

MINUTES OF THE AUGUST 27, 2014
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 at 9:15 a.m. on August 27, 2014, in Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State 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:

Senator Debbie Smith, Chairwoman
Assemblywoman Maggie Carlton, Vice Chair
Assemblyman Paul Aizley
Assemblywoman Teresa Benitez-Thompson for Assemblyman Bobzien
Assemblyman Andy Eisen
Assemblywoman Lucy Flores
Assemblyman Jason Frierson for Assemblyman Hogan
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Cresent Hardy
Assemblyman Pat Hickey
Assemblyman William C. Horne
Assemblywoman Marilyn Kirkpatrick
Assemblyman Randy Kirner
Assemblyman James Oscarson for Assemblyman Anderson
Assemblyman Michael Sprinkle
Senator Moises Denis
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator David Parks
Senator Michael Roberson
Senator Joyce Woodhouse

COMMITTEE MEMBERS EXCUSED:

Assemblyman Paul Anderson
Assemblyman David Bobzien
Assemblyman Joseph Hogan

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Rick Combs, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Mark Krmpotic, Fiscal Analyst, Senate
Cindy Jones, Fiscal Analyst, Assembly
Alex Haartz, Principal Deputy Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Sherie Silva, Interim Finance Committee Secretary
Cheryl Harvey, Fiscal Analysis Division Secretary

A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau, and Secretary, Interim Finance Committee, called the roll; a quorum was present in both houses.

B. PUBLIC COMMENT.

Chairwoman Smith welcomed audience members in Carson City and Las Vegas and those listening on the Internet. She called for public comment.

Chairwoman Smith noted that Committee members had received written testimony from Rick Kuhlmeier concerning the blind and visually impaired ([Exhibit C](#)).

Gary Duarte, Managing Director, U.S. Nuclear Energy Foundation, testified in opposition to Agenda Item I.1. concerning funding for the Nevada Agency for Nuclear Projects to oppose the completion of the Yucca Mountain application study. His testimony can be found on page 78 of these minutes and his written statement is attached as [Exhibit D](#).

Dennis Moltz, Ph.D. and Nuclear Scientist, concurred with Mr. Duarte's comments. His verbatim testimony follows:

I am a Ph.D. and Nuclear Scientist, and I want to echo what Mr. Duarte just said. I have been in contact with a number of agencies on this issue. I was in contact with the D.C. Court of Appeals when they attempted to rule on whether they should continue on with this in a case brought by Nye County, Nevada, and Aiken County, South Carolina. I was in contact with both of the legal firms that represented those two counties before the D.C. Court of Appeals, and they were very grateful for my input.

I have 35 years of experience as a nuclear physicist, and I can tell you that I have worked with so much radioactivity, you can't imagine, and yet my total dose in my entire career working with thousands and thousands of REM (Roentgen Equivalent Man) is only 17 REM – that's over 35 years. The legal limit for radiation workers used to be 5 REM and now

it's unofficially 2 REM per year with the Department of Energy. Every citizen in Nevada gets .3 REM from the rocks every year. You get 10 milligram for every cross-country flight you take. So it's not that big of a deal; we know how to deal with radiation because it's so easy to find. It's so easy to monitor, and to be against that when the whole project, the whole concept, of having nuclear waste is a godsend and money for the state of Nevada. Most politicians I know like money to spend. So please consider that. Thank you for your time.

Senator Richard Bryan was present in Las Vegas to testify concerning Yucca Mountain, but at Chairwoman Smith's suggestion, he agreed to testify later in the meeting when the item was discussed by the Committee.

C. APPROVAL OF MINUTES OF THE APRIL 10, 2014, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE MINUTES OF THE APRIL 10, 2014, MEETING.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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

1. **Department of Corrections - Prison Medical Care - FY 2014** - Transfer \$760,273 from the Personnel Services category, \$907 from the In-State Travel category, \$43,370 from the Operating category, \$725 from the Equipment category, \$71 from the Maintenance of Buildings and Grounds category, \$58,080 from the Professional Services category, \$663 from the Information Services category, \$105 from the Agency Issue - Uniforms category, \$80 from the Training category, \$3,624 from the ACLS Training category, \$32 from the Medical Inmate Driven Stale Claims category, and \$5,491 from the Utilities category to the Inmate Drivens category to pay inmate medical provider payments. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C30071**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analyst Division, Legislative Counsel Bureau, said that the Committee had requested testimony on Agenda Item D-1, which would be heard with Agenda Items G-94, G-95, G-102, G-105, G-108, G-114 through G-120, and I.5. Refer to testimony under Agenda Item G-120.

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

1. **Department of Administration–Library and Archives - Nevada State Library - FY 2014** - Addition of \$213,048 in Federal Library Grant Title I Receipts to continue the Library Services and Technology Act (LSTA) grant program. Requires Interim Finance approval since the amount added to the Library Development Title I Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29826**
2. **Department of Health and Human Services – Public and Behavioral Health - Radiological Health - FY 2015** - Addition of \$80,488 in State Homeland Security Program grant funds transferred from the Division of Emergency Management for the purchase of radiation detection equipment for first responders in Nevada. Requires Interim Finance approval since the amount added to the Homeland Security Grant category exceeds \$75,000. **Work Program #C29744**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analyst Division, Legislative Counsel Bureau, explained that the work programs in Agenda Item E required expeditious action. No testimony was requested and no action was required by the Committee

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

1. **Department of Public Safety – Highway Patrol - FY 2015** - Addition of \$100,000 in federal National Highway Traffic Safety Administration - Moving Ahead for Progress-21 405d Impaired Driving grant funds transferred from the Office of Traffic Safety (OTS) account to purchase portable breath test (PBT) units as a law enforcement tool to effectively identify and prosecute impaired drivers. Requires Interim Finance approval since the amount added to the OTS PBT Grant category exceeds \$75,000. **Work Program #C30003**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analyst Division, Legislative Counsel Bureau explained that Agenda Item F-1 was for the Committee's information only and no action was required.

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

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the Committee had requested testimony on the following work program revisions in Agenda Item G:

Items G-12 and G-13, Office of the Controller, would be heard together; G-25 and G-27, Department of Agriculture, would be heard together; G-28, Department of Agriculture; G-53, Health Care Financing and Policy, Department of Health and Human Services (DHHS), would be heard with G-81 and G-82, Child and Family Services, DHHS; G-94, G-95, G-102, G-105, G-108 G-114, G-115, G-116, G-117, G 118, G-119, and G-120 would be heard with D-1 and I.5., Department of Corrections; G-125, G-126, and G-127, Department of Motor Vehicles, would be heard together; G-167, G-168 and Item I.1., Agency for Nuclear Projects, would be heard with G-169, G-170 and Item I.2., Office of the Attorney General; and testimony was requested on the reclassification request from the Department of Public Safety for a Grants Contract Analyst position.

Mr. Krmpotic said that Agenda Item G-16, Department of Taxation, required revision, which would be explained by the agency. Agenda Items G-99 and G-113, Department of Corrections, also required revisions. He explained that the budgetary transfer of 481,949 in Item G-99 was revised to \$84,140, with the following corresponding changes:

- Category 01, Personnel Services, increase from \$58,839 to \$66,261
- Category 50, Inmate Drivens, deduction of \$13 revised to a deduction of \$2,764
- Category 59, Utilities, decreased from \$26,375 to \$25,788
- Category 04, Operating, deduction of \$1,465
- Category 09, Maintenance Contracts, reduction of \$428

Agenda Item G-113 included the addition of \$1,791 in budgetary transfers was revised to a reduction of \$400, with a reduction in the Inmate Drivens category of \$2,191.

Agenda Items G-45, Aging and Disability Services Division, DHHS, and G-62 and G-63, Division of Welfare and Support Services, DHHS, required a public hearing.

Mr. Krmpotic added that Agenda Items G-6, Office of the Attorney General; G-30, Department of Agriculture; G-70 and G-72, Division of Public Health; G-133, Department of Public Safety; and G-161, Department of Wildlife, had been withdrawn.

Chairwoman Smith asked members if they wished to hear testimony on other items in Agenda Item G.

Senator Kieckhefer requested testimony on Items G-19 and G-20, Department of Education.

Senator Goicoechea requested testimony on Item G-151, Department of Wildlife.

SENATOR KIECKHEFER MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND POSITION CHANGES IN AGENDA ITEM G.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

1. **Office of the Governor - Governor's Mansion Maintenance - FY 2014** - Deletion of \$37,768 in General Fund Appropriation to balance forward unspent funds for approved deferred maintenance projects. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.2. Work Program #C30279**

Refer to motion for approval under Agenda Item G.

2. **Office of the Governor - Governor's Mansion Maintenance - FY 2015** - Addition of \$37,768 in General Fund Appropriation to complete approved deferred maintenance projects. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.1. Work Program #C30072**

Refer to motion for approval under Agenda Item G.

3. **Office of the Governor - State Energy Office-Energy Conservation - FY 2015** - Addition of \$127,939 in State Energy Program (SEP) Competitive grant funds and deletion of \$64,000 in Transfer from Renewable Energy Fund to support ongoing SEP Competitive Grant team activities. Requires Interim Finance approval since the amount added to the SEP Competitive Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30275**

Refer to motion for approval under Agenda Item G.

4. **Office of the Attorney General - Extradition Coordinator - FY 2014** - Addition of ~~\$42,000~~ **\$55,200** in General Fund Appropriation from FY 2015 to pay FY 2014 extradition claims. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.5. Work Program #C30402. REVISED 8-13-14**

Refer to motion for approval under Agenda Item G.

5. **Office of the Attorney General - Extradition Coordinator - FY 2015** - Deletion of ~~\$42,000~~ **\$55,200** in General Fund Appropriation to pay FY 2014 extradition claims. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.4. Work Program #C30406. REVISED 8-13-14**

Refer to motion for approval under Agenda Item G.

6. **Office of the Attorney General - Special Fund - FY 2014** - Addition of \$30,000 in Reimbursement of Expenses revenue to pay anticipated legal, investment, and court costs through the end of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Legal, Investment, and Court Costs category exceeds \$75,000. **Work Program #C29898. WITHDRAWN 8-6-14**
7. **Office of the Attorney General - Violence Against Women Grants - FY 2014** - Transfer of \$19,549 from the STOP Grant Administration category to the Drug Endangered Children category to realign the grant funds for the drug endangered children response program. Requires Interim Finance approval since the cumulative amount transferred from the STOP Grant Administration category exceeds \$75,000. **Work Program #C29689**

Refer to motion for approval under Agenda Item G.

8. **Office of the Secretary of State - FY 2015** - Transfer of \$1,244,850 from the Nevada Business Portal category to the Operating category to transfer the general operating expenditure of credit card fees and increase the transparency relating to the state's business portal. Requires Interim Finance approval since the amount transferred from the Nevada Business Portal category exceeds \$75,000. **Work Program #C29659**

Refer to motion for approval under Agenda Item G.

9. **Office of the Secretary of State - FY 2015** - Transfer of \$47,575 from the Personnel Services category to the Enforcement Services category to enforce the provisions of the Nevada Uniform Securities Act. Requires Interim Finance approval since the amount transferred to the Enforcement Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29670**

Refer to motion for approval under Agenda Item G.

10. **Office of the Secretary of State - FY 2015** - Transfer of \$1,671 from the Operating category to the Nevada Business Portal category and \$150,386 from the Information Services category to the Nevada Business Portal category to increase transparency for activities and expenditures related to the state's business portal. Requires Interim Finance approval since the amount transferred to the Nevada Business Portal category exceeds \$75,000. **Work Program #C29802**

Refer to motion for approval under Agenda Item G.

11. **Office of the Treasurer - College Savings Trust - FY 2014** - Addition of \$90,485 in Non-Cash Revenue to account for Consumer Price Index annual adjustments and the Fiscal Year 2013 unused balance carried forward. Requires Interim Finance approval since the amount added to the Upromise Marketing category

exceeds 10 percent of the legislatively approved amount for that category.
Work Program #C29733

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items G-12 and G-13 would be heard together.

- 12. Office of the Controller - FY 2015** - Addition of \$1,871,038 in Transfer From Debt Recovery Account to implement a new debt collection system. Requires Interim Finance approval since the amount added to the Debt Collection category exceeds \$75,000. **RELATES TO ITEM G.13. Work Program #C29530**

Refer to testimony and motion for approval under Agenda Item G-13.

- 13. Office of the Controller - Debt Recovery Account - FY 2015** - Addition of \$2,400,000 of State Share of Debt Collections to implement a new debt collection system. Requires Interim Finance approval since the amount added to the Transfer to B/A 1130 category exceeds \$75,000. **RELATES TO ITEM G.12. Work Program #C29548**

Deborah Cook, Chief Deputy Controller, Office of the State Controller, introduced Lynette Olson, Information Technology Manager, and LeeAnn Hollingsworth, Chief Accountant over operations. Ms. Cook read the following testimony:

In these work programs, we are requesting the authority to upgrade our existing state financial system with a debt collection module. This module will cost \$1.8 million, with an annual maintenance of approximately \$150,000 each year thereafter. It is projected to bring in an estimate of \$2.4 million in additional revenue to the state within the first year of implementation and over \$25 million within five years.

The debt collection module will automate our collection process and give us additional tools that will allow staff to more efficiently focus their time on collection efforts. While the debt collection staff is doing the best they can with the tools they have, there is much room for improvement. Not only will this upgrade automate our existing processes, it also has the tools to process debt through the treasury offset program, update debtor information, implement and manage levy and garnishment processes, implement the financial institute data match process, establish self-service case resolution, implement enhanced private collection agency management, and implement enhanced management and accounts receivable reporting.

As mentioned previously, revenues for the state are projected, at a minimum, an additional \$2.4 million within the first year of

implementation, \$7.2 million by the second year, and \$25.2 million over five years. Similar or better results were achieved in five other states that have implemented this program. The vendor is so confident in the abilities of their system, they are willing to contract with the State of Nevada for compensation only after our monetary benefits have been realized. There will be no payment to the vendor without results. Funding for this request will come from the Debt Recovery Account as benefits are realized.

Chairwoman Smith asked Ms. Cook to explain the changes requested in the work programs. Ms. Cook provided the following information:

- Agenda Item G-13: Work Program C29548 – Budget Account (BA) 1140 – Debt Recovery Account. The Controller's Office had originally included the total estimated revenue in the work program, and the Fiscal Analysis Division staff pointed out that only a portion of the revenue would go to the Debt Recovery Account. The dollar amounts were changed to reflect the revision to the Debt Recovery Account. The revenues to BA 1140 were revised to \$556,355, with an expenditure offset to category 10 (Transfer to BA 1140) of \$440,304 and category 86 (Reserve) of \$116,051.
- Agenda Item G-12: Work Program C29530 – Budget Account 1130 – Controller's Operating Budget. The revenue amount from BA 1140 was revised to \$440,304, with an offset expenditure to category 10 of \$417,266 and category 26 of \$23,038.

Chairwoman Smith said it appeared that much of the debt to be collected was older debt, and she asked what rate of collection was anticipated.

Ms. Cook replied that upon the vendor's review of the Controller's Office book of records, the estimated revenue projections were based on current revenue and the vendor's estimate of future collections.

Chairwoman Smith asked whether the projections were based on the vendor's work in other states.

Ms. Cook said that the projections were based on the vendor's work in the five other states implementing the same system, and the vendor's system was in 23 other states. The vendor's estimates had been conservative, and the results had been higher than anticipated.

Chairwoman Smith said that she understood one of the reasons the vendor was selected was because the software would interface with the existing system in the Controller's Office. She asked what would happen if the state's technology changed in four years.

Ms. Cook explained that while the debt collection module was an upgrade to the current system, it could be a stand-alone system. When the Advantage system was upgraded or replaced, the new system would be compatible with the proposed debt collection module. If another vendor were chosen, the Office would likely go with the debt collection module from that vendor. However, the system should have more than paid for itself at that point because the process would take a minimum of three to four years. Ms. Cook said that if the Controller's Office chose another vendor that did not have a sufficient collection product, the Office would be able to stay with the proposed module.

Chairwoman Smith clarified that the collection module would be paid for by the time the state implemented a new accounting system, and it was possible that another module would have to be purchased or another vendor's system would include a collection module.

Ms. Cook replied that it was assumed another vendor would have a collection module in its system, but the Office could stay with the current vendor's Advantage system. She reiterated that the vendor had been awarded bids in 23 other states, and it was likely that the current Advantage system could be upgraded.

Assemblyman Sprinkle asked how such dramatic increases in debt collection would be realized with the new system.

Ms. Cook asked representatives from the vendor to explain the estimates.

Ted Lyman, Vice President, CGI (Consultants to Government and Industry) Group, explained that CGI had implemented the debt collection system in several states throughout the country that had seen similar results. He said that CGI had conducted a detailed review of the current operations at the Controller's Office, which had a good staff that was limited by aging technology. The automated system would automatically find good addresses, phone numbers, and social security numbers.

Mr. Lyman said that CGI had estimated the benefits based on actual results from other states. Benefits would be realized with just an increase in collection rates from 5 percent to 10 percent.

Assemblyman Sprinkle said he understood that the predictions were based on experience in other locations. He noted that CGI would not receive payment unless collections were realized, and he asked whether payment was guaranteed if the returns were not realized.

Ms. Cook reiterated that if there were no returns, the vendor would not be paid. The returns were not necessarily guaranteed, but the Controller's Office would not pay for the system if the returns were not realized.

Assemblywoman Benitez-Thompson noted that there would be a 2 to 3 percent increase in maintenance costs in fiscal years 2015 and 2016, and she asked what would be covered in the maintenance schedule and whether there would be additional costs over those included in the maintenance agreement.

Mr. Lyman explained that the agreement was for typical software maintenance. The state would have access to any new or enhanced versions of the software and to a 24-hour telephone line for assistance. He said that the maintenance staff typically held weekly meetings with the local team to discuss any problems or upcoming issues.

Assemblywoman Benitez-Thompson asked whether other states had experienced additional costs.

Mr. Lyman said that the CGI Group had worked with the Controller's Office to determine hardware needs for the initial project. Hardware would be put in place that should cover the state's needs for the next few years, and no hardware refreshes should be needed during that time. Other states required additional services that resulted in costs beyond the maintenance agreement, but he anticipated that Nevada would not require anything other than normal operations staff to maintain the software. He added that 2 to 3 percent was a typical inflation increase to deliver the same level of services.

Senator Denis noted that the system could be stand-alone, and he asked whether CGI currently had the ability to interface with other existing systems.

Mr. Lyman replied that CGI's system was integrated with many different systems. In a number of states, debts from multiple different Legacy systems were included in the CGI system. If Nevada chose to upgrade to a system other than Advantage, the CGI debt collection module could continue to operate for years to come. He added that there would be a cost associated with programming resources to build the new interface, which could be done by the new vendor, CGI, or the state.

Chairwoman Smith asked why the request was being made now when the State Controller's tenure was coming to a close and the 2015 Legislative Session was upcoming in the near future.

Ms. Cook replied that the Controller's staff needed help now; it would not be able to move forward after the new administration took office in four or five months. The work and procedures would remain the same, and immediate assistance was needed. She said the system should be fully implemented by January or February 2015, but there were some beneficial aspects of the new system that could be used within two or three months.

Chairwoman Smith said that after talking to the State Controller, it appeared that implementation of the system at this time would provide an opportunity for the state to recover funds.

Senator Goicoechea affirmed that the system would be put in place for approximately \$1.8 million, 75 percent of the collections would be used by the Controller's Office to pay for the new debt collection system, and the balance would be placed in Reserve. The system would be paid for by the collections, but if no collections were realized, the vendor would not receive payment.

Mr. Lyman said that from CGI's perspective, the arrangement was very low risk. He explained that once the \$1.8 million was paid, the state would not owe CGI anything other than an annual maintenance fee.

Senator Kieckhefer asked what would happen if the full amount was not collected within four years and the state switched systems.

Mr. Lyman explained that before the four years, there was only a certain period of time when CGI could be paid. Once the contract expired, if the benefits had not been achieved, the state would not owe CGI anything.

Mr. Lyman said he had been with CGI for 21 years and had been involved in eleven projects. He had personally conducted the review of the Controller's Office and saw the opportunities. He added that implementation of the system would provide the Controller's Office with other collection opportunities in the future.

Senator Goicoechea noted that there would be a new Controller in six months, and he was concerned that the new Controller might have another system and/or vendor in mind. He asked how much the Controller's Office would have to pay CGI.

Ms. Cook replied that the contract would be in place for three years and the state would be obligated to continue with the system until \$1.8 million was paid.

Chairwoman Smith remarked that the provisions were no different from other contracts entered into by an agency, regardless of a new administration.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEMS G-12 AND G-13, AS REVISED BY THE FISCAL ANALYSIS DIVISION AND CONTROLLER'S OFFICE STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick and Senator Roberson were not present for the motion.)

14. **Department of Administration - Division of Human Resource Management - FY 2015** - *Transfer of \$3,116 from the In-State Travel category to the Agency Human Resource (HR) Services category, \$25,895 from the Operating category to the Agency HR Services category, and \$2,164 from the Information Services category to the Agency HR Services category to re-align expenditure authority to maintain transparency with the Agency HR Services Unit. Requires Interim Finance approval since the amount transferred to the Agency HR Services category exceeds 10 percent of the legislatively approved amount for that category. Work Program #C29997*

Refer to motion for approval under Agenda Item G.

15. **Department of Administration - Library and Archives - Nevada State Library - Clan - FY 2015** - Addition of \$8,894 in Charges for Services, \$2,596 in County Participation Funds, \$9,329 in Receipts from Local Government, \$583 in Transfer from Other Budget Account Same Fund, and \$10,290 in Transfer from NV State Library to fund the Cooperative Libraries Automated Network (CLAN) operating expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the CLAN Operating Expenses category exceeds \$75,000. **Work Program #C30041**

Refer to motion for approval under Agenda Item G.

16. **Department of Taxation - FY 2014** - Transfer of \$91,500 from the Lockbox Services category to the Personnel Services category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C30286**

Rick Gimlin, Administrative Services Officer, Department of Taxation, explained that the Department requested that the transfer amount of \$91,500 in Agenda Item G-16 be revised to \$93,432.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR PARKS MOVED TO APPROVE AGENDA ITEM G-16.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick and Senator Roberson were not present for the vote.)

17. **Department of Education - Other State Education Programs - FY 2014** - Deletion of \$51,379 in General Fund appropriation to carry forward remaining Educational Technology funds to Fiscal Year 2015. Requires Interim Finance

approval, pursuant to Senate Bill 522, Section 16.5(d) of the 2013 Legislative Session. **RELATES TO ITEM G.18. Work Program #C30177**

Refer to motion for approval under Agenda Item G.

