

MINUTES OF THE OCTOBER 25, 2011
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chairwoman Debbie Smith called a regular meeting of the Interim Finance Committee (IFC) to order on October 25, 2011, at 9:13 a.m. in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda and [Exhibit B](#) is the Meeting Packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chairwoman
Senator Barbara Cegavske
Senator Moises Denis
Senator Ben Kieckhefer
Senator Sheila Leslie
Senator David Parks
Senator Dean Rhoads
Senator Mike Schneider for Senator Horsford
Assemblyman Paul Aizley
Assemblyman Kelvin Atkinson
Assemblywoman Teresa Benitez-Thompson for Assemblyman Conklin
Assemblywoman Maggie Carlton
Assemblyman Skip Daly for Assemblyman Bobzien
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph Hogan
Assemblyman William Horne for Assemblyman Ocegueda
Assemblyman Randall Kirner
Assemblywoman April Mastroluca

COMMITTEE MEMBERS EXCUSED:

Senator Steven Horsford, Vice Chair
Assemblyman David Bobzien
Assemblyman Marcus Conklin
Assemblyman John Ocegueda

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Rick Combs, Fiscal Analyst, Assembly
Mark Krmpotic, Fiscal Analyst, Senate
Rex Goodman, Principal Deputy Fiscal Analyst
Sherie Silva, Interim Finance Committee Secretary
Tracie Battisti, Fiscal Division Secretary

A. ROLL CALL

Lorne Malkiewich, Director, Legislative Counsel Bureau, and Secretary, Interim Finance Committee, called the roll and announced a quorum of both houses was present. (Senator Horsford, Assemblyman Bobzien, Assemblyman Conklin, and Assemblyman Ocegueda were excused.)

Chairwoman Smith greeted Committee members and welcomed the public. She reminded members that new procedures required that public comment be requested for every action item prior to a motion by the Committee.

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

Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Federal Facilities - FY 2012 - Addition of \$290,917 in federal ARRA Leaking Underground Storage Tank (LUST) program grant funds to provide funding for site assessment and clean-up of petroleum products. This funding expires September 30, 2011. Requires Interim Finance approval since the amount added to the ARRA-LUST category exceeds \$75,000.
Work Program #C22024

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that there was only one item on the agenda that required expeditious action, and Fiscal staff had no concerns or questions regarding the item; no action was required.

C. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353 OF NRS.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, announced that Chairwoman Smith had indicated that testimony would be heard on the following agenda items:

Items 4 and 5, Office of the Attorney General, and items 13 and 14, Real Estate Division, Department of Business and Industry (B&I), would be heard together; item 7, Office of the Secretary of State; item 10, Department of Education; items 15 through 18, Housing Division, B&I, would be heard together; item 20, Office of Economic Development; item 21, Department of Tourism and Cultural Affairs; item 26, Health Care Financing and Policy, Department of Health and Human Services (DHHS); item 27, Health Division, DHHS; and item 82, Commission on Mineral Resources.

Mr. Combs said that item 55, Department of Corrections, Casa Grande Transitional Housing, had been amended to change the description of funds to be used, and the Chairwoman had requested testimony from the Department of Corrections and the Department of Employment, Training and Rehabilitation for further explanation.

Mr. Combs noted that several revisions had been made to the dollar amounts in item C-97, and a memorandum of explanation had been distributed to Committee members ([Exhibit C](#)). Fiscal staff had no concerns with the revisions. Mr. Combs added that items C-3, C-49, and C-50 had been withdrawn.

Chairwoman Smith asked Committee members whether they wished to hear testimony on additional agenda items.

Assemblywoman Mastroluca requested testimony on item 29, Health Division, DHHS, and item 107, Nevada Department of Transportation.

Senator Kieckhefer requested testimony on items 23 and 25, Division of Health Care Financing and Policy, DHHS.

Chairwoman Smith asked for public comment on the remaining items in Agenda Item C; there was none.

ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL
OF THE REMAINING ITEMS AND POSITION
RECLASSIFICATIONS IN AGENDA ITEM C.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Leslie was not present for the vote.)

- 1. Office of the Governor - State Fiscal Stabilization Account - FY 2012** - Addition of \$14,379,227 in federal Ed Jobs ARRA funds to balance forward remaining authority from FY 2011. Requires Interim Finance approval since the amount added to the Ed Jobs category exceeds \$75,000. **Work Program #C22558**

Refer to motion for approval under Agenda Item C.

2. **Office of the Governor - Office of Energy - Energy Conservation - FY 2012 -** Addition of \$118,617 in Cooperative Agreement funds to complete the Clean School Bus retrofit initiative grant to retrofit school busses in Douglas, Churchill and Elko counties with cleaner emissions technology. Requires Interim Finance approval since the amount added to the Cooperative Agreement category exceeds \$75,000. **Work Program #C22498**

Refer to motion for approval under Agenda Item C.

3. **Office of the Governor - Office of Energy - Energy Conservation - FY 2012 -** Addition of \$343,515 in State Energy Program (SEP) Competitive Grant funds to address the challenge of increasing commercial building retrofits in Nevada. Requires Interim Finance approval since the amount added to the SEP Competitive Grant category exceeds \$75,000. **Work Program #C22434. WITHDRAWN.**

Refer to motion for approval under Agenda Item C.

Chairwoman Smith announced that items 4, 5, 13, and 14 would be heard together. (Refer to testimony and motion for approval under Agenda Item C-14.)

4. **Office of the Attorney General - Administrative Fund - FY 2012 -** Addition of \$93,653 in Transfer from Business and Industry, Real Estate Division, to fund a new Senior Deputy Attorney General dedicated to providing legal services to the Real Estate Division's Common Interest Communities program. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 5, 13, and 14. Work Program #C22521**

Refer to testimony and motion for approval under Agenda Item C-14.

5. **Office of the Attorney General - Administrative Fund - FY 2013 -** Addition of \$137,710 in Transfer from Business and Industry, Real Estate Division, to fund a new Senior Deputy Attorney General dedicated to providing legal services to the Real Estate Division's Common Interest Communities program. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 4, 13, and 14. Work Program #C22524**

Refer to testimony and motion for approval under Agenda Item C-14.

6. **Office of the Attorney General - Violence Against Women Grants - FY 2012 -** Addition of \$90,000 in Transfer from the Department of Public Safety to implement a statewide program to address the needs of drug endangered children throughout Nevada. Requires Interim Finance approval since the amount added to the Drug Endangered Children category exceeds \$75,000. **Work Program #C22367**

Refer to motion for approval under Agenda Item C.

- 7. Office of the Secretary of State - HAVA Election Reform - FY 2012** - Transfer of \$51,692 from the Reserve - Title I category to the Administration of Elections category, \$259,445 from the Reserve - Title II category to the Statewide Voter Registration category, \$51,874 from the Reserve - Title II category to the Polling Place Improvements category, and \$13,655 from the Reserve category to the Statewide Voter Registration category to improve voting access and participation for individuals with disabilities and maintain compliance with HAVA requirements. Requires Interim Finance approval since the amount transferred to the Statewide Voter Registration category exceeds \$75,000. **Work Program #C22454**

Scott Gilles, Deputy for Elections, Office of the Secretary of State, introduced Ryan High, Administrator, Help America Vote Act (HAVA), Office of the Secretary of State (SOS).

Mr. Gilles explained the transfers from reserves into HAVA Election Reform categories for fiscal year (FY) 2012 were to increase expenditure authority for needed expansion of statewide voter registration to the 16 counties that currently did not have it. The amount was based on preliminary estimates from three vendors: one would cover the 13 rural counties, one would cover Carson City and Douglas County, and one would cover Washoe County. The transfers would also pay expenses for the first year of participation in the Pew Center on the States' Election Registration Information Center (ERIC) project.

Chairwoman Smith remarked she did not recall hearing testimony on the project in the money committees during the 2011 Legislative Session; she asked for further explanation.

Ryan High, HAVA Administrator, Office of the Secretary of State, explained the Pew ERIC project would update and modernize voter registration lists throughout the country. The project was a collaboration among member states that would provide voter registration lists and Department of Motor Vehicles (DMV) rolls. Comparisons would be made to determine whether individuals were registered in multiple states and to identify potentially eligible but unregistered voters within the State of Nevada.

Senator Kieckhefer asked whether those would be the exclusive uses of the lists and asked Mr. High to confirm that the lists could not be sold for election or other purposes. Mr. High replied he was correct.

Mr. Gilles further explained that the other transfers from reserves related to general election administration costs, including the 2011 Special Election, election worker training, unforeseen needs for the 2012 primary election, expenses to educate voters, and expenses for hardware that may need to be replaced during the next election cycle. He noted there was also a new Filipino language ballot requirement in Clark County.

Assemblyman Hickey asked what programs were being extended to the Filipino population.

Mr. High replied that pursuant to the Voting Rights Act of 1965, the Census Bureau, based on responses to the American Community Survey conducted every five years (previously every ten years), calculated what percent of the population may need voting materials in a language other than English. Based on the Community Survey, Clark County was designated as needing both Spanish and Filipino languages.

Assemblywoman Carlton said that many times when large meetings were held in southern Nevada, they were conducted in English, Spanish, Bosnian, and Tagalog, and documents were prepared in those languages. She noted there were large numbers of multi-language individuals working in the service industries, and even though they might speak English, she had observed many of them reading newspapers printed in their own language.

Assemblywoman Carlton asked whether there were punitive provisions for individuals registered to vote in one state but whose vehicles were licensed and registered through DMV in another state. She wondered if the purpose was simply to clean up the voter lists.

Mr. High replied the program's current focus was to update voter registrations. There would be a foreseeable consequence if an individual was registered to vote in two different states.

Chairwoman Smith asked for public comment; there was none.

ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL
OF AGENDA ITEM C-7.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Leslie and Schneider were not
present for the vote.)

- 8. Office of the Secretary of State - State Business Portal - FY 2012** - Transfer of \$1,610,641 from the Reserve category to the Professional Services category to complete a contractual agreement with Capgemini for Phase 1 and to fund critical post-launch activities for the maintenance and security of the State Business Portal. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C22455**

Refer to motion for approval under Agenda Item C.

- 9. Department of Education - Discretionary Grants - Restricted - FY 2012** - Addition of \$6,935,245 in federal 21st Century Learning Center grant funds; \$6,501,124 in federal English Language Acquisition grant funds; \$34,895 in federal Refugee Children School Improvement grant funds; \$449,262 in federal Homeless Children grant funds; \$63,575 in federal Longitudinal Data Systems funds; and

\$14,379,227 in funds transferred from the Governor's Office for EduJobs, and deletion of \$56,548 in federal Byrd Scholarship grant funds to balance forward remaining authority for these programs. Requires Interim Finance approval since the amount added to the New Math High School Proficiency Examinations category exceeds \$75,000. **Work Program #C22506**

Refer to motion for approval under Agenda Item C.

- 10. Department of Education - Elementary and Secondary Education Titles II, V, & VI - FY 2012** - Addition of \$14,475,391 in federal Striving Readers grant funds for a new Striving Readers Comprehensive Literacy program to support advanced literacy skills through local school districts and early learning providers for children through grade 12. Requires Interim Finance approval since the amount added to the Striving Readers Aid to Schools category exceeds \$75,000 and includes new personnel. **Work Program #C22501**

Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education, explained Agenda Item C-10 involved a new federal grant received by the Department of Education, and the Department was requesting authority to expend the funding. The Striving Readers grant was highly competitive, and Nevada was one of only six states that received funding. Dr. Rheault recalled in 2010 the Department received a small grant to conduct a literacy plan; 48 other states received funding as well. Nevada was then invited to apply for the Striving Readers grant, which would provide \$71 million over a five-year period and would contribute to continued reading literacy efforts in the state. He noted the amount was half of what would have been received from Race to the Top funding, but it was to be used specifically for reading and writing purposes.

Dr. Rheault went on to explain that 95 percent of the funding must be subgranted to school districts and early childhood education programs providing literacy services to children, as follows:

- 15 percent to serve children from birth to age 5
- 40 percent for students in grades K-5
- 40 percent for students in grades 6-12

As part of the grant, five positions were requested to provide oversight. Dr. Rheault said the grant application reviewers had provided feedback on Nevada's grant, and it was ranked in the top six applicants because of the management and oversight of the grant. The reviewers complimented the state for including a Program Auditor, Grants Analyst, and Program Manager in the grant.

Continuing, Dr. Rheault stated that Nevada had been making great progress in federal programs; it was the only state in the country to meet all of the Reading First objectives in its federal grant, and the state received an additional \$3 million for meeting those objectives. He added that the Striving Readers program grant funds would build upon

the school improvement funds that the state provided to the school districts for reading improvement.

Finally, Dr. Rheault announced the National Assessment of Educational Progress 2011 results would be released on November 1, 2011, and he had been asked to be the state representative on the national press release because Nevada had been showing strong, steady improvement for the past eight years in reading and math, in both 4th and 8th grades. He said Nevada had been in the top quarter for closing the achievement gap and increasing reading and math scores, which it was able to accomplish through federal grants similar to the Reading First and Striving Readers grants.

Assemblywoman Mastroluca asked Dr. Rheault to explain the process for the subgrants.

Dr. Rheault replied he did not have the details, but he would provide the concept. The state had to provide 15 percent to early childhood providers, either for-profit or not-for-profit, who were not associated with school districts. The application for grants would require the early learning child providers to partner with a school district to ensure there was alignment between the literacy instruction the providers were conducting and the instruction the students would receive once in the school system.

Assemblywoman Mastroluca asked how the State Literacy Team would interact with the providers.

Cindy Sharp, Education Programs Supervisor, Nevada Department of Education, replied the Nevada State Literacy Team would be a focal point of the grant. A group of experts in areas ranging from birth through 12th grade would be responsible for forming task forces to determine materials to be used by the schools funded, as well as assessments. The group would review the requests for proposals for any positions solicited. Ms. Sharp said the State Literacy Team would be an integral part of the grant activities and serve as an oversight committee. She noted the grant application reviewers were impressed that the State Literacy Team would be involved in management of the grant.

Assemblywoman Mastroluca recalled discussion during the 2011 Legislative Session concerning funding of regional professional development programs (RPDPs). She said it appeared that some grant funds would be used for professional development. She asked whether there were assurances that there would not be an overlap between what the state was funding and what would be provided through the grant.

Ms. Sharp explained that in the grant application, the Department had included professional development in various aspects of the grant activities. There would be representation from the three RPDPs on the Nevada State Literacy Team to ensure RPDP activities were enhancing the Striving Readers program. Ms. Sharp added that common core standards were also being implemented as a responsibility of the RPDPs,

and the Department would assist in that effort, as well as ensure that literacy occurred in every classroom receiving funding.

Assemblywoman Mastroluca congratulated the Department on the grant award, adding that it reflected the great improvement within the school districts.

Senator Denis asked Dr. Rheault to clarify his statement that Nevada was in the top quarter of the states in the country in a specific area.

Dr. Rheault replied his comment referred to the National Assessment of Educational Progress press release that Nevada was in the top quarter of all states on the national assessment of educational progress for the last eight years in student growth in reading and math, both in 4th and 8th grades. The state was also closing the achievement gap and consistently growing.

Senator Denis remarked Nevada had obviously done something right. He asked how the grant would help the state in the future.

Dr. Rheault reiterated that improvement had started with the state-funded school improvement grants for which each school was eligible to apply to address reading or math skills at the school. The Reading First grant was built on the school improvement efforts from 2002 through 2008, and the Department had incorporated all that had been done into the literacy plan, which would enhance and continue the Department's past accomplishments. Dr. Rheault anticipated improvement would continue in the future.

Senator Denis remarked that literacy was extremely important, especially in the lower grades, because without it there would not be increases in science and math skills. He said it was unfortunate that funding had to be suspended for some activities, but at least the federal grant funds would enable the Department to continue its progress.

Senator Rhoads asked whether the funds would be apportioned based on enrollments, needs, or a combination of both.

Ms. Sharp replied 15 percent of the funding would be awarded to children birth through prekindergarten, 40 percent would be awarded to kindergarten through 6th grade, and 40 percent would be equally divided between middle school and high school. Allocation would be determined by the federal definition of students who were at risk or disadvantaged. Ms. Sharp said the definition was broad; free and reduced lunch would be a part, but because the grant was for birth through high school, students who were at risk of not graduating because they were below grade level would be provided intervention to put them back on track to get their high school diplomas. She said the grants would be awarded on a competitive basis, but based on those various aspects.

Senator Cegavske asked whether matching state funds were required for the grant and if there were future obligations.

Dr. Rheault responded there were no matching funds required; funding was approved for five years, and at the end of the grant period, the positions would be eliminated if continued funding was not available.

Senator Kieckhefer asked what outputs would be measured to determine whether the program was effective and successful.

Ms. Sharp replied the grant included the percentage of improvement to be expected; she recalled it was 10 percent. The measurement would be based on various data points: the Criterion-Referenced Tests (CRTs) and the state assessments, as well as other assessments within the districts. Data would be gathered to determine student improvement, and the expectation was that students would be more literate; they would be better able to read and write, as well as speak and listen, and be able to function in a twenty-first century global society. Ms. Sharp said the grant was focused on twenty-first century skills. After the intense intervention and curriculum, the students should be literate and functional in society, which would contribute to Nevada as a whole.

Senator Kieckhefer asked whether the students would be tracked after graduation from the literacy program throughout their educational careers. Ms. Sharp replied that they would. She added that Dr. Rheault had indicated the program involved a comprehensive literacy plan, which was unique to programs from the federal government. The Department would be able to track a cohort of students from birth through kindergarten, which was the purpose of requesting applicants to have a comprehensive literacy plan intact. Their literacy plans would have to be aligned with the State Literacy Plan, which was also unique.

Senator Kieckhefer requested a copy of the matrix for evaluating the success of the grant project. Chairwoman Smith asked that the information be provided to Fiscal staff.

Assemblyman Aizley remarked he had recently met with a small group of individuals interested in literacy; they were not connected with the school districts but would like to become involved with literacy in the schools.

Dr. Rheault replied there was a pre-application form on the Department of Education's website. He suggested the group refer to the website to review the criteria of the program and contact the school districts to express interest in being involved in the grant application.

Chairwoman Smith asked for public comment; there was none. She called for a motion.

ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL
OF AGENDA ITEM C-10.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Leslie was not present for the vote.)

- 11. Department of Education - Career and Technical Education - FY 2012** - Addition of \$48,577 in federal Technical Preparation grant funds to balance forward remaining authority for this program. Requires Interim Finance approval since the amount added to the Technical Preparation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C22489**

Refer to motion for approval under Agenda Item C.

- 12. Department of Business and Industry - Insurance Regulation - FY 2012** - Addition of \$564,373 in federal Health Insurance Premium Review funds to enhance rate review capabilities. Requires Interim Finance approval since the amount added to the Rate Review Grant category exceeds \$75,000. **Work Program #C22337**

Refer to motion for approval under Agenda Item C.

- 13. Department of Business and Industry - Real Estate - Common Interest Communities - FY 2012** - Transfer of \$93,653 from the Reserve category to the Attorney General Cost Allocation, Ombudsman Designated Position Costs category to support the costs related to a dedicated Senior Deputy Attorney General position. Requires Interim Finance approval since the amount transferred to the Attorney General Cost Allocation, Ombudsman Designated Position Costs category exceeds \$75,000. **RELATES TO ITEMS 4, 5, and 14. Work Program #C22499**

Refer to motion for approval under Agenda Item C-14.

