually occur.

Mr. Skolnik replied the information was nearly complete, and he could provide the Committee with preliminary information:

- There were 210 positions assigned to NSP, although not all of them were filled; 151 positions would be eliminated and 59 would be retained.
- The facility would be closed in three phases. Approximately 40 percent of the inmates would be moved and 40 percent of the staff would be eliminated by May 31, 2010.
- By June 30, 2010, an additional 35 percent of the inmates would be moved, and 35 percent of the staff positions would be eliminated.
- All remaining inmates would be moved, and the remaining staff positions not being relocated would be eliminated by July 31, 2010.

Mr. Skolnik said further details would be provided to the Committee as soon as possible, although he was concerned that actual dates and specifics of relocating inmates not be revealed for security purposes. He would prefer to provide general information.

Cochair Horsford said the dates the inmates would be relocated were not important to the Committee. Members were concerned with the impact on the employees. He asked if there had been an assessment of and/or any communication to existing employees to ascertain who would be interested in relocating.

Mr. Skolnik replied staff had been informed that they would have an opportunity to relocate, but they had not been asked whether they would be interested. He thought that would be done within the following week.

Cochair Horsford asked how the employees staying in the northern Nevada region would be chosen. Mr. Skolnik said that determination would be made by State Personnel according to established layoff and bumping rights regulations.

Assemblyman Grady asked Mr. Skolnik if he had any idea how many employees could be eligible for retirement. Mr. Skolnik replied the last count indicated there were 80-plus employees eligible for retirement in the Carson City area.

Assemblywoman McClain reiterated the Committee needed information on the costs of paying sick leave, longevity and annual leave to retirees to determine the impact on the department's projected savings.

Mr. Skolnik replied the problem with providing that information was the amount would depend on who would choose to retire and who would choose to bump or relocate. He said an estimate of the amount could be calculated, but the numbers would not be exact until employees made those decisions.

Assemblywoman McClain asked what would happen if there was an over-abundance of employees who did not want to retire, they had seniority and they did not want to move to High Desert. She asked how many positions would be needed at High Desert.

Mr. Skolnik replied 51 employees would be needed at High Desert, and in the event that number of employees chose not to transfer, the department would have to recruit and train staff in the south, and more junior staff in the north would be laid off.

Assemblywoman McClain believed there had to be a better way of reducing the budget. She was against closing NSP two years ago, last year and still today. She again asked for definitive numbers and costs associated with closing the facility.

Cochair Horsford asked that all information requested by the Committee be provided to the Fiscal staff by 5:00 on Friday, February 12. It was imperative to receive the information as soon as possible in order to make the necessary decisions. He also requested a list of outstanding items that could not be provided by that date.

Cochair Horsford asked for public comment from both Carson City and Las Vegas.

Flo Jones testified from Las Vegas, stating that Nevada State Prison was not as old as the department and media had indicated. Only three buildings were built in 1862, and the remaining facilities were built in the 1980s. She said combining NSP with Warm Springs made sense; she suggested closing the Ely prison instead. A lot of money was being paid for employees to travel that long distance. The Ely prisoners could be moved to High Desert, and the Ely facility could possibly be leased to a Correctional Corporation of America (CCA) facility. Ms. Jones also believed consideration should be given to releasing older inmates who had been incarcerated for 20 years or more and were considered low risk by the department and the Parole Board.

Continuing, Ms. Jones believed the Parole Board services were duplicative of the Department of Corrections' Offender Management unit. In November 2009, the Parole Board had withheld and denied mandatory parole release to 59 inmates under NRS 213.1215, which amounted to an annual cost of \$100,000. She said the Parole Board had denied the paroles because the inmates were deemed a threat to society, but the Department of Corrections had determined them to not be a threat to society. She urged the Committee to review the function and operations of the Parole Board for duplication and potential budget savings.

Finally, Ms. Jones asked the Committee to reconsider any cuts to education for inmates and added that she did not understand why the Department of Corrections had so many department deputy directors.