- 18. Department of Education - Other State Education Programs - FY 2015 -** Addition of \$51,379 in General Fund Appropriation to carry forward unspent Educational Technology funds from Fiscal Year 2014. Requires Interim Finance approval, pursuant to Senate Bill 522, Section 16.5(d) of the 2013 Legislative Session. **RELATES TO ITEM G.17. Work Program #C30178**

Refer to motion for approval under Agenda Item G.

- 19. Department of Education - School Remediation Trust Fund - FY 2015 -** Transfer of \$986,250 from the Reserve category to the Regional Professional Development Programs category to provide professional development of teachers and administrators to implement the statewide performance evaluation system. Requires Interim Finance approval since the amount added to the Regional Professional Development Programs category exceeds \$75,000. **Work Program #C30242**

Chairwoman Smith noted that Senator Kieckhefer had requested testimony on Agenda Item G-19, the Department of Education School Remediation Trust Fund.

Senator Kieckhefer observed that implementation of the evaluation system had been delayed for two years, but the work program stated that the funds would be used to implement the statewide performance evaluation system. He asked for clarification of the use of the funds.

Dale Erquiaga, Superintendent of Public Instruction, Department of Education, recalled that in June 2014, the Committee agreed with the Department and school districts that the Nevada Educator Performance Framework (NEPF) was not ready to be fully implemented and approved the request to delay implementation of the evaluation system for one year.

Mr. Erquiaga explained that the 2013 legislation provided for a one-year delay to implement the system to allow an additional year of validation study and additional training. The \$986,250 was not included in the Department's School Remediation Trust Fund budget; it was to be released by the Committee in the event of a delay. He said that the Department and 17 school districts would work with the three regional training programs to determine the allocation of the funds. During the one-year delay and continuance of the validation study, interim systems would be deployed in some of the school districts, which for the first time would include student data. Mr. Erquiaga said it was the Department's responsibility to ensure that the validation study, interim systems, and training all worked together during the coming year.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEM G-19.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

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

20. Department of Education - Discretionary Grants - Restricted - FY 2015 -
Addition of \$8,758,719 in federal 21st Century Learning Center grant funds to continue the 21st Century Learning Center grant program to support community learning centers that provide academic enrichment opportunities during non-school hours for children. Requires Interim Finance approval since the amount added to the 21st Century Learning Centers category exceeds \$75,000.
Work Program #C30171

Senator Kieckhefer asked whether the Department of Education had anticipated receiving the 21st Century Learning Center grant funds and how the funds would be used.

Dale Erquiaga, Superintendent of Public Education, Department of Education, replied that the grant from the federal government was not anticipated. Each year the Department believed the grant would not be continued, but the federal government continued to provide the funds. He said the amount was not budgeted, and the request was for Committee approval to receive and spend the funds. He noted that it was a competitive grant program administered by the Department of Education, and the funds were allocated to the school districts and community organizations.

Since it was a continuous grant, Assemblywoman Flores asked whether the funds would be used to continue programs that were already established, and what those programs were.

Tequia Barrett, Education Programs Professional for the 21st Century Community Learning Centers for the State of Nevada, explained that there had not been any interruption in grant funding to the school districts or community organizations. She explained that the discretionary grant was part of the No Child Left Behind Act, and as long as the state received the waivers, the funding would continue. However, she noted, the 21st Century grant was the sole funding source for after-school programs from the federal government, and the funding was at the discretion of the U.S. Department of Education.

Assemblywoman Flores asked what types of programs there were, how many children were being served, the impact on communities, and what the effects would be if the funds were not received. She asked whether the Boys and Girls Clubs would be closed.

Ms. Barrett explained that the Department had partnerships with the Boys and Girls Clubs that did not include grant funding. If funding was not received, programs being offered at the school district level by licensed education agencies would end. After-school programs in 52 school districts throughout the state would be eliminated. She added that each site had to serve a minimum of 100 children.

Mr. Erquiaga clarified that the Department of Education provided oversight of the grant and subgranted funds to the school district sites for the after-school programs. He would provide a list of the subgrantees to the Committee's Fiscal Analysis Division staff.

Assemblywoman Flores thanked Mr. Erquiaga for the information. She was not aware of the program and felt it was important to be aware of the funding and services available.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA
ITEM G-20.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY

- 21. Department of Education - Elementary and Secondary Education Titles II, V, and VI - FY 2015** - Deletion of \$182 in federal Effective Leaders and Teachers grant funds and addition of \$1,217,015 in federal Math and Science Partners grant funds to continue programs to improve education outcomes for Nevada students in math and science. Requires Interim Finance approval since the amount added to the Math and Science Partnerships Aid to Schools category exceeds \$75,000. **Work Program #C30133**

Refer to motion for approval under Agenda Item G.

- 22. State Public Charter School Authority - Loan Program - FY 2015** - Addition of \$170,000 Balance Forward from FY 2014 to FY 2015 to provide reimbursement for approved loans. Requires Interim Finance approval since the amount added to the Charter School Loan category exceeds \$75,000. **Work Program #C30397**

Refer to motion for approval under Agenda Item G.

- 23. Department of Agriculture - Nutrition Education Programs - FY 2014** - Addition of \$675 in federal U.S. Department of Agriculture (USDA) Summer Food Service Program grant funds, \$27,519 in federal USDA Child/Adult Care Audit grant funds, and \$23,341 in federal USDA Meal Pattern grant funds and deletion of \$870 in

federal USDA Fresh Fruits and Vegetables grant funds, \$94,481 in federal USDA Administrative Cost Allowance grant funds, and \$8,105 in federal USDA Summer Program Administrative grant funds for the department's Fiscal Year 2014 final true up of the Administrative Cost Allocation. Requires Interim Finance approval since the amount deleted from the Department Cost Allocation category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM G.26. Work Program #C30313**

Refer to motion for approval under Agenda Item G.

- 24. Department of Agriculture - Nutrition Education Programs - FY 2015** - Addition of \$80,000 in federal U.S. Department of Agriculture Food and Nutrition School Breakfast Expansion grant funds for local educational agencies to establish, maintain or expand the National School Breakfast program. Requires Interim Finance approval since the amount added to the Nevada School Breakfast Expansion category exceeds \$75,000. **Work Program #C30093**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items G-25 and G-27 would be heard together.

- 25. Department of Agriculture - Nutrition Education Programs - FY 2015** - Addition of \$123 in federal U.S. Department of Agriculture Administrative Cost Allowance funds and transfer of \$60,269 from the Operating category to the Personnel category and \$182 from the Operating category to the Information Technology category to fund the transfer of a position from the Dairy Commission to the Food Nutrition Program. Requires Interim Finance approval since the amount transferred from the Operating category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM G.27. Work Program #C29615**

Refer to testimony and motion for approval under Agenda Item G-27.

- 26. Department of Agriculture - Commodity Food Program - FY 2014** - Addition of \$39,060 in federal U.S. Department of Agriculture (USDA) State Administrative Expense grant funds, \$32,820 in federal USDA Emergency Food Assistance grant funds, \$23,862 in federal USDA Commodity Supplemental Food Program grant funds, \$8,460 in federal Senior Farmers Market Nutrition Program grant funds, and \$47,653 in federal Food Distribution Program on Indian Reservation grant funds for the department's Fiscal Year 2014 final true up of the Administrative Cost Allocation. Requires Interim Finance approval since the amount added to the Department Cost Allocation category exceeds \$75,000. **RELATES TO ITEM G.23. Work Program #C30312**

Refer to motion for approval under Agenda Item G.

- 27. Department of Agriculture - Dairy Commission - FY 2015** - Transfer of \$60,269 from the Personnel Services category to the Reserve category, \$123 from the Operating category to the Reserve category, and \$182 from the Information Services category to the Reserve category for the transfer of a position from the Dairy Commission to the Food Nutrition Program. Requires Interim Finance approval since this request relates to another work program, which requires Interim Finance approval. **RELATES TO ITEM G.25. Work Program #C29616**

James Barbee, Director, Department of Agriculture, explained that as a result of the Department's merger by the 2013 Legislature and assumption of some federal programs, the Department required additional staff to administer the Nutrition Education Programs. He asked Mr. Hansen to explain the details of the requests in Agenda Items G-25 and G-27.

Dale Hansen, Fiscal Administrator, Department of Agriculture, explained that the purpose of the transfers in Agenda Items G-25 and G-27 was to reclassify an existing Auditor position that had been used for grant reporting and fiscal management of the Commodity Food and Child Nutrition Programs. He said the Department did not inherit any fiscal staff with the Commodity Food Program, and the Department needed to have someone to fulfill that function. The Auditor position had been working on the backlog of grant reporting with the U.S.D.A. (United States Department of Agriculture), and it was time to put the position in the appropriate budget account. The position was also upgraded to a Management Analyst and moved out of the Auditor series so that it could fulfill all of the program functions.

Chairwoman Smith asked whether the Dairy Commission Fund had been reimbursed.

Mr. Hansen said that since October 1, 2013, the Department had tracked the Auditor's time toward administration of the Child Nutrition Program grant. The money had been drawn, and approval from the U.S.D.A. had just been received to transfer the funds to the Dairy Commission.

Chairwoman Smith asked the Department to inform the Committee's Fiscal Analysis Division staff when the reimbursement occurred and the amount.

Chairwoman Smith asked for public testimony and hearing none, she called for a motion.

ASSEMBLYMAN GRADY MOVED TO APPROVE AGENDA
ITEMS G-25 AND G-27.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 28. Department of Agriculture - Administration - FY 2015** - Addition of \$26,055 in Animal Industry and Predatory Control funds, \$10,739 in Livestock Inspection funds, \$41,160 in Plant Industry funds, \$34,015 in Consumer Equitability funds, and \$41,797 in Food and Nutrition funds to fund unanticipated maintenance, travel, temporary labor and salary related expenditures. Requires Interim Finance approval since the amount added to the Maintenance of Buildings and Grounds category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30215**

James Barbee, Director, Department of Agriculture, explained that this was a large diverse work program related to the Department's cost allocations. Starting with the Board of Agriculture Expenditure category, Mr. Barbee stated that since he assumed his position in 2011, fiscal year (FY) 2014 was the first year that the members of the Board traveled to meetings around the state as they had done in previous years. He said the Board was required to meet a minimum of three times a year and had met quarterly during the past year. The Department proposed to repeat that schedule in FY 2015 with two meetings at the Sparks headquarters, one in Elko, and one in Las Vegas. Mr. Barbee said that all of the sites had videoconferencing but, for the most part, the Board members traveled to the meeting location. He noted that the videoconferencing capacities were limited and connections were difficult, and the Board members wanted to visit the agriculture production sites in the meeting areas. The largest agriculture production contingency was in the Elko area, and it was beneficial to have one of the meetings in Elko to connect with the Department's constituents. The same was true in Las Vegas, which had large food processing and horticulture programs that the members were able to tour.

Senator Goicoechea remarked that typically, the members of the Board were from various locations throughout the state, and travel would be required regardless of where the meeting was held.

Mr. Barbee replied that was correct. There were two Board members from Las Vegas, one from Elko, one from Wells, one from Fernley, two from Fallon, one from Yerington, and one from Denio (north of Winnemucca).

Assemblyman Sprinkle noted that there was a significant increase in staff travel, and he asked why 49 trips for staff were necessary.

Mr. Barbee replied that new staff positions were created in the Administration Division, which included the Agriculture Literacy (Ag Lit) position, a Public Information Officer (PIO) 2, an Educational Information Officer, and an Information Technology position, and the 2013-2015 biennial budget did not include travel for new staff. He noted that the Department had never had a fiscal staff member with experience in preparing budgets, and the Budget Office had to help prepare the 2013-2015 budget. Another item that was not addressed in the budget was an increase in maintenance costs.

Mr. Barbee explained that the Agriculture Literacy staff member traveled to work with kindergarten through college (K-16) educational programs on agricultural literacy issues. As the Department was trying to build industry opportunities through agriculture conferences, the PIO 2 would be required to travel to promote the agriculture industry.

Assemblyman Sprinkle clarified that he would like to hear justification for the large increase in staff travel. He again asked why 49 trips were necessary.

Dale Hansen, Fiscal Administrator, Department of Agriculture, explained that the 2013-2015 biennial budget included 11 new administrative staff positions. He recalled that the Department's budget had been severely reduced during the budget cutbacks, leaving only 6 administrative staff members. The current budget included only \$2,700 for instate travel for 17 administrative staff positions. He said that 49 trips and approximately \$20,000 was a reasonable request for travel.

Assemblyman Sprinkle said he understood that travel funds were not included in the 2013-2015 budget, but he still did not understand why 49 trips were necessary during the few months before the 2015 Legislative Session.

Mr. Barbee explained that some trips involved professional development for the new positions. The PIO 2 position would attend the national conferences, and the Ag Lit staff member would travel to the rural areas in the state. Mr. Barbee added that he was required to travel to the Elko and Las Vegas offices to communicate with staff and constituents. The Department had prepared an itemized list of the trips, but he did not have it with him.

Assemblywoman Flores recalled that the 2013 Legislature spent many hours discussing the Department of Agriculture's budget, its various consolidations, and new educational programs. The Legislature was supportive of the Department because of the importance of agriculture in the state. The positions were approved and travel was discussed, but there was never an indication that more funding would be required for the new positions.

Assemblyman Flores was concerned that the Legislature vetted agency budgets, requests, and needs and approved a biennial budget, but agencies continued to appear before the Interim Finance Committee with additional changes and requests during the interim. It had become an ongoing cycle, and she said that Committee approval of supplemental requests during the interim was not appropriate.

Assemblywoman Flores recalled that she, Senator Woodhouse, and Assemblyman Eisen had spent much time working directly with Mr. Barbee and Department staff to ensure the creation of the best budget possible. She reiterated that the Legislature was supportive of agriculture in Nevada, but she suggested that the Department reconsider its request and bring it before the full Legislature in 2015.

Senator Goicoechea understood Assemblywoman Flores' concerns, but if there were no travel funds for the 11 new employees, he questioned what they would be doing. He said that \$2,700 for instate travel was clearly not enough for any department in the state, and the finance committees should have noted that during the 2013 Legislative Session. Agriculture was one of the state's major industries and instate travel was required.

Senator Denis recalled that the 2013 Legislature had approved a Southern Office Administrator position, which was later changed to a financial position and moved to Sparks. He asked why the position classification was changed and moved to northern Nevada.

Mr. Barbee explained that during the 2013 Session, the Department did not have a fiscal staff member to prepare the budget and perform the required financial management, especially with the addition of the Food and Nutrition Division within the Department. After the legislative session, he recognized the need for a financial administrator to oversee the development and monitoring of the budget, and he made the decision to move the Southern Office Administrator position to the Sparks office and reclassify it as the Fiscal Administrator position. At the same time, the Department's Administrative Services Officer 3 position was moved to Las Vegas to serve as the Southern Office Administrator under the oversight of the Fiscal Administrator.

Senator Denis recalled discussing the importance of the Southern Office Administrator position, and he was frustrated that Mr. Barbee had not submitted the request to change the position to the Interim Finance Committee.

Mr. Barbee said that he understood the Committee's frustration, and he apologized. The Department was in the process of preparing its 2015-2017 biennial budget, and several changes were being made to specifically address the 2013-2015 biennial budget shortfalls.

Assemblywoman Kirkpatrick said it was her understanding that the Department would be working closely with the Governor's Office of Economic Development. She would not support any out-of-state travel because there were many instate conventions and the state needed to start capitalizing on them. She supported staff training, but she did not understand the need for 49 trips between now and the next fiscal year. She believed that the number of trips could be reduced by half and the Department could still actively promote agriculture by working with Economic Development. Assemblywoman Kirkpatrick noted that staff training could involve videoconferencing and webinars, although she understood that it was important to be in attendance in some cases.

Mr. Barbee replied that the Department was working with the Governor's Office of Economic Development, and some of the requested travel related to economic development trips. He suggested that Committee members look at buynevada.org, which promoted agriculture businesses in the state, including food manufacturing and

agricultural production. The program was rolled out in January 2014 and had been successful.

Assemblywoman Kirkpatrick suggested cutting the request in half. Mr. Barbee said that the Department would be willing to reduce the request for travel funds.

Assemblyman Eisen noted that there were only nine months left in the current fiscal year, and he agreed that the request for travel should be reduced. The Committee was concerned about the dollar amount, but the process also needed to be addressed. The instate travel request appeared to be reasonable to him, but the out-of-state travel was questionable. He suggested that there be a conversation during the 2015 Session about the Department's travel – what it was for, what it would accomplish, and if there were ways to reduce the costs through videoconferencing and other methods.

Mr. Barbee explained that some of the travel requested was for the chaperones of Future Farmers of America (FFA) students to attend education programs. The Department had assumed more support of the FFA program because it was receiving less support than traditionally provided. The Agriculture Literacy position located in the Carson City office worked directly with the FFA program.

Chairwoman Smith asked whether the Department had moved into the Carson City office. Mr. Barbee replied the Department had moved into the building on August 1, 2014.

Chairwoman Smith said that she was concerned with setting a precedent of a state department having offices in Reno and Carson City as a convenience.

Assemblyman Grady recalled that the Legislature chose to locate the Department of Agriculture in Sparks rather than in a rural community. He said that travel was required for all activities throughout the state, and more was being done to promote agriculture in the state than had been done in a long time. He had been associated with the Northern Nevada Development Authority (NNDA), and former Assemblyman Lynn Hettrick had led a program for NNDA that conducted programs to promote agricultural products and nutritional programs throughout the state. Assemblyman Grady said the Department had made great strides in the past few years, and instate travel was necessary for staff to do their jobs.

Chairwoman Smith remarked that the 2013 Legislature strongly supported the Department, particularly concerning major reorganization and investment. She said the Legislature had demonstrated its support, and the Committee was vetting the request for additional funds, as it should do. She was aware that amazing things were happening in the agriculture industry and food arena throughout the state.

Assemblywoman Flores noted that travel expenditures had averaged \$4,700 over the last 10 fiscal years. She questioned why instate travel had not been a problem in the past.

Mr. Barbee replied that the Department of Agriculture now had a very different administration. Prior to his arrival, due to budget cutbacks there were only five staff members, but currently the Department was about the size it was in 2007. However, the current number of fiscal staff was less than in 2007, but three or four staff members focused on promoting agriculture, which had not been done in the past. He said that the increases in certain expenditure categories were a result of a shift in the Department's focus on promotion. Mr. Barbee said if the Committee preferred, he would be willing to exclude the request for the foreign trips.

Assemblywoman Carlton said she understood that travel was required in order for people to do a good job in Nevada. Unfortunately, other agencies had been told that their staff could not travel because there were no funds. She noted that allocations were being changed within certain programs and budgets to provide funds for travel, and she asked whether other programs would suffer because funds were being used for travel.

Mr. Barbee explained that administration of the Department was largely funded through cost allocations, limited federal indirect costs, and General Fund appropriations.

Mr. Hansen added that the other programs would not suffer. The Animal Disease Laboratory had \$83,000 budgeted for seasonal employees and would use only \$20,000, and there were General Fund savings in other programs. In addition, there would be a true-up at the end of the year, and over \$70,000 extra in indirect costs had been found in the Commodity Food Program.

Assemblywoman Carlton wanted to clarify that she understood the need for instate travel, but she did not support the request for out-of-state travel.

Assemblywoman Kirkpatrick said she believed that state offices should be located in Carson City, and secondary offices for convenience were not acceptable. She also disliked agencies renting additional space without legislative approval. She affirmed that Mr. Barbee had agreed to delete the trips to France and Brazil from the request, and she noted that the most active country for importing and exporting food products was Canada. She asked how many out-of-state and instate trips would be necessary through the end of the fiscal year.

Assemblyman Kirner said he was frustrated that agencies were moving personnel costs into travel and other expenditure categories. He was concerned that the increased expenditures and additional personnel costs would be included in the Department's next biennial budget.

Senator Kieckhefer questioned the timing of the five-year lease for the Carson City office. The Board of Examiners approved the lease for the new office on July 8, 2014, and the revised work program was submitted to the Fiscal Analysis Division on July 16, 2014. He observed that there was an eight-day window in which the Department realized that it did not have enough funds to execute the lease. He asked

how the Department was able to execute the lease only eight days after approval by the Board of Examiners.

Mr. Hansen explained that, as previously noted, an extra \$70,000 in federal indirect costs was found in the Commodity Food Program, along with some savings in other budget accounts. He acknowledged that funds were not available in the budget at the time the lease was signed, but the Department had a plan to cover the expenditures.

Assemblyman Sprinkle noted that the Department was requesting \$28,000 to contract for a temporary administrative staff member. He asked why the position was being requested now rather than during the 2015 Legislative Session when a permanent position could be created.

Mr. Barbee explained that in 2011, a human resources (HR) position was eliminated, and from July 2011 until February 2012, when the Division of Human Resource Management (DHRM) was supposed to provide support to the Department, the Department had no human resources support. During the interim, the Administration Division contracted with a former state employee with 30-plus years in human resources in another agency, but once the contract ended, the Department struggled to provide human resource services. He said that DHRM services worked best when DHRM provided an HR person in the Department building because of the distance and location between DHRM in Carson City and the Department's office in Sparks. Mr. Barbee noted that the Department had approximately 140 full-time employees and over 100 seasonal and intermittent positions. The contract position was brought back in 2012, and the cost of the position was to be cost-allocated among multiple programs. In summary, Mr. Barbee said, it was not a new position.

Assemblyman Sprinkle said that a new Executive Assistant was requested and approved for the Department by the 2013 Legislature, and he asked what that employee's responsibilities were.

Mr. Barbee replied an Administrative Assistant IV position was changed to an unclassified Executive Assistant position, but the position was never intended to be the agency HR position. The position served as Executive Assistant to the Director. He added that the contract position was more affordable, and the individual was extremely experienced. The HR paperwork was done at the agency level by the contract employee, with overall management by DHRM, which Mr. Barbee believed mitigated risk for the employee and the employer.

Chairwoman Smith asked for public comment and there was none.

Chairwoman Smith deferred the vote on Agenda Item G-28 until the Fiscal Analysis Division and Department of Agriculture staff could meet to agree upon a reduced request. She called a recess at 12:15 p.m. and requested that the Fiscal Analysis Division staff meet with Department of Agriculture staff to discuss revisions to the work program. She called the Committee back to order at 12:59 p.m.