- 14. Department of Business and Industry - Real Estate - Common Interest Communities - FY 2013** - Transfer of \$137,710, from the Reserve category to the Attorney General Cost Allocation, Ombudsman Designated Position Costs category to support the costs related to a dedicated Senior Deputy Attorney General position. Requires Interim Finance approval since the amount transferred to the Attorney General Cost Allocation, Ombudsman Designated Position Costs category exceeds \$75,000. **RELATES TO ITEMS 4, 5, and 13. Work Program #C22522**

Chairwoman Smith requested that staff from the Office of the Attorney General and the Real Estate Division provide further information concerning Agenda Items C-4, 5, 13, and 14.

Keith Munro, Assistant Attorney General, Office of the Attorney General (AG), testified the Office of the Attorney General had received a request from the Department of Business and Industry (B&I) to add an attorney to represent the Real Estate Division's work with common-interest communities. He explained that in 2009, the Legislature created the Ombudsman office within the Department of Business and Industry, and at that time B&I was given the opportunity to elect to use outside counsel or counsel in the

AG's office. Mr. Munro said the Department had elected to use the AG's office to seek legal advice and assistance for the Ombudsman office.

Gail Anderson, Administrator, Real Estate Division, Department of Business and Industry, asked Terry Johnson, B&I Director, to comment on the need for the additional attorney.

Terry Johnson, Director, Department of Business and Industry, testifying from Las Vegas, explained he had requested to come before the Interim Finance Committee because of a number of concerns and challenges he had observed regarding the oversight of the common-interest communities program and the need for additional legal resources.

Mr. Johnson apologized that the matter was not addressed during the 2011 Legislative Session. He understood that prior to the time he assumed the Director's position, there had been discussions concerning the need for additional legal assistance, but the required documentation was not prepared in time for the 2011 Legislative Session. Mr. Johnson said there were a number of challenges requiring the Real Estate Division's attention and action, and there was a strong need for dedicated full-time legal representation for the Division.

Mr. Johnson went on to explain there were quality-of-life issues related to the administration of homeowners' associations (HOAs), and it was important to maintain good administration of the laws in the state. Several problems concerning HOAs were generating public attention, and Mr. Johnson believed the Real Estate Division needed to maintain the public's trust in overseeing its responsibilities, whether in the area of ensuring proper contracts or maintaining the integrity of elections in homeowners' associations.

Mr. Johnson said he had specific goals for the new position, including:

- Be domiciled within and dedicated exclusively to the Real Estate Division.
- Ensure that the common-interest communities and homeowners' associations followed the laws enacted by the Legislature.
- Work proactively to educate the common-interest communities concerning their requirements and responsibilities under the *Nevada Revised Statutes* (NRS).
- Ensure the state had all of the resources at its disposal to maintain a strong, affirmative, enforcement position when action was required.

Mr. Johnson said he anticipated the position would also assist the Real Estate Division Administrator with some of the duties charged to her under NRS, such as issuing advisory opinions in a timely manner, declaratory orders, subpoenas, and other administrative, investigative, and enforcement actions required of her position. He said

stronger enforcement was needed in the area of common-interest communities, which was why he had requested a dedicated Senior Deputy Attorney General for the Division. He requested the Committee's favorable consideration and disposition of the request.

Ms. Anderson explained there were currently just under 3,000 registered homeowners' associations with 482,460 units. New issues had arisen concerning receivership of associations, which required ongoing and continuous legal advisement, and there was authority in the law for the Division to address those issues. Ms. Anderson said the Division was aware of eight associations that currently had no functioning board.

In addition, Ms. Anderson continued, there were other legal remedies, as Director Johnson had indicated, such as enforcement of subpoenas, appointment of receivers, and injunctions, and it was necessary to be as proactive as possible in addressing the needs of the program. She said the Deputy Attorney General (DAG) would serve as the Real Estate Division's attorney for the common-interest communities program and prosecute all cases before the Real Estate Commission; advise the Administrator, the Ombudsman, and investigative staff on matters of substantive law; research advisory opinions; help with needed regulations; and draft correspondence to homeowners' association attorneys. Ms. Anderson said the Division fully supported the request and the need for a full-time dedicated attorney in order to be more proactive and timely in responding to requests.

Addressing Mr. Johnson, Chairwoman Smith said she understood the position was included in the agency's 2011-2013 biennial budget request, but it was not included in The Executive Budget.

Mr. Johnson replied that was his understanding as well; the position was neither included in the Governor's recommended budget nor requested from the 2011 Legislature. He reiterated that the documentation to justify the position was apparently not completed in time to submit a request to the Legislature. He noted he was not Director at the time and did not know the circumstances that precluded the submission to the Legislature. However, he added, he believed there was a definite need for the position.

Chairwoman Smith noted the position was a Deputy Attorney General (DAG) position in the agency's budget request, and the current request was for a Senior DAG position. She asked Mr. Munro to clarify the need for a senior position.

Mr. Munro replied the eighth person in Clark County had just pled guilty to homeowners' fraud, and there appeared to be a severe need in southern Nevada for the Real Estate Division to be involved in greater regulation of homeowners' associations. He anticipated the DAG would be extremely busy, and the AG's office was taking the unusual step of housing the position within the Real Estate Division to be able to work closely and promptly with the Division.

Mr. Munro said the level of complexity with respect to the position was going to be quite difficult. He added the position could possibly be assigned supervision duties, but that was unknown at this time. He explained some Senior DAGs in the AG's office served in a supervisory role and some did not; those who did not were usually responsible for more complex cases.

Assemblyman Goicoechea asked whether the position was an upgrade or promotion for an existing staff member or a new staff member would be hired. He asked how many attorneys were currently employed in the Office of the Attorney General.

Mr. Munro replied the position was a new position requested by the Real Estate Division. There were currently approximately 130 attorneys in the AG's office.

Assemblyman Horne asked how one Senior DAG would be able to eliminate the current backlog and still perform the ongoing duties and how long it was anticipated the backlog would exist.

Mr. Munro said he could not say how long it would take to eliminate the backlog. He anticipated a report on the status of the backlog and the continued need for the position would be submitted to the 2013 Legislature.

Assemblyman Hambrick was concerned with the lack of oversight by the Real Estate Division, and he wanted assurance that supervision of the Senior DAG would rest directly with the AG's office. For political reasons, he would not want the Real Estate Division to be responsible for supervision; the ongoing investigations must be transparent.

Senator Leslie asked what specific management duties would be assigned to the position to make it worthy of a Senior DAG. She was not convinced the position needed to be at the senior level.

Mr. Munro reiterated the position would be handling more complex cases and working through the backlog. He reiterated that Senior DAGs did not necessarily have supervision responsibility; many of them were assigned more complex cases as opposed to supervision duties.

Senator Leslie noted regular DAGs also handled complex cases. She again asked what specific tasks would be assigned to the Senior DAG that would not be assigned to a regular DAG. She questioned whether the reason for requesting a senior-level DAG was in order to recruit at a higher salary.

Mr. Munro replied a higher salary was not the reason, although a higher salary would attract higher-level applicants with ability to handle difficult cases. He noted the Deputy Attorney General salary was low, and the HOA cases would be very difficult. As pointed out earlier, there had been eight individuals arrested in Clark County, and many more were anticipated. Mr. Munro said the position would not be involved in any criminal

activities; the duties would be regulatory and difficult. The goal was to attract applicants who would be willing to assume the responsibilities.

Senator Leslie said she did not disagree that a higher salary should be paid. She was uneasy that the request, as well as others, was being made so soon after the 2011 Legislative Session. She understood the purpose of requesting a senior-level DAG was to offer a higher salary to attract the best possible applicants. Mr. Munro remarked Senator Leslie's assessment of the request was a fair one.

Senator Schneider said he had a history of involvement with homeowners' associations, and he had sponsored the bill that created the Office of the Ombudsman. During the 2011 Legislative Session, he had worked with Mr. Munro and Mr. Johnson to try to move the Ombudsman into the Attorney General's office; however, Mr. Johnson and the Governor's Office did not want the position moved. Senator Schneider said when he had originally proposed the Ombudsman office, he had requested that it be placed in the AG's office.

Senator Schneider said it was clear that homeowners' associations had become so complex that sophisticated attorneys were needed to provide oversight, legal advice, and opinions on a daily basis. He had agreed during the 2011 Legislative Session that Mr. Munro and Mr. Johnson should have another opportunity to resolve the problems, and he believed the current request would accomplish that goal.

Continuing, Senator Schneider noted several attorneys in the Attorney General's office could make a career in the homeowners' association area because it had become so large and complicated. He did not believe a recent graduate from law school could fill the position; an experienced and knowledgeable attorney who would be willing and able to work hard was needed. Senator Schneider noted that lives had been destroyed by the homeowners' association scams; the problem was an embarrassment to the state. He recalled that efforts by lobbyists over the past twelve years had allowed laws to remain lax and permit the scams. Federal indictments were being issued every week, and the accused were pleading guilty. Senator Schneider said the matter was actually organized crime involving top attorneys and construction companies to scam homeowners' associations, the State of Nevada, and the people of the state. He urged the Committee to approve the request.

Assemblywoman Carlton asked Mr. Munro to confirm that the position would be funded by the Real Estate Division, the Attorney General's office would bill the Division for the Senior DAG's time, and the Division was funded by fees. Mr. Munro replied she was correct.

Ms. Anderson clarified the Division was supported by fees paid by the units in the homeowners' associations.

Assemblywoman Carlton asked whether future funding would be sufficient in light of problems with the homeowners' associations. Ms. Anderson replied adequate funding was projected until at least 2017.

Assemblywoman Carlton assumed the Division would report back to the 2013 Legislature with information concerning the support and staff for the program. She asked how fines would be handled.

Ms. Anderson replied fines collected for late payments and penalties and fines ordered by the Commission or the Administrator went to the General Fund. Disciplinary fines went to the Fund for Common-Interest Communities.

Senator Parks said he supported the request. He continually received complaints from homeowners who were involved in disputes concerning the slow resolution of their claims. One large issue was that boards tended to start moving on problems, but the complaints did not get resolved until long after action had been taken. It was also difficult to try to reverse an action after a homeowners' board had taken action. Senator Parks said because of the continual complaints and concerns, there was a need for someone with the technical expertise to work with the homeowners' associations.

Chairwoman Smith asked for further questions from the Committee. There being no further questions, she asked for public comment; there was none.

SENATOR SCHNEIDER MOVED TO APPROVE AGENDA ITEMS
C-4, C-5, C-13, AND C-14.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Smith announced that Agenda Items C-15, 16, 17, and 18 would be heard together. (Refer to testimony and motion for approval under Agenda Item C-18.)

- 15. Department of Business and Industry - Housing - FY 2012** - Addition of \$87,690 in Transfer from Low Income Housing trust funds to create and maintain a statewide low income housing database. Requires Interim Finance approval since the amount added to the Personnel category exceeds \$30,000. **RELATES TO ITEMS 16, 17 and 18. Work Program #C22281**

Refer to testimony and motion for approval under Agenda Item C-18.

- 16. Department of Business and Industry - Housing - FY 2013** - Addition of \$132,317 in Transfer from Low Income Housing trust funds to create and maintain a statewide low income housing database. Requires Interim Finance approval since the amount added to the Personnel category exceeds \$75,000. **RELATES TO ITEMS 15, 17 and 18. Work Program #C22550**

Refer to testimony and motion for approval under Agenda Item C-18.

- 17. Department of Business and Industry - Housing - Low Income Housing Trust Fund - FY 2012** - Transfer of \$87,690 from the Reserve category to the Transfer to Housing category to create and maintain a statewide low income housing database. Requires Interim Finance approval since the amount transferred to the Transfer to Housing category exceeds \$75,000. **RELATES TO ITEMS 15, 16 and 18. Work Program #C22282**

Refer to testimony and motion for approval under Agenda Item C-18.

- 18. Department of Business and Industry - Housing - Low Income Housing Trust Fund - FY 2013** - Transfer of \$132,317 from the Reserve category to the Transfer to Housing category to create and maintain a statewide low income housing database. Requires Interim Finance approval since the amount added to the Transfer to Housing category exceeds \$75,000. **RELATES TO ITEMS 15, 16 and 17. Work Program #C22551**

Lon DeWeese, Chief Financial Officer, Nevada Housing Division, Department of Business and Industry, explained items 15 through 18 represented the culmination of funding the program envisioned in Assembly Bill 139 of the 2009 Legislative Session. With the assistance of former Speaker of the Assembly, Assemblywoman Buckley, Assemblywoman Kirkpatrick, Chair of the Committee on Government Affairs, and former Majority Leader Senator William Raggio, three components were included in A.B. 139:

- An extension of the use of the employee-employer sponsored down-payment assistance program, which Mr. DeWeese reported was now being fully utilized with the help of the partnership office of the Southern Nevada Culinary and Bartenders Unions.
- The creation of the online website for listing all of the specialty low-income housing appropriate to the particular needs of persons who were physically or otherwise challenged.
- The creation of the statewide database for the elucidation of both supply and demand levels for various cohorts of housing, beginning with the lowest income levels. Mr. DeWeese said the project was to be funded from the Low-Income Housing (LIH) Trust.

Mr. DeWeese explained when Assembly Bill 139 was passed, funding associated with the LIH Trust was already committed for a three-year period. It was felt that imposing the changes at the time would have led to a diminution or restriction in the ability to fund the projects that were already on the three-year schedule. As a consequence, he said implementation of the provisions of A.B. 139 was delayed.

Continuing, Mr. DeWeese said the items being requested would have been submitted to the money committees during the 2011 Legislative Session budget hearings, but the request for proposal (RFP) for the program to determine the actual costs for the creation

of the databases missed the cycle to be included in the Governor's recommended budget. Consequently, the Department was now requesting IFC approval to fund the legislation enacted in 2009.

Chairwoman Smith asked Mr. DeWeese's opinion concerning the databases going forward in the future.

Mr. DeWeese replied the Department believed the program would be an ongoing and integral part of budget account 3838 going forward. Even though current revenue was slightly less than anticipated, the Low-Income Housing Trust was funded through real estate property transfer taxes. At some point in time, real estate would begin to rebound as a viable market, and the flow of funds should be sufficient to not only continue funding the existing projects and sources of aid from the LIH Trust, but to also fund the current request.

Senator Denis asked whether the statewide database would be similar to that used in Utah. Mr. DeWeese replied yes, it was designed and bid out with primarily the same content. The coding might be different, but the concept was to list the available units by jurisdiction and housing type. The project would require the industry to report updates on vacancies and occupancies of the units.

Senator Denis asked what costs were projected to maintain the databases. Mr. DeWeese replied the Department believed the funding levels included in the legislation, which were capped statutorily at \$250,000, would be more than sufficient to maintain both databases for the foreseeable future.

Chairwoman Smith asked for further questions from Committee members; there were none. She asked for public comment and seeing none, she called for a motion.

ASSEMBLYMAN HOGAN MOVED FOR APPROVAL OF AGENDA
ITEMS C-15, C-16, C-17, AND C-18.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Leslie and Assemblyman
Atkinson were not present for the vote.)

- 19. Office of Economic Development - FY 2012** - Addition of \$239,318 in federal State Trade and Export Promotion (STEP) grant funds to assist Nevada companies in attaining the National Export Initiative goal of doubling the nation's exports over the next five years. The STEP grant program establishes a three-year trade and export promotion pilot program to make grants to states to enhance export promotions. Requires Interim Finance approval since the amount added to the STEP Grant Program category exceeds \$75,000. **Work Program #C22410**

Refer to motion for approval under Agenda Item C.

20. Office of Economic Development - Nevada State Small Business Credit Initiative (SSBCI) Program - FY 2012 - Addition of \$13,803,000 in federal Nevada SSBCI program grant funds; \$448,603 in Filing Fees; \$5,000 in Penalties; \$20,000 in Treasurer's Interest Distribution; \$34,508 in Interest Income; and \$100,000 in Loan Repayments to provide loans associated with the state's Credit Support Programs (CSP) and Micro Enterprise Loans programs. Requires Interim Finance approval since the amount added to the CSP Loans category exceeds \$75,000.
Work Program #C22568

Michael E. Skaggs, Executive Director, Nevada Commission on Economic Development (NCED), explained item 20 involved a national competition through the U.S. Treasury Department under the Small Business Jobs Act of 2010. The NCED submitted a proposed strategy for small business lending in Nevada and subsequently received \$13.8 million in grant funds. The work program would establish a new budget account for the State Small Business Credit Initiative (SSBCI). Mr. Skaggs said Mendy Elliott was hired as a contractor in the application process because of her banking and finance background, and she would provide the Committee with further information concerning the Nevada SSBCI Program.

Mendy Elliott, working on behalf of the Commission on Economic Development, explained the Nevada SSBCI program would involve two initial programs: Nevada Collateral Support Program (\$13,303,176) and the Nevada Microenterprise Initiative (\$500,000). She said NCED had an opportunity to strategize with the banking community, the Small Business Development Center, and the Small Business Administration to work through and identify programs that would be successful in Nevada.

Ms. Elliott explained one of the components for SSBCI was that the state must show it had the ability to leverage private-sector funds to state funds at a ratio of 10 to 1. She said the programs were developed in order for the state to be able to leverage those dollars. The first program was the Collateral Support Program (CSP), and Ms. Elliott provided an example of a loan to outline how the program would work. She described a business in need of expansion that owned a building valued at \$1 million. If the business were to seek a \$1 million loan to purchase equipment, the bank would likely only loan approximately 70 percent of the building's value, or \$700,000. In such a case, the state would work with the lender and the business to provide \$300,000 of federal SSBCI funds to be placed on deposit with the lender as additional collateral. The business would pay a fee to the state for providing the additional funds to secure the loan.

Ms. Elliott noted that the \$13.3 million in federal funds committed by CSP for pledged assets was not a large amount, and the funds would be expended quickly. She explained that NCED would work closely with the legislative sector strategies and the Governor's sector strategies included in Assembly Bill 449 (2011 Session) to ensure the program involved borrowers that would create jobs.

Ms. Elliott went on to explain that the second component of the SSBCI program was the Nevada Microenterprise Initiative (NMI). For the NMI program, the state would commit \$500,000, which would enable individuals to implement strategies for a business opportunity. The NMI would work with borrowers and educate them regarding how to run a business before giving them funding. Ms. Elliott noted that the state would give federal SSBCI funds to the NMI as a loan, not a grant, and NMI would repay the funds.

Ms. Elliott explained NCED had entered into an approximate five-year allocation agreement with the U.S. Treasury. Upon termination of the agreement, if the dollars had been leveraged in accordance with SSBCI program guidelines, the state would be able to retain the federal funds, and the Commission on Economic Development would continue to work with the Legislature and Governor to develop future programs to help small businesses in Nevada.

Chairwoman Smith asked whether the loans through the two programs were for new or expanding businesses. Ms. Elliott replied they would be for both.

