

MINUTES OF THE SEPTEMBER 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 September 10, 2010, at 9:05 a.m. in Room 4100 of the Legislative Building in Carson City, Nevada. [Exhibit A](#) is the agenda, [Exhibit B](#) is the guest list and [Exhibit C](#) is the meeting packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Steven Horsford, Cochair
Assemblywoman Sheila Leslie, Vice Chair
Assemblyman Paul Aizley for Assemblywoman Ellen Koivisto
Assemblyman Bernie Anderson for Assemblywoman Kathy McClain
Assemblyman Marcus Conklin
Assemblyman Moises (Mo) Denis
Assemblywoman Heidi Gansert
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman Joe Hardy
Assemblyman Joseph Hogan
Assemblywoman Marilyn Kirkpatrick for Assemblywoman Barbara Buckley
Assemblyman John Ocegüera
Assemblywoman Debbie Smith
Senator Shirley Breeden for Senator Joyce Woodhouse
Senator Barbara Cegavske for Senator William J. Raggio
Senator Bob Coffin
Senator David Parks for Cochair Bernice Mathews
Senator Dean Rhoads
Senator Maurice Washington for Senator Mike McGinness

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Barbara Buckley
Assemblywoman Ellen Koivisto
Assemblywoman Kathy McClain
Cochair Bernice Mathews
Senator Mike McGinness
Senator William J. Raggio
Senator Joyce Woodhouse

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Mark Krmpotic, Fiscal Analyst, Senate
Rick Combs, Fiscal Analyst, Assembly
Mike Chapman, Principal Deputy Fiscal Analyst
Rex Goodman, Principal Deputy Fiscal Analyst
Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda Erdoes, Chief Legislative Counsel, Legislative Counsel Bureau
Eileen O'Grady, Chief Deputy Legislative Counsel, Legislative Counsel Bureau
Sherie Silva, IFC Committee Secretary
Cheryl Harvey, Fiscal Division Secretary

A. ROLL CALL

Cochair Horsford called the meeting to order at 9:05 a.m. and asked for a roll call.

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

*B. APPROVAL OF MINUTES OF THE JUNE 24, 2010, MEETING.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED.

*C. APPROVAL OF MINUTES OF THE JULY 21, 2010, MEETING.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED.

*D. STATE PUBLIC WORKS BOARD – REPORT FROM THE IFC'S SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS IN ACCORDANCE WITH NRS 218E.405.

Senator Coffin, Chairman of the Subcommittee to Review Public Works Board Matters, reported the Subcommittee had met the previous afternoon to take action on two items and receive information on several other items, as reflected in the Subcommittee's report ([Exhibit D](#)).

The first item requiring action by the Subcommittee was a request to cancel CIP Project 09-C01. Senator Coffin explained the project at the High Desert State Prison in southern Nevada had been an ongoing aggravation, and it had become more complicated as a result of population projections being reduced even further since those made in the 2009 Legislative Session. Although the prison had brought forth a plan that had merit, the Subcommittee felt it was not a good idea to cancel the southern Regional Medical Facility (RMF) at this time and move toward construction of long-term care facilities at the Northern Nevada Correctional Center. He said the Subcommittee did not condemn the idea, but believed there would be time during the 2011 Legislative Session to study necessary changes to the High Desert State Prison. Senator Coffin asked Mr. Nunez to comment further.

Gus Nunez, Manager, State Public Works Board (SPWB), recalled that Department of Corrections' Director Howard Skolnik had reported to the Subcommittee that the inmate population projections had changed, and the funding and staffing of the RMF in the next biennium did not seem favorable at this point, so the recommendation was to suspend the project. He said the Subcommittee had agreed the work should be suspended at this time and the project would be considered in the 2011 Session.

Senator Coffin added that \$500,000 had been expended on the project to date, and the Subcommittee did not want to expend more funds.

Continuing, Mr. Nunez reported the next request to the Subcommittee was to establish project 10-A021, Remodel of the Floyd Edsall Training Center, Advance Planning, Las Vegas, which would basically consist of the design process through construction documents and plan checking. He said the project was 100 percent federally funded in the amount of \$321,497, and the SPWB was asking for authority to accept and expend that amount.

For the Committee's information only, Mr. Nunez reported the National Guard was requesting construction funding for a project during the next biennium which was still pending approval by the Public Works Board, and the Governor would have to send the recommendation to the Legislature for approval. The funding for that project would be 75 percent federal and 25 percent state. The request had been approved by the Subcommittee, but IFC action was not necessary at this point.

SENATOR COFFIN MOVED TO APPROVE ACTION ITEMS 1
AND 2 OF THE SUBCOMMITTEE'S REPORT.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Coffin stated he would address the rest of the items in the report, as they were brought to the Subcommittee at his request and not from the Public Works Board. The issues were being brought forward as a result of recent news releases.

Senator Coffin explained item 3 related to statements made by representatives of the Governor's office and the Department of Health and Human Services (DHHS) indicating that construction of the new mental health facility approved by the 2009 Legislature would be halted because, in their opinion, the Governor's Executive Budget would not contain funding for the personnel to staff the facility. Senator Coffin said it was the Subcommittee members' contention that the Legislature made the decision as to whether there would be staffing for a building approved by the Legislature, and when a building was approved, it was done so with the understanding that it would be staffed. Senator Coffin said officials from the DHHS had appeared before the Subcommittee and indicated they would plan to staff the building, contrary to the news reports.

Item 4, Senator Coffin continued, involved a discussion regarding the differences between design-bid-build, design-build and construction manager at risk (CMAR) project delivery methodology. He said new legislators and members of the finance committees and the Capital Improvement Program (CIP) Subcommittee needed to have a firm grip on the three methods of construction and the reasons for them to avoid difficulty in the future with buildings constructed by the state, as well as issues involved with other legislative activities and other committees in approving or revising statutes relating to construction. Senator Coffin said former State Senator Warren Hardy had testified that it was getting harder for people to bid on certain projects because subcontractors were essentially not able to submit bids.

Senator Coffin explained items 5 and 6 were presentations on seismic activity in Nevada and the effects on construction, particularly old masonry buildings. The Subcommittee received reports from the SPWB and the Nevada Earthquake Safety Council about the number of unreinforced masonry buildings in Nevada, which were considerable, particularly state buildings. A presentation was also made by Dr. Jonathan Price, the State Geologist and Director of the Nevada Bureau of Mines and Geology at the University of Nevada, Reno (UNR), who also indicated there were many state buildings in danger. The UNR campus had the most exposure of all of the state's facilities. Senator Coffin recalled that funds were appropriated 20 years before to help strengthen some of the old UNR buildings, which had not been done to the extent it should have been. Buildings 115 years old were not likely to stand up under an earthquake of any great magnitude above 7. He urged the Committee members who would be continuing as legislators to consider appropriating money to save the buildings, tear them down or change their use.

The final informational item in the report, Senator Coffin continued, was an update on construction deficiencies at the Student Recreation and Wellness Center building at the University of Nevada, Las Vegas (UNLV). He said the University System officials, SPWB and contractors were reaching agreements; they were not yet signed, but all parties were coming closer to a solution for the inadequate construction and poor design of the building. Senator Coffin expressed hope that the students would not have to pay for it. He again urged Committee members to pay attention to these issues in the future and not assume that just because it was 2010, buildings were being built any better than they were before the 1906 earthquake in San Francisco.

Senator Coffin concluded his presentation by asking the Committee to accept the informational items contained in the Subcommittee's report.

SENATOR COFFIN MOVED TO APPROVE THE REPORT FROM THE IFC SUBCOMMITTEE ON PUBLIC WORKS BOARD MATTERS SEPTEMBER 9, 2010, MEETING.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

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

Mark Krmpotic, Senate Fiscal Analyst, reported Item E included work program revisions that were submitted for expeditious action within 15 days. Committee members had not requested testimony on any of the items. He noted Item E-8, which involved the Health Division Maternal Health Services, was previously submitted under the 45-day clock for consideration by IFC, but was removed and resubmitted as a 15-day item.

F. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(c). INFORMATIONAL ONLY – REQUIRED ACTION WITHIN 45 DAYS.

Mr. Krmpotic noted that Item F also included work programs submitted for information only, and Committee members had not requested discussion on any of the items.

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

Mr. Krmpotic reported that Committee members had requested testimony on Agenda Item G-1, which was revised to change the category from school retrofit to engineering feasibility. Further information had also been requested on items 24, 29, 32 and 34. He noted that item 35 included a list of programs that were approved by the Governor under NRS 353.220(5)(a), which was included on page 383 of Volume I of the meeting packet ([Exhibit C](#)). The work programs were included in conjunction with Assembly Bill 6 of the 26th Special Session, and many of them were for reductions to General Fund appropriations authorized by the 26th Special Session. Mr. Krmpotic said staff had no additional questions or items for discussion under Agenda Item G.

Cochair Horsford called for testimony on Item G-1, remarking that the item was informational only, but Committee members desired to have further information placed on the record.

1. **Office of the Governor – Nevada State Office of Energy – Energy Conservation – FY 2010** – Transfer \$236,000 from the **School Retrofit Engineering Feasibility** category to the **Engineering Feasibility** School Retrofit category to assess state-wide solar and wind development opportunities. **Work Program #C18393. REVISED AUGUST 30, 2010**

Tom Wilczek, Energy Program Manager, Nevada State Office of Energy, explained \$236,000 in funding originally provided from the American Recovery and Reinvestment Act (ARRA) was dedicated to the Mineral County School District. However, the school district rejected the offer of the funds, and the office planned to redirect the funds to other activities as guided by the Department of Energy (DOE).

Cochair Horsford asked if any specific projects had been identified for funding. Mr. Wilczek replied a specific project had not been identified, but it was the office's intent to focus toward renewable energy development in the state, with an emphasis on job creation.

Cochair Horsford asked if the office had sought and received approval from the Department of Energy to redirect those funds based on the original plan. Mr. Wilczek said he understood that had been done, but he deferred to his colleague, Robert Nellis, who dealt specifically with the DOE.

Robert Nellis, Energy Program Manager, Nevada State Office of Energy, stated the request had been made to the Department of Energy, and authorization had been received, to move funding from the school retrofit category to the engineering feasibility category.

Cochair Horsford asked if another project had not been identified, and the original plan was to support retrofit of schools, why the funding was not retained in the school retrofit category and reallocated to other applicants that were not funded in the original phase.

Jim Groth, Director of the Nevada State Office of Energy, responded that the schools category had already been increased from just over \$8 million to \$10.8 million; monies had been taken as part of the overall \$35 million State Energy Program (SEP) ARRA funds to increase funding for schools. The schools had moved forward with expending their monies very well over the summer with energy efficiency and renewable energy programs. Mr. Groth said the rejected funds were originally going to be applied toward a Distributed Generation (DG) study. The request to carry a contract forward was approved by the DOE, but disapproved by the Board of Examiners a month before; NV Energy was now conducting the study funded by the rate payers instead of ARRA funds.

Cochair Horsford noted that ARRA funds were primarily for the purpose of economic recovery, job creation and stimulation of the economy; he did not know if studies fulfilled that purpose. The benefits of the projects completed by the schools throughout the state had already been realized.

Mr. Groth said the agency would not split hairs on where the money should go; it could quickly be reallocated to counties for solar projects. He was a strong advocate for moving monies from ARRA programs quickly into economy-stimulating programs, and that had been done over the previous ten months. Nevada was one of the top five states in the nation for expedient action on expending ARRA funds; the state had received accolades from the DOE for allocating the ARRA funds well ahead of other states.

Mr. Groth reiterated the funds could be reallocated very quickly to solar projects in counties that were moving quickly with multiple renewable energy projects if the Legislature so desired. He added it would also be desirable to conduct feasibility studies within some of the rural counties that needed studies to be done in order to move some of the larger energy park-type projects along.

To summarize, Cochair Horsford stated the office had the funds, which would expire in April 2012, but a project was not identified for use of the funds as of this time. Mr. Groth concurred, adding that the funding had been rejected approximately six months before, and the office was waiting for the September IFC meeting to request transfer of the funds.

Assemblyman Conklin said he wanted clarification of the difference between spent and committed; he understood the funds needed to be committed by October 31, 2010, and there was no plan for their use at this time. He asked if a plan for commitment of the funds had to be submitted prior to the October deadline in order to not lose them.

Mr. Groth replied Assemblyman Conklin was correct, which was the reason for moving the funds into the new category. However, he could call the state's DOE contact and request that the funds be transferred back to another school district; there would be no problem moving funds into another area within hours. Approval of the IFC was necessary to move the funds from the previously approved category into the energy feasibility studies category, but there would be no problem shifting them to another category from this point on if the Committee so directed.

Assemblyman Conklin affirmed that if the item was approved, the funds would not be lost under any circumstances. Mr. Groth could not say that was absolutely true. Out of \$45 million received by the state, there was a \$3 million block of money that had been difficult to get transferred into the original September 2009 plan.

Assemblywoman Kirkpatrick said she was aware there was about \$3 million allocated for environmental studies to a 501(c)(3) program; the state did have the money and ability to move forward on studies. She had served on various ARRA committees, and there had been a lot of discussion concerning helping the smaller counties with projects.

Assemblywoman Kirkpatrick's concern was that she had worked with all of the counties during the 2009 Session, and every county was to submit a list of different projects that could be done within their school districts. She had spoken with Mineral County, which

was one of the first to submit its project list, and she was surprised that a grants manager to oversee the projects could not be found a year and a half later. Assemblywoman Kirkpatrick observed that Mineral County definitely needed upgrades with renewable energy projects. It seemed odd to her that on April 15, 2010, it was known that there was up to \$441,000 that could have been allocated to another school and used by now. She affirmed that there were no other schools within Mineral County that could use the funds because of the lack of a grants manager.

Mr. Groth said he shared Assemblywoman Kirkpatrick's sentiment as far as not understanding the rejection; the only other rejection out of the 17 school districts was in Lander County. He did not know all of the reasons behind the rejection. The office's renewable energy analyst had worked with Mineral County School District officials directly in trying to assist them, but the school board made the decision to reject the funds.

Assemblywoman Kirkpatrick stated it was important for the Legislature to have a copy of the rejection letter. She had specifically called each and every school district to direct them to submit a list of several proposed projects. She would definitely refer to the district's original list when she returned to Las Vegas.

Mr. Groth said the Office of Energy was pressuring the school districts to submit their list of projects, as the DOE was pressuring the state to expend the funds. He reiterated that it was the Mineral County Board of Education's decision to reject the funding, and the state tried to reallocate the funds quickly to a Distributed Generation (DG) study that was thought to be very appropriate for the state, but it was voted down 2-1 by the Board of Examiners.

Assemblyman Hardy said it was his understanding that if a school district did not have a grants manager in place, the state would be able to help.

Mr. Groth replied he did not know if there had ever been a grants manager in Mineral County, and he was not sure of the exact timeframe and specifics of what happened during the March-April 2010 rejection period. He was sure assistance had been offered, as the Office of Energy worked through several different facilitators and entities within the state to try to help small and rural counties with ARRA-funded programs, and most of the counties had accepted the help. Different energy efficiency providers and renewable energy providers helped four or five counties at a time, but Mineral County did not accept the assistance offered.

Assemblyman Hardy said inasmuch as there was no project identified with this transfer of funding, and the funds would be available for as yet an unnamed project, he wondered if Mineral County had a list of projects for which the funds could be used if the state provided grants management assistance. Would the money still be accessible to Mineral County and, if not, would it be accessible to another school district?

Mr. Groth replied absolutely; the engineering feasibility and studies category was one of the categories of the SEP ARRA program, and the funds being moved into that category would move into the 501(c)(3) program category, which would allow a 501(c)(3) company and the counties to go into a competitive solicitation process to be able to access those funds. All counties would have the opportunity to submit their projects and access those funds through the RFP process.

Assemblyman Hardy observed that Mineral County had needed economic stimulus for a long time. He asked if the county currently had projects identified that could be used to apply for the funding.

Mr. Groth replied he did not know; the agency did not have an unsolicited list from the counties. He surmised if there was a list, this situation would not have occurred in the first place. Counties may have projects to put forward for this particular category; they had put forth projects in other areas, but Mineral County rejected the schools funding, unlike the other 16 counties. He was not aware of any other lists from Mineral County.

Assemblywoman Smith reminded the Committee that the item was informational, and Committee approval was not required. She said the Stimulus Oversight Committee would be meeting the first week of October, and all of the ARRA energy items would be reviewed at that time.

Mr. Groth said he would be remiss if he did not take the opportunity to acknowledge the program had been working very well, and the funds distributed to the schools to stimulate the economy and complete projects in the schools had been fantastic. A lot of very good work had been accomplished. Out of 17 school districts, only one rejected the offer of funding.

Cochair Horsford asked what entailed the necessity for protection of life or property requiring approval of the transfer by the Governor.

Mr. Groth replied he could not speak to the issue of life or property. Consideration was given to the timeframe of October 31 for the funds to be swept by the federal government if they were not reallocated to another category.

Cochair Horsford remarked that the Governor had the authority to transfer the funds under his interpretation of the statute, but the deadline of October 31 was the time the state would be at risk of losing the grant – not before then. He believed every avenue to use the funds as originally proposed should have been exhausted, i.e., to provide funds for school retrofit or energy efficiency; that was the primary purpose under the state's plan submitted to the DOE. Cochair Horsford did not think every effort was made to support Mineral County and the schools in it to receive the same benefits as the other 16 counties. He said it was done; there would be no argument, but the point needed to be made there was no threat to life or property. The grant was not at risk of being lost, and there were other efforts that could have been undertaken so that all schools

throughout the state, including in Mineral County, could have benefitted. Unfortunately, that was not the case.

Mr. Groth responded that he disagreed with Cochair Horsford. He believed all resources and efforts had been utilized to help Mineral County School District. The staff member on the program worked tirelessly to try to help the school districts, but some were more forthcoming than others in aiding and assisting with the efforts. To be able to utilize the ARRA funding for stimulus of those counties and in those school districts involved a targeted, direct, intense approach that had been highly successful in stimulating the economy with over \$10 million of the \$10.8 million available. Mr. Groth noted he had earlier transferred funds from the engineering and feasibility studies category for the reasons Cochair Horsford had stated; he did not think it was the best use of the money either. Originally the schools were to receive \$7.5 million, \$441,000 each, which Mr. Groth did not think was demographically just at the time, and he added \$1 million each for Washoe and Clark County school districts.

Mr. Groth said he would be making calls to Mineral County immediately after leaving the IFC meeting, as well as to other school districts, and he would be happy to move the funds back to the schools.

Cochair Horsford replied he would like to see that happen; there were other schools and other projects under the schools category that were not funded because, despite the Office of Energy's efforts to move additional money, there was actually more need than could be provided for. It made sense to spend the funds on projects that were working rather than reserve them in a category for an unknown study or project.

Mr. Groth agreed that the money would be moved into the schools category.

Cochair Horsford announced the Committee would next hear testimony on Items G-24, 29, 32, and 34, noting that they were also for the Committee's information only and no action was necessary.