Later in the meeting, Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported on the discussions held during the recess with Fiscal Analysis Division and Department of Agriculture staff. The following reductions were agreed upon:

- The Salaries category had a total of \$24,091 proposed in the work program. Based on the information provided by the Department, there were instances when a position was hired at a higher step level than was budgeted, and therefore no change was recommended.
- The Out-of-State Travel category would be reduced from \$12,129 to \$1,584, eliminating the trips to France and Brazil.
- The Instate Travel category would be reduced from \$18,701 to \$13,701, for a decrease of \$5,000 and the equivalent of nine trips.
- The Operating category would be reduced from \$32,802 to \$30,402.
- There were no changes in the Maintenance, Buildings and Grounds, or Board Travel categories.
- Overall, the addition of cost allocation funds would be reduced from \$153,766 to \$135,821.

Assemblywoman Kirkpatrick noted the reduction was not half of the request. She had understood that the total request would be cut in half. She asked what the Department's long-term plan was for travel for the 2015-2017 biennium.

Mr. Barbee said he had understood the request was to cut the total for instate and out-of-state travel expenses in half. Chairwoman Smith said that she had also understood the request was to reduce travel expenses by half. The other categories had been adjusted based on the areas of concern.

Assemblywoman Kirkpatrick again asked what the Department's long-term travel plans were. She noted that there were many agencies, including the Legislature, that would like to have a larger travel budget. She understood that the goal was to promote agriculture, which she supported, but she questioned the need for 49 instate trips.

Mr. Barbee explained that the most expensive instate travel trips were eliminated. He noted that an instate trip might average \$300 because it was necessary to drive to Elko County to assist the school district and to meet with the Cattleman's Association, which conducted literacy programs in the classroom. The majority of the school districts and towns were ruled by numbers, not by population. The reductions involved elimination of administrators' participation in the Board of Agriculture meetings, other than those that were absolutely necessary, and the remaining trips were for the Ag Lit position and staff performing actual work in the rural areas.

Chairwoman Smith clarified that the remaining trips were for staff to serve rural areas of the state and not to attend conferences or meetings. Mr. Barbee replied that she was correct.

Assemblywoman Carlton noted that the travel for Board members had not changed. She said she participated on several boards either telephonically or by videoconference. She understood that the Board of Agriculture members needed to visit the rural areas of the state, but she was concerned that the reductions were only made to staff travel.

Mr. Barbee said that the Las Vegas Board meeting could be eliminated. However, the Elko Board meeting had been advertised and posted for the following week. He noted that Board members had not traveled at all for four years, although they had traveled previously.

Senator Kieckhefer said he understood that select individual instate trips and the two Governor's Office of Economic Development trips were eliminated. He asked how Mr. Barbee would travel to Vermont without out-of-state travel funds.

Mr. Barbee explained the largest part of his travel each year was supported through the Western United States Agricultural Trade Association, of which he was a director. Meetings were held in conjunction with the National Organization of State Departments of Agriculture, and all of his travel, except per diem, was paid for as a member of the Board of Directors.

Assemblywoman Kirkpatrick said she was concerned that many state agencies had to eliminate travel for several years, and she suggested that the Board of Agriculture consider its travel policies. She would pay close attention to travel expenses during the 2015 Legislative Session.

Senator Goicoechea remarked that the Legislature should also do a better job of analyzing travel expenses proposed by the agencies. He was supportive of the Carson City office space because it would reduce staff travel time and expense, but it would have been more palpable to Committee members if it had heard about it before the Board of Examiners' approval.

Chairwoman Smith agreed that it was frustrating when agencies entered into agreements or made expenditures without submitting them to the Committee. She suggested that the Department should compare its travel expenses to other agencies, as well as itemize instate travel and the purpose of the trips.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA
ITEM G-28, AS AMENDED, IN THE AMOUNT OF \$135,821.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Carlton, Eisen, Frierson,
and Sprinkle voted no. Assemblyman Horne was not present for
the vote.)

- 29. Department of Agriculture - Plant Health and Quarantine Services - FY 2014 -** Addition of \$13,740 in funds transferred from the Registration and Enforcement account and transfer of \$1,070 from the Out-of-State Travel category to the Personnel Services category, \$6,818 from the In-State Travel category to the Personnel Services category, \$3,687 from the Operating category to the Personnel Services category, \$1,748 from the Information Services category to the Personnel Services category, and \$416 from the Transfer to Grade and Certification Agriculture Products category to the Personnel Services category to fund a shortfall in personnel costs. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29401**

Refer to motion for approval under Agenda Item G.

- 30. Department of Agriculture - Registration and Enforcement - FY 2015 -** Transfer of \$79,031 from the Reserve category to the Personnel Services category, \$123 from the Reserve category to the Operating category and \$182 from the Reserve category to the Information Services category to fund a new Agriculturist position to oversee the Seed and Phytosanitary Certificate Programs. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C30186. WITHDRAWN.**

- 31. Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2015 -** Addition of \$152,564 in federal U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) Agreements grant funds and deletion of \$20,000 in USDA Fire Ants grant funds, \$22,945 in USDA Nursery Pest Survey grant funds, \$23,375 in USDA BIO Control Toadflax grant funds, \$15,300 in USDA Gypsy Moth Survey grant funds, \$32,026 in USDA Cyst Nematode Survey grant funds, \$16,000 in USDA Emerald Ash Borer grant funds, and \$22,918 in USDA Plant Pathology grant funds due to the USDA reorganizing all previously separated projects into one grant award. Requires Interim Finance approval since the amount added to the USDA Pest Detection Core category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29943**

Refer to motion for approval under Agenda Item G.

- 32. Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2015** - Addition of \$271,611 in federal U.S. Department of Agriculture (USDA) Specialty Crop Block grant funds to continue activities associated with the Specialty Crop, Farm to School and Federal-State Marketing Improvement Programs. Requires Interim Finance approval since the amount added to the USDA Agriculture Marketing Service (AMS) Food Nutrition Service (FNS) category exceeds \$75,000. **Work Program #C30128**

Refer to motion for approval under Agenda Item G.

- 33. Department of Business and Industry - Insurance Division - Insurance Recovery - FY 2014** - Addition of \$195,775 in Insurance Recovery Fees to allow the division to transfer funds in excess of \$40,000, in accordance with NRS 679B.305, to the Education and Research account. Requires Interim Finance approval since the amount added to the Transfer to Education and Research category exceeds \$75,000. **Work Program #C30334**

Refer to motion for approval under Agenda Item G.

- 34. Department of Business and Industry - Industrial Relations - FY 2015** - Addition of \$200,649 in Worker's Comp and Safety funds to complete the Medical Fee Schedule approved in the Fiscal Year 2014 legislatively approved budget. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C30213**

Refer to motion for approval under Agenda Item G.

- 35. Department of Business and Industry - Housing Division - FY 2014** - Addition of \$204,285 in Loan Repayment federal Housing and Urban Development (HUD) funds to reconcile funding paid by HUD to Clark County in support of the Federal HOME Investment Partnerships Program to support affordable housing in Nevada. Requires Interim Finance approval since the amount added to the Home Program Administration category exceeds \$75,000. **Work Program #C30079**

Refer to motion for approval under Agenda Item G.

- 36. Department of Business and Industry - Housing - Weatherization - FY 2015** - Addition of \$600,000 in State Energy Office funds to provide home weatherization improvements to low-income senior citizens. Requires Interim Finance approval since the amount added to the Governor's Office of Energy - Senior Energy Program category exceeds \$75,000. **Work Program #C30091**

Refer to motion for approval under Agenda Item G.

37. **Department of Business and Industry - Real Estate Division-Administration - FY 2014** - Addition of \$83,526 in Testing Fees due to an increase in real estate licensing exams and to pay additional testing costs as contractually required. Requires Interim Finance approval since the amount added to the Testing Services category exceeds \$75,000. **Work Program #C30025**

Refer to motion for approval under Agenda Item G.

38. **Department of Business and Industry - Real Estate Division - Recovery Account - FY 2014** - Transfer of \$76,842 from the Settlement Disbursements category to the Transfer to Education/Research category to transfer funds in excess of \$300,000 to the Education, Research and Recovery Fund in compliance with NRS 645.842. Requires Interim Finance approval since the amount added to the Ed/Research category exceeds \$75,000. **Work Program #C30027**

Refer to motion for approval under Agenda Item G.

39. **Governor's Office of Economic Development - Procurement Outreach Program - FY 2015** - Addition of \$37,957 in federal Department of Defense Small Business Assistance grant funds to provide for projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Procurement Outreach Program exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30385**

Refer to motion for approval under Agenda Item G.

40. **Governor's Office of Economic Development - Nevada Catalyst Fund - FY 2015** - Addition of \$10,025,009 in Balance Forward from Previous Year funds and \$28,758 in Treasurer's Interest to continue efforts to attract new businesses to the state or assist with the substantial expansion of an existing business with the Governor's Office of Economic Development Catalyst funds. Requires Interim Finance approval since the amount added to the Business Assistance and Development Program category exceeds \$75,000. **Work Program #C30068**

Refer to motion for approval under Agenda Item G.

41. **Governor's Office of Economic Development - Nevada SSBCI Program - FY 2015** - Addition of \$1,146,364 in Balance Forward from Previous Year; addition of \$1,554,866 in Federal Receipts, \$77,000 in Filing Fees, \$1,440,000 in Loan Repayment; and deletion of \$2,000 in Penalties, \$5,000 in Treasurer's Interest Distribution, and \$28,000 in Interest Income to provide for the expenditures associated with the administering of the US Treasury funded State Small Business Credit Initiative (SSBCI) Program, Collateral Support Program (CSP), Microenterprise Loan Program, and Battle Born Program. This request also funds a new non-classified position through a decrease in CSP Contractor payments. Requires Interim Finance approval since the amount added to the

SSBCI program exceeds \$75,000 and the request includes a new position.
Work Program #C30065

Refer to motion for approval under Agenda Item G.

- 42. Department of Health and Human Services - Director's Office - UPL Holding Account - FY 2015** - Addition of \$6,517,000 in funds received from various divisions of the Department of Health and Human Services to establish the Upper Payment Limit (UPL) Holding Account budget account for the expansion of the UPL program to include private hospitals. Requires Interim Finance approval since the amount added to the Transfer to Other State Agency category exceeds \$75,000 and pursuant to A.B. 507, Section 51 of the 2013 Legislative Session.
RELATES TO ITEMS G.46 and G.60. Work Program #C30094

Refer to motion for approval under Agenda Item G.

- 43. Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2015** - Addition of \$71,831 in federal Medicare Improvements for Patients and Providers Act (MIPPA) for Beneficiary Outreach and Assistance grant funds to continue providing outreach and assistance to Medicare beneficiaries. Requires Interim Finance approval since the cumulative amount added to the MIPPA grant category exceeds \$75,000.
Work Program #C29991

Refer to motion for approval under Agenda Item G.

- 44. Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2015** - Addition of \$122,488 in federal Senior Medicare Patrol (SMP) grant funds to educate Medicare beneficiaries and their caregivers on health care fraud in Medicare billing in order to protect vital health care programs for the future. Requires Interim Finance approval since the amount added to the SMP Grant category exceeds \$75,000.
Work Program #C30102

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items G-45, G-62, and G-63 would be heard together.

- 45. Department of Health and Human Services - Aging and Disability Services - Early Intervention Services - FY 2015** - Deletion of \$105,364 in federal Child Care Development block grant funds transferred from HHS - Division of Welfare and Supportive Services to align FY 2015 state budget authority with projected contract expenditures to support the Early Intervention Program. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the**

required public hearing and the amount deleted from the Medical Contracts/Payments category exceeds \$75,000. Work Program #C30045

Refer to discussion and motion for approval under Agenda Item G-63.

- 46. Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2015** - Addition of \$4,919,032 in funds received from various divisions of the Department of Health and Human Services to establish the Upper Payment Limit (UPL) Holding Account budget account for the expansion of the UPL program to include private hospitals. Requires Interim Finance approval since the amount added to the Transfer to the Medicaid Program category exceeds \$75,000 and pursuant to A.B. 507, Section 51 of the 2013 Legislative Session. **RELATES TO ITEMS G.42 and G.60. Work Program #C30229**

Refer to motion for approval under Agenda Item G.

- 47. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Deletion of \$453,411 in General Fund Appropriation and \$453,411 in federal Title XIX to carry forward available funds to FY 2015 to support continuing and new contracts for the State Innovation Model grant and various audits. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.51. Work Program #C30243**

Refer to motion for approval under Agenda Item G.

- 48. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Deletion of ~~\$1,717,584~~ **\$2,003,849** in General Fund Appropriation to carry forward available funds to continue the pilot project to provide therapeutic foster care for youths with serious emotional disturbance authorized in A.B. 507, Section 49 of the 2013 Legislative Session. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.53, G.54, G.81 and G.82. Work Program #C30259. REVISED 8-13-14**

Refer to motion for approval under Agenda Item G.

- 49. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Deletion of \$2,316,171 in General Fund Appropriation to support the implementation of the Nevada Medicaid Care Management Organization program designed for fee-for-service Medicaid recipients with high-cost health care needs. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.55, G.56 and G.61. Work Program #C30293**

Refer to motion for approval under Agenda Item G.

- 50. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Addition of \$4,752,000 in federal Title XIX funds to establish authority for the integration of eligibility rules for the Temporary Assistance for Needy Families (TANF) program and the Supplemental Nutrition Assistance Program (SNAP) into the Health Insurance Exchange Eligibility Engine. Requires Interim Finance approval since the amount added to the Payments to State Agencies category exceeds \$75,000. **RELATES TO ITEM G.62. Work Program #C30097**

Refer to motion for approval under Agenda Item G.

- 51. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Addition of \$453,411 in General Fund Appropriation and \$453,411 in federal Title XIX to carry forward available funds from FY 2014 to support continuing and new contracts for the State Innovation Model grant and various audits. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G. 47. Work Program #C30244**

Refer to motion for approval under Agenda Item G.

- 52. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Addition of \$39,431 in federal Money Follows the Person Reinvestment funds to support recipients in a home and community based setting rather than being institutionalized in a long-term care facility. Requires Interim Finance approval since the amount added to the Money Follows Person Reinvestment category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30056**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Item G-53 would be heard with Items G-81 and G-82.

- 53. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Deletion of \$1,717,584 **\$2,003,849** in Budgetary Transfers funds to continue the pilot project to provide therapeutic foster care for youths with serious emotional disturbance through nonprofit providers. Requires Interim Finance approval, pursuant to A.B. 507, Section 49 of the 2013 Legislative Session. **RELATES TO ITEMS G.48, G.54, G.81 and G.82. Work Program #C30230. REVISED 8-13-14**

Refer to testimony and motion for approval under Agenda Item G-82.

- 54. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Addition of ~~\$1,717,584~~ **\$2,003,849** in General Fund Appropriation from FY 2014 to continue the pilot project authorized to provide therapeutic foster care for youths with serious emotional disturbance in A.B. 507, Section 49 of the 2013 Legislative Session. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.48, G.53, G.81 and G.82. Work Program #C30260. REVISED 8-13-14**

Refer to motion for approval under Agenda Item G.

- 55. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Addition of \$2,316,171 in General Fund Appropriation from FY 2014 to support the implementation of the Nevada Medicaid Care Management Organization program designed for fee-for-service Medicaid recipients with high-cost health care needs. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.49, G.56 and G.61. Work Program #C30294**

Refer to motion for approval under Agenda Item G.

- 56. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Deletion of \$2,316,171 in Budgetary Transfers to support the Care Management Organization Program which is designed for fee-for-service Medicaid recipients with high-cost health care needs including, without limitation, recipients who are aged, blind or disabled. Requires Interim Finance approval, pursuant to A.B. 507, Section 36 of the 2013 Legislative Session. **RELATES TO ITEM G.49, G.55 and G.61. Work Program #C30389**

Refer to motion for approval under Agenda Item G.

- 57. Department of Health and Human Services - Health Care Financing and Policy - Nevada Check-Up Program - FY 2014** - Deletion of \$379,260 in General Fund Appropriation to cover a portion of the projected shortfall in the Nevada Medicaid budget account in FY 2015 due to caseload increases. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.58, G.59 and G.61. Work Program #C30350**

Refer to motion for approval under Agenda Item G.

- 58. Department of Health and Human Services - Health Care Financing and Policy - Nevada Check-Up Program - FY 2015** - Addition of \$379,260 in General Fund Appropriation from FY 2014 to cover a portion of the projected shortfall in the Nevada Medicaid budget account in FY 2015 due to caseload increases. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM, G.57, G.59 and G.61. Work Program #C30351**

Refer to motion for approval under Agenda Item G.

- 59. Department of Health and Human Services - Health Care Financing and Policy - Nevada Check-Up Program - FY 2015** - Deletion of \$379,260 in Budgetary Transfers to support a portion of the general fund shortfall anticipated in the Nevada Medicaid budget account due to an increase in Medicaid recipients enrolled as a result of the Affordable Care Act. Requires Interim Finance approval, pursuant to A.B. 507, Section 47 of the 2013 Legislative Session. **RELATES TO ITEM G.57, G.58 and G.61. Work Program #C30388**

Refer to motion for approval under Agenda Item G.

- 60. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2015** - Addition of \$8,114,968 in federal Title XIX funds and \$4,919,032 in Transfer from Intergovernmental Transfer funds for the expansion of the Upper Payment Limit (UPL) program to include private hospitals. Requires Interim Finance approval since the amount added to Offline category exceeds \$75,000 and pursuant to A.B. 507, Section 51 of the 2013 Legislative Session. **RELATES TO ITEMS G.42 and G.46. Work Program #C30239**

Refer to motion for approval under Agenda Item G.

- 61. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2015** - Addition of \$2,695,431 in Budgetary Transfers and \$4,802,291 in federal Title XIX funds to support the Care Management Organization Program which is designed for fee-for-service Medicaid recipients with high-cost health care needs and support a portion of the projected shortfall attributed to caseload increases. Requires Interim Finance approval, pursuant to A.B. 507, Sections 36 and 47 of the 2013 Legislative Session. **RELATES TO ITEMS G.49, G. 55, G.56, G.57, G.58 and G.59. Work Program #C30387**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items G-45, G-62, and G-63 would be heard together.

- 62. Department of Health and Human Services - Welfare and Support Services - Administration - FY 2015** - Addition of \$195,840 in General Fund Appropriation from FY 2014 and addition of \$452,100 in Balance Forward from Previous Year funds, \$119,940 in federal USDA Food Stamp Program funds, \$2,480,120 in federal Temporary Assistance for Needy Families (TANF) Program funds, and \$4,752,000 in federal Title XIX funds to integrate the eligibility rules for the TANF and the Supplemental Nutrition Assistance programs into the Health Insurance Exchange Eligibility Engine. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and**

pursuant to A.B. 507 of the 2013 Legislative Session. RELATES TO ITEMS G.50 and G.64. Work Program #C29669

Refer to testimony and motion for approval under Agenda Item 63.

- 63. Department of Health and Human Services - Welfare and Support Services - Administration - FY 2015** - Addition of \$426,517 in General Fund Appropriation from FY 2014 and addition of \$174,291 in federal USDA Food Stamp Program funds, \$139,193 in federal Child Support Program funds, \$273,699 in federal Temporary Assistance to Needy Families funds, and \$76,300 in federal Title XIX funds to lease a telephone system approved for replacement in FY 2014 and to provided funding for an upgrade of the state's mainframe computer to improve program eligibility application processing. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. RELATES TO ITEM G.65. Work Program #C29805**

- 45. Department of Health and Human Services - Aging and Disability Services - Early Intervention Services - FY 2015** - Deletion of \$105,364 in federal Child Care Development block grant funds transferred from HHS - Division of Welfare and Supportive Services to align FY 2015 state budget authority with projected contract expenditures to support the Early Intervention Program. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and the amount deleted from the Medical Contracts/Payments category exceeds \$75,000. Work Program #C30045**

Chairwoman Smith announced that Agenda Items G-45, G-62, and G-63 required a public hearing and she opened the hearing for public testimony. Hearing no requests to testify, she closed the public hearing and called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA
ITEMS G-45, G-62, and G-63.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Aizley and
Benitez-Thompson were not present for the vote.)

- 64. Department of Health and Human Services - Welfare and Support Services - Administration - FY 2014** - Deletion of \$195,840 in General Fund Appropriation to integrate the eligibility rules for the Temporary Assistance for Needy Families and Supplemental Nutrition Assistance programs into the Health Insurance Exchange Eligibility Engine. **Requires Interim Finance approval, pursuant to A.B. 507,**

Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.62
Work Program #C29819**

Refer to motion for approval under Agenda Item G.

- 65. Department of Health and Human Services - Welfare and Support Services - Administration - FY 2014** - Deletion of \$426,517 in General Fund Appropriation to lease a telephone system approved for replacement in FY 2014 and provide funding for an upgrade of the state's mainframe computer to improve program eligibility application processing. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.63.
Work Program #C29825**

Refer to motion for approval under Agenda Item G.

- 66. Department of Health and Human Services - Welfare and Support Services - Administration - FY 2014** - Deletion of \$394,212 in General Fund Appropriation for support of the development and operation of the Affordable Care Act Eligibility Engine and changes necessary for the supported state-based marketplace. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.67. Work Program #C29998**

Refer to motion for approval under Agenda Item G.

- 67. Department of Health and Human Services - Welfare and Support Services - Administration - FY 2015** - Addition of \$394,212 in General Fund Appropriation from FY 2014 for support of the development and operation of the Affordable Care Act Eligibility Engine and changes necessary for the supported state-based marketplace. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.66.
Work Program #C30408**

Refer to motion for approval under Agenda Item G.

- 68. Department of Health and Human Services - Welfare and Support Services - Field Services - FY 2014** - Deletion of \$384,787 in General Fund Appropriation and deletion of \$73,688 in federal USDA Food Stamp Program funds and \$601,519 in federal Title XIX funds to set-up and equip the new division offices that were approved in FY 2014. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.69.
Work Program #C30121**

Refer to motion for approval under Agenda Item G.

- 69. Department of Health and Human Services - Welfare and Support Services - Field Services - FY 2015** - Addition of \$384,787 in General Fund Appropriation from FY 2014; and addition of \$73,688 in federal USDA Food Stamp Program funds, and \$601,519 in federal Title XIX funds, to set-up and equip the new division offices that were approved in FY 2014. Requires Interim Finance approval, pursuant to A.B. 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.68. Work Program #C30122**

Refer to motion for approval under Agenda Item G.

- 70. Department of Health and Human Services - Public and Behavioral Health - Low-Level Radioactive Waste Fund - FY 2015** - Transfer of \$876,195 from the Perpetual Care Fund category to the Reserve category to account for reserve funding in the Low-Level Radioactive Waste Fund budget account. Requires Interim Finance approval since the amount transferred from the Perpetual Care Fund category exceeds \$75,000. **Work Program #C30301. WITHDRAWN 8-8-14.**

- 71. Department of Health and Human Services - Public and Behavioral Health - Health Statistics and Planning - FY 2015** - Transfer of \$155,111 from the Reserve category to the Information Services category and \$13,340 from the Reserve category to the Division Cost Allocation category to fund web hosting services for the division's Web-Enabled Vital Records Registry System. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C30043**

Refer to motion for approval under Agenda Item G.