Assemblyman Grady cited the loan example provided by Ms. Elliott concerning the Collateral Support Program. He asked whether the equipment purchased by the business using the \$1 million loan would become collateral for the loan in addition to the building valued at \$700,000 and the \$300,000 in SSBCI funds pledged through the program.

Ms. Elliott replied the equipment would not be considered collateral for the loan. The borrower would enter into an agreement with the state for the \$300,000 collateral loan and pay the state a fee to utilize those pledged assets as collateral. The bank would do the underwriting for the original loan, which would be a secured conforming loan. The state would provide the \$300,000 collateral loan in a secondary position.

Assemblywoman Grady remarked that it did not sound like that would secure the complete loan. He noted that creative financing had been a problem in the country, and he thought the program was questionable.

Ms. Elliott explained that she must defer to the banks' determination and the information they provided to the state for each potential loan. She noted that the state would not advance more than 35 percent of the total collateral required, which would be the state's maximum exposure.

Chairwoman Smith clarified that the banks performed all of the due diligence, and the state would react; the NCED would not have to prove the financial ability of the borrower.

Ms. Elliott indicated that Chairwoman Smith was correct. The bank would perform all of the underwriting and be responsible for proving that the borrower was creditworthy; the borrower must have the ability to repay the debt. The state's loan would not exceed 35 percent of the total collateral and would only be a secondary source of repayment.

Assemblywoman Carlton referred to Ms. Elliott's loan example of the business seeking \$1 million to expand its business using a building valued at \$1 million, with lendable collateral of \$700,000 and a CSP loan of \$300,00. In that scenario, she asked who would own the assets of the business if it did not succeed. Ms. Elliott replied the assets would be owned by the lender; they would be sold, and the state's exposure would be a maximum of 30 percent of the loss, which was a loss of federal funds.

Assemblywoman Carlton said she was aware it was difficult for businesses to get credit, and it would be good if the program would help individuals start or expand a business to jumpstart the economy. She asked whether the program included a component to ensure Nevadans would be hired.

Ms. Elliott replied one of the questions on the loan application was how many Nevadans would be hired or would retain their jobs. The U.S. Treasury was hoping that businesses would not contract further; the goal was stabilization and expansion. She said NCED would provide informational reports to the Legislature.

Assemblyman Hickey asked Ms. Elliott to further explain the fee to be paid to the state and whether it would go toward the cost of administering the program. He wondered what amount was projected to administer the program.

Ms. Elliott replied the anticipated fee was approximately 3 percent of the loan, which would be put back into the program. It was anticipated that permanent staff would be hired to manage and perform outreach for the program. Requests for positions would not be made until after the program was started to determine what type of staff would be needed. Ms. Elliott said it was estimated the fees would total about \$400,000 per year, which should cover administration costs and some reserves.

Assemblywoman Mastroluca assumed that any loss to the state would mean less money available to lend: state money would not actually be lost. Ms. Elliott replied she was correct.

Assemblywoman Mastroluca asked why the SSBCI program was selected; there were many options available.

Ms. Elliott replied the Director of the U.S. Treasury had come to Nevada and met with the Nevada Bankers Association concerning the state's opportunities and challenges. The Collateral Support Program was identified as the best program for Nevada banks; Nevada was similar to Michigan in terms of its economy and the downturn in real estate values. She said there were many companies in the state with a good product or service which, if they had the ability, they would expand.

Continuing, Ms. Elliott explained one of the components of the program was that the federal funds must be committed within two years, and a program had to be selected that would allow the quickest access, investment opportunity, and acceptance by the

borrowers. She added the program was not designed to help the banks; the program was designed to help the borrowers in the state.

Assemblyman Goicoechea expressed concern with the program; he believed there was a risk of loss of federal funds, and he viewed it as another stimulus program.

Chairwoman Smith asked the current status of the Michigan program. Ms. Elliott replied Michigan had processed 51 loans since its pilot program in 2009; it received \$600,000 in annual fee income; there had been no defaults; and to date there had been three successful payoffs. Since July 2011, \$20 million in SSBCI funding had been committed, and approximately \$8 million in loans had closed. Michigan's experience with the program had been positive.

Chairwoman Smith noted the consultant contract would terminate in September 2013, and it was anticipated the SSBCI program responsibilities would transition to new NCED staff. She asked whether the SSBCI and its related programs would require General Fund support or if the program would be supported by fees.

Mr. Skaggs replied the intent was that the SSBCI would be a self-sustaining program. Any administrative costs would be covered by revenue to the program and not from the General Fund.

Chairwoman Smith asked for further questions from the Committee.

Assemblyman Grady asked whether NCED had worked with all banks in the state, both large and small. Ms. Elliott replied her conduit to the Nevada Bankers Association was Stan Willmuth from the Heritage Bank, who had helped her craft the program. Two conference calls with all banks in the state had taken place, and every bank had indicated an interest in the program.

Chairwoman Smith said she understood that credit unions would not be involved because of their small number of commercial loans. Ms. Elliott replied she was correct.

Chairwoman Smith remarked she was enthusiastic about the program. In discussions with several individuals, she had become aware of numerous small businesses that could possibly use the opportunity to expand.

Chairwoman Smith asked for further questions from the Committee; there were none. She asked Mr. Skaggs if he had any closing remarks.

Mr. Skaggs replied he had asked the NCED Administrative Services Officer to explain the revisions to the work program.

Margene Stenger, Administrative Services Officer, Nevada Commission on Economic Development, explained minor revisions were needed to the expenditures and revenues in the work program to align them with the grant. Federal receipts needed to be

increased by \$176 and filing fees decreased by \$176. Under expenditures, the program administration needed to be decreased by \$2,740 and the reserve increased by the same amount, \$2,740.

Chairwoman Smith asked for public comment concerning Agenda Item C-20. Seeing none, she called for a motion.

SENATOR LESLIE MOVED FOR APPROVAL OF AGENDA ITEM C-20 AS REVISED.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 21. Department of Tourism and Cultural Affairs - Tourism Development Fund - FY 2012** - Transfer of \$1,338,345 from the Reserve category to the Marketing and Advertising category, \$250,000 from the Reserve category to the Rural Matching Grants category, and \$220,000 from the Reserve category to the International Trade/Tourism category to expand the agency's promotional activities, including advertising, sales missions, familiarization tours, trade shows and related costs; to expand the Rural Marketing grant program; and to fund costs associated with additional investment in international marketing and advertising activities. Requires Interim Finance approval since the amount added to the Marketing and Advertising category exceeds \$75,000. **Work Program #C22488**

Larry Friedman, Acting Director, Department of Tourism and Cultural Affairs, introduced Steve Woodbury, Chief Deputy Director of Operations; David Peterson, Director of Research; and Jolyn Laney, Deputy Director of Marketing.

Mr. Friedman explained the work program in item 21 was specific to the Nevada Commission on Tourism (NCOT), which was funded 100 percent with room tax dollars. He said NCOT, on behalf of the entire state, would like to take advantage of several different opportunities and initiatives that had recently presented themselves. Mr. Friedman pointed out that NCOT was the only entity charged with marketing and promotion of the entire state, and its purpose was to generate and increase tourism and revenue for the state. He said some of the opportunities and initiatives included:

- Branding for the State of Nevada. It was the first time branding research and development had been conducted, and some of the funds requested would support the implementation of the brand once it was developed.
- Discover Your Nevada. This initiative was in response to the increased cost of gas. Mr. Friedman said many people thought of NCOT as an entity to bring new dollars into the state, but efforts were also made to keep travel dollars in the state by promoting Nevada to Nevada families and providing them with opportunities for family vacations.

- International opportunities and changes in travel behaviors that NCOT would like to take advantage of on behalf of the entire state.

Mr. Friedman itemized the specific purposes of the funding included in the work program request:

- \$ 55,000 – Conduct sales missions in four new international markets and China. Mr. Friedman explained NCOT wanted to develop sales marketing and public relations in four new countries and expand its sales efforts in China. Nevada currently had representation in China, and China was now one of the top ten countries in expenditures by visitors to the United States. The United States Travel Association predicted that China would be the number one market for visitors to the U.S. within the next eight years. In addition, several businesses, including some in communities such as Primm and South Lake Tahoe, had indicated that China was already their top international market.

Continuing, Mr. Friedman said NCOT was recently able to host the Miss China Cosmos Beauty Pageant semi-finals in Reno, which was the first time the event had come to the United States. He said the goal of the sales missions was to maximize the opportunities of that exposure. It was estimated that when the program was viewed in China, it would be seen by 10.6 million people. The program would also be seen in a total of 150 countries.

- \$150,000 – Discover Your Nevada. Mr. Friedman said NCOT had created various projects to promote instate tourism. This would be the first time an actual campaign would be conducted that would only be limited by time—not by creativity. The entire state would be involved, including NCOT's normal travel partners, elected officials, the private sector, and the public sector, to encourage Nevadans to discover their own state. The new partners, the Nevada Arts Council, museums, and the Nevada Indian Commission, would also be benefactors of the campaign.
- \$122,000 – Museum Promotion. Mr. Friedman said NCOT looked forward to marketing and increasing visitation to all of the state museums. Funding would be used for printing and distribution of brochures, banner advertising, and placement of kiosks in the museums. The motivation for the kiosks was to learn who was and was not visiting the museums. Other possible uses would be to promote the other museum locations and possibly state parks in Nevada.
- \$870,000 – Phoenix Campaign. Mr. Friedman said the request also included restoration of funding for summer and winter campaigns in Arizona. The projected return on the investment was \$15.7 million in tax revenue.
- \$ 14,271 – Computer Equipment. Mr. Friedman explained a file server and tape backup were needed to store video files, which would be increasing.

- \$ 7,574 – Photo/Video Equipment. The NCOT currently had two staff members with professional experience in photography and videography, in addition to the staff at the *Nevada Magazine*. Rather than purchase photography and video services, Mr. Friedman said the services could be provided within the agency, but additional equipment was required for a big campaign in the United Kingdom, which would include the Travel Channel, a tour operator with a point of purchase, itineraries from all over the state, a web presence, mailing, et cetera. He said when NCOT requested video from its partners throughout the state to undertake the campaign, it was learned that there were gaps in available quality video, particularly in rural Nevada; he pointed out that the promotion would be statewide.
- \$ 80,000 – Advertising Evaluation and Web Usability Research. Mr. Friedman explained NCOT wanted to ensure that the dollars spent on the brand purchases of advertising online or in print publications were being maximized. With today's technology, it was possible to monitor, on a daily basis, the results of advertising to ensure funds were being well spent and that the brand was resonating with the consumer.
- \$ 32,000 – Canadian E-Leads. Mr. Friedman pointed out that Canada was the number one foreign market for Nevada statewide. One advantage of the Canadian market was that visitors could return multiple times. A call center had recently been opened in Canada where Canadians could receive information and ask questions in both English and French. Mr. Friedman said the program would generate leads and provide information to Canadian consumers interested in traveling to Nevada in order for NCOT to follow up with specific information and markets.
- \$ 7,500 – Highway 50. Mr. Friedman explained "The Loneliest Road in America" campaign started over 25 years ago when *Life Magazine* asked the American Automobile Association (AAA) what the loneliest road in America was, and the response was, "Highway 50 across Nevada; it is so lonely, you need a survival kit." Over the years, a campaign and survival kit were developed, and they still existed today. During the summer, NCOT received over 2,000 requests each week from visitors who submitted their passports asking for their survival kit souvenir. The survival kits were only available after passports were stamped in the six towns along Highway 50. Mr. Friedman said since the campaign continued to be successful, a decision was made to actively promote it online.
- \$250,000 – Rural Marketing Grant Program. Mr. Friedman said NCOT always received twice as many requests for funding as the amount available. The proposal was to increase the amount available for awards. When the grantees completed their evaluation forms, they had to answer several questions about the economic impact. According to the grantees, the total fiscal year 2010 economic impact of \$1,025,000 in grants was \$171.1 million.

- \$220,000 – International Trade/Tourism. Mr. Friedman said NCOT wanted to enter some key markets on behalf of the entire state: Australia, South Korea, France, and Japan. He said the four markets were chosen because of increased visitation, particularly from Australia. Mr. Friedman noted Australian visitors stayed in the western United States for over three weeks, and they were not afraid to rent a car and explore Nevada’s “outback,” nor did they have a language barrier.

In addition, Mr. Friedman continued, it was believed there was a pent-up demand in South Korea for skiing in the United States, and NCOT planned to promote the Reno-Tahoe area. The communities of Beatty and Pahrump reported continuous French visitors; the French had identified Death Valley as one of the top “must-see” experiences in the United States. Mr. Friedman noted the French were also explorers who wanted to visit the national parks, including the Great Basin.

Finally, Mr. Friedman stated that Japan was the first country in which NCOT had representation, beginning in the early 1990s in cooperation with Las Vegas and Reno. While Las Vegas might be the major destination, the Japanese visitors also enjoyed the open spaces in the state.

In conclusion, Mr. Friedman offered to answer questions from the Committee.

Senator Denis asked whether some of the funding requests were made during the 2011 Legislative Session.

Steve Woodbury, Chief Deputy Director of Operations, Nevada Commission on Tourism and Cultural Affairs, replied some were included in the list of items for special consideration submitted to the Budget Division. In May 2011, a letter was sent to the legislative leadership indicating that revenues were higher than anticipated and pointing out the additional requests for special consideration.

Senator Denis asked at what point the agency realized it was going to have a larger amount to balance forward. Mr. Woodbury replied NCOT had underspent its budget by approximately \$272,000 in fiscal year 2011, and because of increased revenue, about \$1.7 was carried forward, for a total balance forward of \$1.9 million. He said the agency became aware of the excess during the 2011 Legislative Session.

Senator Denis asked why the requests were not made during the 2011 Session. Mr. Woodbury replied NCOT tracked the lodging tax on an ongoing basis, and monthly updated room tax projections were provided to Fiscal staff. He said attempts were made to address the surplus funds, albeit they were not as vigorous as they should have been, but it was the agency’s intent to request the expenditures at some point if not during the Legislative Session.

Senator Denis recalled NCOT had requested funding for international markets during the 2011 Session, and he asked whether they were the same as currently being requested.

Mr. Friedman replied that the international requests made during the 2011 Legislative Session were approved. He noted NCOT had representation in Mexico, Canada, Germany, China, and the United Kingdom. He added the agency had been cautiously optimistic for some time; many of the counties, including rural, had seen increases in room occupancy or average daily rate (ADR). However, in consideration of some of the challenges in Washoe and Douglas Counties, NCOT was cautiously looking toward the future and the continuation of growth in room tax collections.

Senator Denis recalled the 2011 Legislature had approved higher amounts of room tax than were in the Governor's budget. He asked whether the room tax collections were coming in higher than projected.

Mr. Woodbury replied they were; current projections were that collections would be approximately \$800,000 higher in fiscal year (FY) 2012 and about \$700,000 higher in FY 2013. Even with approval of the work program, NCOT expected to end FY 2012 with a reserve of \$3.1 million and \$4.7 million in FY 2013. He said that depending upon the success of the proposed projects, the agency's intent was to return to the IFC to request additional funding for FY 2013.

Senator Denis asked whether higher room tax collections were being seen across the state or just in Las Vegas.

Mr. Friedman replied 3 counties had experienced a decrease in room tax collections through August 2011; the other 14 counties had seen an increase.

Senator Denis asked whether there were specific reasons for the increases. Mr. Friedman replied marketing efforts by NCOT and the convention and visitors authorities had been positive throughout the state. He added he also believed tourists had a pent-up desire to travel.

Senator Denis observed the country was experiencing a difficult economy, but room rates and occupancy rates were rising. Mr. Friedman said Douglas County had seen decreased rates, and one reason was that it snowed after the ski resorts closed. Also, Lake Tahoe was affected when Highway 50 was closed for construction. He noted that the Lake Tahoe Convention and Visitors Authority would report that the number of visitors was up, but the ADR had not risen.

In response to a question from Assemblyman Goicoechea, Mr. Friedman said that in addition to Douglas County, Churchill and Lyon Counties had also seen decreases.

Assemblyman Hardy remarked he appreciated the fact that NCOT was working with the convention and visitors authorities, but he believed another step could be taken. He

had seen some of the best videos from the local chambers of commerce throughout the state.

Mr. Friedman agreed with Assemblyman Hardy, adding that NCOT worked with the chambers on a continual basis. The chambers participated in NCOT's grant program and outreach organizations. He said the challenge of the promotion in the United Kingdom was to obtain television quality.

Chairwoman Smith commented that she appreciated receiving the information from NCOT, and she was pleased that additional revenue was available for tourism purposes. She added that going forward, she would prefer that anticipated increases in projected revenue be dealt with during the legislative session rather than through the Interim Finance Committee.

Chairwoman Smith asked for public comment; there was none. There being no further questions, she called for a motion.

SENATOR PARKS MOVED FOR APPROVAL OF AGENDA
ITEM C-21.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 22. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2012** - Addition of \$713,861 in federal Title XIX funds to support the accelerated development of Division of Welfare and Supportive Services Health Insurance Exchange (HIX) Eligibility Engine conversion. Requires Interim Finance approval since the amount added to the Payments to State Agencies category exceeds \$75,000. **RELATES TO ITEMS 24 and 39. Work Program #C22208**

Refer to motion for approval under Agenda Item C.

- 23. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2012** - Transfer of \$279,117 in General Fund Appropriation from FY 2013 to FY 2012, and addition of \$2,512,061 in federal Title XIX funds from FY 2013 to ensure sufficient budget authority is available for the vendor contract deliverables in FY 2012 for Nevada's compliance with a Centers of Medicare and Medicaid Services mandated date of January 1, 2012, for the conversion to the National Council for Prescription Drug Programs (NCPDP) Ver D.0. 5010 as part of ICD-10 migration. Requires Interim Finance approval pursuant to A.B. 580, Section 32 of the 2011 Legislative Session. **RELATES TO ITEM 25. Work Program #C22277**

Refer to testimony and motion for approval under Agenda Item C-25.

- 24. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2013** - Deletion of \$713,861 in federal Title XIX funds to accelerate the development of Division of Welfare and Supportive Services Health Insurance Exchange (HIX) Engine conversion in FY 2012. Requires Interim Finance approval since the amount deleted from the Payments to State Agencies category exceeds \$75,000. **RELATES TO ITEMS 22 and 40. Work Program #C22296**

Refer to motion for approval under Agenda Item C.

- 25. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2013** - Transfer of \$279,117 in General Fund Appropriation from FY 2013 to FY 2012 and deletion of \$2,512,061 in federal Title XIX funds to augment FY 2012 to ~~support the health industry's desire to improve electronic data exchange functionality and~~ modernize the procedure coding system and to ensure Nevada's compliance with a Centers of Medicare and Medicaid Services mandated date of January 1, 2012, for the conversion to the National Council for Prescription Drug Programs (NCPDP) Ver D.O. 5010 as part of ICD-10 migration. Requires Interim Finance approval pursuant to A.B. 580, Section 32 of the 2011 Legislative Session. **RELATES TO ITEM 23. REVISED OCTOBER 11, 2011. Work Program #C22311**

Chairwoman Smith announced Agenda Items C-23 and C-25 would be heard together at Senator Kieckhefer's request.