Aldo Vennettilli, representing state employees under the American Federation of State, County and Municipal Employees (AFSCME), testified he had listened closely to Mr. Skolnik's remarks, and he echoed Ms. Jones' concern with the number of higher echelon employees versus front-line workers in the department. In the 2009 Legislative Session, a comparison of the number of employees in Nevada versus other states was done by the international AFSCME, which revealed Nevada workers did more work than those in other states. However, when it came to management, Nevada was very top heavy. Mr. Vennettilli said he was making the point because he was hearing about cuts to the commanding officers and others, but he had not heard any discussion of cutting from the top. He posed three questions:

- The morale of the employees and their safety; how much of the cuts would put staff morale and safety even lower than what it was currently?
- There were several officers who had only one or two years before retirement. Had anyone considered buying those employees out so they could retire?
- If NSP was closed and employees were relocated to High Desert, who would pay the costs of moving their homes and families?

Cochair Horsford asked Mr. Skolnik if the Department of Corrections had a department-wide manager-to-staff ratio. It was a common practice in government to

have a ratio so that when units were added or programs expanded, the staff would be determined on a formula-based ratio.

Mr. Skolnik said he did not know; he would provide the information, not only with current numbers, but with historical numbers as well.

Sugar Vogel, Program Administrator for the Senior Citizens Law Project, testified she was concerned with the dramatic impacts of the cuts to the elderly. She urged the members to remember their own parents and treat with them with respect.

Gene Columbus, Nevada Correctional Association, testified from Carson City that part of the decision not to close NSP the previous year was based on the population projections. If the facility was closed now and inmates were transferred, he questioned what would happen in six months to a year. He had attended the IFC meetings over the past year, and each time it seemed to him that Director Skolnik did not give a straight answer to the Committee's questions. Lives were on the line, and with potential layoffs, families were impacted. He said if he were testifying before the Committee, he would be prepared with every bit of information available. He had not heard one justifiable reason to close NSP, and his organization opposed the closure.

Cochair Horsford noted that the closure of NSP was on the Governor's list of recommended budget reductions. At this point, he did not know if there was any other justification.

Curt Thomas, Correctional Officer at NSP, said he had testified before the IFC in November 2008 regarding the possible closure of NSP, and the Committee was now discussing it again. The 2009 Legislature denied Director Skolnik's request to close NSP, and at that time the closure was projected to save approximately \$19 million; now the projection was lowered to \$12 million due to the opening of the new units in the south. If it was not beneficial to close NSP to save \$19 million, he wondered how it could be beneficial to close it to save \$12 million.

Mr. Thomas said he believed there were reasons to question the projected savings:

- Had the cost of transporting the inmates from NSP to another location been considered?
- It was estimated that there would be 100 to 170 layoffs, and many of those laid-off employees would withdraw their retirement contributions from PERS, which would harm an already fragile retirement system.
- There would likely be additional costs due to some of the laid-off employees collecting unemployment.
- The layoffs would cause damage to the local economy. The laid-off workers and their families would not have money to spend at local businesses, which would

not only affect the business owners and their employees, but also cause less tax revenue to be collected at a time when the state could not afford to lose revenue.

- Were the additional operating costs of the new units in the southern region that would house NSP inmates taken into account? In essence, would not the operating costs of NSP be eliminated and just added to the operating costs of another prison?

Mr. Thomas stated the closure of NSP would not affect just NSP staff, but all staff at Northern Nevada Correctional Center and Warm Springs Correctional Center as well, due to the displacement of their employees by the NSP employees who would transfer or exercise bumping rights to those institutions. There would be major disruption and stress for literally hundreds of people. The officers to be laid off would be the newest officers that the NDOC had just spent thousands of dollars putting through the academy – where was the efficiency in that?

Continuing, Mr. Thomas recalled that in his state-of-the-state address, the Governor said that NSP was 140 years old. While it was true there had been a prison on the site for 140 years, he challenged anyone to find one housing unit, one gun tower, one gun post, one perimeter fence or one support building that was 140 years old. The facility had been updated, rebuilt and added onto over the years. The Governor had also said that NSP was particularly dangerous. Mr. Thomas agreed it was dangerous – it was a prison – but the danger was not because of the age of the facility.

Mr. Thomas questioned what would happen to the structures at NSP in the event of closure. Would they sit empty and rot and become nothing more than an eyesore and a constant reminder of the time of economic despair? The state would not have money for repair or upkeep of an empty facility. He also questioned what would happen when the state needed additional housing for inmates; closing NSP might be very regrettable.