- 72. Department of Health and Human Services - Public and Behavioral Health - Health Facilities-Admin Penalty - FY 2015** - Transfer of \$404,500 from the Facilities Projects category to the Reserve category to account for reserve funding in the Health Care Quality and Compliance budget account. Requires Interim Finance approval since the amount transferred from the Facilities Projects category exceeds \$75,000. **Work Program #C30306. WITHDRAWN 8-8-14.**

- 73. Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2015** - Addition of \$100,000 in National Association of Chronic Disease Directors (NACDD) grant funds to develop and implement population-based plans to increase breast and cervical cancer screening participation through collaboration and coordination between the division's Chronic Disease program and Medicaid. Requires Interim Finance approval since the amount added to the NACDD Grant category exceeds \$75,000. **Work Program #C30200**

Refer to motion for approval under Agenda Item G.

74. **Department of Health and Human Services - Public and Behavioral Health - Marijuana Health Registry - FY 2015** - Transfer of \$407,939 from the Transfer from School Fund category to the Reserve category to reimburse Medical Marijuana Patient Registry program reserves for payment of a FY 2014 General Fund Advance authorized for the Medical Marijuana Establishment Program. Requires Interim Finance approval since the amount transferred from the Transfer from School Fund category exceeds \$75,000. **Work Program #C30199**

Refer to motion for approval under Agenda Item G.

75. **Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2014** - Deletion of \$394,635 in General Fund Appropriation to allow the completion of approved deferred maintenance projects. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislature. **RELATES TO ITEM G.77. Work Program #C30272**

Refer to motion for approval under Agenda Item G.

76. **Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2015** - Addition of \$193,487 in federal Department of Housing and Urban Development (HUD) Continuum of Care Program grant funds to provide housing and services to homeless persons with mental illness in southern Nevada. Requires Interim Finance approval since the amount added to the HUD Pathways Grant category exceeds \$75,000. **Work Program #C30187**

Refer to motion for approval under Agenda Item G.

77. **Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2015** - Addition of \$394,635 in General Fund Appropriation from FY 2014 to allow the completions of approved deferred maintenance projects. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislature. **RELATES TO ITEM G.75. Work Program #C30280**

Refer to motion for approval under Agenda Item G.

78. **Department of Health and Human Services - Public and Behavioral Health - Northern Nevada Adult Mental Health Services - FY 2014** - Deletion of \$24,813 in General Fund Appropriation to allow completion of approved deferred maintenance projects. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.79. Work Program #C30277**

Refer to motion for approval under Agenda Item G.

79. **Department of Health and Human Services - Public and Behavioral Health - Northern Nevada Adult Mental Health Services - FY 2015** - Addition of \$24,813 in General Fund Appropriation from FY 2014 to allow for the completion of approved deferred maintenance projects. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislature **RELATES TO ITEM G.78. Work Program #C30273**

Refer to motion for approval under Agenda Item G.

80. **Department of Health and Human Services - Public and Behavioral Health - Facility for the Mental Offender - FY 2015** - Transfer of \$785,000 from the Personnel Services category to the Professional Services category to fund contracted psychiatrists and other professionals to support current agency operations and provide the treatment necessary for rehabilitation. Requires Interim Finance approval since the amount added to the Professional Services category exceeds \$75,000. **Work Program #C30107**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items G-53, G-81, and G-82 would be heard together.

81. **Department of Health and Human Services - Child and Family Services - Washoe County Child Welfare - FY 2015** - Addition of \$286,264 in Budgetary Transfers and \$510,020 in Federal Child Welfare Services funds to continue the pilot project to provide therapeutic foster care for youths with serious emotional disturbance through nonprofit providers. Requires Interim Finance approval, pursuant to A.B. 507, Section 49 of the 2013 Legislative Session. **RELATES TO ITEMS G.48, G.53, G.54 and G.82. Work Program #C30123**

Refer to testimony and motion for approval under Agenda Item G-82.

82. **Department of Health and Human Services - Child and Family Services - Clark County Child Welfare - FY 2015** - Addition of ~~\$1,431,320~~ **\$1,717,585** in Budgetary Transfers and ~~\$2,550,100~~ **\$3,060,119** in Federal Title IV-E funds to continue the pilot project to provide therapeutic foster care for youths with serious emotional disturbance through nonprofit providers. Requires Interim Finance approval, pursuant to A.B. 507, Section 49 of the 2013 Legislative Session. **RELATES TO ITEMS G.48, G.53, G.54 and G.81. Work Program #C30143. REVISED 8-13-14.**

53. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Deletion of ~~\$1,717,584~~ **\$2,003,849** in Budgetary Transfers funds to continue the pilot project to provide therapeutic foster care for youths with serious emotional disturbance through nonprofit providers. Requires Interim Finance approval, pursuant to A.B. 507, Section

49 of the 2013 Legislative Session. **RELATES TO ITEMS G.48, G.54, G.81 and G.82. Work Program #C30230. REVISED 8-13-14**

Priscilla Colegrove, Administrative Services Officer, Division of Child and Family Services, Department of Health and Human Services (DHHS), explained that the purpose of Agenda Items G-53, G-81, and G-82 was to continue funding for the specialized foster-care pilot program in the Division of Child and Family Services.

Amber Howell, Administrator, Division of Child and Family Services, DHHS, said a number of individuals were in attendance to present some of the outcomes of the pilot program within the last six months:

- Chris Empey, Washoe County Department of Social Services
- Leah Lamborn, Division of Health Care Financing and Policy, DHHS
- Jill Marano, Division of Child and Family Services and Child Welfare Deputy Administrator, DHHS
- Paula Hammock, Assistant Director, Department of Family Services, Clark County
- Dr. Robert Durette, Healthy Minds

Jill Marano, Child Welfare Deputy Administrator, Division of Child and Family Services, recalled that the Committee had previously asked what areas were being compared between the north and the south and the results. She said that there were three primary areas being tracked in the northern and southern pilot programs:

- Hospitalizations. There had been decreases in the number of psychiatric hospitalizations in both the northern and southern pilots. In the northern pilot, there were no hospitalizations, a decrease from 5 at the beginning of the pilot six months earlier. In the south, there was a 31 percent decrease in hospitalizations.
- Reduction in psychotropic medications (meds). There was a 23 percent reduction in psychotropic meds in the north, and the southern pilot had a 42 percent decrease in psychotropic meds.
- Placement stability or placement disruptions. In the prior six months, the children in the northern pilot experienced an average of 10.4 placement moves or disruptions, which were reduced to an average of 1.6 moves or disruptions over the past six months. In southern Nevada, there was a 53 percent reduction in placement moves in the past six months.

Ms. Howell clarified that the purpose of the work program was not to expand the number of children served: the purpose was to continue the pilot program in fiscal year (FY) 2015.

Chairwoman Smith said the success of the pilot program was great news, and she asked what was planned going forward into the next biennium.

Ms. Howell replied it had taken some time to lessen skepticism and criticism of the pilot program. There had been good success over the last year and a half, and the outcomes had continued to decline. She said it was time to move toward building and implementing a permanent statewide program. Clark and Washoe Counties had been awarded block grant funds from the state, and discussions were being held about what increases would be needed to fully implement the programs within their communities.

Ms. Howell pointed out that DCFS had not asked for Medicaid dollars because the pilot was a small sample size, but Medicaid funds would have to be included in the next biennial budget if the programs were to be fully implemented.

Chairwoman Smith asked whether the program met or exceeded expectations as presented in the original budget.

Ms. Howell replied that the twelve-month report had more than exceeded her expectations, and she hoped the momentum could be maintained.

Chairwoman Smith noted that funding from Basic Skills Training (BST) had been used for the pilot, and she asked how the BST would be funded going forward.

Ms. Howell said the intent was to not be reliant on BST for this population, and that funds would be available in-house to support the program.

Senator Kieckhefer asked how many youth would qualify for this level of care statewide upon full implementation of the program and whether cost estimates were available.

Ms. Howell replied that a total of 41 children in the rural communities would qualify. When the business plan was created five years ago, there was a total of 581 qualified youth statewide. The pilot program involved 12 children in the rural counties, 30 in Washoe County, and 180 in Clark County, which was nearly half of the total qualified number.

Assemblyman Sprinkle asked what difficulties were anticipated in transitioning children who were not part of the pilot and whether funding would be requested for full implementation in the 2015 Legislative Session.

Ms. Howell said that increased capacity and funding would be required, as well as staff and resources, specifically in the rural regions where in-house staff were currently being used. She said the Division would continue to expand throughout this fiscal year if finances were available, and funding would be required from the 2015 Legislature for full implementation.

Assemblyman Eisen congratulated the staff for the pilot's success. He was very impressed with the outcomes for children, which was the goal. He noted that there were currently about 220 kids in the program and another 360 might be eligible, and

he asked whether numbers were available to compare the costs of care per child for those who were in the pilot program and those who were not.

Ms. Howell said that the Division was currently compiling and comparing costs. The Division had worked closely with Medicaid to monitor psychotropic medication claims, hospitalization claims, and total pre-pilot costs compared to costs in the pilot. There were overall costs, which Ms. Howell said the Division would be prepared to discuss as soon as the analysis was completed.

Chairwoman Smith remarked that the results of the pilot were impressive, and she thanked the staff for their efforts. She asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA
ITEMS G-53, G-81, AND G-82.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Benitez-Thompson
was not present for the vote.)

- 83. Department of Health and Human Services - Child and Family Services - Caliente Youth Center - FY 2014** - Deletion of \$156,773 in General Fund Appropriation to FY 2015 to allow for the completion of an exterior painting deferred maintenance project. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.84. Work Program #C30023**

Refer to motion for approval under Agenda Item G.

- 84. Department of Health and Human Services - Child and Family Services - Caliente Youth Center - FY 2015** - Addition of \$156,773 in General Fund Appropriation from FY 2014 to allow for the completion of exterior painting deferred maintenance project in FY 2015. Requires Interim Finance approval, pursuant to A.B. 507, Section 37, of the 2013 Legislative Session. **RELATES TO ITEM G.83. Work Program #C29878**

Refer to motion for approval under Agenda Item G.

- 85. Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2014** - Deletion of \$207,964 in General Fund Appropriation to FY 2015 to allow for the completion of a facility drinking water supply line repair deferred maintenance project. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.86. Work Program #C30254**

Refer to motion for approval under Agenda Item G.

86. **Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2015** - Addition of \$207,964 in General Fund Appropriation from FY 2014 to allow for the completion of a facility drinking water supply line repair deferred maintenance project. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.85. Work Program #C30095**

Refer to motion for approval under Agenda Item G.

87. **Department of Employment, Training and Rehabilitation - Rehabilitation Division - Disability Adjudication - FY 2014** - Transfer of \$46,000 from the Medical Determination category to the Division Cost Allocation category to fund an adjustment to the division's cost allocation. Requires Interim Finance approval since the cumulative change to the Medical Determination category exceeds \$75,000. **Work Program #C29957**

Refer to motion for approval under Agenda Item G.

88. **Department of Employment, Training and Rehabilitation - Rehabilitation - Vocational Rehabilitation - FY 2015** - Deletion of \$91,667 in federal Social Security Administration (SSA) funding to establish authority in the Services to the Blind and Visually Impaired Program for SSA Program Income from Social Security Administration Claims for one-time expenditures relative to the Vocational Rehabilitation Program. Requires Interim Finance approval since the amount deleted from the SSA Program Income category exceeds \$75,000. **RELATES TO ITEM G.90. Work Program #C29987**

Refer to motion for approval under Agenda Item G.

89. **Department of Employment, Training and Rehabilitation - Rehabilitation - Vocational Rehabilitation - FY 2015** - Addition of \$87,350 in Healthy Nevada funds transferred from HHS - Director's Office to continue to provide clients with assistive technology services through the Assistive Technology Laboratory Program. Requires Interim Finance approval since the amount added to the Tobacco Grant category exceeds \$75,000. **Work Program #C29989**

Refer to motion for approval under Agenda Item G.

90. **Department of Employment, Training and Rehabilitation - Rehabilitation - Services to the Blind and Visually Impaired - FY 2015** - Addition of \$91,667 in federal Social Security Administration (SSA) funding to establish SSA Program Income from Social Security Administration Claims for one-time expenditures relative to the Vocational Rehabilitation Program. Requires Interim Finance approval since the amount added to the SSA Program Income category exceeds \$75,000. **RELATES TO ITEM G.88. Work Program #C29986**

Refer to motion for approval under Agenda Item G.

91. **Department of Employment, Training and Rehabilitation - Employment Security Division - FY 2014** - Addition of \$2,280,000 in federal Workforce Investment Act (WIA) funding to support local workforce investment boards' projected statewide workforce development activities through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the WIA Program category exceeds \$75,000. **Work Program #C29983**

Refer to motion for approval under Agenda Item G.

92. **Department of Employment, Training and Rehabilitation - Employment Security Division - FY 2015** - Addition of \$969,031 in Workforce Investment Act Job-Driven National Emergency Grant (WIA JD-NEG) funds to implement the Platform 2 Employment initiative that serves long-term unemployed and those claimants most likely to exhaust their Unemployment Insurance Benefits with career counseling, training, and re-employment and supportive services. Requires Interim Finance approval since the amount added to the Workforce Investment Act Job-Driven National Emergency Grant category exceeds \$75,000. **Work Program #C30110**

Refer to motion for approval under Agenda Item G.

93. **Department of Employment, Training and Rehabilitation - Employment Security Division - Special Fund - FY 2015** - Transfer of \$1,200,000 from the Reserve category to the Unemployment Insurance, Supplemental Unemployment Insurance Funding category to allow for the use of Penalty and Interest reserve funding to continue to support administration of the Unemployment Insurance Program. Requires Interim Finance approval since the amount transferred to the Unemployment Insurance, Supplemental Unemployment Insurance Funding category exceeds \$75,000. **Work Program #C30054**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items D-1 and I.5 would be heard with Agenda Items G-94, G-95, G-102, G-105, G-108, G-114, G-115, G-116, G-117, G-118, G-119, and G-120. Refer to testimony and motion for approval under Agenda Item G-120.

94. **Department of Corrections - Director's Office - FY 2014** - Deletion of \$129,863 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Information Services category exceeds \$75,000. **Work Program #C30078**

Refer to testimony and motion for approval under Agenda Item G-120

- 95. Department of Corrections - Prison Medical Care - FY 2014** - Addition of \$384,557 in Budgetary Transfers and deletion of \$36,284 in Transfer from Inmate Welfare Account. This request also transfers \$352 from the In-State Travel category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds \$75,000. **Work Program #C3023**

Refer to testimony and motion for approval under Agenda Item G-120.

- 96. Department of Corrections - Ely State Prison - FY 2014** - Deletion of \$95,775 in General Fund Appropriation to ensure sufficient budget authority is available for an approved deferred maintenance project in Fiscal Year 2015. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.97. Work Program #C29792**

Refer to motion for approval under Agenda Item G.

- 97. Department of Corrections - Ely State Prison - FY 2015** - Addition of \$95,775 in General Fund Appropriation to balance forward funds to ensure sufficient budget authority is available for an approved deferred maintenance project. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.96. Work Program #C29793**

Refer to motion for approval under Agenda Item G.

- 98. Department of Corrections - Ely State Prison - FY 2014** - Addition of \$10,000 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Equipment category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30153**

Refer to motion for approval under Agenda Item G.

- 99. Department of Corrections - High Desert State Prison - FY 2014** - Addition of \$81,949 in Budgetary Transfers and transfer of \$3,252 from the Maintenance Contracts category to the Personnel Services category and \$13 from the Inmate Drivens category to the Personnel Services category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Personnel Services category exceeds \$75,000. **Work Program #C30166**

Refer to motion for approval under Agenda Item G.

- 100. Department of Corrections - High Desert State Prison - FY 2015** - Addition of \$31,074 in Budgetary Transfers to support department-wide staffing needs related to the reassignment of Senior Correctional Officers and Correctional Officers. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **RELATES TO ITEM G.101. Work Program #C29680**

Refer to motion for approval under Agenda Item G.

- 101. Department of Corrections - Northern Nevada Correctional Center - FY 2015** - Deletion of \$104,512 in Budgetary Transfers to support department-wide staffing needs related to the reassignment of Senior Correctional Officers and Correctional Officers. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS G.100, G.107, G.109, G.112, and G.121. Work Program #C29693**

Refer to motion for approval under Agenda Item G.

- 102. Department of Corrections - Nevada State Prison - FY 2014** - Deletion of \$15,823 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Maintenance for Closed Facilities category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C3016**

Refer to testimony and motion for approval under Agenda Item G-120.

- 103. Department of Corrections - Southern Desert Correctional Center - FY 2014** - Deletion of \$45,000 in General Fund Appropriation to ensure sufficient budget authority is available for an approved deferred maintenance project in Fiscal Year 2015. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.104. Work Program #C29931**

Refer to motion for approval under Agenda Item G.

- 104. Department of Corrections - Southern Desert Correctional Center - FY 2015** - Addition of \$45,000 in General Fund Appropriation to Balance Forward funds to ensure sufficient budget authority is available for an approved deferred maintenance project. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.103. Work Program #C29932**

Refer to motion for approval under Agenda Item G.

- 105. Department of Corrections - Southern Desert Correctional Center - FY 2014 -** Deletion of \$235,206 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deleted from the Personnel Services category exceeds \$75,000. **Work Program #C30165**

Refer to testimony and motion for approval under Agenda Item G-120.

- 106. Department of Corrections - Lovelock Correctional Center - FY 2014 -** Addition of \$7,031 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30161**

Refer to motion for approval under Agenda Item G.

- 107. Department of Corrections - Lovelock Correctional Center - FY 2015 -** Addition of \$40,883 in Budgetary Transfers to support department-wide staffing needs related to the reassignment of Senior Correctional Officers and Correctional Officers. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **RELATES TO ITEM G.101. Work Program #C29690**

Refer to motion for approval under Agenda Item G.

- 108. Department of Corrections - Southern Nevada Correctional Center - FY 2014 -** Deletion of \$40,879 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30299**

Refer to testimony and motion for approval under Agenda Item G-120.

- 109. Department of Corrections - Warm Springs Correctional Center - FY 2015 -** Addition of \$6,852 in Budgetary Transfers to support department-wide staffing needs related to the reassignment of Senior Correctional Officers and Correctional Officers. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **RELATES TO ITEM G.101. Work Program #C29682**

Refer to motion for approval under Agenda Item G.

- 110. Department of Corrections- Florence McClure Women's Correctional Center - FY 2014 -** Addition of \$8,329 in Budgetary Transfers and transfer of \$13,556 from the Inmate Drivens category to the Utilities category and \$8,006 from the Uniform Allowance category to the Utilities category to fund a projected shortfall within the

department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Inmate Drivens category exceeds \$75,000.
Work Program #C30164

Refer to motion for approval under Agenda Item G.

- 111. Department of Corrections - Casa Grande Transitional Housing - FY 2014** - Addition of \$43,765 in Budgetary Transfers, deletion of \$57,530 in Room, Board and Transportation Charges, and transfer of \$5,064 from the Operating category to the Utilities category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs.
Work Program #C29917

Refer to motion for approval under Agenda Item G.

- 112. Department of Corrections - Casa Grande Transitional Housing - FY 2015** - Addition of \$16,858 in Budgetary Transfers to support department-wide staffing needs related to the reassignment of Senior Correctional Officers and Correctional Officers. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **RELATES TO ITEM G.101. Work Program #C29684**

Refer to motion for approval under Agenda Item G.

- 113. Department of Corrections - Stewart Conservation Camp - FY 2014** - Addition of \$1,791 in Budgetary Transfers and deletion of \$4,578 in Room, Board and Transportation Charges to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs.
Work Program #C30149

Refer to motion for approval under Agenda Item G.

- 114. Department of Corrections - Pioche Conservation Camp - FY 2014** - Deletion of \$5,316 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30150**

Refer to testimony and motion for approval under Agenda Item G-120.

- 115. Department of Corrections - Three Lakes Valley Conservation Camp - FY 2014** - Deletion of \$10,827 in Budgetary Transfers and transfer of \$2,458 from the Inmate Drivens category to the Utilities category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim

Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30159**

Refer to testimony and motion for approval under Agenda Item G-120.

- 116. Department of Corrections - Wells Conservation Camp - FY 2014** - Deletion of \$52,099 in Budgetary Transfers and \$682 in Room, Board and Transportation Charges to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30151**

Refer to testimony and motion for approval under Agenda Item G-120.

- 117. Department of Corrections - Humboldt Conservation Camp - FY 2014** - Deletion of \$7,451 in Budgetary Transfers and \$1,524 in Room, Board and Transportation Charges to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30157**

Refer to testimony and motion for approval under Agenda Item G-120.

- 118. Department of Corrections - Ely Conservation Camp - FY 2014** - Deletion of \$7,749 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30152**

Refer to testimony and motion for approval under Agenda Item G-120.

- 119. Department of Corrections - Jean Conservation Camp - FY 2014** - Deletion of \$32,334 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30158**

Refer to testimony and motion for approval under Agenda Item G-120.

Chairwoman Smith reiterated that Agenda Items D-1 and I.5 would be heard with Agenda Items G-94, G-95, G-102, G-105, G-108, G-114, G-115, G-116, G-117, G-118, G-119, and G-120.

- 120. Department of Corrections - Silver Springs Conservation Camp - FY 2014** - Deletion of \$288 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval

since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30181**

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

1. **Department of Corrections - Prison Medical Care - FY 2014** - Transfer \$760,273 from the Personnel Services category, \$907 from the In-State Travel category, \$43,370 from the Operating category, \$725 from the Equipment category, \$71 from the Maintenance of Buildings and Grounds category, \$58,080 from the Professional Services category, \$663 from the Information Services category, \$105 from the Agency Issue - Uniforms category, \$80 from the Training category, \$3,624 from the ACLS Training category, \$32 from the Medical Inmate Driven State Claims category, and \$5,491 from the Utilities category to the Inmate Driven category to pay inmate medical provider payments. Requires Interim Finance approval since the amount transferred to the Inmate Driven category exceeds \$75,000. **Work Program #C30071**

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

5. Department of Corrections – Prison Medical Care – Request for an allocation of \$1,030,397 to fund a shortfall in the Prison Medical Care budget in FY 2014.