Senator Kieckhefer referred to the amendments to the Medicaid Management Information System (MMIS) contract and noted the Committee's information indicated there was an \$11 million increase to the contract, but the work program was for significantly less. He asked why it was necessary to spend \$11 million more than the original contract amount if the MMIS contract was executed to comply with federal regulations adopted in 2009.

Leah Lamborn, Chief of Accounting and Budget, Division of Health Care Financing and Policy, Department of Health and Human Services, replied that the technical investment request (TIR) was approved through the biennial budget process, with the Division knowing that conversion to the National Council for Prescription Drug Programs (NCPDP) Ver D.O. 5010 would need to be implemented as a federal mandate by January 1, 2012. The Division had issued a request for proposal (RFP) for the MMIS takeover, and the successful bidder was not known at the time. Since completion of the RFP process, the Division now knew which vendor would be completing the work.

Senator Kieckhefer asked whether he understood correctly that a scope of work was included in the RFP, the anticipated amount of the contract was projected, and the bids came in \$11 million higher.

Ms. Lamborn replied no, the NCPDP 5010 conversion was in addition to the current contract, which was for the MMIS takeover. She reiterated that the TIR had been submitted with the budget, knowing that the conversion would be an additional

deliverable. She said when the RFP was prepared, the vendors were asked to submit their bids for the 5010 project in addition to the takeover.

Senator Kieckhefer again noted the regulations for the project were approved by the federal government in 2009. He asked why the additional component was not included in the overall RFP for the MMIS takeover.

Ms. Lamborn replied she would defer the question to Peggy Martin, who more was more familiar with the contract.

Peggy Martin, Management Analyst, Division of Health Care Financing and Policy, Department of Health and Human Services, stated the Division was aware that the NCPDP 5010 was coming, and the initial bid from the original contractor was \$11 million. The RFP for the MMIS takeover indicated that vendors would have to implement 5010, but because they could not see the source code, they were not able to project the remediation costs for this deliverable. Ms. Martin said the Division moved forward with the MMIS takeover with the understanding that there would be a separate amendment for NCPDP 5010 requirements. The vendor had completed its analysis of the 5010 deliverable based on the scope of work and determined the cost would be \$11 million.

Senator Kieckhefer asked if was correct in saying that the RFP was issued with the understanding there would be an amendment for the additional \$11 million in work, but there was no line item in the RFP for the work. Ms. Martin replied he was correct.

Senator Kieckhefer asked Mr. Combs why the \$11 million amendment to the contract was not reflected in the work program.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, replied it appeared the \$11 million amendment was over the term of contract, which was nearly six years. The amount of the work program for any given fiscal year would only include a part of the total. He thought that because of federal rules, some of the work planned over the course of the biennium needed to be expedited, and the Division was transferring funds from the second year of the biennium to the first year of the biennium to complete the work by the federal government's deadline.

Chairwoman Smith asked for further questions from the Committee; there were none. She asked for public comment on Agenda Items C-23 and C-25. Seeing none, she called for a motion.

SENATOR KIECKHEFER MOVED FOR APPROVAL OF AGENDA
ITEMS C-23 AND C-25.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

26. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2012 - Addition of \$400,739 in Prevent Chronic Disease grant funds and one health program specialist position to encourage participants to use preventive services and adopt healthy behaviors that can potentially improve outcomes and reduce utilization of acute health care services and subsequent costs. Requires Interim Finance approval since the amount added to the Prevent Chronic Disease Grant category exceeds \$75,000 and includes a new position. **Work Program #C22417**

Betsy Aiello, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services (DHHS), explained the Division had submitted a competitive grant application for a Medicaid incentive for prevention of chronic disease. The Division worked with other DHHS units, specifically the Health Division, on the application, and Nevada was one of ten states to receive a \$3.5 million award over five years.

Ms. Aiello said there was a large body of practical experience regarding consumer incentives used in commercial healthcare, but there was not any information or statistical data on use of incentives for the Medicaid population. She said the grant would be used to measure the use of incentives with the Medicaid population to improve health outcomes and healthy behaviors, make the Medicaid population healthier, and therefore hopefully decrease the costs.

Ms. Aiello went on to explain the grant covered the use of evidence-based disease management programs for the Medicaid population. The incentive process was a points reward system, which gave points to Medicaid recipients involved in programs for achieving health outcomes. An actual health outcome had to be achieved to receive a reward, and if the outcome was maintained for six months, another reward would be granted.

Ms. Aiello explained the target populations included individuals with diabetes or pre-diabetes, obese or overweight adults at risk of diabetes, and overweight children at risk of heart disease and diabetes. The desired outcomes were to improve body mass index (BMI), reduce or control weight, lower cholesterol, and lower blood pressure. As incentives, the participants could redeem points for exercise equipment, healthy cookbooks, calorie count monitors, pedometers, running shoes, and other health-based rewards.

Ms. Aiello noted the University of Nevada, Reno would be conducting a study of the incentives and how they affected outcomes using a control group and a study group. The purpose was to determine whether incentives would help drive a healthier Medicaid population.

Senator Leslie congratulated the Division on the grant, and she asked whether the grant application was written in-house. Ms. Aiello replied the Division was very involved, and the Department's healthcare reform contractor assisted in the preparation.

Senator Leslie asked whether the program would be available to all Medicaid clients statewide. Ms. Aiello replied it would be available to members of the Medicaid population with the specific diseases. Because the program had to involve evidence-based disease management programs, the Division had to partner with other agencies with disease management programs to have a larger caseload. Three partners were located in Las Vegas: the Lied Clinic outpatient facility at the University Medical Center of Southern Nevada, the Southern Nevada Health District, and the YMCA of Southern Nevada. The Children's Heart Center Nevada was a statewide program, and the managed care areas, Health Plan of Nevada and AmeriGroup, were statewide.

Senator Leslie asked how the Medicaid beneficiaries would be informed about the program. Ms. Aiello replied the grant had an outreach component that would fund outreach efforts through the district health offices, the Health Division, and the managed care entities.

Senator Leslie noted a new position was included in the work program. She asked whether the position was 100 percent grant funded and would be eliminated once the grant funding was depleted. Ms. Aiello replied that was true; the entire program would be eliminated upon termination of the grant.

Assemblywoman Carlton asked what the copays were for Medicaid participants. Ms. Aiello responded that there were no copays for Medicaid services. She said there was an eligibility category called Katy Beckett in which the families paid a small amount for family responsibility, but it was not a copay for Medicaid services.

Assemblywoman Carlton asked whether there would be changes in the cost of medications for diabetes and blood pressure. Ms. Aiello replied the medical Medicaid services would not change; medications were covered under the pharmacy program.

Chairwoman Smith asked for further questions; there were none. She then asked for public comment; seeing none, she called for a motion.

SENATOR LESLIE MOVED FOR APPROVAL OF AGENDA
ITEM C-26.

ASSEMBLYMAN ATKINSON SECONDED THE MOTION.

Senator Kieckhefer remarked he respected the efforts that Ms. Aiello and her staff had put into the grant application, but he did not believe it was a positive direction for Medicaid. Medicaid was designed and implemented as a public assistance program, and it was now converting to what was perceived to be a health insurance program. He believed people should become more self sufficient and less dependent on government. Senator Kieckhefer said he understood the goal of the program was to try to stabilize the cost curve, but it was actually creating a wellness program similar to those offered by insurance companies. He could not support the program.

THE MOTION TO APPROVE AGENDA ITEM C-26 CARRIED.
(Senator Kieckhefer and Assemblymen Hickey and Kirner voted
no.) (Senators Parks and Schneider were not present for the vote.)

Chairwoman Smith recessed the meeting at 11:54 a.m.; she called the meeting back to order at 12:27 p.m.

27. Department of Health and Human Services - Health Division - Early Intervention Services - FY 2012 - Addition of \$267,084 in Transfer from IDEA Part C - ARRA grant funds to support contracted therapists while implementing the clinical based model for providing services. Requires Interim Finance approval since the amount added to the Medical Contracts/Payments category exceeds \$75,000. **Work Program #C22544**

Phil Weyrick, Administrative Services Officer, Health Division, Department of Health and Human Services, introduced Mary Liveratti, Deputy Director, Department of Health and Human Services, and Mary Wherry, Director of Clinical Services, Health Division, Department of Health and Human Services (DHHS).

Mr. Weyrick explained item 27 was a work program to establish revenue and expenditure authority for \$267,084 in federal Individuals with Disabilities Education Act (IDEA) Part C American Recovery and Reinvestment Act (ARRA) funding that was recently subgranted to the Health Division from the DHHS Aging and Disability Services Division for the Early Intervention Services (EIS) program. He said the funds were to be expended by November 30, 2011.

Assemblywoman Mastroluca asked for an update on the status of the clinical model; she wondered whether parents were receptive to the model.

Mary Wherry, Director of Clinical Services, Health Division, DHHS, replied that at the present time, the only parents being asked to participate in the clinic-based services were new parents, and the information she was receiving from the staff was that 75 percent of the parents were happy to bring their children into the clinic for their therapy services only. The parents continued to receive their specialized instruction and service coordination in their homes. Ms. Wherry said data was being collected concerning who was coming to the clinic and who was staying home and for what reason. If there were problems, the Division had to comply with the IDEA Part C regulations to resolve any dispute the parent may have with the Individualized Family Service Plan (IFSP) and the service delivery model.

Senator Kieckhefer asked whether the funds were targeted for expenditure for speech, occupational, and physical therapy because those were the remaining components continually difficult to fill in the EIS program.

Ms. Wherry replied that during the 2011 Legislative Session, the decision was made to move speech, occupational, and physical therapy into the clinic model, which was where the greatest shortages existed. She said there was a 20 to 25 percent no-show

rate in the home, and therapists were being paid to drive to the home and not have the family be there or answer the door. More children could be served in a clinic and on a more timely basis, which had been the program's biggest barrier.

If funds were being transferred from the Aging and Disability Services Division to the Health Division, Senator Kieckhefer wondered why the funds were targeted to this particular area within EIS.

Ms. Wherry explained the decision was made by the IDEA Part C staff to move the funds to the northwest and northeast regions, which had experienced the biggest challenges in implementing some of the budget adjustments required to absorb increased caseloads. She said the southern regions were doing well with waitlists and provision of services, while the waitlist in the north was for physical and occupational therapy services.

Senator Denis asked whether any funds would be directed to other organizations that provided services. Ms. Wherry replied they would not.

There being no further questions from Committee members, Chairwoman Smith asked for public comment; there was none.

ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL
OF AGENDA ITEM C-27.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Schneider was not present for
the vote.)

- 28. Department of Health and Human Services - Health Division - Immunization Program - FY 2012** - Addition of \$182,437 in federal ARRA Immunizations and Vaccines for Children grant funds to enhance the state's immunization registry to meet Centers for Disease Control and Prevention (CDC) standards. Requires Interim Finance approval since the amount added to the ARRA Immunization Registry category exceeds \$75,000. **Work Program #C22322**

Refer to motion for approval under Agenda Item C.

- 29. Department of Health and Human Services - Health Division - Immunization Program - FY 2012** - Addition of \$404,992 in federal Immunization Billing grant funds to implement billing changes to allow Carson City Health and Human Services to become an in-network provider with private health insurance plans. Once Carson City's plan is created, implemented, and tested, it can be used as a template for all Nevada health departments. Currently, all of Nevada's health departments treat patients who have private insurance, but the health departments have no means to recoup costs of treating these patients. Requires Interim Finance approval

since the amount added to the federal Immunization Billing Plan category exceeds \$75,000. **Work Program #C22444**

Phil Weyrick, Administrative Services Officer, Health Division, Department of Health and Human Services (DHHS), introduced Marla McDade Williams, Deputy Administrator, Health Division, DHHS. He explained the purpose of item 29 was to establish authority for a new grant from the Center for Disease Control (CDC) Affordable Care Act funds, which were similar to American Recovery and Reinvestment Act (ARRA) funds. The funds would be used to build a robust billing system for immunization third-party billing for both state and local health departments throughout the state.

Assemblywoman Mastroluca said she had requested testimony on the item because she was excited that the health departments would be able to collect insurance for immunizations. She asked whether the Division had a projection of the amount that could be recouped in the Carson City area.

Marla McDade Williams, Deputy Administrator, Health Division, Department of Health and Human Services, replied she did not have the projected amount with her, but she would provide the information to the Committee.

Assemblywoman Mastroluca asked what was planned for the program in the future and when expansion to other parts of the state might take place.

Ms. McDade Williams replied the grant was for two years. Carson City was the furthest along in development of its infrastructure and would be used as a model for the other health districts. She anticipated the model would be fully developed within the two-year period, at which point the other health districts could begin to develop their programs using the infrastructure developed by Carson City.

Assemblywoman Mastroluca asked how funding would be provided in the other health districts. Ms. McDade Williams replied she would provide the specifics of the program to the Committee. The intent was to allow the other health districts to develop their infrastructures based on the Carson City model, and then they could develop their own plans and budgets to support their programs. The ultimate goal was to offset some of the costs from the insurance payment revenue.

Assemblywoman Carlton said she was aware insurance payments for immunizations had been an issue for many years, but she did not want to put the parent in the middle of two bureaucracies: the insurance companies and the health districts. She requested more details concerning the program, particularly what would be required of the parents.

Ms. McDade Williams replied the Division would provide updates to the Committee concerning the status of the program.

Assemblyman Hambrick remarked he liked the concept of insurance companies paying for immunizations. If the insurance companies refused to cover the immunizations, he asked whether the parents or the counties would be required to pay the cost.

Ms. McDade Williams replied one of the problems had been when a healthcare practitioner would not bill a patient's insurance company for an immunization, the patient was referred to the health districts, and the health districts were the public health infrastructure designed to provide that service. She said the health districts currently did not bill insurance companies; they had already built a relationship with parents to either share or absorb the cost of the immunization. Additional barriers should not be imposed on parents, but insurance companies should be responsible for payment of benefits for which they received premiums.

Assemblywoman Mastroluca remarked that was an example of why the program was important. The health districts would now have the ability to bill the insurance companies when appropriate and available.

Senator Cegavske asked whether a copay was required based on income. Ms. McDade Williams replied she would review the grant, but the intention was not to add additional barriers to the parents, physicians, or health districts. Each health district had established its own procedures, and she was unaware of what those were. She would obtain further information from the districts.

Senator Cegavske asked whether each district could have different procedures. Ms. McDade Williams replied each district adopted its fees for services, and there was no standard across the state that each district had to charge a certain rate.

Chairwoman Smith asked for public comment; there was none, and she called for a motion.

ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL
OF AGENDA ITEM C-29.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Schneider was not present for
the vote.)

- 30. Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2012** - Addition of \$1,410,431 in federal ARRA Electronic Benefits Transfer (EBT) grant funds to support the implementation of the Electronic Benefits Transfer (EBT) system for Nevada retailers who accept WIC. Requires Interim Finance approval since the amount added to the EBT/Interoperability category exceeds \$75,000. **Work Program #C22043**

Refer to motion for approval under Agenda Item C.

- 31. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2012** - Addition of \$42,899 in federal Ryan White Supplemental grant funds to support life prolonging HIV/AIDS medications and other vital services to the

population of Nevada. All funds are budgeted to be passed through to the UMC-Wellness Center and will provide AIDS Drug Assistance Program (ADAP) services to individuals infected with HIV/AIDS in Southern Nevada. Requires Interim Finance approval since the amount added to the Ryan White Supplemental Grant category exceeds 10 percent of the legislatively approved amount for this category.
Work Program #C22465

Refer to motion for approval under Agenda Item C.

- 32. Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2012** - Addition of \$36,439 in federal Epidemiology and Lab Capacity (ELC) for Infectious Diseases grant funds to support the "One and Only" campaign to raise awareness of safe injection practices. Requires Interim Finance approval since the amount added to the Safe Injection Practices Campaign category exceeds 10 percent of the legislatively approved amount for this category.
Work Program #C22405

Refer to motion for approval under Agenda Item C.

- 33. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2012** - Addition of \$175,811 in federal Public Health Infrastructure grant funds to increase Nevada's capacity and ability to meet national public health standards, such as those of the National Public Health Performance Standards Program, Public Health Accreditation Board, and National Quality Forum. This infrastructure development serves as the foundation for planning, delivering, and evaluating public health programs at the Nevada State Health Division (NSHD) and local health departments. Requires Interim Finance approval since the amount added to the Public Health Infrastructure category exceeds \$75,000.
Work Program #C22201

Refer to motion for approval under Agenda Item C.

- 34. Department of Health and Human Services - Health Division - Biostatistics and Epidemiology - FY 2012** - Addition of \$761,867 in federal Epidemiology and Laboratory Capacity (ELC) Supplemental grant funds and one Health Facility Surveyor position to address five interrelated areas of concern in Nevada: Epidemiology Capacity, Laboratory Capacity, Health Information Systems Capacity, Healthcare Associated Infection Prevention Infrastructure, and Healthcare Associated Infection Prevention Collaboratives, which are fully consistent with and build upon the existing Epidemiology and Laboratory Capacity (ELC) program activities. Requires Interim Finance approval since the amount added to the ELC Supplemental category exceeds \$75,000 and this request includes a new position.
Work Program #C21906

Refer to motion for approval under Agenda Item C.

- 35. Department of Health and Human Services - Health Division - Chronic Disease - FY 2012** - Addition of \$375,914 in ARRA Wellness and Quitline grant funds and transfer of \$10,265 from the Administrative Cost Allocation category to the AARA Quitline category to support the Wellness Program (Component #1) to promote increased usage of healthy foods and increased physical activity to reduce obesity and its corresponding complications. The additional funds will also support the Nevada Tobacco Quitline program (Component #3) to help Nevadans quit tobacco usage. Requires Interim Finance approval since the amount added to the AARA Wellness category exceeds \$75,000. **Work Program #C22351**

Refer to motion for approval under Agenda Item C.

- 36. Department of Health and Human Services - Health Division - Chronic Disease - FY 2012** - Addition of \$67,574 in federal Tobacco Control grant funds to reduce tobacco use among adults, reduce the exposure to secondhand smoke, and reduce the incidence of teens starting to smoke. Requires Interim Finance approval since the amount added to the Tobacco Control Supplemental category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C22401**

Refer to motion for approval under Agenda Item C.

- 37. Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2012** - Addition of \$314,490 in federal Personal Responsibility Education Program grant funds to reduce teenage pregnancies and reduce sexually transmitted infections such as HIV/AIDS in the regions with the highest rates and the highest risk factors. Requires Interim Finance approval since the amount added to the Personal Responsibility Education Program category exceeds \$75,000. **Work Program #C21833**

Refer to motion for approval under Agenda Item C.

- 38. Department of Health and Human Services - Health Division - Community Health Services - FY 2012** - Transfer of \$55,623 from the Reserve category to the United Health Settlement category to provide vaccines for Community Health Nursing and Child IZ clients and for contraception for family planning clients. Requires Interim Finance approval since the amount transferred to the United Health Settlement category exceeds 10 percent of the legislatively approved amount for this category. **Work Program #C22192**

Refer to motion for approval under Agenda Item C.