Mr. Thomas concluded by saying he was aware of the large budget gap, but he questioned whether the meager savings that would be realized by closing NSP would be worth the resultant disruption and hardship to the members' constituents. On behalf of his fellow correctional staff, Mr. Thomas respectfully asked the Committee to seriously consider the negative impact involved in closing NSP. (Mr. Thomas' written verbatim testimony is included in [Exhibit I](#)).

Steven Houk, Corrections Officer at NSP, stated that a year before, Director Skolnik had asked staff for recommendations to save money in the department ([Exhibit J](#)). However, few, if any, of those recommendations had been implemented. Instead of implementing any of the proposed cost-saving measures, the director was recommending that NSP be closed and jobs be cut without exhausting every cost-saving measure possible. Mr. Houk said he recognized the dire situation of the state budget, but closing NSP was not going to solve the problem, even if the full projected savings of \$12 million was a reality. He suspected the savings would never be realized.

Mr. Houk reviewed some budget-saving measures recommended by staff:

- Halt all NDOC capital improvement projects and provide minimal maintenance and repairs; approximately \$14 million savings.
- Switch the department to 12-hour shifts, which would save the department thousands of dollars and eliminate the excessive use of sick time.
- Privatize inmate food services, which had been done nationally and saved taxpayers billions.
- Switch from dairy products to packets and reduce the number of hot meals served to inmates. A 50-cent savings per inmate would amount to savings of over \$2 million.

Continuing, Mr. Houk said studies had indicated there was a higher instance of domestic violence and property crimes during the economic downturn of the 1980s and 1990s. Last year's Nevada inmate population projections were based on the reduction of 400 inmates over the next year. If NSP was closed, the state would not be able to house any more inmates than it released, creating a potentially dangerous situation for citizens. If criminals were not in jail, they would be on the streets committing crimes and creating victims.

In closing, Mr. Houk asked the Committee to consider the ramifications of closing NSP, including the economic situation it would create for over 100 employees and their families, along with the safety concerns of the entire state.

Candice Payne, Vice Chair of the Political Action Committee for the Nevada Corrections Association, stated she agreed fully with the previous remarks. For the Committee's information, there had been no staff meeting with any institution other than NSP about what would happen if NSP was closed and employees would use bumping rights to move to other institutions.

Cochair Horsford responded the Committee was trying to obtain information on the impact the layoffs would have on the other institutions if closure of NSP was approved.

Edward Neidert, Senior Corrections Officer at the Northern Nevada Correctional Center, stated that NSP provided a level of security that was not available anywhere else in western Nevada, and this function should be absorbed by another institution before closing NSP. He said NSP was the most capable facility to house the most dangerous inmates, including those held temporarily during transition to another facility, to court appearances in Carson City and for medical treatment. The lockdown units at NSP were more secure than any unit at Northern Nevada Correctional Center, which was designed for low-custody, low-risk inmates.

Mr. Neidert said that as inmates were transferred to other institutions, they would be crowded together, which would cause stress and tension and lead to incidents. Closing NSP was the wrong idea at the wrong time. He suggested the Reno Restitution Center and Casa Grande as alternatives that could be explored; they were low- or medium-security facilities whose functions could easily be replicated elsewhere. The NSP was unique, and its role could not be easily duplicated. (Mr. Neidert's written verbatim testimony is included in Exhibit I.)

Kevin Ranft, American Federation of State, County and Municipal Employees (AFSCME) Local 41, stated AFSCME had several concerns with closing the Nevada State Prison, as it was a vital aspect of the Department of Corrections, and his organization believed there were alternatives. The AFSCME had scheduled a series of meetings over the following week and would put a report together to submit to the Committee no later than February 18. He respectfully requested that any decisions concerning closure of NSP be deferred until after that date.

Concerning the layoffs, Mr. Ranft remarked that if there were no transfers to the south, there could potentially be 186 layoffs rather than the 136 currently planned, which would be devastating to the economy. He said the major concerns were the economy of Carson City, as well as the safety and security of the community.

Prior to this Committee meeting, Mr. Ranft said the department had put steps in place to cause major concern regarding safety and security within the institutions. Posts were being pulled and shut down, which was in violation of NRS 209.131 that mandated the director of the department to protect the public, staff, inmates and institutions. Closure of Nevada State Prison and any changes in staffing would be in violation of the statute. Mr. Ranft was concerned for his fellow officers' safety, as well as that of the inmates and the public.