24. Department of Health and Human Services – Health Division – Immunization Program – FY 2011 – Addition of \$995,045 in federal ARRA grant funds balanced forward to support the registry enhancement project to develop the capability to interface with provider electronic medical records and meet other business needs defined by the Immunization Program. **Work Program #C18437**

Phil Weyrick, Administrative Services Officer, Health Division, testified the division would be submitting a work program at the November IFC meeting to request that a total of \$104,235 revert to the General Fund. The request was based on an agreement between the Health Division and the Legislature that if ARRA funds were received to support the immunization registry enhancement project, the funds appropriated in fiscal year 2011 for that purpose would revert to the General Fund.

29. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Services to the Blind and Visually Impaired – FY 2011** – Addition of \$186,240 in ARRA federal Older American Independent Living grant funds and \$299,598 in ARRA federal Section 110, grant funds to support services to individuals with significant disabilities and older individuals who are blind to maximize their leadership, empowerment, independence, and productivity, and to promote the integration and full inclusion of individuals with disabilities into the mainstream of American society and to continue support of individuals with physical or mental disabilities to obtain employment and live more independently through the provision of such supports as counseling, medical and psychological services, job training and other individualized services. **RELATES TO ITEM 28. Work Program #C18439**
32. **Department of Employment, Training and Rehabilitation – Employment Security Division – Career Enhancement Program – FY 2011** – Addition of \$760,253 in federal Administrative Cost Allowance ARRA Re-Employment Services grant funds to re-establish authority for this program. **RELATES TO ITEM 30. Work Program #C18277**

Cochair Horsford stated the Committee wanted to confirm that corrected work programs would be submitted and there would not be any over expenditure based on the federal grant authority.

Renee Olson, Chief Financial Officer, Department of Employment, Training and Rehabilitation, testified the corrected work programs had been submitted for approval at the November IFC meeting. She said each grant was tracked separately, and she assured the Committee the agency would not over expend the grant funds.

34. **Department of Public Safety – Forfeitures – Law Enforcement – FY 2011** – Transfer of \$946,974 from the Reserve category to the Mobile Response Team category to purchase equipment necessary for sworn staff during critical incidents. ~~Requires Interim Finance approval since the amount added to the Mobile Response Team category exceeds \$50,000.~~ **Work Program #C18799. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 26, 2010.**

Chris Perry, Deputy Director, Department of Public Safety (DPS), introduced Mark Teska, Chief of Administrative Services, Department of Public Safety.

Cochair Horsford asked Mr. Perry to explain the need for 500 sworn staff to carry a military and police rifle in their vehicles.

Mr. Perry stated that unfortunately, times had changed considerably in society. Law enforcement was no longer faced with a criminal element armed with the old “Saturday Night Special” that they picked up on the corner. Criminals were much more sophisticated and much more organized, and their weapons of choice were assault-style weapons. Mr. Perry said the concern of administrators was if the fire

power was not matched on the road, officers could not be protected adequately. He noted the sworn officers who would be carrying the weapons would be the Highway Patrol Division and the Investigations Division, who were the true first-responders for the Department of Public Safety and the state.

Cochair Horsford pointed out the funding was from a grant, and he asked what the expectations would be, if any, for future General Fund or Highway Fund support for replacement of the rifles in the future.

Mr. Perry replied the funding was not from a grant; it was a transfer of funds from the department's federal forfeiture account, and there would be some ongoing expenses. Built into the current transfers was two years worth of duty-grade ammunition, so there should not be any expenses to the two divisions for the next biennium and a half. He explained the weapons were relatively new, similar to the AR-15 weapons, and their longevity was expected to exceed 20 years.

Cochair Horsford was under the impression the funding was from a grant, which was why the issue was being considered. The question now was why the request did not come through the legislative process and why it was being brought forth at this time.

Mr. Perry replied the exigency of the circumstances and occurrences over the past few months necessitated expedient action. As Committee members were probably aware, he said, officers were being assaulted on a more frequent basis. The most alarming fact was criminals were prepared to assault multiple officers, and they typically assaulted them with the style weapon being proposed for purchase by DPS. Mr. Perry said the department felt it needed to move quickly to protect the officers in the field.

Senator Coffin recalled that in hearings during the 2009 Legislative Session, a lot of information was received on problems with drug gangs operating in the rural areas, in particular, and the fact the Highway Patrol backed up the local sheriffs, who were outgunned and outmanned when confronted. With Highway Patrol officers having to provide back-up, and in some cases being the primary force, it was important they had the equipment to match the criminals.

Senator Coffin expressed concern about upper-body armor, noting that it could wear out quickly in the heat, particularly in southern Nevada. He noted the request included \$900,000 for weapons and only \$25,000 for protective material, and he wondered if that amount was sufficient.

Mr. Perry replied he appreciated Senator Coffin's comments, adding that there had been a recent assault on two White Pine County deputies. Two officers were carrying their own AR-15 style weapons and were able to provide cover for the deputies; the incident worked out well.

With respect to protective material, Mr. Perry said body armor was replaced on a five-year rotation, and funding was currently in the budget requests for both agencies.

Body armor did wear out, and the manufacturer suggested a five-year lifespan, but Mr. Perry believed it was slightly longer. The body armor certifications were provided by the National Criminal Justice System (NCJS), and its suggested replacement schedule was five years.

Assemblyman Denis noted the life cycle of the rifles would be 20 years, but he speculated the criminals would update their weapons sooner than in 20 years. He asked what the cycle of rotation was normally.

Mr. Perry replied Assemblyman Denis was correct; law enforcement was always behind the curve. He did not know what the next generation of weapons was going to be, but he was convinced law enforcement was falling into more drastic times. The criminal element was much more sophisticated and would move on to something more powerful and compact. He anticipated development of a smaller fully-automatic weapon that would be easily accessible, but that was currently not the case. Purchase of the rifles through this request would place the officers on par with the current criminal element.

Assemblyman Denis asked what the process would be in the future for budgeting and purchasing replacement weapons.

Mr. Perry replied the department maintained an active forfeiture account, and a significant amount of money was seized every year. The forfeiture fund was specifically designed to be used to fund holes in the budget; it was a safety net for use for specific needs.

Assemblyman Anderson recalled the 2009 Legislature revised statutes relative to enhancing the collection of forfeiture funds at the local level, but he understood they were not being fully utilized. He asked if the distribution of forfeiture dollars was sufficient to meet the state demand as compared to the local demand; obviously the need was great at both levels.

Mr. Perry replied the federal forfeiture dollars were distributed on a percentage basis. The department shared with other agencies that belonged to the task forces, and the state currently received about 40 percent of any forfeiture proceedings in which the state was involved. He thought the agreement for distribution of forfeiture funds with the other partners in law enforcement was very workable.

Assemblyman Aizley expressed appreciation for the work of law enforcement. In listening to the description of the new weaponry, he wondered if there was a need for new training to combat the current criminal element.

Mr. Perry replied some of the forfeiture funds would be utilized for training. Obviously, the officers would require training with the new weapons, particularly since the tactical response changed significantly from a handgun to a rifle. Other types of training were also being provided to the officers to give them an opportunity to learn more about the criminal element they were facing.

Assemblywoman Leslie noted the work program had already been approved and it was simply an informational item for the Committee. She asked when the request was approved.

Mark Teska, Chief of Administrative Services, Department of Public Safety, replied the work program was processed on August 26.

Assemblywoman Leslie asked what emergency existed that would preclude waiting two weeks for IFC approval at this meeting.

Mr. Teska said because of recent occurrences in Las Vegas and the rural counties, he, the department chiefs and the director felt the process needed to be accelerated. He did not realize how quickly it could have been brought to IFC for approval, and he understood Assemblywoman Leslie's concern.

Assemblywoman Leslie remarked she was not debating the merits of the request; she was debating the process. It appeared to her to be a deliberate end run around the IFC because of potential questions concerning training, the mobile field force and other legitimate issues. She believed legislative authority to provide oversight was being usurped. She was very disturbed, and she speculated the 2011 Legislature would have to change the statutes to provide even clearer guidelines concerning legislative authority.

Mr. Perry responded he understood and appreciated Assemblywoman Leslie's concerns.

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

Mr. Krmptic itemized the work programs on which testimony had been requested by Committee members: Items 34, 35, and M-15; item 45; items 77, 78 and M-12; items 132, 133, 134 and 135. No other items had been requested by Committee members for further testimony.

Mr. Krmptic reviewed the revisions and corrections necessary to the work programs subsequent to receipt by the Fiscal Division.

- Item 6, Department of Information, Information Technology Projects: Deletion of \$192,613 revised to deletion of \$182,283 in General Fund appropriation and a revision in transfer from Welfare from \$58,773 to \$58,904.
- Item 7, Department of Administration, Information Technology Projects: Addition of \$192,613 revised to addition of \$182,283 in General Fund appropriation and an increase in transfer from Welfare from \$58,773 to \$58,904.
- Item 14, Department of Education, Staffing Services: Addition of \$64,850 revised to deletion of \$23,140.

- Item 17, Department of Education, Elementary and Secondary Education: Transfer of \$45,395 revised to \$29,197 from the ARRA administrative category rather than the school renovations category.
- Item 21, Department of Education, Nutrition Education Programs: Transfer of \$25,662 from the reserve category was stricken.
- Item 22, Department of Education, Nutrition Education Programs: Transfer of \$39,074 revised to \$39,435 and additional language to state to the operating category and \$10,669 from the personnel services category to the operating category to align federal and state authority and establish a new position.
- Item 23, Department of Education, Individuals with Disabilities Act: Transfer amount revised from \$19,455 to \$12,513.
- Item 47, Department of Health and Human Services, Aging Disability Services Division: Addition of \$65,953 revised to \$82,480.
- Item 54, Department of Health and Human Services, Welfare and Supportive Services, Administration: Addition of \$30,065 revised to \$30,132; federal Title XIX grant funds revised from \$28,708 to \$28,772.
- Item 85, Department of Motor Vehicles, Real ID: Addition of federal funds revised from \$233,082 to \$233,154.

In addition, the following technical adjustments were necessary to three work programs submitted for the Department of Health and Human Services, Director's Office:

- Item 39: Increase to category 01, personnel services, of \$40,675 decreased to \$38,717; change to category 16, early childhood comprehensive systems grant, increased from \$91,325 to \$93,283.
- Item 40: Category 01 increase of \$1,239 revised to \$422; category 41, youth suicide prevention grant, increase from \$710,389 revised to \$711,206.
- Item 41: Decrease to category 01 of \$36,192 revised to \$38,150; category 17, Headstart grant, increase revised from \$78,877 to \$80,835.

Assemblyman Goicoechea requested discussion of item 113, and Assemblywoman Smith asked that testimony be received on item 88.

ASSEMBLYWOMAN LESLIE MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND RECLASSIFICATIONS IN AGENDA ITEM H NOT NOTED BY STAFF OR REQUESTED BY COMMITTEE MEMBERS FOR FURTHER CONSIDERATION.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Coffin voted nay.

Mr. Krmpotic cited the work programs involving block grants and requiring a public hearing:

- Item 10, Department of Administration, Buildings and Grounds Division
- Item 28, Department of Agriculture, Pest, Plant Disease and Noxious Weed Control
- Item 29, Department of Agriculture; Mr. Krmpotic requested Department of Agriculture officials testify concerning revisions.
- Item 30, Department of Agriculture, U.S.D.A.
- Item 44, Department of Health and Human Services Director's Office, Grants Management Unit
- Item 49, Department of Health and Human Services Health Division, Chronic Disease
- Item 52, Department of Health and Human Services Health Division, Maternal Child Health Services
- Item 74, Department of Health and Human Services Division of Child and Family Services, Rural Child Welfare

Cochair Horsford asked for public testimony on Agenda Items H-10, 28, 29, 30, 44, 49, 52 and 74, which involved block grants and required a public hearing. There was no public testimony.

SENATOR COFFIN MOVED FOR APPROVAL OF THE ITEMS INVOLVING BLOCK GRANTS, EXCLUDING ITEM 29.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

Work Programs

1. **Office of the Governor – Nevada State Office of Energy – Energy Conservation – FY 2011** – Addition of \$572,875 in Solar Generations Rebate funds and \$274,163 in Sure Bet Rebate funds for renewable/sustainable energy projects. Requires Interim Finance approval since the amount added to the Energy Projects category exceeds \$50,000. **Work Program #C18713**

Refer to motion for approval under Agenda Item H.

2. **Attorney General – Workers' Compensation Fraud – FY 2011** – Addition of \$599,971 in Department of Treasury Equitable Distribution funds to enhance existing supplies, training needs, equipment, and software to support the mission of the Insurance Fraud Unit. This request requires Interim Finance approval since the amount added to the Department of Treasury Equitable Distribution Expense category exceeds \$50,000. **Work Program #C18716**

Refer to motion for approval under Agenda Item H.

3. **Attorney General – Violence Against Women Grants – FY 2011** – Addition of \$239,352 in Sexual Assault Services Program grant funds in support of victims of sexual assault. Requires Interim Finance approval since the amount added to the Sexual Assault Services Program category exceeds \$50,000. **Work Program #C18729**

Refer to motion for approval under Agenda Item H.

4. **Secretary of State – HAVA Election Reform – FY 2011** – Transfer of \$114,921 from the Reserve Title I category to the Administration of Elections category to fund costs incurred under the Help America Vote Act (HAVA) during FY 2011. Requires Interim Finance approval since the amount added to the Administration of Elections category exceeds \$50,000. **Work Program #C18761**

Refer to motion for approval under Agenda Item H.

5. **State Treasurer – Unclaimed Property – FY 2011** – Addition of \$800,000 in Transfer from Abandoned Property funds to pay contract expenses for audit services. Requires Interim Finance approval since the amount added to the Audit Services category exceeds \$50,000. **Work Program #C18882**

Refer to motion for approval under Agenda Item H.

6. **Department of Administration – Information Technology Projects – FY 2010** – Deletion of ~~\$192,613~~ **\$182,283** in General Fund Appropriation and ~~\$58,773~~ **\$58,904** in Transfer from Welfare revenue to transfer funds to FY 2011 to complete the Eligibility Operations Data System Enhancement project. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 7 (B.A. 1325) and 54 (B.A. 3228).** **Work Program #C18668. REVISED AUGUST 24, 2010.**

Refer to motion for approval under Agenda Item H.

7. **Department of Administration – Information Technology Projects–FY 2011**– Addition of ~~\$192,613~~ **\$182,283** in General Fund Appropriation and ~~\$58,773~~ **\$58,904** in Transfer from Welfare revenue to complete the Eligibility Operations Data System Enhancement project. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 6 (B.A. 1325) and 54 (B.A. 3228).** **Work Program #C18669. REVISED AUGUST 24, 2010.**

Refer to motion for approval under Agenda Item H.

8. **Department of Administration – State Purchasing Division – Commodity Food Program – FY 2011** – Transfer of \$461,904 from the Reserve category to the Maintenance of Buildings and Grounds category to fund the addition of a

freezer unit to meet frozen food storage demands for the National School Lunch and Emergency Food Assistance Programs. Requires Interim Finance approval since the amount transferred to the Maintenance of Buildings and Grounds category exceeds \$50,000. **RELATES TO ITEM G 10. Work Program #C18662**

Refer to motion for approval under Agenda Item H.

9. **Department of Administration – Division of Buildings and Grounds – FY 2011** – Addition of \$28,848 in Transfer from the State Emergency Response Commission (SERC) funds to enhance security at the Grant Sawyer State Office Building in Las Vegas. Requires Interim Finance approval since the amount added to the SERC grant category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18770**

Refer to motion for approval under Agenda Item H.

10. **Department of Administration – Division of Buildings and Grounds – FY 2011** – Addition of \$197,622 in balance forward of Transfer of federal grant funds from the ARRA to support the monitoring services for utility consumption of state owned buildings or other leased space by state agencies. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C18681**

Refer to motion for approval under Agenda Item H.

11. **Department of Taxation – FY 2011** – Transfer of \$19,600 from the In-State Travel category to the Information Services category and \$18,600 from the Training category to the Information Services category to fund video conferencing equipment to enhance the effectiveness of operational and administrative activities. Requires Interim Finance approval since the amount transferred from the Training category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18701**

Refer to motion for approval under Agenda Item H.

12. **Department of Information Technology – Data Communications – Communications and Network Engineering – FY 2011** – Transfer of \$55,382 from the Reserve category to the Infrastructure Maintenance category and \$64,960 from the Reserve category to the Information Services category to complete underground vault maintenance and the Carson City Wireless Mesh project. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000. **Work Program #C18555**

Refer to motion for approval under Agenda Item H.

13. **Department of Information Technology – Network Transport Services – FY 2011** – Addition of \$10,606 in user charges revenue and transfer of \$26,668 from the Reserve category to the Microwave Radio System category to provide additional circuits for Department of Corrections. Requires Interim Finance approval since the amount transferred to the Microwave Radio System category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18460**

Refer to motion for approval under Agenda Item H.

14. **Department of Education – Staffing Services – FY 2011** – Addition of ~~\$64,850~~ **Deletion of \$23,140** in Cost Allocation Reimbursement to continue funding a Grants and Projects Analyst position to manage ARRA grant funds. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **RELATES TO ITEMS 17 and 23. Work Program #C18831. REVISED AUGUST 26, 2010.**

Refer to motion for approval under Agenda Item H.

15. **Department of Education – Other Unrestricted Accounts – FY 2010** – Addition of \$9,515 in federal National Cooperative Statistics System Task-Order grant funds, \$1,700 in Private School License fees, and \$164,632 in Charter School fees. This request also includes a deletion of \$16,967 in federal National Assessment of Education Proficiency (NAEP) grant funds and \$2,540 in Miscellaneous Revenue to align funding for various grants and fee programs. Requires Interim Finance approval since the amount added to the Charter Schools category exceeds \$50,000. **Work Program #C19018**

Refer to motion for approval under Agenda Item H.

16. **Department of Education – Elementary and Secondary Education – Title I – FY 2011** – Addition of \$457,318 in Reading First State grant funds to balance forward remaining authority for the Reading First State programs. Requires Interim Finance approval since the amount added to the Reading First Aid to Schools category exceeds \$50,000. **Work Program #C18818**

Refer to motion for approval under Agenda Item H.

17. **Department of Education – Elementary and Secondary Education – Title I – FY 2011** – Transfer of ~~\$45,395~~ **\$29,197** from the ~~School Renovations~~ **ARRA Administrative** category to the Transfer to Education Staffing Services category to continue funding for a Grants and Projects Analyst position. Requires Interim Finance approval since the cumulative change to the School Renovations category exceeds \$50,000. **RELATES TO ITEM 14 and 23. Work Program #C18832. REVISED AUGUST 26, 2010.**

Refer to motion for approval under Agenda Item H.

18. **Department of Education – Elementary and Secondary Education – Title I – FY 2010** – Transfer of \$33,093 from the Operating category to the Personnel Services category, \$9,272 from the Reading First - Grant Administration category to the Even Start - Aid to Schools category, \$5,783 from the Operating category to the Transfer to Education Staffing Services category, and \$297 from the Reading First – Grant Administration category to the Transfer to Education Staffing Services category to cover shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Operating category exceeds \$50,000. **Work Program #C18884**

Refer to motion for approval under Agenda Item H.