Scott Sisco, Deputy Director for Support Services, Department of Corrections, stated that the Department had multiple budgetary transfer work programs and an IFC Contingency Account request to cover the remaining fiscal year (FY) 2014 expenses in the medical budget because of outstanding medical expenses that substantially exceeded the amounts budgeted. He first wanted to address why the requests were being made at the end of the fiscal year, and he read the following testimony:

As many of you are aware, the Department of Corrections has some of the least sophisticated computer equipment and applications in state government. As you will recall, last year the Department of Corrections was one of the largest recipients of the XP operating systems conversion funds, and virtually every single computer we own had to be replaced due to the age of the operating system, hardware, and software.

We struggle to keep our offender management system, and we have few support applications and, in particular, the Department has no medical cost projection application. We have no medical inmate medical records

application. We track costs and make projections based on reviewing processed weekly check runs, as has been done for many years. This year, with implementation of the Affordable Care Act, the Department monitored those check runs very closely. Prior to the Affordable Care Act start date of January 2, 2014, which brought with it an ability to apply for Medicaid for inmates admitted to hospitals, our check runs were averaging well over \$200,000 per week. By March of this year, those averages dropped down to below \$100,000 per week, resulting in estimates that, with budgetary transfers, suggested we could make it to the new fiscal year. The last check run in May was \$94,000.

The day after I sat before you on June 19 asking for funds just to make payroll, the check run jumped all the way up to \$414,000, jumping the average for May and June to \$182,000. At that point, we reached out to the Budget Office and by July 9, a decision was made to do an emergency work program that moved all available funding out of all other expenditure categories in the medical budget account into the outside medical expenditure category in order to preserve approximately \$762,652 in discounts available to the state through timely payment, per the terms of our third-party administrator contract.

Since that emergency work program, Item D-1, pulled pretty much every dollar from every other expenditure category in the medical budget, the remaining budgetary transfer work programs before you today, as well as the IFC Contingency Fund request, take care of the negative balances currently in category 01, the revenue shortfall, and provides necessary funding to pay approximately \$472,449 in invoices that the Department is currently holding.

Numerous factors were part of the reason this occurred at the point in which it did, including hospitals that don't bill until 90 to 180 days after the inmate, a patient, is released, and a new third-party administrator contract that resulted in the outgoing third-party administrator pushing a far greater number of billings into May and June than was normal.

While the Department would like to assure the Committee that a request this late in the year will not happen again, medical providers are notorious for untimely billings, and with check runs being our primary forecasting tool, it is not always as reliable as we like it to be. Director Cox and I have met with Mike Willden, Chief of Staff, and former DHHS Director, and he has offered to have one or two of his better forecasters used by DHHS look at how we forecast and determine if there is a better method within the tools that we have available.

Last, I'd like to mention where I think we stand for the current fiscal year (FY) 15. Three of the things that severely impacted FY 14 projections and

cash flow should not reoccur by fiscal year 15. First, in early fiscal year 14, we moved over \$850,000 from FY 14 funding to pay end-of-the-year FY 13 medical payments. As you are aware, Corrections is somewhat unique in that we have a prior year medical expenditure category to pay prior year medical bills with current year funds versus the state claims process used by other budget accounts. While we had a substantial carryover from fiscal year 13 into this year, with the Affordable Care Act change, we did not anticipate the large number and sizeable hospital or outside bills from the previous year coming in three to six months after the close of the year, as they did last year.

One reason for this optimism was most of the overages that we are dealing with today come from medical expenses incurred by the Department between July 1 and December 31 of last year, before the Affordable Care Act began in January. Second, we have every reason to believe we are on track to secure the projected Medicaid savings within this actual year and, finally, there won't be a change of a third-party administrator pushing through invoices at the very close of the year.

Assemblywoman Carlton said that she understood the third-party administrator issue, and she asked what conversations were held with the outgoing administrator concerning closing out the billing period. She asked how the Department determined the transfer amounts.

Mr. Sisco replied that per State Purchasing regulations, the Department had to bid for a third-party administrator at least every four years. The old administrator lost the bid and called the Department's medical providers to urge them to submit their bills so that the administrator would not have to retain staff after July 1.

Regarding Agenda Item D-1, the Expeditious Action work program, Mr. Sisco said the Department had met with the Budget Division and proposed several 15-day work programs. However, the Department could potentially lose approximately \$792,000 in credits if the bills were not paid in a timely manner, and the Budget Division suggested the emergency work program.

Assemblywoman Carlton said the cost of medical care had been discussed numerous times, and she was glad that money was saved by paying the bills expeditiously. She noted that the prison population was getting older, and there could be other ways of dealing with their medical expenses. She asked how the Department planned to address the situation in the future.

Mr. Sisco said that the issue of the aging population had been discussed with the Fiscal Analysis Division staff, and the Budget Director had pointed it out at the Board of Examiners' meeting. He read a prepared statement concerning the aging population:

- While currently the national average was 7.1 percent of inmates over the age of 55 in state departments of corrections, Nevada's fiscal year 14 average was 11.51 percent, 4.41 percent higher.
- That segment of the inmate population, 11.51 percent, was responsible for 31 percent of the Department's medical costs overall. The major cost contributors for those inmates over the age of 55 were:
 - 35 percent of all costs related to inmate hospital stays
 - 45 percent of all costs related to out-patient hospital stays
 - 34 percent of all costs related to ambulatory surgery center
 - 31 percent of all costs related to ambulance services
 - 25 percent of all costs related to emergency rooms
 - 15 percent of all costs related to outpatient office visits
 - 17 percent of all costs related to lab work
- While Medicaid would result in the inpatient hospital stay costs being transferred from Corrections to Medicaid, in looking at the first six months of signing up inmates for Medicaid, inmates aged 55-plus 11.51 percent of the inmate population still consumed 32 percent of the total outpatient medical costs, and the major drivers were still outpatient, hospital, emergency room, ambulatory surgery center, and ambulance services.

Mr. Sisco said that the Department was concerned about the Medicaid issue and would be monitoring the costs closely. He added that some hospitals were not happy that inmates were being transferred to Medicaid, and he was not sure what other solutions were available. He pointed out the Department had to be careful because the Constitution required the Department to provide medical care to inmates, and medical decisions could not be made based on costs.

Mr. Sisco reiterated that he and Director Cox had met with Mike Willden, who had agreed to have staff in DHHS who were proficient in making projections meet with NDOC to discuss ways to improve its methods of making projections.

Assemblywoman Carlton affirmed that the 11.5 percent of the inmate population was over 55 years of age, the national average was 7.1 percent, and that segment of the inmate population consumed 31 percent of the actual medical costs. She asked what percentage of inmates was projected to be over 55 in the future.

Mr. Sisco replied that James F. Austin Associates (JFA), which provided the projections, was in the process of compiling those numbers for preparation of the 2013-2015 biennial budget. He would provide the information to the Committee's Fiscal Analysis Division staff as soon as it was available.

Assemblywoman Carlton requested that the projections extend beyond the next two years. The aging inmate population was an issue that would need to be dealt with, and

the state needed to be prepared. She thought there was a better way to provide care and housing for aging inmates, and alternative methods should be pursued.

Assemblyman Sprinkle pointed out that the Department had experienced several catastrophic events since the end of FY 2013, and he asked whether the Department could anticipate similar problems in FY 2015.

Mr. Sisco recalled that the Department appeared before the Committee in April 2014 because of the catastrophic events that occurred the end of FY 2013, similar to what was occurring at this time. He said many of the future catastrophic events would be Medicaid eligible if the hospitals did not refuse to serve the inmates. He believed that the medical portion of the FY 2015 budget would realize the savings that the Department and the Legislature had included in the budget, and he did not anticipate as many problems with the medical budget in FY 2015.

Assemblyman Sprinkle asked how the numerous transfers would affect the other NDOC institutions and whether budget shortages would occur in other areas because of the current emergency situation.

Mr. Sisco explained that the Department of Corrections was unique in that the Appropriations Act allowed the Department to transfer funds among budget accounts based on needs. The projections of inmate population at the various institutions made at the beginning of a fiscal year constantly changed. Funds could be transferred between facilities in response to inmate-driven needs such as food, clothing, and medical. However, Mr. Sisco pointed out, the Department was beginning to realize that the numerous transfers and work programs were the reason for some of the confusion.

Mr. Sisco added that the current work programs would reconcile the Department's budget in order to close it for FY 2014.

Assemblywoman Kirkpatrick asked whether the request for proposal (RFP) included a timeframe for providers stipulating when bills must be submitted to the Department. She asked what could be done to protect the state in the future.

Mr. Sisco noted that it was now August and the Department was still trying to process December billings, and the RFP did not include any deadlines for billing. He said that Washington State had just passed legislation requiring hospitals to accept inmates from the Department of Corrections as a condition of licensure, which might be an alternative in Nevada if the hospitals began to refuse to accept inmate patients.

Assemblywoman Kirkpatrick asked whether the contract could be amended to include billing deadlines. She said if the problem was not recognized and resolved, it would continue.

Charles Schardin, Administrative Services Officer, Department of Corrections, explained that the Department contracted with preferred provider organizations, which contracted

with the hospitals and the providers. The preferred providers set up the network and the network rates, and they negotiated with the doctors and the hospitals for the reimbursement rates. The contract with the preferred provider stated that payment would be made timely.

Assemblywoman Kirkpatrick said that she understood the process, but the parameters must be known in order to prepare accurate budgets.

Assemblyman Oscarson said he hoped that the chief operating officers of the hospitals that were billing every six months were listening, because billing six months late was unacceptable. He had been involved with the Broadband Task Force and others concerning telemedicine, and discussions had been held concerning correctional medicine. It was hoped that the new fiber project being implemented by the Nevada Hospital Association could be extended to the correctional facilities to expedite how inmate patients were taken out of facilities to hospitals and doctors' offices. Assemblyman Oscarson anticipated that there would be some opportunities within the next 12 to 18 months, and he suggested that future contracts include provision of a tele-medicine or tele-health component, which would result in cost savings to the Department.

Mr. Sisco said that once the Department's broadband problem was solved, avenues would be open to the Department for use of tele-medicine, including for HIV clinics and others. He reiterated that the Department's information technology was antiquated.

Senator Kieckhefer said the Chief Executive Officer of Carson-Tahoe (C-T) Hospital spoke at a Northern Nevada Development Authority breakfast and stated that C-T's Medicaid payer rate had increased from 6 percent to 17.5 percent since January. A large portion of the increase was because of inmates being enrolled in Medicaid for 24 hours a day. He said that based on the location of the NDOC facilities, there would be a disproportionate impact on specific hospitals in the state, and shifting the contract rate to the Medicaid rate would affect the hospitals, which were operating on a profit margin of 2 percent. He asked Mr. Sisco to provide him with information concerning which hospitals were seeing the largest influx of Medicaid payers based on admission of inmates.

Mr. Sisco said that C-T Hospital was one of the institutions that wanted NDOC to shift the inmates elsewhere for care, but moving inmates from C-T Hospital to Reno or other parts of the state would result in substantial overtime costs. He would provide the Committee with a report on which medical facilities were being severely affected.

Assemblyman Eisen said that he did not understand why the problem seemed to be a surprise. He thought that the Department should be able to anticipate a significant increase in utilization or the acuity of the patients being treated before the bills were received. He understood that the state was above the national average in inmates over 55 years of age, and he asked whether patient conditions and care were changing. He

questioned why the Department did not recognize the problem several months earlier if there were more patients in the hospital requiring higher levels of care.

Assemblyman Eisen asked whether there was anything that could be done to prevent the need for higher levels of care and whether the Department was taking appropriate care of the inmates to keep them as healthy as possible. He wanted to understand the reason for the higher medical costs and why they came as a shock.

Mr. Sisco replied that the Department tracked catastrophic cases as closely as possible. He noted that little information was received from Medicaid concerning what was paid for inmate care. However, the current problem was caused by catastrophic cases that happened between July 1 and December 31, 2013. He reiterated that the sudden increases were also caused by the change in the third-party provider.

Mr. Sisco added that the Department had an extremely small support staff, and he and the Director had considered adding staff to track inmate costs, but the medical costs were going to have to be paid regardless. He was hopeful that improvements in forecasting would help resolve the problems. Mr. Sisco said that the Affordable Care Act was benefitting inmate medical care and Department expenses.

Mr. Schardin explained that the Department consisted of seven major institutions, and there were primary-care physicians and chronic disease clinics in every institution. Inmates were typically physically older than their chronological age because of lack of preventive and medical care. Upon completion of an intake examination and assessment of an inmate, chronic conditions and healthcare needs were identified. Specialists also came to the facilities to treat inmates recommended by primary-care physicians, and monthly clinics were held on-site in a number of areas.

Assemblyman Eisen said he appreciated the information, but it did not answer his question. He understood that inmates were older than their chronological age and were less healthy than their peers when admitted to the institution, which was not new. He wanted to understand what had changed to cause the increase in costs, and he suggested that closer tracking might be a worthwhile investment if it revealed things that could be done on the preventative side that could decrease the need for acute costs. Closer tracking could be less expensive in the long run and ultimately lead to a healthier inmate population that would be in a better position to contribute to the community upon release. He asked what was being treated that contributed to the increased costs.

Mr. Schardin replied he did not have a list of the medical conditions, but cancer rates had increased tremendously, and there were cardiac events and cases of end-stage liver disease.

Mr. Sisco added that recently, in one week, two men under the age of 30 with cancer and one woman within weeks of delivering twins were admitted.

Mr. Sisco noted that the PEW Research Center report just revealed that the State of Nevada was 43rd in the nation in the lowest inmate medical costs.

Assemblywoman Carlton remarked that taking care of inmates was not only a Constitutional requirement, it was the right thing to do. She said the frustration of the Committee was the way the problem was handled, and members needed to hear a plan for the future in the 2015 Legislative Session.

Chairwoman Smith stated that Medicaid use had an impact throughout the state, and hospitals were exponentially affected by regular Medicaid patients. In her mind, the bigger issue was the reimbursement rate statewide, and hospitals were affected by other issues besides prison inmate care.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the Budget Division had submitted a revision to the request reducing it by \$200,000. Upon Fiscal staff's review, it appeared that about \$145,000 of the reduction could be justified, and therefore if the Committee approved Agenda Item I.5., the allocation from the Contingency Account, Fiscal staff recommended a reduction of \$145,000, for a total of \$885,397.

Assemblyman Oscarson said that Medicaid had instituted a program that identified about 45,000 high users of the system. A care management organization (CMO) would manage those patients with significant health problems to see if it could be done a better way. He suggested the Department reach out to Medicaid to see how the patients were identified and possible alternatives for treatment.

Chairwoman Smith asked for public comment and hearing none, she called for a motion. She stated that the Department had heard the Committee's concerns, and members were adamant that better forecasting and management must be addressed. The problems would not be going away.

Mr. Sisco said the Department was reaching out to correctional facilities in other states, and hopefully meeting with the DHHS forecasters would be positive.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS G-94, G-95, G-102, G-105, G-108, AND G-114 THROUGH G-120, AND AGENDA ITEM I.5. IN THE REVISED AMOUNT OF \$885,397.

SENATOR PARKS SECONDED THE MOTION.

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

- 121. Department of Corrections - Tonopah Conservation Camp - FY 2015** - Addition of \$8,845 in Budgetary Transfers to support department-wide staffing needs related to the reassignment of Senior Correctional Officers and Correctional Officers. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **RELATES TO ITEM G.101. Work Program #C29679**

Refer to motion for approval under Agenda Item G.

- 122. Department of Corrections - Tonopah Conservation Camp - FY 2014** - Addition of \$413 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C30300**

Refer to motion for approval under Agenda Item G.

- 123. Department of Motor Vehicles - Automation - FY 2015** - Addition of \$92,400 in reimbursements from the Department of Health and Human Services (HHS), Division of Public and Behavioral Health - Marijuana Health Registry in support of the provisions of S.B. 374 approved by the 2013 Legislature for the Medical Marijuana Establishment Program. Reimbursements will fund a contract Business Analyst Programmer to create an electronic interface with the Department of Motor Vehicles database. Requires Interim Finance approval since the amount added to the Medical Marijuana – S.B. 374, HHS category exceeds \$75,000. **Work Program #C30118**

Refer to motion for approval under Agenda Item G.

- 124. Department of Motor Vehicles - Automation - FY 2015** - Transfer of \$182,320 from the Personnel Services category to the Master Service Agreement (MSA) Contract Programmer category due to difficulty in acquiring skilled and experienced programmers necessary to fill vacant positions. Requires Interim Finance approval since the amount transferred to the MSA Contract Programmer category exceeds \$75,000. **Work Program #C30196**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items G-125, G-126, and G-127 would be heard together.

- 125. Department of Motor Vehicles - Automation - FY 2015** - Addition of \$403,948 in reimbursements from the Clark County Regional Transportation Commission (RTC) for one-time costs associated with the development of the collection process for an indexed tax on motor and special fuels due to the passage of A.B. 413 of the 2013 Legislative Session. Requires Interim Finance approval since the amount

added to the RTC - AB413 category exceeds \$75,000. **RELATES TO ITEMS G.126 and G.127. Work Program #C30207**

Refer to testimony and motion for approval under Agenda Item G-127.

- 126. Department of Motor Vehicles - Motor Carrier - FY 2015** - Addition of \$99,918 in reimbursements from the Clark County Regional Transportation Commission (RTC) for one-time costs associated with the development of the collection process for an indexed tax on motor and special fuels due to the passage of A.B. 413 of the 2013 Legislative Session. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS G.125 and G.127. Work Program #C30208**

Refer to testimony and motion for approval under Agenda Item G-127.

- 127. Department of Motor Vehicles - Management Services - FY 2015** - Addition of \$236,877 in reimbursements from the Clark County Regional Transportation Commission (RTC) for one-time costs associated with the development of the collection process for an indexed tax on motor and special fuels due to the passage of A.B. 413 of the 2013 Legislative Session. Requires Interim Finance approval since the amount added to the RTC - AB413 category exceeds \$75,000. **RELATES TO ITEMS G.125 and G.126. Work Program #C30203**

Wayne Seidel, Administrator, Motor Carrier Division, Department of Motor Vehicles (DMV), explained that the work programs in Agenda Items G-125, G-126, and G-127 were related to Assembly Bill 413 (2013 Session), which authorized Clark County to implement fuel tax indexing. Clark County had agreed to reimburse DMV for all expenditures related to development and implementation of the fuel tax indexing project.

Mr. Seidel said that he had not calculated the overtime correctly for the four fuel team members in the Motor Carrier Division, who were averaging about 52 hours of overtime per month. The overtime amount in Agenda Item G-126 was revised to \$47,975 to complete Phase 2 through October 2013 and Phase 3.

Mr. Seidel noted that Phase 3 of the program was the refund program. Because the Motor Carrier Division and DMV did not have a refund program, one would have to be built, which was anticipated to begin on November 1, 2014, and take fiscal years (FYs) 2015 and 2016 to complete. Refunds would be prepared manually starting in January 2015. He added that the Division was currently working on an amendment to the agreement with Clark County and the Regional Transportation Commission (RTC) of Southern Nevada for Phase 3 activities.

Chairwoman Smith recalled that there was disagreement during the 2013 Legislative Session concerning the amount of the fees. She asked whether the estimates made by the Division during Session appeared to be accurate.

Mr. Seidel replied that in Phase 2, automation, the Division started collecting the fee on January 1, 2014, and another index increment went into effect July 1. The goal was to have the program automated for the July 1 cycle, but completion was still two to three months away. He said the automated program would be run parallel to manual collections for two months to ensure the automated calculations were correct. It was anticipated that the automation program (Phase 2), would be completed in the current fiscal year and work on the refund program would begin on November 1, 2014.

Mr. Seidel noted that a half-time Project Manager position and a full-time Business Process Analyst were being requested to perform in-house activities, and reimbursement would be requested from Clark County for costs related to completion of the indexed tax refund program.

Chairwoman Smith asked Mr. Seidel to explain how the duties of the Project Manager and Business Process Analyst would differ.

Mr. Seidel explained that the Business Process Analyst was currently writing the business rules for the automation phase. The Division staff tried to write the rules, but there were only four positions to perform all of the testing required of the automation. The Division had no in-house capacity to provide the resources over the two-year cycle, which was the reason for hiring the half-time Project Manager.

Chairwoman Smith called for public comment and hearing none, she called for a motion.

SENATOR DENIS MOVED TO APPROVE AGENDA ITEMS
G-125, G-126, AND G-127.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Benitez-Thompson
was not present for the vote.)

- 128. Department of Public Safety - Highway Patrol - FY 2015** - Addition of \$200,000 in federal Highway Safety Grant funds transferred from the Department of Public Safety - Office of Traffic Safety (OTS) account to provide funding for overtime for additional troopers to patrol Nevada highways and interstates to combat driving under the influence (DUI). Requires Interim Finance approval since the amount added to the OTS - DUI Saturation Grant category exceeds \$75,000.
Work Program #C29890

Refer to motion for approval under Agenda Item G.

- 129. Department of Public Safety - Highway Safety Grants Account - FY 2015** - Addition of \$379,550 in Federal Motor Carrier Safety Administration (FMCSA) Badge on Board grant funds to continue the Badge on Board enforcement events.

Requires Interim Finance approval since the amount added to the FMCSA Badge on Board Grant category exceeds \$75,000. **Work Program #C29940**

Refer to motion for approval under Agenda Item G.

- 130. Department of Public Safety - Parole and Probation - FY 2015** - Transfer of \$32,467 from the Parole/Probation Drug Test category to the Information Services category to properly account for circuit charges. Requires Interim Finance approval since the amount transferred from the Parole/Probation Drug Test category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29861**

Refer to motion for approval under Agenda Item G.

- 131. Department of Public Safety - Emergency Management Division - FY 2015** - Addition of \$179,382 in Federal Emergency Management Agency Pre-Disaster Mitigation grant funds transferred from the Nevada Department of Public Safety (DPS) - Emergency Management Assistance Grant account and deletion of \$54,000 in Emergency Management Program Grant funds transferred from the DPS - Emergency Management Assistance Grant account to support the grant management costs, which implement risk reduction measures. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEMS G.132, G.134, G.135, and G.136. Work Program #C29839**

Refer to motion for approval under Agenda Item G.

- 132. Department of Public Safety - Emergency Management Assistance Grants - FY 2015** - Addition of \$1,198,977 in federal Pre-Disaster Mitigation grant funds to support a sub-grant to Storey County to fund projects that reduce injuries, loss of life, and damage/destruction to property from disasters. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **RELATES TO ITEM G.131. Work Program #C29823**

Refer to motion for approval under Agenda Item G.

- 133. Department of Public Safety - Emergency Management Assistance Grants - FY 2015** - Addition of \$499,500 in federal Pre-Disaster Mitigation grant funds to support a sub-grant to the City of Reno to fund projects that reduce injuries, loss of life, and damage/destruction of property from disasters. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **Work Program #C29827**

Refer to motion for approval under Agenda Item G.