Mr. Ranft noted that Director Skolnik had proposed to change positions to Correctional Officer Assistants, even though NRS 209.131 stated an employee must be a Category 3 Peace Officer to work with inmates in the Nevada prison system. Director Skolnik claimed the Correctional Officer Assistants would not be working with inmates, but Ely State Prison was currently in violation because there were a number of Correctional Officer Assistants working with inmates on a daily basis. Mr. Ranft said officers would be willing to testify under oath that even though Ely State Prison was a maximum facility, Correctional Officer Assistants were working in the gatehouse, walking nurses, opening food slots and walking inmates to and from visitations.

Relating to 12-hour shifts, Mr. Ranft said the NRS provided that 12-hour shifts could be implemented for the majority of the staff with the approval of the director. He said 80 percent of the staff and their families wanted 12-hour shifts; allowing them would build staff morale, but it was now being proposed to disallow them at all facilities. Mr. Ranft was extremely concerned with this issue.

In conclusion, Mr. Ranft asked the Committee to consider all ramifications of closing NSP when making its decision.

Kalvin Kaldor, Correctional Officer, Nevada State Prison, stated that according to a position roster for NDOC's medical unit, there were 41 positions at a pay grade 55, and they were all directors, doctors and nurses, totaling over \$6 million in salary. He asked if those positions would receive the same pay cut as the rest of the NDOC staff.

Mr. Kaldor suggested the following budget reductions:

- Mandatory lights out in the cells from 9:00 p.m. until 4:00 a.m. Electricity cost \$90,000 a month at NSP alone, and his suggestion would save the state \$27,375 annually.
- Remove non-nutritional food items, e.g., catsup, mayonnaise, mustard, coffee, tea. Savings at NSP alone would be \$26,000 a year.
- Grow food, vegetables, beef and pork at the institution, which would reduce expenditures to purveyors by \$262,000 a year.

Cochair Horsford stated that staff had advised him the medical staff would be facing the same pay cuts as other department staff.

TeJay Harvey, Correctional Officer, Nevada State Prison, said he had been employed by NSP for one year and would undoubtedly be laid off. He did not believe the decision to close NSP had been examined closely enough.

Mr. Harvey and other Correctional Officers had met with Director Skolnik the previous day, and he asked Mr. Skolnik how he had arrived at the amount of \$12.9 million in savings. The Director explained he had taken the \$18 million NSP operating budget and deducted the cost to open the two new units at Southern Desert Correctional Center, which was \$7 million. Aside from the fact the calculation was incorrect, Mr. Harvey suggested that the total costs associated with the closure were not taken into consideration, such as:

- The ongoing costs of housing 750 inmates at Southern Desert would be \$8.5 million over the course of the year.
- Salary differences as a result of laid-off employees exercising their bumping rights could conceivably cost the state \$20,000 per bumped position, for a total of \$1.8 million over a year's time.
- Since it was unlikely that 51 laid-off officers would be willing to relocate to southern Nevada, it would be necessary to recruit and train new employees at Southern Desert, at a cost of hundreds of thousands dollars.



- Other costs not taken into consideration were relocation of the license plate factory and death chamber and the cost of transporting the inmates to southern Nevada.

Mr. Harvey said there were 200 prisoners currently waiting to be accepted into the state system, and he reiterated previous concerns that closing NSP would not allow for future inmate population growth. Director Skolnik had told him that reopening NSP if more beds were needed would be highly unlikely due to lack of maintenance. (Mr. Harvey's written verbatim testimony is included in [Exhibit I.](#))

John Carter, Correctional Officer at NSP and a member of AFSCME Local 41, testified he believed Nevada State Prison should stay open. He stated that Director Skolnik seemed to have a relentless desire to close NSP, even though he had been told "no" several times. Mr. Carter said the Director's reasons had changed several times.

Mr. Carter cited the facts as he knew them:

- NSP was old, but not unsafe.
- The actual potential savings were unknown; the figures kept changing.
- The most senior correctional staff at NSP tended to stand up for their rights.
- Former Governor Guinn had suggested it was not necessary to deal with the whole budget crisis and that only half of it had to be addressed now.
- The Director and the Governor had not had any creative ideas, and they had ignored any that had been given to them.

In conclusion, Mr. Carter said NSP did not have to be closed; Carson City could not afford the loss of 136 jobs; and the Governor and Director had ulterior motives for closing NSP. He stated that NSP staff members were glad to have the Legislature involved in management of the prison system.