19. **Department of Education – Elementary and Secondary Education Titles II, V, & VI – FY 2011** – Addition of \$261,105 in Enhanced Assessment Instruments grant funds to balance forward authority for the Integrating Simulation (SIM) Based Science Assessment Administrative category. Requires Interim Finance approval since the amount added to the SIM Based Science Assessment Administrative category exceeds \$50,000. **Work Program #C18853**

Refer to motion for approval under Agenda Item H.

20. **Department of Education – Elementary and Secondary Education Titles II, V, & VI – FY 2010** – Transfer of \$37,593 from the State Assessments Administrative category to the Personnel Services category, \$3,059 from the Teacher Quality Administrative category to the Personnel Services category, \$15,478 from the Educational Technology Administrative category to the Technology Grants – ARRA Administrative category, \$233 from the Integrated Simulation Based Science Assessment Administrative category to the Technology Grants – ARRA Administrative category, and \$2,179 from the Teacher Quality Administrative category to the Technology Grants – ARRA Administrative category to cover a staffing shortfall and accurately record time and effort reporting for FY 2010. Requires Interim Finance approval since the cumulative change to the State Assessments Administrative category exceeds \$50,000. **Work Program #C18887**

Refer to motion for approval under Agenda Item H.

21. **Department of Education – Nutrition Education Programs – FY 2011** – Addition of \$199,279 in federal funds balanced forward from FY 2010 ~~and transfer of \$25,662 from the Reserve category~~ to the Prior Year Reimbursement category to provide continued support for nutrition education programs. Requires Interim Finance approval since the amount added to the Prior Year Reimbursement category exceeds \$50,000. **Work Program #C19056. REVISED AUGUST 26, 2010.**

Refer to motion for approval under Agenda Item H.

22. **Department of Education – Nutrition Education Programs – FY 2011 –** Transfer of ~~\$39,074~~ **\$39,435** from the Transfer to Nevada Department of Education (NDE) Staffing Service category ***to the Operating category and \$10,669 from*** ~~to the Personnel Services category to fund a new position to oversee statewide nutrition programs~~ ***to the Operating category to align federal and state authority and establish a new position in accordance with time and effort reports.*** Requires Interim Finance approval since the cumulative amount deducted from the Transfer to NDE Staffing Service category exceeds 10 percent of the legislatively-approved amount for that category, and the request includes one new position. **Work Program #C18459. REVISED AUGUST 30, 2010**

Refer to motion for approval under Agenda Item H.

23. **Department of Education – Individuals With Disabilities Act (IDEA) – FY 2011 –** Transfer of ~~\$49,455~~ **\$12,513** from the ARRA Administrative category to the Transfer to Education Staffing Services category to continue funding for a Grants and Projects Analyst position. Requires Interim Finance approval since the cumulative change to the ARRA Administrative category exceeds \$50,000. **RELATES TO ITEMS 14 and 17. Work Program #C18833. REVISED AUGUST 26, 2010.**

Refer to motion for approval under Agenda Item H.

24. **Nevada System of Higher Education – Dental School – University of Nevada – Las Vegas – FY 2011 –** Addition of \$1,059,000 in student surcharges as approved by the Board of Regents at its June 2009 meeting to offset General Fund reductions. Requires Interim Finance Committee approval pursuant to S.B. 431 (Chapter 392), Section 8, subsection 2 of the 2009 Legislative Session. **Work Program #C18805**

Refer to motion for approval under Agenda Item H.

25. **Department of Cultural Affairs – Division of State Library and Archives – Nevada State Library – FY 2011–** Addition of \$806,045 in U.S. Department of Commerce federal grant funds to provide funding for the Nevada One Click Away project, which will provide Nevadans with expanded online access to information and resources geared toward enhancing their individual success as well as aid in Nevada's economic recovery. Requires Interim Finance approval since the amount added to the Broadband Technology Opportunities Program (BTOP) grant category exceeds \$50,000. **RELATES TO ITEM 26. Work Program #C18707**

Refer to motion for approval under Agenda Item H.

26. **Department of Cultural Affairs – Division of State Library and Archives – Nevada State Library – CLAN – FY 2011** – Addition of \$191,115 in U.S. Department of Commerce federal grant funds transferred from the Nevada State Library to provide funding for the Nevada One Click Away project, which will provide Nevadans with enhanced access to online information and resources geared toward enhancing their individual success as well as aid in Nevada's economic recovery. Requires Interim Finance approval since the amount added to the Cooperative Libraries Automated Network (CLAN) category exceeds \$50,000. **RELATES TO ITEM 25. Work Program #C18976**

Refer to motion for approval under Agenda Item H.

27. **State Department of Agriculture – Pest, Plant Disease, and Noxious Weed Control – FY 2011** – Addition of \$735,467 in United States Forest Service (USFS) Tamarisk, \$313,844 in USFS Carson River, \$607,742 in USFS Hawken 2007 Fire, \$517,396 in USFS Peavine 2006 Fire, \$122,677 in USFS Washoe Open Space, \$472,886 in USFS Belli Fire, \$381,454 in USFS Rancho Haven/Red Rock, \$919,676 in USFS Arrowcreek, and \$233,885 in USFS Truckee River to provide employment to reduce hazardous fuels in Nevada. Requires Interim Finance approval since the amount added to the USFS Arrowcreek category exceeds \$50,000. **Work Program #C18840**

Refer to motion for approval under Agenda Item H.

28. **State Department of Agriculture – Pest, Plant Disease, and Noxious Weed Control – FY 2011** – Addition of \$49,468 in federal Insect Control Program to continue funding one Grants & Projects Analyst to assist Nevada producers and processors through education, marketing, and promotion of specialty crops. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. RELATES TO ITEM 30. Work Program #C18893**

Refer to motion for approval under Agenda Item H.

29. **State Department of Agriculture – USDA CCC – Non-Exec – FY 2011** – Addition of \$101,733 in United States Department of Agriculture (USDA) Specialty Crop Block Grant Program funds to enhance the competitiveness of Nevada specialty crops, defined as fruits, vegetables, tree nuts, dried fruits, and nursery crops. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C18862**

Tony Lesperance, Director, Department of Agriculture, introduced Margi Scheid, Administrative Services Officer for the Department of Agriculture.

Margi Scheid, Acting Administrative Services Officer for the Department of Agriculture, stated the request, which required a public hearing, also required a revision. She explained normally federal funds were reimbursed to the department, but this grant involved an advance of federal funds. The advance was received in fiscal year 2010, and obviously the funds had to be carried forward into the new fiscal year.

Mr. Krmpotic explained the work program as originally submitted by the agency proposed the addition of USDA Specialty Crop block grant program funds of \$101,733, with corresponding increases in category 10 of \$82,685 and category 82 of \$19,048. A revision was submitted by the Budget Office that did not get on the agenda because of the late receipt of the item. In addition to the items previously mentioned, the revision included receipt of federal cash funds of \$12,559, with an increase to category 10 in the same amount. The increase to category 10 would be revised from \$82,685 to \$95,244. Mr. Krmpotic said unless the agency disagreed, the revised amounts should be considered in the Committee's motion.

Ms. Scheid remarked part of the confusion was caused by the fact the books were closed for fiscal year 2010, but the department did not have the revised figures to present to the Budget Division until September 1. She said the amounts as outlined by Mr. Krmpotic were correct.

ASSEMBLYMAN HARDY MOVED FOR APPROVAL OF AGENDA
ITEM H-29.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

- 30. State Department of Agriculture – USDA CCC – Non-Exec – FY 2011 –** Addition of \$185,610 in United States Department of Agriculture (USDA) Specialty Crop Block Grant-Farm Bill funds to enhance competitiveness of Nevada specialty crop activities. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. RELATES TO ITEM 28. Work Program #C18886**

Refer to motion for approval under Agenda Item H.

- 31. Commission on Mineral Resources – Division of Minerals – FY 2011 –** Transfer of \$60,000 from the Reserve category to the Special Projects category and \$250,000 from the Reserve category to the Abandoned Mine Lands (AML) Enhancement category to cover the payment to the University System for FY2011 and to continue the division's abandoned mine public safety work statewide. Requires Interim Finance approval since the amount transferred to the AML Enhancement category exceeds \$50,000. **Work Program #C18685**

Refer to motion for approval under Agenda Item H.

- 32. Public Utilities Commission – FY 2011** – Addition of \$715,988 in ARRA federal grant funds from the Department of Energy to build the Public Utilities Commission's capacity to ensure timely consideration by appropriate regulatory processes for ARRA electricity-related topical areas including energy efficiency, electricity-based renewable energy, energy storage, smart grid, electric and hybrid-electric vehicles, demand response equipment, and coal with carbon capture and storage, and transmission. Requires Interim Finance approval since the amount added to the Personnel category exceeds \$50,000. **Work Program #C18660**

Refer to motion for approval under Agenda Item H.

- 33. Department of Business and Industry – Housing Division – FY 2011** – Addition of \$11,204,897 in ARRA Tax Credit Assistance Program (TCAP) funds to provide funding for capital investment in low-income housing tax credit projects. Requires Interim Finance approval since the amount added to the ARRA Tax Credit Assistance Program (TCAP) Awards category exceeds \$50,000. **Work Program #C18753**

Refer to motion for approval under Agenda Item H.

- 34. Department of Business and Industry – Housing Division – Low Income Housing Trust Fund – FY 2011** – Addition of \$282,702 in National Foreclosure Mitigation Counseling Program (NFMCP) federal grant funds to support foreclosure mitigation counseling to certain Housing and Urban Development (HUD) approved entities. Requires Interim Finance approval since the amount added to the NFMCP Subgrantees exceeds \$50,000. **Work Program #C18925**

Dr. Hilary Lopez, Director, Nevada Housing Division, Department of Business and Industry, explained item 34 was a request for approval for the receipt of \$282,702 in Neighborworks funding for the national foreclosure mitigation counseling program. The funds would be allocated out to different HUD-approved counseling agencies in southern and northern Nevada to assist with foreclosure mitigation housing counseling.

Cochair Horsford asked Dr. Lopez to provide a brief status report on the impact of the funds on the ongoing housing crisis.

Dr. Lopez replied the state had been lucky to receive four rounds of funding through the Neighborworks competitive process. Working through subgrantees, round 1 provided over 640 counseling sessions; round 2 provided 705 counseling sessions; and round 3, the smallest funding, provided 209 counseling sessions. In total, 1,554 counseling sessions had been provided. Dr. Lopez said as a result of the new award of funding, it was anticipated another 980 counseling sessions would be provided, the majority of which would be in southern Nevada, with a small number in northern Nevada and the rural areas. Upon completion of that goal, a total of over 2,500 counseling sessions would have been provided to residents of the state.

Senator Rhoads asked how the funds were allocated. Was it on a population or first-come first-served basis?

Dr. Lopez said the division had issued a competitive request for proposals (RFP) and received proposals from several agencies. In all four funding rounds, higher levels of counseling sessions and funding had been requested than were awarded. Once the funds were awarded from Neighborworks, the division allocated funding on a pro rata basis based on the agencies' original requests.

Assemblyman Grady asked if the counselors were going to the rural areas and what proportion of rural services was being provided by the funds.

Dr. Lopez replied the goals for northern Nevada, southern Nevada and rural Nevada were set by Neighborworks based on data it collected in terms of needs within those geographic subareas. The subgrantee serving rural Nevada continued to be the Washoe County Senior Law Project, which had gone out to the rural areas as well as provided phone counseling. Dr. Lopez did not have an actual percentage of the amount of counseling that had taken place in the rural areas, but she knew it had been the smallest percent of all of the geographic areas.

Assemblyman Grady said as the representative for Lyon County, he was concerned, since Lyon County had the highest foreclosure rate in the state percentage-wise.

Dr. Lopez reiterated the division had proposed a higher number of counseling units than had been received from Neighborworks, but the number of sessions were cut based on the amount of funds that could be provided and the data available on how many units needed to be accomplished in each subarea. She pointed out the division had limited input into the final number.

Cochair Horsford affirmed funding was all federal funds. Dr. Lopez concurred, adding the funds flowed through Neighborworks America and were allocated on a competitive basis.

Cochair Horsford asked if the allocation was on a formula based on the state's higher foreclosure levels. Dr. Lopez said several different data were taken into account. A round was also provided to national housing counseling agencies, and nationally-based housing counseling agencies within the state also received funding through the separate competitive funding round.

Cochair Horsford asked if the agencies were HUD-certified counseling agencies; Dr. Lopez replied all subgrantees must be HUD-certified housing counseling agencies. Four subgrantees would be involved in round four of funding.

Assemblyman Hogan asked if counseling and related services were available to residents of mobile home parks. He had spent an evening with a congressman, a county commissioner and an audience of almost 100 residents of a housing park where

the owner was apparently in or near bankruptcy, and the residents were concerned about their rental payments never reaching the bank and possibly being victimized. He asked if those types of residents would be eligible for the counseling services being discussed.

Dr. Lopez replied it would depend upon the particular circumstances. Renters may not be eligible, as the program was for homeowners who were either currently in foreclosure or facing foreclosure. She believed it would be on a case-by-case basis, but all of the counseling services were free, and she would encourage those residents to contact the agencies. There may also be other types of services available under HUD counseling.

Assemblywoman Kirkpatrick remarked the division's website was very helpful and did not preclude other individuals from accessing it to pursue options. She said it was a safe, secure place for residents to start. Assemblywoman Kirkpatrick assumed thousands of residents were calling the division since legislators were directing them there, and she complimented the division for conducting an extremely efficient program. She had not experienced one problem with requesting staff members to contact her constituents who had issues.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblywoman Smith was not present for the vote.

- 35. Department of Business and Industry – Housing Division – Weatherization – FY 2011** – Addition of \$222,750 in Private Grant funds to provide cost effective weatherization measures to income qualified residential customers. Requires Interim Finance approval since the amount added to the Southwest Low-Income Energy Conservation Subgrantees category exceeds \$50,000. **Work Program #C18737**

Dr. Hilary Lopez, Director, Nevada Housing Division, Department of Business and Industry, explained item 35 was a request for approval of the receipt of \$222,750 in grant funds from Southwest Gas Corporation to the Nevada Housing Division to administer a low-income energy conservation program on its behalf. She said the funds would be utilized in the northern Nevada service territory and allocated out to three subgrantees that also worked within the weatherization assistance program. The funds would be used to implement different energy efficiency measures such as insulation, water heater blankets, pipe wrapping, solar screens and low-flow showerheads. Dr. Lopez said it was anticipated the funds would provide weatherization services to approximately 89 units over the next year.

Cochair Horsford asked why the funds were not fully expended in the prior fiscal year, given the demand for the weatherization services and the success of the program.

Dr. Lopez replied it was her understanding that Southwest Gas had requested an average cost of \$2,600 per unit, but the actual average cost was about \$1,400 per unit. Unfortunately, it was not possible to bring additional units into production to fully expend the funds.

Cochair Horsford asked who set the average and whether there was a waiting list. He requested that Dr. Lopez provide the members with more specific information.

Dr. Lopez replied it was her understanding the Public Utilities Commission (PUC) had asked Southwest Gas to have the Nevada Housing Division administer the program on its behalf, which the division agreed to do. Southwest Gas had set the parameters of the program in terms of the average cost per unit, as well as the amount of funding that would be provided to the program. Dr. Lopez noted that the measures that could be accomplished under the program varied from some of the measures done under the division's ARRA weatherization assistance programs. She said the program also had a different income threshold, so the program operated only up to 150 percent of poverty level, whereas the division's other two programs, the base and ARRA weatherization assistance program (WAP), operated up to 200 percent of poverty and thus involved a slightly broader population.

Continuing, Dr. Lopez said originally the units were allocated with the smallest percentage of funds going to the subgrantee in Washoe County, based on Southwest Gas customer population and the amount of households within its service area. The larger proportions went to the rural subgrantees. Dr. Lopez noted one subgrantee was unable to fulfill all of the units required, so the division transferred funds to the other rural subgrantee, which was able to complete additional units. Unfortunately, she added, it was not possible to expend all of the funding.

Assemblyman Hardy observed 89 units at a cost of \$222,000 computed to an average of \$2,400 per unit, but the actual average was estimated at \$1,400. He asked why there was a discrepancy.

Dr. Lopez replied the average cost per unit was not based on all of the components of the funding. There were administration costs, as well as some training and technical assistance costs. She added the division did not receive any administration funds for the program; the subgrantees received a portion. She would get the exact amounts to Fiscal staff.

Assemblyman Hardy then computed that 89 units at an average of \$1,400 totaled \$126,000, leaving approximately \$100,000 in funding.

Dr. Lopez stated the number of units to be completed was estimated based on the \$2,600 average cost. Typically, as the average cost decreased while the program was

ongoing, more units would be brought into production. She said the number of units would hopefully be higher by completion of the program.

Assemblyman Anderson recalled sitting on the Interim Finance Committee at the January 2010 meeting and hearing members' concerns about how late the program was getting started. He asked how many units were actually completed in fiscal year 2010.

Dr. Lopez replied 89 units were completed in 2010 with the Southwest Gas funding.

Assemblyman Anderson observed that 89 units were actually completed, but there was money left over that could have been rolled forward. He asked if there was a waiting list. Dr. Lopez said she was not sure there was a waiting list for this source of funding.

Assemblyman Anderson speculated that more units could have been completed; he asked the source of the funds that were moved into fiscal year 2011. Dr. Lopez replied the program with Southwest Gas was a three-year funding opportunity; a certain amount was allocated from 2009 to 2010, and over 95 percent was expended. The work program being considered at this meeting was for fiscal year 2010-11.

Cochair Horsford asked Dr. Lopez to provide Fiscal staff with information on how many northern Nevada residences were weatherized.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblywoman Gansert was not present for the vote.

- 36. Department of Business and Industry – Housing Division – Weatherization – FY 2010** – Transfer of \$27,702 from the Reserve category to the Personnel Services category to provide funding for terminal leave costs. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18748**

Refer to motion for approval under Agenda Item H.

- 37. Department of Business and Industry – Housing Division – Weatherization – FY 2011** – Addition of \$293,382 in Low Income Energy Assistance Program funds to provide weatherization assistance to low income households to improve home energy efficiency through cost effective energy related measures to reduce utility costs. Requires Interim Finance approval since the amount added to the Low Income Energy Assistance Program subgrants exceeds \$50,000. **Work Program #C18746**

Refer to motion for approval under Agenda Item H.

38. **Department of Health and Human Services – Director's Office – Administration – FY 2011** – Addition of \$21,194 in Olmstead grant funds to subgrant to partners sharing in the effort to keep people with disabilities out of institutions. Requires Interim Finance approval since the amount added to the Community Based Care Grant - Olmstead category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C40286**

Refer to motion for approval under Agenda Item H.