- 39. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2012** - Transfer of \$79,318 in General Fund Appropriations from FY 2013 to FY 2012 and addition of \$713,861 in federal Title XIX funds to accelerate the development and implementation of the Health Care Eligibility Engine

and update programming language currently used in NOMADS. Requires Interim Finance approval pursuant to Section 32 of A.B. 580 from the 2011 Legislative Session. **RELATES TO ITEM 40. Work Program #C21238**

Refer to motion for approval under Agenda Item C.

- 40. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2013** - Transfer of \$79,318 in General Fund Appropriations from FY 2013 to FY 2012 and deletion of \$713,861 in federal Title XIX funds to accelerate the development and implementation of the Health Care Eligibility Engine and update programming language currently used in NOMADS. Requires Interim Finance approval pursuant to Section 32 of A.B. 580 from the 2011 Legislative Session. **RELATES TO ITEM 39. Work Program #C22284**

Refer to motion for approval under Agenda Item C.

- 41. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2012** - Addition of \$41,000 in United States Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) 50/50 program funds and a transfer of \$41,000 from the Operating Expenses category to the federal SNAP E&T category to continue to receive SNAP E&T funds and meet the 50 percent state match requirement necessary to meet federal performance requirements. Requires Interim Finance approval since the amount added to the federal SNAP E&T category exceeds \$75,000. **Work Program #C22393**

Refer to motion for approval under Agenda Item C.

- 42. Department of Health and Human Services - Welfare and Supportive Services - Child Support Enforcement Program - FY 2012** - Addition of \$525,020 in federal Child Support Enforcement program incentive funds to improve the efficiency of the Child Support Enforcement program and increase service delivery to Nevada families. Requires Interim Finance approval since the amount added to the federal Incentive Award category exceeds \$75,000. **Work Program #C21626**

Refer to motion for approval under Agenda Item C.

- 43. Department of Health and Human Services - Welfare and Supportive Services - Child Support Federal Reimbursement - FY 2012** - Addition of \$1,118,008 in federal Child Support Enforcement incentive funds to improve the effectiveness and efficiency of the Child Support Enforcement program. Requires Interim Finance approval since the amount added to the Incentives category exceeds \$75,000. **Work Program #C21627**

Refer to motion for approval under Agenda Item C.

- 44. Department of Health and Human Services - Welfare and Supportive Services - Child Assistance and Development - FY 2012** - Addition of \$142,920 in federal Child Care Development fund discretionary funds to balance forward remaining grant authority for the Nevada Child Care System enhancement project. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$75,000. **Work Program #C21609**

Refer to motion for approval under Agenda Item C.

- 45. Department of Health and Human Services - Mental Health and Developmental Services - Substance Abuse Prevention and Treatment Agency - FY 2012** - Addition of \$425,000 in federal Strategic Prevention Framework State Prevention Enhancement grant funds to improve data gathering to strengthen and extend the Strategic Prevention Framework by developing a Capacity Building/Infrastructure Enhancement and Comprehensive Strategic Prevention plan. The plan will include an integrated data dissemination system with a data warehouse. This will enhance braiding of data sources allowing partners to easily upload and query data for multiple uses. The data warehouse enhancements will build an effective evaluation system rooted in process and outcome data. Requires Interim Finance approval since the amount added to the federal Strategic Prevention Framework category exceeds \$75,000. **Work Program #C22409**

Refer to motion for approval under Agenda Item C.

- 46. Department of Health and Human Services - Mental Health and Developmental Services - Sierra Regional Center - FY 2012** - Addition of \$38,000 in State Employment Leadership Network (SELN) grant funding from the Office of Disability Services/Council on Developmental Disabilities to expand and improve integrated employment outcomes for adolescents and adults with developmental disabilities. Requires Interim Finance approval since the amount added to the Operating Expenses category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21660**

Refer to motion for approval under Agenda Item C.

- 47. Department of Health and Human Services - Mental Health and Developmental Services - Northern Nevada Adult Mental Health Services - FY 2012** - Transfer of \$1,013,696 from the Personnel Services category to the Professional Services category to fund contracted doctors to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C21679**

Refer to motion for approval under Agenda Item C.

48. **Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2012** - Addition of \$464,064 in federal Adoption Incentive funds to support finalizing adoptions of children from foster care, with additional incentives for adopting foster children with special needs and older child adoptions. Requires Interim Finance approval since the amount added to the Adoption Incentive Payments category exceeds \$75,000. **Work Program #C21721**

Refer to motion for approval under Agenda Item C.

49. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2012** - Transfer of \$1,002,021 from the Reserve category to the Client Services category to provide funding for existing incumbent worker contract obligations and for additional training related expenditures/supportive services. Requires Interim Finance approval since the amount added to the Client Services category exceeds \$75,000. **Work Program #C22494. WITHDRAWN.**

50. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2012** - Addition of \$778,076 in federal Wagner Peyser Administrative Cost Allowance - Employment Services 7B grant funds for identified projects that are in compliance with grant requirements to designate 10 percent of the grant award for services for groups with special needs. Requires Interim Finance approval since the amount added to the Employment Services 7B Reserve category exceeds \$75,000. **RELATES TO ITEM 55. Work Program #C22436. WITHDRAWN.**

51. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2012** - Addition of \$502,122 in federal Administrative Cost Allowance grant funds to continue several Unemployment Insurance (UI) initiatives consisting of Debit Card Education, Aggregate Workforce Analytic and Reporting Engine (AWARE), Social Security UI Cross Match, Customize Cross Matching Screens, and UI Information Technology Contingency Planning Security. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C22466**

Refer to motion for approval under Agenda Item C.

52. **Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2012** - Transfer of \$955,412 from the Reserve category to the Maintenance of Buildings and Grounds category to complete building maintenance projects funded but not completed in FY 2011. Requires Interim Finance approval since the amount added to the Maintenance of Buildings and Grounds category exceeds \$75,000. **Work Program #C21592**

Refer to motion for approval under Agenda Item C.

- 53. Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2012** - Addition of \$11,607,811 in federal Reed Act grant funds, \$940,473 in federal Administrative Cost Allowance grant funds, and \$485,230 in ARRA Unemployment Insurance (UI) Special Administrative grant funds to provide the authority necessary to cover anticipated expenditures for the continuation of Phase II of the department's UI Modernization Project. Requires Interim Finance approval since the amount added to the UI Modernization Phase II category exceeds \$75,000. **Work Program #C22442**

Refer to motion for approval under Agenda Item C.

- 54. Department of Corrections - Director's Office - FY 2012** - Transfer of \$24,027 from the Reserve category to the Extraordinary Maintenance category to fund contract services for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Extraordinary Maintenance category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C22363**

Refer to motion for approval under Agenda Item C.

- 55. Department of Corrections - Casa Grande Transitional Housing - FY 2012** - Addition of \$231,418 in Wagner Peyser 7B grant funds transferred from the Employment Security Division to administer the Purpose, Respect, Integrity, Determination, and Excellence (PRIDE) program providing pre and post release training and assistance. This request also transfers \$64,000 from the Operating category to the Reserve for Reversion category to offset rent that will be covered by grant funds. Requires Interim Finance approval since the amount added to the PRIDE program category exceeds \$75,000. **RELATES TO ITEM 50. Work Program #C22534**

Deborah Reed, Deputy Director of Support Services, Nevada Department of Corrections (NDOC), explained Agenda Item C-55 established funding of \$231,418 for the Purpose, Respect, Integrity, Determination, and Excellence (PRIDE) program. The funding was provided from the Employment Security Division's federal Wagner Peyser 7B grant funds. Ms. Reed said PRIDE provided basic job readiness, vocational training, and life training skills, and the targeted population included the hard to serve and/or the hard to employ.

Ms. Reed said NDOC had budgeted funds for the assessment of the program upon its completion. The University of Nevada, Las Vegas (UNLV) had been used in the past for assessments, and she anticipated NDOC would continue to use UNLV for that purpose.

Dennis Perea, Deputy Director, Department of Employment, Training, and Rehabilitation (DETR), explained that based on conversations with the U.S. Department of Labor, DETR needed to shift funding streams identified in the original work program from Wagner Peyser 7B grant funds to Career Enhancement Program (CEP) funds.

In 2008, audit findings revealed the state was not using the Wagner Peyser 7B grant funds the way they were supposed to be used on special populations. Mr. Perea said DETR had made adjustments, and the Department of Labor had reviewed the program again and indicated the 7B money was to be used for core and intensive services only, primarily wages, salaries, and infrastructure. Mr. Perea added that the Wagner Peyser 7B grant funds were somewhat inflexible, but they could now be used to cover expenses that were previously being paid from Career Enhancement Program funds, which were more flexible.

Senator Kieckhefer asked whether there were enough employment opportunities available for offenders as they reentered society from the correctional system.

Bradford Glover, Statewide Reentry Coordinator, Nevada Department of Corrections, testified from Las Vegas that the funds were for the purpose of providing job readiness through the Turning Point curriculum, which was an extension of the PRIDE program from fiscal year 2011. He said the goal was to serve up to 350 prelease inmates still under the custody of NDOC. In a given year, about 400 individuals went through Casa Grande's transitional center, which was lower security than the other prison facilities throughout the state. There was currently one Job Trainer/Developer position for the program.

Mr. Glover said the program at Casa Grande targeted individuals for employment. Approximately 180 individuals out of a total of 356 eligible to work were currently employed. He said the goal was to use the 7B funds to expand the employment number. Mr. Glover said NDOC had budgeted funds to hire two individuals through ManpowerGroup (Manpower), who would report to the current Job Trainer/Developer. He said several employers in the southern part of the state hired from the program to take advantage of the on-the-job training and tax credit initiatives available to employers who hired dislocated workers.

Senator Kieckhefer asked what the recidivism rate was for individuals who went through the program compared to those who did not. Mr. Glover replied currently the recidivism rate for all individuals reentering any correctional facility in Nevada was approximately 22.5 percent. A comparison with the rate for those who had participated in the prerelease program was not currently available.

Senator Kieckhefer asked how the Department determined the success of the program. Mr. Perea replied DETR obtained information through its Workforce Connections partners. When the program was established, it was in two components: the Department of Corrections conducted the prerelease program and Workforce Connections conducted post-release. Statistics were available, and he recalled the rate of recidivism for the program was lower than 22 percent; he would provide the information to the Committee.

Senator Parks asked what the average investment per inmate would be and the duration of the training.

Mr. Perea replied the cost was between \$11,000 and \$12,000 per participant in fiscal year 2011, which was the first year of the program and included significant start-up costs; the price per participant was expected to go down dramatically. He said during fiscal year 2011, 115 individuals were enrolled, of which 17 were reincarcerated. Of the 115 participants, 61 had found gainful employment at an average wage of \$9.01 per hour.

Chairwoman Smith asked Mr. Perea to provide an update on the Silver State Works program.

Mr. Perea reported that \$874,714 of the \$882,458 allocation had been encumbered, and as of the end of September 2011, 445 participants had been served statewide. He noted a marketing program had just begun to expand the program.

Chairwoman Smith asked whether DETR was still collaborating on the Silver State Works program even though the TANF (Temporary Assistance for Needy Families) funding was not provided.

Mr. Perea replied yes, and recent discussions had just been held to ensure that the full spectrum of employees would be involved.

In response to questions from Assemblywoman Carlton, Mr. Perea further explained that employers were subsidized for any training needed during the initial phase of employment, and the participants who were actually at the workplace received a small stipend to cover costs such as daycare. Performance measures were tracked on a quarterly basis.

Chairwoman Smith asked for public comment; seeing none, she called for a motion.

SENATOR PARKS MOVED FOR APPROVAL OF AGENDA
ITEM C-55.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 56. Department of Motor Vehicles - Field Services - FY 2012** - Addition of \$443,728 in federal American Association of Motor Vehicle Administrators (AAMVA) Commercial Drivers License (CDL) Model Testing grant funds to accept an increase in the award. This request also transfers \$3,260 from the Personnel Services category to the AAMVA CDL Testing Model category to realign authority. Requires Interim Finance approval since the amount added to the AAMVA CDL Testing Model category exceeds \$75,000. **Work Program #C22420**

Refer to motion for approval under Agenda Item C.

- 57. Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$306,975 in federal Pre-Disaster Mitigation funds to support the City of Reno's Dant Wash drainage improvement project. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **Work Program #C21802**

Refer to motion for approval under Agenda Item C.

- 58. Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$582,586 in Interoperable Emergency Communications, \$3,357 in Homeland Security Grant Program (HSGP) - Law Enforcement Terrorism Prevention Program (LETPP), \$39,000 in Urban Area Security Initiative (UASI) Nonprofit Security grant, \$299,868 in Emergency Operations grant, \$1,845,366 in Public Safety Interoperable Communications grant (PSIC), \$38,710 in Transit Security grant program supplemental, and \$13,644 in Reimbursement - Emergency Management Assistance Compact (EMAC) Hurricane grant funds to align federal funding in FY 2012 and reimburse the subrecipients for approved grant expenditures. Requires Interim Finance approval since the amount added to the PSIC Grant category exceeds \$75,000. **Work Program #C22441**

Refer to motion for approval under Agenda Item C.

- 59. Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$794,202 in Homeland Security Grant Program (HSGP) - Urban Area Initiative, \$5,247 in HSGP - Citizen Corps, \$16,747 in HSGP - Major Medical Response, \$1,304,904 in Federal Emergency Management Agency (FEMA) 1738 Fernley Flood, \$217,971 in Department of Energy (DOE) Emergency Preparedness Working Group (EPWG) grant, \$602,665 in Federal Predisaster Mitigation, \$1,355,832 in Buffer Zone Protection Plan - Infrastructure Protection Program (IPP), and \$401,918 in Hazard Mitigation Grant Program 2007 to align federal funding in FY 2012 and continue reimbursing subrecipients for grant expenditures. Requires Interim Finance approval since the amount added to the Buffer Zone IPP category exceeds \$75,000. **Work Program #C22459**

Refer to motion for approval under Agenda Item C.

- 60. Department of Public Safety - State Emergency Response Commission - FY 2012** - Transfer of \$113,203 from the Reserve category to the State Emergency Response Commission (SERC) Grants category to support the hazardous materials planning, training, and equipment purchase activities of Local Emergency Planning Committees and state agencies. Requires Interim Finance approval since the amount transferred to the SERC Grant category exceeds \$75,000. **Work Program #C21959**

Refer to motion for approval under Agenda Item C.

- 61. Department of Public Safety - State Emergency Response Commission - FY 2012** - Addition of \$65,468 in federal United States Department of Transportation (USDOT) grant and transfer of \$16,367 from the Reserve category to the USDOT/Hazardous Materials Emergency Preparedness (HMEP) Grant category to align federal authority and meet the match requirements to assist emergency planner and responder personnel throughout the state in training and planning for hazardous materials emergencies. Requires Interim Finance approval since the amount added to the USDOT/HMEP Grant category exceeds \$75,000. **Work Program #C21981**

Refer to motion for approval under Agenda Item C.

- 62. Department of Public Safety - Highway Safety Plan and Administration - FY 2012** - Addition of \$86,437 in Transfer from Traffic Safety and transfer of \$51,815 from the Occupant Protection category to the Traffic Safety category and \$24,449 from the Information Services category to the Community Services category to implement the FFY 2012 grants as approved in the Highway Safety Plan to support programs aimed at improving the Office of Traffic Safety highway safety programs. Requires Interim Finance approval since the amount added to the Community Services category exceeds \$75,000. **Work Program #C22268**

Refer to motion for approval under Agenda Item C.

- 63. Department of Public Safety - Highway Safety Plan and Administration - FY 2012** - Addition of \$312,407 in Transfer from Traffic Safety Nevada Department of Transportation (NDOT) flex funds to provide funding for paid media campaigns to include Click It or Ticket, Driving Under the Influence (DUI), Pedestrian, Motorcycle Safety Awareness, and Distracted Driving. Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$75,000. **Work Program #C22274**

Refer to motion for approval under Agenda Item C.

- 64. Department of Public Safety - Highway Safety Plan and Administration - FY 2012** - Addition of \$93,232 in Transfer from Traffic Safety funds and \$412,030 in Transfer from Traffic Safety - Nevada Department of Transportation (NDOT) flex funds to align federal authority in FY 2012 to continue highway safety programs. Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$75,000. **Work Program #C21997**

Refer to motion for approval under Agenda Item C.

- 65. Department of Public Safety - Traffic Safety - FY 2012** - Addition of \$1,675,078 in federal 410 Incentive grant, \$115,510 in federal 2010 Incentive grant, \$580,688 in federal 408 Incentive grant, \$14,631 in federal 406 grant, \$31,883 in Transfer from Transportation and deletion of \$426,631 in federal Traffic Safety grant and \$74,349 in federal 405 Incentive grant to align remaining grant funding in FY 2012 to continue

highway safety programs. Requires Interim Finance approval since the amount added to the 410 Incentive Grant Funds category exceeds \$75,000. **Work Program #C21996**

Refer to motion for approval under Agenda Item C.

- 66. Department of Public Safety - Traffic Safety - FY 2012** - Addition of \$195,000 in Transfer from Transportation to accept a grant award from the Nevada Department of Transportation (NDOT) originating from the federal Highway Administration to fund the Supporting Teens and Roadway Safety (STARS) project, a Pedestrian Safety project, and Joining Forces program for high visibility enforcement at recognized high incident/high speed locations. Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$75,000. **Work Program #C22273**

Refer to motion for approval under Agenda Item C.

- 67. Department of Public Safety - Justice Assistance Act - FY 2012** - Addition of \$252,284 in Residential Substance Abuse Treatment (RSAT) grant funds to accept the FFY 2011 award to support the Department of Corrections program designed to rehabilitate offenders making their reentry back into society. Requires Interim Finance approval since the amount added to the RSAT Aftercare Federal Portion category exceeds \$75,000. **Work Program #C22384**

Refer to motion for approval under Agenda Item C.

- 68. Department of Public Safety - Justice Assistance Act - FY 2012** - Addition of \$166,108 in Forensic Science Improvement (FSI) grant funds to support the forensic capabilities at the two Nevada crime laboratories operated by the Las Vegas Metro Police Department and the Washoe County Sheriff's Office. Requires Interim Finance approval since the amount added to the Forensic Science Improvement category exceeds \$75,000. **Work Program #C22390**

Refer to motion for approval under Agenda Item C.

- 69. Department of Public Safety - Justice Assistance Act - FY 2012** - Addition of \$96,013 in Project Safe Neighborhood federal funding to support improving communities throughout the state by implementing prevention and criminal justice programs. Requires Interim Finance approval since the amount added to the Project Safe Neighborhoods category exceeds \$75,000. **Work Program #C22407**

Refer to motion for approval under Agenda Item C.

- 70. Department of Public Safety - Justice Assistance Act - FY 2012** - Addition of \$109,507 in Congressionally Selected Justice Assistance Grant (JAG) Reid Appropriation, \$372,923 in ARRA Rural Law Enforcement Grant NDEX, \$140,370 in Residential Substance Abuse Treatment (RSAT) grant, \$56,037 in Community

Oriented Policing Services (COPS) Child Sexual Predator program, \$8,034 in Forensic Science Improvement (FSI) grant, \$57,779 in National Criminal History Improvement Program (NCHIP) grant, \$102,001 in National Instant Criminal System (NICS) background check, \$567,331 in Reimbursement; deletion of \$145 in COPS grant, \$40,000 in Sex Offender Monitoring, Apprehending, Registering, and Tracking (SMART) grant, \$26,485 in Project Safe Neighborhood, \$8,015 in Bulletproof Vest grant, and \$21,556 in Justice Assistance Grant (JAG) Parole and Probation Technological Advancement grant to align federal grant authority in FY 2012 and to continue grant program execution. Requires Interim Finance approval since the amount added to the 1122 Program category exceeds \$75,000. **Work Program #C21975**

Refer to motion for approval under Agenda Item C.