Addressing Mr. Skolnik, Assemblywoman Gansert suggested consideration be given to some of the ideas that had been brought forth. One of them was to not serve three hot meals to the inmates, which would save at least \$1 million. She recalled that issue had been reviewed during the 2009 Session, and she asked that the information be provided to the Committee again during the Special Session. She also asked if information was available concerning privatizing food service.

Mr. Skolnik replied the information concerning meals was available and would be provided to the Committee, but no information was available concerning privatization of food service. Attempts had been made by the department to partner with a company, but that company had backed out of any relationship because of internal difficulties.

Assemblywoman Gansert asked if it would be possible to issue another request for proposal to see if there were other vendors interested in providing food service.

Mr. Skolnik said that could certainly be done. He added that the department had also looked at the possibility of privatizing medical services.

Assemblywoman Gansert said she would be interested in pursuing privatization of some services in order to save money. She thought there were probably corporations and entities looking for more business at this time.

Cochair Horsford announced the Committee would move to Item H of the agenda, which would be the last item of the day due to the late hour.

**\*H. REVIEW OF PROPOSALS FOR REDUCING SPENDING RELATED TO THE  
DIVISION OF PAROLE AND PROBATION OF THE DEPARTMENT OF  
PUBLIC SAFETY.**

Jerry Hafen, Director of the Nevada Department of Public Safety (DPS), testifying from Carson City, introduced Bernie Curtis, Chief of the Parole and Probation Division, who would be addressing the Governor's recommended budget cuts for the division.

Bernie Curtis, Chief, Parole and Probation Division, Department of Public Safety, introduced Rick Gimlin, the Administrative Services Officer for the division, and Mark Woods, the Parole and Probation Division's Deputy Chief for the North.

Mr. Curtis said the Governor was recommending that the division eliminate 13 DPS Officer II positions and related motor vehicle and voicemail phone line costs, reduce records and technology cost allocations, and reduce training by 36 percent in fiscal year 2010 and 75 percent in fiscal year 2011, for a total of \$2,093,000.

Senator Raggio asked if the positions were currently vacant, and thus the savings would not reduce the number of active positions. Mr. Curtis replied the 13 positions were currently vacant.

Senator Raggio asked for clarification of a statement in the reduction narrative which read, "The cases currently on the administrative banks in the Las Vegas office will remain and the banks themselves will not be done away with for the remainder of this biennium."

Mr. Curtis said his biggest concern in southern Nevada was the administrative caseloads, which were caseloads that had been reformulated in the last year and a half to be gross misdemeanors or E felons, the lowest level of conviction handled by the division. He said at one point there were nearly 4,000 offenders on those caseloads, which were handled with a very small amount of supervision, if any. Currently there were about 2,000 offenders, based on reductions from modifications passed in the 2009 Session in Assembly Bill 259, which allowed the same good-time credits to be

given to gross misdemeanants. Mr. Curtis said three officers were assigned a rather large caseload, but most offenders were monitored by the Dangerous Offender Notification System (DONS), which was based on negative contacts with law enforcement agencies throughout the state.

Based on the staffing that was most recently approved for the division, Senator Raggio asked what the current caseload situation was.

Mr. Curtis replied normal caseload was 70:1. Specialized units, such as for sex offenders, were generally 45:1, and high-risk and violent subject caseloads were 30:1.

Cochair Horsford asked what the caseload ratios would be once cuts were enacted. Mr. Curtis replied the division hoped to get to 70:1 to 75:1, with the 2,000 open administrative caseloads handled in southern Nevada.

Assemblyman Hogan asked how the current or anticipated caseloads compared with other states, national standards and standards recommended for parole and probation operations.

Mr. Curtis said he knew of no national standards; he wished some existed. The accepted practice in Nevada had been 70:1.

Assemblyman Hogan gathered there were not generally published figures available as to what levels were maintained by other states. He said Nevada was used to being compared with other states; he was hoping the parole and probation caseload was not as alarming as so many other comparisons were. He asked whether Mr. Curtis was ever curious about how Nevada compared with other states.

Mr. Curtis replied there were different standards throughout the country, but through involvement in organizations, it appeared that other states seemed to emulate Nevada in one way or another. He said the division could be successful with a ratio of 70:1 if the personnel were available to take care of the administrative banks in southern Nevada.