39. **Department of Health and Human Services – Director's Office – Administration – FY 2011** – Addition of \$132,000 in Early Childhood Comprehensive Systems (ECCS) grant funds to support states and communities in their efforts to build and integrate early childhood service systems that address the critical components of access to comprehensive health services and medical homes; social-emotional development and mental health of young children; early care and education; parenting education and family support. Requires Interim Finance approval since the amount added to the ECCS grant category exceeds \$50,000. **RELATES TO ITEM 41. Work Program #C40287**

Refer to motion for approval under Agenda Item H.

40. **Department of Health and Human Services – Director's Office – Administration – FY 2011** – Addition of \$737,237 in federal Youth Suicide Prevention grant funds to transform the Nevada behavioral health system to reduce youth suicide and deletion of \$150,000 in Inter-Tribal Council grant funds as this grant is no longer available in FY 2011. Requires Interim Finance approval since the amount added to the Youth Suicide federal grant category exceeds \$50,000. **Work Program #C40288**

Refer to motion for approval under Agenda Item H.

41. **Department of Health and Human Services – Director's Office – Administration – FY 2011** – Addition of \$37,596 in federal Head Start grant funds and transfer of \$36,192 from the Personnel Services category to the Head Start grant category and \$5,089 from the Operating Expenses category to the Head Start grant category to realign authority in order to fully utilize the Head Start grant for FY 2011. Requires Interim Finance approval since the amount added to the Head Start grant category exceeds \$50,000. **RELATES TO ITEM 39. Work Program #C40294**

Refer to motion for approval under Agenda Item H.

42. **Department of Health and Human Services – Director's Office – Administration -- FY 2011** – Addition of \$67,446 in United Health Care Settlement funds which will be used to fund the Independent Living Grants in the Aging and Disability Services Division. Requires Interim Finance approval since

the amount added to the United Health Care Holding category exceeds \$50,000.
Work Program #C40298

Refer to motion for approval under Agenda Item H.

43. **Department of Health and Human Services – Director's Office – Administration – FY 2011** – Addition of \$47,090 in Pyramid Lake Paiute Tribe funds to teach youths and adults about the issues surrounding suicide and how to prevent suicides. Requires Interim Finance approval since the amount added to the Inter-Tribal Suicide Prevention category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C40299**

Refer to motion for approval under Agenda Item H.

44. **Department of Health and Human Services – Director's Office – Grants Management Unit – FY 2011** – Addition of \$3,192,759 in Social Services Emergency Disaster Relief grant funds from the Administration of Children and Families for the Fernley Flood to help residents in Fernley recover from the Fernley Flood in January 2008. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C40290**

Refer to motion for approval under Agenda Item H.

45. **Department of Health and Human Services – Director's Office – Indigent Supplemental Account – FY 2011** – Addition of \$100,000 in Balance Forward from Previous Year funds to support the contract for the ~~National~~ **Nevada** Association of Counties in the Operating category. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C40295**

Shawna Derosse, Fiscal Officer, Director's Office, Department of Health and Human Services, stated the work program was for the purpose of balancing forward \$100,000 from the indigent accident fund from fiscal year 2010 to 2011. All of the obligations in fiscal year 2010 for the General Fund reversion had been fulfilled, and the \$100,000 would be applied toward a contract with the Nevada Association of Counties (NACO), which processed claims from the hospitals and allowed the Director's Office to pay the claims.

Assemblywoman Smith asked why the amount of \$100,000 was being applied to the contract instead of an amount based upon last year's costs, which were approximately \$52,000.

Jeff Fontaine, Executive Director, Nevada Association of Counties, responded that the amount was the best conservative estimate. He said there had been discussion when approving the fiscal year 2010 contract about how difficult it was to place a dollar

amount per claim because of the nature of the program and variation of the claims. Mr. Fontaine said most of the time involved in the program was not spent processing claims, but following up on issues related to those claims with hospitals, the claimants and the counties. He said the estimate was based on the cost during the past year to process claims, and it was known there would be additional work and time required in fiscal year 2011, particularly with healthcare reform, budget reductions and the provision of indigent care, while still addressing the state's budget issues.

Mr. Fontaine suggested an option for the Committee might be to approve a portion of the \$100,000 to be applied to the contract, and then require additional justification for any future amounts. He respectfully submitted that the contract and the fund itself were overseen by a board of five county commissioners appointed by the Governor, so there was a high level of accountability.

Assemblywoman Smith said she was not insinuating that there was a discrepancy; she was just concerned with picking a round number. She would like to see more tracking of the activities, such as calls, which might be to NACO's advantage to justify additional help if required, especially with the upcoming changes. She would be happier if an amount closer to the actual prior year's cost was approved and the NACO office began a comprehensive tracking system to provide an accurate depiction of the cost to implement and administer the account.

ASSEMBLYWOMAN SMITH MOVED TO APPROVE ITEM 45 FOR AN AMOUNT NOT TO EXCEED \$60,000.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, clarified that there would still be \$40,000 in additional balance forward revenue that would need to be accounted for. He recommended placing that amount in the reserve category; if the money was not needed for further costs on the contract, it could either be used toward paying claims or the General Fund transfer in 2011.

ASSEMBLYWOMAN SMITH AMENDED HER MOTION TO APPROVE UP TO \$60,000 FOR THE COST OF PROCESSING CLAIMS, WITH \$40,000 TO BE PLACED IN RESERVE.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED

46. **Department of Health and Human Services – Director's Office – Indian Affairs Commission – FY 2011** – Addition of \$120,500 in State Historic Preservation grant funds to rehabilitate Building 1 at the Stewart Indian Cultural Center. Requires Interim Finance approval since the amount added to the Historic Preservation grant category exceeds \$50,000. **Work Program #C40285**

Refer to motion for approval under Agenda Item H.

47. **Department of Health and Human Services – Aging and Disability Services Division – Aging Federal Programs and Administration – FY 2011** – Addition of ~~\$65,953~~ **\$82,480** in balance forward from previous year funds to provide continued support for the Senior Ride program. Requires Interim Finance approval since the amount added to the Senior Ride Program category exceeds \$50,000. **Work Program #C18501. REVISED AUGUST 26, 2010.**

Refer to motion for approval under Agenda Item H.

48. **Department of Health and Human Services – Health Division– Chronic Disease – FY 2011** – Addition of \$600,000 in federal Colorectal Cancer grant funds to support the public awareness campaign, increase provider support, and provide limited screening. Requires Interim Finance approval since it includes 3.51 new positions. **Work Program #C18704**

Refer to motion for approval under Agenda Item H.

49. **Department of Health and Human Services – Health Division – Chronic Disease – FY 2011** – Addition of \$283,166 in federal Preventive Health Services block grant funds to support injury prevention; preventing falls among older adults; laboratory screening; diabetes prevention; tobacco cessation programs; rape prevention and education; screening for and treatment of Sexually Transmitted Infections (STIs); TB screening and treatment and workplace wellness efforts. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C18706**

Refer to motion for approval under Agenda Item H.

50. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2011** – Addition of \$78,579 in federal Oral Health grant funding to support the reduction of oral disease through data collection and surveillance; program collaboration; a basic screening survey; partnerships and coalitions; policy development and program infrastructure. Requires Interim Finance approval since it includes 1.25 new positions. **Work Program #C18530**

Refer to motion for approval under Agenda Item H.

51. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2011** – Addition of \$375,000 in federal Home Visiting Program grant funds to support the needs assessment including the identification of child abuse prevention resources in developing a statewide plan for home visiting implementation. Requires Interim Finance approval since the amount added to the Home Visiting Program category exceeds \$50,000. **Work Program #C18902**

Refer to motion for approval under Agenda Item H.

52. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2011** – Addition of \$41,608 in federal Preventive Health Services block grant funds to support sexual assault prevention. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C18728**

Refer to motion for approval under Agenda Item H.

53. **Department of Health and Human Services – Health Division – Community Health Services – FY 2011** – Transfer of \$54,482 from the Family Planning category to the Community Health Nursing category to provide better tracking of the family planning expenditures to ensure compliance with the federal grant requirements. The separation will also make sure the fees specifically collected for family planning are spent accordingly. Requires Interim Finance approval since the amount transferred to the Community Health Nursing category exceeds \$50,000. **Work Program #C18915**

Refer to motion for approval under Agenda Item H.

54. **Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 2011** – Addition of ~~\$30,065~~ **\$30,132** in United States Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) funds and ~~\$28,708~~ **\$28,772** in federal Title XIX grant funds to balance forward authority for the Eligibility Operations Data System Enhancement project. Requires Interim Finance approval since the amount added to the 20 percent Efficiency Increase category exceeds \$50,000. **RELATES TO ITEM 7. Work Program #C18661. REVISED AUGUST 24, 2010.**

Refer to motion for approval under Agenda Item H.

55. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 2011** – Addition of \$19,205 in Medicaid Administrative Charges to allow for the implementation of the Mental Health and Developmental Services (MHDS) divisional cost allocation plan. Requires Interim Finance approval since this work program is a companion work programs to 62, 66, and 68, which do require Interim Finance approval. **Work Program #C18573**

Refer to motion for approval under Agenda Item H.

56. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 2011** – Addition of \$4,796 in Medicaid Administrative Charges to accommodate contractual obligations associated with the implementation of MHDS cost allocation plan. Requires Interim Finance approval since this is a

companion to work programs 65 and 67 which do require Interim Finance approval. **Work Program #C18616**

Refer to motion for approval under Agenda Item H.

57. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 2011** – Addition of \$11,546 in Medicaid Administrative Charges to allow for the implementation of MHDS divisional cost allocation plan. Requires Interim Finance approval since this work program is a companion work program to 62, 66, and 68 which do require Interim Finance approval. **Work Program #C18571**

Refer to motion for approval under Agenda Item H.

58. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 2011** – Transfer of \$79,530 from the Personnel category to the Professional Services category for contracted dietary services. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$50,000. **Work Program #C18579**

Refer to motion for approval under Agenda Item H.

59. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 2011** – Addition of \$2,956 in Medicaid Administrative Charges to accommodate contractual obligations associated with the implementation of MHDS cost allocation plan. Requires Interim Finance approval since this is a companion to work programs 65 and 67 which do require Interim Finance approval. **Work Program #C18617**

Refer to motion for approval under Agenda Item H.

60. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 2010** – Transfer of \$70,000 from the Professional Services category to the Personnel category to cover large annual and sick leave payouts for long term employees that have retired. Requires Interim Finance approval since the amount transferred to the Personnel category exceeds \$50,000. **Work Program #C18643**

Refer to motion for approval under Agenda Item H.

61. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Mental Health Information System – FY 2011** – Addition of \$149,927 in MHDS Cost Allocation funds and deletion of \$149,927 in

Title XIX funds to allow for the implementation of the MHDS divisional cost allocation plan. Requires Interim Finance approval since this work program is a companion work program to 62, 66, and 68 which do require Interim Finance approval. **Work Program #C18567**

Refer to motion for approval under Agenda Item H.

- 62. Department of Health and Human Services – Division of Mental Health and Developmental Services – Rural Regional Center – FY 2011** – Addition of \$55,713 in Medicaid Administrative Charges funds to allow for the implementation of MHDS divisional cost allocation plan. This work program is submitted in conjunction with companion work programs 61, 57, 64, 55, 66, 68, and 72. Requires Interim Finance approval since the amount added to the MHDS Cost Allocation category exceeds \$50,000. **Work Program #C18574**

Refer to motion for approval under Agenda Item H.

- 63. Department of Health and Human Services – Division of Mental Health and Developmental Services – Rural Regional Center – FY 2011** – Addition of \$5,685 in Medicaid Administrative Charges to accommodate contractual obligations associated with the implementation of MHDS cost allocation plan. Requires Interim Finance approval since this is a companion to work programs 65 and 67 which do require Interim Finance approval. **Work Program #C18618**

Refer to motion for approval under Agenda Item H.

- 64. Department of Health and Human Services – Division of Mental Health and Developmental Services – Administration – FY 2011** – Addition of \$368,334 in MHDS Cost Allocation funds and deletion of \$368,334 in Title XIX funds to allow for the implementation of the MHDS divisional cost allocation plan. Requires Interim Finance approval since this work program is a companion work program to 62, 66, and 68 which do require Interim Finance approval. **Work Program #C18572**

Refer to motion for approval under Agenda Item H.

- 65. Department of Health and Human Services – Division of Mental Health and Developmental Services – Administration – FY 2011** – Addition of \$55,974 in MHDS Cost Allocation funds to accommodate contractual obligations associated with implementing MHDS's new cost allocation plan. This work program is a companion to work programs 56, 59, 63, 67, 69 and 73. Requires Interim Finance approval since the amount added to the Operating Expenses category exceeds \$50,000. **Work Program #C18615**

Refer to motion for approval under Agenda Item H.

66. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Desert Regional Center – FY 2011** – Addition of \$311,546 in Medicaid Administrative Charges funds to allow for the implementation of MHDS divisional cost allocation plan. This work program is submitted in conjunction with companion work programs 61, 57, 64, 55, 62, 68, and 72. Requires Interim Finance approval since the amount added to the MHDS Cost Allocation category exceeds \$50,000. **Work Program #C18575**

Refer to motion for approval under Agenda Item H.

67. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Desert Regional Center – FY 2011** – Addition of \$30,064 in Medicaid Administrative Charges to accommodate contractual obligations associated with the implementation of MHDS cost allocation plan. This is a companion to work programs 65, 56, 59, 63, 69 and 73. Requires Interim Finance approval since the cumulative amount added to the MHDS Cost Allocation category exceeds \$50,000. **Work Program #C18619**

Refer to motion for approval under Agenda Item H.

68. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Sierra Regional Center – FY 2011** – Addition of \$115,754 in Medicaid Administrative Charges funds to allow for the implementation of MHDS divisional cost allocation plan. This work program is submitted in conjunction with companion work programs 61, 57, 64, 55, 62, 66 and 72. Requires Interim Finance approval since the amount added to the MHDS Cost Allocation category exceeds \$50,000. **Work Program #C18576**

Refer to motion for approval under Agenda Item H.

69. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Sierra Regional Center – FY 2011** – Addition of \$10,805 in Medicaid Administrative Charges to accommodate contractual obligations associated with the implementation of MHDS cost allocation plan. Requires Interim Finance approval since the cumulative amount added to the MHDS Cost Allocation category exceeds \$50,000. **Work Program #C18620**

Refer to motion for approval under Agenda Item H.

70. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Facility for the Mental Offender – FY 2011** – Transfer of \$440,000 from the Personnel Services category to the Professional Services category to fund contract psychiatrists to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$50,000. **Work Program #C18470**

Refer to motion for approval under Agenda Item H.

71. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Facility for the Mental Offender – FY 2011 –** Transfer of \$41,729 from the Community Health category to the Operating Expenses category to correct an error in the budget reductions that were approved during the 2009 Legislative Session. Lakes Crossing Center reduced the number of client beds from 76 to 70 and funding for meals should have been reduced out of the Community Health category instead of the Operating Expenses category. Requires Interim Finance approval since the amount transferred to the Operating Expenses category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C18598**

Refer to motion for approval under Agenda Item H.

72. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Rural Clinics – FY 2011 –** Addition of \$4,497 in Medicaid Administrative Charges to allow for the implementation of the MHDS divisional cost allocation plan. Requires Interim Finance approval since this work program is a companion work program to 62, 66 and 68 which do require Interim Finance approval. **Work Program #C18577**

Refer to motion for approval under Agenda Item H.

73. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Rural Clinics – FY 2011 –** Addition of \$1,668 in Medicaid Administrative Charges to accommodate contractual obligations associated with the implementation of MHDS cost allocation plan. Requires Interim Finance approval since this is a companion to work programs 65 and 67 which do require Interim Finance approval. **Work Program #C18621**

Refer to motion for approval under Agenda Item H.

74. **Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 2011 –** Addition of \$34,740 in Title XX Fernley Disaster Relief Efforts grant funds to provide continued support for protective services and child welfare services in the Fernley office. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C18678**

Refer to motion for approval under Agenda Item H.

75. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Disability Adjudication – FY 2011 –** Addition of \$36,347 in federal Disability Determination grant funds and transfer of \$41,371 from the Operating category to the Equipment category to provide additional funding for the purchase and installation of a generator system. Requires Interim Finance

approval since the amount added to the Equipment category exceeds \$50,000.
Work Program #C18485

Refer to motion for approval under Agenda Item H.

- 76. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Vocational Rehabilitation – FY 2011** – Addition of \$140,970 in grant funds transferred from the Fund for a Healthy Nevada, administered by the Nevada Department of Health and Human Services, to provide Nevadans with disabilities assistive technology assessments, testing, and training to obtain employment. Requires Interim Finance approval since the amount added to the Tobacco grant category exceeds \$50,000. **Work Program #C18698**

Refer to motion for approval under Agenda Item H.

- 77. Department of Employment, Training and Rehabilitation – Employment Security Division – FY 2011** – Addition of \$989,693 in federal Administrative Cost Allowance grant funds and \$53,659 in federal Workforce Investment Act grant funds to align federal grant funding with state budget authority and provide funding for 16 new front-line support and supervisory positions in order to maintain acceptable service levels and program requirements for 5 operational units. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000 and the request includes new positions. **Work Program #C17950**

Renee Olson, Chief Financial Officer, Department of Employment, Training and Rehabilitation (DETR), introduced Cindy Jones, Administrator, Employment Security Division (ESD). Ms. Olson explained item 77 requested authority for 16 new permanent positions and associated operating expenses for those positions in the Employment Security Division.

Assemblyman Aizley said he had heard there was a three-day waiting period for a response to a call to DETR. He asked if the 16 positions would improve the waiting times.

Cindy Jones, Administrator, Employment Security Division, and Deputy Director of DETR, replied Assemblyman Aizley could be referring to an emergency line that was set up in response to the sunset and subsequent reenactment of the ARRA extended benefits programs after a lapse of nearly two months. Those who were previously entitled to benefits were suddenly no longer eligible or not eligible to apply for the next extension. In response to the 60,000 recipients that had to be reinstated, the division had done the best it could to serve everyone as quickly as possible. An emergency phone line was set up for callers who could not get through to the normal call centers to leave a message; a staff member would return the call within 48 hours. Ms. Jones said the calls were basically returned within 24 hours, in addition to the thousands of calls answered through the regular call centers. She said the emergency

message line was currently down to 200 calls a day that were being answered within the same day. Ms. Jones explained the 16 positions being requested were more supportive type positions, e.g., supervisors, appeals referees, investigators; they were not front-line positions and were not tied to the emergency situation, although they would be part of the system that helped process claims.

Cochair Horsford asked why more supervisory positions were being hired versus more people on the front lines dealing with the public. Legislators were receiving calls from their constituents with complaints about response times.

Ms. Jones replied in preparing the work program, the division staff looked at the current staffing levels and state of the system; they could not have imagined the lapse that would occur at the federal level and re-authorization of the extended benefits programs, which unfortunately would occur again in November. She said it remained to be seen whether legislation would be proposed and passed on a timely basis or if another lapse would occur during the holiday season.