- 134. Department of Public Safety - Emergency Management Assistance Grants - FY 2015** - Addition of \$364,650 in federal Pre-Disaster Mitigation grant funds to support a sub-grant for projects at the Clark County School District and Washoe County Emergency Management that reduce injuries, loss of life, and damage/destruction to property from disasters. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **RELATES TO ITEM G.131. Work Program #C29828**

Refer to motion for approval under Agenda Item G.

- 135. Department of Public Safety - Emergency Management Assistance Grants - FY 2015** - Addition of \$2,046,384 in federal Pre-Disaster Mitigation grant funds to support a sub-grant to the Nevada State Public Works Division to fund projects that reduce injuries, loss of life, and damage/destruction to property from disasters. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **RELATES TO ITEM G.131. Work Program #C29830**

Refer to motion for approval under Agenda Item G.

- 136. Department of Public Safety - Emergency Management Assistance Grants - FY 2015** - Addition of \$845,818 in federal Pre-Disaster Mitigation grant funds to support a sub-grant to the City of Caliente for projects that reduce injuries, loss of life, and damage/destruction of property from disasters. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **RELATES TO ITEM G.131. Work Program #C29831**

Refer to motion for approval under Agenda Item G.

- 137. Department of Public Safety - Traffic Safety - FY 2015** - Addition of \$1,530,795 in federal U.S. Department of Transportation - National Highway Traffic Safety Administration Grant funds, \$1,936,614 in federal U.S. Department of Transportation - National Highway Traffic Safety Administration Alcohol Incentive grant funds, \$95,431 in federal Motorcycle Incentive grant funds, \$639,745 in federal Occupant Protection Incentive grant funds, \$1,145,321 in federal U.S. Department of Transportation - National Highway Traffic Safety Administrative Records Incentive grant funds, and \$193,757 in federal Highway Administration grant funds transferred from the Nevada Department of Transportation to balance forward federal authority to continue highway safety programs. Requires Interim Finance approval since the amount added to the Federal Alcohol 410 Incentive Grant Funds category exceeds \$75,000. **Work Program #C29844**

Refer to motion for approval under Agenda Item G.

- 138. Department of Public Safety - Highway Safety Plan and Administration - FY 2015** - Addition of \$552,691 in federal National Highway Traffic Safety Administration - 402 grant funds transferred from the Office of Traffic Safety account, \$301,169 in federal Highway Administration grant funds transferred from the Nevada Department of Transportation, \$80,916 in federal National Highway Traffic Safety Administration - Motorcycle Safety Awareness grant funds transferred from the Office of Traffic Safety account, \$167,578 in federal Office of Traffic Safety - 410 Alcohol grant funds transferred from the Office of Traffic Safety account, \$161,521 in federal National Highway Traffic Safety Administration - Occupant Protection/Child Passenger Safety grant funds transferred from the Office of Traffic Safety account, and \$386,536 in federal National Highway Traffic Safety Administration - Traffic Safety Information System Improvement grant funds transferred from the Office of Traffic Safety account and deletion of \$67,685 in federal National Highway Traffic Safety Administration – 406 Incentive grant funds to balance forward federal authority to continue highway safety programs. Requires Interim Finance approval since the amount added to the Community Services category exceeds \$75,000. **Work Program #C29848**

Refer to motion for approval under Agenda Item G.

- 139. Department of Public Safety - Motorcycle Safety Program - FY 2015** - Addition of \$46,350 in federal Traffic Safety grant funds transferred from the Office of Traffic Safety account to fund motorcycle training and awareness costs. Requires Interim Finance approval since the amount added to the Rider Training category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29388**

Refer to motion for approval under Agenda Item G.

- 140. Department of Public Safety - Motorcycle Safety Program - FY 2015** - Transfer of \$130,000 from the Community College Payment category to the Rider Safety category for media campaigns and promotional and educational materials to aid in the reduction of motorcycle crash fatalities and injuries. Requires Interim Finance approval since the amount added to the Rider Safety category exceeds \$75,000. **Work Program #C30114**

Refer to motion for approval under Agenda Item G.

- 141. Department of Conservation and Natural Resources - Parks Division - State Parks - FY 2014** - Addition of \$53,957 in federal Highway Administration - Recreation Trails Administrative grant funds to align state and federal grant authority. Requires Interim Finance approval since the cumulative amount added to the State Trails category exceeds \$75,000. **Work Program #C29675**

Refer to motion for approval under Agenda Item G.

- 142. Department of Conservation and Natural Resources - Parks Division - State Parks - FY 2014** - Deletion of \$78,818 in General Fund appropriation to transfer remaining funds from FY 2014 to FY 2015 for deferred maintenance projects. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.143. Work Program #C30302**

Refer to motion for approval under Agenda Item G.

- 143. Department of Conservation and Natural Resources - Parks Division - State Parks - FY 2015** - Addition of \$78,818 in General Fund appropriation to transfer remaining funds from FY 2014 to FY 2015 for deferred maintenance projects. Requires Interim Finance approval, pursuant to A.B. 507, Section 37 of the 2013 Legislative Session. **RELATES TO ITEM G.142. Work Program #C29865**

Refer to motion for approval under Agenda Item G.

- 144. Department of Conservation and Natural Resources - Parks Division - State Parks - FY 2015** - Addition of \$241,982 in federal U.S. Department of Transportation, Federal Highway Administration - Recreation Trails grant funds to continue funding the Recreation Trails Program. Requires Interim Finance approval since the amount added to the State Trails category exceeds \$75,000. **Work Program #C30134**

Refer to motion for approval under Agenda Item G.

- 145. Department of Conservation and Natural Resources - Parks Division - State Parks - FY 2015** - Addition of \$144,340 in federal Aquatic Invasive Species (AIS) grant funds transferred from the Nevada Department of Wildlife (NDOW) for temporary employees working at the Lahontan, Rye Patch and Wild Horse State Park boat inspection sites. This funding also funds the equipment and operating costs of administering the AIS program at these three sites. Requires Interim Finance approval since the amount added to the AIS Grant-NDOW category exceeds \$75,000. **Work Program #C30140**

Refer to motion for approval under Agenda Item G.

- 146. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2015** - Addition of \$1,186,827 in funds transferred from the Petroleum Clean-up Trust Fund account to provide ongoing funding for a consulting services contract associated with the clean-up of petroleum contaminated soil and groundwater at the Eagle Gas North facility in Carson City, Nevada. Requires Interim Finance approval since the amount added to the Petroleum Fund category exceeds \$75,000. **Work Program #C29894**

Refer to motion for approval under Agenda Item G.

- 147. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2015** - Addition of \$122,669 in federal Environmental Protection Agency (EPA) Superfund grant funds, \$185,341 in federal EPA State Response grant funds, and \$91,204 in funds transferred from the Hazardous Waste Management account to fund ongoing contract activity for the environmental Superfund Cleanup, State Response, and Corrective Actions programs. Requires Interim Finance approval since the amount added to the Superfund category exceeds \$75,000. **Work Program #C30251**

Refer to motion for approval under Agenda Item G.

- 148. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2015** - Deletion of \$55,339 in funds transferred from the Hazardous Waste Management account to transfer a vacant Administrative Assistant position from the Bureau of Waste Management and Corrective Action to the Bureau of Safe Drinking Water. Requires Interim Finance approval since the cumulative decrease to the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS G.149 and G.150. Work Program #C30179**

Refer to motion for approval under Agenda Item G.

- 149. Department of Conservation and Natural Resources - Environmental Protection - State Revolving Fund - Administration - FY 2015** - Addition of \$66,475 in federal Environmental Protection Agency State Revolving Loan Fund Administrative grant funds to support the salary and associated program costs for an Environmental Scientist position. Requires Interim Finance approval since the amount added to the Drinking Water State Revolving Fund 10 Percent Set Aside category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEMS G.148 and H.150. Work Program #C30248**

Refer to motion for approval under Agenda Item G.

- 150. Department of Conservation and Natural Resources - Environmental Protection - Safe Drinking Water Regulatory Program - FY 2015** - Addition of \$66,301 in funds transferred from the State Revolving Fund account to pay for the salary and associated support costs of an Environmental Scientist position. Requires Interim Finance approval since this request relates to other Interim Finance work programs. **RELATES TO ITEMS G.148 and G.149. Work Program #C30211**

Refer to motion for approval under Agenda Item G.

- 151. Department of Wildlife - Operations - FY 2015** - Addition of \$378,847 in Sportsmen Revenue transferred from the Wildlife Fund account to fund maintenance costs for two helicopters. Requires Interim Finance approval since

the amount added to the Air Operations category exceeds \$75,000.
Work Program #C29738

Refer to motion for approval under Agenda Item G.

Chairwoman Smith noted that Senator Goicoechea had requested further testimony on Agenda Item G-151.

Patrick Cates, Deputy Director, Nevada Department of Wildlife (NDOW), explained that the purpose of the work program in Agenda Item G-151 was to add funds for routine maintenance of the Department's two helicopters. The maintenance expenses had exceeded the amount in the base budget because the maintenance requirements were dependent upon the number of hours flown.

Senator Goicoechea said he was concerned that Sportsmen Revenue was used to pay for an expense that should have been addressed in the budget. He believed that the nearly \$400,000 could be used toward other needs and that more funds should have been included in the Department's budget.

Mr. Cates replied that the maintenance amount was totally dependent on how many hours were flown, and the number of hours were projected when the biennial budget was prepared. He said the helicopters had been flown many more hours than anticipated over the past two years, including extra flights related to the protection of the sage-grouse. Both pilot positions were filled, and one of the helicopters was moved to Elko to be closer to resources. He noted that the additional hours resulted in fewer contract hours, but major maintenance items were required now rather than later.

Senator Goicoechea asked whether the NDOW had performed any outside work for fire suppression.

Mr. Cates reiterated that a project was done with California on the bi-state population of sage-grouse, and flights were conducted on both sides of the state.

Senator Goicoechea reiterated that his concern was the use of Sportsmen funds that could be used for other activities.

Mr. Cates noted that most of the flights were for the Game Management Division, and default funding was usually from Sportsmen Revenue. The flights were charged to the appropriate program, and the hourly rates were based on costs. He said that a good portion of the Sportsmen dollars would be recouped through federal grants for state wildlife and game management projects.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA
ITEM G-151.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Horne were not present for the vote.)

- 152. Department of Wildlife - Law Enforcement - FY 2015** - Addition of \$123,627 in Sportsmen Revenue transferred from the Wildlife Fund account and \$104,432 in Boating Revenue transferred from the Wildlife Fund account to re-establish authority to purchase law enforcement vehicles and boating equipment that was legislatively approved in FY 2014 but not able to be received before the fiscal year-end deadline. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$75,000. **Work Program #C29996**

Refer to motion for approval under Agenda Item G.

- 153. Department of Wildlife - Game Management - FY 2014** - Addition of \$14,542 in Sportsmen Revenue transferred from the Wildlife Fund account to fund a projected shortfall in personnel costs. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$75,000. **Work Program #C30190**

Refer to motion for approval under Agenda Item G.

- 154. Department of Wildlife - Fisheries Management - FY 2015** - Addition of \$129,179 in federal U.S. Department of Interior, Bureau of Reclamation grant funds for the native fish rearing and research project at the department's Lake Mead Hatchery in Clark County. Requires Interim Finance approval since the amount added to the Fisheries Small Grants category exceeds 10 percent of legislatively approved amount for that category. **Work Program #C29713**

Refer to motion for approval under Agenda Item G.

- 155. Department of Wildlife - Fisheries Management - FY 2015** - Addition of \$39,950 in federal U.S. Fish and Wildlife Service grant funds to stabilize the Pahrangat roundtail chub refugium pond at the Key Pittman Wildlife Management Area in Lincoln County. Requires Interim Finance approval since the cumulative amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C29829**

Refer to motion for approval under Agenda Item G.

- 156. Department of Wildlife - Fisheries Management - FY 2015** - Addition of \$58,600 in federal U.S. Fish and Wildlife Service grant funds for the Sunnyside Creek fish barrier removal project. Requires Interim Finance approval since the cumulative amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C29832**

Refer to motion for approval under Agenda Item G.

- 157. Department of Wildlife - Fisheries Management - FY 2015** - Addition of \$41,437 in federal U.S. Fish and Wildlife Service funds for research and management of the endangered Devils Hole pupfish in Southern Nevada. Requires Interim Finance approval since the cumulative amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C29884**

Refer to motion for approval under Agenda Item G.

- 158. Department of Wildlife - Fisheries Management - FY 2015** - Addition of \$82,000 in federal U.S. Fish and Wildlife Service grant funds for the Moorman White River springfish habitat improvement project. Requires Interim Finance approval since the amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C29909**

Refer to motion for approval under Agenda Item G.

- 159. Department of Wildlife - Diversity - FY 2015** - Addition of \$37,511 in federal U.S. Fish and Wildlife Service Cooperative Endangered Species, Section 6 grant funds and \$12,503 in Sportsmen Revenue transferred from the Wildlife Fund account to fund the department's endangered species population recovery activities. Requires Interim Finance approval since the amount added to the Section 6, Endangered Species category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29718**

Refer to motion for approval under Agenda Item G.

- 160. Department of Wildlife - Diversity - FY 2015** - Addition of \$446,147 in federal U.S. Fish and Wildlife Service Landowner Incentive Program grant funds for habitat restoration projects. Requires Interim Finance approval since the amount added to the Landowner Incentive Program category exceeds \$75,000. **Work Program #C29902**

Refer to motion for approval under Agenda Item G.

- 161. Department of Wildlife - Habitat - FY 2015** - Addition of \$25,000 in funds from the Community Foundation of Western Nevada for the division to conduct a wildlife habitat restoration and enhancement project. Requires Interim Finance approval since the amount added to the Dream Tag Projects category is a non-governmental grant in excess of \$20,000. **Work Program #C29717. WITHDRAWN 8-8-14.**

- 162. Department of Transportation - FY 2015** - Addition of ~~\$4,899,645~~ **\$4,713,634** in Highway Fund Authorization and \$100,000 in grant funds transferred from the Division of Environmental Protection and deletion of \$256,500 in Federal Highway Administration grant funds to re-establish unexpended FY 2014 authority for department mobile and fleet equipment that will be delivered in FY 2015. Requires

Interim Finance approval since the amount added to the Equipment category exceeds \$75,000. **Work Program #C30148. REVISED 8-12-14.**

Refer to motion for approval under Agenda Item G.

- 163. Department of Transportation - FY 2015** - Addition of \$1,500,000 in Highway Fund Authorization to re-establish unexpended FY 2014 authority to rebuild existing mobile and fleet equipment. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C30189**

Refer to motion for approval under Agenda Item G.

- 164. Department of Transportation - FY 2015** - Addition of ~~\$201,000~~ **\$175,000** in Highway Fund Authorization and ~~\$804,000~~ **\$440,000** in Federal Highway Administration grant funds to purchase photologging equipment and a Highway Performance Monitoring System. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$75,000. **Work Program #C30204. REVISED 8-12-14.**

Refer to motion for approval under Agenda Item G.

- 165. Adjutant General and National Guard - Military - FY 2015** - Addition of \$1,203,797 in federal receipts to provide for ongoing telecommunications and distance learning projects and provide for the operations and maintenance of the telecommunications systems. Requires Interim Finance approval since the amount added to the Communications category exceeds \$75,000. **Work Program #C30238**

Refer to motion for approval under Agenda Item G.

- 166. Adjutant General and National Guard - Military - FY 2015** - Addition of \$111,349 in federal receipts to provide for electronic security system projects and ongoing operations and maintenance of the electronic security systems in the military facilities statewide. Requires Interim Finance approval since the amount added to the Electronic Security category exceeds \$75,000. **Work Program #C30205**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items G-167, G-168, G-169, G-170, and I.1. and I.2. would be heard together.

- 167. Office of the Governor - Nevada Agency for Nuclear Projects - High Level Nuclear Waste - FY 2014** - Transfer of \$8,467 in General Fund Appropriation to FY 2015 to provide necessary funds for the agency's work with respect to the restarted Yucca Mountain licensing proceeding before the U.S. Nuclear Regulatory Commission. Requires Interim Finance approval pursuant to AB 507, Section 34 of

the 2013 Legislative Session. **RELATES TO ITEM G.168. Work Program #C30484. RECEIVED AFTER SUBMITTAL DEADLINE 8-8-14.**

Refer to testimony and motion for approval under Agenda Item G-170

- 168. Office of the Governor - Nevada Agency for Nuclear Projects - High Level Nuclear Waste - FY 2015** - Transfer of \$8,467 in General Fund Appropriation from FY 2014 to provide necessary funds for the agency's work with respect to the restarted Yucca Mountain licensing proceeding before the U.S. Nuclear Regulatory Commission. Requires Interim Finance approval pursuant to AB 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.167. Work Program #C30485. RECEIVED AFTER SUBMITTAL DEADLINE 8-8-14.**

Refer to testimony and motion for approval under Agenda Item G-170.

- 169. Office of the Attorney General - Special Fund - FY 2014** - Transfer of ~~\$42,517~~ **\$42,157** in General Fund Appropriation to FY 2015 to pay litigation costs in FY 2015. Requires Interim Finance approval pursuant to Assembly Bill 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.170. Work Program #C30486. RECEIVED AFTER SUBMITTAL DEADLINE 8-8-14. REVISED 8-13-14**

Refer to testimony and motion for approval under Agenda Item G-170.

- 170. Office of the Attorney General - Special Fund - FY 2015** - Transfer of ~~\$42,517~~ **\$42,157** in General Fund Appropriation from FY 2014 to pay litigation costs in FY 2015. Requires Interim Finance approval pursuant to Assembly Bill 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM G.169. Work Program #C30489. RECEIVED AFTER SUBMITTAL DEADLINE 8-8-14. REVISED 8-13-14**

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

1. Office of the Governor - Nevada Agency for Nuclear Projects – Request for an allocation of \$610,752 to fund participation in the Yucca Mountain licensing proceeding pending before the U.S. Nuclear Regulatory Commission.
2. Office of the Attorney General – Request for an allocation of \$765,400 to fund participation in the Yucca Mountain licensing proceeding pending before the U.S. Nuclear Regulatory Commission.

Robert Halstead, Executive Director, Nevada Agency for Nuclear Projects, Office of the Governor, introduced Marta Adams, Chief Deputy Attorney General, who represented the state on matters involving nuclear law. He noted that Senator Richard Bryan,

Chairman of the Nevada Commission on Nuclear Projects, had been scheduled to testify from Las Vegas, but he had to leave for another appointment.

Mr. Halstead read the following testimony concerning the purpose of the IFC Contingency Account request:

In this Contingency Fund request, the Agency for Nuclear Projects and the Office of the Attorney General are jointly requesting a total of \$1,376,152. In the proceeding ongoing now, restarted by the court order that Marta's going to tell you about before the U.S. Nuclear Regulatory Commission (NRC), Nevada is fighting against the U.S. Department of Energy application for a license to bury high-level nuclear waste at an unsafe site. We are also fighting against an unsafe repository engineering design, which is part of the license application, and we are also fighting against an unsafe nuclear waste transportation plant, which is also part of that same license application.

We are requesting the amount of funding that Nevada needs to continue waging a full fight against Yucca Mountain, and approval of this request will send a message to the pro-Yucca forces that Nevada is not backing down.

I would like to begin by turning this over to Marta Adams to provide some background on the federal court decision, and then I'll provide an overview of the events and the schedule that we anticipate we will be facing between now and June 30, 2015. Thank you.

Marta Adams, Chief Deputy Attorney General, appearing on behalf of the Office of the Attorney General, read the following statement:

We appreciate this opportunity to present our joint agency request, and we do understand the concerns the Committee has expressed about the fiscal situation in Nevada. But be that as it may, to be effective in our ongoing essentially 25-year struggle, we need to remain effective and be prepared to respond effectively in the restarted NRC licensing proceeding.

In August of last year, 2013, the United States Court of Appeals for the District of Columbia Circuit, in a case entitled *Aiken County et al. v. United States Nuclear Regulatory Commission*, in a split decision determined that a provision of the Nuclear Waste Policy Act required that the NRC, the U.S. Nuclear Regulatory Commission, proceed with licensing, despite the fact that Congress has essentially zeroed out funding for Yucca Mountain licensing for the last four fiscal years. We found solace in the dissent that was rendered in that case, and in that dissent, the judge opined that essentially the majority was ordering a useless act. And obviously, the \$14 million that NRC has to complete the tasks that both Mr. Halstead and

I will explain is inadequate to actually adjudicate the public health and safety of the Repository. Be that as it may, the Court did order licensing restart.

I would like to point out that of the parties seeking to restart Yucca Mountain licensing, Nye County, Nevada, and the states of Washington and South Carolina are among the parties in that matter.

As Mr. Halstead will explain to you, for our legal and our technical team to adequately address the tasks on our near horizon, and we actually expect activities to ramp up exponentially within the next few months, that is why we're here. And the timing for this is somewhat critical as well. I'll defer to Mr. Halstead to explain in more detail what these actual tasks are.

Mr. Halstead explained the funds being requested would be used for three tasks:

- Nevada's response to the five-volume Safety Evaluation Report (SER) prepared by the U.S. Nuclear Regulatory Commission staff. The work had been ongoing, but it would ramp up starting the following week through February 2015.

Mr. Halstead explained that in September, Nevada would need to prepare for review of the Safety Evaluation Report, particularly volume three, entitled "Repository Safety after Permanent Closure," scheduled for completion today, August 27, 2014, which meant the work was essentially done, even though it was going through internal reviews before its scheduled publication on November 6, 2014. The other volumes were scheduled to come out in December 2014 and January 2015. Over a period of about six months, Nevada would need to prepare written comments on the SER, with particular attention to how it addressed Nevada's 219 admitted contentions, or challenges, in the proceeding, identify possible new safety and environmental issues, and develop new contentions.

- The second task would be the response to the Environmental Impact Statement supplement on groundwater impacts that the Nuclear Regulatory Commission staff would be preparing. The Commission would be engaged in that work from September 2014 through February 2015. Nevada would need to prepare to respond to a publication of a notice of intent to prepare an Environmental Impact Statement supplement, or the NRC might skip that step and simply put a draft Environmental Impact Statement out for public comment. The exact schedule was unknown, but Mr. Halstead speculated that the state would be notified during the last week of October or first two weeks in November. He said that once that action was taken, about three months of intensive legal and technical work were anticipated.
- The third task was to prepare for the resumption of the adjudicatory portion of the licensing proceeding. That would involve discovery work, taking depositions from witnesses, and what are often referred to as "trial-like" hearings or contested

case hearings, which could start as early as January 2015 and possibly extend until June 2015.