- 71. Department of Public Safety - Justice Assistance Grant Trust - FY 2012 -** Addition of \$209,706 in Justice Assistance Grant (JAG) to accept the FFY 2011 JAG award to support law enforcement, corrections, and prevention programs throughout the state. Requires Interim Finance approval since the amount added to the Justice Assistance Grant category exceeds \$75,000. **Work Program #C22376**

Refer to motion for approval under Agenda Item C.

- 72. Department of Public Safety - Justice Assistance Grant Trust - FY 2012 -** Deletion of \$257,905 in ARRA Justice Assistance Grant (JAG) and \$1,000,000 in Justice Assistance Grant and transfer of \$1,193,364 from the Reserve for Federal Funds category to the ARRA JAG category, \$1,664,091 from the Reserve for Federal Funds category to the JAG category, and \$133,420 from the Department of Public Safety Records Management System category to the JAG category to align FY 2012 federal funding to allow reimbursements to subrecipients. Requires Interim Finance approval since the amount added to the Justice Assistance Grant category exceeds \$75,000. **Work Program #C22483**

Refer to motion for approval under Agenda Item C.

- 73. Department of Public Safety - Office of Homeland Security - FY 2012 -** Addition of \$13,372 in Transfer from Department of Emergency Management Citizen Corp program to continue the mission to bring community and governmental leaders together to coordinate the involvement of community members in emergency preparedness, planning, mitigation, response, and recovery. Requires Interim Finance approval since the amount added to the Citizen Corps category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C22505**

Refer to motion for approval under Agenda Item C.

- 74. Department of Conservation and Natural Resources - Forestry - FY 2012 -**
Addition of \$129,110 in U.S. Fish and Wildlife Service (USFWS) grant funds to contract with the Nevada Natural Heritage program to initiate a climate vulnerability modeling project for Great Basin endemic plants. Requires Interim Finance approval since the amount added to the USFWS Vulnerability Models category exceeds \$75,000. **Work Program #C21195**

Refer to motion for approval under Agenda Item C.

- 75. Department of Conservation and Natural Resources - Forestry - FY 2012 -**
Transfer of \$12,000 from the Reserve category to the Terrasante Land Rehabilitation category for the rehabilitation of vacated land. Requires Interim Finance approval since the cumulative amount transferred to the Terrasante Land Rehabilitation category exceeds 10 percent of the legislatively approved level for this category. **Work Program #C22415**

Refer to motion for approval under Agenda Item C.

- 76. Department of Conservation and Natural Resources - Forestry - FY 2012 -**
Addition of \$706,779 in 2009 United States Forest Service ARRA Stimulus grant funds to continue urban forest management and wildland fire threat reduction projects. Requires Interim Finance approval since the amount added to the 2009 United States Forest Service ARRA Stimulus category exceeds \$75,000. **Work Program #C22433**

Refer to motion for approval under Agenda Item C.

- 77. Department of Conservation and Natural Resources - Forestry - FY 2012 -**
Addition of \$14,749 in United States Forest Service (USFS) Consolidated Payment Grant (CPG) 2007 funds; \$46,715 in USFS CPG 2008 funds; \$245,199 in USFS CPG 2009 funds; \$673,797 in USFS CPG 2010 funds; and \$83,000 in USFS CPG 2011 funds to maintain and improve fire protection efficiency and effectiveness on nonfederal and private lands. Requires Interim Finance approval since the amount added to the 2009 Consolidated Payment Grant category exceeds \$75,000. **Work Program #C22440**

Refer to motion for approval under Agenda Item C.

- 78. Department of Conservation and Natural Resources - Forestry - FY 2012 -**
Addition of \$2,523,559 in United States Forest Service (USFS) Emergency Supplemental Hazardous Fuels Reduction (HFR) funds and \$336,405 in USFS HFR grant funds to continue forest health and hazardous fuel reduction projects. Requires Interim Finance approval since the amount added to the Fuels Reduction Grant category exceeds \$75,000. **Work Program #C22492**

Refer to motion for approval under Agenda Item C.

- 79. Department of Conservation and Natural Resources - Forestry - Intergovernmental Agreements - FY 2012** - Addition of \$79,771 in Elko County Receipts; \$1,224 in Storey County Receipts; and \$14,188 in Eureka County Receipts; deletion of \$60,608 in Clark County Receipts and \$5,472 in Carson City Receipts; transfer of \$7,106 from the Information Services category to the Elko County category, \$689 from the Information Services category to the Storey County category, \$2,168 from the Information Services category to the Clark County category and \$2,869 from the Information Services category to the Carson City category; and transfer of \$37,754 from the Reserve category to the Personnel Services category; \$40,093 from the Reserve category to the Elko County category; \$122,495 from the Reserve category to the Storey County category; \$160,689 from the Reserve category to the Clark County category; \$9,993 from the Reserve category to the Eureka County category; and \$151,330 from the Reserve category to the Carson City category to align the legislatively approved budget to the final budget amounts approved by the County Commissioners for FY 2012 and to return excess funds balanced forward from FY 2011. Requires Interim Finance approval since the amount added to the Elko County category exceeds **\$75,000**. **Work Program #C22453**

Refer to motion for approval under Agenda Item C.

- 80. Department of Conservation and Natural Resources - Environmental Protection - State Revolving Fund Administration - FY 2012** - Addition of \$277,235 in federal Environmental Protection Agency (EPA) State Revolving Loan Fund (SRLF) Administration grant funds for the continuation of the preparation of the state's vulnerability assessment and waiver programs conducted through the Nevada Bureau of Safe Drinking Water. Requires Interim Finance approval since the amount added to the Drinking Water State Revolving Fund 10 percent Set Aside category exceeds \$75,000. **Work Program #C22516**

Refer to motion for approval under Agenda Item C.

- 81. Department of Conservation and Natural Resources - Environmental Protection - Safe Drinking Water Regulatory Program - FY 2012** - Addition of \$205,640 in funds transferred from Nevada Environmental Protection Administration to improve the electronic transmittal of laboratory data related to water quality compliance and to pay for the temporary services of a Professional Engineer to assist with statewide engineering planning services and drinking water infrastructure design review. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C22399**

Refer to motion for approval under Agenda Item C.

- 82. Commission on Mineral Resources - FY 2012** - Transfer of \$123,389 from the Reserve category to the Special Projects category and \$200,000 from the Reserve category to the Abandoned Mine Lands (AML) Enhancement category to support the

recruitment and retention program at the University of Nevada, Reno, a project proposed by Nevada Bureau of Mines and Geology for sample curation, the abandoned mine exhibit at the 4th Ward School in Virginia City, securing of additional abandoned mines, and to adjust authority to cover the \$2 per mining claim fee paid to the MacKay School. Requires Interim Finance approval since the amount added to the AML Enhancement category exceeds \$75,000.

Work Program #C21758

Alan Coyner, Administrator, Nevada Division of Minerals, also representing the Commission on Mineral Resources, introduced Linda Wells, Program Officer for the Division. Mr. Coyner explained the Division of Minerals was under the seven-member Commission on Mineral Resources; the members were appointed by the Governor to four-year terms. The Division dealt with abandoned mines, minerals education, and oil, gas, and geothermal well permitting and administered the State Reclamation bond pool. The Division's current budget was approximately \$2 million, with a \$1.4 million reserve.

Mr. Coyner noted the Special Projects category was used for one-shot expenditures, and since 2007, about \$2.8 million had been expended for one-shots. The work program requested a transfer of reserve funds to the Abandoned Mine Land Enhancement category and to Special Projects for four items, which had been heard and approved by the Commission in an open meeting:

- \$60,000 – Recruitment and retention program at the Mackay School of Mines, University of Nevada, Reno. The Commission had supported the program at \$100,000 for the past four years and would continue to support it at \$100,000 in fiscal year (FY) 2012 with the funding already budgeted for the program. The money would primarily be used to fund one position, but two positions would be funded at 0.5 FTE in FY 2013: one in recruitment and one in retention.
- \$50,000 – Nevada Bureau of Mines and Geology. The Bureau's budget had been severely cut at the University of Nevada, Reno, and the Bureau was moved into the Department of Geology and Geological Engineering with a 50 percent budget reduction. Because the Division required the Bureau to curate all samples taken from oil, gas, and geothermal drilling in the state, the Commission approved \$50,000 to partially fund the position in the Bureau. The Fiscal Division questioned the fact that there was currently \$5,000 in the budget for the Bureau, and consequently the request had been reduced to \$45,000.
- \$ 5,425 – Fourth Ward School in Virginia City for an abandoned mine exhibit. The Division had been very actively engaged with the Fourth Ward School because of the potential for abandoned mine fatalities in the area. The Commission had funded other projects in the area, and it was felt this project was also worthy of funding.
- \$ 7,964 – University of Nevada, Reno (UNR) Mackay School of Mines – True-up of \$2 per mining claim fee. When the Division of Minerals was moved from the Department of Business and Industry in the 1999 Legislative Session, the

Legislature granted the Commission the ability to raise the mining claim fee, which made up 80 percent of the Division's revenue collections. A statutory cap of \$10.00 was placed on the fee. The fee, called a Notice of Intent to Hold a Mining Claim, was collected by November 1 of each year and for many years ranged from \$4.50 to \$6.50. When the mining engineering program at UNR was severely cut three years ago, the Commission negotiated a \$2.00 fee increase with the industry, which became a dedicated portion of revenue for transfer to the Mackay School of Mines.

The Division of Minerals budgeted the transfer based on anticipated mining claim fee revenues and then adjusted the transfer after the end of the fiscal year to reflect the actual mining claims filed. The \$7,964 increase reflected higher-than-anticipated claim filings in fiscal year 2011. [Note: The amount was revised to \$8,178 by Fiscal staff.]

- \$200,000 – Transfer from reserve into Abandoned Mine Land (AML) Enhancement category. At its last meeting, the Commission directed that the Division prudently use money in reserve to expand the AML program.

In summary, Mr. Coyner said the net effect of the request for \$123,389 in Special Projects and \$200,000 for the expansion of the Abandoned Mine Land program was a total of \$323,389, but adjustments recommended by Fiscal staff had reduced the total to \$318,603.

Chairwoman Smith stated the Committee was concerned that increased expenses and funding for the Mackay School of Mines position in retention and recruitment were not addressed during the 2011 Legislative Session.

Mr. Coyner replied he appreciated the Committee's position. The number of mining claims was not known at that time, and it was a controversial issue. The Commission did not approve the expenditure for the recruitment and retention position until the end of April, which was near the end of the Legislative Session, but the amount was reduced from \$100,000 to \$40,000.

Mr. Coyner noted that mining claims were currently very strong. The \$1,600 to \$1,800 gold price had offset other factors, and the mining industry continued to be robust, which was good for Nevada, particularly in Elko and Winnemucca.

Chairwoman Smith asked whether the change in fees for the smaller exploration companies had made a difference in activity. Mr. Coyner replied he believed it did; it indicated a willingness by the Legislature to understand that segment of the industry, which was normally not heard from. He was interested to see the interplay with the mining claim fee and the decision by the District Court to overturn it on a Constitutional basis. He noted again that 80 percent of the Division's revenue came from mining claim fees.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated Fiscal staff agreed with the revised amounts indicated by Mr. Coyner. He noted an adjustment would also be needed to the reserve category in the same amount.

There being no further questions from the Committee, Chairwoman Smith asked for public comment. Seeing none, she called for a motion.

ASSEMBLYMAN GRADY MOVED FOR APPROVAL OF AGENDA
ITEM C-82 AS REVISED.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Schneider was not present for
the vote.)

- 83. Department of Wildlife - Wildlife Fund - FY 2012** - Transfer of ~~\$280,969~~ **\$280,457** from the Restricted Revenue category to the Transfer to Habitat category to support the habitat projects under the Wildlife Mining Rehabilitation program. Requires Interim Finance approval since the amount added to the Habitat category exceeds \$75,000. **RELATES TO ITEM 98. REVISED OCTOBER 10, 2011. Work Program #C21922**

Refer to motion for approval under Agenda Item C.

- 84. Department of Wildlife - Wildlife Fund - FY 2012** - Transfer of \$70,282 from the Restricted Reserve category to the Transfer to Habitat category to support the state FY 2011 Duck Stamp projects as approved by the Nevada Board of Wildlife. Requires Interim Finance approval since the cumulative amount added to the Transfer to Habitat category exceeds \$75,000. **RELATES TO ITEM 99. Work Program #C21945**

Refer to motion for approval under Agenda Item C.

- 85. Department of Wildlife - Wildlife Fund - FY 2012** - Transfer of \$376,999 from the Restricted Revenue category to the Transfer to Habitat category to fund the FY 2012 Upland Game Stamp projects approved by the Nevada Board of Wildlife Commission. Requires Interim Finance approval since the amount added to the Transfer to Habitat category exceeds \$75,000. **RELATES TO ITEM 100. Work Program #C22000**

Refer to motion for approval under Agenda Item C.

- 86. Department of Wildlife - Wildlife Fund - FY 2012** - Transfer of \$154,925 from the Reserve category to the Transfer to Game Management category to support the state match for a new mule deer management and research project.

Requires Interim Finance approval since the amount added to the Transfer to Game Management category exceeds \$75,000. **RELATES TO ITEM 94. Work Program #C22461**

Refer to motion for approval under Agenda Item C.

- 87. Department of Wildlife - Wildlife Fund - FY 2012** - Transfer of \$40,000 from the Restricted Reserve category to the Transfer to Habitat category to support the conservation of sage grouse by improving habitat, securing or protecting existing habitat, and restoring habitat. Requires Interim Finance approval since the amount added to the Transfer to Habitat category exceeds \$30,000. **RELATES TO ITEM 101. Work Program #C22468**

Refer to motion for approval under Agenda Item C.

- 88. Department of Wildlife - Wildlife Fund - FY 2012** - Transfer of \$845,422 from the Reserve category to the Transfer to Habitat category to fund habitat restoration projects designed to protect, enhance, or rehabilitate wildlife habitat. Requires Interim Finance approval since the amount transferred to the Transfer to Habitat category exceeds \$75,000. **RELATES TO ITEM 104. Work Program #C22503**

Refer to motion for approval under Agenda Item C.

- 89. Department of Wildlife - Operations - FY 2012** - Addition of \$260,065 in federal Wildlife Restoration W48 funds, \$20,469 in federal Wildlife Restoration W64 funds, \$74,729 in federal Wildlife Restoration FW4D funds, \$65,462 in federal Sport Fish F-32 funds, \$51,236 in federal Boating Access Funds, \$200,108 in federal Coast Guard grant funds, \$299,163 in Cost Allocation-Utility funds, \$22,089 in Cost Allocation-Information Technology funds, \$95,467 in Transfer of Boating Revenue, and \$441,303 in Transfer of Application Fees; deletion of \$274,179 in U.S. Coast Guard Boat Aid, \$6,945 in federal Statewide Wildlife Grants, \$301,484 in federal Pittman Robertson Aid, \$97,129 in federal Dingell Johnson Aid, \$33,017 in federal Landowner Incentives, \$308,845 in Cost Allocation-Indirect Costs funds, \$48,398 in Transfer from Wildlife Funds, \$216,866 in Transfer of Unrestricted Revenue; and transfer of \$44,083 from the Operating Category to the Cost Allocations category and \$125,594 from the Administrative Services category to the Administration category to increase transparency and align funding of programs. Requires Interim Finance approval since the amount added to the Cost Allocations category exceeds \$75,000. **Work Program #C21389**

Refer to motion for approval under Agenda Item C.

- 90. Department of Wildlife - Conservation Education - FY 2012** - Addition of \$595,569 in federal Wildlife Hunter Education Restoration funds, \$80,000 in federal Wildlife Shooting Facility Maintenance Restoration funds, \$357,850 in Sport Fish funds, and \$401,029 in Transfer from Unrestricted Revenue funds; deletion of

\$694,474 in federal Hunter Safety Aid, \$366,242 in federal Dingell Johnson Aid, \$43,533 in Indirect Cost Reimbursements, and \$354,945 in Transfer from Wildlife Funds; and transfer of \$40,928 from the Public Affairs category to the Administration category and \$19,157 from the Public Affairs category to the Volunteer Program category to increase transparency and align funding of programs. Requires Interim Finance approval since the added to the Administration category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21390**

Refer to motion for approval under Agenda Item C.

- 91. Department of Wildlife - Law Enforcement - FY 2012** - Addition of \$39,242 in federal Sport Fish Boat Access from the United States Fish and Wildlife Service Sport Fish Restoration Clean Vessel Act to support updating and repairing existing marine pump-out and potty stations at Lake Mead. Requires Interim Finance approval since the amount added to the Boating Access Improvement category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C22402**

Refer to motion for approval under Agenda Item C.

- 92. Department of Wildlife - Law Enforcement - FY 2012** - Addition of \$103,346 in federal Sport Fish Boat Access from the United States Fish and Wildlife Service Sport Fish Restoration Clean Vessel Act to allow Callville Bay Marina located at Lake Mead National Recreation Area to complete a clean vessel project by purchasing a marine sewage pump-out boat. Requires Interim Finance Committee approval since the amount added to the Boating Access Improvement category exceeds \$75,000. **Work Program #C22464**

Refer to motion for approval under Agenda Item C.

- 93. Department of Wildlife - Law Enforcement - FY 2012** - Addition of \$123,860 in Boat Fuel Taxes, \$378,664 in federal Boat Access funds, \$933,764 in federal Coast Guard grant funds, \$46,410 in federal BLM Contract for Dispatch Services, \$127,308 in Transfer from Unrestricted Wildlife funds, \$23,955 in Transfer from Wildlife Guide Fees, and \$28,200 in Transfer from Wildlife Operation Game Thief funds; deletion of \$867,257 in federal Boat Aid, \$46,410 in federal BLM Contract Dispatch Services, \$463,461 in federal Dingell Johnson Aid, \$7,879 in Boating State and federal Partnership Program funds, \$1,444 in Transfer from Wildlife Boating funds, and \$528,451 in Transfer Boating Revenue; and transfer of \$56,300 from the Boating Enforcement category to the Boating Safety Enforcement category and \$3,577 from the Law Enforcement Boat Safety for Clark County category to the Transfers to other Agencies category to increase transparency and realign funding of programs. Requires Interim Finance approval since the cumulative amount added to the Boating Enforcement category exceeds \$75,000. **Work Program #C21391**

Refer to motion for approval under Agenda Item C.

- 94. Department of Wildlife - Game Management - FY 2012** - Addition of \$464,775 in federal Wild Restoration W70 and \$154,925 in Transfer from Unrestricted Revenue to support the Game Management Division's new mule deer management and research project. Requires Interim Finance approval since the amount added to the Mule Deer Research category exceeds \$75,000. **RELATES TO ITEM 86. Work Program #C22445**

Refer to motion for approval under Agenda Item C.