Cochair Horsford remarked the Committee had information that there were more cuts than those being addressed by Mr. Curtis. He asked if the Committee was working from the most updated information for the Department of Public Safety.

Mr. Curtis replied he had explained the Governor's recommended cuts to the Division of Parole and Probation as he knew them.

Mr. Hafen said the 10-percent proposed cuts submitted to the Governor's office included the elimination of 31 positions in Parole and Probation. The Governor's final recommended reductions reinstated 19 of those positions. He said the department had held high-level budget meetings with the Fiscal Analysis Division and the State Budget

Office and examined the JFA Institute numbers currently used to monitor how well the division was doing with supervision. He asked Mark Woods to explain the issue further.

Mark Woods, Deputy Chief, Department of Public Safety, stated a review of the most current numbers revealed flat growth in the number of offenders the division had been supervising, which was the reason the positions provided by the Legislature were not currently needed. He said at one point the division had an additional 44 positions for the rest of the biennium, but currently the caseloads were flat, and the division was predicting the caseloads in the administrative bank would remain at 2,000. Mr. Woods said the department did not see growth in the near future. Another reason the department believed the numbers would remain fairly consistent was Nevada was continuing to see success in parole discharges of almost 90 percent, which was one of the highest levels in the nation.

Assemblywoman Buckley wanted clarification as to what the ratios would be after the budget reductions. She had received information that category E and gross misdemeanants were averaging 549 cases for each officer, when the recommended level was 70:1; 15 officers were averaging 51 sex-offender cases each, when the recommended level was 45:1; and 25 officers were averaging 33 cases of other high-risk offenders each, when the recommended level was 30:1. She asked if her information was correct and if Mr. Woods was indicating what the ratios would be if the additional officers were lost.

Mr. Woods replied Assemblywoman Buckley's numbers were correct. Historically, the high-risk and house-arrests ratio was 30:1, but the division had always allowed the ratio to go up to 35, because there would be 30 offenders on the streets being monitored, and many times a small percentage of the high-risk offenders were in custody. The same thing was true for the sex offenders; the division felt comfortable with a ratio anywhere under 55:1. Mr. Woods said the caseloads had always been kept as close to the 30:1 and 45:1 ratios as possible. As a result, the division tried to maintain a ratio of 70:1 for the remaining general supervision. There was more general supervision in Las Vegas that could handle the 70:1 ratio, and by doing that, the administrative caseload was created, which was determined to be gross misdemeanors and category E's. Currently, 1,700 offenders were being supervised by 3 officers, which resulted in the 540:1 ratio. There were still several general supervision caseloads in Las Vegas that were anywhere from 70:1 to 83:1 made up of category D's, non-violent B's and A's.

Assemblywoman Buckley asked what the supervision levels would be if the Legislature approved the modified version of the cuts as suggested by the Governor,

Mr. Woods said the sex-offender and house-arrest categories would remain the same, in the 30:1 to 45:1 range, and the general supervision would drop to approximately 75:1. He said adding the 19 reinstated positions to the 3 currently supervising the 1,800 offenders currently in the bank would result in a 70:1 to 75:1 ratio and elimination of the banks.

Assemblyman Goicoechea said he understood the original reduction was 31 officers and now it was at 13. He asked if the remaining 19 positions would be existing employees who would have been laid off.

Mr. Hafen explained that in order to meet the 10-percent cut, the division was willing to put 44 positions on the table, which would have increased the administrative banks significantly. The Governor's recommendation was to add 31 parole and probation officers back into the budget, which was significantly lower than the division had recommended at the 10-percent cut. After evaluating the JFA Institute projections and negotiations with the State Budget Office, the Governor would probably consider a recommendation of 19 officers, which would amount to a savings of 10 salaries of officers. He said the department had hoped to use the General Fund savings to help the division's counterpart at the Parole Board, which was also on the Governor's recommended list for layoffs of 7 administrative positions. The impact of the 7 administrative positions cut from the Parole Board budget would slow down the progress of bringing people out of the prisons into parole.

Assemblyman Goicoechea wanted to establish how many positions were lay-off positions and how many were vacant.

Mr. Hafen replied none of the positions were layoffs. The division had anticipated hiring 8 new positions for an academy in January on a progressive level, but when it was realized the budget was in such dire straits, those officers that had been offered jobs were offered positions at the Highway Patrol. Currently the Highway Patrol Academy was 100 percent highway funded. Of the 28 officers in the academy, approximately 8 were officers who decided they would prefer to go to the Highway Patrol rather than not have a job.