Mr. Halstead said that the state would be watching for an action by the Nuclear Regulatory Commission lifting the suspension on the proceeding, which was imposed in September 2010, when it was clear that the Department of Energy wanted to withdraw its license application. The NRC would then direct the adjudications branch to appoint probably a three-judge panel, an Atomic Safety and Licensing Board, which would likely be referred to as a Construction Authorization Board, to actually run the proceeding. The state would need to prepare for a case management conference to schedule discovery and hearings. In addition, he said the state had been preparing to formally submit new contentions, which must be done within 30 days of the restart.

Mr. Halstead said that subject to availability of the limited funds for the Nuclear Regulatory Commission, there would be a period of planning for the discovery phase and hearings, but there was a question about the sufficiency of the NRC funding to start the hearings as planned in the January to June period.

Mr. Halstead further explained that it was very important that a thorough and critical review of the multi-volume SER be undertaken by Nevada's legal and technical experts. Of the joint funding being requested, more than 80 percent would be specifically for the purpose of dissecting and challenging the NRC staff opinions presented in the SER. He pointed out that once the license was accepted for consideration, the NRC staff would no longer be objective regulators: they would be proponents or advocates for the license. The publication of the multi-volume safety report was only the beginning of a long and contemplated safety debate that would set the stage for new safety challenges, for possibly 12 months of discovery depositions, and for three to four years of contested case hearings with cross-examination of witnesses. In any event, subsequent litigation would be expected, regardless of who won the safety phase.

Mr. Halstead said that Nevada's review of the SER would address all of the important post-closure questions about Yucca Mountain, including volcanism, hydrology, groundwater, climate corrosion, and the inherent uncertainties in the data available from those disciplines. At the same time, the review of the report would address the important pre-closure safety and environmental issues: what would happen during the first 50 to 100 years of operation, including mining engineering, worker safety, aircraft (particularly military aircraft), crashes into surface facilities, construction of a 300-mile long railroad, transportation accidents, terrorist incidents, and especially transportation impacts on Las Vegas.

Mr. Halstead said that it was essential for the state's attorneys and technical experts to be thoroughly familiar with the Safety Evaluation Report and be able to take it apart technically and scientifically and have the resources necessary to develop the legal and technical case in support of Nevada's contentions. That was what Nevada had been preparing for over the past year since the federal court decision, and the team of experts must continue their efforts.

In conclusion, Mr. Halstead said that everyone recognized the tight fiscal situation faced by the state, and particularly the demands on the Contingency Account. He said that of the funds being requested, the Agency would only spend what was absolutely necessary to defend Nevada's interests. Costs would continue to be controlled by capping the hourly rates paid to the experts and the attorneys, capping monthly expenditures, and carefully prioritizing the state's contentions so that the work focused on those that were likely to have an impact on the state's case. In the event the licensing proceeding did not go forward as anticipated or if it should be terminated early, the remaining funds would be returned to the Contingency Account.

Chairwoman Smith stated that the Committee understood the complexity of the issue. It was frustrating to have to expend Contingency Account funds, but she recalled discussion during the 2013 Session that this could happen and the state would have to defend itself on this issue.

Assemblyman Eisen wanted assurance that \$1.38 million would be sufficient for the required activities for both agencies through the end of the fiscal year. He asked whether it was known when the NRC planned to resume licensing proceedings and if the Agency for Nuclear Projects had an estimate of the amount of state funding that would be required in the upcoming biennium.

Mr. Halstead replied that the Agency would have to stand by the sufficiency of the request for funding. He recalled that the Agency had contemplated requesting Contingency Account funds in the fall of 2013, but it did not have enough information at the time to have confidence in an estimate of required funds. Fortunately, by waiting until now to request funding, the amount being requested was about half of what was originally thought would be needed. He said that the Agency believed the amount would be sufficient through June 2015.

Mr. Halstead explained that the case hearings before a three-judge panel of the NRC would not start until January 2015 at the earliest and June 2015 at the latest. He anticipated that there would be a case management conference scheduled sometime in February or March, and hearings would begin after that time. He pointed out that the state would be dealing with a three-member NRC Commission until new appointees were either confirmed or rejected after September 1, 2014, and at least two of the three commissioners had expressed a desire to see Yucca Mountain go forward. Mr. Halstead said he would not be surprised if the NRC decided to schedule hearings as early as February 2015.

Continuing, Mr. Halstead said that projected state costs for the next biennium would depend upon whether full funding was provided to the NRC and the Department of Energy to move forward. In the event full licensing proceedings resumed, he anticipated that about \$9 million a year would be required for at least three years, and \$4 million or \$5 million would come from federal funds for the state and the affected counties and Indian tribes. He estimated that approximately \$4 million a year in state funds would be required, but definite figures would not be available until February 2015.

However, if federal funding was not continued for Yucca Mountain licensing, NRC and the Department of Energy would expend their funding sometime between June and October 2015. At that point, the Agency would be requesting only the baseline funding, which for several years had been about \$1.2 million a year.

Given the fact that political winds could change and present new fiscal challenges for Nevada, Assemblyman Hickey asked whether there had been any thought of the mission of the Agency with respect to how funds were spent. The state had been battling Yucca Mountain for nearly 25 years, and money had been spent on education and litigation. He asked whether there was any consideration of reallocating funds for education to legal matters since education was not essential at this time.

Mr. Halstead replied that the state had not spent a lot of money on public education activities. Most of the funding had been spent on legal and technical research or evaluation of program documents. He said public outreach activities had been minimal because of elimination of the public information officer due to the budget shortages. He suggested that public education would have to be evaluated when the political process and the Nuclear Regulatory Commission procedures were known, and he would prefer to discuss it with the Committee at a later meeting.

Mr. Halstead said he had heard an argument earlier in the day that there should be "objective" public education, which was difficult for an agency working for a state that had an official position in opposition to Yucca Mountain. He said the Agency's positions thus far had been based on the facts on Yucca Mountain, and the state's position had been to look at the facts on the ground and determine what could be done to reduce and manage risks. He pointed out that 95 percent of the state's positions were adopted by the National Academy of Sciences' special study commission in 2006.

Assemblyman Hickey asked whether the Agency had considered any contingencies if Yucca Mountain became a repository or what the state might do with Yucca Mountain if it was not a repository.

Mr. Halstead said the Agency had reviewed in-depth reports from the Government Accountability Office on potential alternate uses of the Yucca Mountain property. The state would argue that the uses should be non-nuclear. He said there had been some misconceptions that it would be a good site for an interim storage or a reprocessing facility. Mr. Halstead did not believe the site would be suitable for those purposes because of transportation issues, lack of water, and earthquake hazards. However, he pointed out, there were a number of alternative uses suggested, including a mining and geotechnology training, research, and teaching facility and a secured facility for electronic records, which had some merit.

Mr. Halstead pointed out that the issue did not only include Yucca Mountain. There were some adjacent areas at the Nevada National Security Site (NNSS), and one possibility would be the creation of a national center of excellence for unmanned aerial vehicles. Resolution of the potentially conflicting use of Yucca Mountain would facilitate

development of the Yucca Mountain site and other sites on NNSS for alternative uses. Mr. Halstead said that the Agency had not put too much energy into consideration of other uses because the first priority was to deal with the challenge at hand, which was the license application.

Assemblyman Horne asked for a brief clarification of the roles of the Governor's Office, the Attorney General's Office, and the Agency for Nuclear Projects.

Ms. Adams explained that the three agencies were a team, and part of the funding for the AG's office was to oversee the legal activities, whereas the Agency for Nuclear Projects would oversee and direct the technical activities. She said most activities occurred through contractors, which were needed because of the rarified environment. She and Mr. Halstead had been involved in Yucca Mountain for a number of years, but they did not possess the expertise required to address the myriad of technical and unique legal parts of the matter.

Senator Goicoechea said he was concerned that White Pine and Mineral Counties had been accepted in round one contentions and had no funding to participate in the process. Esmeralda, Nye, and Lincoln Counties had funds to participate. He asked how White Pine and Mineral Counties would be able to participate.

Mr. Halstead replied that the Agency had discussed the problem with White Pine and Mineral Counties. He noted that Nye and Clark Counties had admitted contentions and were parties to the proceeding at the NRC, but they had not requested funds from the state. White Pine and Mineral Counties had each requested \$50,000 to add six or seven different tasks to the state's request. However, Mr. Halstead said, most of the tasks appeared to be activities that were in opposition to the state's position. He said the amount requested was not unreasonable, but the Agency would only be open to use funding to follow up on the issues that the counties had brought before the NRC that were unique and of value and not in conflict with the state's position.

Mr. Halstead said he believed it would be a bad idea to allocate the limited amount of state funds to counties to pursue activities in opposition to what the state was doing. He said the Agency would be open to another round of discussions with the two counties, particularly because the matter would not have to be addressed until January 2015.

Senator Goicoechea said he understood that the funding requested was for volcanism and seismic activities. He did not believe those activities conflicted with the state's position.

Mr. Halstead said the Agency had studied the counties' contentions and had the volcanism expert review them, check the credentials of their expert, and there was no problem with that part of the request.

Assemblyman Oscarson stated that his constituents were in support of the project for several reasons, including economic development in Nye and Lincoln Counties. He said that the counties wanted to study the five volumes of the Safety Environmental Report, which he presumed was the purpose of the current request for funds.

Ms. Adams pointed out that the SER prepared by the NRC staff was a technical evaluation of the license application before the adjudicatory process. Nevada's case could not be fully litigated, but it needed to be in a position to air profound errors and misrepresentations in the SER. She explained the adjudicatory hearings involved a trial-type process in which Nevada's 219 public health and safety contentions would be presented. The initial judgments contained in the SER volumes were not final.

Assemblyman Oscarson asked whether the funding would be used to vet the safety issues and concerns through the adjudication process.

Ms. Adams affirmed that Assemblyman Oscarson was referring to the current request before the Committee, which he was, and she explained the money would be spent on preparatory activities for the adjudication and contentions, which may or may not happen, depending on federal funding.

Assemblyman Oscarson said that he had just wanted assurance that the safety issues would be made public.

Ms. Adams said Nevada's interest had to be protected, and the safety issues were of main concern.

Assemblyman Hardy asked what percentage of the \$1.4 million would be used for technical review versus legal counsel.

Ms. Adams replied that \$610,752 would be used for technical activities, and \$765,400 would be used for legal costs. She said the amounts were estimated based upon costs incurred the last time the state was in licensing litigation.

Assemblyman Hardy asked whether the process would involve open meetings.

Ms. Adams replied the case to be presented by the state before the NRC would not be public, and the matter would not be fully vetted in the public sphere until the actual hearing before the NRC. She noted that strategy was involved, and the state did not want to be unduly vulnerable early in the process.

Mr. Halstead added that a major issue before the NRC would be the location of the public hearings. The state had consistently argued that the hearings should be held in Las Vegas, which would conform with the general practice to hold the hearings in the closest publicly accessible place to the project. If the hearings were held at the NRC headquarters in Rockville, Maryland, it would be difficult for citizens and officials of the state to attend.

Assemblyman Oscarson urged the Agency to attempt to have the hearings in Las Vegas and that they be as transparent as possible.

Chairwoman Smith asked for public comment.

Gary Duarte, Director, U.S. Nuclear Energy Foundation, testified that the Foundation's mission was to provide unbiased, truthful information to the grassroots public in order to allow the citizens to influence an education response of the politics of public policy. He said the Foundation supported renewable energy 100 percent, but as with any other energy source, it must be cost effective in order to serve the public. He read the following statement:

Studies have concluded that Yucca Mountain could function as a permanent repository or as a full reprocessing research world center. The safety of Yucca Mountain has been proven beyond any logical argument, which was the purpose of the final application study, which was critical.

Much of the political dialogue about Yucca Mountain has been misleading and not factual representation. Until the application study is completed, how can any entity conclude that the uncompleted study is unsafe? Through 2009, the State of Nevada has received \$97.6 million for funding and education to parallel study the Yucca Mountain application process. This is important. Theoretically, this agency would develop the parallel study of this process. Some 27 outside industry organizations and agencies support the completion of the application study. No other world entity has provided evidence of opposition to the Yucca Mountain application study aside from the State of Nevada Agency for Nuclear Projects.

Yucca Mountain progress boils down to administration by budget versus Congressional law, and I would think that this group of legislators would be concerned about an entity that is bypassing the law process versus an administrative budget determination. Why do we have an Agency for Nuclear Projects in Nevada that is anti-nuclear? This makes no logical sense to me. We are just working toward bringing our message to the grassroots public so that they understand what is going on in this public policy and political process. Thank you.

Ken Koeppe, Treasurer, U.S. Nuclear Energy Foundation, testified that Nevada had been the most nuclear state in the United States for over 60 years. He recalled that Mr. Halstead had said that transportation was a concern, but one study removed transportation as a problem for the Las Vegas area. Everyone was concerned about radiation and its consequences, but it was proven by the industry that when spent nuclear fuel was encapsulated, little or no radiation leaked out.

Mr. Koeppe said that Mr. Halstead's information was outdated. If the Agency for Nuclear Projects staff would become up-to-date in the nuclear industry, they would learn that nuclear was probably the safest source of energy in the world. He said that his organization had invited many officials, including the Governor's Office, to a Yucca Education Symposium held in Reno last year, but no one had attended.

Mr. Koeppe said it appeared that the state had one attitude, which was "no Yucca Mountain, no nuclear." He reiterated that nuclear had existed in southern Nevada for 60 years, and he assumed if it was so dangerous, the effects would be seen in the residents. He suggested that those involved become educated and eliminate their fears. The future for the world was nuclear energy, and a location was needed for used nuclear energy. Mr. Koeppe said that 47 states approved of Yucca Mountain, and Nevada was refusing to consider its use.

Mr. Koeppe pointed out that advancements in containment of radiation had been achieved over the past 40 years, and the Foundation would be happy to make a presentation to the Committee concerning the safety of transportation and storage of nuclear energy.

Chairwoman Smith asked for further public comment and there was none.

Assemblyman Hardy affirmed that the funds would be used to participate in an ongoing licensing proceeding, and they would not be spent toward stopping the study.

Mr. Halstead replied that the purpose of the funds requested was to participate in an ongoing licensing proceeding, which was opposite of stopping anything. Eighty percent of the funding was for work on the safety evaluation report, and the remainder was for a supplement to the environmental impact statement, looking specifically at groundwater. A small portion of the funds would be used to prepare for a case management conference and the resumption of the hearing phase of the licensing procedure. The funds would be used for the state to participate in the licensing proceeding and protect the interests of the people of Nevada: they would not be used to stop the proceeding.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEMS G-167, G-168, G-169, G-170, AND ITEMS I.1. and I.2.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Kirner voted no.
Assemblywoman Benitez-Thompson was not present for the vote.)

**171. Department of Education - State Supplemental School Support Fund -
FY 2014** - Addition of \$13,000,000 in S.B. 522 Transient Lodging Tax funds and
\$48,621 in Treasurer's Interest Distribution funds to transfer funds received to the
State Distributive School Account for the operation of school districts and charter

schools. Requires Interim Finance approval since the amount added to the Room Tax - Aid to Schools category exceeds \$75,000. **Work Program #C30571. RECEIVED AFTER SUBMITTAL DEADLINE 8-13-14.**

Refer to motion for approval under Agenda Item G.

- 172. Department of Education - Distributive School Account - FY 2014** - Addition of \$1,000,000 in School Support Tax and \$13,048,321 in Transfer from Education funds for the operation of school districts and charter schools. Requires Interim Finance approval since the amount added to the Basic Support Aid-to-Schools category exceeds \$75,000. **Work Program #C30572. RECEIVED AFTER SUBMITTAL DEADLINE 8-13-14.**

Refer to motion for approval under Agenda Item G.

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade and Salary	Proposed Class Title, Class Code, Grade and Salary
Department of Public Safety	658/4688	0008	Grants & Projects Analyst III, Code 7.753, Grade 37, Step 10, Employer	Deputy Division Administrator Office of Traffic Safety, Code 11.470, Grade 39, Step 10, Employer Paid Retirement \$71,889.84
Department of Conservation and Natural Resources	709/3197	0574	Administrative Assistant II, Code 02.212, Grade 25, Step 01, Employee/ Employer Paid Retirement \$30,192.48	Environmental Scientist III, Code 10.525, Grade 36, Step 01, Employee/Employer Paid Retirement \$47,606.40
Department of Transportation	800/4660	070-009	Administrative Assistant III, Code 2.211, Grade 27, Step 01, Employee/ /Employer Paid Retirement \$32,677.20	Program Officer I, Code 07.649, Grade 31, Step 01, Employee/Employer Paid Retirement \$38,523.60
Department of Transportation	800/4660	070-010	Administrative Assistant III, Code 2.211, Grade 27, Step 01, Employee/Employer Paid Retirement \$32,677.20	Program Officer I, Code 07.649, Grade 31, Step 01, Employee/Employer Paid Retirement \$38,523.60
Office of the Military	431/3650	0411	Grounds Maintenance Worker II, Code 09.639, Grade 22, Step 01, Employee/Employer Paid Retirement \$26,830.80	Administrative Assistant II, Code 02.212, Grade 25, Step 01, Employee/Employer Paid Retirement \$30,192.48

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that the Committee had requested further explanation of the position reclassification request by the Department of Public Safety. She asked why the reclassification was being requested at this time and whether there would be consequences if it were not approved.

Traci Pearl, Administrator, Office of Traffic Safety (OTS) Division, Department of Public Safety, explained that a management review and subsequent analysis of the Office of Traffic Safety in 2011 suggested the need for an Assistant to the Division Administrator. The different funds and regulations being managed by the OTS for the state had at least quadrupled in the past seven years. With every new federal transportation bill came more regulations, requirements, performance measures, and data-proven projects, which required more administrative time to apply for federal grants and to sub-grant funds to other agencies.

Ms. Pearl said that the current incumbent had been performing the duties of a Deputy Division Administrator since July 2013. The paperwork for an Administrative Services Officer 2 was submitted to the Division of Human Resource Management (DHRM) in February 2014, and DHRM notified the Office that an Assistant Highway Safety Coordinator was eliminated in 1995 when the Office was under the Department of Motor Vehicles. Ms. Pearl said that she reviewed the duties of the Coordinator, which were precisely what was being done by the current incumbent, and the position title was changed.

Chairwoman Smith asked why the request was not made during the 2013 Legislative Session.

Ms. Pearl replied she did not have approval to request the position in the 2013 Session.

Assemblyman Sprinkle asked why the reclassification could not be delayed until the 2015 Session.

Ms. Pearl said there would not be an astronomical downside, but she could not ask the incumbent to continue to perform the duties for another year without additional compensation.

Assemblywoman Carlton noted that the position managed grants that brought funds into the state. The employee currently performing the work would be penalized if the reclassification were not approved.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN EISEN MOVED TO APPROVE THE POSITION RECLASSIFICATION REQUEST FROM THE OFFICE OF TRAFFIC SAFETY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson and Oscarson were not present for the vote.)

H. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported the balances in the Interim Finance Committee Contingency Account as shown on the Interim Finance Contingency Account balance statement on page 10 of volume III of the meeting packet (copy attached as [Exhibit E](#)), which reflected the following balances for fiscal year (FY) 2014 as of August 27, 2014:

Unrestricted General Fund Balance	\$6,438,067
Unrestricted Highway Fund Balance	\$1,623,143
Restricted General Fund Balance	\$6,316,897

Mr. Krmpotic noted that there were two pending FY 2014 allocations on the agenda, which totaled \$1,078,397 at the time they were submitted. However, the Committee reduced the allocation for the Department of Corrections by \$145,000, reducing the total of the two requests to \$933,397. The Unrestricted General Fund balance would be \$5,504,670 upon approval of the two requests. He added that there were two small allocations of \$49,020 approved at the June Committee meeting for FY 2015, and based on the current FY 2014 allocation requests before the Committee, which included the Agency for Nuclear Projects, the Attorney General's Office, and the Department of Administration, the balance of Unrestricted General Funds would be \$3,579,498.

Mr. Krmpotic said that there were no requests from the Unrestricted Highway Fund, which had a balance of \$1,623,143. There was a request before the Committee from the Governor's Office of Economic Development for \$1,248,000 from the monies set aside for the unmanned aerial vehicle (UAV) program, which if approved, would leave a balance of \$1,292,000 in the UAV program funds.

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

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

1. Office of the Governor - Nevada Agency for Nuclear Projects – Request for an allocation of \$610,752 to fund participation in the Yucca Mountain licensing proceeding pending before the U.S. Nuclear Regulatory Commission.

Refer to testimony and motion for approval under Agenda Item G-170.

2. Office of the Attorney General – Request for an allocation of \$765,400 to fund participation in the Yucca Mountain licensing proceeding pending before the U.S. Nuclear Regulatory Commission.

Refer to testimony and motion for approval under Agenda Item G-170.

3. Department of Administration – Board of Examiners – Statutory Contingency Account – Request for an allocation of \$500,000 to replenish the Reserve for Statutory Contingency Account.

Julia Teska, Director, Department of Administration, explained that the Department had earlier requested funds from the IFC Contingency Account to replenish funds in the Statutory Contingency Account. She said there had been unprecedented spending in the Statutory Contingency Account in fiscal year 2014. The primary use of the funds was for outside counsel, post-conviction relief, and access by agencies for terminal leave payouts. About \$3.4 million in claims were received this year, and the fund had started the year with a balance of \$1.9 million.

Ms. Teska said the Contingency Account had been fortunate to receive some refunds related to one of the litigation cases, but refunds could not be made until payments were made to the attorneys. She said the Department was exploring ways to recover additional funds from litigation.

Ms. Teska explained that the initial request to the Committee was for \$500,000, but additional claims had been received since the request was submitted. After working with the Fiscal Analysis Division staff, the request was increased to \$750,000 because there were currently \$769,000 in claims in excess of funds available. About \$850,000 in claims were now pending, the largest portion being related to the lawsuit with the City of San Francisco regarding mental health problems. There were some claims related to the College Savings Fund and about \$880,000 in post-conviction relief claims.

Ms. Teska said that the Department was going to attempt to improve projections of funds needed in the Public Defender's budget to avoid future million-dollar requests from the Statutory Contingency Account.

Ms. Teska said with the additional \$750,000, there would be approximately \$200,000 for the remainder of the fiscal year until the balance could be fully restored by the 2015 Legislature.

Assemblywoman Carlton asked where the state was in the resolution of the \$1.5 million in lawsuits by the City of San Francisco related to mental health problems.

Ms. Teska replied that she believed if the lawsuits were not yet resolved, they should be resolved soon.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE REQUEST IN AGENDA ITEM I.3. IN THE REVISED AMOUNT OF \$750,000.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Benitez-Thompson was not present for the vote.)