- 95. Department of Wildlife - Game Management - FY 2012** - Addition of \$1,831,719 in federal Wildlife Restoration W48 funds, \$253,608 in federal Wildlife Restoration W64 funds, \$75,000 in federal Wildlife Restoration W68 funds, \$229,468 in Small Grants, and \$2,111 in Transfer of Elk Damage fees; deletion of \$117,761 in federal U.S. Fish and Wildlife Services/Bureau of Land Management/U.S. Department of Agriculture grant funds, \$60,883 in U.S. Department of Agriculture Chronic Wasting Disease funds, \$67,875 in federal Southern Nevada Public Land Management Act grant funds, \$2,220,574 in federal Pittman Robertson Aid, \$875 in Transfer from Wildlife Funds, \$99,962 in Transfer of Unrestricted Revenue, \$37,555 in Transfer of Predation Fees, and \$6,442 in Transfer of Upland Game fees; and transfer of \$1 from the Elk Damage Program category to the Elk Damage category to increase transparency and realign funding of programs. Requires Interim Finance approval since the amount deducted from the Cost Allocations category exceeds \$75,000. **Work Program #C21393**

Refer to motion for approval under Agenda Item C.

- 96. Department of Wildlife - Fisheries Management - FY 2012** - Addition of \$1,563,305 in federal Sport Fish F-20 funds, \$1,609,913 in federal Sport Fish F-32 funds, \$700,000 in federal Sport Fish F-38 funds, \$287,238 in federal Endangered Species Section 6 funds, \$105,797 in federal Statewide Wildlife Grant T2P2 funds, \$347,363 in federal Small Grants, and \$1,544 in Transfer of Trout Stamp fees; and deletion of \$42,560 in federal U.S. Fish and Wildlife Services/Bureau of Land Management/US Department of Agriculture grants, \$163,512 in federal U.S. Department of the Interior Pupfish funds, \$296,978 in Cooperative Endangered Species Section 6 funds, \$12,961 in federal grant - National Park Service funds, \$68,330 in federal Bureau of Reclamation Funds, \$61,183 in federal Southern Nevada Public Land Management grant funds, \$139,316 in federal Statewide Wildlife grants, \$1,423,676 in federal Dingell Johnson Aid, \$1,676,174 in Sport Fish Production/Distribution funds, \$700,000 in Sport Fish Hatchery Refurbishment funds, \$1,289 in Transfer from Wildlife Funds, and \$222,807 in Transfer from Unrestricted Revenues to increase transparency and realign funding of programs. Requires Interim Finance approval since the amount deducted from the Cost Allocations category exceeds \$75,000. **Work Program #C21394**

Refer to motion for approval under Agenda Item C.

- 97. Department of Wildlife - Diversity - FY 2012** - Addition of \$54,160 in federal Endangered Species Section 6 funds, \$121,326 in federal Landowner Incentive grant funds, \$147,543 in federal Statewide Wildlife Grant FW3T funds, \$14,573 in federal Statewide Grant U8 funds, \$467,892 in federal Statewide Grant T-1-1 funds, \$72,333 in federal Statewide Wildlife Grant T3P1P funds, and \$229,408 in federal Statewide Wildlife Grant FW24 funds; deletion of \$57,385 in Section 6 Endangered Species Act funds, \$1,087,411 in Statewide Wildlife Grant planning and implementation funds, \$54,565 in Landowner Incentive Program funds, \$160,802 in Transfer from Conservation for Tahoe Environmental Impact Program funds, \$15,556 in Transfer from Unrestricted Revenues, \$236,779 in Transfer of Habitat Conservation Fees; transfer of \$1,085 from the Tahoe Environmental Impact Program category to the Cost Allocation category to increase transparency and realign funding of programs. Requires Interim Finance approval since the amount deleted from the Statewide Wildlife Grant Plan Implementation category exceeds \$75,000. **Work Program #C21395**

Refer to motion for approval under Agenda Item C.

- 98. Department of Wildlife - Habitat - FY 2012** - Addition of ~~\$280,969~~ **\$280,457** in Transfer from Mining Assessment funds to support projects designed to protect, enhance or rehabilitate wildlife habitat and their associated wildlife values. Requires Interim Finance approval since the amount added to the Wildlife Mining Rehabilitation category exceeds \$75,000. **RELATES TO ITEM 83. REVISED OCTOBER 10, 2011. Work Program #C21920**

Refer to motion for approval under Agenda Item C.

- 99. Department of Wildlife - Habitat - FY 2012** - Addition of \$70,282 in Transfer from Duck Stamps to support waterfowl management, improve wetland habitats, facilitate management of the Department's Wildlife Management areas, and provide for safe visitor access to these Wildlife Management areas. Requires Interim Finance approval since the amount added to the Duck Stamps Project category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 84. Work Program #C21946**

Refer to motion for approval under Agenda Item C.

- 100. Department of Wildlife - Habitat - FY 2012** - Addition of \$376,999 in Transfer from Upland Game Stamps to enhance and protect water availability throughout Nevada, supply food plots at the Department's Mason Valley Wildlife Management Area, and augment, trap, transplant, monitor, and study upland game bird species statewide. Requires Interim Finance approval since the amount added to the Upland Game category exceeds \$75,000. **RELATES TO ITEM 85. Work Program #C22001**

Refer to motion for approval under Agenda Item C.

- 101. Department of Wildlife - Habitat - FY 2012** - Addition of \$40,000 in Transfer from Habitat Conservation Fees to support the conservation of sage grouse by improving habitat, securing or protecting existing habitat, and restoring habitat. Requires Interim Finance approval since the amount added to the Habitat Rehabilitation/Restoration category exceeds \$30,000. **RELATES TO ITEM 87. Work Program #C22467**

Refer to motion for approval under Agenda Item C.

- 102. Department of Wildlife - Habitat - FY 2012** - Addition of \$40,000 in National Fish and Wildlife Foundation grant funds for water conservation planning and releases into the Walker River. Requires Interim Finance approval since the amount added to the Habitat Small Grants category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C21340**

Refer to motion for approval under Agenda Item C.

- 103. Department of Wildlife - Habitat - FY 2012** - Addition of \$684,056 in federal Wildlife Restoration FW3T funds, \$1,252,086 in federal Wildlife Restoration FW4D funds, \$152,373 in federal Wildlife Restoration W61 funds, \$511,224 in federal Wildlife Restoration W58 funds, \$438,215 in federal Wildlife Restoration FW24 funds, \$245,084 in federal Sport Fish FW3T funds, and \$264,736 in federal Sport Fish FW4D funds; and deletion of \$95,212 in Statewide Wildlife Grants, \$2,956,585 in federal Pittman Robertson Aid, \$467,221 in federal Dingell Johnson Aid, \$94,798 in Transfer from Unrestricted Revenue, \$147,119 in Transfer from Habitat Conservation fees, \$10,447 in Transfer from Duck Stamp fees, \$13,157 in Transfer from Mining Assessment fees, and \$21,451 in Transfer from Upland Game Stamp funds to increase transparency and realign funding of programs. Requires Interim Finance approval since the amount deducted from the Cost Allocations category exceeds \$75,000. **Work Program #C21396**

Refer to motion for approval under Agenda Item C.

- 104. Department of Wildlife - Habitat - FY 2012** - Addition of \$845,422 in Transfer of Habitat Conservation Fees from the Wildlife Fund to fund habitat restoration projects designed to protect, enhance, or rehabilitate wildlife habitat. Requires Interim Finance approval since the amount added to the Habitat Rehabilitation/Restoration category exceeds \$75,000. **RELATES TO ITEM 88. Work Program #C22504**

Refer to motion for approval under Agenda Item C.

- 105. Department of Wildlife - Habitat - FY 2012** - Addition of \$268,355 in Bureau of Land Management grant funds for the Department of Wildlife's Nevada Partners for Development and Conservation program to contribute towards the planning, implementation, and monitoring of projects in the sagebrush ecosystem.

Requires Interim Finance approval since the amount added to the Habitat Small Grants category exceeds \$75,000. **Work Program #C22517**

Refer to motion for approval under Agenda Item C.

- 106. Department of Transportation - FY 2012** - Addition of \$883,772 in Highway Fund Authorization and \$5,093,808 in Federal Transit Administration (FTA) and Federal Aviation Administration (FAA) grant funds to continue various programs administered by the Multimodal Planning Division. Requires Interim Finance approval since the amount added to the Administrative Consultants/Other federal Programs category exceeds \$75,000. **Work Program #C21425**

Refer to motion for approval under Agenda Item C.

- 107. Department of Transportation - FY 2012** - Deletion of \$280,729 in Highway Fund Authorization and \$1,296,390 in Federal Motor Carrier Safety Administration (FMCSA) grant funds as a result of the U.S. Government Accountability Office findings that the FMCSA violated statutory restrictions when obligating funds to the states for its Commercial Vehicle Information Systems and Networks (CVISN) program. Requires Interim Finance approval since the amount deducted from the Land and Building Improvements category exceeds \$75,000. **Work Program #C22439**

Chairwoman Smith asked NDOT officials to provide testimony on Agenda Item C-107 in response to a request from Assemblywoman Mastroluca.

Tracy Larkin-Thomason, Assistant Director for Planning, Nevada Department of Transportation (NDOT), explained the Commercial Vehicle Information Systems and Networks (CVISN) grant program was administered by the Federal Motor Carrier Safety Administration (FMCSA) to improve efficiency through electronic screening of commercial vehicles; integrate system improvements for the verification of credentials; focus safety enforcement on high-risk operators; and enable online application and issuance of credentials.

Ms. Larkin-Thomason said NDOT received two grants, one for \$1.3 million and the other for \$1.06 million. The program had gone through a nationwide audit of the FMCSA conducted by the federal government, and the program had been frozen for the past year and a half. She said the audit found that in one instance, \$1 million was over-obligated by FMCSA to Nevada, and the amount was withdrawn. The final results of the audit indicated that NDOT was no longer Core certified, and in order to become certified, the state would have to install a subscriber-based transponder system, which was similar to a prepass system.

Ms. Larkin-Thomason said that as a result of the audit, the Department of Transportation, the Department of Motor Vehicles, and the Department of Public Safety had reevaluated the program because the strategy would not be cost-effective in

Nevada. Consequently, she explained, item 107 was a request to deobligate the grant amounts from the NDOT budget.

Ms. Larkin-Thomasan pointed out the results of the audit were not known until after the NDOT budget was closed by the Legislature. She said legislators had been alerted during the 2011 Session that the CVISN program was frozen and if the funds were not available, NDOT would request that they be deobligated.

Assemblywoman Mastroluca thanked Ms. Larkin-Thomasan for her thorough explanation.

Chairwoman Smith asked for public comment; there was none.

ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL
OF AGENDA ITEM C-107.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Schneider and Assemblymen
Hambrick and Hardy were not present for the vote.)

108. Adjutant General and National Guard - Military - FY 2012 - Addition of \$153,808 in federal Department of Defense funds to support the Army Security personnel. Requires Interim Finance approval since the amount added to the Army Security category exceeds \$75,000. **Work Program #C22515**

Refer to motion for approval under Agenda Item C.

Reclassifications

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Secretary of State	040/1050	0081	Administrative Assistant I, Code: 2.213 Grade 23, Step 10, \$39,108.24 Employee/Employer Paid Retirement	Compliance Investigator II, Code: 11.358, Grade 32, Step 01, \$39,108.24 Employee/Employer Paid Retirement
Department of Personnel	070/1363	0090	Administrative Assistant III, Code: 2.211 Grade 27, Step 4, \$35,997.12 Employee/Employer Paid Retirement	Personnel Technician II, Code: 7.535 Grade 27, Step 4, \$35,997.12 Employee/Employer Paid Retirement
Department of Health and Human Services – Health Care Financing and Policy	403/3158	0051	Health Care Coordinator III, Code: 12.333 Grade 37, Step 01, \$48,462.48 Employee/Employer Paid Retirement	Management Analyst III, Code: 07.624 Grade 37, Step 01, \$48,462.48 Employee/Employer Paid Retirement

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Health and Human Services – Child and Family Services	409/3143	0008	Management Analyst II, Code: 07.625 Grade 35, Step 01, \$44,411.76 Employee/Employer Paid Retirement	Family Services Supervisor I, Code: 12.328 Grade 34, Step 01, \$42,553.44 Employee/Employer Paid Retirement
Department of Corrections	440/3710	0566	Training Officer II, Code: 07.524 Grade 36, Step 01, \$46,416.24 Employee/Employer Paid Retirement	Correctional Sergeant, Code: 13.311 Grade 36, Step 01, \$46,416.24 Employee/Employer Paid Retirement
Department of Transportation	800/4660	016-037	Highway Maintenance Worker III, Code: 9.120 Grade 29, Step 01, \$34,598.16 Employee/Employer Paid Retirement	Staff II, Associate Engineer Code: 06.228 Grade 37, Step 01, \$48,462.48 Employee/Employer Paid Retirement

Office of the Attorney General - Although a majority of Attorney General Investigator positions were moved to the classified service during the 2011 Legislative Session, two positions in the Workers' Compensation Fraud Unit account (budget account 1033) were inadvertently left in the unclassified service.

Agency/Department	Class Code	Proposed Title	Proposed Salary
Attorney General	U0994	AG Criminal Investigator II	\$64,302
Attorney General	U0900	AG Criminal Investigator II	\$64,302

Refer to motion for approval under Agenda Item C.

D. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS DIVISION.

1. Request to modify the scope of CIP project 09-C18, Southern Nevada Veterans' Cemetery Expansion, to eliminate construction of in-ground burial vaults and increase the number of plots for in-ground cremations, and to accept \$265,329 in federal funds for completion of CIP project 07-P05, Southern Nevada Veterans' Cemetery Expansion-Planning, pursuant to NRS 341.121.
2. Information regarding the Project Exception Report pursuant to NRS 341.100(8)(g).

Gustavo Nuñez, Administrator, State Public Works Division (SPWD), Department of Administration, explained Agenda Item D.1. was a request for change in scope for projects 07-P05 and 09-C18, Southern Nevada Veterans' Cemetery Expansion. The request involved the following items:

- Eliminate 1,400 vault installations.
- Increase in-ground cremations from 1,300 to 4,801.
- Reduce the Quail Drive improvements from 1,100 linear feet to 860 linear feet.

- Increase the authority to receive and spend federal funds in project 07-P05 by \$265,329 and reduce the authority to receive and spend federal funds by \$1,949,340 in project 09-C18.

Mr. Nuñez noted the request previously included elimination of construction of sidewalks, but that item was withdrawn because the Veterans' Administration had agreed to fund the sidewalks.

Mr. Nuñez also wanted to correct an answer provided by the SPWD to a request for information received from the Fiscal Analysis Division, Legislative Counsel Bureau. The SPWD had indicated the streetlights were going to be deferred, but based on the latest projected cost of approximately \$38,000, funding was currently available for installation of the streetlights.

Mr. Nuñez explained the federal government awarded a grant in the amount of \$3,433,259 for the Southern Nevada Veterans' Cemetery Expansion, of which \$265,329 would be used to reimburse project 07-P05 for the design costs, soil analysis, and other miscellaneous costs. He noted project 07-P05 provided the seed money to enable receipt of the federal grant. The remaining funding, \$3,167,930, would be used for construction of the 09-C18 project.

Chairwoman Smith remarked the unobligated funds in project 09-C18 seemed to be in excess of what should be needed to complete the project, and she asked whether the total amount had to be held until completion of the project.

Mr. Nuñez replied project 09-C18 included bond dollars that would be maintained until the end of construction and revert upon completion.

Chairwoman Smith again noted the amount seemed larger than normal, and Mr. Nuñez replied that it was, and although he did not anticipate the full amount would be needed, unobligated funds were typically not returned until completion of construction. There had been problems in the past on other Veterans' Administration projects concerning change orders for which payment had been somewhat unpredictable. He would prefer to retain the unobligated funds in the project and revert them back to the bond redemption account upon completion of the project.

Continuing, Mr. Nuñez explained the unobligated funds in the 07-P05 project would be reverted by the end of October 2011, and a portion of that funding was General Fund.

Chairwoman Smith requested that Mr. Nuñez discuss the unobligated funds in project 09-C18 with Fiscal staff to determine if it would be possible to revert any portion before completion of the project. Mr. Nuñez agreed to do so.

Chairwoman Smith asked for further questions from the Committee concerning Agenda Item D.1. There being no further questions, she asked for public comment; there was none.

Chairwoman Smith noted that capital improvement items were usually heard by the IFC's Subcommittee to Review Public Works Board Matters prior to the IFC meeting, but it was not necessary for the Subcommittee to meet for just two items.

SENATOR KIECKHEFER MOVED FOR APPROVAL OF AGENDA
ITEM D-1.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Rhoads and Schneider and
Assemblymen Hambrick and Hardy were not present for the vote.)

Chairwoman Smith noted that the Project Exception Report in Agenda Item D.2. was for the Committee's information; no action was required.

E. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred Committee members to the Statement of Contingency Account balance in the meeting packet ([Exhibit B](#), volume 3, page 21), and reviewed the balances as of October 13, 2011:

Unrestricted General Fund Balance	\$11.6 million
Unrestricted Highway Fund Balance	\$ 1.7 million
Restricted Balance	\$ 4.1 million

Mr. Combs noted the Restricted Balance was understated because the \$23.9 million interest payment from the Unemployment Insurance Trust Fund had been credited back to the Contingency Account. Therefore, the correct Restricted Balance was approximately \$28 million. Mr. Combs added that the payment was going to be \$22.6 million as opposed to the \$23.9 million included in the Contingency Account allocation. He recalled there was a provision either in federal law or federal regulations that the state could receive an extension of the period required to pay the interest, and during the 2011 Legislative Session, it did not appear that Nevada would qualify for an extension. However, Mr. Combs said a last-minute increase in the unemployment rate appeared to qualify the state for an extension. As was indicated, approximately \$500,000 in savings of accrued interest would be realized, and interest would also be earned on the amount returned to the Contingency Account. Mr. Combs added that the interest payment would be required in June 2012, and another Contingency Account request would come before the Committee at that time.

Mr. Combs noted there were no current requests from the Contingency Account, and therefore no changes in the balances were anticipated.

Chairwoman Smith asked for questions from the Committee; there were none.

F. DEPARTMENT OF PUBLIC SAFETY – CRIMINAL HISTORY REPOSITORY –
Request for approval to enter into a contract for completion of a study for replacement of software applications that are currently running on the Usoft platform.

Patrick Conmay, Chief, Records and Technology Division, Department of Public Safety, introduced Catherine Krause, Manager, Information Technology, Department of Public Safety (DPS). Mr. Conmay recalled that the Records and Technology Division was awarded a grant to hire a consultant to conduct a study of DPS applications developed using the Usoft platform, which was the underlying shared criminal history database, and to recommend a roadmap, including potential funding sources, to replace the applications over several years.

Mr. Conmay explained the applications developed using Usoft that currently had no replacement plan were all critical to the Department and the statewide law enforcement community, and they included the following:

- Computerized criminal history used by the Records Bureau and statewide law enforcement.
- Offender Tracking Information System (OTIS) used by Parole and Probation, the Parole Board, and the Department of Corrections.
- Temporary Protection Order program used by the courts statewide and the Records Bureau.