Continuing, Ms. Jones said when the work program was prepared to include the supervisory positions, the division was trying to address a gap in supervision over the claims staff. Currently the supervisor-to-staff ratio was beyond what was acceptable. Typically in a call center environment, the ideal staffing ratio was 8:1 or 9:1. She pointed out the division had several new staff members who required assistance from supervisors with complicated claims matters. Ms. Jones said the division was attempting to reduce the ratio to 10:1 through this work program; it was currently significantly higher. As a result of the recent lapse in benefits and in anticipation of another lapse in November, in combination with the increasing workload beyond anything ever projected, another request was currently at the Budget Division for additional front-line staff, and it was hoped approval would be granted in time to get the positions in place for any future potential lapse in benefits.

Assemblyman Conklin affirmed that the federal administrative cost allowance funds and the Workforce Investment Act (WIA) grant were not ongoing. He asked what would happen when the funds were depleted.

Ms. Jones replied funds were earned on a type of pay-as-you-go basis with unemployment claims. The federal government reimbursed the state for the work as it was performed. She said the positions in the upcoming request would be intermittent positions; the division would have the ability to expand and contract as workload and funding allowed. The positions currently being requested were to supplement the expected high level of business needs anticipated over the next five to ten years. Ms. Jones said from projections thus far, it appeared the recovery time for this recession was going to be significant, and the division would need to fortify its permanent staff in order to provide services. Prior to the recession, the division was down to a skeleton crew and the service delivery was not great at that time; the funding was not available to support the minimal levels of staff for the supportive functions. She said backlogs in all of the functional areas had been identified, and they, along with the

high workload, were expected to continue through the foreseeable future. However, Ms. Jones added, if at sometime in the future the positions were not needed, they would be eliminated.

For clarification, Assemblyman Conklin affirmed the \$989,693 federal administrative cost allowance grant was part of the request. The money came from the federal government and was not part of the loans; it was a grant from the federal government not to be paid back.

Ms. Jones replied Assemblyman Conklin was correct. The loans were only used to pay for the benefits themselves; the cost allowance grant provided the administrative funding to operate the agency.

Assemblyman Conklin asked if the same was true for the Workforce Investment Act grant funds of \$53,659.

Ms. Olson replied the WIA funding was from regular formula sources received by the agency each year.

Assemblyman Conklin asked if the WIA funding would be available on an ongoing basis. Ms. Jones replied it appeared that it would be; however, the funding mechanism at the federal level was complicated. Funding was granted for a certain base level of claims, and claims above that amount were "above base," requiring contingency funding. She said in the six years in her position, even when the economy was good, Nevada did not have above base earnings. Federal funding was never guaranteed, but based on the state's workload projections for the next few years, it appeared the funds would remain available.

Assemblyman Conklin affirmed he could make a reasonable assumption that the request would not add to the long-term or a future biennium's budget from the General Fund. It could reasonably be anticipated that continued funding would be provided by the federal government until it was no longer needed.

Ms. Jones stated Assemblyman Conklin was correct. The Employment Security Division and employment training programs, as well as the unemployment insurance programs, had never received any General Fund dollars; they were all contingent upon federal funding.

Assemblyman Hardy asked if the interest assessment would come from the General Fund. Ms. Jones replied the interest assessment that would be due on unemployment insurance trust fund loans could be paid by states through General Fund, but they were typically paid through an additional assessment to the employer community on top of its unemployment insurance taxes. She added a bill draft had been submitted to the 2011 Legislature to address the issue, as there was currently no statutory authority to collect the assessment.

Assemblyman Hardy asked if the division had an estimate of how much the increase in insurance would be. Ms. Jones replied not at this time because it would be contingent upon the rates adopted for the upcoming biennium. How quickly rates were raised and how quickly the state could start paying its own way would impact the interest that would have to be paid. There was an Employment Security Council meeting scheduled for October 5, 2010, at which time the rate recommendation would be made by the Council to establish the tax rate schedule for the next calendar year. A better estimate of the first payment of interest would be available at that time.

In response to a question from Assemblyman Hardy, Ms. Jones explained the most recent estimate, based on the as-is environment, was that about \$32 million would be due September 30, 2011, which would cover the interest only due from January 1, 2011, through July 2011. She added that the interest for the current calendar year was deemed waived under ARRA for all states that had outstanding trust fund loans.

Cochair Horsford asked if Ms. Jones had heard of any intent by the federal government to extend the timeline for the waivers.

Ms. Jones replied she could only keep hoping and advocating on the state's behalf. She thought it would be dependent upon those who remained in control after the election. Nothing was pending at this time. The Department of Labor had projected that about 40 states would have to borrow upward of \$90 billion in order to continue paying their regular benefits, which did not include the extensions.

For further clarification, Assemblyman Conklin affirmed that the grant money in the work program was not borrowed money and there was no interest to be paid on it.

Ms. Jones replied he was correct; the interest applied only to trust fund loans that were tied to benefit payments alone. She reiterated the grants were to provide administrative funding to the states for administration of the unemployment insurance programs.

Cochair Horsford asked if all of the eligible claimants had been reinstated. Ms. Jones replied they had; all claimants that could be located had been helped. She noted that reinstatement of the benefit claims generated another \$80 million back into the economy.

Cochair Horsford said he understood that benefits were paid on a debit card. Ms. Jones replied 96 percent of all unemployment insurance claimants received their benefits through a debit card program that was free to the Employment Security Division for the administration of the program. Only 4 percent of the claimants chose to receive their benefits via check. She said the debit card program improved the timeframe for the distribution of benefits – a 24- to 48-hour turnaround versus 3 to 5 days through regular mail.

Cochair Horsford said he had constituents tell him that they could only take two withdrawals, and they were charged a fee for additional withdrawals.

Ms. Jones replied the first contract with the vendor did provide two free withdrawals per month at any Wells Fargo automatic teller machine (ATM); currently four withdrawals per month were available without charge. However, claimants could avoid paying any fees by going into any VISA branded bank and withdrawing funds from a bank teller. Claimants were also able to receive unlimited cash back on any retail transactions.

Based on the new financial reform bill prohibiting banks from assessing transaction fees, Cochair Horsford wondered why the fees were allowed on unemployment benefit transactions. Secondly, he asked if the claimants were aware of the ways to avoid fees.

Ms. Jones replied an exemption for some government-type cards was added to the financial reform bill; she would get more information to staff. The concern for the debit card vendors to the states was if the fees were not allowed, they would have to start charging administrative funds to the states to administer the programs on behalf of the states. She said the program had been effective; not only did the claimants get their money faster, the division had saved \$7 million so far just in mailing fees, check costs and staffing.

In response to Cochair Horsford's second question, Ms. Jones said the division widely communicated the information on how to avoid debit card charges. The information was posted on the agency's website, as well as printed in its brochures, and when the claimants received their debit cards, they received a flyer with complete information on the fees and how to avoid paying them. Agency mailers also included tips on how to avoid the fees, and a federal grant had just been received to provide further education to the public on how to utilize the cards and avoid the fees.

Cochair Horsford said he was still unclear as to why the bank was allowed to charge the fees. He thought that issue was negotiated when Wells Fargo was selected as the vendor to administer the EBT card program.

Ms. Jones said it was common with all unemployment insurance debit card programs in the country that in order not to charge the unemployment insurance agencies for the cost of the program, the fees were allowed as revenue generators. However, she added, the ESD worked very hard to help claimants avoid the fees. She believed the contract in Nevada to be favorable; she knew other states had contracts with many more fees.

Cochair Horsford said he appreciated the division's efforts, but it was frustrating because all but four percent of the unemployment claimants were utilizing the EBT card system. He asked the dollar amount of unemployment claims processed each month; Ms. Jones replied approximately \$44 million was being spent per week.

Cochair Horsford pointed out that \$130 million per month was being deposited to the banks, and they received interest income from those deposits. However, the banks were passing administrative costs on to the very people who were unemployed. His concern was directed at the financial institutions that were imposing the fees on unemployed workers, who were entitled to their benefits based on the fact that they had worked for them.

Ms. Jones said she wished ESD could have negotiated a no cost to any claimant type of contract, but it did the best it could. However, the program had proven to be very successful, and anyone who did not want to use the debit card program could opt out and there were ways of avoiding the fees. She noted that the program also provided a benefit for claimants who were unbanked; they no longer had to take their checks to a check cashing firm and get charged a percentage for cashing them.

Cochair Horsford once again expressed his concern that unemployed citizens were being assessed the fees. He did not know how the matter should be addressed now, but it was definitely an issue he would pursue in the future.

Assemblywoman Smith remarked there had been a lot of conversations about the banking fees over the last two years, as she had received complaints as well. She was pleased the monthly access had been doubled from two to four. She asked if fees were still being charged for a claimant to check his account balance as well as overage penalties.

Ms. Jones said the division was successful in negotiating those fees down. There were now a certain number of free balance inquiries. She pointed out claimants using the debit card program had access to unlimited online balance inquiries. Fees were only assessed when another means involving a vendor was utilized.

Assemblywoman Smith noted that claimants could not get their balance information from a bank teller, which seemed unreasonable. Ms. Jones said there were apparently technological reasons for not being able to determine the balance from the debit card itself; she was unable to explain why.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

- 78. Department of Employment, Training and Rehabilitation – Employment Security Division – Career Enhancement Program – FY 2011 – Deletion of \$1,500,000 in Wage Assessment and \$189,996 in Treasurer's Interest Distribution Revenue to align expenditure authority with updated revenue projections. Requires Interim Finance approval since the amount deducted from the Client Services category exceeds \$50,000. Work Program #C18966**

Renee Olson, Chief Financial Officer, Department of Employment, Training and Rehabilitation (DETR), explained item 78 was a request to realign expenditure authority with projected wage assessments for the next fiscal year.

Assemblywoman Leslie asked Ms. Olson to provide the specifics of the adjustments. Ms. Olson replied there were two adjustments in the work program. The first adjustment was a reduction of \$1.5 million in wage assessments, and the second was deletion of \$189,996 in anticipated Treasurer's interest from budgeted amounts. Ms. Olson said the figures were based on projections of what the department expected to collect for the fiscal year; they were also adjusted by the rate the department was actually able to collect the assessed fees.

Assemblywoman Leslie clarified the Committee needed to know how the deductions would affect the department's activities.

Cindy Jones, Administrator, Employment Security Division (ESD), explained the majority of the adjustment had been to client service dollars, and it would impact the department by providing \$1.6 million in wraparound services to workers who accessed employment training services through the Job Connect offices. She said the amount available in client services for reemployment-related expenses and training options would be reduced in order to preserve staffing levels to provide the core services in demand in the Job Connect offices. Ms. Jones added that some of the Job Connect offices, especially in southern Nevada, had two- and three-hour wait times for workers seeking help from ESD staff in just the very basic core services, e.g., how to write a resume and how to look for a job. She said resources had to be concentrated in areas that would be of the most benefit, and the Workforce Investment Act (WIA) partners would have to be relied upon to leverage their resources to provide some of the wraparound services.

Assemblywoman Leslie asked Ms. Jones to give some examples of wraparound services that would be lost.

Ms. Jones replied provision of reemployment-related expenses would be reduced, which involved financial assistance with needed resources for persons with an opportunity for a job, e.g., work cards, work boots, tools. Some vocational training would also be limited, with more available resources focused on on-the-job training. Ms. Jones said the WIA partners had been receiving significant increases the last two years as a result of the recession to provide similar kinds of training services. When the WIA resources were down and the state's resources were up, the shift had been toward the state's funding stream, but now the funds needed to be shifted the other direction since the state's wage assessments were directly tied to payroll, and they were currently down.

Assemblywoman Leslie affirmed the WIA partners were willing to provide that support, and she asked Ms. Jones to name some of them.

Ms. Jones replied the partners worked through the local Northern Workforce Investment Boards, and in northern Nevada they included Job Opportunities in Nevada and the Children's Cabinet; there were a number of partners in southern Nevada as well.

Assemblywoman Leslie asked if the division was prepared to document any problems resulting from necessary services not being provided. Ms. Jones assured her it was.

ASSEMBLYMAN AIZLEY MOVED FOR APPROVAL.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Rhoads and Assemblywoman Kirkpatrick were not present for the vote.

- 79. Department of Corrections – Correctional Programs – FY 2011** – Addition of \$100,507 in Incarcerated Youth Offenders grant funds to continue support for educational and employment opportunities for qualified offenders. Requires Interim Finance approval since the amount added to the Youth Offender grant category exceeds \$50,000. **Work Program #C19043**

Refer to motion for approval under Agenda Item H.

- 80. Department of Corrections – High Desert State Prison – FY 2010** – Deletion of \$16,035 in Budgetary Transfers to provide funding for statewide expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount deducted from the Utilities category exceeds \$50,000. **Work Program #C18970**

Refer to motion for approval under Agenda Item H.

- 81. Department of Corrections – Nevada State Prison – FY 2010** – Addition of \$16,035 in budgetary transfers to provide funding for statewide expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Utilities category includes a budgetary transfer that balances against other work programs. **Work Program #C18969**

Refer to motion for approval under Agenda Item H.

- 82. Department of Motor Vehicles – Director's Office – FY 2010** – Deletion of \$75,207 in Highway Fund Authorization to transfer remaining funding for the expansion and continuation of kiosk technology from FY 2010 to FY 2011. Requires interim finance approval since the amount deducted from the Kiosk

Project category exceeds \$50,000. **RELATES TO ITEM 83. Work Program #C18585**

Refer to motion for approval under Agenda Item H.

- 83. Department of Motor Vehicles – Director's Office – FY 2011** – Addition of \$75,207 in Highway Fund Authorization to transfer remaining funding for the expansion and continuation of kiosk technology from FY 2010 to FY 2011. Requires interim finance approval since the amount added to the Kiosk Project category exceeds \$50,000. **RELATES TO ITEM 82. Work Program #C18587**

Refer to motion for approval under Agenda Item H.

- 84. Department of Motor Vehicles – REAL ID – FY 2011** – Addition of \$800,677 in federal Department of Homeland Security grant funds for the security of drivers licenses and identification cards. Funds will facilitate the state's ability to improve the security and integrity of driver's license and identification card issuance processes. Requires Interim Finance approval since the amount added to the FY2010 Drivers License Security grant category exceeds \$50,000. **Work Program #C18667**

Refer to motion for approval under Agenda Item H.

- 85. Department of Motor Vehicles – REAL ID – FY 2011** – Addition of \$233,082 **\$233,154** in federal Department of Homeland Security (DHS) Demonstration grant funds, \$80,807 in federal DHS Hub Testing grant funds, and \$79,728 in federal DHS FY 2009 grant funds to balance forward remaining federal authority. Requires Interim Finance approval since the amount added to the DHS Demonstration grant category exceeds \$50,000. **Work Program #C18983. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 31, 2010. REVISED AUGUST 31, 2010.**

Refer to motion for approval under Agenda Item H.

- 86. Department of Motor Vehicles – Motor Vehicle Pollution Control – FY 2011** – Transfer of \$69,971 from the City/County Air Quality category to the Reserve category to update the distribution to the counties for dedicated grants based on the legislatively-approved budget for FY 2011. Requires Interim Finance approval since the amount deducted from the City/County Air Quality category exceeds \$50,000. **Work Program #C17594**

Refer to motion for approval under Agenda Item H.

- 87. Department of Public Safety – Director's Office – FY 2011** – Transfer \$22,000 from the Reserve for federal funds category to the Crime Commission category for costs related to the Nevada Crime Commission. Requires Interim Finance

approval since the cumulative amount added to the Crime Commission category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18764**

Refer to motion for approval under Agenda Item H.

- 88. Department of Public Safety – Justice Assistance Act – FY 2011** – Addition of \$311,731 in Residential Substance Abuse Treatment (RSAT) grant funds to operate programs designed to transition inmates back into society. Requires Interim Finance approval since the amount added to the RSAT Aftercare category exceeds \$50,000. **Work Program #C18663**

Michelle Hamilton, Bureau Chief, Office of Criminal Justice Assistance (OCJA), Department of Public Safety, explained the work program was for the purpose of accepting the 2010 federal award for the Residential Substance Abuse Treatment (RSAT) grant in the amount of \$311,731. The RSAT funding was a formula grant received each year.

Assemblywoman Smith asked how the money would be spent. Would it be spent in-house or subgranted to community organizations?

Ms. Hamilton replied the OCJA retained a small administrative fee of about 5 percent; the other 95 percent of the funds were subgranted to the Nevada Department of Corrections to fund its OASIS (Offenders Acting in Solidarity to Insure Sobriety) program in the north. Because there was an increase in the grant, she said funds would be expanded to the southern OASIS program as well. Ms. Hamilton explained OASIS was an incarcerated program in the NDOC which provided life skills and substance abuse treatment to inmates before their release.

Assemblywoman Smith affirmed the funds were spent by the NDOC; they were not subgranted to a community organization. Ms. Hamilton replied she was correct.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Rhoads and Assemblywoman Kirkpatrick were not present for the vote.

- 89. Department of Public Safety – Justice Grant – FY 2011** – Addition of \$151,527 in Transfer from Department of Public Safety Criminal Justice to fund expenditures associated with two full-time positions and one temporary position to manage the increased federal grant programs. Requires Interim Finance

approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C18363**

Refer to motion for approval under Agenda Item H.

- 90. Department of Public Safety – Forfeitures – Law Enforcement – FY 2011 –** Addition of \$29,400 in Distribution to Local Law Enforcement to allow ongoing disbursements of funds to local law enforcement agencies. Requires Interim Finance approval since the amount added to the Local Law Enforcement Distribution category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18526**

Refer to motion for approval under Agenda Item H.

- 91. Department of Public Safety – Child Volunteer Background Checks Trust Account – FY 2010 –** Addition of \$2,182 in General Fund Appropriation to cover background check expenditures through the remainder of the fiscal year. Requires Interim Finance approval per A.B. 562, Section 34. **RELATES TO ITEM 92. Work Program #C18407**

Refer to motion for approval under Agenda Item H.

- 92. Department of Public Safety – Child Volunteer Background Checks Trust Account – FY 2011 –** Deletion of \$2,182 in General Fund Appropriation to cover background check expenditures in FY 2010. Requires Interim Finance approval per A.B. 562, Section 34. **RELATES TO ITEM 91. Work Program #C18408**

Refer to motion for approval under Agenda Item H.

- 93. Department of Public Safety – Technology Division – FY 2011 –** Addition of \$68,030 in Cost Allocation Reimbursement funds to cover expenditures associated with new personnel needed for the Computer-Aided Dispatch and Records Management System project. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. This request includes two new federally funded positions. **Work Program #C18431**

Refer to motion for approval under Agenda Item H.

- 94. State Department of Conservation and Natural Resources – Division of Forestry – Forest Fire Suppression – FY 2011 –** Addition of \$1,249,808 in Prior Year Fire Billing funds to balance forward from FY 2010 to FY 2011 to allow for the payment of Prior Year Fire Billings received from the Bureau of Land Management and the United States Fire Service. Requires Interim Finance approval since the amount added to the Prior Year Claims category exceeds \$50,000. **Work Program #C19139**

Refer to motion for approval under Agenda Item H.

95. **State Department of Conservation and Natural Resources – Division of Forestry – Forest Fire Suppression – FY 2011** – Addition of \$897,196 in General Fund Appropriation to balance forward unspent funds from FY 2010 to FY 2011 for the Fire Suppression Account. Requires Interim Finance approval pursuant to A.B. 562, Section 34(3) of the 2009 Legislative Session. **RELATES TO ITEM 96. Work Program #C19140**

Refer to motion for approval under Agenda Item H.