4. State Department of Agriculture – Predatory Animal/Rodent Control – Request for an allocation of \$48,000 to fund a General Fund shortfall in FY 2014.

James Barbee, Director, Department of Agriculture, stated that the Department was requesting \$48,000 from the Interim Finance Contingency Account to cover a shortfall in fund transfers from the Nevada Department of Wildlife (NDOW) to the Predatory Animal and Rodent Control (PARC) account. The PARC account was primarily funded with General Fund appropriations and fund transfers from NDOW.

Mr. Barbee explained that a combination of Field Assistant positions supported by the state and the U.S. Department of Agriculture collectively formed the Nevada Wildlife Services program, which worked alongside NDOW to prevent predation damage. Additional NDOW fund transfers could be used to support Department of Agriculture personnel if they performed activities approved in NDOW's Predation Management Plan. However, Mr. Barbee said that this did not occur in FY 2014 because Department PARC staff only worked on projects related to the agricultural industry while federal PARC staff worked on projects associated with NDOW's Predation Management Plan.

Mr. Barbee said that the original shortfall was approximately \$90,000, but the Department was able to realize other savings to reduce the shortage to \$48,000. He said the program had been an ongoing issue, and Department staff were working with NDOW staff and the Budget Division to develop a better process and resolve budget problems associated with the account before the 2015 Legislative Session.

Assemblyman Eisen recalled that he had several questions concerning the program during the 2013 Session. He understood that the funds from NDOW had to be related to NDOW's Predation Management Plan, but it appeared that Department staff worked on projects that related to the agricultural industry, which was not within NDOW's purview. He asked how the agricultural industry was contributing to the costs of the work to benefit agriculture. It was important work, but activities should benefit that industry, and NDOW money could not be used to cover those costs.

Mr. Barbee said that Assemblyman Eisen was correct. However, he pointed out that the work not only benefited the agricultural industry, it benefited the larger citizenry as well with problems such as wildlife encroachment in urban areas and disease monitoring. This program was directly connected to the Animal Disease Laboratory; the State Epidemiologist sat on the PARC committee that worked through the program, which had been reestablished and was meeting for the first time in over ten years. A large part of the state employees' efforts were benefiting the livestock side through monitoring and tracking disease, taking samples and testing them at the laboratory. The Department did not have much to do with the NDOW contract with the U.S.D.A.

Through different methods, the agricultural industry supported some of the work through the U.S.D.A. Wildlife Services. For example, there may be some grazing permittees and woolgrowers that directly contracted with U.S.D.A. Wildlife Services for predation management.

Senator Goicoechea said that many people did not realize that the Department of Agriculture assisted in wild animal control in urban areas. The Department of Agriculture also took care of plague at Lake Tahoe and cases of West Nile virus. He realized there was a shortfall, but continued funding for the Department needed to be addressed, since it had a good program. He said the state must be very careful when contemplating deleting a program.

Assemblyman Oscarson agreed with Senator Goicoechea's comments. Recently there was a significant coyote problem in Pahrump, and the Department of Agriculture's predator program was used. He thanked Mr. Barbee and his staff for their efforts.

Chairwoman Smith said the question involved the process and using the funding as it was intended. The Committee was not questioning the logic of the Predator Management Program, but the process needed to be in place, consistent, and equal for all agencies.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA I.4.

ASSEMBLYMAN OSCARSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY. (Assemblymen Benitez-Thompson and Horne were not present for the vote.)

5. Department of Corrections – Prison Medical Care – Request for an allocation of \$1,030,397 to fund a shortfall in the Prison Medical Care budget in FY 2014.

Refer to testimony and motion for approval under Agenda Item G-120.

- J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO SECTION 39 OF ASSEMBLY BILL 507 (2013 SESSION). Office of the Governor – Office of Economic Development – Request for an allocation of \$1,248,000 of the \$4,000,000 appropriated for the Unmanned Aerial Vehicle (UAV) Program.

Steve Hill, Executive Director, Governor's Office of Economic Development (GOED), recalled that the 2013 Legislature approved \$1 million in the GOED budget to prepare to receive the unmanned aerial vehicle (UAV) project designation, which occurred in December 2013. Along with the \$1 million, there was a request to allocate \$4 million to the IFC Contingency Account to provide the financial resources that would be necessary from project start-up to self-sufficiency. Mr. Hill said that the Legislature's commitment to the project allowed the state to receive the UAV designation and to make progress since receiving the designation. He thanked the Legislature for making the designation possible. He reviewed the UAV activities over the past several months:

- After receiving the designation, four sites were selected as part of the Federal Aviation Administration (FAA) test process, which were the Boulder City Airport, Desert Rock Airport near Mercury, the Fallon Municipal Airport, and Stead Airport. A number of additional airports had been designated across the state, and now more than 20 airports were ready and able to conduct commercial testing, which was separate from the FAA testing process.
- The first Certificate of Authorization (COA) was received in May 2014, which was required to allow flight testing to take place. Each flight and each crew must receive a COA from the FAA in order to make a flight. The process for receiving a COA was time consuming and somewhat resource intense, and alternative methods to open the process were being pursued with the FAA.
- The GOED had partnered with Nellis Air Force Base and the Nellis test and training range, and Nellis was providing the space for test flights. The FAA was responsible for oversight of most of the airspace in the United States, but not airspace controlled by the Department of Defense or airspace designated for test

and training ranges. The state was fortunate to have the Nellis test and training site in Nevada and that Nellis was willing to allow use of the space.

- The FAA recently announced that a single center of excellence would soon be designated for UAVs, which would be comprised of a team of universities. It would be university-driven, and the coordination was taking place in the GOED office. The complete team had not been formed, and therefore an announcement of participants could not be made. Since the response was due from the FAA on September 15, the announcement of the team would be coming soon.
- The sales and marketing effort had been strong, and interest had picked up significantly over the recent months. About 300 companies had been identified that would have interest in flying in Nevada. Serious conversations were taking place with about 75 companies, and the process of quoting flights and services was ongoing with about 20 companies.
- The Nevada System of Higher Education was supporting the UAV effort. There were now degree minors offered at UNLV and UNR, and there were two Knowledge Fund projects directly related to the UAV effort.
- Dr. Paul Oh, a world-renown expert in the UAV area, recently joined the staff at UNLV as a professor and would be creating an unmanned autonomous systems (UAS) laboratory. The Legislature's commitment was one reason he came to the state.
- EDAWN (Economic Development Authority of Western Nevada) recently announced that Ashima Devices, a Pasadena-based company, would be coming to Nevada with up to 400 jobs in the UAV industry.
- DJI Innovations, a global leader in UAS, was donating eight small UAVs for the state's use in K-12 education and higher education research.

Mr. Hill recalled that at the December 2013 meeting, the Committee approved allocation of approximately \$1.5 million of the \$4 million designated for the UAV effort. The projection was that the funding would last through June 2014, but the FAA did not move as quickly as the state had anticipated. As a result, spending was slowed down, and the original \$1.5 million had lasted through August.

Mr. Hill said that the current request for nearly \$1.25 million would last through the end of FY 2015, leaving a balance of approximately \$1.3 million of the \$4 million in the Contingency Account. Looking forward, he explained that revenue was anticipated from three sources:

- Actual testing and range activity, which would primarily be outdoor activity. Pending receipt of the Certificate of Authorization, testing had been conducted

inside, which was not controlled space through the FAA. The inside testing allowed training for individuals who were interested in the industry and provided a revenue opportunity. The program would be unveiled in September.

- A bill had been passed by the U.S. House of Representatives that would provide direct funding for the test sites. It was recognized that to not have funding available for the test sites would be unworkable. The bill included about \$1.8 million per test site, and it should be known in October or November whether the bill passed the U.S. Senate.
- Research dollars were available through grants directly from the FAA, and GOED had submitted grant applications to provide revenue and advance the industry in the state.

Assemblywoman Carlton asked how many UAV-related companies were currently located in the state.

Mr. Hill replied that five companies had tested through the flight process, which did not include the companies located in the state that worked in the industry.

Assemblywoman Carlton asked how many jobs had been created and how much revenue had been generated.

Mr. Hill said that Ashima was the first to announce permanent jobs coming through the recruitment process. The jobs that had been created at this point were not permanent. About \$225,000 had been generated from the flight process since the first of the year.

Assemblywoman Carlton asked what funding the agency anticipated requesting in the 2015 Legislative Session. She was not confident that Congress would provide funding.

Mr. Hill said that predicting the volume of flights and opportunities was difficult. There was the likelihood that some funding would be needed to support the program over the next biennium. He anticipated that the remaining funds in the Contingency Account would probably suffice for the next two years.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA
ITEM J.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson,
Flores, Hickey, and Oscarson were not present for the vote.)

- K. DEPARTMENT OF HEALTH AND HUMAN SERVICES – DIVISION OF PUBLIC AND BEHAVIORAL HEALTH, SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES (SNAMHS) – Request for an extension of the reversion date of the Contingency Account allocation approved August 29, 2013, for the renovation of Building No. 3 of Southern Nevada Adult Mental Health Services (CIP Project 13-C08).

Richard Whitley, Administrator, Division of Public and Behavioral Health, Department of Health and Human Services (DHHS), explained that Agenda Item K was a request for an extension of the reversion date of allocation of funds for the remodel of Building 3, the old Stein Hospital, on the campus of Southern Nevada Adult Mental Health Services (SNAMHS).

Chairwoman Smith asked Mr. Whitley to provide the Committee with an update on the status of SNAMHS.

Mr. Whitley recalled testifying that the remodel was anticipated to be completed in the fall of 2015, and the project was on schedule for completion by the State Public Works Division. The remodel would include 47 forensic beds, which would assist with the transport of clients from the Clark County Detention Center to Lake's Crossing in northern Nevada. He noted there was a consent agreement with the Public Defender for timeliness, and the additional beds were part of the agreement. Additionally, 16 civil beds would be included in the remodeled facility.

Mr. Whitley explained that there had been shortages of beds and long emergency-room wait times for placement of patients in psychiatric hospitals in Las Vegas. The hospitals had expressed interest in providing additional beds, but the reimbursement rate was not adequate for private hospitals. Mr. Whitley was happy to announce that an amendment to the State Plan was just approved increasing the daily reimbursement rate from \$464 to \$944. Valley Hospital had indicated that if the rate were increased, it would add 50 beds in November 2014. He said the Elko Hospital and Carson-Tahoe Hospital would also benefit from the increase, which would apply to acute hospitals with mental health units.

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

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEM K.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson,
Flores, Hickey, and Oscarson were not present for the vote.)

- L. COMMITTEE ON INDUSTRIAL PROGRAMS – Semi-annual report on the status of current and proposed industrial programs for correctional institutions, pursuant to NRS 209.4818.

Sarah Coffman, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented the semi-annual report of the Committee on Industrial Programs ([Exhibit F](#)). She said the report reflected the time period through the Committee's March 24, 2014, meeting, and she provided the following overview of the report:

- The Prison Industries program generated a net income of \$82,388 as of December 31, 2013.
- Five of the seven programs run by Prison Industries generated a net profit, while two of the programs, the drapery shop and the furniture and metal shop, incurred a net loss.
- The following pertinent issues were discussed by the Committee:
 - The drapery shop had incurred a net loss for the past 8-1/2 years. No action was taken by the Committee, but at its June meeting, it recommended consolidation of the drapery shop with the garment shop.
 - Jacob's Trading Company increased its production and included a third shift. Instead of 44 inmates, the company was now employing 62 inmates.
 - The Prison Ranch was able to expand its capacity for boarding horses from 1,500 to 2,000 horses, which resulted in an increase in net income.
 - Alpine Steel, which owed Prison Industries approximately \$439,000, had left several pieces of equipment at the High Desert State Prison facility. The Attorney General gave the Department of Corrections permission to dispose of the equipment, and the Department planned to liquidate the equipment to recover some of the funds owed by Alpine Steel.
 - The 2013 Legislature issued a letter of intent to Prison Industries requesting quarterly reports on miscellaneous sales and retained earnings. The forecast was that Prison Industries would generate approximately \$3.5 million in miscellaneous sales, but as of this date, \$3.8 million had been collected, which was \$300,000 more than projected.
 - The number of inmates employed by Prison Industries had remained unchanged. As of February 28, 2014, the programs employed 503 inmates, which was the average number in FY 2013.

- During the March 28, 2014, Committee meeting, the Department of Corrections discussed the possibility of adding sewing machines so that inmates could create rags out of used t-shirts, pillowcases, and sheets.
- The Department of Corrections had not initiated any new programs since fiscal year 2009.

Assemblywoman Carlton said that she had visited the drapery shop, which was working on a large order, and she asked whether it had been completed. Ms. Coffman said the order was currently being worked on and not yet completed.

Chairwoman Smith thanked Ms. Coffman for her presentation.

M. REQUEST FOR APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335(2)(c).

1. Department of Wildlife – Habitat – Request for approval to accept a donation in the amount of \$90,000 in Fiscal Year 2014 for the Spring Valley Wind Energy Facility. **WITHDRAWN.**
2. Department of Wildlife – Habitat – Request for approval to accept a non-governmental grant in the amount of \$25,000 in Fiscal Year 2015 from the Community Foundation of Western Nevada, Dream Tag Charitable Fund for a Spruce Mountain Restoration Project.

Chairwoman Smith observed that there were no representatives from the Department of Wildlife present, and there were no questions from the Committee. She asked for public comment and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM M.2.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Flores, Frierson, Hickey, Kirner and Oscarson and Senators Kieckhefer and Roberson were not present for the vote.)

3. Department of Administration – Nevada State Library and Archives – Request for approval to accept a \$25,000 gift from Raley's Grocery Stores to support summer reading programs at select Northern Nevada public libraries.

Daphne Deleon, Administrator, Nevada State Library and Archives, Department of Administration, explained that Agenda Item M.3. was a request for approval to accept \$25,000 from Raley's Grocery Stores to support summer reading programs in the

northern Nevada communities that had Raley's stores, which included Reno, Sparks, Spanish Springs, Incline Village, Carson City, Gardnerville, Winnemucca, and Elko.

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

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA
ITEM M.3.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Flores, Frierson, Hickey, and Kirner and Senators Kieckhefer, Parks, and Roberson were not present for the vote.)

N. INFORMATIONAL ITEMS.

3. DEPARTMENT OF ADMINISTRATION

c. Enterprise Information Technology Services Division

- 1) Response to request for information from the June 19, 2014, Interim Finance Committee meeting regarding the Mainframe Capacity Planning.

David Gustafson, Administrator, Enterprise Information Technology Services (EITS) Division, Department of Administration, read the following testimony:

Thank you for your interest in ensuring the very important mainframe system has the adequate resources it needs to provide critical services to the following departments: Public Safety, Motor Vehicles, and Health and Human Services.

On August 16, the mainframe team, along with IBM and our partner agencies, successfully upgraded the mainframe computer from a Z114 to a ZBC12. The upgrade changed the internal configuration of processing capability of the mainframe. After this upgrade, we now feel we have the ability to meet the needs of our mainframe customers through the rest of this biennium.

As always, the balance of cost versus capability is on our minds and as such, we will manage the mainframe like we always have, only raising the capability of the machine as the demand from our partners dictates.

In order to continue providing adequate mainframe services to our partners, my staff has recommended, and I have agreed, to request a budget authorization for another mainframe upgrade in fiscal years 16 and 17 as part of our agency request budget.

Senator Denis recalled previous testimony concerning whether to purchase a standard or banked capacity configuration to accommodate the projected 18 percent increase, and he asked whether there had been more than an 18 percent increase in usage.

Mr. Gustafson replied that Romaine Gilliland, Director of the Department of Health and Human Services and former Administrator of the Division of Welfare and Supportive Services (DWSS), had asked him to report to the Committee that the DWSS Operations units had reported a noticeable improvement in response time and utilization from their dashboards. Response time went from 3.39 seconds to .88 seconds with just the last upgrade, and utilization went from 91 percent down to 60 percent. Mr. Gilliland wanted the Committee to know that the upgrade was successful.

Mr. Gustafson said that the Division always purchased banked capacity to allow growth. The original standard configuration would have only provided capacity through the end of the fiscal year, and the intent was to request another upgrade from the 2015 Legislature. He was concerned about the impact the State Insurance Exchange would have on capacity, and when an opportunity arose to buy the banked capacity at a discounted rate for an additional \$200,000, he decided to purchase the capacity upgrade to have it available on demand when needed. He pointed out the capacity would only be increased when needed, and the banked capacity would eventually be used.

Senator Denis asked whether the upgrade would be compatible with a new state accounting system, and Mr. Gustafson replied it would. He reiterated that he was concerned about the impact of the Insurance Exchange, but he felt more comfortable knowing that additional capacity would be available when needed.

Senator Denis asked whether there would be any financial savings by purchasing the banked capacity now.

Mr. Gustafson replied the machine that was purchased would provide a value savings, and it was estimated that the standard and banked capacity would be consumed within one year. He added that the upgrade could be implemented without downtime to the mainframe.

Senator Denis asked when the Division planned to upgrade to a new mainframe.

Mr. Gustafson said that he hoped to include funding for a new mainframe in the next biennial budget, but it would not be purchased until it was needed. The Insurance Exchange might influence the timing of the upgrade.

Chairwoman Smith asked why the item was agendized as informational and not as an action item.

Evan Dale, Administrator, Administrative Services Division, Department of Administration, explained that it would not be known whether a work program was necessary until closer to the end of the fiscal year.

Chairwoman Smith asked for additional questions and there were none. She noted the item was informational only and no Committee action was required.

4. DEPARTMENT OF EDUCATION

- a. Annual report on the progress in implementing the Statewide Longitudinal Data System (SLDS) and the SAIN (System for Accountability Information in Nevada) maintenance and enhancement projects (letter of intent, 2013 Legislature).

Dale Erquiaga, Superintendent of Public Instruction, Department of Education, explained that a letter of intent was issued to the Department by the 2013 Legislature finance committees requiring that the Department update the Interim Finance Committee on the progress of the SLDS and SAIN projects prior to release of funds for fiscal year (FY) 2015. He noted that the report had been submitted to the Committee for FY 2014 ([Exhibit G](#)).

Mr. Erquiaga recalled that the SLDS was a system currently under construction that would serve as a data hub for the Department of Education, the Department of Employment, Training and Rehabilitation, and the Nevada System of Higher Education. He further explained that in its 2013-2015 biennial budget request, the Department had asked for enhancements to the SAIN system related to projects such as the Nevada Growth Model, Microsoft updates, and teacher unique identifiers for the Nevada Educator Performance Framework (NEPF) implementation.

Assemblyman Aizley asked whether the longitudinal data study included student names and tracked their education from kindergarten through higher education. He questioned whether the data posed a privacy problem.

Glenn Meyer, Information Technology Manager, Department of Education, replied that students were currently tracked from kindergarten through 12th grade (K-12) by name, as well as by unique identifier. There was not a security issue: the information was stored in a secure database that was encrypted and used only when it was necessary to disclose a name for a specific purpose. He said all data was reported by student identifier, which was a random identification not traceable back to the student's information.

Assemblywoman Carlton asked whether implementation of the automated reports was on schedule.

Mr. Erquiaga replied that implementation of the projects was going well. He said that SAIN, which was state-funded, had been a challenge for many years, and progress was finally being made after acknowledging what the system would not do. The *Nevada*

Revised Statutes (NRS) said that the system would do a number of things, but the system was not designed to do them. He said the Department was attempting to work smarter on data systems, which was one of the biggest challenges for the Department. Assemblywoman Carlton asked whether the SLDS would be automated by the August 31, 2015, deadline for federal funding. Mr. Erquiaga replied it would be completed by the deadline, and the Department would propose methods of administering the system going forward to the 2015 Legislature.

Senator Woodhouse asked Mr. Erquiaga to update the Committee on the delays in implementation of the Nevada Growth Model.

Mr. Erquiaga explained that the Nevada Growth Model as it was currently calculated worked fine, although some changes were contemplated. The ongoing challenge was how the data worked or did not work in an individual's personnel evaluation, and how the data was rostered, or lined-up, to the individual teacher or administrator so that the educator would be evaluated only on his or her student or school data.

Mr. Meyer added that the Growth Model project that was funded in fiscal year (FY) 2014 had been updated with 2012-13 school year data, and it was fully functional.

Assemblyman Sprinkle understood there was a delay in an enhancement because of different software systems at the district level. He noted that Infinite Campus was already in place, which he assumed would be the source of data to be retrieved.

Mr. Erquiaga explained that Infinite Campus was a student information system that resided at the school district level, and there was a state edition that supplemented SAIN, the Department's database, which would improve the interface between the Department and the districts. He said that to date, 90 percent of students in Nevada were covered by the Infinite Campus system. Washoe County and the State Charter School Authority implemented it first, and Clark County was in the process of transition. In order to complete Clark County's transition this year, the Department had entered into an agreement with the Infinite Campus state edition at no cost, which would allow the Department to provide the interface at the state level to help Clark County get online. If the experiment went well in assisting with the data exchange and 90 percent of the students would be covered, the Department would submit a budget request to the Governor and the Legislature to fund the system going forward and include the rural county school districts. He said it was possible that, for the first time, the Department and all of the school districts would be on the same student information system, which would allow passage of data securely with unique identifiers.

Chairwoman Smith noted that the item was informational and no Committee action was required. She thanked Mr. Erquiaga for his testimony.

O. PUBLIC COMMENT.

Chairwoman Smith asked for further public comment and there was none.

P. ADJOURNMENT.

Chairwoman Smith announced that the next Committee meeting would be held on October 22, 2014, in Las Vegas.

There being no further business to come before the Committee, Chairwoman Smith thanked everyone for their work and participation and adjourned the meeting at 3:39 p.m.

Senator Debbie Smith, Chairwoman
Interim Finance Committee

Rick Combs, Director, Legislative Counsel
Bureau, and Secretary, Interim Finance Committee

**EXHIBITS
INTERIM FINANCE COMMITTEE
August 27, 2014**

Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	Meeting Packet
C	Rick Kuhlmeier, Private Citizen	Written testimony in support of funding for the blind and visually impaired.
D	Gary Duarte, Managing Director, U.S. Nuclear Energy Foundation	Written testimony to support the completion of the Yucca Mountain application study (Agenda Item I.1.)
E	Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Statement of IFC Contingency Account Balance as of August 27, 2014
F	Sarah Coffman, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Semi-annual Report of Committee on Industrial Programs
G	Dale Erquiaga, Superintendent of Public Instruction, Department of Education	Report on Statewide Longitudinal Data System (SLDS) and System for Accountability Information in Nevada (SAIN)