Mr. Conmay said the 2011 Legislature had granted DPS authority to release a request for proposals (RFP) to identify a vendor and the cost to conduct the study. The vendor had been identified as MTG, and the cost of the study was \$329,645. He said the Committee had requested the Department report the status of the project as it progressed. He offered to answer questions from the Committee.

Senator Kieckhefer noted a lower bid had been submitted, and he asked why the contract would be awarded to a higher bidder.

Catherine Krause, Information Technology (IT) Manager, Department of Public Safety, replied price was one factor in the selection process, and MTG's bid was in the middle of the range of bids received. Some of the lower bids were from less-qualified vendors. The Department felt MTG's bid was appropriate for what the Department would receive; the selection committee believed the company was very well qualified.

Assemblywoman Carlton noted the project scope included a substantial amount of funding for upgrades, but there were outside agencies that would not have access to the program. She thought the program would be beneficial to every law enforcement entity in the state, especially if they were supervising offenders. She asked whether it was anticipated the program would eventually be accessible to all agencies statewide.

Ms. Krause replied there was no reason that possibility could not be included in the study. The intent was for MTG to interview staff of all entities using the current applications, as well as internal technology options, throughout the state. She explained that because the systems needed to be replaced and the state had a difficult fiscal situation, the purpose of the study was to ensure all options would be considered, including other possible users of the system. Ms. Krause said any and all options would be considered, which was why the study was being conducted.

Assemblywoman Carlton wanted assurance that not only all using agencies, but also all prospective user agencies, would be included in the study.

Senator Denis observed there was a \$70,355 change order cost. He wondered whether it was likely that the amount would be used and whether it was possible the cost would be larger.

Mr. Conmay replied the Department did not anticipate a need to use that money or that there would be any increased costs. Because the project was now on a short timeline, the change order cost was budgeted in the event of an unanticipated emergency. He reiterated the Department did not anticipate the money would be used.

Senator Denis said he understood that the Department would specify what was needed in the study and MTG would submit a proposal and projected cost.

Ms. Krause replied the RFP had described the work to be done. The contractor would conduct interviews regarding the current systems that needed to be replaced because of old technology, as well as other long-term needs, both with current using agencies and other potential agencies. She added the study would also include potential funding sources. Ms. Krause anticipated that basic system replacement would take place first, followed by additional systems over a period of years as the state's fiscal situation improved.

Senator Denis asked if he understood correctly that MTG would not provide the design of the proposed database; that would be an additional RFP.

Ms. Krause replied Senator Denis was correct. She anticipated MTG would provide the Department with a roadmap, possibly including some requirements, and the Department would be required to perform additional work, particularly during the first phases of the replacement projects. Ms. Krause noted that in order for the Department to receive independent and objective advice, the RFP had stipulated the successful bidder for the study would not be eligible to bid on any replacement projects.

Chairwoman Smith asked that the Committee be kept apprised of future change orders; she observed \$70,000 was a significant amount on a \$300,000 contract. Mr. Conmay agreed to keep the Committee informed, and he reiterated there were no plans to expend the change order funds.

Chairwoman Smith asked for public comment; there being none, she called for a motion.

ASSEMBLYMAN ATKINSON MOVED FOR APPROVAL OF
AGENDA ITEM F.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Rhoads and Schneider and
Assemblymen Hambrick and Hardy were not present for the vote.)

G. STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES –
DIVISION OF STATE LANDS – Request for approval to renew a lease for the
occupancy of a state-owned building in Winnemucca by JOIN, Inc., a nonprofit
organization pursuant to NRS 322.065.

Jim Lawrence, Administrator, Division of State Lands, Department of Conservation and Natural Resources (DCNR), explained Agenda Item G was a request for approval to renew a lease to continue to allow Job Opportunities In Nevada (JOIN) to occupy and use a state-owned building located in eastern Winnemucca. The property included six acres acquired by the state in the 1990s at no charge from the Bureau of Land Management (BLM), and it was occupied by various state agencies, including the Department of Wildlife, the Department of Transportation, and the Water Resources Division.

Mr. Lawrence said JOIN had occupied one building on the property since 1996. The request was for the third lease for the organization to occupy the property under *Nevada Revised Statutes* (NRS) 322.065, which allowed for under-market lease values. He said JOIN had been a good tenant and had provided day-to-day maintenance of the building, which DCNR could not afford to do.

Chairwoman Smith asked for questions from the Committee; there were none. She then asked for public comment; seeing none, she called for a motion.

ASSEMBLYMAN GOICOECHEA MOVED FOR APPROVAL OF
AGENDA ITEM G.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Rhoads and Schneider and
Assemblyman Hardy were not present for the vote.)

Senator Cegavske requested an update on the Opportunity Village property, which was a project she and Senator Schneider had been working on together. Mr. Lawrence replied a draft authorization had been sent to Opportunity Village, which would allow them to do some of the needed paving and parking improvements. In his last

conversation, Opportunity Village was still in the fundraising mode. He had just visited the property and did not see any activity.

H. APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335(2)(c) – DEPARTMENT OF PUBLIC SAFETY – DIVISION OF EMERGENCY MANAGEMENT – Request for approval to accept a donation of 33 computers valued at \$39,996 from the Southern Nevada Counter Terrorism Center of the Las Vegas Metropolitan Police Department.

Joyce Garrett, Administrative Services Officer, Division of Emergency Management, Department of Public Safety, explained the Division was requesting approval to accept a donation of 33 desktop computers from the Las Vegas Metropolitan Police Department to be used in the Division's Emergency Operations Center.

Senator Denis asked whether the computers would have software. Ms. Garrett replied they were being donated without software, but the software on the existing computers in the Emergency Operations Center would be transferred to the replacement computers.

Senator Denis asked whether the donation of the computers would require additional expenses; Ms. Garrett replied there would be no additional cost at this time.

Chairwoman Smith asked for public comment; there was none.

SENATOR LESLIE MOVED FOR APPROVAL OF AGENDA ITEM H.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Schneider and Assemblyman Hardy were not present for the vote.)

I. INFORMATIONAL ITEMS.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, announced that Chairwoman Smith had requested testimony on informational item 2, Department of Administration, Grants Management Unit; item 4, Department of Education; item 6, Department of Tourism and Cultural Affairs; items 8.a. and 8.b., Department of Employment, Training, and Rehabilitation; and item 11, Report on Contract Services.

2. DEPARTMENT OF ADMINISTRATION – Grants Management Unit – Status of hiring the employees for the Grants Management Unit established in S.B. 233, pursuant to a request from the Interim Finance Committee at the August 31, 2011, meeting.

Jeff Mohlenkamp, Director, Department of Administration, introduced Kimberly Elliott, Chief, Grants Management Unit, Department of Administration, who had started her job the previous day. He explained that two of three positions for the Grants Management Unit had now been filled; Dennis Freeman had transferred from the Governor's American Recovery and Reinvestment Act (ARRA) office a few months earlier. The Department would proceed with hiring the third staff member now that Ms. Elliott was on board to participate in the hiring process.

Mr. Mohlenkamp said that the Grants Management Unit wanted to identify the current state of grant funding in Nevada through the use of a baseline assessment of grants funding and to identify grants in every agency, including the Department of Health and Human Services (DHHS), Department of Public Safety (DPS), and Department of Education, to get an overall spectrum of grants funding in the state. Thereafter, he said the focus would be on a comparison to other states and Nevada's historical basis to determine how the state was performing, and to leverage some of the successes and apply them to areas that might be struggling. Mr. Mohlenkamp projected that the baseline report would be available for presentation to the Committee in January or early February 2012.

Mr. Mohlenkamp said he was encouraged to hear testimony at the IFC meeting concerning some of the grants received, and after discussions with Director Mike Wildden, he had been buoyed by the recent successes in DHHS.

Chairwoman Smith thanked Mr. Mohlenkamp for the information. She recalled there were several pieces of legislation during the 2011 Legislative Session that ultimately created the Grants Management Unit, and she was glad it was moving forward. She welcomed Ms. Elliott to the meeting and asked her to comment.

Kimberly Elliott, Chief, Grants Management Unit, Department of Administration, stated she was excited to be a part of the Grants Management Unit. She had read through the legislative testimony that created the office, and she was anxious to get started and move forward.

Chairwoman Smith asked for questions from the Committee; there were none.

4. DEPARTMENT OF EDUCATION – Status report on the spending down by school districts of the ARRA Title I, IDEA, and Title II Technology Grant funds approved for carry-forward to FY 2012, pursuant to a request from the Interim Finance Committee at the August 31, 2011, meeting.

Greg Weyland, Deputy Superintendent of Education, Department of Education, explained that five American Recovery and Reinvestment Act (ARRA) grants had expired as of September 30, 2011, in the total amount of \$144,129,227, and the current outstanding amount of \$59,900, or .04 percent, had not been drawn. From that amount, there was approximately \$45,800 in Title I funding. Mr. Weyland said the Department

would submit a waiver to continue the Title I funding; waivers were due November 15, 2011.

Mr. Weyland noted there were two active ARRA grants:

- EduJobs would continue through September 30, 2012, and 37 percent of the grant funds remained undrawn.
- A School Improvement ARRA grant would not expire until September 30, 2013, and 21 percent of the funds remained undrawn.

Mr. Weyland said the Department would be requesting approval from IFC at the December meeting for authority to distribute approximately \$1.3 million in supplemental ARRA funds to the school districts.

Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education, added that the only change since the August IFC meeting was a letter received from the U.S. Department of Education indicating that waivers would be allowed until October 30, 2011, because all states were having difficulty spending the ARRA funds on top of regular federal funding. He said the Department had just received a second letter extending the waiver deadline to November 15, 2011, to allow states to hold hearings for public comment. Dr. Rheault said the Department would ask for an extension of approximately \$30,000.

Chairwoman Smith observed the Department had allocated substantial funds since the end of September. She asked whether funding for the Individuals with Disabilities Education Act (IDEA) and Title II Part D, Enhancing Education through Technology (Ed Tech), had been spent down.

Mr. Weyland replied the Ed Tech funds had been drawn down, and there was approximately \$13,000 remaining in IDEA funding, a large portion of which related to Mineral County, which was having staffing problems. The Department was working with the county to process its draws.

Dr. Rheault added that several grants had been received since September; \$200,000 had just been received from Clark County. Since the deadline to draw down the actual expenditures through September 30, 2011, was extended to November 15, 2011, Mineral County still had ample time to process its request for funding.

Chairwoman Smith thanked Mr. Weyland and Dr. Rheault for their testimony. She asked for questions from Committee members; there were none.

6. DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS – Nevada Arts Council – Response to request for information from the August 31, 2011, Interim Finance Committee regarding the use of federal National Endowment for the Arts funds.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that staff from the Fiscal Division had met with staff from the Nevada Arts Council (NAC) since the last IFC meeting. He recalled the Committee had concerns with NAC's use of federal grant funds versus General Funds. Mr. Combs said Fiscal and Arts Council staff had been working to reach agreement on the processes to be followed during the upcoming biennium and were able to close out the Council's fiscal year (FY) 2011 budget. Approximately \$4,000 would be reserved for reversion in FY 2012 to offset the Committee's concerns in FY 2011.

More importantly, Mr. Combs continued, was the ongoing ability of the Fiscal Analysis Division, the Budget Division, and NAC to ensure the problems did not occur again. The agencies were attempting to determine the best ways to fund map the Arts Council's federal funds versus the state funds to easily identify expenditures at the end of the fiscal year and what amounts were to balance forward. Mr. Combs said there was still some work to be done, but progress had been made.

Susan Boskoff, Administrator, Nevada Arts Council, Department of Tourism and Cultural Affairs, said that subsequent to the August 31, 2011, IFC meeting, she had submitted answers to the questions provided by the Fiscal Analysis Division. She said NAC staff had met several times with Budget Division and Fiscal Analysis Division staff, and they had been very helpful. Ms. Boskoff said the goal was to communicate more clearly to make the process effective and efficient. She pointed out that in addition to federal funds and General Funds, NAC would now be receiving Tourism dollars and donated funds that would need to be fund mapped. Ms. Boskoff said the process had been long and arduous, but very rewarding. One more meeting was scheduled with the Budget and Fiscal Divisions to review the final fund maps.

In response to Assemblyman Bobzien's request for an update on transformational activities within the NAC, Ms. Boskoff said the new Director of the Department of Tourism and Cultural Affairs would begin the following week, and the NAC staff would be working strategically with the other divisions in the Department. In addition, the NAC was working on the following activities:

- Streamline the grants management process with use of a more customized online grants system. An outside provider was developing the system, and the Arts Council would be providing grant training workshops in January 2012.
- Some of the duties previously assigned to the Administrative Assistant position had been reallocated to other staff members. Web management would be provided at the department level, financial duties requiring internal controls were segregated and reassigned, and communications with state agencies for various

services were reassigned to the Administrative Services Officer and the Account Technician.

- The NAC was in conversation with the Budget Division concerning a request for a full-time clerical position, which had been included in the NAC special consideration items during the 2011 Legislative Session.

Ms. Boskoff recalled there may have been a misinterpretation of the amount of approved funding for subgrants for FY 2012. She clarified that at its meeting in June 2011, the NAC Board approved a distribution of \$688,000 for the first set of grants, and another \$90,000 would be awarded for quarterly and rolling grants throughout the fiscal year.

Chairwoman Smith asked whether NAC intended to maintain the temporary Manpower position for the rest of the current budget cycle and request a permanent position in the next cycle.

Ms. Boskoff replied a Manpower employee was currently working between 32 and 40 hours a week using federal funds, and NAC would be discussing the possibility of requesting at least a part-time position using federal funds. She noted clerical support was necessary for the professional staff to accomplish their work.

Chairwoman Smith said she did not question the need for clerical support. It was not a good use of money to have management staff performing clerical work. However, she had an ongoing concern with the use of Manpower and temporary positions because it did not reflect an honest picture of the actual staffing needs of the agency.

Ms. Boskoff replied it was not NAC's preference to use a Manpower employee, but it was a good opportunity to serve the public better when federal money was available. However, using Manpower staffing required ongoing training, which took time away from professional staff. She shared Chairwoman Smith's concerns.

Chairwoman Smith asked for questions from the Committee; there were none. She thanked Ms. Boskoff for her continued efforts to work toward resolving the issues discussed at the August 31, 2011, meeting.

Ms. Boskoff thanked staff of the Fiscal Analysis and Budget Divisions for their assistance.

8. DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

- a. Monthly reports on the status of the Unemployment Insurance Trust Fund balance for July 2011 and August 2011, pursuant to the request of the Interim Finance Committee's Subcommittee for Federal Stimulus Oversight, A.C.R. 34 of the 2009 Legislature.

Kelly Karch, Deputy Administrator, Employment Security Division (ESD), Department of Employment, Training, and Rehabilitation (DETR), reported the balance remaining in the Unemployment Insurance Trust Fund as of June 2011 was \$51 million; the balance was \$24 million in July, \$78 million in August, and \$10 million in September. He said benefits had been paid from the Trust Fund for nearly four months without having to borrow from the federal government. The federal loan amount remained at \$773 million, and because of the decline in initial claims paid directly from the state's Trust Fund and a 50 percent increase in employer contributions for the year 2011, Mr. Karch said the Trust Fund had remained stable and further loans from the federal government had not been required. Although the number of initial claims continued to decline, further loans would be required, but at a dramatically slower pace.

Chairwoman Smith asked Mr. Karch to provide an update on the loan interest repayment approved at the August 2011 Interim Finance Committee (IFC) meeting. Mr. Karch replied that because Nevada met a certain unemployment standard, it was not required to make an interest payment to the federal government on September 30, 2011; the state received nine months of abeyance. The interest would not be paid until June 2012, and interest would not be charged on the outstanding balance during that time. Mr. Karch thought the interest payment due had come in at \$1.3 million less than projected, and the nine-month delay would save between \$32,000 and \$35,000 in interest. He said the Division worked very hard to save the state every dollar it could.

Chairwoman Smith said it was her understanding that the funds approved at the August meeting would be reverted to the Contingency Account, and when the interest payment became due again, the agency would submit another request for funds to IFC. Mr. Karch responded that she was correct.

Assemblyman Goicoechea asked the amount of the principal on which interest was being paid. Mr. Karch replied it was \$762 million; the high had been \$773 million, but the principal was being paid down as revenues were received to decrease the amount of interest. He said the goal was to save approximately \$500,000 over the course of the year.

- b. Quarterly Narrative Progress Report – ARRA High Growth and Emerging Industries (HGEI) Grants, State Energy Sector Partnership (SESP) update pursuant to the request of the Interim Finance Committee on August 31, 2011.

Dennis Perea, Deputy Director, Department of Employment, Training, and Rehabilitation (DETR), reported that as of September 30, 2011, \$1,263,000 of the State Energy Sector Partnership (SESP) grant had been expended. He explained that in looking at the Apprenticeship Program, which DETR inherited from the Department of Education in the 2011 Legislative Session, DETR realized there were some components that could be enhanced by Green Training, and the agency was in preliminary negotiations with the state's Community College System to pass additional

SESP funds through the same model using the same formula calculations as the Apprenticeship Program. Mr. Perea added that in response to the Committee's request at the August meeting, more information had been placed on the DETR websites concerning the grant programs.

At Chairwoman Smith's request, Mr. Perea provided the following statistics on the 490 individuals trained through the program thus far:

<u>No.</u> <u>Trained</u>	<u>Training Program</u>
269	Energy Efficient Building and Construction and Retrofit
116	Renewable Energy Power
9	Deconstruction and Materials Use
34	Energy Efficiency Assessment—Residential, Commercial, or Industrial
12	Manufacture of Sustainable or Energy Efficient Products
<u>50</u>	Others (e.g., Biofuels)
490	Total

Mr. Perea said he would provide the program's employment outcomes at the next Interim Finance Committee meeting.

Chairwoman Smith said the Committee would appreciate receiving those numbers. She asked for questions from the Committee; there were none. She noted Agenda Item I.8. was informational only and did not require action.

11. Report on the use of consultants for the December 1, 2010, through May 31, 2011, reporting period pursuant to NRS 284.1729 – School Districts.

Chairwoman Smith said she had requested testimony from the school districts on Informational Item 11, but the districts were not present. The item would be rescheduled at a future meeting.

Chairwoman Smith asked the Budget Division to provide the Committee with an update regarding the license plate factory at the Nevada State Prison at the next IFC meeting. She noted there were numerous rumors circulating concerning its status.

Chairwoman Smith noted the next meeting of the Interim Finance Committee was scheduled for December 15 in Las Vegas. She thanked Fiscal Division and state agency staff for their efforts to provide information to the Committee.

J. PUBLIC COMMENT.

Chairwoman Smith called for public comment; there was none.

K. ADJOURNMENT.

There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 1:51 p.m.

Assemblywoman Debbie Smith, Chairwoman
Interim Finance Committee

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

EXHIBITS INTERIM FINANCE COMMITTEE		
Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	October 25, 2011, Meeting Packet
C	Fiscal Analysis Division	Memorandum to IFC Committee – Revisions to Agenda Item C-97.