Assemblywoman Buckley remarked that parole and probation was an area of concern to her with regard to supervision of inmates. The division had been chronically underfunded, and she worried about the loss of the positions. She thought Mr. Hafen had made an excellent point with regard to the Parole Board. She appreciated that he had considered the impacts to the entire correctional system to ensure it would function well. She asked if the department had explored the use of all potential stimulus and forfeiture dollars, adding that desperate times called for desperate measures and a new way of thinking about everything. She asked if Mr. Hafen had any recommendations to the Committee as it attempted to maintain vital services in public safety.

Mr. Hafen responded the department was currently looking at the forfeiture accounts, but unfortunately, according to the federal government's assets-sharing guidelines, the forfeiture accounts could only be used to help in the area of law enforcement, narcotics enforcement and taskforce multi-jurisdictional initiatives. They could not be used for administrative positions or positions in Parole and Probation. He said the department was considering using those funds to help with cuts in the Investigations Division. Under the Governor's current recommendations, the Investigations Division would lose 2 administrative positions, but in order to reach the 10-percent cuts, a 10-percent

reduction was submitted based on the closure of two narcotics taskforces in Fallon and Winnemucca. The two taskforces covered about 6 counties in the state, and closure would be devastating to those communities.

Assemblywoman Buckley asked if there were any stimulus dollars available that were not being pursued.

Mr. Hafen replied stimulus dollars came with a lot of rules and guidelines. The department had explored every possible avenue for stimulus money and continued to look at funding streams from grants and awards. He noted the most important stimulus money under the control of the Department of Public Safety was the Byrne Justice Assistance Grant (JAG) money. He explained the Byrne JAG grant had the same kinds of restrictions as forfeiture accounts. It was supposed to be used for multi-jurisdictional narcotics taskforces or law enforcement, but there were restrictions on what could be paid for. Mr. Hafen said the stimulus and Byrne JAG funds received this year statewide amounted to about \$13 million; 80 percent went to county initiatives, and the state retained 20 percent and divided it among all of the agencies entitled to JAG Byrne monies.

Mr. Hafen said since the state had \$13 million this year, the Nevada Sheriffs and Chiefs Association was approached about using the money to develop initiatives for all agencies at the statewide level. A request for proposal was issued to develop a records management system with an automated computer-aided dispatch (CAD) system and GFI Software mapping that would integrate the communication ability among all agencies within the state. The sheriffs and chiefs of police had bought into the program and contributed their part of the Byrne JAG money to make the system a reality for the state. The state's share was \$1.9 million, but he was not sure if the money could be withdrawn to use in some other way. Mr. Hafen pointed out that withdrawal would mean that the records management system would fail for the entire state since the backbone of the system would be the state records and technology section.

Senator Olsen noted the Governor's budget reductions indicated cuts in training of 36 percent in fiscal year 2010 and 75 percent in 2011. He asked whether the reductions were for in-service training and, if so, how the officers would receive their annual training.

Mr. Curtis replied at this point, the funds were for in-service training for existing personnel. Academy costs to the division were very minimal since it was run by the Department of Public Safety as well.

Assemblywoman McClain asked whether the administrative positions that had been cut were on the cut list or if they had been reinstated. She understood the positions would be needed to facilitate parole and probation hearings.

Mr. Hafen clarified the hearings were a function of the Parole Board, and the 7 administrative positions eliminated in the Parole Board were necessary to move

offenders from the prison system into parole. As part of negotiations with the Budget Office, the savings from the 10 positions at Parole and Probation would be used to help sustain the Parole Board administrative positions.

Cochair Horsford asked for further questions; there were none. He asked Mr. Hafen to submit the updated information to the Fiscal staff by Friday in order to have it available for the Committee's consideration prior to Special Session.

**\*I. DISCUSSION OF THE STATE BUDGET SHORTFALL AND PROPOSED SOLUTIONS.**

Cochair Horsford said a meeting would be held with leadership to determine what steps to take next. It was expected it would be necessary to have an additional IFC meeting the following week to review the items on the list that had been considered, as well as additional items that may be proposed. The Committee would begin formulating a plan for consideration for the 26th Special Session. He asked members to submit any questions or requests for information or direction to staff during the interim.