96. **State Department of Conservation and Natural Resources – Division of Forestry – Forest Fire Suppression – FY 2010** – Deletion of \$897,196 in General Fund Appropriation to balance forward unspent funds from FY 2010 to FY 2011 for the Fire Suppression Account. Requires Interim Finance approval pursuant to A.B. 562, Section 34(3) of the 2009 Legislative Session. **RELATES TO ITEM 95. Work Program #C19175**

Refer to motion for approval under Agenda Item H.

97. **State Department of Conservation and Natural Resources – Division of State Parks – FY 2011** – Addition of \$22,238 in National Recreational Trails Program (NRTP) Administrative grant funds to cover the salary, travel and operating costs of the employee running the state NRTP. Requires Interim Finance approval since the amount added to the State Trails category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18503**

Refer to motion for approval under Agenda Item H.

98. **State Department of Conservation and Natural Resources – Division of State Parks – FY 2011** – Addition of \$100,085 in National Recreational Trails Program (NRTP) Administrative grant funds to align state and federal authority for the state's NRTP. Requires Interim Finance approval since the amount added to the State Trails category exceeds \$50,000. **Work Program #C18769**

Refer to motion for approval under Agenda Item H.

99. **State Department of Conservation and Natural Resources – Division of Conservation Districts – FY 2011** – Addition of \$40,000 in federal U.S. Department of Agriculture Natural Resources Conservation Service (NRCS) grant funds, which will augment existing activities and services to Nevada landowners that are offered through the various conservation districts. Requires Interim Finance approval since the amount added to the NRCS Contribution Agreement category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18806**

Refer to motion for approval under Agenda Item H.

100. **State Department of Conservation and Natural Resources – Division of Environmental Protection – Air Quality – FY 2011** – Addition of \$587,047 in federal Performance Partnership grant funds, \$29,064 in federal ARRA Clean Diesel grant funds, \$25,000 in federal Environmental Protection Agency (EPA) Air Performance Partnership grant funds, and \$571,675 in funds transferred from EPA to balance forward obligated, but unexpended, contract authority. Requires Interim Finance approval since the amount added to the Clean Diesel grant program category exceeds \$50,000. **Work Program #C18810**

Refer to motion for approval under Agenda Item H.

101. **State Department of Conservation and Natural Resources – Division of Environmental Protection – Water Pollution Control – FY 2011** – Addition of \$89,675 in federal Office of Enforcement and Compliance Assurance (OECA) grant funds to support the state's effort to transition to direct entry of data associated with the National Pollutant Discharge Elimination System (NPDES) permits\dischargers into the Integrated Compliance Information System (ICIS). Requires Interim Finance approval since the amount added to the federal OECA grant category exceeds \$50,000. **Work Program #C18018**

Refer to motion for approval under Agenda Item H.

102. **State Department of Conservation and Natural Resources – Division of Environmental Protection – Water Pollution Control – FY 2010** – Transfer of \$60,000 from the Reserve category to the Personnel Services category and \$10,602 from the Reserve category to the Transfer to Environmental Protection Administration category to correct a prior work program transfer error. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000. **Work Program #C18353**

Refer to motion for approval under Agenda Item H.

103. **State Department of Conservation and Natural Resources – Division of Environmental Protection – Water Pollution Control – FY 2011** – Addition of \$270,000 in funds transferred from the State Revolving Fund Drinking Water category (SRFDW) to cover the costs of a contract necessary for providing technical assistance to the Nevada Division of Environmental Protection, communities, and small water systems in the development and implementation of wellhead protection programs and plans. Requires Interim Finance approval since the amount added to the Well Head Program category exceeds \$50,000. **Work Program #C18749**

Refer to motion for approval under Agenda Item H.

104. **State Department of Conservation and Natural Resources – Division of Environmental Protection – Water Pollution Control – FY 2011** – Addition of \$71,212 in federal Environmental Protection Agency Drinking H2O Operator Certification grant funds, \$193,806 in water permit fees, and \$22,658 in wastewater operator fees to balance forward obligated, but unexpended, contract authority. Requires Interim Finance approval since the amount added to the water permit fees category exceeds \$50,000. **Work Program #C18777**

Refer to motion for approval under Agenda Item H.

105. **State Department of Conservation and Natural Resources – Division of Environmental Protection – Waste Management and Federal Facilities – FY 2011** – Addition of \$241,847 in federal Environmental Protection Agency (EPA) Superfund grant funding and transfer of \$8,153 from the Reserve category to the Superfund grant category to assist in covering the cost of the Superfund related contracts and activities. Requires Interim Finance approval since the amount added to the Superfund grant category exceeds \$50,000. **Work Program #C18359**

Refer to motion for approval under Agenda Item H.

106. **State Department of Conservation and Natural Resources – Division of Environmental Protection – Waste Management and Federal Facilities – FY 2011** – Addition of \$49,238 in federal Hazardous Materials grant funds; \$334,974 in federal Leaking Underground Storage Tank grant funds; \$22,470 in federal Department of Defense grant funds; \$250,484 in federal Environmental Protection Agency (EPA) Exchange Network grant funds; \$122,954 in federal EPA FY 2007 Exchange Network grant funds; \$2,760 in federal EPA FY 2005 Exchange Network grant funds; \$7,354 in federal EPA Dry Cleaning Grant funds; \$222,784 in federal Exchange Network Consolidates Emission Reporting Schema grant funds; \$200,860 in federal EPA Underground Storage Tank grant funds; \$10,000 in Civil Penalties; and \$2,488,539 in funds transferred from Management of Hazardous Materials to balance forward un-obligated and obligated contract authority, unexpended travel, operating, and training authority. Requires Interim Finance approval since the amount added to the Corrective Actions category exceeds \$50,000. **Work Program #C18765**

Refer to motion for approval under Agenda Item H.

107. **State Department of Conservation and Natural Resources – Division of Environmental Protection – Mining Regulation and Reclamation – FY 2011** – Addition of \$43,123 in mining fees to provide continued support for the agency's work with the Bureau of Land Management in coordinating bonding activities, reviewing reclamation costs and providing assistance to the Nevada Department of Environmental Protection on development and use of a standard reclamation cost estimate spreadsheet. Requires Interim Finance approval

since the amount added to the Operating category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18759**

Refer to motion for approval under Agenda Item H.

- 108. State Department of Conservation and Natural Resources – Division of Environmental Protection – Water Quality Planning – FY 2011** – Addition of \$474,000 in federal Clean H2O Act Section 106, Environmental Protection Agency (EPA) grant funds; \$42,507 in federal Clean H2O Act Section 604B, EPA grant funds; \$40,000 in federal ARRA – Bureau of Water Quality and Planning Section 604B, grant funds; \$1,941,496 in federal EPA Clean H2O Act Section 319H, Non-Point Source grant funds; and \$8,000 in Laboratory Charges to balance forward remaining obligated, but unexpended, contract authority. Requires Interim Finance approval since the amount added to the federal 319 Clean Water Act category exceeds \$50,000. **Work Program #C18817**

Refer to motion for approval under Agenda Item H.

- 109. State Department of Conservation and Natural Resources – Division of Environmental Protection – Safe Drinking Water Regulatory Program – FY 2011** – Addition of \$49,858 in federal Environmental Protection Agency Water Protection grant funds and \$452,332 in funds transferred from the State Revolving Fund to provide continued support for the state's Water Protection Coordination grant program and the maintenance and support effort associated with the state's existing Safe Drinking Water Information System. Requires Interim Finance approval since the amount added to the federal Drinking Water State Revolving Fund grant category exceeds \$50,000. **Work Program #C18750**

Refer to motion for approval under Agenda Item H.

- 110. Department of Wildlife – Administration – FY 2011** – Addition of \$54,500 in Bureau of Land Management Bat Closures grant funds for bat management and conservation activities. Requires Interim Finance approval since the amount added to the Habitat category exceeds \$50,000. **Work Program #C18691**

Refer to motion for approval under Agenda Item H.

- 111. Department of Wildlife – Administration – FY 2011** – Addition of \$211,759 in federal Pittman Robertson Aid and addition of \$21,794 in federal Dingell Johnson Aid for the purchase of equipment, fencing materials, wildlife guzzler panels and water tanks. Requires Interim Finance approval since the amount added to the Habitat category exceeds \$50,000. **Work Program #C18792**

Refer to motion for approval under Agenda Item H.

- 112. Department of Wildlife – Administration – FY 2011** – Addition of \$47,000 in Bureau of Land Management Climate Change Performance Indicator funds for the development of climate change performance indicators. Requires Interim Finance approval since the amount added to the Wildlife Diversity category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18680**

Refer to motion for approval under Agenda Item H.

- 113. Department of Wildlife – Administration – FY 2011** – Addition of \$75,000 in federal Pittman Robertson Aid to fund a study on the impacts of coyote removal on mule deer. Requires Interim Finance approval since the amount added to the Predator Management A.B. 291 for Nevada Department of Wildlife category exceeds \$50,000. **Work Program #C18468**

Patrick Cates, Deputy Director, Department of Wildlife, explained item 113 was a request for approval to bring in federal grant authority of \$75,000 and transfer \$25,000 in predator management fees from reserve for the purpose of conducting a multi-year study on the impact of coyote removal on mule deer. He stated the department spent \$400,000 to \$500,000 on predator management, but most of that money was not eligible for match for federal grants; however, it was available for grants if used in the context of a study. Mr. Cates believed the study would be very important. Restoration of the mule deer population was the department's top priority, and the study would provide good baseline information on the effects of predator control. He added the \$25,000 portion from the predator management fees would be applied directly to wildlife services for predator control; the federal funds would pay for the research.

Assemblyman Goicoechea asked what the total cost of the study would be. Mr. Cates replied \$100,000 was being requested this year; the study was a five-year study, and the total cost would be \$500,000.

Assemblyman Goicoechea said he recognized the need for data, but \$500,000 seemed to be an extravagant amount to study what happened when coyotes and wildlife mixed. Moving forward with cuts in the budget, animal damage control was going to have to be funded, and \$500,000 would provide for at least four damage control officers to be placed on the ground. He reiterated the need for studies, but action on the ground was necessary to control wildlife.

Assemblywoman Gansert affirmed the department was using the \$75,000 in predator management fees in order to try to acquire federal grant money.

Mr. Cates responded that the purpose was obviously to gain good scientific information to help the department better manage herds and to make sure the \$500,000 in predator control was spent wisely to provide maximum benefit to the deer herds. He said the department's predator management activities were generally not matchable against federal grants, so of the \$500,000, \$375,000 would be federal money that could not

normally be associated with predatory control activities. However, he reiterated, because the purpose was to conduct a study, the match would be allowed.

Continuing, Mr. Cates said the department had received an increase of about \$2 million in the Pittman-Robertson grant in the last federal fiscal year, and it did not want to use those funds to expand ongoing operations or add additional staff that could not be maintained in the future because match was an issue. Since the funds were already being spent on predator control, the state funding portion would continue to be used for that purpose, but it could be leveraged to do the scientific research to better utilize the funds.

Assemblywoman Gansert understood that \$125,000 in state money could be leveraged to \$375,000 in federal funding, or the alternative for predatory control was to have \$125,000 available to the state for officers or other needs within predator control.

Mr. Cates replied Assemblywoman Gansert was correct, adding that the vast majority of the funding was for a contract with wildlife services for on-the-ground predator control efforts.

Cochair Horsford called for a motion. Assemblyman Goicoechea agreed to move for approval, but stipulated that he believed the \$125,000 would be better spent on animal damage control. He did not want to waste federal dollars, although, in his opinion, the study was a waste. He hoped there would be no further studies of what coyotes do to wildlife, as well as domestic pets. He would make the motion, but he urged the Department of Wildlife to move ahead with predator control.

ASSEMBLYMAN GOICOECHEA MOVED FOR APPROVAL.

ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

THE MOTION CARRIED.

Cochair Horsford and Assemblyman Grady voted nay.

Senator Rhoads and Assemblywoman Kirkpatrick were not present for the vote.

- 114. Department of Wildlife – Administration – FY 2011 – Transfer of \$65,977 from the Reserve category to the Sagebrush Ecosystem Restoration category for costs related to the administration of the protection and restoration of sagebrush habitats, restoration of areas damaged by wildfires, prevention of wildfires, and reduction of cheatgrass. Requires Interim Finance approval since the amount added to the Sagebrush Ecosystem Restoration category exceeds \$50,000. Work Program #C18697**

Refer to motion for approval under Agenda Item H.

115. **Department of Wildlife – Boating Program – FY 2011** – Addition of \$132,366 in federal Boat Aid funds to purchase a repeater and a boat for the Boating Program. Requires Interim Finance approval since the amount added to the Boating Enforcement category exceeds \$50,000. **Work Program #C18592**

Refer to motion for approval under Agenda Item H.

116. **Department of Wildlife – Obligated Reserve – FY 2011** – Transfer of \$26,171 from the Reserve category to the Transfer to Wildlife category to provide funding for county advisory board expenses. Requires Interim Finance approval since the cumulative amount transferred to the Transfer to Wildlife category exceeds \$50,000. **RELATES TO ITEM 119. Work Program #C18386**

Refer to motion for approval under Agenda Item H.

117. **Department of Wildlife – Obligated Reserve – FY 2011** – Transfer \$59,781 from the Restricted Reserves category to the Duck Stamp Projects category for waterfowl management and improvement to wetland habitat. Requires Interim Finance approval since the amount added to the Duck Stamp Projects category exceeds \$50,000. **Work Program #C18634**

Refer to motion for approval under Agenda Item H.

118. **Department of Wildlife – Obligated Reserve – FY 2011** – Transfer of \$52,000 from the Reserve category to the Transfer to Wildlife category to purchase thermal card printers for the Point of Sale license agents. Requires Interim Finance approval since the amount added to the Transfer to Wildlife category exceeds \$50,000. **RELATES TO ITEM 120. Work Program #C18775**

Refer to motion for approval under Agenda Item H.

119. **Department of Wildlife – Director's Office – FY 2011** – Addition of \$26,171 in Transfer from Wildlife funds to cover county advisory board member expenses. Requires Interim Finance approval since the cumulative amount added to the County Advisory Boards category exceeds 10 percent the legislatively-approved amount for that category. **RELATES TO ITEM 116. Work Program #C18379**

Refer to motion for approval under Agenda Item H.

120. **Department of Wildlife – Operations – FY 2011** – Addition of \$52,000 in Transfer from Wildlife funds to purchase thermal card printers for Point of Sale license agents. Requires Interim Finance approval since the amount added to the Nevada Wildlife Database System category exceeds \$50,000. **RELATES TO ITEM 118. Work Program #C18774**

Refer to motion for approval under Agenda Item H.

- 121. Nevada Department of Transportation – FY 2011** – Addition of \$139,122 in Bike Path Planning fees balanced forward from FY 2010 to continue support of the Bike Path Planning program. Requires Interim Finance approval since the amount added to the Bike Path Planning category exceeds \$50,000. **Work Program #C18686**

Refer to motion for approval under Agenda Item H.

- 122. Nevada Department of Transportation – FY 2011** – Addition of \$819,121 in Reimbursement of Expenses from Sprint Nextel to re-establish the unexpended FY 2010 authority related to the reconfiguring (AKA re-banding/separating) of public safety frequencies from cellular frequencies. Requires Interim Finance approval since the amount added to the Nextel Re-banding category exceeds \$50,000. **Work Program #C18689**

Refer to motion for approval under Agenda Item H.

- 123. Nevada Department of Transportation – FY 2011** – Addition of \$1,096,550 in Highway Fund Authorization and \$7,603,599 in federal Transit Administration (FTA) and federal Aviation Administration (FAA) grant funds to continue the FTA and FAA grant programs and to provide funding to hire outside auditors to assist with conducting required service provider audits in order for the department to remain in compliance with the federal Highway Administration regulations. A portion of the FTA funding is for ARRA 100 percent federally funded projects. Requires Interim Finance approval since the amount added to the Administrative Consultants/Other Federal Programs category exceeds \$50,000. **Work Program #C18733**

Refer to motion for approval under Agenda Item H.

- 124. Nevada Department of Transportation – FY 2011** – Addition of \$827,415 in Highway Fund Authorization to re-establish unexpended FY 2010 authority approved by the 2009 Legislature for the implementation of an Electronic Bidding System. Requires Interim Finance approval since the amount added to the Administrative Consultants/Other Federal Programs category exceeds \$50,000. **Work Program #C18711**

Refer to motion for approval under Agenda Item H.

- 125. Nevada Department of Transportation – FY 2011** – Addition of \$99,454 in Highway Fund Authorization and transfer of \$226,625 from the Operating category to the Administrative Consultants/Other Federal Programs category to re-establish remaining funding from FY 2010 for the Integrated Right-of-Way Information Network (IRWIN) and to augment that funding to cover projected maintenance for the system. Requires Interim Finance approval since the

amount added to the Administrative Consultants/Other Federal Programs category exceeds \$50,000. **Work Program #C18982**

Refer to motion for approval under Agenda Item H.

- 126. Nevada Department of Transportation – FY 2011** – Addition of \$783,590 in Highway Fund Authorization and \$458,807 in State Homeland Security Program (SHSP) grant funds transferred from the U.S. Division of Emergency Management to re-establish unexpended FY 2010 authority for mobile, fleet and non-rental equipment, and balance forward authority for microwave equipment that will allow for improved interoperable communications on the Nevada Shared Radio System (NSRS). Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000. **Work Program #C18710**

Refer to motion for approval under Agenda Item H.

- 127. Office of Veterans' Services – Veterans' Home – FY 2010** – Transfer of \$18,000 from the Operating category to the Utilities category due to an unanticipated increase in costs. Requires Interim Finance approval since the cumulative amount added to the Utilities category exceeds \$50,000. **Work Program #C18666**

Refer to motion for approval under Agenda Item H.

- 128. Attorney General – Extradition Coordinator – FY 2011** – Addition of \$57,523 in General Fund Appropriation to cover unanticipated extradition costs. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 129. Work Program #C19201. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 24, 2010.**

Refer to motion for approval under Agenda Item H.

- 129. Attorney General – Extradition Coordinator – FY 2010** – Deletion of \$57,523 in General Fund Appropriation to transfer appropriation to FY 2011 to cover unanticipated extradition costs. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 128. Work Program #C19212. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 24, 2010.**

Refer to motion for approval under Agenda Item H.

- 130. Attorney General – Special Fund – FY 2011** – Addition of \$102,084 **\$102,254** in General Fund Appropriation and \$3,629,820 in Omnibus Appropriations for Nuclear Waste funds balance forward to cover unanticipated legal expenses. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 131. Work Program #C19182.**

RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 24, 2010. REVISED AUGUST 27, 2010.

Refer to motion for approval under Agenda Item H.

- 131. Attorney General – Special Fund – FY 2010 –** Deletion of ~~\$102,084~~ **\$102,254** in General Fund Appropriation to ensure funding is available in FY 2011 for unanticipated legal expenses related to Yucca Mountain. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 130. Work Program #C19213. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 24, 2010.**

Refer to motion for approval under Agenda Item H.

- 132. Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 2011 –** Transfer of ~~\$1,504,018~~ **\$1,492,532** in General Fund Appropriation to augment FY 2011 with Surplus General Funds for a possible caseload shortfall in Budget Account 3243 Nevada Medicaid. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 135. Work Program #C19291. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 25, 2010. REVISED SEPTEMBER 1, 2010.**

Cochair Horsford announced items 132 and 135 would be heard together.

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, explained items 132 and 135 were for the purpose of balancing forward \$1,492,532 of state General Fund in budget account 3158 from fiscal year 2010 to 2011 and placing it in reserve for caseload shortfall.

Assemblywoman Leslie asked Mr. Duarte to explain the reasons for the surplus. Mr. Duarte replied two primary reasons had been identified. First, the division had under-spent in the personnel category in budget account 3158, and secondly, the division had also under-spent in the contract services category. He said other adjustments were made when the division completed its cash reconciliation.

Assemblywoman Leslie observed that at a time when caseload was exploding, the division under-spent on personnel. She did not understand, and she asked Mr. Duarte to provide further details. Fiscal staff would be reviewing the request with the division, and she recommended the item be brought back to the November IFC meeting. For the record, she requested a comparison of the current projected caseloads and what was approved during the 2009 Legislative Session; a comparison of the actual and projected costs for each of the eligibility categories with what was approved in 2009; and the General Fund that was believed to be required in fiscal year 2010 and projected in 2011, taking into account the new Federal Medicaid Assistance Percentage (FMAP)

adjustments. She pointed out that any change in the Medicaid program involved large amounts of money.

Assemblywoman Leslie requested that Mr. Duarte work with Fiscal staff to provide further analysis and again suggested that the item be deferred until November. Mr. Duarte remarked he would be happy to comply with her request.

Senator Coffin asked if in saving funds, particularly in personnel, the division had fallen behind in processing reimbursements to providers and if delays in reimbursements might possibly be increased.

Mr. Duarte replied no, the personnel associated with division were primarily involved in policy development and care coordination and case management in the district offices. The fiscal agent, which was funded through a contract with a company called Magellan, handled all claims payments. He assured the Committee that claims would not be delayed as a result of funds being balanced forward.

Senator Coffin observed that case managers provided a service to the plan that saved money by steering patients to more efficient use of facilities and better care and, in theory, they cut the cost of the plan. He asked if the savings in this category would ultimately cost more in other areas.

Mr. Duarte replied he could not answer the question specifically because he did not know which positions created the savings in the personnel category. He would provide further specific information in the analysis requested by Assemblywoman Leslie.

Senator Coffin said although he would no longer be on the Committee at the November meeting, he would appreciate receiving the information from Mr. Duarte.

Assemblywoman Leslie asked Mr. Duarte to discuss the cancellation of the care management and care coordination contract.

Mr. Duarte explained the division had initiated a contract for care management and care coordination with a company called APS. The purpose of the contract was to provide care management services to approximately 5,000 individuals with serious chronic conditions, as well as several hundred children who were frequent admissions to residential treatment centers, which were inpatient psychiatric facilities in a residential-type setting. Mr. Duarte said as the division worked with APS in establishing its programs, significant issues were found with the way the programs were implemented. An external quality review organization evaluated the company's performance in the first year of the contract relative to the contract requirements and found them significantly lacking. In addition, he continued, an actuarial review of the data suggested the company was not actually saving the money as had been intended as a result of the contract. Rather than continue the contract, the division chose not to extend it. In other words, the contract was not canceled; it was simply not extended an additional year.

Assemblywoman Leslie asked if there was consideration to awarding another contract or if the division believed the savings did not actually exist.

Mr. Duarte replied the division was reevaluating whether to consider a different type of care coordination model. In light of the Affordable Care Act, there were opportunities to obtain enhanced federal funding for establishing medical homes or health homes, which would be directed specifically at individuals with multiple chronic conditions, who were the highest-cost patients served in the Medicaid program. He said that possibility was being considered as an option for the division to establish the types of services needed to ensure better management of costs and provision of a better quality of life for those individuals in the community.

Assemblywoman Leslie confirmed Mr. Duarte was saying he would not be contracting for the same service again, but he might be proposing a new contract with a different focus in the 2011 Legislative Session. Mr. Duarte replied she was correct.

Assemblywoman Gansert asked if, aside from patients with multiple chronic conditions, there were any management services for the general population. Were the majority of Medicaid patients managed by the division in some form?

Mr. Duarte replied 70 percent of the state's Medicaid population was involved in management care programs in Las Vegas and Reno-Sparks through managed care contracts. Patients in the fee-for-service program predominately resided in the rural areas or were part of the high-cost patient population. Mr. Duarte said most of those individuals would be amenable to a medical home or similar program. He explained it did not behoove the state to manage a patient who had both Medicare and Medicaid. Medicare paid for most of the acute medical costs – hospitals and physicians – and if money was used to manage dual eligibles, savings would actually be created for the federal government which would not come back to the state. In summary, the state would be spending money to save the federal government money, but the state would not necessarily save money for the services paid for dual eligibles. Therefore, the focus was on individuals, mostly single adults with multiple chronic conditions and quite often mental illness as well.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Rhoads was not present for the vote.

- 133. Department of Health and Human Services – Aging and Disability Services Division –Community Based Services – FY 2011** – Transfer of \$313,894 in General Fund Appropriation from FY 2010 to FY 2011 to support the costs for the treatment of children with autism in FY 2011. Requires Interim Finance approval

pursuant to A.B. 562, Section 35(3) of the 2009 Legislative Session. **RELATES TO ITEM 134. Work Program #C19293. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 25, 2010.**

Refer to discussion and motion for approval under item 134.

- 134. Department of Health and Human Services – Aging and Disability Services Division – Community Based Services – FY 2010** – Transfer of \$313,894 in General Fund Appropriation from FY 2010 to FY 2011 to support the costs for the treatment of children with autism in FY 2011. Requires Interim Finance approval pursuant to A.B. 562, Section 35(3) of the 2009 Legislative Session. **RELATES TO ITEM 133. Work Program #C19298. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 25, 2010.**

Tina Gerber-Winn, Deputy Director, Aging and Disability Services Division, Department of Health and Human Services, explained items 133 and 134 were for the purpose of moving forward a total of \$313,894 for autism services from fiscal year 2010 to fiscal year 2011.

In response to a question from Cochair Horsford, Ms. Gerber-Winn said the funds were direct service funds that were not spent on caseload and were carried over from one fiscal year to another. The program had always had a fiscal agent, and the original agent had been replaced with a new one in fiscal year 2010.

Cochair Horsford asked what the transferred funds would ultimately be used for. Ms. Gerber-Winn said the funds were currently being used for direct services, which included payments to care providers as well as to the fiscal agent.

Assemblywoman Leslie asked if the funds were being balanced forward because the families had been under-spending. From her review of the item, it appeared the previous fiscal agent was not doing a very good job, which she assumed was the reason for the change to a new agent.

Ms. Gerber-Winn acknowledged there had been problems with the original fiscal agent that was paying claims. Some of the families did not receive a reconciliation of the amount they had to spend monthly in a timely manner. It was decided at the end of the agent's contract period to switch to a new agent, Public Partnerships, LLC (PPL), which had a web portal that allowed clients and their parents to see their monthly balance in order to pursue other care if funds were available.

Assemblywoman Leslie asked if the contract with the new fiscal agent would result in division staff spending less time on the program. Ms. Gerber-Winn replied that was the division's hope.

Assemblywoman Leslie remarked she thought it was good that families were able to observe their balances and access funds to get the services their children needed, but she wondered if funding would be sufficient if the families expended all of their funds.

Ms. Gerber-Winn assumed Assemblywoman Leslie was asking if the families would spend more money than they had in the past because they would be able to access their account balances. She believed some families would, depending on their situation. However, some families had issues with their children and were not able to schedule all their care for a variety of reasons.

Assemblywoman Leslie asked if the PPL system alerted the clients when they were approaching the maximum amount of funding in their account. Ms. Gerber-Winn replied it was her understanding the claim system would reveal when the clients were getting close to over-spending.

Assemblywoman Leslie remarked it would be interesting to receive feedback from the clients concerning the new system. Ms. Gerber-Winn noted the new fiscal agent had started August 1, 2010, and the division had not yet received any reports. She would see that the Committee received updates in the future.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Rhoads and Senator Washington were not present for the vote.

- 135. Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 2010 – Transfer of ~~\$1,504,018~~ **\$1,492,532** in General Fund Appropriation to de-augment FY 2010 to retain Surplus General Funds for a possible caseload shortfall in Budget Account 3243 Nevada Medicaid. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 132. Work Program #C19299. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 25, 2010. REVISED SEPTEMBER 1, 2010.****

Refer to discussion and motion for approval under item 132.

- 136. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 2011 – Transfer of \$1,067,802 in General Funds Appropriation from FY 2010 to FY 2011 to augment General Funds for a possible shortfall to provide payments of medical expenses for foster and adoptive children who do not qualify for coverage under the federal Title XIX program. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of**

the 2009 Legislative Session. **RELATES TO ITEM 137. Work Program #C19320. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 26, 2010.**

Refer to motion for approval under Agenda Item H.

- 137. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 2010** – Transfer of \$1,067,802 in General Funds Appropriation from FY 2010 to FY 2011 to augment General Funds for a possible shortfall to provide payments of medical expenses for foster and adoptive children who do not qualify for coverage under the federal Title XIX program. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 136. Work Program #C19342. RECEIVED AFTER SUBMITTAL DEADLINE, AUGUST 26, 2010.**

Refer to motion for approval under Agenda Item H.

Reclassifications

Agency	Agency/Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Education/Child Nutrition Program	305/2691	0016	Education Program Consultant Code: 05.220, grade 39, Step 01, \$54,204.48 Employee/Employer Paid Retirement	Program Officer I Code: 07.649, grade 31, Step 01, \$38,523.60 Employee/Employer Paid Retirement
Department of Health and Human Services/Health Care Financing and Policy	403/3158	0067	Health Care Coordinator III, Code: 12.333, grade 37, Step 01, \$49,694.40 Employee/Employer Paid Retirement	Management Analyst III Code: 07.624, grade 37, Step 01, \$49,694.40 Employee/Employer Paid Retirement
Department of Transportation	800/4660	050-014	Transportation/Planner Analyst III Code: 07.720, grade 38, Step 01, \$51,865.92 Employee/Employer Paid Retirement	Professional Engineer Code: 06.226, grade 40, Step 01, \$56,626.56 Employee/Employer Paid Retirement

Refer to motion for approval under Item H.

I. STATEMENT OF CONTINGENCY FUND BALANCE.

Mr. Krmpotic reported the current Contingency Fund balance was \$8.6 million. With approval of the four requests in Agenda Item J, totaling \$651,000 in fiscal year 2010

and \$75,000 in fiscal year 2011, the remaining General Fund balance would be \$7.6 million. The Highway Fund portion of the Contingency Fund balance would remain at approximately \$2 million.

***J. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (GENERAL FUND) PURSUANT TO NRS 353.268.**

1. Office of the Governor – American Recovery and Reinvestment Act (ARRA) – Director’s Office – Request for an allocation for FY 2010 to address a shortfall in the ARRA Assessments.

Evan Dale, Department of Administration, explained Agenda Item J-1 was a request for \$40,730 from the IFC Contingency Fund to fund the ARRA reporting operation within the Governor’s office for fiscal year 2010. The reason for the request was that the assessment from certain ARRA grants for the fourth quarter of fiscal year 2010 came in lower than previously projected, and therefore the shortfall needed to be covered.

Assemblywoman Smith asked why there was a shortfall. Mr. Dale replied the assessments for the ARRA grants were based on the money actually received by the recipients, and the amount to be received each quarter was a difficult variable to predict. In the fourth quarter of 2010, it was predicted about \$100 million would be received from the ARRA grants that could pay the assessment, which was based on third-quarter amounts. Mr. Dale said the actual amount received for the fourth quarter was \$50 million.

Assemblywoman Smith asked if the assessment funds were used to fund the Governor’s ARRA position. Mr. Dale replied that was correct; the position supported the website, answered questions and served as the liaison to the public for state ARRA grants.

Since there was a shortfall in the fourth quarter, Assemblyman Goicoechea surmised additional funding was available and would be received in the future. He asked if receipt of future funding would allow repayment to the Contingency Fund.

Mr. Dale replied it was anticipated that the situation would reverse in the future, and receipt of additional funds would allow at least part of the Contingency Fund request to be reverted. He did not know if it would happen in fiscal year 2011, 2012 or 2013.

Cochair Horsford asked LCB Legal Counsel what language could be included in the motion to ensure that the Contingency Fund would be reimbursed when future ARRA assessment monies were received.

Eileen O’Grady, Chief Deputy Legislative Counsel, Legislative Counsel Bureau, replied additional language could be included in the Committee resolution stating the Committee’s intent.

Andrew Clinger, Director, Department of Administration, clarified that the request was for fiscal year 2010; since the books were closed, there would be no reversion of funds in 2010. Depending on the assessment collections, it was possible the amount could be reverted in 2011.

Cochair Horsford stated it would be the Committee's intent that to the extent there were funds allocated and available, reimbursement would be made to the Contingency Fund.

Mr. Krmpotic recalled that the Committee approved a similar request at the June meeting, and the motion stipulated that the Committee would fund the position up to the requested amount, with direction to revert any unused Contingency Fund allocation that might be generated through ARRA reimbursements. If the Legal Division concurred, the Committee could consider an amendment to the June resolution stipulating that when the Budget Office and Department of Administration closed the books for fiscal year 2011, any ARRA assessment monies that were realized in excess of the assessments that were budgeted or planned would revert to the General Fund.

Mr. Clinger agreed with Mr. Krmpotic, but he wanted it clearly stated for the record that the cost of the ARRA office would not be paid for 100 percent with assessments; there would always be a portion of General Fund support. However, he added, any additional state funds remaining at the end of fiscal year 2011 would revert, based on collection of the assessments.

Lorne Malkiewich, Director, Legislative Counsel Bureau, opined that out of concern for the open meeting law and the fact this motion addressed only one item, the Committee should approve the item with the stipulation that as any money was made available, it would be repaid to the Contingency Fund. He suggested the November meeting include an agenda item to clarify the June allocation and specific reversion dates.

Mr. Krmpotic suggested the Committee could fund the position up to \$40,730 with direction in the motion to revert any unused Contingency Fund allocation that might be generated through future ARRA reimbursements.

ASSEMBLYMAN GOICOCHEA MOVED FOR APPROVAL OF THE REQUEST TO ALLOCATE UP TO \$40,730, AND TO THE EXTENT ARRA ASSESSMENT FUNDS BECAME AVAILABLE, THEY WOULD BE USED TO REIMBURSE THE CONTINGENCY FUND FOR THE ALLOCATION IN FISCAL YEAR 2011.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

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

2. Department of Administration – Budget and Planning Division – Request for an allocation to allow for transitional costs for newly-elected officials.

Andrew Clinger, Director, Department of Administration, explained the Budget and Planning Division was requesting an allocation from the IFC Contingency Fund in the amount of \$50,000 to be used for transition costs for newly-elected Constitutional officers. The funding would be distributed as follows: \$30,000 for the Office of the Governor-Elect and \$4,000 for each of the other Constitutional officers if the incumbent was not re-elected; the funds would not be expended if the positions did not turn over.

Mr. Krmptotic reported a similar appropriation was approved by the 2005 Legislature in anticipation of the election of Constitutional officers in 2006. The appropriation was approved in the same amount with the same distributions. If the Committee chose to approve the items, Fiscal staff suggested the motion include language that if the incumbent is re-elected in the 2010 General Election, the transition money for that office must not be committed for expenditure; it must revert to the Contingency Fund as soon as the results of the election are determined.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL OF THE REQUEST FOR \$50,000, WITH THE STIPULATION THAT IF THE INCUMBENT IS RE-ELECTED, THE TRANSITION MONEY FOR THAT OFFICE MUST NOT BE COMMITTED FOR EXPENDITURE; IT MUST REVERT TO THE CONTINGENCY FUND AS SOON AS THE RESULTS OF THE ELECTION ARE DETERMINED.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

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

3. Department of Education – School Remediation Trust Fund – Request for an allocation for FY 2010 to address a shortfall in the funding for full-day kindergarten.

Keith Rheault, Superintendent of Public Education, State Department of Education, explained item 3 was a request for \$610,294 for a shortfall in the full-day kindergarten program. The full-day kindergarten program funded 464.5 teachers for the most at-risk schools in the state. The budget revenues were made up primarily of General Fund, but in fiscal year 2010, \$951,000 in the program was based on interest to be received from the Treasurer's office from the funds in the School Remediation and Innovative Trust Fund.

Dr. Rheault said in June when the department was preparing to close out the account for fiscal year 2010 and issue the program subgrants for fiscal year 2011, the last outstanding bill to be paid was from Clark County School District. He received the request for payment of \$4.4 million about June 8, 2010. Since there was only \$3.8 million in revenues available, the full request could not be paid.

Continuing, Dr. Rheault said when analyzing the revenues received, only \$104,000 in interest payments had been received in the first quarter, and department staff had contacted the Treasurer's office to ask why additional interest payments had not been received. He was not concerned with not having received the additional payments since there had been previous instances when the interest was added at the end of the year. However, the department was notified there would not be any additional interest payments for fiscal year 2010, primarily due to the loss of investment from a Lehman Brothers account of \$50 million that had gone bankrupt. All of the depositors to that account were being assessed a fee from the interest until the loss was made up.

As a result, Dr. Rheault further explained, the department was short \$610,294 to pay Clark County for expenses it had already incurred for fiscal year 2010. His immediate solution to cover the cost and close out fiscal year 2010 was to use some of the \$25 million in new full-day kindergarten program funds that would be made available July 1, 2010. However, upon notifying the Budget Division of his solution to the problem, he was informed that was not a viable solution and the wording in the bill that funded the program required that any changes in funding be submitted to the Interim Finance Committee, which was why he was making the request from the Contingency Fund to pay Clark County's expenses for 2010.

Dr. Rheault noted that in fiscal year 2011, there was another \$1.2 million in revenues projected for the program based on interest from the Treasurer's office. The department had not included any of that funding in the per-teacher allocation that had been distributed so far. If interest revenue did come in, the subgrants to the districts would be adjusted with the increased funding. Dr. Rheault assumed there would not be additional funding.

Assemblywoman Smith affirmed the \$610,000 would pay Clark County what was owed for 2010. She asked if any kindergarten classes had been cut this year due to the \$1.28 million shortage.

Dr. Rheault replied no positions had been cut; the 464.5 positions were still funded. However, the per-teacher allocation amount was reduced. In fiscal year 2010, districts received a little over \$56,000 per teacher unit. With the reduction of the \$1.28 million from the fund, the districts were currently allocated \$53,525 per position. Although the districts were still funded for the positions, they would likely have to make up the difference from their own local funds.