**J. PUBLIC COMMENT.**

Frank Adams, Executive Director, Nevada Sheriffs and Chiefs Association, testified the association was concerned with the discussion of stimulus funds. The sheriffs and chiefs throughout the state had pooled stimulus money together to go forward with the records management system, and a vital part of the project was the state's participation. He expressed the hope the Committee would consider the importance of the system when making decisions.

Thomas Finn, Boulder City Chief of Police and President of the Nevada Sheriffs and Chiefs Association, testified that during a meeting in May 2009, the association unanimously decided to engage in a joint venture with the DPS for a statewide initiative that would benefit all Nevada law enforcement. The project was the number one priority for expenditure of American Recovery and Reinvestment Act (ARRA) funds, and the unanimous agreement to spend the funds in this manner was unprecedented. The effort involved spending \$4.1 million in ARRA pass-through funds and \$1.9 million in state ARRA stimulus funds on a statewide records management system/jail system/computer-aided dispatch system, which was software that would enable law enforcement to do its job, manage records, manage personnel in the jails and keep track of the information that was so desperately needed on a daily basis to keep Nevada as safe as possible.

Mr. Finn said as was reinforced since 9-11, information exchange was critical to law enforcement in order to identify potential targets and adversaries and to address them appropriately so they could not carry out their deeds. Technology made Nevada law enforcement much more efficient and effective. Taking away the state funds would kill the project, which would directly impact crime-fighting efforts statewide on local, county and state levels.

Mr. Finn said he had cut a CAD/records management system from his budget the previous year because the RFP was going out for a statewide system that would provide three years for initial installation and three years of support. The DPS had committed to the Department of Justice as well, and the Department of Justice may reject DPS's request to modify or cancel this project and possibly withdraw the stimulus funds. He read a quote from the ARRA funding guidelines: "The stimulus funds are to be used to provide investments needed to increase efficiency by spurring technological advances that will provide long-term benefits to stabilize state and local government budgets."

In closing, Mr. Finn said the Nevada Sheriffs and Chiefs Association opposed the Governor's budget recommendation to use the DPS stimulus funds to pay DPS salaries.

Mr. Adams added that the association's concern was if the funds were not used for the planned purpose, the entire project would fall apart. Law enforcement was trying to be more effective and more efficient because there was going to be less manpower on the street. He said the association understood the budget situation, but it was concerned that the money would be used for something other than the project it was designed for; hundreds of man hours had been invested in the project.

Since the association would be tracking the funding during the Special Session, Assemblywoman McClain asked Mr. Adams to keep Committee members advised on its progress.

Cochair Horsford asked for further public comment. There being none, he called for a motion to adjourn.

ASSEMBLYMAN HARDY MOVED TO ADJOURN.

THE MOTION WAS SECONDED BY ASSEMBLYMAN HOGAN.

THE MOTION CARRIED.

The meeting was adjourned at 4:02 p.m.

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Senator Steven Horsford, Cochair  
Interim Finance Committee

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Senator Bernice Mathews, Cochair  
Interim Finance Committee

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



**EXHIBITS  
INTERIM FINANCE COMMITTEE**

<b>Exhibit</b>	<b>Witness/Agency</b>	<b>Description</b>
A	Fiscal Analysis Division Legislative Counsel Bureau	Agenda
B	Fiscal Analysis Division Legislative Counsel Bureau	Guest List
C	Gail Anderson, Administrator, Real Estate Division	Letter of Support from Nevada Association of Realtors
D	Gail Anderson, Administrator, Real Estate Division	Letter of Support from State Real Estate Commission
E	Diane Cornwall, Director, Department of Business & Industry	Email correspondence with Attorney General's office dated January 19-21, 2010.
F	Steve George, State Treasurer's Office	Graph – General Fund Cash Balance – January 2009 – January 2010
G	Mike Willden, Director, Department of Health and Human Services	DHHS Proposed Budget Cuts – Fiscal Years 2010 and 2011
H	Mike Willden, Director, Department of Health and Human Services	DHHS Organization Chart, Revenues and Expenditures – Fiscal Years 2010 and 2011.
I	Department of Corrections Public Testimony	Public Testimony – Closure of Nevada State Prison
J	Steven Houk, Corrections Officer, Nevada State Prison	Employee Responses to Request for Suggestions for Budget Shortfall
K	Public Testimony	Public Testimony Submitted in Writing