Assemblywoman Smith requested a breakdown of how much funding each district lost for fiscal year 2011. Dr. Rheault said the amount of \$1.28 million for the 464.5 positions

represented about \$2,773 per position. Clark County was the largest recipient with 353 of the 464 positions, and it would be the largest district affected. Washoe and Clark Counties together received 430 of the 464.5 positions, which represented 92 percent of the reduction.

Senator Cegavske asked how many tuition-based kindergarten classes there were in the state and whether they were located just in Clark County or in other parts of the state as well.

Dr. Rheault said he had received a request for that same information the day before from the LCB Research Division. He knew that Clark County had 46 tuition-based programs in the 2009 school year, and they charged \$300 per month for the second half of the day. He added that Washoe County and Carson City also had tuition-based full-day kindergarten, and there may be one or two other districts. He was in the process of gathering the full information and would provide it to the LCB Research staff.

Senator Cegavske affirmed the \$300 per month was for the second half of the day, and she wondered what the total monthly cost was for a student, including the state's cost.

Dr. Rheault replied a kindergartner was funded at 60 percent of the normal per-pupil payment for the district. In Clark County's case, 60 percent of \$5,600 would provide an estimate of what the state paid per pupil for each kindergarten student to attend a half-day program.

Senator Cegavske remarked the day-care centers had been suffering since the tuition-based classes were created, and when they heard how much less was being charged for kindergarten, they understood why parents were choosing full-day kindergarten. She was concerned that the state was subsidizing the program; a lot of good businesses were closing because of it.

Dr. Rheault responded that the only program cost covered by the districts was the salary of the teacher.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

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

4. Secretary of State – Request for allocation to provide the 5 percent match for Nevada's federal allocation in FFY 10 Title II Help America Vote Act (HAVA) funds.

Matt Griffin, Elections Deputy, Secretary of State's Office, introduced Ryan High, Help America Vote Act (HAVA) Administrator, who oversaw federal compliance with election regulations, including the budgeting.

Mr. Griffin explained the request from the Secretary of State was for approximately \$25,000 in matching funds to receive \$485,000 in Title II HAVA funds. The Secretary of State had to apply for the funds and had a very good record of qualifying for them. The funds were used for various elections-related functions allowable under Title II, ranging from elections systems to implementation of elections to informing voters.

Cochair Horsford affirmed if the Committee approved the request, the funds would be put in reserve until the grant funds were awarded and available for use. Mr. Griffin replied Cochair Horsford was correct.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

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

- *K. OFFICE OF THE GOVERNOR – NEVADA STATE OFFICE OF ENERGY – Request for approval to commit money for expenditure from the Fund for Renewable Energy, Energy Efficiency and Energy Conservation Loans pursuant to NRS 701.585(3).

Robert Nellis, Energy Program Manager, Nevada State Office of Energy, testified that at the June 24, 2010, IFC meeting, the Office of Energy had received approval to commit over \$8 million from the revolving loan fund to eligible renewable energy systems. At the time of approval, there were nine eligible applications, and since the IFC meeting, there had been five more applications ranked by the office. Mr. Nellis said pursuant to adopted regulations, the office was seeking IFC approval to enter into loan agreements with additional applicants in the order of their rank and according to their readiness to proceed until the entire \$8 million was committed. He said in most cases, the total project costs were greater than the amount of the loan to each applicant, and after today's IFC approval, he was pleased to report that it was anticipated that all of the initial \$8 million would be distributed over ten projects, utilizing hydro, wind, biodigester, solar and geothermal technologies.

Assemblywoman Kirkpatrick recalled that the initial vision of the 2009 Legislature in Assembly Bill 522 was that the contracts would be staggered in order to have money consistently coming in to continue the projects over the long term. She asked Mr. Nellis when the projects would be starting and if they would be available online since they were public dollars. Assemblywoman Kirkpatrick noted that 90 percent of the projects

were for the smaller counties, which was the initial intent, but she wondered if larger projects were anticipated going forward. Since the regulations appeared to be broad, she was asking for more detail in order that the Legislature and general public could understand how the program would be implemented.

Mr. Nellis replied after this meeting's IFC approval, the projects would be posted online for public viewing. As far as availability of funds, the average loan request was for a term of three years. There were some quick turnaround projects for which about \$1 million in funds would be available as soon as October 1. He said projects could be for as long as 15 years, but projects with shorter timeframes were being ranked higher for quicker paybacks.

Mr. Nellis went on to explain the average request was for approximately \$1 million per project, so the \$8 million was distributed among ten projects. As noted, some of the projects were very small and there were a couple of larger ones. However, the amounts shown online were the total project costs, not necessarily the loan amounts, which were less.

Jim Groth, Director, State Energy Office, asked Mr. Nellis to identify the dollar amounts of the four projects that had been approved and funded and the two projects that were pending, as well as the two involving high-dollar amounts that were disapproved by the Department of Energy (DOE) because of National Environmental Policy Act (NEPA) environmental issues or because they were just not feasible projects for renewable energy. Mr. Groth said it was certainly the office's intent that the program would be a long perpetuity one that would be quickly refunded. Some of the hydro and wind projects that had renewable generations, wind generations, hydro generations and backing from the utility were literally six months' seed money, so if the project was \$50,000, that project would be completed and commissioned, and within six or seven months rebate checks would be received from the utility and the money would go directly back into the long perpetuity pot.

Continuing, Mr. Groth said because of some of the solar projects the state had done with Energy Efficiency and Conservation Block Grant (EECBG) funds, the State Office of Energy had received \$700,000 - \$800,000 worth of solar rebate money back as the using agency, which was put back into the revolving loan program to provide more funds to loan. He said it was the office's goal and intent to pursue and fund the program with \$50 million over the next ten years to provide a growing, revolving perpetuity-based loan program for renewable energy projects. Mr. Groth added that a request had been submitted to the 2011 Legislature for an amendment to the 2009 legislation to add energy efficiency and conservation potential projects, along with renewable projects, as part of the revolving loan fund.

Mr. Nellis said Director Groth was referring to certain projects previously approved by IFC that did not receive DOE sign-off or NEPA approval, so those projects would not be moving forward; they included the Sunset Ethanol project in Lyon County and the

GA-SNA Solar project. Today's approval by the Committee would allow funding the projects further down the list ([Exhibit E](#)).

Mr. Groth said he just wanted to point out that the funding involved a good mix of four small projects and two or three large ones, with five more in the queue to fully subscribe the \$8.2 million.

Assemblywoman Kirkpatrick wanted to clarify if hydro, biodiesel, and biodigester were now considered renewable at the federal level. She did not recall that biodigester was in the renewable statutes at the state level. She wondered if inclusion in the state statutes was a requirement for renewable energy at the DOE level.

Mr. Nellis replied the DOE had approved the biodigester projects; biodigester conformed to DOE requirements of renewable energy technology. It would also be approved under the NRS, as it was a biomass renewable energy technology. It appeared the technology conformed to both state and federal requirements.

Assemblywoman Kirkpatrick asked if the entities applying for the loans would also be applying for the abatements in the local counties.

Mr. Nellis replied it was not known if the entities would apply for the abatements; that was not part of the application or information received.

Assemblywoman Kirkpatrick said in other processes the state would want to know where the entities' funding came from, and the regulation provided the state could audit the entities' funding, so if abatements were part of the funding, it would seem logical that it should be known up front since public dollars were involved.

Mr. Nellis responded the entities were required to provide their funding sources at the time of application, but he was not aware of any applications that listed abatement dollars as a potential funding source.

Assemblyman Hardy asked if there was a nexus between the state statutes and the federal regulations for qualification of hydro renewable projects.

Mr. Nellis replied the hydro projects were also approved by the DOE and followed their guidelines, and hydro was also a qualifying renewable energy technology as defined in NRS 704.7811.

Mr. Groth noted the Sunset Ethanol project in Lyon County that was disapproved was a technology in grain ethanol that was not considered by the DOE to be a current commercial viable technology for renewable energy.

If the proposed applicants were ultimately not approved, Cochair Horsford asked if the funds would revert to the federal government in April 2012. If so, he asked if the agency had a contingency plan.

Mr. Nellis replied if the funds were not allocated to projects by April 2012, they would revert to the federal government. However, he added, revolving loan funds were treated differently than other types of ARRA programs. For example, applications were considered a partial commitment upon receipt; if \$50 million in applications were received, the DOE would consider the commitment of \$8 million to be satisfied.

Cochair Horsford affirmed that contracts needed to be secured with approved projects in order to protect the \$8.2 million. Mr. Nellis replied that was correct. Not only did the loan agreements have to be in place, the actual projects had to be underway prior to April 2012. He noted that after today's IFC approval, \$8,254,000 would be committed; all of the projects had been approved by the DOE.

Cochair Horsford observed there were two pending projects beyond the \$8.2 million which would be considered back-up projects in the event an approved project was not meeting its agreement or timelines.

In addition, Mr. Nellis added, the RFP was still open to receive applications, and there may be additional projects submitted at the next IFC meeting. He stated it was the agency's intention to continue to request approval from IFC until all of the \$8.2 million was fully committed, at which point the RFP would be closed.

Cochair Horsford remarked that Committee members had been contacted with questions from potential RFP applicants, and at some point they would need to know whether they were approved. He asked when the applicants would be notified.

Mr. Nellis replied the applicants would be notified as soon as approval was received from the DOE, as was done at the last IFC meeting. If a project was not approved, the office would offer a loan agreement to the next applicant on the list, and if able to perform and sign, funds would then be committed to that applicant.

Cochair Horsford asked if he could receive in writing a list of the guarantees required by the state of the applicant. What were the job requirements? What were the contracting requirements? What were the timeline requirements? He pointed out the process was a competitive one, and there were winners and losers on the list. If there was an applicant not meeting the terms of an agreement, he wondered how the Office of Energy provided accountability to that applicant to ensure that the regulations were being followed. He was aware the qualifications were spelled out in the regulations developed by Assemblywoman Kirkpatrick in the legislation, but he wanted assurances from the Energy Office that accountability was being implemented.

Mr. Nellis replied his office would provide the information in writing.

Assemblywoman Kirkpatrick remarked Nevada was one of the first states in the country doing this type of program; it was actually a leader in the revolving loan program. She wanted it to succeed, but at the same time accountability had to be maintained; many

other states were watching. The long-term legislative intent needed to be clear for the record.

Mr. Groth stated the revolving loan program process was very fast, smooth and straightforward. All information, including the notification process, was online at the Office of Energy website.

Cochair Horsford noted Mr. Groth had described the front-end process, but he was interested in the back end of the process as well. Did the projects do what they actually proposed to do in their plans? He believed it was a great opportunity for the state to be ahead of the curve, but full accountability was essential. Every project had to deliver on what it was proposed to do based upon the taxpayer-supported benefits being provided.

ASSEMBLYWOMAN KIRKPATRICK MOVED FOR APPROVAL.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

L. REPORT ON TERMINATION OF PREVIOUSLY APPROVED FURLOUGH EXCEPTIONS BY THE STATE BOARD OF EXAMINERS PURSUANT TO S.B. 433, SECTION 5 (2009 LEGISLATURE) EFFECTIVE JULY 1, 2010 – INFORMATIONAL ONLY.

1. Office of the Military
2. Attorney General
3. State Conservation and Natural Resources
4. Department of Corrections
5. Department of Employment, Training and Rehabilitation

Andrew Clinger, Director, Department of Administration, stated that pursuant to Senate Bill 433, Section 5, Subsection 2(a), of the 2009 Legislative Session, the Executive Branch was required to present to the IFC any previously approved exceptions to the furlough plan put in place by the 2009 Legislature. Mr. Clinger reported that as of May 11, 2010, the Board of Examiners terminated all exceptions to furloughs in the Executive Branch. There were currently no Executive Branch agencies exempt from the furlough program, including the Department of Corrections, the Division of Forestry, the Office of the Military, and the Department of Employment, Training and Rehabilitation. Mr. Clinger noted that Item L in the meeting packet ([Exhibit C, Volume III](#)) included a list of all of the positions that were previously approved for furlough exceptions in fiscal year 2010.

M. INFORMATIONAL ITEMS – REPORTS ON LETTERS OF INTENT, COMMITTEE REQUESTS AND STATUTORY REQUIREMENTS.

12. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Status report on the proposed Business Enterprises of Nevada site at Red Rock Park (letter of intent, 2009 Legislature).

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation, offered to provide an update and answer questions from the Committee.

Cochair Horsford said the concerns of the Committee were based on a letter received indicating that the Bureau of Land Management had denied the Blind Business Enterprises Program the authority to establish a program at Red Rock Park.

Ms. Cole said that was initially the case. The visitors' center at Red Rock Park was built without a food service facility, and the BLM was reluctant to install vending machines. She reported the problem had been resolved, and vending machines were now located in the visitors' center. The income from the machines was being realized by the Blind Business Enterprises Program.

Cochair Horsford asked if the Blind Business Enterprises Program would go forward with a food service facility.

Ms. Cole replied there was not an opportunity for a viable vending stand to be established at Red Rock Park. The funds had been diverted into other needed repairs, as outlined in the update report in Agenda Item M-12. She added that about 90 percent of the vendor program income came from the two vending stands at Hoover Dam, and the Bureau of Reclamation had asked the program to update those two facilities, since they received very heavy use. New flooring, furniture, and leaks in the roof were being addressed with the diverted funds.

15. Reports on the activities associated with carrying out the state's mission to create new jobs in the fields of energy efficiency and renewable energy by combining job training with weatherization, energy retrofit applications or the development of renewable energy plants, pursuant to Section 9, subsection 8 of S.B. 152 (2009 Session).

- b. Department of Business and Industry, Housing Division

Dr. Hilary Lopez, Director, Nevada Housing Division, Department of Business and Industry, indicated a report had been submitted to the LCB Fiscal Division that detailed the success of the ARRA weatherization assistance program from July 1, 2009, through June 30, 2010. She said the initial goal was to produce 1,952 units through the weatherization funds, but through the agency's subgrantee network, 3,753 units were actually completed. Dr. Lopez said the initial average cost per unit was anticipated to be about \$5,000, but the actual average per unit was \$2,686, which allowed units to be added into production. The subgrantees were able to fully expend the first year of funding. Over 9 million kilowatt hours of energy and an estimated 569,000 therms were saved.

Dr. Lopez reported that funds had been allocated for the July 2010 through March 2012 period. The division was currently working with the subgrantees, and to date over 600 units had been completed.

Cochair Horsford stated the Housing Division had done a great job on the weatherization program. There were so many issues involved with starting the program the way it was intended, and the result was going from about \$3 million in state-level support for weatherization to over \$37 million over the course of the three-year grant period. He said the Legislature's intent had been implemented, which was to have more homes and eligible citizens receive the full benefit of weatherization by having properly trained people performing the work. Cochair Horsford noted that the division had been recognized by the federal government as demonstrating exceptional performance and was awarded additional grants, which spoke well of the agency and Dr. Lopez in particular, as well as the subgrantees.

Cochair Horsford pointed out the grant period was not over. He asked what the goal was for this fiscal year through the end of the grant period and if the goal was being adjusted based on the fact the previous goal was exceeded.

Dr. Lopez replied the goal through March 2012 for the three-year period was over 5,559 units, based on an average cost of \$5,000 as submitted and approved by the Department of Energy. She said as the costs ran under that amount, the agency would continually talk with the subgrantees about bringing additional units into production. Some of the grantees had already submitted adjusted production schedules for the remainder of the period based upon their average cost per unit. Dr. Lopez anticipated if the production cost was running close to \$5,000 per unit, the goal would remain the same. However, if the production costs continued to be lower, additional units would be brought into production.

Cochair Horsford observed the division's initial goal was 2,000 units, which was exceeded by nearly twice that number, and the projected expense of \$5,000 per unit was reduced by nearly half. He challenged the division to set a higher goal, perhaps 7,000 units at an average cost of \$3,000 or \$3,500 per unit, noting that there would still be flexibility in the goal numbers if the cost per unit did rise. He pointed out the need and demand for assistance was very great, and people were just now learning all of the benefits of the program.

Dr. Lopez responded that the goal had been increased internally at the subgrantee level, although the approved DOE state plan still reflected the \$5,000 per unit. Clauses were added to the subgrantees' contracts that would require them to continuously analyze and bring additional units into production; otherwise, a portion of the funds would be transferred between subgrantees based upon production performance. Dr. Lopez said internally the division realized the number of units produced would exceed the goal, but the state plan reflected the original numbers.

Cochair Horsford asked if the division could share the internal plan with the Committee. Dr. Lopez said she did not have the numbers with her; the adjusted numbers could be included in the next informational report to the Committee. Some subgrantees had opted to run their programs through March 2012, and others had expedited their

production schedules to twelve months, which meant there would definitely be an increase in units.

Cochair Horsford asked that future reports include the energy audits projected and completed; he was concerned not only with the number of audits, but also with the findings in the audits. He wondered if the state was maximizing all of the potential services that could be offered to an eligible applicant. Weatherization was one of many programs available, but there was also the possibility of receiving assistance with retrofits. He was not clear if that information was available in the field.

Dr. Lopez said the division had strengthened the pre-assessment requirements for the next round of production to ensure that the subgrantees were verifying any third-party pre-assessment work that was being done and ensure that any measures that could be implemented in the households were not missed.

Cochair Horsford asked why the expenses were so much less than what were projected. Dr. Lopez said part of the reason was based on the unit mix. There had been a lot more multi-family housing units provided with weatherization assistance, older apartment complexes for example, and those units typically used less funds per unit than single-family households.

Dr. Lopez wanted the Committee to know that the state was awarded an additional \$6.9 million under a different stream of funding called the Sustainable Energy Resources for Consumers grant. The additional funds were awarded to high-performing ARRA Weatherization Assistance Program (WAP) states.

Cochair Horsford once again congratulated the division on a great job, adding that he thought the goal of 10,000 units would be exceeded, which was the goal originally envisioned at the beginning of the program.

N. PUBLIC COMMENT.

There was no public comment.

Cochair Horsford noted that this was the last meeting for some Committee members who would no longer be serving in the Legislature due to term limitations, retirement or other reasons. On behalf of the Legislature and the state, he thanked them for their service; he looked forward to working with them in other capacities in the future.

ASSEMBLYWOMAN LESLIE MOVED TO ADJOURN.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

The meeting was adjourned at 12:45 p.m.

Senator Steven Horsford, Cochair
Interim Finance Committee

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

**EXHIBITS
INTERIM FINANCE COMMITTEE**

Exhibit	Witness/Agency	Description
<u>A</u>	Fiscal Analysis Division Legislative Counsel Bureau	Agenda
<u>B</u>	Fiscal Analysis Division Legislative Counsel Bureau	Guest List
<u>C</u>	Fiscal Analysis Division Legislative Counsel Bureau	September 10, 2010, Meeting Packet
<u>D</u>	Senator Bob Coffin Gus Nunez, Manager State Public Works Board	Agenda Item F - Report of the June 22, 2010 Meeting of the IFC's Subcommittee to Review Public Works Board Matters
<u>E</u>	State Office of Energy	Agenda Item K – List of Renewable Energy Projects